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EXECUTIVE AUTHORITY STATEMENT

M.T Kubayi, MP
Minister of Human
Settlements

The report provides Parliament and the public with the commitments that the Community Scheme Ombud Service (CSOS) will be implementing during the 2023/24 Medium Term Expenditure Framework (MTEF) period, and to account in broad terms for how allocated resources will be used in fulfilling the statutory functions of the Entity, towards achieving its mandate.

The human settlements trajectory proposes that, “by 2050, visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces, with citizens living in close proximity to work with access to social facilities and necessary infrastructure”. To this end, the CSOS is an important regulatory body in the Human settlement’s family of entities. At the core of the strategic intent of the Entity is to ensure that we strive to meet our Constitutional mandate – which is to ensure human dignity, the achievement of equality, and the advancement of human rights and freedom.

The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about its existence is a critical priority. Thus, the CSOS will continue to develop, identify, and publicise education and information programmes for owners, occupiers, scheme executives, body corporates and other persons who have rights and obligations in community schemes. The CSOS will also build meaningful relations with other entities within the Department of Human Settlements to ensure inter-agency dependencies are explored and leveraged. All these actions will render the sector more inclusive and is important in preventing unnecessary disputes that arise as a result of misunderstandings and a lack of information.



In the 2021/22 financial year, the Entity initiated a data cleansing exercise that is assisting with mitigating some of the challenges of allocating levy payments and the registration of unregistered schemes. CSOS will also continue with the implementation of the Community Scheme Registration Strategy, as well as the Revenue Management Strategy to achieve the levy collection targets by ensuring that levies are collected from all community schemes as per the CSOS Act.

The Entity continued offering dispute resolutions services at the regional offices as prescribed by Section 39 of the Community Schemes Ombud Service Act, No. 09 of 2011. Through its dispute resolution service and the promotion of good governance, CSOS will maintain stability and harmonious relations between the parties within community schemes. We will in the 2023/24 financial year enhance of transparency and accountability on the dispute resolution process.

More importantly, I welcome the fact that the performance of the entity has improved to above 80% being recorded in the 2022/23 financial year, and I expect that with the new board at the helm the entity will further improve its performance in the upcoming MTEF period 2023/24 to 2024/25.

I have full confidence that the Board, the Executive and all staff members as CSOS will fully implement this Annual Performance Plan for the 2023/24 financial year, as the fourth year of the Revised 2020-2025 Strategic Plan.

M.T Kubayi, MP
Minister of Human Settlement



ACCOUNTING AUTHORITY STATEMENT

Ms. Phindile Mthethwa

Chairperson of the Board:
Community Schemes Ombud Service

In my capacity as Chairperson of the Board of the Community Schemes Ombud Service (CSOS), it gives me great pleasure to present the Entity's Annual Performance Plan for 2023/24 to our Executive Authority. This is the second Annual Performance Plan by the new Board which was appointed in January 2022.

In fulfilling our role to guide and steer the Entity towards meeting its strategic objectives, the Board has overseen and monitored the implementation of the approved 2020-2025 Strategic Plan by management. Elements of the 2020-2025 Strategic Plan were reviewed and adjustments were made during the Covid pandemic. We have retained the strong elements from the previous lessons learnt and have realistic expectations of what will come out of the changes that were made.

This Annual Performance Plan for the 2023-24 financial year contributes to the broader MTSF objectives, indicators and targets that are aimed at ensuring that the spatial justice, socio-economic transformation, and the creation of liveable neighbourhoods are realised through the various human settlements housing programmes by the end of the current MTSF period in 2024. Thus far, during the three years of the MTSF, the Board was able to address the matters relating to the filling of the two key Executive positions, acquisition of a Business Automation

Solution, profiling of the Entity and its programmes, relocation to suitable premises, and adoption of a new organizational structure.

Furthermore, our performance as an institution has improved from 60% of the performance targets being met in 2020/21 financial year to a higher percentage of above 80% being recorded in the 2021/22 financial year and the 2022/23 financial year. Apart from the accelerated performance to above 80% the Entity also achieved an unqualified audit opinion with some material findings.

The CSOS Board will endeavour to discharge its responsibilities to the best of its ability throughout its term, despite the challenges being experienced. We remain cognizant of the economic impact of the COVID-19 pandemic, and the substantial contraction of real Gross Domestic Product (GDP) in our country. Millions of South Africans have lost their jobs, several businesses have closed down, and others are struggling. In this context, the Community Schemes Ombud Service (CSOS) will continue to plan realistically and further embed the character of CSOS as an efficient and effective Ombud and Regulator of community schemes in the country.

In addition to overseeing the implementation of the CSOS mandate and strategic outcomes the Board will continue to steer the Entity to contribute meaningfully to the 2019-2024 MTSF targets of the Department of Human Settlements in the areas of:

- regulating community schemes in South Africa;



- provision of an effective dispute resolution mechanism, thus affirming the rights and obligations of owners and residents of community schemes in a manner that enhances their enjoyment in these types of human settlements;
- provision of effective, quality training, advocacy, and outreach programmes to Adjudicators and Conciliators, as well as other stakeholders, with interest in community schemes;
- ensuring compliance within community schemes by providing governance oversight to the schemes;
- improving neighbourly relations amongst residents of community schemes, whilst sustaining the improvement of the property markets of the area; and
- maintaining best corporate governance, financial management and legal processes within CSOS and ensuring that the Entity is effective and sustainable.

We have indeed come a long way towards dealing with the challenges that have inhibited our performance in the past. We have introduced new and innovative approaches and workable strategies to tackle these challenges in the new financial year. We have already seen great progress towards the processing of these issues.

Together with my fellow Board members and senior Executives, we intend to drive the achievement of our mandated outcomes, to make a meaningful contribution to the MTSF targets and the NDP 2030 goals in respect of delivering an improvement in the quality of the living conditions of communities.

It is the Board's strategic intent to ensure that the CSOS contributes meaningfully to the achievement of the 2030 human settlements vision, through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. We fully endorse this Annual Performance Plan for 2023/24 and fully commit to a continuous monitoring of the last two years on the MTSF as regards the work and focus of the Community Schemes Ombud Services.

A handwritten signature in blue ink, appearing to be 'Phindile Mthethwa', written over a horizontal line.

Ms. Phindile Mthethwa
Chairperson of the Board:
Community Schemes Ombud Service



CHIEF OMBUD STATEMENT

Adv. Boyce Mkhize
Chief Ombud

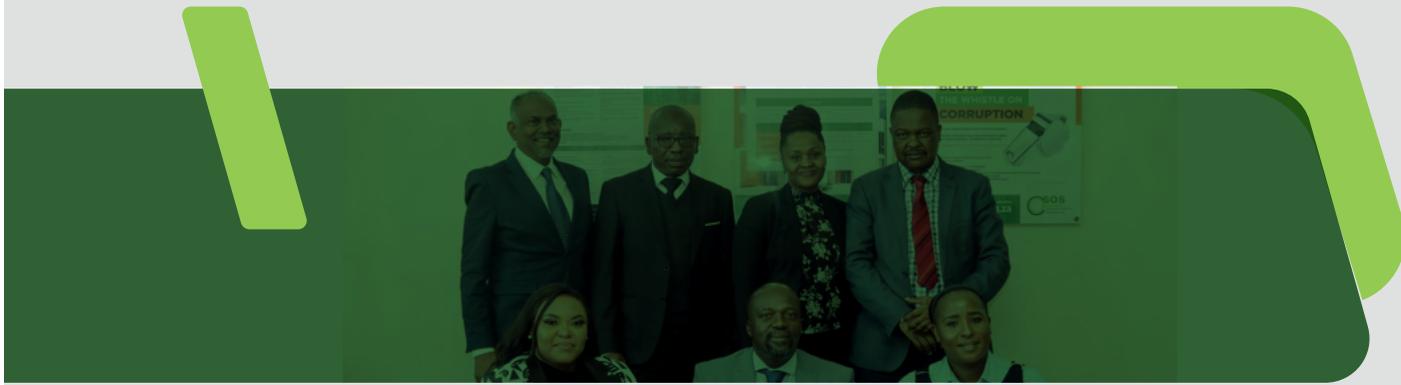
I am pleased to present our 2023-2024 APP, for the fourth year of the Medium-Term Strategic Framework (MTSF) period 2019-2024. This plan continues to demonstrate our commitment to tackle the challenges as espoused in the National Development Plan, to further the implementation of the CSOS mandate and also our commitment to the improvement of service delivery. In addition, it lays out our deliberate effort to make continuous organisational improvement towards becoming a sustainable high-performance organisation and to continue to ensure that we have the enabling factors in place to deliver adequately on our mandate.

We have undertaken a robust and rigorous process of reviewing and defining our outputs, which are aligned to the outcomes as reflected in our five-year 2020/21- 2024/25 Strategic Plan. Changes were made to the vision, mission, values, and outcomes of the Strategic Plan. These changes were influenced by a robust situational analysis and extensive engagements with key stakeholders, including lessons learnt from the COVID-19 pandemic, which has brought about different approaches to our business and operating models. As management, we are of the view that the refinements provided us with better strategic focus and direction to enable the

CSOS to make a significant contribution to the priorities of the NDP, Vision 2030, through the implementation of our legislative and policy mandates. Our overall performance has improved to an encouraging 82% for the 2021/22 financial year. This is mainly due to oversight, close monitoring of monthly performance and instituting corrective measures with the Executives of individual Units. Compliance has also improved in several areas and this has been validated by our audit finding from “adverse” to an unqualified outcome with material findings.

The following are some of the deliverables that have been implemented so far in steering the organisation on a deliberate path to being a sustainable high-performing institution:

- **Effective regulatory framework:** Effective enforcement is vital to the successful implementation of social legislation, and legislation that is not enforced rarely fulfils its social objectives. The complex environment that CSOS operates in, requires high compliance to legal processes and procedures. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes. This is carried out by resolving disputes amongst the parties, administration of schemes governance documentation and providing regular training and education to all stakeholders. The process to draft new regulations and amendment to the relevant legislation commenced and will continue during the remainder of the MTSF period.



- **Organisational re-alignment:**

In order to enhance transformation and provide for adequate capacity to deliver services, the CSOS coordinated an organizational re-alignment culminating in a new organizational structure. This process is meant to ensure that CSOS is fit for purpose and is transformed to adequately meet the demands of being responsive. We are also focusing on re-energising our organisational culture by encouraging behavioural changes coupled by innovative and creative ways of delivery by all staff members.

- **Scheme governance:**

CSOS completed the process of accounting for the universe of schemes and will be following up on schemes that are not registered. This process also requires CSOS to move to the extent of reviewing the reasonableness of the schemes rules for soundness to ensure that the rules are complying with the Constitution as there was an emerging behaviour of certain schemes that was not in the consumer interest.

- **Dispute resolution:**

The historical dispute backlog was cleared, and Regions are ensuring that there are tight controls on turnaround times for current disputes in order to avert a relapse into the backlog once again. The CSOS will also now focus on removing burdensome administrative practices.

- **IT systems environment:**

Significant work has commenced to move the CSOS into a fully automated environment. A Business Automation System (BAS) Project to be supported by a well-designed ERP system was therefore inaugurated during the 2021/22 financial year to be finalised and go-live in the 2022/23 financial year. While the area of complaints by customers is a

concern, we have invested in a customer relationship management (CRM) technology which will provide real-time updates on our clients' matters lodged with the CSOS.

- **Driving transformation of the industry is critical:**

The implementation of targeted procurement from youth, women and persons living with disabilities and a monumental task of changing the complexion of the population of managing agents which is gaining significant momentum and will begin yielding positive outcomes during the remainder of the MTSF period.

- **Good governance:**

Risk management implementation and staying true to the frameworks, being auditable and accountable remains another focus. CSOS will continue to work with community schemes, where appropriate, in order to get them back on track to being compliant.

In conclusion, I wish to convey our thanks to the Board, all the executives and employees of the CSOS for their amazing fortitude, sacrifice, and contribution. Furthermore, our past successes and hopes for future success remain underpinned by the unfailing and excellent support we also received from the Honourable Minister, Ms MT Kubayi and Deputy Minister: Ms P Tshwete, facilitated through the conduit of the Department of Human Settlement. To this leadership and support, we are eternally grateful.

Thank you.

Adv. Boyce Mkhize
Chief Ombud

OFFICIAL SIGN-OFF

It is hereby certified that this 2023/24 Annual Performance Plan:

- Was developed by the management of the Community Schemes Ombud Service, under the guidance of the Board and the Minister of Human Settlements.
- Takes into account all the relevant policies, legislation and other mandates for which the Community Schemes Ombud Service is responsible.
- Accurately reflects the outcomes and outputs which the Community Schemes Ombud Service will endeavor to achieve over the period 2023/24.

 _____	24 February 2023 _____
Mr. L. Seshoka Executive: Corporate Affairs	Date
 _____	24 February 2023 _____
Mr. M Jadezweni Acting Chief Information Officer	Date
 _____	24 February 2023 _____
Ms. K. Mlotha Adjudicator General	Date
 _____	24 February 2023 _____
Ms. T. Mbatha Chief Financial Officer	Date
 _____	24 February 2023 _____
Ms. K. Phetla Senior Manager: Strategic Planning, Monitoring & Evaluation	Date
 _____	24 February 2023 _____
Adv. B. Mkhize Chief Ombud	Date
APPROVED BY:  _____	24 February 2023 _____
Ms. MP. Mthethwa Chairperson of the Board	Date
 _____	31 March 2023 _____
MT Kubayi, MP Minister of Human Settlements	Date

ABBREVIATIONS AND ACRONYMS

ACRONYMS DESCRIPTION

AGSA	Auditor-General of South Africa
ALDP	Accelerated Leadership Development Programme
APP	Annual Performance Plan
ARC	Association of Rental Communities
ARCO	Audit and Risk Committee
BAS	Business Automation Solution
B-BBEE	Broad-Based Black Economic Empowerment
CCMA	Commission for Conciliation, Mediation and Arbitration
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
CONADS	Conciliation Adjudication
CONARBS	Conciliation Arbitration
COVID-19	Corona Virus Disease 2019
CPDP	Continuous Professional Development Programme
CRM	Customer Relationship Management
CSADR	Community Schemes Alternative Dispute Resolution
CSD	Central Supplier Database
CSOS	Community Schemes Ombud Service
DHS	Department of Human Settlements
DPME	Department of Planning, Monitoring and Evaluation
EAAB	Estate Agency Affairs Board
ECDMS	Electronic Content and Document Management System
EE	Employment Equity
EMA	Executive Managing Agent
ERP	Enterprise Resource Planning
EXCO	Executive Committee / Executive Council
GCIS	Government Communications and Information System
GDP	Gross Domestic Product
GP	Gauteng Province
HDA	Housing Development Agency
HOA	Home Owners Association
HR	Human Resources
HRP	Human Resource Plan
ICT	Information, Communications and Technology
IMF	International Monetary Fund
IT	Information Technology
KZN	KwaZulu-Natal

ACRONYMS DESCRIPTION

LATCOM	Legislation, Adjudicators and Transformation Committee
MANCO	Management Committee
MOA/U	Memorandum of Agreement/ Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
N/A	Not Applicable
NAMA	National Association of Managing Agents
NDP	National Development Plan
NHBRC	National Home Builders Registration Council
NPA	National Prosecuting Authority
NT	National Treasury
OD	Organisational Development
OHS	Occupational Health and Safety
PDA	Priority Development Area
PDI	Previously Disadvantaged Individual
PESTLE	Political, Economic, Social, Technological, Environment and Legal
PFMA	Public Finance Management Act
POPI	Protection of Personal Information
PPPS	Public-Private Partnerships
PPRA	Property Practitioners Regulatory Authority
RFQ	Request for Quotation
RSA	Republic of South Africa
SABC	South African Broadcasting Corporation
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement
SOE's	State Owned Enterprise
SSA	Sub Saharan Africa
STSM	Sectional Titles Schemes Management Act
STSMA	Sectional Titles Schemes Management Act
SWOT	Strengths, Weaknesses, Opportunities, Threats
TOR	Terms of Reference
TV	Television
WC	Western Cape
WEO	World Economic Outlook

OUR MANDATE



PART A

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

There are no changes to the following legislative mandates from which the Community Schemes Ombud Service (CSOS) draws its mandate.

1.1. Constitutional mandate

The Constitution of the Republic of South Africa (Act 108 of 1996), as the supreme law of the Republic, along with the Bill of Rights, forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of government. The Constitution applies to the CSOS with specific reference to the following sections:

- 1) **Chapter 2:** Bill of Rights: Human dignity, the achievement of equality and the advancement of human rights and freedom.
- 2) **Section 21:** Freedom of movement and residence: "Every citizen has the right to enter, to remain in and to reside anywhere in the Republic".
- 3) **Section 24:** Environment: "Everyone has the right to an environment that is not harmful to health or well-being"; "and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation; and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development"; and
- 4) **Section 25:** Property: The State must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis

1.2. Legislative and policy mandate

A legislative framework, including the legislation set out below governs the work of the CSOS.

The CSOS derives its mandate from the Community Schemes Ombud Service Act, 2011 (No. 9 of 2011) - "CSOS Act". The purpose of the CSOS Act is to provide for -

- a) the establishment of the CSOS.

- b) the functions, operations, and governance of the CSOS.
- c) a dispute resolution mechanism in community schemes.

The functions of the CSOS are provided in Section 4 of the CSOS Act. Section 4 (1) provides that the CSOS must:

- a) Develop and provide a dispute resolution service in terms of the CSOS Act.
- b) Provide training for conciliators, adjudicators, and other employees of the CSOS.
- c) Regulate, monitor, and control quality of schemes governance documentation.
- d) Take custody of, preserve, and provide public access electronically or by other means to schemes governance documentation.

Section 4 (2) provides that in performing its functions the CSOS:

- a) Must promote good governance of community schemes.
- b) Must provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards to those rights and obligations.
- c) Must monitor community schemes governance.
- d) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.

The CSOS is listed as a Schedule 3A National Public Entity in terms of the Public Finance Management Act (Act No. 1 of 1999, as amended) (PFMA), accountable to the Minister of Human Settlements. As such, all prescripts and regulations arising from the PFMA are applicable to its governance and operations.

There are no further specific updates to the legislative and policy mandates reflected in the approved 2020-2025 Strategic Plan, which reflects broadly as follows:



Figure 1 Legislative and policy mandates

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

It is CSOS' strategic intent to meaningfully contribute to the achievement of the 2030 Human Settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country.

Although a sustainable social sector impacts on many chapters of the National Development Plan (NDP), the CSOS's primary alignment to the NDP is through Chapter 8 – Transforming Human Settlement and the National Space Economy. The key alignment considerations of Chapter 8 of the NDP are as follows:

- 1) Respond systematically, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.
- 2) In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the Southern African sub-region;
- 3) The State will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure towns and cities, and strengthen the livelihood prospects of households.
- 4) Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including

properly funded, citizen-led neighbourhood vision and planning processes, and the introduction of social compacts from neighbourhood to city level;

- 5) Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient, efficient, support economic opportunities and social cohesion; and
- 6) South Africa will develop a National Spatial Framework and resolve the current deficiencies with the local system of integrated development planning, and progressively develop the governance and administrative capability to undertake planning at all scales.

The achievement of the NDP goals demands a cooperative relationship across national, provincial, and local governments, and across the social partners, including the private sector, labour, and civil society. The three spheres of government need to work collaboratively to ensure alignment between their powers and functions, the planning processes, budget allocation processes and coordinated implementation. Priorities must be clearly articulated in the short and medium-term plans across the spheres of government. The overriding principle is that the whole of government should take collective ownership of the priorities and responsibility for achieving these within the contexts of their respective mandates. More specifically, in terms of the Medium-Term Strategic Framework (MTSF) 2019-2024, the CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government. The 2024 impact is to achieve spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities. The CSOS contributes to the outcome on Adequate Housing and Improved Quality Living Environments, with delegated contributions and planned performance as follows:

Table 1 CSOS contribution in alignment to the MTSF

MTSF Indicator	MTSF Contribution by Entity	CSOS Updated Planning Response (5-year Planning Targets)
Number of persons in the target market exposed to education programmes on various aspects of owning and renting a home	<ul style="list-style-type: none"> • Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme. • Monitor and report on the number of persons exposed to education programmes on owning and renting a home 	<ul style="list-style-type: none"> • CSOS will target the provision of training, education, and information to community scheme stakeholders, as follows: • Number of training and education sessions conducted for schemes executives and owners: 300 • Percentage of executive managing agents placed in community schemes that are from the previously disadvantaged groups: 20% • Conduct stakeholder information sessions: 60 • 100% implementation of Advocacy Plan annually.

Table 1 CSOS contribution in alignment to the MTSF

MTSF Indicator	MTSF Contribution by Entity	CSOS Updated Planning Response (5-year Planning Targets)
Transactional support programme implemented	<ul style="list-style-type: none"> Establish a presence in transactional support sites. Monitor and report on transactional support programmes. 	<ul style="list-style-type: none"> Regional offices will be established based on the results of feasibility studies that was conducted. Establishment will also be informed by the identified Transactional support sites by the Department of Human Settlements. A total of the 6 satellite offices will be established during the MTSF.
Consumer protection programmes implemented	<ul style="list-style-type: none"> Report the total number of community schemes registered and number of schemes paying levies as per legislation. Number of consumer disputes submitted to CSOS and resolved within 90 days. 	<ul style="list-style-type: none"> Number of schemes registered by CSOS: Percentage of registered schemes paying levies: 75%. Rand value of levies collected: Percentage of disputes resolved within 90 days: 85%

Chapter 2, Section 4(2)(b) of the CSOS Act requires the provision of education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards those rights and obligations.

*Refer to Annexure E for the location in the various CSOS Corporate Plans of the MTSF-aligned contributing targets. Progress will be monitored and reported on quarterly, annually or on a mid-term basis as may be required by the type of indicator.

At an institutional level, the CSOS also contributes to the following MTSF 2019-2024 priorities:

- Priority 1:** A Capable, Ethical and Developmental State: The CSOS in its operations is always seeking to implements a range of financial and regulatory improvement measures to progress towards the achievement of a clean audit outcome with no other findings. In line with King VI, it has also adopted the principles to instil a culture of ethical leadership at all levels of the organisation.
- Priority 2:** Economic Transformation and Job Creation CSOS will work towards enhancing transformation of the community schemes sector, through providing enabling environment for the Executive Managing Agents (EMA) from Previously Disadvantaged Individual and , as well as targeted procurement by implementing the preferential

procurement regulations in support of the MTSF targets for designated groups, namely, 40% procurement spend to women, 20% for youth, 5% for persons with disabilities and 5% for military veterans.

- Priority 6:** Social Cohesion and Safe Communities – CSOS will contribute towards social cohesion and safer Communities through the regulation of the conduct of community schemes and the provision of timeous dispute resolution services to ensure governed and harmonious living within these community schemes.

Amendment of the CSOS Act and the STSM Act

The CSOS established a Task Team to further identify provisions of its legislation, namely the CSOS Act, STSM Act and Regulations thereto which require amendments for purposes of enhancing the CSOS mandate, regulatory powers, and operational efficiencies. Following stakeholder engagements with the Department of Human Settlements the Department delegated the CSOS to commence with and continue with the actual amendment of the two pieces of legislation and their Regulations. The review has advanced and engagements are underway with the Department and, the amendments will undergo an Impact Assessment by the Department of Planning, Monitoring and Evaluation (DPME).

3. UPDATES TO RELEVANT COURT RULINGS

In **Stenersen and Tulleken Administration CC v Linton Park Body Corporate and Another** 2020 (1) SA 651 (GJ), the full bench set out the procedure for S57 appeals. The following procedure is prescribed for all appeals on the question of law contemplated in S57 of CSOS Act:

- a) The appeal should be brought by way of **notice of appeal** where the grounds of appeal are set out succinctly.
- b) The notice should be served on the respondent parties by the Sheriff.
- c) Both the adjudicator and CSOS should be cited as respondents.

While the adjudicator or CSOS may elect to abide by the judgment of the court instead of opposing the application, nothing precludes it from filing a report in court addressing any aspect of the law which they might consider to be helpful to the court.

During the 2021/22 financial year civil action relating to four (4) matters dealing with the CSOS mandate, jurisdiction, powers and operations was instituted in various High Courts across the country. Two matters namely Community Schemes Ombud Service v Stonehurst Mountain Estate Homeowners Association, and Raschid Mohamed Azad & Another v CSOS, Lenasia Tamil Association Body Corporate & Another listed below were heard in court in May and August 2022 respectively. Two of the matters have been finalised and the CSOS is awaiting the outcome of two (2) matters as indicated below. The matters have the potential of ending up in the Constitutional Court as the applicants are challenging the constitutionality of certain provisions and powers afforded to the CSOS by its enabling legislation.

Due to an increasing number of disputes relating to building penalties charged by community schemes on homeowners and the reasonableness of the amounts, in July 2022 the CSOS took a decision, in the matter between **Sandown Property Association v CSOS & 2 Others**, to oppose an application to review and set aside its decision where it found that the building penalty charged by the community scheme was excessive and could not be justified. Whilst the CSOS agrees with the levying of building penalties, however such penalties must be fair and reasonable and imposed

The crux of the matters is briefly summarised as follows:

Cliffe dale Villas Body Corporate v CSOS, Minister of Human Settlements and Others 50862/21 (Gauteng Division, Pretoria), the body corporate is challenging the constitutionality of section 39(4) (e) of the CSOS Act and is seeking an order declaring the said section to be constitutionally invalid. Section 39(4) (e) empowers the adjudicator to declare “that a particular resolution passed at a meeting is void on the ground that it unreasonably interferes with the rights of an individual owner or occupier or the rights of a group of owners or occupiers” which is a necessary and reasonable power in the resolution of disputes.

Waterford Estates Homeowners Association NPC v Riverside Lodge Body Corporate, CSOS, Minister of Human Settlements & Others 24576/21 (Gauteng Local Division, Johannesburg), the Waterford Estates Homeowners Association seeks an order declaring that section 39(1)(c), read with section 39(1)(e), of the Community Schemes Ombud Service Act 9 of 2011 (“the CSOS Act”) is unconstitutional. The section affords an adjudicator the power to:

1. declare that a contribution levied by a scheme is “unreasonable”.
2. grant an order for the adjustment of a contribution to a reasonable amount; and
3. grant an order for the payment or re-payment of a contribution pursuant to a declaration that a contribution levied is unreasonable.

Community Schemes Ombud Service v Stonehurst Mountain Estate Homeowners Association 12399 /21 (Western Cape Division, High Court), the CSOS launched an application challenging the validity of a cost order issued against it in a section 57 appeal application lodged by Stonehurst Mountain Estate HoA to have its adjudication order set aside. The CSOS argued that the presiding judge erred in granting a cost order against the CSOS as section 37 of the CSOS Act affords the CSOS “the same privileges and immunities from liability as a judge of the High Court”. Therefore, the CSOS sought an order varying the cost order.

In its judgment delivered on the 17th of June 2022, the Western Cape High Court found in favour of the CSOS and accordingly varied its initial court order granted in favour of Stonehurst. The court upheld section 37 of the CSOS Act and confirmed that in terms of s37(1) the chief ombud, an ombud, a deputy ombud and an adjudicator are all immune from cost orders whilst performing their duties and functions. The court further confirmed that the CSOS and any of its employees are only liable for loss or damage if they act unlawfully.

fully, in a grossly negligent manner, or in bad faith as established in section 33 of the Act.

Raschid Mohamed Azad & Another v CSOS, Lenasia Tamil Association Body Corporate & Another A3048 /21 (Gauteng Local Division, Johannesburg), the applicants sought to have the CSOS adjudication order set aside challenging certain powers afforded to adjudicators. Although the CSOS did not oppose the application, it made submissions in accordance with the decision in *Stenersen*, cited above, on the issue of its jurisdiction and further requested the court to align the Section 57 appeal's process and ensure uniformity with the approach followed by other local divisions across the country. The divergent views are found in the cases of *Shmaryhu* decided in the Western Cape High Court, the *Durdoc Center* decided by the Durban High Court and the *Stenersen* case decided in the Gauteng Local Division. The different approaches impact the CSOS' ability to uniformly prescribe directives and procedures that find application across the nation as some provinces have procedural rules applicable to them that others do not. Whilst the court noted the challenges occasioned by the procedure established in *Stenersen* it found that it could not interfere with its prior decision due to the following technicalities:

- (1) the *Stenersen* judgment was delivered by a full bench whereas the *Raschid* application was allocated to 2 judges; and
- (2) the applicants were only challenging the outcome of the dispute and not the appeals process, accordingly the CSOS was precluded from challenging the process in the current application.

In the matters between *Coral Island Body Corporate v Hoge* 2019 (5) SA 158 (WCC); *Heathrow Property Holdings NO 33 CC & Other v Manhattan Place Body Corporate & Others* (7235/2017) 2022 (1) SA 211 (WCC) (1 JUNE 2021); *Wingate Body Corporate v Pamba & Another* (33185/2021) [2022] ZAGPPHC 46; *Prag N O v the trustees for the time being of the Mitchell's Plain Industrial Enterprises Sectional Title Scheme Body Corporate* 2021 (5) SA 623 (WCC); and *The Body Corporate of the Sorronto Sectional Title Scheme, Parow v Leozette Koordom and Wilfred Booyesen* delivered on 26 May 2022, the Applicants had bypassed the CSOS and instead opted to approach the High Court to have their disputes pertaining to the administration of their respective community schemes resolved. In cautioning against litigants approaching the courts first instead of the primary adjudicative forum, being the CSOS, the courts ruled that this conduct tends to undermine the administrative and quasi-judicial processes provided by the CSOS and results in 'forum-shopping' by better resourced litigants".

OUR STRATEGIC FOCUS



PART B

The Revised 2020 – 2025 Strategic Plan articulates the Community Schemes Ombud Service's strategic focus – its vision, mission, values, impact statement and outcomes as follows:



STRATEGIC OUTCOMES

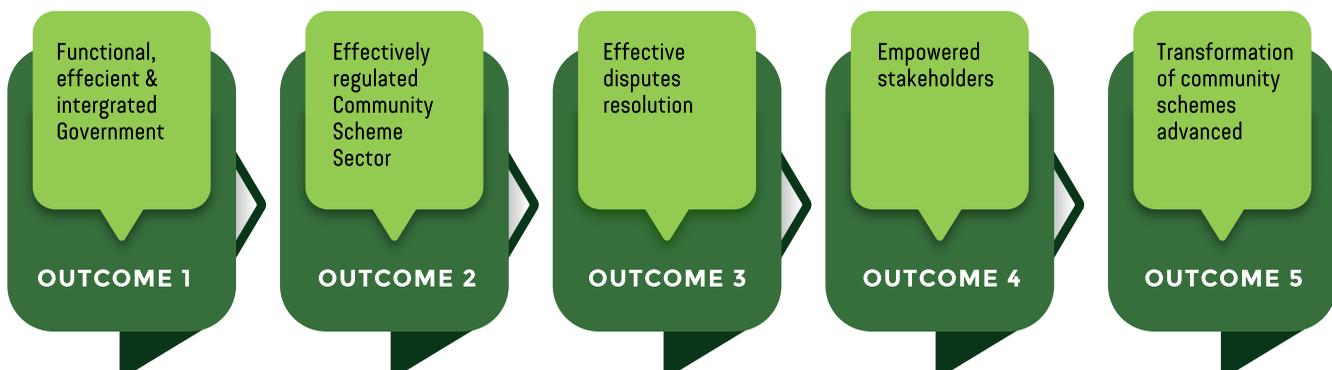


Figure 2 CSOS STRATEGY OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS

This section presents an update to the situational analysis in both the external and internal environments and how they will affect the operations of the CSOS. As an update to the detailed situational analysis reflected in the Strategic Plan 2020/21 to 2024/25, discussed below are the salient shifts in the environment that may influence the CSOS' 2023/24 APP.

2. EXTERNAL ENVIRONMENT ANALYSIS

Global Trends

Just over two years after COVID-19 caused the deepest global recession since World War II, the world economy is again in danger. This time it is facing high inflation and slow growth at the same time. Even if a global recession is averted, the pain of stagflation could persist for several years unless major supply increases are set in motion.

The Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. This is leading to soaring prices and volatility in energy markets. The invasion of Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many emerging markets and developing economies. Numerous risks could further derail what is now a precarious recovery. Among them is the possibility of stubbornly high global inflation accompanied by tepid growth, reminiscent of the stagflation of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies to rein in inflation, lead to surging borrowing costs, and possibly culminate in financial stress.

Between 2021 and 2024, global growth is projected to have slowed by 2.7 percentage points - more than twice the deceleration between 1976 and 1979. Subdued growth will likely persist throughout the decade because of weak investment in most of the world. With inflation now running at multidecade highs in many countries and supply expected to grow slowly, there is a risk that inflation will remain higher for longer than currently anticipated.

Despite the negative shock to global activity in 2022, there is essentially no rebound projected next year: global growth is forecast to edge up only slightly to a still-subdued 3 percent in 2023, as many headwinds - in particular, high commodity prices and continued monetary tightening - are expected to persist. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflation headwinds, rising financial instability, continuing supply strains, and worsening food insecurity.

Sub-Saharan Africa (SSA)

Growth in Sub-Saharan Africa (SSA) is projected to slow to 3.7 percent this year, reflecting forecast downgrades in over 60 percent of regional economies. Price pressures, partly induced by the Russian Federation's invasion of Ukraine, are sharply reducing food affordability and real incomes across the region. More people in SSA are expected to fall into extreme poverty, especially in countries reliant on imports of foods and fuel. Fiscal space is narrowing further as governments ramp up spending on subsidies, support to farmers, and, in some countries, security. However, the impact of the war will vary across countries, as elevated commodity prices will help soften the damaging effects of high inflation in some large commodity exporters. Among the risks to the forecast, prolonged disruptions to the food supply across the region could significantly increase poverty, hunger, and malnutrition, while persistent inflation could ignite stagflation risks and further limit policy space to support recoveries. An elevated cost of living could increase the risk of social unrest, especially in low-income countries.

SSA is facing these shocks as it continues to endure pandemic-induced increases in poverty and food insecurity. In the three largest SSA economies - Angola, Nigeria, and South Africa, the boost from favourable commodity prices is being offset by rising inflation and policy tightening. In South Africa, growth has moderated substantially because of the growth dampening effect of high unemployment; infrastructure bottlenecks, including recurring power shortages; slow progress with reforms; and weak private investment.

Fiscal policy, already constrained by high public debt and tightening global financial conditions, has become even less accommodative. Spending pressures to curb the impact of rising prices have been building in many countries (for example, fuel subsidies in Cameroon, Kenya, and Nigeria; a fuel levy reduction in South Africa), further straining fiscal positions.

A tightening of monetary policy to combat rising inflation has also gathered pace in several SSA economies (Ghana, Namibia, Nigeria, Rwanda, Sierra Leone, South Africa). Moreover, rising core inflation in several countries (Cameroon, Nigeria, Uganda) points to broadening price pressures, further reducing room for accommodative policies.

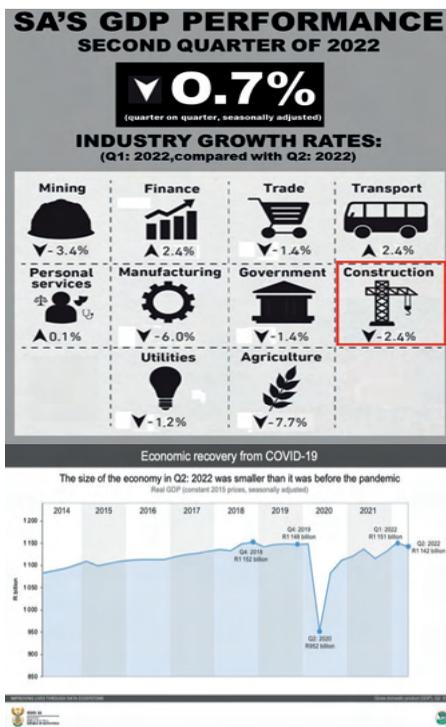
Growth in SSA is projected to decelerate from 4.2 percent in 2021 to 3.7 percent in 2022, as high inflation and policy tightening weaken domestic demand. Growth in South Africa is forecast to fall back to 2.1 percent in 2022-23 and an average of 1.7 percent in 2023-24. High unemployment, power shortages, and slow reform momentum are expected to continue discouraging private investments. High government debt, along with elevated debt service costs, are expected to constrain much-needed public investment.

The policy interest rate has already been raised four times during the current hiking cycle, with further increases likely in order to cool rising inflation.

South Africa

Following the expansion of the gross domestic product (GDP) by 1,9% in the previous quarter of 2022, the economy shrunk by 0,7% in the Q2:2022.

ening price pressures, further reducing room for accommodative policies.



SITUATIONAL ANALYSIS - EXTERNAL ENVIRONMENT ANALYSIS

- South Africa's economy has shrunk by **-0.7%** in the second quarter of this year.
- The devastating **floods** in Kwazulu-Natal and **load shedding** has contributed to the **decline**, after the already fragile economy had just recovered to pre-pandemic levels.
- The size of the **economy is smaller** than what it was before the COVID-19 pandemic.
- Real GDP was **R1 142 billion** in the second quarter of 2022, which is **0,94% down** from the reading in the first quarter of 2022.
- Transport, Finance, Personal Services sectors reported an increase in Q2 and all other sectors reported a decrease. Construction reported a **2.4% decrease**.

Finance is the largest industry in South Africa, followed by personal service

Percentage contribution to total value added in Q2: 2022 (current prices)



Figure 3 SA Economic Indicators

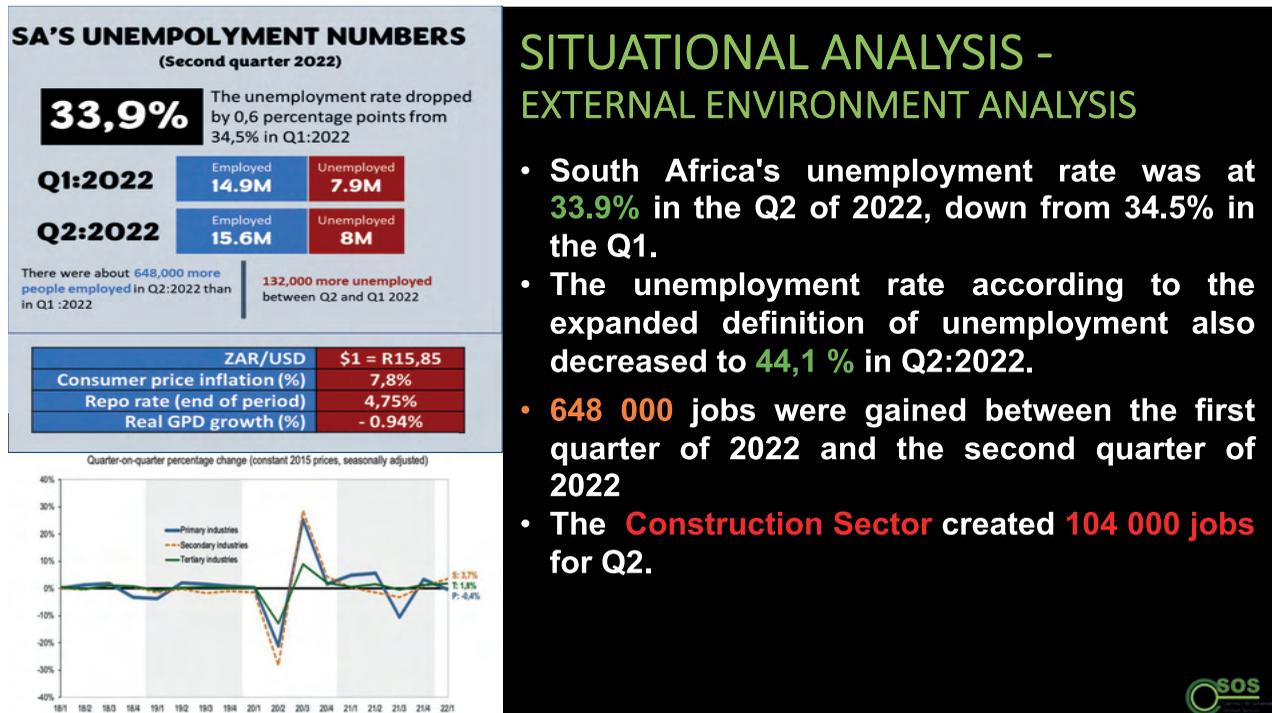


Figure 4 SA Employment Indicators

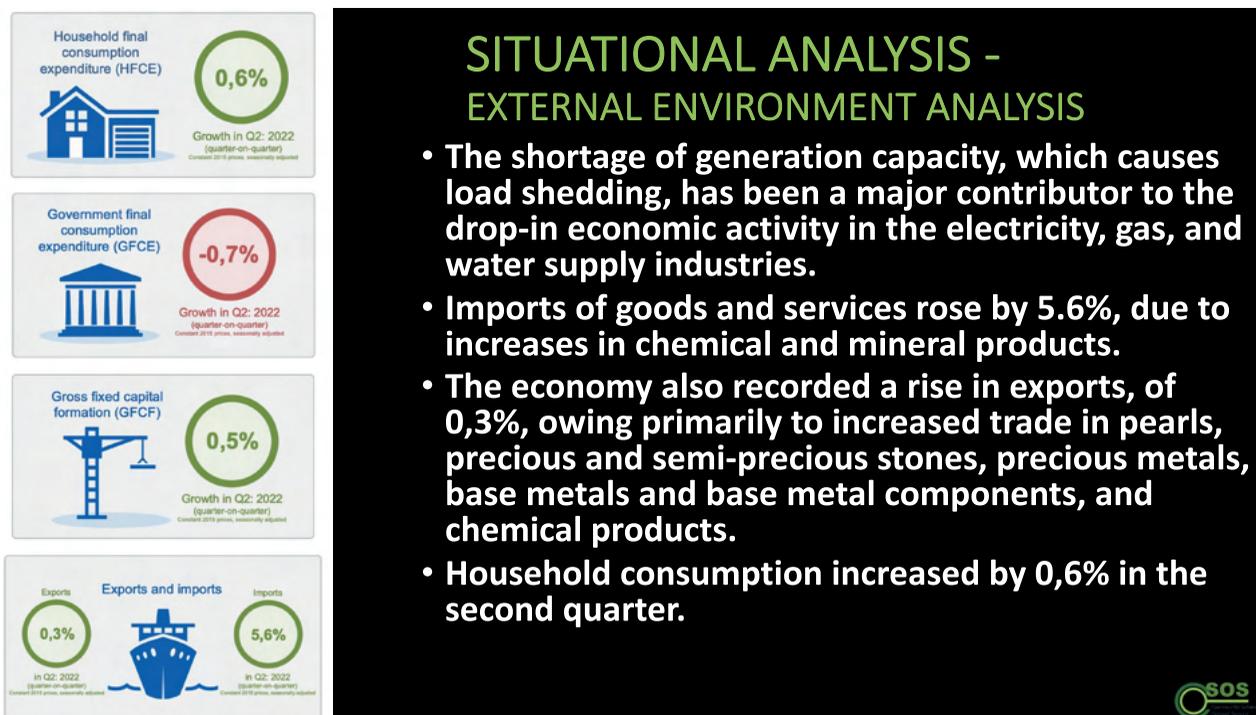


Figure 5 SA Economic Indicators 2

Source: Data sourced from Stats SA quarterly review

Unlike the first quarter, which witnessed positive growth in eight industries, the second quarter saw at least seven industries contract. Manufacturing, agriculture, trade, and mining are all significant contributors to this downturn. Previously a standout performer, industrial output fell by 5.9% as a result of the Kwazulu-Natal floods.

Foot and mouth disease contributed to the 7.7% fall in the agricultural sector. Petroleum and chemical products, food and beverages, and transportation equipment were the most significant growth inhibitors. Higher interest rates weigh on GDP growth as well, with more hikes projected in September and November. As a result, GDP is now less than it was before Covid.

SITUATIONAL ANALYSIS - EXTERNAL ENVIRONMENT ANALYSIS



Figure 6 SA Primary, Secondary & Tertiary Sector Growth

Source: Data sourced from Stats SA quarterly review

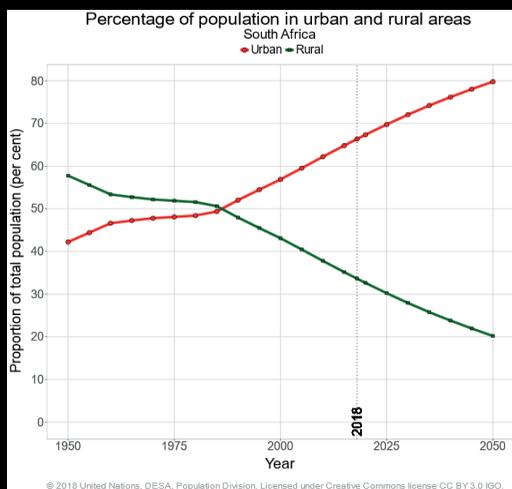
Gold, coal, manganese ore, and diamonds pulled down mining output even more from the previous quarter. Flooding and load shedding reduced mining operations, which reduced coal production. Construction is in the worst condition since the pandemic, being 24% smaller than it was in the fourth quarter of 2019.

During the second quarter, 8 of the 10 manufacturing divisions showed negative growth rates. Petroleum chemicals, rubber, and plastic were among the products that contributed to GDP growth. Other significant negative contributions to growth include the food and beverage sector; the motor vehicles, parts and accessories, and other transport equipment division; and the basic iron and steel, non-ferrous metal products, metal products, and machinery division. Finance, real estate, and business services continue to contribute significantly to GDP growth. In Quarter 2, there was a 2.4% increase. This was fuelled by increased activity in the banking industry, as well as in insurance and pension funding.

Flooding in Kwazulu-Natal, as well as power outages across the country, had a significant impact on trade, catering, and accommodation. The floods damaged retail stores and storage facilities, resulting in a 1.5% contraction. Load shedding also resulted in a decrease in trade hours.

The shortage of generation capacity, which causes load shedding, has been a major contributor to the drop-in economic activity in the electricity, gas, and water supply industries. Droughts interrupted water delivery in the Eastern Cape, and floods disrupted water supply in Kwazulu-Natal. In the second quarter, net exports had a negative impact on GDP spending growth. Exports of goods and services increased by 0.3%, owing primarily to increased trade in pearls, precious and semi-precious stones, precious metals, base metals and base metal components, and chemical products. Imports of goods and services rose by 5.6%, due to increases in chemical and mineral products.

SITUATIONAL ANALYSIS - EXTERNAL ENVIRONMENT ANALYSIS



- South Africa has the fourth largest concentration of community schemes in the world.
- South Africa is urbanising rapidly with 68% of South Africans already living in urban areas and the statistics will rise to 70% by 2025.
- By 2050, eight in 10 people will be living in urban areas and this will increase demand on basic infrastructure requirements.
- South Africa's urbanisation patterns are expected to reach 77.4% (49.1 million of a projected 63.4 million people) by 2050, from around 43% (5.8 million of 13.7 million people) in 1950.

Figure 7 SA % Population in Urban & Rural Areas

The adverse impact of the recessionary environment on households is particularly acute, including for those living in community schemes. As a young and growing democracy with the fourth largest concentration of community schemes in the world, the environment within which the CSOS operates is complex, involving technical requirements, legal processes, and procedures to regulate and harmonise interdependent relations between parties in shared living arrangements, such as sectional title schemes, homeowners' associations, share block companies, housing schemes for retired persons and housing co-operatives.

South Africa is urbanising rapidly with 68% of South Africans already living in urban areas and the statistics will rise to 70% by 2025. By 2050, eight in 10 people will be living in urban areas and this will increase demand on basic infrastructure requirements. South Africa's urbanisation patterns are expected to reach 77.4% (49.1 million of a projected 63.4 million people) in 2050, from around 43% (5.8 million of 13.7 million people) in 1950. Up to here its been a good overview of the economic perspective.

CSOS Perspective

The option of living in a community scheme is increasingly becoming the preferred tenure option for many South Africans in urban areas. This is due to a variety of benefits that tenure in a community scheme offers - affordability, shared costs, security and shared responsibility for buildings or parts of land. Inevitably, where there are many and varied individual interests in a kept space, disputes will arise. Therefore, the regulation of community schemes requires an intricate

balance of the protection of individual housing consumer rights; the application of fair, just and transparent legal recourse; and the provision of education, information, documentation and any such services as may be required to raise awareness to owners, occupiers, executive committees, and other persons as to their rights and obligations.

Historically, community schemes were not regulated, and the management and governance of community schemes was fragmented. Most of the community schemes were self-regulated. Parliament subsequently promulgated the Community Schemes Ombud Service Act, 2011 (No 9 of 2011) followed by the approval of the Regulations by Parliament in October 2016.

The country has introduced an Economic Reconstruction and Recovery Plan. The CSOS plans to contribute towards this plan through improvement of the ease of doing business with the state. One way in which this will be done will be by lowering barriers to entry to make it easier for businesses to start, grow, and compete through our supply chain management processes on prequalification criteria that are more enabling for suppliers to participate. The CSOS will focus on businesses owned by women, youth, persons with disabilities and military veterans.

The CSOS's macro-environment was further assessed, taking into consideration the Political, Economic, Social, Technological, Legal / Ethics & Environmental (PESTEL) factors which might have a bearing on the implementation of the CSOS strategy or achievement of its outputs. Some of these factors are listed below as potential risks and/or opportunities that might either impact the delivery of our strategy negatively or enhance our ability to meet the set objectives.

Table 2 PESTEL: Political & Technological aspects

Political	Technological
<ul style="list-style-type: none"> • There is committed political leadership to embrace and enhance the CSOS mandate. • New local government leadership: Coalitions for many of the hung councils mean that there is likely to be instability and the possible negative impact on service delivery to schemes and its revenue collection and disputes arising thereof. • Worsening municipality performance affects service delivery for schemes, which affects registration and payment of levies. • Strong focus on NDP Priority 4; and Priority 5 on spatial development. 	<ul style="list-style-type: none"> • Digitisation: internally, business automation, digitisation can be used in a smart way to inform stakeholders about the latest happenings. • Customer self-service portals: CSOS can bring information at the hands of stakeholders in real time either by use of technology and consequently improve its image amongst its stakeholders. • Technology to assist with facilitating skills transfer. • IT system failure: Cyber and Information security challenges. Systems controls, maintenance becomes a priority. • Linking with other entities databases is necessary - There is a need to consistently keep abreast of advances in technology as well as new trends and methodologies. • Decentralisation of data - adopting of decentralising data systems. • As new technologies are embraced train staff to keep abreast.

Table 3 PESTEL: Economic & Legal/Ethics aspects

Economic	Legal/Ethics
<ul style="list-style-type: none"> • Job losses: this will fuel a rise in non-payment of schemes due to loss of earnings. • Slow traction in levy collections: the rising unemployment may consequently affect CSOS levy collection- hence the sustainability of CSOS. • Loss of investment: the depressed economy signals decline in sector investment. • South Africa has competing social, educational, infrastructure, and health budget priorities. CSOS needs to diversify its income streams to meet the needs. • Global conflicts and pandemics – affecting fuel, wheat, food prices. • Potential for economic opportunities and employment due to creation of additional positions within CSOS. • A Funding Model to ensure long term sustainability of the Entity. • Establishment and funding of the transformation programme within CSOS. 	<ul style="list-style-type: none"> • Current changes in the legislative environment might potentially influence operations within CSOS. • Legislation changes: Amendment of CSOS Act and changes in regulations. • Inconsistency between social justice demands and existing legal framework. • Implications of POPI Act: CSOS is a custodian of a huge repository of stakeholder information. • The expropriation of land without compensations – possible impact on revenue. • Regulatory challenges/ appeals: CSOS actions may be taken on review and courts change the law. • Changes in regulatory environment and codes – impact if there are changes. • Compliance with PFMA: as schedule 3A entity, CSOS is regulated by PFMA.

Table 4 PESTEL; Social & Environmental aspects

Social	Environmental
<ul style="list-style-type: none"> • Growing young middle class is fuelling the gated community living lifestyle. • Women-headed households: this means they will prioritise issues of security. • Education levels: trustees lack skills and experience in managing schemes • Unreasonableness of schemes regulations: managing oppressive rules. • Public perception of CSOS: unhappiness with outcomes received from dispute resolution. Perception is positively increasing as evidenced by growing revenue collection. • Skewed racial ownership patterns. • NAMA/ ARC social partners – governed by MoU. More MoUs with Managing Agent associations. • Increased corporate social responsibility needs to take place. • There is an increased awareness of social media and digital connectedness. Social media like (Facebook, Twitter, Snapchat, blogs) can be used as an effective tool for communication with stakeholders to educate and increase awareness. • With urban migration taking place at a rapid rate, dense community living could have a negative impact on society. • There are high levels of unemployment in the country and the implementation of CSOS transformation strategies will make a positive impact on socio-economic empowerment by alleviating poverty through job creation. 	<ul style="list-style-type: none"> • The pressure on land ownership: identified land issue, motivate more schemes to share ownership. Education is required. • CSOS needs to consider and implement ways to minimise its carbon footprint. Reduced consumption - printing, water, and electricity. Rise in environmentally friendly practices. • Urban migration: leads to dense community living which could have a negative impact on the environment. • Natural disasters (effects of global warming): e.g., flooding can impact community schemes which will impact CSOS revenue.

The CSOS will continue to monitor the ongoing changes in its external and internal environment in order to respond timeously, appropriately and with relevance to any significant shifts or changes.

3. INTERNAL ENVIRONMENT ANALYSIS

3.1. SWOT Analysis

A SWOT analysis is a powerful tool for sizing up an organisation’s resource capabilities and deficiencies. The CSOS internal strengths and weaknesses, together with the external opportunities and threats were evaluated to provide a basis for re-aligning, re-prioritising and refining the CSOS priorities. The purpose is for the CSOS to optimise identified strengths, harness opportunities, offset identified weaknesses and mitigate threats.

Strengths are factors that give the CSOS a distinctive advantage or competitive edge within the environment within which it operates. The Entity can use such factors to accomplish its strategic objectives. The weaknesses refer to a limitation, fault, or defect within the CSOS that prevent it from achieving its outcomes; it is what the CSOS does poorly or where it has inferior capabilities or limited resources as compared to other organisations.

Opportunities include any favourable current or prospective situation which could be facilitated to allow the organisation to enhance its competitive edge. Threats may be a barrier, constraint, or anything which may inflict challenges, damages, harm or injury to the organisation.

The CSOS analysis of strengths, weaknesses, opportunities, and threats (SWOT) have been identified and are presented below:

Table 5 CSOS Strengths and implications for planning

STRENGTHS	
Internal Strengths	The implication of CSOS’s strengths on planning for 2023/24
<ul style="list-style-type: none"> • There is an emerging accountability culture. • Stable IT infrastructure enabling flexible modes of working and reducing time spent on travel for physical meetings (Virtual dispute resolution). • Promulgated legislation enabling the collection of statutory levies. • Approved organisational structure. • Enabling environment for sustained revenue collection. • Quality assurance of schemes governance documentation. • Established regional footprint. • Skilled employees. • Existing criminal sanctions in the CSOS Act for non-compliance. • New online customer platform (CSOS Connect). • Online collection mechanism. • Stability in governance structures. • Decentralisation of governance and compliance function. 	<ul style="list-style-type: none"> • CSOS needs to leverage its legislative monopoly and competitive advantage in that it is the sole institution that can resolve community scheme disputes at no cost. • This advantage must translate into a value proposition that stakeholders may buy into and that translates into a significant transformational impact. • CSOS mandate allows for maximum revenue generation, based on the community schemes database that the Entity needs to establish and maintain. • By expanding the CSOS’ footprint through a regional approach, the CSOS may be better positioned to implement its mandate. • The organisation needs to be agile and not become complacent. Having judgements challenged in court and losing court appeals would hurt the CSOS’ reputation immensely.

Table 6 CSOS Weaknesses and implications for planning

WEAKNESSES	
Internal Weaknesses	The implication of CSOS' weaknesses on planning for 2023/24
<ul style="list-style-type: none"> • Optimum use of revenue – CSOS is returning some funds to Treasury. • Failure to fully comply with regulatory compliance universe by Schemes and internal stakeholders. • Inadequate capacity vs volume of work. • Poor public image. • Lack of “teaming” across the organisation – silo mentality is pervasive. • Inadequate feedback to stakeholders to avoid queries and complaints arising. • Delays in implementation of risk management process. • Slow progress on training, upskilling and reskilling (impacts on performance). • Delays in implementation of BAS. • Lack of appropriate measures to enforce compliance with the CSOS Act. • Inaccurate and incomplete schemes data and inadequate data cleansing techniques (in unallocated levies) • Slow monitoring and updating of community scheme database. • Lack of proper community scheme registration processes. • Slow turnaround on legislative review – impedes on CSOS implementation. • Poorly phrased legislation, including lack of enforcement measures in the CSOS Act. 	<ul style="list-style-type: none"> • Lack of power of enforcement in the CSOS Act implies that the amendment of the Act needs to be prioritized. • Lack of knowledge of the potential market size is a major constraint and is critical to planning, estimating potential revenue, informing resources, and better informing CSOS strategies and decision-making. • Lack of IT systems and the use of inefficient manual systems requires that the implementation of the Business Automation System must be prioritized. • These factors e.g., inadequate capacity, lack of skills etc collectively impede on service delivery • Staff morale is low – overworked staff. • Recycling of acting assignments leads to non-accountability at management level.

Table 7 CSOS Opportunities and implications for planning

OPPORTUNITIES	
External Opportunities	The implication of external opportunities on planning for 2023/24
<ul style="list-style-type: none"> • Collaboration with other government entities to obtain database, use of facilities, partner with for training partnership etc. • Benchmarking with other government entities and international organisations to develop an effective strategy. • Existence of new technology innovations. • Availability of effective and efficient IT systems in the market. • Review of levy model creates and opportunity for an increased and sustainable revenue base - revenue optimization through efficient strategies, resulting in CSOS being able to sustain itself financially. • Recruitment and Appointment of skilled officials. • Deeds/CIPC/Municipality database on community schemes, to assist in enforcing compliance. • Implementation of the approved Marketing and Communication Strategy. • Amendment of the CSOS Act. • Opportunity for transformation of the property sector. • Appointment of advisory ministerial committee as prescribed in the Sectional Titles Schemes Management Act. • Collaboration with research institutes and universities. 	<ul style="list-style-type: none"> • The market is out there to grow CSOS' revenue base and, therefore, the CSOS has the opportunity to implement its mandate really well using a resource-based strategy approach. • CSOS is a relatively new organisation without many legacy systems and can, therefore, deploy best practices using a green fields approach from the onset, with limited need for change management. • Availability of community schemes data - do not need to start from scratch and can draw from other best practices organisations with good levy collection models. • Establishment of an archival service - data mining opportunity for benefit of others, becoming the first point of call (data repository) for data on the sector. • Develop the CSOS' research and knowledge management functionality. • CSOS has been declaring surpluses year-on-year, which surpluses have been returned into the fiscus although there is movement in retaining funds. The CSOS has started to develop managing agents from historically disadvantaged communities as this is an urgent need for transformation of the sector. CSOS procurement processes will also be geared towards establishing pre-approved panels of service providers consisting of entities owned by women, youth, people with disabilities and unemployed graduates. CSOS has also set targets for procurement from designated groups. Furthermore, CSOS is investigating the feasibility of establishing a mechanism whereby experienced Executive Managing Agents offer sub-contracting opportunities to historically disadvantaged Managing Agents so that these individuals are exposed to Scheme Management in various settings so that they are empowered to independently offer these services to a variety of Schemes.

Table 8 CSOS Threats and implications for planning

THREATS	
External Threats	The implication of external threats on planning for 2023 /24
<ul style="list-style-type: none"> • Possible undue influence from interested parties that may impact the regulatory independence on the CSOS. • Perception of lack of independence. • Cyber-attacks. • Non-compliance by community schemes, due to CSOS inefficiencies. • CSOS' questionable reputation, relating to an investment made in contravention of the Treasury Regulations. • Different interpretations of the Act that may result in resistance to compliance. • Potential failure to meet stakeholder expectations and the imminent backlash. • Non-compliance to the CSOS and STSM Act. • Deliberate non-compliance by schemes. • Negative media reports. • Poor economic outlook for RSA and this will impact on payment of levies. • Inability to reach procurement goals on designated groups 	<ul style="list-style-type: none"> • CSOS must have in place systems to protect the information of people (POPI) Act. • Not being able to harmonise relations and failing in the orders that CSOS gives could lead to disputes being fueled, rather than resolved. • Not meeting the expectations of community schemes and not demonstrating value, for example, the inability to enforce could lead to CSOS not being viewed as the right authority to handle disputes; thus, raising the question of: Why pay levies? • Not conducting CSOS professionally in terms of tone, and language being used could damage CSOS' reputation and public confidence. • If the quality of services that CSOS provides is lower than what the private sector can provide, as evidenced by court over-rulings, public confidence would be further eroded. • Not being able to enforce registrations by schemes, limits the CSOS' ability to fully implement its mandate. • Properties Practitioners Act allows for the establishment of its own Ombud, a direct threat to the CSOS. • People and consequently Schemes may choose not to pay levies due. • Not meeting NDP targets e.g., military veterans and persons with disabilities.

3.2. Stakeholder Analysis

Achieving societal and political acceptance is one of the largest challenges with regard to the management and implementation of the CSOS mandate. Thus, it is imperative to ensure public participation and stakeholder engagement in a meaningful way. CSOS' stakeholder management strategy ensures that the advancement of enhanced stakeholder participation and corporate transparency go hand in glove.

Stakeholder confidence building strategies and policies are regional; specific and take into account cultural diversities.

The Stakeholder Analysis Matrix below depicts the variety of stakeholders who assume substantial influence over the operation of the organisation. These stakeholders have respective expectations that must be fulfilled as tabulated below:

Table 9 Stakeholder Analysis Matrix

Stakeholder	Influence	Expectation
Department of Human Settlements	<ul style="list-style-type: none"> • Policy Setting • Administrative and governance oversight 	<ul style="list-style-type: none"> • Conformance • Governance Continuity and Reporting • Synergy and effective collaboration • Fulfilment of legislative mandate
Parliamentary Portfolio Committees	<ul style="list-style-type: none"> • Sanction • Legislation • Oversight budget and reporting 	<ul style="list-style-type: none"> • Accountability • Governance, Integrity, Ethics • Contribution to National Priorities • Provision of direction
The Board and Governance Committees	<ul style="list-style-type: none"> • Strategic direction 	<ul style="list-style-type: none"> • Transparency • Accountability • Governance, Integrity, Ethics
Staff	<ul style="list-style-type: none"> • Productivity • Morale • Public Perception • Performance Effectiveness 	<ul style="list-style-type: none"> • Fairness • Respect of Worker Rights • Equity • Involvement • Best Practice HRM policies/practices • Conducive work environment • Adequate resourcing • Transparency • Ethical Behaviour
Home owners	<ul style="list-style-type: none"> • Payment of levies 	<ul style="list-style-type: none"> • Compliance with governance frameworks • Financially self-sustaining
National Association of Managing Agents (NAMA)	<ul style="list-style-type: none"> • Continued engagement in the sectional title and HOA 	<ul style="list-style-type: none"> • Strategic partner and encourage payment of levies
Association of Residential Communities (ARC)	<ul style="list-style-type: none"> • Continued engagement in the HOA's 	<ul style="list-style-type: none"> • Strategic partner and encourage payment of levies
Executive Managing Agents	<ul style="list-style-type: none"> • Public Perception • Risk Profile 	<ul style="list-style-type: none"> • Fair in operation • Consistent feedback • Good turnaround times • Honesty • Accountability • Integrity • Transparency • Responsiveness • Guidance • Interaction • Accessibility, Fairness, Consistency, Feedback

Table 9 Stakeholder Analysis Matrix

Stakeholder	Influence	Expectation
Property Practitioners Regulatory Authority (PPRA)	<ul style="list-style-type: none"> Sister entity share their knowledge of the property sector 	<ul style="list-style-type: none"> Help share their international synergies and networks
Other related entities e.g., SHRA; HDA; NHBRC	<ul style="list-style-type: none"> Operations Strategy 	<ul style="list-style-type: none"> Collaboration Framework for engagement
Government departments e.g., Department of Labour; Department of Health; NPA; SAPS	<ul style="list-style-type: none"> Regulatory compliance 	<ul style="list-style-type: none"> EE compliance OHS compliance Skills development Management of national disasters Enforcement of compliance
Media	<ul style="list-style-type: none"> Public Perception 	<ul style="list-style-type: none"> Regular Communication Transparency Access to Information
Developers	<ul style="list-style-type: none"> Continuous growth of the sector 	<ul style="list-style-type: none"> Increase in revenue Sustainability Compliance Due processes will be followed
Organized Labour	<ul style="list-style-type: none"> Policies Productivity 	<ul style="list-style-type: none"> Framework for engagement Willingness to work Transparency Communication Fairness Enabling environment for association
The Public/Public interest groups	<ul style="list-style-type: none"> Operations Strategy Culture 	<ul style="list-style-type: none"> Transparency Fairness Consistent delivery Integrity Values orientation Information sharing CSI
Suppliers	<ul style="list-style-type: none"> Risk Effectiveness Turnaround 	<ul style="list-style-type: none"> Transparency Fairness Consistency Ethical Behaviour
National Treasury (NT)	<ul style="list-style-type: none"> Regulatory environment Financial Prudency Budgeting 	<ul style="list-style-type: none"> Reporting Governance Compliance
Auditor General (AG)	<ul style="list-style-type: none"> Regulatory environment Compliance 	<ul style="list-style-type: none"> Reporting Governance Audit outcomes Performance
International bodies	<ul style="list-style-type: none"> Policy Guidance Safety standards Direction 	<ul style="list-style-type: none"> Compliance Implement international best practice Capacity building Research and Development Collaboration

Table 9 Stakeholder Analysis Matrix

Stakeholder	Influence	Expectation
Regulators	<ul style="list-style-type: none"> • Source of regulation 	<ul style="list-style-type: none"> • Regulatory compliance • Efficiency • Fairness • Regulate • Transparency • Due process • Cooperation
Scientific and Academic Institutions	<ul style="list-style-type: none"> • Research agenda 	<ul style="list-style-type: none"> • Partnerships • Collaboration • Compliment the Research and development mandate
Deeds Office	<ul style="list-style-type: none"> • Governance number of schemes • And the HOA's 	<ul style="list-style-type: none"> • Joint venture to share the raw data
Companies and Intellectual Property Commission (CIPC)	<ul style="list-style-type: none"> • Sharing with CSOS on how best to work with MA and property firms 	<ul style="list-style-type: none"> • Training on issues that relate to the transformation of the property sector
Municipalities	<ul style="list-style-type: none"> • Sharing of the Data regarding HOA's 	<ul style="list-style-type: none"> • Use the Municipal office as linkage and interface for CSOS to HOA information regarding registered properties
Community schemes	<ul style="list-style-type: none"> • Continuous training 	<ul style="list-style-type: none"> • Sharing of information and Advocacy and lobbying
South African Institute of Chartered Accountants (SAICA)	<ul style="list-style-type: none"> • Use their expertise to train scheme and participate in the BC's and Exco's 	<ul style="list-style-type: none"> • Make it easy for schemes to submit the returns
Independent Regulatory Board for Auditors (IRBA)	<ul style="list-style-type: none"> • Help share with CSOS expertise on the transformation of the sector 	<ul style="list-style-type: none"> • Training and borrow their material sharing how best to design the transformation programmes

3.3. Organisational Structure

The CSOS is a Schedule 3A public entity that reports to the Executive Authority i.e., the Minister of Human Settlements. The CSOS activities are funded by the provision of a budget from funds voted annually to the DHS. The governance of the CSOS is entrusted to a Board appointed in accordance with the CSOS Act. The CSOS Board of Directors consists of seven (7) non-executive members and two (2) executive members, namely, the Chief Ombud and the Chief Financial Officer (CFO).

Good governance is crucial to business sustainability and growth of the organisation. The CSOS has committees that advise the Accounting Authority on matters pertaining to governance. These are the Audit and Risk Committee, Human Resources and Remuneration committee, Financial Committee, the Legislation, Adjudicators and Transformation Committee as well as the Governance Committee and Social and Ethics Committee. These committees' function by way of formal Charters.

The Chief Ombud, assisted by the EXCO and MANCO, are responsible for the day-to-day running of the CSOS.

The organizational redesign project has been completed and a process will begin to ensure that the CSOS is adequately capacitated with the right set of skills and capacity in various areas of our business. Engagements with the trade union and staff are improving and we are seeing better collaboration in designing the future of the CSOS.

Consultations on the draft Organisational structure were coordinated with EXCO and Unions. Various inputs were received and incorporated on the final structure that was approved by the Minister on the 25th of August 2022. The structure has been adjusted to ensure that it remains relevant and appropriate to organisational requirements. Human resource (HR) planning remains at the core of ensuring that the CSOS continues to have the right people, with the right skills and competencies available at the right time, at the appropriate level to deliver on its mandate. The entity will also use Project Management principles in managing their projects. In order to ensure efficiency, CSOS will be structured with a combination of permanent and temporary employees.

In line with the national effort to broaden skills development as prescribed in the Skills Development Act of 1998, the CSOS has a successful internship programme which assists young South Africans to contribute to the advancement of youth employment and development.

The OD project was finalised during the period under review. The OD SteerCom facilitated the placement of

the principles outlined in the approved Placement Framework.

As at the end of Q3(2023), there were 134 permanent employees among the 251 positions on the newly revised organizational structure.

The vacancy rate was at 46 % as at the end of Quarter three. The high vacancy rate is as a result of the recently approved revised organisational structure that has several new positions that still need to be filled.

A Bulk advertisement was placed in the month of December 2022. It is envisaged that the vacancy rate will decrease with the filling of vacancies by end of March 2023.

The CSOS had a total of thirty-seven (37) Interns as of the 30th of September 2022. We managed to register in line with the Skills Development Act during the 2021/22 financial year and are in the process of finalizing the process with the Services SETA which should see the entity claiming back investment on the internship programme. Our response to mass job creation is through our rigorous internship programme targeting unemployed graduates with more than 50% chances of later absorption of the candidates into permanent jobs. More jobs will also be created through capacitating the new structure of the CSOS during the 2023/24 financial year.

The organogram that follows represents the organisational structure for CSOS. It sets out the operational structures, based on CSOS Strategy 2020-2025 and Annual Performance Plan 2023/24, which will best enable it to deliver on its mandate.

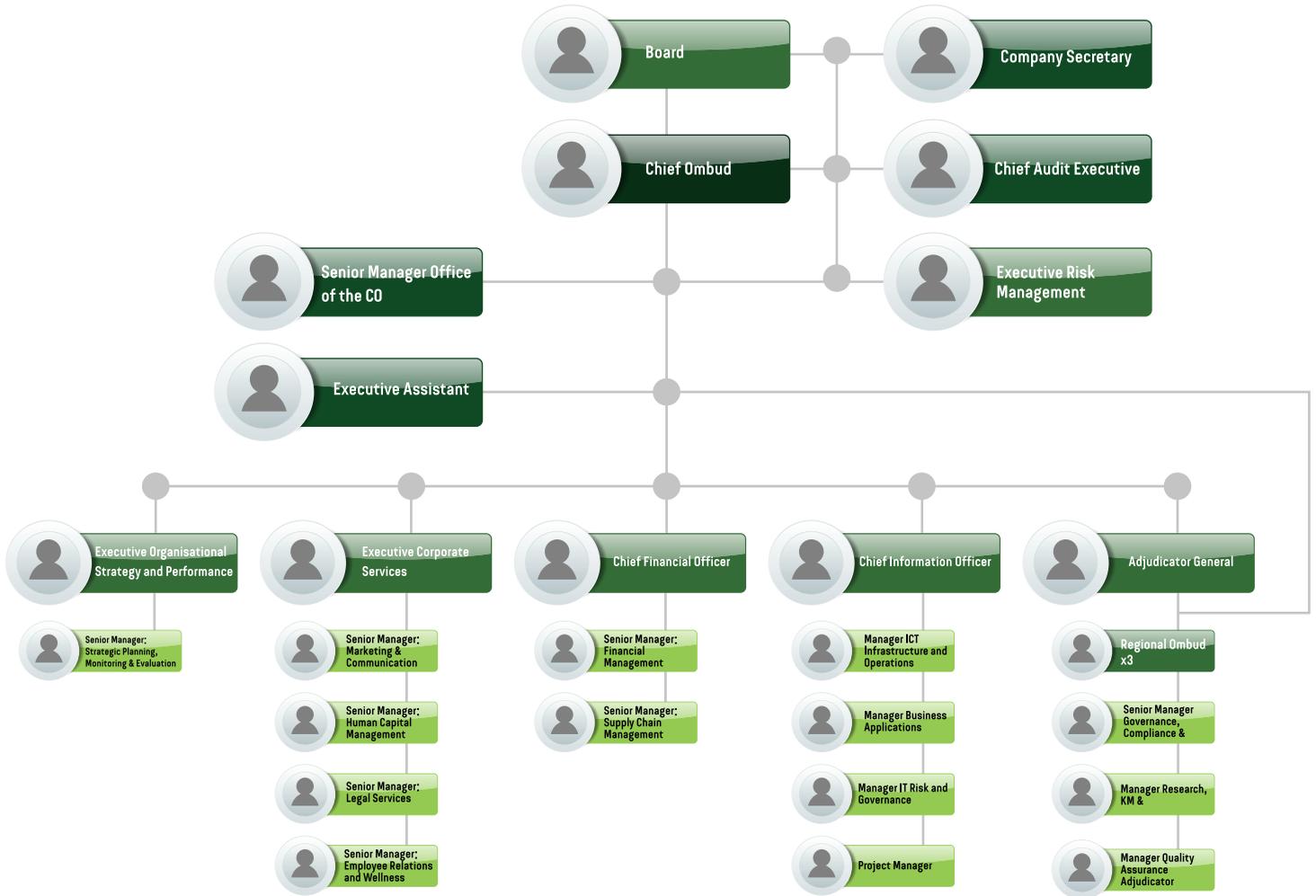


Figure 8 CSOS Organogram

3.4. CSOS Service Delivery Model

The service delivery model is depicted in the figure below:



Figure 9 CSOS Service Delivery Model

3.4.1. Scheme Registration

The CSOS value chain and service delivery model is underpinned by the success in creating a complete database of community schemes.

In order to deliver on the 2020-2025 CSOS Strategic Plan to which this 2023/24 APP aligns, CSOS must continue to prioritise the registration of schemes, which includes the following types of community schemes as defined in terms of the CSOS Act: Sectional title schemes; Homeowners' associations; Housing co-operatives; Share block companies and Retirement villages. There has been a declining trend in the registrations of schemes due to the challenge of registrations which is primarily attributed to the limited power that the CSOS has in terms of the CSOS Act to enforce compliance by the community schemes to register. Thus, the amendment of the legislation will be vigorously pursued in the 2023-24 financial year. During the 2021/22 financial year a total of 925 scheme registration applications were processed and registered.

3.4.2. Compliance and Enforcement

As the Regulator of all community schemes in South Africa, the CSOS is mandated by the Act to provide governance of community schemes, dispute resolution within the community schemes, to promote good governance, provide education, information and awareness to the owners, occupiers, and executive committees of the community schemes.

CSOS undertakes a range of activities, such as publishing guidance and engaging with stakeholders to educate and enable schemes to comply with their obligations under the CSOS Act and STSM Act and associated legislation. However, the responsibility for complying rests with the community schemes. The CSOS assesses the circumstances and responds appropriately to instances of non-compliance. CSOS works with community schemes, where appropriate, in order to get them back on track to being compliant. CSOS regards intentional non-compliance as unacceptable and CSOS may take any one of a range of enforcement actions against community schemes who fail to comply with the regulatory compliance.

Quality assurance and compliance certificates

To ensure that there is proper governance within community schemes, CSOS provides quality assurance to the scheme's governance documentation, records all existing and new schemes governance documentations as received from the community schemes and ensures that the documentation is adequately secured, protected and accessible to the public. After quality assurance, schemes must submit the amendments rules to CSOS for approval. A total of 1796 scheme governance documentations were received and 1444 were quality assured, which amounts 80%. After quality assurance, schemes must submit the amendments rules to CSOS for approval, in this period under review, a total of 11135 (100%) approved rules were issued with certificates.

3.4.3. Dispute Resolution

The CSOS Dispute Resolution Model maps out stages to be followed in the dispute resolution process, including, but not limited to, the manner and instances upon which disputes must be finalised. Section 39 of the CSOS Act prescribes Prayers for Relief, which must be applied for and ordered, depending on merits, in resolving disputes emanating from community schemes.

The Dispute Resolution Services, with the support of IT, has coded a SharePoint automated system for the management of disputes. This system encompasses the entire process from application to the issuance of an adjudication order. A total number of 8308 new applications were received within the 2021/22 financial year, 1 635 rejected, 2 149 conciliated and 1 600 adjudicated. Accordingly, 5 384 disputes were finalized within the reporting period. Accordingly, 2 524 disputes were finalized within the reporting period. The number of applications received during 2021/22 financial year exceeds the number received in the 2020/21 financial year by 1 926.

3.4.4. Levy Collection

The CSOS Act provides that every community scheme must pay the service levy with effect from the commencement date of the Act.

Section 59(a) of the CSOS Act provides that: "Every community scheme must, with effect from the commencement date of the Act, in each calendar year and at such time as may be prescribed, pay to the service a levy". The CSOS thus generates its revenue from levies, government grant, interest income and dispute resolutions income. Levies are the major source of revenue for the CSOS.

The registration and payment of levies by community schemes is still a challenge for the entity, however, the entity continues to create awareness through its education and training sessions which are appreciated by stakeholders. In addition, new initiatives such as geo-mapping of existing schemes coupled with inspectorate, data cleansing and proactive monitoring of new Schemes under development will be instituted to expedite Scheme enrolment. Levy collection as at 31 March 2022 was R250,518,259 million (2020: R223,569,975 million). The current year levy collection target was exceeded by 12% which is an increase in the actual levies collected in 2021/2022 compared to the 2020/2021

CSOS is still consolidating its Regulator Powers, and this will require collaboration with various stakeholders to assist CSOS in establishing its footprint within the industry. The stakeholders assist CSOS in making inputs into the implementation of the CSOS Act and the STSMA and to further build the registration database. The provision of consumer education is also a key priority area and a critical target in the CSOS Annual Performance Plan. The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about its existence has also been highlighted in several important forums.

3.4.5. Stakeholder Engagement and Advocacy

In terms of Section 4(2)(b) of the CSOS Act, CSOS is mandated to provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other person or entities who have rights and obligations in community schemes.

3.5. ICT Management

For the 2023-24 financial year the CSOS has placed focus on improving its ICT Governance Maturity, as well as finalising the development of the ICT governance improvement roadmap. Further upgrades to ICT infrastructure is planned to be conducted during the financial year so that the organisation can be supported strategically to deliver on its mandate. A cyber defence program was also initiated and is well underway to improve the ICT security posture of the CSOS.

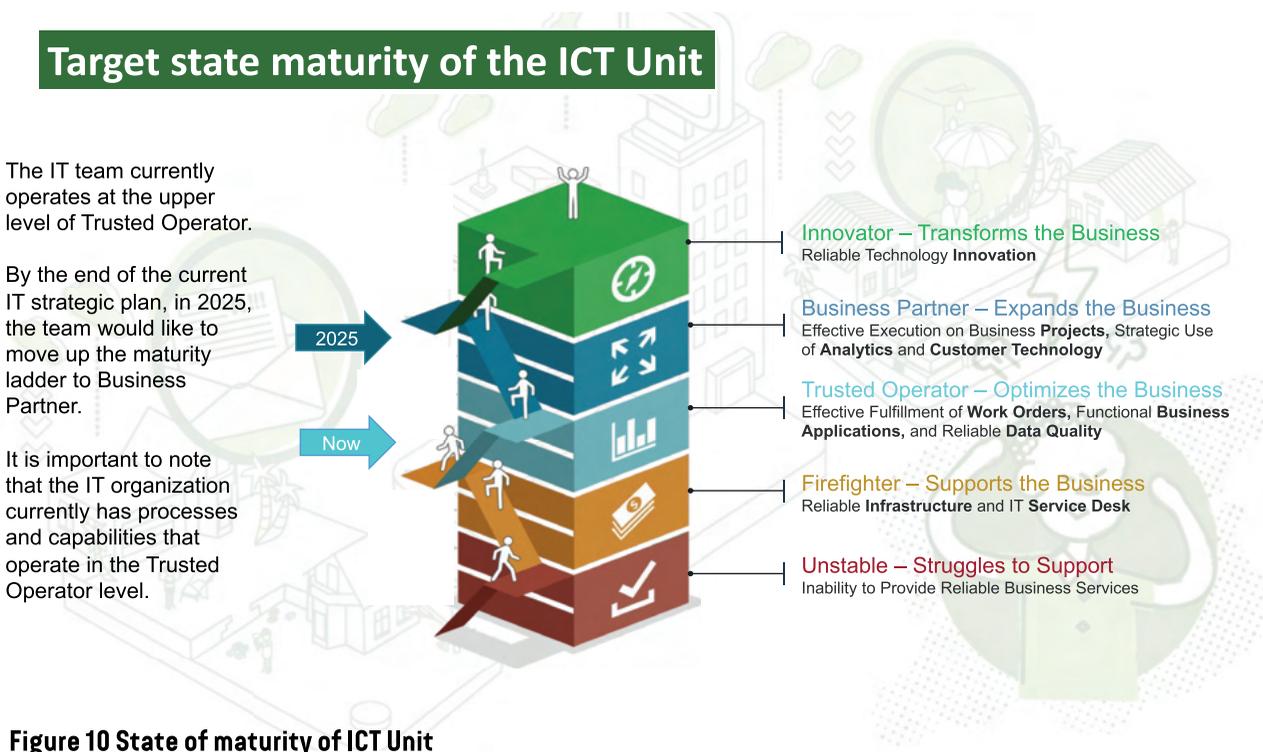


Figure 10 State of maturity of ICT Unit

The need to have a Core applications system is very critical to ensure organizational targets are met, operations are streamlined and reporting to stakeholders is accurate. The diagrammatic representation below reflects how the ICT Programmes support the business context.

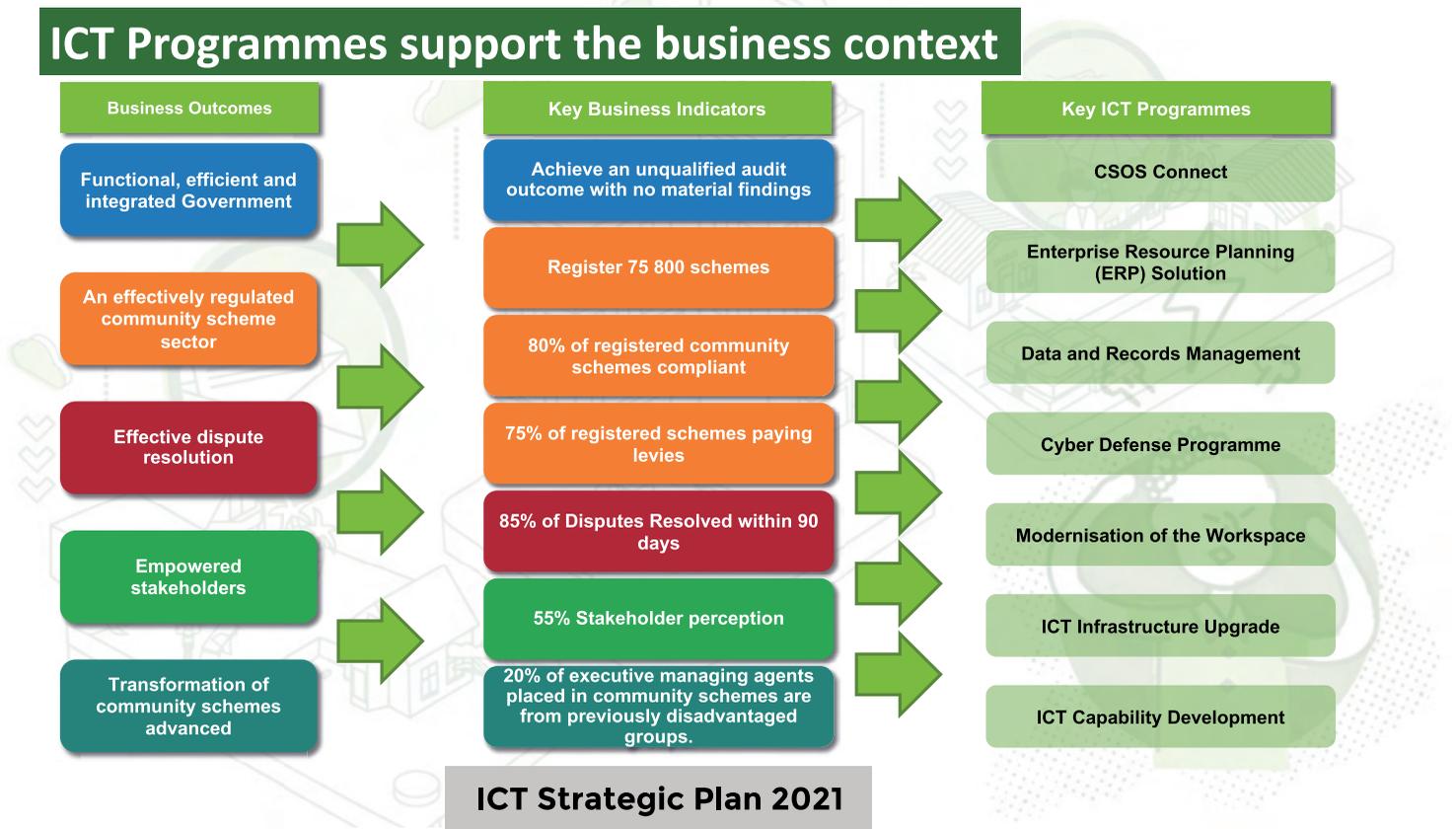


Figure 11 How the ICT Programmes support the business context.

3.6. COVID-19 Impact on CSOS, and Learnings Looking Forward

As a result of COVID-19 and the restrictions placed on gatherings, CSOS had to adapt the manner in which to conduct consumer education sessions. Based on COVID-19 learnings a hybrid approach to education and training has been adopted, comprising of a mix of physical and online (webinar) meetings and sessions, including stakeholder engagements, You-Tube Videos and webinars.

In addition, CSOS continues to institute and provide measures to help support employees' physical and emotional well-being, whether at work or at home. Regular communiques are issued to employees on any issues relating to COVID-19. In terms of maintaining business continuity, CSOS employees will continue to be provided with the necessary resources and support they need to be productive, especially as they adapt to working remotely.

The Entity has reviewed the budget to reallocate costs to expenditure that are impacted and will continue to monitor all expenditure. Furthermore, should there be any changes in the macro-microenvironment, the Entity remains flexible to coordinate a review of strategy due to such changes. The CSOS will remain vigilant to make changes such as a provision to allow only a limited number of employees at the office and remote provision of services, which might have an impact on CSOS achieving its deliverables.

In order to deal with concerns that the entity may not be able to provide services at a satisfactory rate and the resulting negative stakeholder perceptions the CSOS established a steering committee in terms of Section 19 of the OHS Act to prepare and monitor the return-to-work processes. Compliance officers for each region have also been appointed. A Compliance Plan has been developed and is being used as a compliance monitoring tool on a daily basis. Risk assessments will continue to be coordinated and the steering committee will monitor the implementation of corrective measures.

Reporting will continue to be done at EXCO on all COVID-19 related activities. A directive was issued to all employees on how to handle any incidents and the reporting. To minimise infection to the workforce - employees working within the same family groups are not allowed to be in the office at the same time (weekly rotation is implemented). All officials that have symptoms will be quarantined for 7 days. Deep cleaning will continue to be done before the return of the officials to the office. The CSOS will keep abreast of any further changes related to the COVID-19 pandemic and action accordingly.

3.7. COVID-19 learnings informing planning for 2023/24

Several lessons were learnt with regards to conducting business during a pandemic. These lessons were consolidated and incorporated into the planning process for the 2023-24 APP. Firstly, virtual, and telephonic conciliations worked well, as well as paper-based adjudications. The result was increased outputs of conciliations and adjudications.

In this regard, the CSOS will proceed with a HYBRID approach of virtual and contact sessions. A directive has been issued to advise community services about the approach, taking into consideration the variety of stakeholder needs, as well as the safety and health of staff.

A HYBRID approach for awareness training and information sessions, stakeholder engagements and workshops will continue to be pursued, based on the proven speed, and cost benefits of virtual platforms. The work from home policy has been approved and the CSOS will monitor its effectiveness and through ongoing research, practice, and adaptations on an improved practice HYBRID approach will emerge. Findings are that as much as there are efficiency benefits to working from home there are culture and team-based concerns that need to be addressed through physical engagements. Certain client facing functions are also best conducted through physical engagements.

Online (virtual) recruitment and interview processes will continue, as the CSOS has saved on travel expenses and the approach has proven to be more efficient overall.

MEASURING OUR PERFORMANCE



PART C

1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The Community Schemes Ombud Service is constituted by the following programmes and aligned business functions, which informs the packaging of this Annual Performance Plan:

Programme No	Programme Name	Business Functions
Programme 1	Administration	<ol style="list-style-type: none"> Office of the Chief Ombud Company Secretary Internal Audit Corporate Affairs Finance and Supply Chain Management Information and Communication Technology
Programme 2	Regulation	<ol style="list-style-type: none"> Governance, Enforcement, and Compliance Dispute Resolution
Programme 3	Education and Training	<ol style="list-style-type: none"> Governance, Enforcement and Compliance Marketing and Communication Stakeholder Training and Consumer Education/

The Revised CSOS 2020-2025 Strategic Plan outlines the key strategic focus areas and outcomes for the five years, aligned to the NDP 2030, MTSF 2019-2024, and the Department's strategic planning priorities. The above Programmes then contribute to the attainment of the outcomes through programme level outputs, output indicators, and annual and quarterly targets, as reflected in the sections below.

1.1. Programme 1: Administration

1.1.1. Programme Purpose

The Administration Programme is responsible to ensure that functions that support the core operations run effectively and that the organisation is sustainable. The Administration Programme covers the work of the following business functions:

Business Function	Purpose
Office of the Chief Ombud	To provide effective and efficient strategic support to the Chief Ombud and the executive team in order to achieve the mandate and strategic outcomes of the CSOS.
Company Secretary	To provide effective and efficient Board and Committee support, administrative services, and the provision of advice to ensure the effective functioning of the Board.
Internal Audit	To provide an independent objective assurance and consulting (advisory) services by evaluating the governance, risk management, internal controls, as well as the compliance against the relevant prescripts in order to add value and improve the CSOS operations.

Business Function	Purpose
Corporate Affairs	<p>To support the CSOS functions by attracting and retaining suitably qualified individuals, to create awareness of the CSOS services and build and protect the CSOS reputation; to provide cutting-edge legal support and advisory services in order to protect the interests of the CSOS; and to provide, maintain and develop the required office accommodation to support CSOS functions.</p> <p>Corporate Affairs has the following functions:</p> <ul style="list-style-type: none"> • Human Resources Management • Marketing and Communication • Legal Services • Facilities Management
Office of the Chief Financial Officer	<p>To ensure that functions that support the core operations run effectively and that the organisation is sustainable. The Office of the CFO has the following functions:</p> <ul style="list-style-type: none"> • Supply Chain Management • Revenue Management • Expenditure Management • Budgeting and Financial Reporting
Information Communication and Technology (ICT)	<p>To partner with CSOS business units to deliver efficient ICT - enabled services to all stakeholders. This includes the development and implementation of an organisation - wide business automation system.</p>

In contributing towards the CSOS desired impact of “governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods”, the Administration

Outcome 1: Functional, efficient, and integrated Government
 Outcome 2: Effectively regulated community schemes
 Outcome 5: Transformation of community schemes advanced

Programme delivers against the following outcomes in the Strategic Plan:

The 2023/24 performance plan of Programme 1 is reflected in the log frame tables below:

1.1.2. Programme 1: Outcome, Outcome Indicator and Five-Year Target

OUTCOME	OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Outcome 1: Functional, efficient, and integrated government	External audit outcome	Qualified audit outcome	Qualified audit outcome	Qualified audit outcome	Unqualified audit opinion with no material findings			

1.1.3. Programme 1: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
1. Functional, efficient, and integrated Government	1.1. Anti-fraud and Anti-corruption	1.1.1. Percentage of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	New	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented
	1.2. Risk management	1.2.1. Percentage implementation of the approved Risk Management Plan	New	80% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan
	1.3. Internal controls and governance	1.3.1. Percentage implementation of the Internal Audit Plan	No target	New target	81% (21 of 26 action plans) implementation of the Audit Remedial Plan	100% implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan
	1.4. Transactional services offered	1.4.1. Number of new transactional sites established (satellite office)	No target	New	1 new transactional site established in Gqeberha	2 new transactional sites established (satellite office)	3 new transactional sites established (satellite office)	Satellite offices in all provinces	Satellite offices in all provinces
2. Effectively regulated Community Scheme Sector	2.1. Revenue collection	2.1.1. Rand value of CSOS levy collected	R217 060 000	R217 000 000 of CSOS levy collected	R250 518 259 00 of CSOS levy collected	R263 042 000 of CSOS levy collected	R408,698,702 of CSOS levy collected	R416,160,155 of CSOS levy collected	R427,179,097 of CSOS levy collected

1.1.3. Programme 1: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
5. Transformation of community schemes advanced	5.1. Transformation And Empowerment of designated groups	5.1.1. Percentage of annual procurement spend, targeted at businesses owned by women	No target	No target	New	40% of annual CSOS procurement spend, targeted at businesses owned by women	40% of annual CSOS procurement spend, targeted at businesses owned by women	40% of annual CSOS procurement spend, targeted at businesses owned by women	40% of annual CSOS procurement spend, targeted at
		5.1.2. Percentage of annual procurement spend, targeted at businesses owned by youth	No target	No target	No target	20% of annual CSOS procurement spend, targeted at businesses owned by youth	16% of annual CSOS procurement spend, targeted at businesses owned by youth	16% of annual CSOS procurement spend, targeted at businesses owned by youth	16% of annual CSOS procurement spend, targeted at businesses owned by youth
		5.1.3. Percentage of annual procurement spend, targeted at businesses owned by Persons with disability	No target	No target	No target	5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability	5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability	5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability	5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability
		5.1.4. Percentage of annual procurement spend, targeted at businesses owned by Military Veterans	No target	No target	No target	No target	5% of annual CSOS procurement spend, targeted at businesses owned by Military Veterans (New indicator)	5% of annual CSOS procurement spend, targeted at businesses owned by Military Veterans	5% of annual CSOS procurement spend, targeted at businesses owned by Military Veterans

1.1.4. Programme 1: Outcome Indicators; Annual and Quarterly Targets

OUTCOME INDICATOR	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
Outcome Indicator 1: External audit outcome	Unqualified audit opinion no material findings	No target	Unqualified audit opinion with no material findings	No target	No target

1.1.5. Programme 1: Output Indicators; Annual and Quarterly Targets

OUTPUT INDICATOR	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
1.1.1. Percentage of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	25% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	50% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	75% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented
1.2.1. Percentage implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	25% implementation of the approved Risk Management Plan	50% implementation of the approved Risk Management Plan	75% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan
1.3.1. Percentage implementation of the Internal Audit Plan	100% Implementation of the Internal Audit Plan	25% Implementation of the Internal Audit Plan	50% Implementation of the Internal Audit Plan	75% Implementation of the Internal Audit Plan	100% Implementation of the Internal Audit Plan
1.4.1. Number of new transactional sites established (satellite office)	3 new transactional sites established (satellite office)	Finalisation of the report on the provinces to be prioritised	1 Transactional site established	1 Transactional site established	1 Transactional site established
2.1.1 Rand value of CSOS levy collected	R408,698,702 of CSOS levy collected	R70,009,800.00	R101,038,496.00	R104,614,914.00	R133,035,492.00
5.1.1. Percentage of annual procurement spend, targeted at businesses owned by women	40% of annual CSOS procurement spend, targeted at businesses owned by women	40% of procurement spend on businesses owned by women	40% of procurement spend on businesses owned by women	40% of procurement spend on businesses owned by women	40% of procurement spend on businesses owned by women

1.1.5. Programme 1: Output Indicators: Annual and Quarterly Targets

OUTPUT INDICATOR	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
5.1.2 Percentage of annual procurement spend, targeted at businesses owned by youth	16% of annual CSOS procurement spend, targeted at businesses owned by youth	16% of procurement spend on businesses owned by youth	16% of procurement spend on businesses owned by youth	16% of procurement spend on businesses owned by youth	16% of procurement spend on businesses owned by youth
5.1.3 Percentage of annual procurement spend, targeted at businesses owned by Persons with disability	5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability	5% procurement spend on businesses owned by Persons with disabilities	5% procurement spend on businesses owned by Persons with disability	5% procurement spend on businesses owned by Persons with disability	5% procurement spend on businesses owned by Persons with disability
5.1.4 Percentage of annual procurement spend, targeted at businesses owned by Military Veterans	5% of annual CSOS procurement spend, targeted at businesses owned by Military Veterans	5% procurement spend on businesses owned by Military Veterans	5% procurement spend on businesses owned by Military Veterans	5% procurement spend on businesses owned by Military Veterans	5% procurement spend on businesses owned by Military Veterans

1.1.6 Programme 1: Explanation of Planned Performance over the Medium-Term Period

The CSOS core operations are currently being upgraded from being operated manually to more online integrated platforms. As the organisation matures the core business units are forced to effectively manage the business at acceptable levels and to deliver on key operational outcomes to realise the CSOS impact statement as outlined in the Strategic Plan. The CSOS has completed the process of procuring services for the development, deployment and support of a system that will be used for its core operations. These operations include Revenue Management (including the CSO levy reconciliation and allocations); Dispute Resolutions; Governance, Compliance and Enforcement (including Registrations and Schemes documentation governance and Stakeholder Engagement), and Customer Relations Management (CRM) that makes use of the registrations database to effectively communicate with the schemes.

The organisation will continue with the implementation of the approved Revenue Management Strategy, with a focus on data cleansing, benchmarking, and continued collaborations with other entities to attain data on community schemes. This is to achieve the objective of the strategy, which is to ensure that levies are collected from all community schemes as per the CSOS Act and that dispute resolution and governance documents income are accounted for correctly and accurately.

In responding to the impact of job losses due to COVID-19, CSOS has communicated extensively with community schemes to ensure that levies continue to be paid. While the CSOS is mindful of the risk of reduced levies collection due to the high unemployment situation and the resultant reduction in the income of households, the Entity is relatively confident that its Revenue Management Strategy will realise the targeted growth in revenue in 2023/24.

The entity received an unqualified audit opinion in the 2021/22 financial year, and this is an improvement of the previous financial years results. The CSOS will however review its accounting policy framework where revenue is concerned in terms of GRAP 23 as advised by National Treasury in 2021/22. The current levy model will have a tangible impact on the 2023/24 financial year.

Enablers of the performance targets for Outcome 1 (Functional, efficient, and integrated Government):

1) An activity-based costing/budgeting framework is being implemented to ensure that the CSOS better aligns its resource/procurement plans and activities with performance commitments.

- 2) The DPME quarterly performance reporting system was rolled out to public entities and is being implemented currently.
- 3) The annual HR Plan will be finalised for Board approval before the start of the financial year. There is high reliance on the HR Plan to assist in building the capacity, creating a conducive culture of change, and developing skills and capabilities that are needed to implement the CSOS mandate. Key focus areas include:
 - a) Change management and the focus on establishing a conducive culture within the organisation.
 - b) Capacitation of the organisational structure given that the organisational design and development process has been completed - priority will be given to capacitate all critical functions within the organisation, including in the key areas of finance, supply chain management, risk management and quality assurance. A balance between part-time and full-time resourcing for conciliation and adjudication will be sought.
 - c) Implement the approved talent management policy.
 - d) Strengthen compliance with the approved Performance Management and Development Policy and procedures. This will include reviewing and testing the effectiveness of the tools and making improvements where necessary, as a precursor to the tools being incorporated in the Human Capital module of the ERP system;
 - e) There will be more stringent application of consequence management in instances of persistent non-compliance. On the other hand, the performance management process will seek to identify high-potential staff for inclusion in the succession plan that is to be developed.
 - f) Implement deliberate interventions for culture development by addressing the findings of the Employee Engagement Survey that was conducted in 2020/21. This includes finalising the staff grading and parity exercise to ensure market-related remuneration, as well as the implementation of non-financial rewards;
 - g) Implement the annually approved training and development plan, which is developed in consideration of individual performance development plans; and
 - h) Inclusion of a message from the Chairperson of the Board in the staff newsletter, which sums up key Board resolutions and provides a line of sight between the Board and staff.

- 4) The Compliance Policy, Framework and Plan of the CSOS have been approved and are being implemented.
- 5) Business systems and processes automation is a necessity for CSOS to operate efficiently and effectively. Priority will, therefore, be given to ensuring the implementation of the two (2) modules of the Business Automation Solution in the 2023/24 financial year.
- 6) While most HR policies and procedures were being developed in the 2022/23 financial year, the focus for 2023/24 will be on ensuring that the policies and procedures of all divisions (core and non-core) are reviewed and/or developed.
- 7) The CSOS team, led by the Board and Exco, will focus on building stakeholder relations for improved decision-making and enhancing the reputation of the organisation. This includes being responsive to parliament, and demonstrating speedy implementation of plans, engaging with the Minister and the Department to speed up decision-making in critical areas, and establishing MOUs with key industry stakeholders.

Enablers of the performance targets for Outcome 2 (An effectively regulated Community Scheme Sector):

- 1) Implement the two modules of the BAS system that support registrations and levy collection (revenue management). The system will allow community schemes to register themselves.
- 2) Build on the stakeholder collaborations and MOUs developed in 2022/23, which resulted in the CSOS acquiring a more comprehensive database of community schemes in the country.
- 3) Benchmark with similar entities, such as SARS and NHBR to determine the effective method of accounting for levies revenue.
- 4) Implement the recommendations from the Levy Rates study.

- 5) Continue to implement the results of the data cleansing project that commenced in the 2020/21 financial year. This includes the issuing of new registration numbers to community schemes whose registration numbers were duplicated.
- 6) Support the implementation of the approved Marketing Strategy, which aims to increase brand awareness and visibility, to stimulate interest and encourage compliance.
- 7) Give more focus to the implementation of the compliance and enforcement strategy, which requires additional investigative capacity.
- 8) Support the DHS with the amendment of the CSOS Act, which inter alia intends to give the CSOS the legislative authority to enforce registrations.

Enablers of the performance targets for Outcome 5 (Transformation of community schemes advanced):

- 1) Increase the focus on procuring from businesses owned by the designated groups, with a particular focus on women-owned businesses, youth owned businesses; businesses owned by persons with disabilities and those owned by military veterans. A clause will be included in tender and request for quotation/proposal documents to indicate the preferential procurement requirements.
- a) A system to better track and monitor B-BBEE and preferential procurement is being established, for ease of monitoring and reporting.

1.2. Programme 2: Regulation

1.2.1 Programme Purpose

The Regulation Programme is responsible for performing the CSOS core operations i.e., community schemes are regulated in South Africa by ensuring that they are governed optimally, their documentation is compliant with legislation, and an effective alternate dispute resolution service is provided to the community schemes. The Regulation Programme covers the work of the following business functions:

BUSINESS FUNCTION	PURPOSE
Governance, Enforcement, and Compliance	To regulate all community schemes within South Africa, and to take over quality control and provide public access to all sectional title and other community scheme governance documentation.
Dispute Resolution	To develop and provide a dispute resolution service for community schemes in the regions of South Africa - assessment, conciliation, adjudication, and quality assurance of adjudication orders.

In contributing towards the CSOS desired impact of “governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods”, the Regulation Programme delivers against the following outcomes in the Strategic Plan:

Outcome 3: Effective dispute resolution

Outcome 5: Transformation of community schemes advanced.

The 2022/23 performance plan of Programme 2 is reflected in the log frame tables below:

Outcome 2: An effectively regulated Community Scheme Sector

1.2.2. Programme 2: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
2. An effectively regulated Community Scheme Sector	2.2. Community schemes registration	2.2.1. Percentage of unregistered schemes registered (Indicator reframed)	1503	1127	100% (925)	100% registration of community schemes that have submitted scheme registration documents	25% of unregistered community schemes registered	75% unregistered community schemes registered	99% of unregistered community schemes registered
		2.2.2. Percentage of registered community schemes compliant	No target	No target	No target	60% of registered schemes compliant	65% of registered schemes compliant	70% of registered schemes compliant	80% of registered schemes compliant
		2.3. Schemes governance documentation management	2.3.1. Percentage of schemes governance documentation quality assured within 30 days	1877	84% (1538 received and 1287 quality assured)	80% (Received 1806 scheme governance documents and quality assured 1444 schemes documentation)	95% of schemes governance documentation quality assured	95% of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days
		2.3.2. Percentage of compliance certificates issued on all amended scheme governance documents	1206	100% of (10985) compliance certificates issued on all amended scheme governance documents	100% (1113) of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	

1.2.2. Programme 2: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
3. Effective disputes resolution	3.1. Dispute resolution	3.1.1 Percentage of disputes assessed within 30 days	No target	No target	No target	100% of disputes assessed within 30 days	*90% of disputes assessed within 30 days	95% of disputes assessed within 30 days	95% of disputes assessed within 30 days
		3.1.2 Percentage of disputes conciliated within 45 days (Indicator reframed)	No target	28% (1191 referred and 331 conciliated) of disputes conciliated within 90 days	73% (1783/2436) of disputes conciliated within 90 days	*85% of disputes conciliated within 90 days	*90% of disputes conciliated within 45 days	90% of disputes conciliated within 45 days	95% of disputes conciliated within 45 days
		3.1.3 Percentage of disputes adjudicated within 90 days	No target	25% (109 adjudicated out of 410 referred) of disputes adjudicated within 90 days.	28% (741/2642) of disputes adjudicated within 90 days	*85% of disputes adjudicated within 90 days	*90% of disputes adjudicated within 90 days	90% of disputes adjudicated within 90 days	95% of disputes adjudicated within 90 days
		3.1.4 Percentage of adjudication orders quality assured within 7 days	No target	No target	No target	100% of adjudication orders quality assured within 7 days	*95% of adjudication orders quality assured within 7 days	95% of adjudication orders quality assured within 7 days	95% of adjudication orders quality assured within 7 days

3. The 90% target is based on the acknowledgement that the remaining 10% will include the dispute matters that are received towards the end of the month or on the last day of the month and may not be able to be assessed within the stipulated timeframe.
4. The 90% target is based on the acknowledgement that the remaining 10% will include the dispute matters that are received towards the end of the 45-day period or on the 45th day and may not be able to be conciliated within the stipulated timeframe.
5. The 90% target is based on the acknowledgement that the remaining 10% will include the dispute matters that are received towards the end of the 90-day period or on the 90th day and may not be able to be adjudicated within the stipulated timeframe.
6. The 95% target is based on the acknowledgement that the remaining 5% will include the disputes matters that are postponed and any other delays on the dispute process, that will be outside the control of the regions.

1.2.3 Programme 2: Output Indicators: Annual and Quarterly Targets

OUTPUT INDICATORS	2023/24 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
2.2.1 Percentage of unregistered community schemes registered (Indicator reframed)	25% of unregistered community schemes registered	2.5% of unregistered community schemes registered	10% of unregistered community schemes registered	17.5% of unregistered community schemes registered	25% of unregistered community schemes registered
2.2.2 Percentage of registered community schemes compliant	65% of registered schemes compliant	No target	30% of registered schemes compliant	No target	65% of registered schemes compliant
2.3.1. Percentage of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 days
2.3.2. Percentage of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents	100% of compliance certificates issued on all amended scheme governance documents
3.1.1 Percentage of disputes assessed within 30 days	90% of disputes assessed within 30 days				
3.1.2 Percentage of disputes conciliated within 45 days (Indicator reframed)	90% of disputes conciliated within 45 days				
3.1.3 Percentage of disputes adjudicated within 90 days	90% of disputes adjudicated within 90 days				
3.1.4 Percentage of Adjudication orders quality assured within 7 days	95% of Adjudication orders quality assured within 7 days	95% of Adjudication orders quality assured within 7 days	95% of Adjudication orders quality assured within 7 days	95% of Adjudication orders quality assured within 7 days	95% of Adjudication orders quality assured within 7 days

1.2.4 Programme 2: Explanation of Planned Performance over the Medium-Term Period

It is CSOS' strategic intent to meaningfully contribute to the achievement of the 2030 Human Settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. The CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government.

The desired outcome is Spatial Transformation and Justice through the implementation of housing and human settlements in Priority Development Areas (PDAs). The Entity has identified five outcomes that will contribute to the achievement of MTSF 2019-2024. CSOS is mandated in terms of Section 2 of the Community Schemes Ombud Service Act, 2011 (No. 09 of 2011) to deal with the functions and operations of CSOS, governance of schemes and dispute resolution in community schemes. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes.

This will be carried out by resolving disputes amongst the parties. Providing a Dispute Resolution service for community schemes in South Africa underpins the CSOS Ombud Service mandate and will continue to receive focussed attention in this planning period. The lessons learnt during COVID-19 with regard to the implementation of the hybrid approach (face-to-face and online interaction) has allowed the CSOS to set targets of 90% for the adjudication and conciliation of disputes within 90 days.

The CSOS further engages in quality assurance of schemes governance documentation. The schemes governance documents are submitted on a daily basis and the analysis to ensure compliance is a lengthy process. Even though this is a lengthy process, the target has been set at 95% to ensure service delivery.

The Entity will also monitor the percentage of registered community schemes that are compliant. The baseline already indicates a high level of non-compliance - as a result, the CSOS will commence with monitoring of the target which has been set at 65% with the expectation to improve on this in the upcoming years. It is anticipated that the monitoring process will enhance compliance levels.

Enablers of the performance targets for Outcome 2 (An effectively regulated Community Scheme Sector):

- 1) Continue to implement the results of the data cleansing project that commenced in the 2020/21 financial year. This includes the issuing of new registration numbers to community schemes

whose registration numbers were duplicated and progressing to the issuing of non-compliance notices.

- a) Spatially reference (GIS mapping) all locations of the community schemes database.
- 2) The data cleansing report will indicate all community schemes in South Africa and will differentiate between the registered and unregistered community schemes in specific provinces. The registered schemes dataset will be migrated to the CSOS Connect System.
- 3) Support the implementation of the approved Marketing Strategy, which aims to increase brand awareness and visibility, to stimulate interest and encourage compliance.
- 4) Implementation of the scheme registrations' module of the BAS system. This replaces the current Excel databases and brings about much needed efficiencies.
- 5) Establish partnerships and collaborate with stake holders to identify the 'universe' of community schemes within the country and to determine areas of synergy regarding enforcement measures. Furthermore, the identification of schemes not registered with CSOS will enable the implementation of the Compliance and Enforcement Strategy.

Enablers of the performance targets for Outcome 3 (Effective disputes resolution):

- 1) Implement the dispute resolutions modules of the BAS system. This replaced the current manual systems and brought about much needed efficiencies.
- 2) Continue to implement the dispute resolution hybrid model, which is a combination of physical and online platforms that align with the needs of stakeholders.
- 3) Continuous training and development of conciliators and adjudicators through the established forum, including, but not limited to, the publication of training material, training of conciliators and adjudicators (implementation) and the establishment of the best practice mechanism to improve the quality of adjudication order.

1.3. Programme 3: Education and Training

occupiers and all other identified stakeholders are receiving CSOS consumer awareness and are trained.

1.3.1. Programme Purpose

The Education and Training Programme covers the work of the following business functions:

The Education and Training Programme is responsible to ensure that all stakeholders, being property owners,

BUSINESS FUNCTION	PURPOSE
Stakeholder Training and Consumer Education	To provide training and general education on the rights and obligations in community schemes for conciliators, adjudicators, trustees, owners, occupiers, managing agents, and any other persons the CSOS deems necessary. To train and place Executive Managing Agents from previously disadvantaged groups to improve compliance in community schemes, where requested.

In contributing towards the CSOS desired impact of “governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods”, the Education and Training Programme delivers against the following outcome in the Strategic Plan:

Outcome 5: Empowered stakeholders

The 2023/24 performance plan of Programme 3 is reflected in the log frame tables below:

1.3.2. Programme 3: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
4. Empowered stakeholders	4.1. Training and education	4.1.1. Number of training and education sessions conducted for schemes executives and owners	23 training and education sessions conducted for schemes executives and owners	18 training and education sessions conducted for schemes executives and owners	73 training and education sessions conducted which consisted of a combination of contact, virtual training, webinars, and You Tube videos.	80 training and education sessions conducted for schemes executives and owners	85 training and education sessions conducted for schemes executives and owners	90 training and education sessions conducted for schemes executives and owners	95 training and education sessions conducted for schemes executives and owners
		4.1.2. Number of training sessions conducted for adjudicators and conciliators	50 core staff trained	10 training sessions conducted for adjudicators and conciliators.	14 training sessions conducted for adjudicators and conciliators.	12 training sessions conducted for adjudicators, conciliators,	16 training sessions conducted for adjudicators and conciliators	20 training sessions conducted for adjudicators and conciliators	24 training sessions conducted for adjudicators and conciliators,

1.3.2. Programme 3: Outcomes, Outputs, Output Indicators and Targets

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE			ESTIMATED PERFORMANCE	MTEF TARGETS		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	4.2. Stakeholder information	4.2.1. Number of stakeholder information sessions conducted	No target	14 stakeholder information sessions conducted	17 stakeholder information sessions conducted	16 stakeholder information sessions conducted	18 stakeholder information sessions conducted	20 stakeholder information sessions conducted	22 stakeholder information sessions conducted
	4.3. Marketing and educational campaigns	4.3.1. Percentage implementation of the Advocacy Plan	4 marketing communication campaigns executed	6 marketing communication campaigns executed. Indicator reframed	100% of the activities of Marketing and Communications Plan implemented. Indicator reframed	100% implementation of the Advocacy Plan	100% implementation of the Advocacy Plan	100% implementation of the Advocacy Plan	100% implementation of the Advocacy Plan
5. Transformation of community schemes advanced	5.2. Executive managing agents' development	5.2.1. Number of previously disadvantaged individuals trained as executive managing agents	No target	Not achieved. The Panel for Executive Managing Agents was advertised; however, the response was poor.	23 previously disadvantaged individuals trained as executive managing agents	25 previously disadvantaged individuals trained as executive managing agents	40 previously disadvantaged individuals trained as executive managing agents	50 previously disadvantaged individuals trained as executive managing agents	60 previously disadvantaged individuals trained as executive managing agents
		5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No target	New indicator	0% (2 request were received for appointment of EMA; however, the appointment process was not finalised by end March).	85% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	*90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	95% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	95% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals

*Currently we have a total of 41 EMA panellists on the database, with another advert released in February to recruit more. *90% of the EMAs placements to the schemes will be from PDI's to enhance contribution to economic participation, the remaining 10% is for non PDI's.

1.3.3. Programme 3: Output Indicators: Annual and Quarterly Targets

OUTPUT INDICATORS	2023 /24 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2023	Q2 Jul - Sep 2023	Q3 Oct - Dec 2023	Q4 Jan - Mar 2024
4.1.1. Number of training and education sessions conducted for schemes executives and owners	85 training and education sessions conducted for schemes executives and owners	20 training and education sessions conducted for schemes executives and owners	25 training and education sessions conducted for schemes executives and owners	15 training and education sessions conducted for schemes executives and owners	25 training and education sessions conducted for schemes executives and owners
4.1.2. Number of training sessions conducted for adjudicators and conciliators	16 training sessions conducted for adjudicators and conciliators	4 training sessions conducted for adjudicators and conciliators	4 training sessions conducted for adjudicators and conciliators	4 training sessions conducted for adjudicators and conciliators	4 training sessions conducted for adjudicators and conciliators
4.2.1. Number of stakeholder information sessions conducted	18 stakeholder information sessions conducted	4 stakeholder information sessions conducted	5 stakeholder information sessions conducted	4 stakeholder information sessions conducted	5 stakeholder information sessions conducted
4.3.1. Percentage implementation of Advocacy Plan	100% implementation of Advocacy Plan	25% implementation of the Advocacy Plan	50% implementation of the Advocacy Plan	75% implementation of the Advocacy Plan	100% implementation of the Advocacy Plan
5.2.1. Number of previously disadvantaged individuals trained as executive managing agents	40 previously disadvantaged individuals trained as executive managing agents	No target	20 previously disadvantaged individuals trained as executive managing agents	No target	20 previously disadvantaged individuals trained as executive managing agents
5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No target	No target	No target	90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals

1.3.4. Programme 3: Explanation of Planned Performance over the Medium-Term Period

In terms of Section 4(2)(b) of the Community Schemes Ombud Service Act, 2011 (No. 09 of 2011), CSOS is mandated to provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees, and other persons or entities who have rights and obligations in community schemes. The provision of consumer education is also a key priority area and a critical target in the CSOS Annual Performance Plan.

CSOS will collaborate with other stakeholders to ensure registration of all community schemes. Stakeholder engagement will be implemented as per the Stakeholder Engagement Strategy. The Entity will also ensure the training of previously disadvantaged individuals, in order to enable opportunities of being appointed as Executive Managing Agents. This initiative will also contribute to ensure transformation of the sector. The targets have been gradually increased to ensure that there is a pool of suitably qualified candidates to select from.

Based on COVID-19 lessons learnt, a hybrid approach to education and training is being adopted, comprising a mix of physical and online (webinar) meetings and sessions, including stakeholder engagements. The hybrid approach to training will facilitate the achievement of the increased targets set for the 2023-24 financial year. Training engagements will be enhanced by the recent development of finalising registration with the Sector Education and Training Authority (SETA).

The provision of training and general education on rights and obligations in community schemes will continue to be conducted with conciliators, adjudicators, trustees, owners, occupiers, managing agents and any other person the CSOS deem necessary. The training is coordinated nationally and covers all provinces. The following are some of the topics covered in the training sessions:

- Introduction to CSOS
- CSOS Registration and Annual Returns
- The CSOS Panel of Executive Managing Agents
- CSOS Levy Allocation and Calculation
- Dispute Resolutions
- Adjudication Orders (Best practices)
- Coordination of Annual General Meeting (AGMs)
- Unconstitutional Scheme Governance Rules

A key focus area is the implementation of the Advocacy Plan, which is developed and budgeted for annually to give effect to the Board approved Marketing and Communications Strategy.

Enablers of the performance targets for Outcome 4 (Empowered stakeholders):

- 1) To build on the successes of the stakeholder engagement programmes that take place at industry executive level and to continue with regional stakeholder engagements.
- 2) Fast-track the conclusion of new strategic partnership MOUs and participate in industry-related annual events and conferences.
- 3) To implement the approved education and awareness campaigns that seeks to encourage community schemes to register and comply.
- 4) To implement the comprehensive marketing campaign (Advocacy Plan) that has been developed in support of the approved Marketing Strategy. This requires an appointment of a production agency for media content development.
- 5) Review and coordinate the implementation of the CSOS Stakeholder Management Plan.

Enablers of the performance targets for Outcome 5 (Transformation of community schemes advanced):

- 1) Strengthen the database of Executive Managing Agents (EMAs) from previously disadvantaged groups through:
 - a) Improved marketing of the role of EMAs (to improve sector understanding);
 - b) Engagements with the Property Practitioners Regulatory Authority (PPRA) for the establishment of an EMA panel; and
 - c) The implementation of a code of conduct for EMAs.
- 2) In collaboration with the Department follow up on the approval of the Transformation Fund.

2. PROGRAMME RESOURCE CONSIDERATIONS

The operationalisation of the CSOS is favourably welcomed by the industry at large and this is evident by the influx of questions, cases, curiosity, and comments received from the public and industry since the proclamation of the Acts and subsequent publication of the regulations. This has allowed the CSOS to confidently strategize towards future operations and core mandate programmes not only on the guaranteed government grant but also on CSOS levy collections and other additionally planned streams of income.

The CSOS is slowly regaining stakeholder confidence through its credible dispute resolution processes and increased stakeholder engagements that seek to empower community schemes through training and education.

The government grant that is received by the CSOS from 2021/22 to 2024/25 has on the Rand value been increasing at the average rate of 3% over this period, and it has nominally showed a decline over the same period. However, with the steady increase in the levy collections, the CSOS is able to maintain a net surplus.

The Revenue Management and Community Schemes Registration strategies will continue to be implemented. The successful implementation of these strategies will improve on the registration of community schemes, which will positively impact the collection of levies. The proper accounting of levy income will also be addressed in the 2023-24 financial year. Currently the CSOS does not have enforcement powers for the collection of levies, however, it is working on the amendment of its Act to address this shortcoming.

The projections for the 2023/24 financial year have been based on the MTEF guidelines. It is expected that as more stakeholders become aware of the CSOS, the CSOS levy income will increase and so will the demand of services offered by the CSOS. The detailed financial budgets are presented in a separate Annexure(excel) with the associated line-item details in the supporting tables.

2023/24 MTEF Budget and Estimates per Programme and Quarterly Breakdown

ESTIMATE BY PROGRAMME	2021/22	2022/23	2023/24					2024/25	2025/26
	Approved Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Administration	139,806,852	295,430,755	286,411,499	71,602,875	71,602,875	71,602,875	71,602,875	294,563,365	306,350,999
Regulation	109,424,531	117,531,070	136,223,807	34,055,952	34,055,952	34,055,952	34,055,952	137,363,473	138,561,879
Educational and Training	14,586,942	18,921,651	21,521,660	5,380,415	5,380,415	5,380,415	5,380,415	21,873,553	22,243,583
TOTAL	263,818,326	431,883,477	444,156,965	111,039,241	111,039,241	111,039,241	111,039,241	453,800,391	467,156,461

DETAILED BUDGET

INCOME	2021/22	2022/23	2023/24					2024/25	2025/26
	Revised total	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Government	24,022,000	24,817,000	24,912,000	6,228,000	6,228,000	6,228,000	6,228,000	26,031,000	27,197,189
Community Scheme Levy Income	239,398,000	263,513,923	408,698,702	102,174,675	102,174,675	102,174,675	102,174,675	416,160,155	427,179,097
Interest Received)	9,110,761	9,511,634	10,462,798	2,615,699	2,615,699	2,615,699	2,615,699	11,509,078	12,659,985
(Other Income	-	69,554	83,465	20,866	20,866	20,866	20,866	100,158	120,190
Surplus retention	27,799,575	133,971,365	0	0	0	0	0	0	0
TOTAL INCOME	300,777,326	431,883,476	444,156,965	111,039,241	111,039,241	111,039,241	111,039,241	453,800,391	467,156,461

DETAILED BUDGET

INCOME	2021/22	2022/23	2023/24					2024/25	2025/26
	Revised total								
	Estimated Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Audit Fees - External	2,000,000	2,582,500	2,696,647	674,162	674,162	674,162	674,162	2,816,647	2,942,833
Audit Fees - Internal >	750,000	2,250,000	2,349,450	587,363	587,363	587,363	587,363	2,454,001	2,563,940
Advertising > HR	900,000	916,000	956,487	239,122	239,122	239,122	239,122	999,051	1,043,808
Advertising > Marketing	20,000,000	9,000,000	20,397,800	5,099,450	5,099,450	5,099,450	5,099,450	21,305,502	22,259,989
Advertising > SCM)	525,000	450,000	469,890	117,473	117,473	117,473	117,473	490,800	512,788
Bank Charges)	143,000	157,300	164,253	41,063	41,063	41,063	41,063	171,562	179,248
Annual Report)	300,000	600,000	626,520	156,630	156,630	156,630	156,630	654,400	683,717
Consulting and Professional Fees - CEO	4,771,667	5,166,667	4,350,833	1,087,708	1,087,708	1,087,708	1,087,708	4,544,445	3,038,743
Consulting and Professional Fees - Fee determination > Legal)	-	500,000	5,000,000	1,250,000	1,250,000	1,250,000	1,250,000	5,222,500	0
Consulting and Professional Fees - FIN	1,410,000	205,000	214,061	53,515	53,515	53,515	53,515	223,587	233,603
Consulting and Professional Fees - Fee determination > EGCE)	666,000	2,500,000	1,044,200	261,050	261,050	261,050	261,050	1,090,667	1,139,529
Consulting and Professional Fees - Fee determination > CAE)	-	500,000	0	0	0	0	0	0	0
Consulting and Professional Fees - Fee determination > KZN)	27,000	100,000	104,420	26,105	26,105	26,105	26,105	109,067	0
Consulting and Professional Fees - Fee determination > WC)	-	100,000	104,420	26,105	26,105	26,105	26,105	109,067	0
Consulting and Professional Fees - Fee determination > GP & HO)	-	100,000	104,420	26,105	26,105	26,105	26,105	109,067	113,953
(Consulting and Professional Fees - AG	1,000,000	1,700,000	1,775,140	443,785	443,785	443,785	443,785	1,854,134	1,937,199
Consulting and Professional Fees - IT	6,081,453	19,710,400	20,196,059	5,049,015	5,049,015	5,049,015	5,049,015	21,422,005	20,161,968
Consulting and Professional Fees - Fee determination > HR)	2,175,000	75,000	78,315	19,579	19,579	19,579	19,579	81,800	85,465

DETAILED BUDGET

INCOME	2021/22 Revised total	2022/23	2023/24					2024/25	2025/26
	Estimated Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
4230>080 (Consulting and Professional Fees – MARKETING	833,333	2,500,000	0	0	0	0	0	0	0
Consulting and Professional Fees – Facilities	3,883,334	10,333,334	10,790,067	2,697,517	2,697,517	2,697,517	2,697,517	11,270,225	11,775,131
Computer expenses)	700,000	1,275,000	287,155	71,789	71,789	71,789	71,789	299,933	313,370
Depreciation)	-	0	0	0	0	0	0	0	0
Depreciation -CE	1,005,724	143,321	149,655	37,414	37,414	37,414	37,414	156,315	163,318
Depreciation -CS	114,836	126,320	131,903	32,976	32,976	32,976	32,976	137,773	143,945
Depreciation -FF	155,364	170,899	178,453	44,613	44,613	44,613	44,613	186,394	194,744
Depreciation - OM & E	149,484	164,431	171,699	42,925	42,925	42,925	42,925	179,339	187,374
Depreciation -LI	240,948	265,042	276,757	69,189	69,189	69,189	69,189	289,073	302,023
Depreciation -C	150,760	165,836	173,166	43,291	43,291	43,291	43,291	180,872	188,975
Depreciation -MV	120,000	0	0	0	0	0	0	0	0
Electricity & Water > HO&GP	1,800,000	1,944,000	2,029,925	507,481	507,481	507,481	507,481	2,120,256	2,215,244
Electricity & Water > KZN	120,000	129,600	135,328	33,832	33,832	33,832	33,832	141,350	147,683
Electricity & Water > WC	192,000	207,360	216,525	54,131	54,131	54,131	54,131	226,161	236,293
4380 (Travel & Accommoda-	-	0	0	0	0	0	0	0	0
Travel & Accommodation > CEO	379,170	1,133,524	1,183,626	295,907	295,907	295,907	295,907	1,236,297	1,291,684
Travel & Accommodation > Chief Audit Executive	40,000	88,000	91,890	22,972	22,972	22,972	22,972	95,979	100,279
Travel & Accommodation > Finance	201,400	688,000	718,410	179,602	179,602	179,602	179,602	381,545	398,638
Travel & Accommodation > EGCE	1,450,000	1,229,750	2,284,105	571,026	571,026	571,026	571,026	2,385,748	2,492,629
Travel & Accommodation > Corporate Services)	50,000	350,000	365,470	91,368	91,368	91,368	91,368	381,733	398,835
Travel & Accommodation > Adjudicator General]	-	100,000	104,420	26,105	26,105	26,105	26,105	109,067	113,953

DETAILED BUDGET

INCOME	2021/22 Revised total	2022/23	2023/24					2024/25	2025/26
	Estimated Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Travel & Accommodation > CPT	66,750	500,000	522,100	130,525	130,525	130,525	130,525	545,333	569,764
Travel & Accommodation > GP	75,000	500,000	400,000	100,000	100,000	100,000	100,000	417,800	436,517
Travel & Accommodation > KZN	41,250	500,000	522,100	130,525	130,525	130,525	130,525	545,333	569,764
Travel & Accommodation > HR unit)	50,000	80,000	83,536	20,884	20,884	20,884	20,884	87,253	91,162
Travel & Accommodation > Information Technology)	89,600	250,000	261,050	65,263	65,263	65,263	65,263	272,667	284,882
Travel & Accommodation > Legal)	100,000	300,000	313,260	78,315	78,315	78,315	78,315	327,200	341,859
Travel & Accommodation > HR	50,000	80,000	83,536	20,884	20,884	20,884	20,884	87,253	91,162
Travel & Accommodation > Facilities)	100,000	400,000	417,680	104,420	104,420	104,420	104,420	436,267	455,812
Equipment / Vehicle	500,000	1,150,000	1,148,620	287,155	287,155	287,155	287,155	1,199,734	1,253,482
Board Travel	70,000	373,850	390,374	97,594	97,594	97,594	97,594	407,746	426,013
Board Honorarium	2,000,000	4,000,000	4,176,800	1,044,200	1,044,200	1,044,200	1,044,200	4,362,668	4,558,115
4440>030 (Office Refurbishment >GP & HO	200,000	1,050,000	52,210	13,053	13,053	13,053	13,053	54,533	56,976
Office Refurbishment >CPT	100,000	20,000	20,884	5,221	5,221	5,221	5,221	21,813	22,791
Office Refurbishment >KZN	50,000	10,000	10,442	2,611	2,611	2,611	2,611	10,907	11,395
Relocation Cost > GP)	400,000	425,000	443,785	110,946	110,946	110,946	110,946	463,533	484,300
Corporate Social Investment	50,000	500,000	1,000,000	250,000	250,000	250,000	250,000	1,044,500	1,091,294
Office Expenses > GP)	1,391,667	1,050,000	2,559,854	639,964	639,964	639,964	639,964	2,673,768	2,793,552
Office Expenses > HO)	475,000	250,000	261,050	65,263	65,263	65,263	65,263	272,667	284,882
Office Expenses > KZN)	130,000	470,000	553,426	138,357	138,357	138,357	138,357	578,053	603,950
Insurance > Finance)	500,000	550,000	574,310	143,578	143,578	143,578	143,578	599,867	626,741
Board Indemnity)	400,000	400,000	417,680	104,420	104,420	104,420	104,420	436,267	455,812
Conference / Workshop - Staff > CEO)	50,000	800,000	835,360	208,840	208,840	208,840	208,840	872,534	911,623

DETAILED BUDGET

INCOME	2021/22 Revised total	2022/23	2023/24					2024/25	2025/26
	Estimated Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Conference / Workshop - Staff > Chief Audit Executive)	60,000	66,000	68,917	17,229	17,229	17,229	17,229	71,984	75,209
Conference / Workshop - Staff > Marketing)	400,000	500,000	522,100	130,525	130,525	130,525	130,525	545,333	569,764
Conference / Workshop - Staff > Fin)	-	50,000	52,210	13,053	13,053	13,053	13,053	54,533	109,216
Conference / Workshop - Staff > WC)	25,000	1,000,000	1,044,200	261,050	261,050	261,050	261,050	1,090,667	1,139,529
Conference / Workshop - Staff > IT)	10,000	300,000	313,260	78,315	78,315	78,315	78,315	327,200	341,859
Legal Expenses - >	6,000,000	6,000,000	6,265,200	1,566,300	1,566,300	1,566,300	1,566,300	6,544,001	6,837,173
Licenses >IT	18,421,050	24,086,855	18,146,935	4,536,734	4,536,734	4,536,734	4,536,734	17,892,221	25,284,989
Marketing)	-	0	0	0	0	0	0	0	0
Marketing > Publications	800,000	1,470,000	1,700,830	425,208	425,208	425,208	425,208	1,776,517	1,856,105
Marketing > Awareness	461,000	1,100,000	1,430,940	357,735	357,735	357,735	357,735	1,494,617	1,561,576
Marketing > Other	450,000	495,000	1,066,879	266,720	266,720	266,720	266,720	1,114,355	1,164,278
Postage & Delivery > HO & GP	1,100,000	800,000	835,360	208,840	208,840	208,840	208,840	872,534	911,623
Stationery and Printing > Finance) - HO & GP	900,000	950,000	991,990	247,998	247,998	247,998	247,998	1,036,134	1,082,552
Stationery and Printing > Finance) - KZN	-	250,000	261,050	65,263	65,263	65,263	65,263	272,667	284,882
Stationery and Printing > Finance) - WC	-	200,000	208,840	52,210	52,210	52,210	52,210	218,133	227,906
Rent > Finance) - HO & GP	6,417,849	17,545,771	18,321,294	4,580,323	4,580,323	4,580,323	4,580,323	19,136,591	19,993,910
Rent > Finance) - KZN	1,838,186	1,985,241	2,072,989	518,247	518,247	518,247	518,247	2,165,237	2,262,239
Rent > Finance) - KZN	1,178,966	13,417,071	18,304,933	4,576,233	4,576,233	4,576,233	4,576,233	23,770,766	29,835,885
Repairs & Maint. > HO & GP	666,667	666,667	696,134	174,033	174,033	174,033	174,033	727,112	759,686
Salaries and Wages)	134,499,279	151,586,262	174,933,820	43,733,455	43,733,455	43,733,455	43,733,455	175,145,616	175,368,328
Subscriptions fees	1,033,460	484,712	506,136	126,534	126,534	126,534	126,534	528,659	552,343
Membership fees	381,000	415,500	438,865	109,716	109,716	109,716	109,716	458,395	478,931

DETAILED BUDGET

INCOME	2021/22 Revised total	2022/23	2023/24					2024/25	2025/26
	Estimated Budget (R)	Estimated Budget (R)	Estimated Budget (R)	Quarter 1 (R)	Quarter 2 (R)	Quarter 3 (R)	Quarter 4 (R)	Estimated Budget (R)	Estimated Budget (R)
Subscriptions > Finance)	-	60,000	62,652	15,663	15,663	15,663	15,663	65,440	68,372
HO Telephone &	132,000	151,800	158,510	39,627	39,627	39,627	39,627	165,563	172,980
HR Special projects	220,000	1,000,000	3,544,200	886,050	886,050	886,050	886,050	3,701,917	3,867,763
Projects-EGCE	1,000,000	8,000,000	8,353,600	2,088,400	2,088,400	2,088,400	2,088,400	8,725,335	9,116,230
Projects > Finance)	-	24,734,640	25,827,911	6,456,978	6,456,978	6,456,978	6,456,978	26,977,253	28,185,834
Staff Recruitment	940,000	2,000,000	2,088,400	522,100	522,100	522,100	522,100	2,181,334	2,279,058
Board Training and Development)	500,000	500,000	522,100	130,525	130,525	130,525	130,525	545,333	569,764
Staff Training and Development > Human Resource Management)	591,565	1,000,000	1,044,200	261,050	261,050	261,050	261,050	1,090,667	1,139,529
Staff Bursaries	591,565	1,250,000	1,305,250	326,313	326,313	326,313	326,313	1,363,334	1,424,411
Cell phone > Finance	1,476,000	0	0	0	0	0	0	0	0
Outsourced adj -WC	5,800,000	6,500,000	6,787,300	1,696,825	1,696,825	1,696,825	1,696,825	7,089,335	7,406,937
Outsourced adj -GP	12,000,000	7,500,000	10,508,524	2,627,131	2,627,131	2,627,131	2,627,131	10,976,153	11,467,885
Outsourced adj -KZN	4,200,000	5,000,000	5,221,000	1,305,250	1,305,250	1,305,250	1,305,250	5,453,335	5,697,644
Offsite Record	2,500,000	5,215,000	3,044,200	761,050	761,050	761,050	761,050	2,590,667	2,139,529
				0	0	0	0		
Total Operating expenses	263,818,326	367,566,652	411,620,254	102,905,064	102,905,064	102,905,064	102,905,064	425,322,995	438,216,669
SURPLUS/LOSS	36,959,000	64,316,825	32,536,711	8,134,178	8,134,178	8,134,178	8,134,178	28,477,395	28,939,792
CAPITAL EXPENDITURE	36,959,000	64,316,825	32,536,711	8,134,178	8,134,178	8,134,178	8,134,178	28,477,395	28,939,792
Computer Hardware	9,750,000	4,250,000	4,437,850	1,109,463	1,109,463	1,109,463	1,109,463	4,635,334	4,842,997
Furniture and Fittings	2,405,000	5,000,000	8,265,200	2,066,300	2,066,300	2,066,300	2,066,300	8,633,001	9,019,760
Software (Intangible Assets)	17,760,000	47,993,425	14,583,582	3,645,895	3,645,895	3,645,895	3,645,895	7,087,504	5,591,627
Office Machinery & Equipment	2,410,000	3,176,000	2,750,079	687,520	687,520	687,520	687,520	1,827,958	1,909,850
Motor Vehicles	1,000,000	200,000	1,000,000	250,000	250,000	250,000	250,000	1,262,633	1,319,199
Vetting biometrics	-	1,000,000	500,000	125,000	125,000	125,000	125,000	1,044,500	2,091,297
Mobile devices	3,634,000	2,697,400	1,000,000	250,000	250,000	250,000	250,000	3,986,465	4,165,062
Purchase of building *	-			0	0	0	0		0

*To be funded from approved roll over funds per NT approval

STATEMENT OF FINANCIAL POSITION

	AUDITED ACTUALS		AFFORDABLE BUDGET	MTEF ESTIMATES		
	2021/22	2022/23	2023/24	2024/25	2025/26	
BALANCE SHEET						
NON CURRENT ASSETS	18,123,784	64,976,564	33,225,611	29,196,951	26,281,088	
Property Plant and Equipment	8,745,625	16,323,400	17,953,129	21,389,892	19,937,669	
Intangible Assets	8,745,194	47,993,425	14,583,582	7,087,504	5,591,627	
Other Receivables - Rental deposits	632,965	659,739	688,900	719,556	751,792	
Current Assets	462,146,412	449,137,080	616,033,642	790,933,866	974,629,347	
Receivables from Exchange Transactions	523,256	545,390	569,496	594,839	621,487	
Statutory Receivables from Non-exchange Transactions	97,627,593	101,757,240	106,254,910	110,983,254	115,955,303	
Prepaid Expenses	6,192,501	6,454,444	6,739,730	7,039,648	7,355,024	
Cash and Cash Equivalents	357,803,062	340,380,006	502,469,506	672,316,125	850,697,532	
TOTAL ASSETS	480,270,196	514,113,644	649,259,253	820,130,817	1,000,910,435	
Non-current Liabilities	0	0	0	0	0	
Payables from Exchange	0	0	0	0	0	
Current Liabilities	138,647,893	144,725,529	151,158,361	157,934,992	165,023,563	
Provisions	4,557,621	4,750,408	4,960,376	5,181,113	5,413,227	
Operating Lease Liability	2,320,519	2,418,677	2,525,582	2,637,971	2,756,152	
Revenue Received in Advance	115,011,449	119,876,433	125,210,935	130,832,906	136,707,303	
Payables	16,758,304	17,880,011	18,461,467	19,283,002	20,146,881	
TOTAL LIABILITIES	138,647,893	144,725,529	151,158,361	157,934,992	165,023,563	
Accumulated Surplus / (Deficit)	341,622,303	369,388,115	498,100,892	662,195,825	835,886,872	
TOTAL ACCUMULATED SURPLUS/(DEFICIT) AND LIABILITIES	480,270,196	514,113,644	649,259,253	820,130,817	1,000,910,435	

CASHFLOW STATEMENT

CASH FLOW STATEMENT		AUDITED ACTUAL	AFFORDABLE BUDGET	MTEF ESTIMATES	MTEF ESTIMATES	MTEF ESTIMATES
		2021/22	2022/23	2023/24	2024/25	2025/26
		R	R	R	R	R
Cash Flows from Operating Activities						
Receipts		279,936,873	297,912,112	444,156,965	453,800,391	467,156,461
Government Grant		24,022,000	24,817,000	24,912,000	26,031,000	27,197,189
CSOS Levy Income		249,695,828	263,513,923	408,698,702	416,160,155	427,179,097
Interest Income		5,624,212	9,511,634	10,462,798	11,509,078	12,659,985
Other receipts		57,962	69,554	83,465	100,158	120,190
Payments		-147,765,277	-366,530,803	-410,538,621	-424,193,230	-437,036,290
Compensation of employees/Board		-98,745,371	-155,960,112	-179,500,994	-179,916,029	-180,352,456
Goods and Services - Payables		-48,996,906	-210,570,691	-231,037,627	-244,277,200	-256,683,834
Other Payments		-23,000	0	0	0	0
Net Cash from Operating Activities		132,171,596	-68,618,691	33,618,344	29,607,161	30,120,172
Cash Flows from Investing Activities		-12,412,232	51,195,634	128,471,156	140,239,458	148,261,235
Property Plant and Equipment		-5,083,563	-15,123,400	-16,453,129	-19,082,758	-19,937,669
Intangible Assets		-7,709,439	-47,993,425	-14,583,582	-7,087,504	-5,591,627
Decrease / (Increase) in Long-term Receivables		380,770	114,312,459	159,507,867	166,409,720	173,790,531
Cash Flows from Financing Activities		0	-133,971,365	0	0	0
Movement in short-term borrowings		0				
Transfer of prior year surplus		0	-133,971,365	0	0	0
Net Increase / (Decrease) for the year		119,759,364	-17,423,057	162,089,500	169,846,619	178,381,406
Cash and Cash Equivalents at beginning of the year		238,043,699	357,803,063	340,380,006	502,469,506	672,316,125
Cash and Cash Equivalents at the End of the Year		357,803,063	340,380,006	502,469,506	672,316,125	850,697,532

2.1. Explanation of the Resources' Contribution to Achieving the Outputs

The 2023/24 budget and targets are activated with the budget approved by National Treasury via the ENE submission. This depicted a R 263 513 923 levy collection income for the current year with the approval of this budget, and the CSOS levy is the major source of income for the organisation to ensure sustainability. The organisation will strive to collect more than the projected levy collection and is optimistic that all collection targets can be reached.

REVENUE

The CSOS will continue to improve its operational standing after having been fully operational since the 2017/18 year and strives to further increase the collections projects year on year. Accordingly, the income streams, of which the CSOS Levy Income is the largest, will be collectable in terms of the CSOS Act (section 22).

In the MTEF period, we project a sharp increase in levy collections as the CSOS has now implemented billing of schemes and the implementation of schemes registration on the CSOS Connect platform. The estimates of revenue thus, include this estimate which is planned to cover the operating expenses of the entity.

EXPENDITURE BUDGET

Staff Costs

The existing headcount complement is 134 permanent and 37 interns and 16 temporary staff. There are critical positions identified which are to be prioritised and are accounted for in the Staff Costs, including employees to be recruited for the expansion of additional points of presence for the CSOS. The Organisational Design process has also been finalised and National Treasury has approved retention of surpluses to start in filling the critical posts

The cost-of-living increases are budgeted in line with 2022 MTEF COE Guidelines on inflation for Costing and Budgeting for Compensation of Employees, the increase is attributable to the completion of the Organisational Design process resulting in vacant posts that must be filled, the salary adjustments that must be done as a result of the benchmarking exercise that had been done, as well as the leave encashment for long outstanding leave for qualifying staff with an aim of reducing leave liability debt for the organisation. There is a provision for performance-related remuneration also.

Operational Expenses

Operational expenses comprise the core functions of dispute resolution, community schemes database management and related activities, as well as the storage, management, and retrieval of community schemes' governance documents. These activities should naturally consume the second largest expenditure after staff costs.

In the cashflow statement, the cash and cash equivalents increased by R144 million from 2022/23 to 2023/24 due to the envisaged accelerated increase in revenue and increase in spending and expenditure to be undertaken in the new financial year

Marketing, Communication and Advocacy Expenses

The marketing and communications functions continue to be earmarked as an important function of the CSOS, due to the lack of awareness on what CSOS does. The PR exercise will entail the public consultation campaigns for the organisation. Brand promotion and management costs for the entity are also included in this category. Furthermore, the production of the mandatory annual report and annual performance plans are part of this cost category.

Stakeholder Training and Consumer Education

The education of stakeholders, including reaching the affordable and subsidy housing market community schemes, is a core function of the CSOS and a key contribution to the current MTEF for the Department. The CSOS intends to roll out extensive programmes in this area during the coming planning period. The scope, the speed of roll out and reach of these programmes will be limited only by budget availability.

Travelling and Accommodation

All efforts are made to limit the travelling and accommodation expenses by using alternative means, including the use of technologies like teleconferencing and video-linking during the planning periods. However, there is always the unavoidable physical travelling between the entity's staff in the regions (KwaZulu-Natal and Western Cape) and head office (Johannesburg), as well as, between the CSOS Executives and the Executive Authority programmes like out-of-town quarterly reviews, Technical MINMECs, portfolio committees, and other parliamentary presentations. Furthermore, the current "hub-and-spoke" model (Provincial offices servicing other adjacent regions) necessarily entails a fair amount of periodic travelling and accommodation.

Board Expenses

Board expenses are budgeted as per the National Treasury guidelines. This category includes only the external members, emoluments, and capacitation programmes for members of the board. This budget includes expenses related to the advisory council to be established by the Minister.

Facilities and Infrastructure Costs

This category includes those primary expenses required to establish and maintain the existing offices. Included are the rental for offices, the fitting and furnishing of furniture (non-asset portions), the leasing of some assets (like office equipment such as printers), annual licenses for IT resources, ICT support services (non-capital) and Disaster Recovery and Business Continuity. The intention is to make the CSOS as accessible as possible to the members of the public, with the initial focus being on the localities of high concentration of community schemes. CSOS will also be expanding its national footprint to the regions and as such the budget on rental offices over the MTEF period based on a feasibility study has been taken into account in the expenditure.

General and Administration Costs

This expense category includes costs that are necessary to maintain a functional and habitable office, achieve compliance, and maintain an effective operation.

Capital Goods

The entity has obtained a service provider to assist with the development of the core system, referred to as the Business Automated Solution, which will include both the core and ERP systems. The records management system development is also underway and will continue in the 2023/24 financial year. The fleet has been procured in the 2021 financial year and the costs to maintain and service the fleet have been catered for in the current and out years. These capital projects will aid the entity in the improvement of its processes.

Capital projects will be funded in the main from approved roll over amounts from National Treasury. The capital expenditure budget for software decreased by R33 million from 2022/23 to 2023/24 and is mainly attributable to the progress in implementation of the BAS project as well as the records managements systems with the upgrade of the SAGE ERP System.

3. UPDATED KEY RISKS AND MITIGATION FROM THE STRATEGIC PLAN

The strategic risks reflected in the 2020-2025 Strategic Plan, are updated as follows:

Outcome	Key Risk	Risk Mitigation
1) Functional, efficient, and integrated Government	<ul style="list-style-type: none"> • Non-compliance with policies and applicable legislation 	<ul style="list-style-type: none"> • Develop a Physical Verification Project Plan. • Physical Verification of Schemes. • MOU - Access to external database of Community Schemes from other SOE's. • Workshop the list of amendments and submission to Board. • Implementation of the Compliance and Enforcement Strategy. • Perform targeted training for Schemes. • Identify schemes that are not complying and issue non-compliance notices. • Continuous implementation of Quality Control Measures.
	<ul style="list-style-type: none"> • Fraud, corruption, and unethical behaviour 	<ul style="list-style-type: none"> • Review the DOA • Provide report to oversight committee on consequence management. • Update of the Fraud Risk Identification and Assessment. • Continuous quarterly Monitoring and Reporting on the Fraud and Corruption Prevention Implementation Plan. • Outsource security services • Biometrics • Implementation of recommendations as per the Physical Risk Assessment. • Provide CSOS banking details to schemes upon registration. • Investigate options of state security clearance for senior management and SCM staff. • Finalize ethics survey and provide recommendation for implementation
	<ul style="list-style-type: none"> • Business interruptions 	<ul style="list-style-type: none"> • Develop and implement the approved Business Continuity Management policy. • Ensure licenses for DR and Backup solutions are renewed annually. • Server Hardware Refresh (procurement and implementation). • Network monitoring and optimization tools (procurement and implementation). • Develop a file plan as part of the implementation of Enterprise content and document management system. • finalize implementation of recommendations as per Physical Risk Assessment.
	<ul style="list-style-type: none"> • Cyber-attacks 	<ul style="list-style-type: none"> • Continue with existing controls. • Implementation of Penetration testing recommendations. • Implement recommendations from Cyber Risk Assessment action plan/roadmap. • Investigate Cyber Risk Insurance. • Attendance of CIO Forums

Outcome	Key Risk	Risk Mitigation
	<ul style="list-style-type: none"> Non-achievement of CSOS mandate 	<ul style="list-style-type: none"> Conduct mid-term reviews. Finalization and implementation of the Organizational Design (OD). Continue with Existing controls. Conduct Independent Culture Survey. Change management interventions.
2) An effectively regulated Community Scheme Sector.	<ul style="list-style-type: none"> Non-compliance of schemes to the CSOS Act 	<ul style="list-style-type: none"> Develop a Physical Verification Project Plan Physical Verification of Schemes MOU - Access to external database of Community Schemes from other SQE's Workshop the list of amendments and submission to Board Board Chair and Governance Committees to engage Minister /Executive Authority to fast Track main issues affecting the CSOS legislations Implementation of the Compliance and Enforcement Strategy. Perform targeted training for Schemes Identify schemes that are not complying and issue non-compliance notices. Continuous implementation of Quality Control Measures.
	<ul style="list-style-type: none"> Lack of financial viability 	<ul style="list-style-type: none"> Implementation of Compliance and Enforcement Strategy. Checking of unallocated deposit through FNB system Implementation of CSOS Connect to support core operations. Finalization of the data cleansing project Charging of interest for overdue accounts Engage Legal Panel for debt collection Implementation Credit arrangement / Acknowledgment of Debt. Develop a Physical Verification Project Plan. Physical Verification of Schemes. Finalize cleaning of database. Review of the levy model once amendments to legislation are made.
3) Effective disputes resolution	<ul style="list-style-type: none"> Inadequate management of dispute resolution process 	<ul style="list-style-type: none"> Continuous training of adjudicators Continuous quality assurance of adjudication orders. Appointment of a service provider to provide training on Evidence Evaluation.
4) Empowered stakeholders	<ul style="list-style-type: none"> Poor image (internal and external) 	<ul style="list-style-type: none"> Independent Public perception survey Conduct Independent Culture Survey Change management interventions Conduct salary benchmarking Continues training by respective units MoA between Business Unit for performance measures. Implementation of CSOS Connect for streamlining of core business processes through workflow. Continue with existing controls.
5) Transformation of community schemes advanced	<ul style="list-style-type: none"> Ineffective transformation of PDI 	<ul style="list-style-type: none"> Develop a policy for incentivizing transformation of PDI.

The detailed CSOS Risk Register is reviewed monthly by EXCO, and quarterly at each meeting of the Audit and Risk Committee.

4. PUBLIC ENTITIES

The Community Schemes Ombud Service does not have any Public Entities.

5. INFRASTRUCTURE PROJECTS

Not applicable to the Community Schemes Ombud Service at this stage.

6. PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

Not applicable to the Community Schemes Ombud Service at this stage.

TECHNICAL INDICATOR DESCRIPTIONS



PART D

1. PROGRAMME 1:

ADMINISTRATION

SP Outcome Indicator Title	External audit outcome
Definition	<ul style="list-style-type: none"> The CSOS strives to progress achieving an unqualified audit outcome with no material findings. This will be achieved by implementing the Audit Remedial Action Plan that has been developed in response to the audit findings of the Auditor General South Africa (AGSA). The Audit Remedial Plan is an output of the AOP and is being implemented and reported on a quarterly basis to EXCO and Audit and Risk Committee (ARC) to ensure the CSOS's readiness towards achieving an improved audit outcome within the MTEF. During the MTSF, the Entity will commence with the process to amend the CSOS Act in order to strengthen the Regulatory Powers to enforce Community Scheme Registration to enable complete levy collection. Engagements will also be held with National Treasury and Auditor-General South Africa in efforts towards the achievements of a clean audit.
Source of date	Auditor-General Audit Report
Method of Calculation / Assessment	Unqualified audit report on the financial statements of the auditor general on the quality of financial information
Means of verification	Document review – Auditor-General Audit Report
Assumptions	<ul style="list-style-type: none"> Have appropriate policies, procedures, and controls in place. Procurement and deployment of the Core Information System to replace current Sage system Amendment of the CSOS Act to provide for enforcement powers. Education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (Where Applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annual, in Q2
Desired Performance	Unqualified Audit Outcome with no material finding for the 2022/23 Financial Year
Indicator Responsibility	CFO

Indicator Title 1.1.1	Percentage of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented
Definition	Execution of the approved Anti-Fraud and Anti-Corruption Implementation Plan Activities in the plan include fraud investigations, facilitating fraud prevention projects and awareness and assisting in forensic assignments as required.
Source of data	Anti-fraud and Anti-corruption reports/information sourced from business units
Method of Calculation / Assessment	<p>Total number of anti-fraud and Anti-corruption activities implemented year-to-date divided by Total number of planned anti-fraud and corruption activities for the year x 100</p> $\frac{\text{Total number of anti-fraud and Anti-corruption activities implemented year-to-date}}{\text{Total number of planned anti-fraud and Anti-corruption activities for the year}} \times 100$
Means of verification	<ul style="list-style-type: none"> • Approved Anti-Fraud and Anti-Corruption Implementation Plan, reflecting planned quarterly activities/milestones • Status/progress report of planned activities per quarter as per the approved plan
Assumptions	<ul style="list-style-type: none"> • Unrestricted access to records • Availability of personnel • Cooperation and support from business units
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly and annually
Desired Performance	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented
Indicator Responsibility	Executive: Risk Management

Indicator Title 1.2.1.	Percentage Implementation of the approved Risk Management Plan
Definition	Risk Management Implementation Plan is aligned to Risk Management Strategy and unpacks specific risk management activities that will be implemented for the particular year, per quarter, including responsible persons, resources required, and target dates.
Source of data	Exco and Audit and Risk Committee (ARC)-approved annual Risk Management Plan aligned to the Board-approved Strategic Risk Register, reflecting quarterly risk mitigation activities and milestones. Quarterly updated Risk Management Plan submitted to Exco and ARC. Supporting evidence for mitigation activities undertaken based on data collected from CSOS divisions
Method of Calculation / Assessment	Total number of risk mitigation activities implemented year-to-date divided by total number of planned risk mitigation activities for the year x 100 $\frac{\text{Total number of risk mitigation activities implemented year-to-date}}{\text{Total number of planned risk mitigation activities for the year}} \times 100$
Means of verification	Risk management plan (monitoring tool), Strategic Risk Register, status report to ARC
Assumptions	Complete, accurate, timeous risk information and cooperation from internal stakeholders (Risk Champions and Risk Owners)
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly
Desired Performance	100% implementation of the approved Risk Management Plan
Indicator Responsibility	Executive: Risk Management

Indicator Title 1.3.1.	Percentage implementation of the Internal Audit Plan
Definition	The indicator will measure the implementation of the Internal Audit Plan to establish and enforce sound governance processes and internal control measures designed to achieve a clean audit outcome in terms of both financial and non-financial performance
Source of data	Audit Remedial Plan, Business unit reports
Method of Calculation / Assessment	<p>Total number of internal audit activities implemented year-to-date divided by Total number of planned internal audit activities for the year x 100</p> $\frac{\text{Total number of internal audit activities implemented year-to-date}}{\text{Total number of planned internal audit activities for the year}} \times 100$
Means of verification	Exco reports on the implementation of the Internal Audit Plan
Assumptions	Successful implementation of the Internal Audit Plan
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly and annually
Desired Performance	100% implementation of the Internal Audit Plan
Indicator Responsibility	Chief Audit Executive

Indicator Title 1.5.1.	Number of new transactional sites established (Satellite Office)
Definition	Expanding CSOS transactional services through the establishment of regional satellite sites
Source of data	Signed agreement with the landlord and notice of set downs
Method of Calculation / Assessment	Verification: Signed agreement with the landlord simple count of the number of established satellite offices
Means of verification	Signed agreement with the landlord
Assumptions	Implementation of the feasibility and the alignment of the identified transactional sites
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	Expand the geographical spread of CSOS transactional services in the regions
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	3 new transactional sites established (Satellite Office) in 2023/24 financial year
Indicator Responsibility	Executive: Corporate Affairs

Indicator Title 2.1.1	Rand value of CSOS levy collected
Definition	The CSOS Act provides that every community scheme must pay the service levy with effect from the commencement date of the Act. The commencement date of the Act was January 2017. Currently there are schemes that have not registered with the CSOS. This indicator will measure the total collected levies paid by schemes
Source of data	Sage revolution system, financial statements, bank statements, levy schedule and proof of payment
Method of Calculation / Assessment	Simple count: Amount of levies collected for the quarter. Annual target is measured as the aggregation of quarterly achievements
Means of verification	Trial balance and receivables ledger; financial statements
Assumptions	Completeness of revenue - CSOS is able to register all community schemes and they are paying the CSOS levy
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: R 408 698 702 levy collected for the year
Indicator Responsibility	Chief Financial Officer

Indicator Title 5.1.1**Percentage of annual procurement spend, targeted at businesses owned by women**

Definition	This indicator measures the percentage of the Service's annual procurement spend on businesses owned by women. The amount of money spent on goods and services procured by the CSOS in the implementation of its mandate from women is expressed in percentage form relative to its entire procurement spend for the financial year. The percentage target set for this indicator for the 22/23 FY is 40%.
Source of data	<ul style="list-style-type: none"> • Consolidated and validated quarterly procurement records using data from the supply chain management system, reflecting cumulative (year-to date) information. • Commitment Register/Awards Register • Quarterly Supply Chain Management Report tabled at EXCO.
Method of Calculation / Assessment	<p>Percentage: Total procurement spend committed and/or awarded to businesses owned by women/total procurement spend of the Service x 100</p> $\frac{\text{Sum of the Rand value of Purchase Orders (PO) issued on businesses owned by women}}{\text{Total Rand value of Purchase Orders (PO) issued on all service providers (regardless of designated group status) over the same cumulative (year-to-date) period}} \times 100$
Means of verification	<p>Purchase Orders (PO).</p> <p>Documentation pertaining to the companies that procurement budget is awarded/committed to e.g., CSD reports indicating women owned status of the companies and the commitment and awards registers indicating the women owned status of the company.</p>
Assumptions	Businesses owned by women registered on the National CSD database. Availability of businesses owned by women for the services and products procured by CSOS
Disaggregation of Beneficiaries (where applicable)	Target Women: 40%
Spatial Transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of the 2023/24 APP target of 40% of annual CSOS procurement spend, targeted at businesses owned by women:
Indicator Responsibility	CFO

Indicator Title 5.1.2	Percentage of annual procurement spend, targeted at businesses owned by youth
Definition	This indicator measures the percentage of the Service's annual procurement spend on businesses owned by Youth. The amount of money spent on goods and services procured by the CSOS in the implementation of its mandate from youth is expressed in percentage form relative to its entire procurement spend for the financial year. The percentage target set for this indicator for the 23/24 FY is 16%.
Source of data	<ul style="list-style-type: none"> • Consolidated and validated quarterly procurement records using data from the supply chain management system, reflecting cumulative (year-to date) information. • Commitment Register / Awards Register • Quarterly Supply Chain Management Report tabled at EXCO.
Method of Calculation / Assessment	<p>Percentage: Total procurement spend committed and/or awarded to businesses owned by Youth/total procurement spend of the Service x 100</p> $\frac{\text{Sum of the Rand value of Purchase Orders (PO) issued on businesses owned by Youth}}{\text{Total Rand value of Purchase Orders (PO) issued on all service providers (regardless of designated group status) over the same cumulative (year-to-date) period.}} \times 100$
Means of verification	Purchase Orders (PO). Documentation pertaining to the companies that procurement budget is awarded/committed to e.g., CSD reports indicating Youth owned status of the companies and the commitment and awards registers indicating the youth owned status of the company.
Assumptions	Businesses owned by youth registered on the National CSD database. Availability of businesses owned by youth for the services and products procured by CSOS
Disaggregation of Beneficiaries (where applicable)	Target Youth: 16%
Spatial Transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of the 2023/24 APP target of 16% of annual CSOS procurement spend, targeted at businesses owned by Youth.
Indicator Responsibility	CFO

Indicator Title 5.1.3	Percentage of annual procurement spend, targeted at businesses owned by Persons with disability
Definition	This indicator measures the percentage of the Service's annual procurement spend on businesses owned by People with disability. The amount of money spent on goods and services procured by the CSOS in the implementation of its mandate from Persons with disabilities is expressed in percentage form relative to its entire procurement spend for the financial year. The percentage target set for this indicator for the 23/24 FY is 5%.
Source of data	<ul style="list-style-type: none"> • Consolidated and validated quarterly procurement records using data from the supply chain management system, reflecting cumulative (year-to date) information. • Commitment Register/Awards Register • Quarterly Supply Chain Management Report tabled at EXCO.
Method of Calculation / Assessment	<p>Percentage: Total procurement spend committed and/or awarded to businesses owned by Persons with disabilities/total procurement spend of the Service x 100</p> $\frac{\text{Sum of the Rand value of Purchase Orders (PO) issued on businesses owned by Persons with disabilities}}{\text{Total Rand value of Purchase Orders (PO) issued on all service providers (regardless of designated group status) over the same cumulative (year-to-date) period}} \times 100$
Means of verification	Purchase Orders (PO). Documentation pertaining to the companies that procurement budget is awarded/committed to e.g., CSD reports indicating by Persons with disabilities owned status of the companies and the commitment and awards registers indicating the Persons with disabilities owned status of the company.
Assumptions	Businesses owned by Persons with disability registered on the National CSD database. Availability of businesses owned by Persons with disability for the services and products procured by CSOS
Disaggregation of Beneficiaries (where applicable)	Target People with disability: 5%
Spatial Transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of the 2023/24 APP target of 5% of annual CSOS procurement spend, targeted at businesses owned by Persons with disability
Indicator Responsibility	CFO

Indicator Title 5.1.4	Percentage of annual procurement spend, targeted at businesses owned by Military Veterans
Definition	This indicator measures the percentage of the Service's annual procurement spend on businesses owned by Military Veterans. The amount of money spent on goods and services procured by the CSOS in the implementation of its mandate from military veterans is expressed in percentage form relative to its entire procurement spend for the financial year. The percentage target set for this indicator for the 23/24 FY is 5%.
Source of data	<ul style="list-style-type: none"> • Consolidated and validated quarterly procurement records using data from the supply chain management system, reflecting cumulative (year-to date) information. • Commitment Register/Awards Register • Quarterly Supply Chain Management Report tabled at EXCO.
Method of Calculation / Assessment	<p>Percentage: Total procurement spend committed and/or awarded to businesses owned by military veterans/total procurement spend of the Service x 100</p> $\frac{\text{Sum of the Rand value of Purchase Orders (PO) issued on businesses owned by military veterans}}{\text{Total Rand value of Purchase Orders (PO) issued on all service providers (regardless of designated group status) over the same cumulative (year-to-date) period}} \times 100$
Means of verification	Purchase Orders (PO). Documentation pertaining to the companies that procurement budget is awarded/committed to e.g., CSD reports indicating military veterans owned status of the companies and the commitment and awards registers indicating the military veterans owned status of the company.
Assumptions	Businesses owned by military veterans registered on the National CSD database. Availability of businesses owned by military veterans for the services and products procured by CSOS
Disaggregation of Beneficiaries (where applicable)	Target military veterans: 5%
Spatial Transformation (where applicable)	Not applicable
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of the 2023/24 APP target of 5% of annual HDA procurement spend, targeted at businesses owned by military veterans.
Indicator Responsibility	CFO

2. PROGRAMME

2: REGULATION

Indicator Title 2.2.1.	Percentage of unregistered community schemes registered (Indicator reframed)
<p>Definition</p> <p>The CSOS is mandated to keep records of all community schemes documentation by a process of registration within South Africa. The registration process entails the capturing of the particulars of the community scheme on the CSOS registration database, and the issuing of a unique registration number for each scheme.</p> <p>The community schemes that are registered are:</p> <ul style="list-style-type: none"> • Sectional titles schemes • Homeowners' associations • Share block companies. • Housing co-operatives • Housing schemes for retired persons <p>The indicator measures the efficiency of the CSOS in ensuring that all unregistered schemes are registered. The target for this financial year is to ensure that 25% community schemes that are unregistered are registered. The data cleansing report indicated that a total of 40 000 Community schemes are not registered with CSOS.</p>	
<p>Source of data</p>	<p>Registration report from CSOS connect and Data Cleansing database indicating a total of unregistered schemes.</p>
<p>Method of Calculation / Assessment</p>	<p>Number of community schemes registered year-to-date divided by the total number of community schemes unregistered (as per the data cleansing database) year-to-date X 100 (quantitative)</p> $\frac{\text{Number of registered community schemes year-to-date}}{\text{Total number of community schemes unregistered (as per the data cleansing database)}} \times 100$
<p>Means of verification</p>	<ul style="list-style-type: none"> • CSOS Registration Database
<p>Assumptions</p>	<ul style="list-style-type: none"> • Schemes utilising CSOS connect to register. • Education and awareness campaigns will encourage schemes to register. • Positive response from all available community schemes in the country
<p>Disaggregation of Beneficiaries (where applicable)</p>	<p>N/A</p>
<p>Spatial Transformation (where applicable)</p>	<p>N/A</p>
<p>Calculation Type</p>	<p>Cumulative</p>
<p>Reporting Cycle</p>	<p>Quarterly</p>
<p>Desired Performance</p>	<p>25% registration of unregistered community schemes</p>
<p>Indicator Responsibility</p>	<p>Adjudicator General</p>

Indicator Title 2.2.2	Percentage of registered community schemes compliant
Definition	<ul style="list-style-type: none"> Community schemes (body corporates) must submit their governance documentation to the CSOS for quality assurance. The process of quality assurance requires the CSOS to scrutinise the governance documentation of the schemes to ensure compliance to the Constitution of the RSA, CSOS Act, STSMA and other legislation, as set out on all prescribed legislations (acts, regulations, and practice directives). Section 59 (under Chapter 6, General) of the CSOS Act requires that community schemes file annual returns. This indicator will measure the number of registered community schemes that are complying to the Act by submitting the required compliance documents (governance documents and annual returns).
Source of data	<ul style="list-style-type: none"> Schemes governance documentation and annual return submitted by the community schemes and conveyancer. Schemes governance documentation and annual returns database and certificates issued.
Method of Calculation / Assessment	<p>Number of registered community schemes on the database that have submitted both governance documents and annual returns, expressed in percentage</p> $\frac{\text{Number of registered community schemes on the database that have submitted both governance documents and annual returns}}{\text{Total number of community schemes that are registered with CSOS}} \times 100$
Means of verification	<ul style="list-style-type: none"> Report on scheme compliant
Assumptions	<ul style="list-style-type: none"> Procurement and deployment of Information System to replace Excel database; and Education and awareness campaigns will encourage schemes to register.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desired: 65% of the registered community schemes to be compliant in terms of submission of governance documents and annual returns
Indicator Responsibility	Adjudicator General

Indicator Title 2.3.1	Percentage of schemes governance documentation quality assured within 30 days
<p>Definition</p>	<p>In terms of Section 4 of the CSOS Act, the CSOS must quality assure schemes governance documentation for sectional titles and other schemes as prescribed by the Minister.</p> <p>The process of quality assurance requires the CSOS to scrutinise the governance documentation of the schemes to ensure compliance to the Constitution of the RSA, CSOS Act, STSM Act and other legislation as set out on all prescribed legislations (Acts, Regulations and Practice Directives).</p> <p>Schemes governance documentation means any rules, regulations, articles, constitution, terms, conditions, and other provisions that control the administration or occupation of private areas and common areas in the community schemes (Section 1 of the CSOS Act). The process of quality assuring scheme governance documents will be coordinated in 30 days.</p>
<p>Source of data</p>	<p>Schemes governance documentation submitted by the community schemes to the CSOS</p>
<p>Method of Calculation / Assessment</p>	<p>Total number of schemes governance documentation that has been quality assured year-to-date divided by the total number of schemes governance documentation received year-to-date X 100 (quantitative)</p> $\frac{\text{Total number of schemes governance documentation that has been quality assured year-to-date}}{\text{Total number of schemes governance documentation received year-to-date}} \times 100$
<p>Means of verification</p>	<p>Scheme Governance Database for quality assured schemes governance documents and submitted community scheme governance documentation.</p>
<p>Assumptions</p>	<p>Procurement and deployment of Information System to replace Excel database, education and awareness campaigns will encourage schemes to register, resources available to quality assure documents, and community schemes submit their documents to be quality assured</p>
<p>Disaggregation of Beneficiaries (where applicable)</p>	<p>N/A</p>
<p>Spatial Transformation (where applicable)</p>	<p>N/A</p>
<p>Calculation Type</p>	<p>Non-Cumulative</p>
<p>Reporting Cycle</p>	<p>Quarterly</p>
<p>Desired Performance</p>	<p>95% quality assured schemes governance documentation within 30 days.</p>
<p>Indicator Responsibility</p>	<p>Adjudicator General</p>

Indicator Title 2.3.2	Percentage of compliance certificates issued on all amended scheme governance documents
Definition	<p>Community schemes (body corporates) must submit their governance documentation to the CSOS for quality assurance.</p> <p>The process of quality assurance requires the CSOS to scrutinise the governance documentation of the schemes to ensure compliance to the Constitution of the RSA, CSOS Act, STSMA and other legislation as set out on all prescribed legislations (Acts, Regulation and Practice Directives).</p> <p>Schemes governance documentation means any rules, regulations, articles, constitution, terms, conditions, and other provisions that control the administration or occupation of private areas and common areas in the community schemes. (Section 1 of the CSOS Act).</p> <p>Following the process of quality assurance, community schemes are afforded the opportunity to comply with CSOS recommendations and the rectified governance documentation is resubmitted to the CSOS for verification. Once the verification process is complete and the governance documentation is compliant, a certificate is issued to the community scheme approving the schemes governance documentation.</p>
Source of data	Schemes governance documentation submitted by the community schemes and conveyancer and schemes governance documentation database, amended scheme documents and certificates issued.
Method of Calculation / Assessment	<p>Number of certificates issued year-to-date divided by the total number of schemes governance documentation approved year-to-date X 100 (quantitative)</p> $\frac{\text{Number of certificates issued year-to-date}}{\text{Total number of schemes governance documentation approved year-to-date}} \times 100$
Means of verification	<ul style="list-style-type: none"> • Schemes Governance Documentation Database and certificates issued
Assumptions	<ul style="list-style-type: none"> • Procurement and deployment of Information System to replace Excel database • Education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	100% of compliance certificates issued on all amended scheme documents.
Indicator Responsibility	Adjudicator General

Indicator Title 3.1.1	Percentage of disputes assessed within 30 days
Definition	<p>The CSOS receives applications for a dispute. A dispute is defined under section 1 of the CSOS Act in regard to the administration of a community scheme between persons who have a material interest in that scheme, of which one of the parties is the association, occupier, or owner, acting individually or jointly.</p> <p>The process of assessment entails checking whether the dispute falls within the ambit of section 39 of the CSOS Act (Jurisdiction).</p> <p>Should the dispute fall within Section 39 of the CSOS Act, the dispute is accepted and should it not it will be rejected. The process of assessing disputes will be coordinated in 30 days.</p>
Source of data	Completed Community Schemes Alternative Dispute Resolution (CSADR) form submitted by the applicants
Method of Calculation / Assessment	<p>Number of applications for dispute assessed divided by the number of applications for disputes received X 100 (quantitative).</p> $\frac{\text{No. of application for disputes assessed}}{\text{No. of application for disputes received}} \times 100$
Means of verification	<ul style="list-style-type: none"> Dispute Resolution Database
Assumptions	Submitted dispute forms are reviewed and captured
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	90% of disputes assessed within 30 days.
Indicator Responsibility	Adjudicator General Provincial Ombud GP Provincial Ombud KZN Provincial Ombud WC

Indicator Title 3.1.2	Percentage of disputes conciliated within 45 days
Definition	<p>As mandated by the CSOS Act (Section 47), the CSOS must provide an alternate dispute resolution service for community schemes. The primary means of resolution of disputes are via a conciliation process or alternatively an adjudication process.</p> <p>Conciliated entails referred matters that were concluded as follows, in an agreement between the parties, withdrawal, rejection and settled by parties at the conciliation stage and referral to adjudication.</p> <p>The conciliation process will be coordinated within 45 days as stipulated on the dispute resolution process flow.</p>
Source of data	CSADR file is submitted to the conciliator for the conciliation process to commence, attendance registers and/or recorded virtual session for conciliation and database.
Method of Calculation / Assessment	<ul style="list-style-type: none"> Number of disputes conciliated year-to-date divided by the number of disputes referred to conciliation year-to-date X 100 (quantitative) $\frac{\text{Number of disputes conciliated year-to-date}}{\text{Number of disputes referred to conciliation year-to-date}} \times 100$ <ul style="list-style-type: none"> The conciliation process be coordinated within the timeframes stipulated on the dispute resolution process flow
Means of verification	<ul style="list-style-type: none"> Dispute Resolution Database. Settlement agreement, conciliation report, withdrawal letter, referral to adjudication, rejection letter and correspondence settled by parties.
Assumptions	<ul style="list-style-type: none"> Procurement and deployment of BAS to replace Excel database. Appointment of additional personnel to process the dispute and availability of hearing rooms to conduct sessions
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	90% of disputes conciliated within 45 days.
Indicator Responsibility	Adjudicator General Provincial Ombud GP Provincial Ombud KZN Provincial Ombud WC

Indicator Title 3.1.3

Percentage of disputes adjudicated within 90 days

Definition

As mandated by the CSOS Act (Section 48), the CSOS must provide an alternate dispute resolution service for community schemes.

The primary means of resolution of disputes are via a conciliation process or alternatively adjudication process.

Adjudication process entails issuing of an order by an adjudicator. It also includes matters that have been withdrawn, rejected, or resolved by means of issuing an adjudication order.

The process is multi-faceted and entails hearings, investigations, witnesses, inspections, postponements of hearings and accordingly, there is always a roll over to the next month, to the next quarter.

The process will be coordinated within 90 days as timeframes stipulated on the dispute resolution process flow.

Source of data

CSADR file is submitted to the adjudicator for the adjudication process to commence, attendance registers and/or recorded virtual session for adjudication, CSADR file

Method of Calculation / Assessment

- Number of disputes adjudicated year-to-date divided by the number of disputes referred to adjudication year-to-date X 100 (quantitative)

$$\frac{\text{Number of disputes adjudicated year-to-date}}{\text{Number of disputes referred to adjudication year-to-date}} \times 100$$

- The adjudication process be coordinated within 90 days as per timeframes stipulated on the dispute resolution process flow

Means of verification

- Dispute Resolution Database
- Date of issuing an adjudication order to the parties
- Includes matters that have been withdrawn, resolved, or rejected

Assumptions

- Procurement and deployment of BAS to replace Excel database.
- Appointment of additional personnel to process the dispute and availability of hearing rooms to conduct sessions

Disaggregation of Beneficiaries (where applicable)

N/A

Spatial Transformation (where applicable)

N/A

Calculation Type

Non-Cumulative

Reporting Cycle

Quarterly

Desired Performance

90% of disputes adjudicated within 90 days.

Indicator Responsibility

Provincial Ombud GP
Provincial Ombud KZN
Provincial Ombud WC

Indicator Title 3.1.4	Percentage of Adjudications orders quality assured within 7 days
<p>Definition</p>	<p>As mandated by the CSOS Act (Section 48), the CSOS must provide an alternate dispute resolution service for community schemes.</p> <p>The primary means of resolution of disputes are via a conciliation process or alternatively adjudication process.</p> <p>Adjudication process entails issuing of an order by an adjudicator. It also includes matters that have been withdrawn, rejected, or resolved by means of issuing an adjudication order.</p> <p>The process of quality assuring adjudication orders entails the submission of Adjudication orders to the Quality Assurance business Unit to check if the order is of good quality and complies to the prescripts and then issue out Quality Assurance Certificates.</p> <p>The quality assurance year- process be coordinated within 7 days</p>
<p>Source of data</p>	<p>CSADR file is submitted to the adjudicator for the adjudication process to commence, attendance registers and/or recorded virtual session for adjudication, CSADR file, Adjudication orders</p>
<p>Method of Calculation / Assessment</p>	<ul style="list-style-type: none"> Number of Adjudication orders quality assured year-to-date divided by the number of Adjudication orders submitted for quality assurance year-to-date X 100 (quantitative) $\frac{\text{No. of Adjudication orders quality assured year-to-date}}{\text{No. of Adjudication orders submitted for quality assurance year-to-date}} \times 100$ <ul style="list-style-type: none"> The quality assurance year- process be coordinated within 7 days
<p>Means of verification</p>	<ul style="list-style-type: none"> A database of adjudication orders quality assured within 7 days Quality assurance certificates issued on each order
<p>Assumptions</p>	<ul style="list-style-type: none"> Procurement and deployment of CSOS connect to replace Excel database Appointment of additional personnel to process the dispute
<p>Disaggregation of Beneficiaries (where applicable)</p>	<p>N/A</p>
<p>Spatial Transformation (where applicable)</p>	<p>N/A</p>
<p>Calculation Type</p>	<p>Non-Cumulative</p>
<p>Reporting Cycle</p>	<p>Quarterly</p>
<p>Desired Performance</p>	<p>95% of Adjudication orders quality assured within 7 days.</p>
<p>Indicator Responsibility</p>	<p>Adjudicator General</p>

3. PROGRAMME

3: EDUCATION AND TRAINING

Indicator Title 4.1.1.	Number of training and education sessions conducted for schemes executives and owners
Definition	The CSOS is required to train stakeholders as part of ensuring optimal communal living. These stakeholders include schemes executives, owners, and occupiers.
Source of data	Training plan, training invite, reports, and attendance registers and/or recorded virtual sessions.
Method of Calculation / Assessment	Simple count: The number of training and education sessions conducted for schemes executives and occupiers per quarter.
Means of verification	Quarterly unit report with training statistics. Attendance register (face-to-face training sessions/and for virtual sessions).
Assumptions	Schemes executives and occupiers available for training
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	85 training and education sessions conducted for schemes executives and owners.
Indicator Responsibility	Adjudicator General Regional Ombuds

Indicator Title 4.1.2	Number of training sessions conducted for adjudicators and conciliators
Definition	The CSOS is required to train internal conciliators and adjudicators on published practice directives, interpretation of the legislation, CSOS Act section 39 - Dispute, Peer review.
Source of data	Training plan, training invite, reports, and attendance registers and/or recorded virtual session.
Method of Calculation / Assessment	Simple count: The number of training sessions conducted for adjudicators and conciliators per quarter.
Means of verification	Quarterly unit report with training statistics. Attendance register (face-to-face training sessions/ and for virtual sessions).
Assumptions	Adjudicators and conciliators available for training.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	16 training sessions conducted for adjudicators and conciliators.
Indicator Responsibility	Adjudicator General Regional Ombuds

Indicator Title 4.2.1.	Number of stakeholder information sessions conducted
Definition	The CSOS is required to educate the public about the opportunity of living in community schemes, the rights and responsibilities of shared communal living and the functions and role that the CSOS plays in harmonising that Human Settlements Sector
Source of data	Invites, reports, and attendance registers and/or recorded virtual session
Method of Calculation / Assessment	Simple count: The number of stakeholder information sessions conducted per quarter
Means of verification	Quarterly Unit Report highlighting stakeholder information sessions. Attendance register (face-to-face / recorded stakeholder information sessions)
Assumptions	The stakeholders will be available and buy-in to the training
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	18 Stakeholder information sessions conducted.
Indicator Responsibility	Executive Corporate Affairs

Indicator Title 4.3.1.	Percentage implementation of Advocacy Plan
Definition	<p>Percentage implementation of the quarterly planned milestones of the Advocacy Plan, cumulated to year-end. Milestones refer to planned activities and marketing campaigns to support the approved Marketing and Communications Strategy.</p> <p>The focus is towards the tenants, body corporates and owners, as well as to build the brand awareness and visibility of the CSOS.</p>
Source of data	<ul style="list-style-type: none"> • Advocacy Plan, reflecting the quarterly planned milestones/activities/campaigns • Actual milestones (activities and campaigns) completed • Approved EXCO Report
Method of Calculation / Assessment	<p>Actual number of milestones completed year-to-date divided by the planned number of milestones year-to-date as reflected in the Advocacy Plan X 100.</p> $\frac{\text{No. of milestones completed year-to-date}}{\text{Planned number of milestones year-to-date as reflected in the Advocacy Plan}} \times 100$
Means of verification	<p>Advocacy Plan Communication and marketing monitoring report</p>
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	100% implementation of the Advocacy Plan
Indicator Responsibility	Executive Corporate Affairs

Indicator Title 5.2.1	Number of previously disadvantaged individuals trained as Executive Managing Agents
Definition	The number of previously disadvantaged individuals trained as Executive Managing Agents on the CSOS Act and STSMA, governance documents and dispute management
Source of data	Training requests, training manual, attendance registers and reports, training invites
Method of Calculation / Assessment	Simple count: The number of previously disadvantaged individuals trained as Executive Managing Agents in the quarter
Means of verification	Quarterly Unit report with training statistics. Attendance register (face-to-face training sessions/ and for virtual sessions)
Assumptions	Previously disadvantaged individuals managing agents' database available and their need to be trained
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 40 previously disadvantaged individuals trained as Executive Managing Agents
Indicator Responsibility	Adjudicator General

Indicator Title 5.2.2.	Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals
Definition	The indicator measures the percentage of appointments that are to previously disadvantaged individuals in response to requests received from community schemes for the placement of suitable Executive Managing Agents (EMAs). Suitable refers to individuals that are trained and developed in the role of EMA.
Source of data	<ul style="list-style-type: none"> • Requests received from community schemes for suitable individuals appointed as Executive Managing Agents • The database of Executive Managing Agents and those that have been placed
Method of Calculation / Assessment	<p>Number of Executive Managing Agent placements awarded to previously disadvantaged individuals divided by the total number of requests for suitable individuals received from schemes for the financial year X 100</p> $\frac{\text{No of Executive Managing Agent placements awarded to previously disadvantaged individuals}}{\text{Total number of requests for suitable individuals received from schemes for the financial year}} \times 100$
Means of verification	Quarterly unit report with statistics on the EMA appointments, supported by appointment letters
Assumptions	Previously Disadvantaged Individuals Managing Agents' Database available and their need to be trained and appointed
Disaggregation of Beneficiaries (where applicable)	Previously disadvantaged individuals Executive Managing Agents
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Quarterly
Desired Performance	<p>Higher than targeted performance is desirable: 90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals.</p>
Indicator Responsibility	Adjudicator General

TO THE ANNUAL PERFORMANCE PLAN



ANNEXURES

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

There are two revisions to the 2020-2025 Strategic Plan.

- 1) The first concerns an addition to the values of the organisation. "People-centred" has been added as a value to the current four current values.
 People-centred - We value attitudes such as: not judging others, having empathy, respect, trying to understand the experiences of others from their point of view, and fully honouring the uniqueness and diversity of the individuals we meet in a genuine and heartfelt way.

- 2) The second addition is the inclusion of an outcome indicator to Outcome 5: Transformation of community schemes advanced i.e.; Percentage of budget spent on designated groups. The five-year target is 70%.

NB: This information has been updated in the table below:

INSTITUTIONAL PERFORMANCE INFORMATION

Impact Statement	Governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation, and the creation of liveable neighbourhoods.
-------------------------	--

MEASURING OUR OUTCOMES

Aligned to the strategic focus areas of the CSOS mandate, five (5) Outcomes have been developed to direct the effort and focus of the Entity towards achieving its intended impact over the period to 2025, as follows:

Table 8: CSOS Outcomes, Outcome Indicators and Five-Year Targets

Outcome	Outcome Indicator	Baseline (March 2019)	Baseline (March 2019)
Outcome 1: Functional, efficient, and integrated Government	1.1. External audit outcome	Adverse audit opinion	Unqualified audit opinion with no material findings
Outcome 2: Effectively regulated Community Scheme Sector	2.1. Percentage increase in registered community schemes over the five-year period	25 800	58%
	2.2. Percentage of registered community schemes compliant	New	80%
	2.3. Percentage of registered schemes paying levies	New	75%
Outcome 3: Effective disputes resolution	3.1. Percentage of disputes resolved within 90 days	New	85%

Outcome	Outcome Indicator	Baseline (March 2019)	Baseline (March 2019)
Outcome 4: Empowered stakeholders	4.1. Stakeholder perception rating	New	55%
Outcome 5: Transformation of community schemes advanced	5.1. Percentage of executive managing agents placed in community schemes that are from the previously disadvantaged groups	New	20%
	5.2. Percentage of budget spent on designated groups.	New	70%

The TID for the new outcome indicator is reflected below:

Indicator Title 5.2.	Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals
Definition	This indicator measures the percentage of the Service's annual procurement spend on businesses owned by designated groups i.e., women, youth, persons with disabilities and military veterans. The amount of money spent on goods and services procured by the CSOS in the implementation of its mandate from designated groups is expressed in percentage form relative to its entire procurement spend for the financial year. The percentage target set for this indicator for the 23/24-24/25 FY is 70%.
Source of data	<ul style="list-style-type: none"> Consolidated and validated quarterly procurement records using data from the supply chain management system, reflecting cumulative (year-to date) information. Commitment Register / Awards Register
Method of Calculation / Assessment	<p>centage: Total procurement spend committed and/or awarded to businesses owned by designated groups/total procurement spend of the Service x 100</p> $\frac{\text{Sum of the Rand value of Purchase Orders (PO) issued on businesses owned by designated groups}}{\text{Total Rand value of Purchase Orders (PO) issued on all service providers (regardless of designated group status) over the same cumulative (year-to-date) period}} \times 100$
Assumptions	<p>Businesses owned by designated groups registered on the National CSD database.</p> <p>Availability of businesses owned by designated groups for the services and products procured by CSOS</p>
Disaggregation of Beneficiaries (where applicable)	Target designated groups: women, youth, persons with disabilities; and military veterans
Spatial Transformation (where applicable)	Not applicable
Desired Performance	A target of 70% of CSOS procurement spend, targeted at businesses owned by designated groups.
Indicator Responsibility	CFO

ANNEXURE B: CONDITIONAL GRANTS

Not applicable to the Community Schemes Ombud Service.

ANNEXURE C: CONSOLIDATED INDICATORS

Not applicable to the Community Schemes Ombud Service.

ANNEXURE D: DISTRICT DEVELOPMENT MODEL

CSOS has been working on opening satellite offices with full functions in the Regions.

ANNEXURE E: LOCATION IN CORPORATE PLANS OF CSOS MTSF-CONTRIBUTING TARGETS

The CSOS will report on a quarterly, annual and mid-term basis on the following MTSF-aligned targets.

MTSF target	Strategic Plan	Annual Performance Plan	Operational Plan
Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme	Stakeholder perception rating	85 training and education sessions conducted for schemes executives and owners. 16 stakeholder information sessions conducted.	4 editions of Shared Living e-newsletters published annually.
Monitor and report on the number of persons exposed to education programmes on owning and renting a home		Quarterly reports will indicate number of persons exposed to education programmes.	
Establish a presence in transactional support sites	For the MTSF 6 new transactional sites will be established (satellite office)	Regional offices will be established based on the results of feasibility studies as well as the as per the establishment of the identified transactional sites that will be conducted by the Department of Human Settlements. 3 transactional sites will be established (satellite office)	4 reports compiled on the operations and maintenance of existing and newly established satellite offices

MTSF target	Strategic Plan	Annual Performance Plan	Operational Plan
Report the total number of community schemes registered and number of schemes paying levies as per legislation	Percentage increase in registered community schemes over the five-year (from 25 800 to 70 000) period from 2020 to 2025	25% of unregistration schemes registered	75% of registered community schemes paying levies
Number of consumer disputes submitted to CSOS and resolved within 90 days	85% of disputes resolved within 90 days	90% of disputes conciliated within 45 days. 90% of disputes adjudicated within 90 days	N/A

Progress on the achievements of the MTSF

MTSF INDICATOR	MTSF CONTRIBUTION BY ENTITY	CSOS RESPONSE (5-YEAR PLANNING TARGETS)	2019-2022 ACTUAL	CORRECTIVE MEASURE
Consumer protection programmes implemented	Report the total number of community schemes registered and number of schemes paying levies as per legislation.	Number of schemes registered by CSOS: 70 000(adjusted this year)	3 555(100%) community schemes that submitted scheme registration documents were registered.	Total Scheme Universe is 70 000, over 30 000 registered and 40 000 not registered – various initiatives to have all schemes on our database: <ul style="list-style-type: none"> Finalisation of data cleansing Implementation of scheme verification and validation project
		<ul style="list-style-type: none"> Percentage of registered schemes paying levies: 75%. 	76% of registered schemes are paying levies (32 173 community Schemes registered and 24 309 community schemes are paying levies). 8 159 community schemes are not paying levies.	Various initiatives to ensure all schemes pay levies: <ul style="list-style-type: none"> Eradicate unallocated levies Implementation of a Billing system Charging of Interest to overdue accounts by Schemes Automation of levy paying process through CSOS Connect Implement levy study

MTSF INDICATOR	MTSF CONTRIBUTION BY ENTITY	CSOS RESPONSE (5-YEAR PLANNING TARGETS)	2019-2022 ACTUAL	CORRECTIVE MEASURE
Consumer protection programmes implemented	Report the total number of community schemes registered and number of schemes paying levies as per legislation.	Rand value of levies collected: R 427,179,097. (Adjusted this year)	R691,158,234 CSOS levy collected	Introduction of invoicing schemes will increase collection, with projection of additional R352 727 885 CSOS levy collected by 2023 to 2024
	Number of consumer disputes submitted to CSOS and resolved within 90 days.	Percentage of disputes resolved within 90 days: 85%	65.8% (12 262 referred and 8069 resolved) of disputes were resolved with 90 days. *An additional 8519 disputes were resolved outside the 90-days period.	<ul style="list-style-type: none"> Increased capacity (OD, Utilisation of Part-time Adjudicators) Discontinuation of disputes fees, improved turnaround times. Redistribution of work across the 3 Regions. <p>There is already an overachievement of conciliation and adjudication as of Q1&2 of 2022/23</p>
Number of persons in the target market exposed to education programmes on various aspects of owning and renting a home	<ul style="list-style-type: none"> Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme. Monitor and report on the number of persons exposed to education programmes on owning and renting a home. 	<p>*CSOS will target the provision of training, education, and information to community scheme stakeholders, as follows:</p> <ul style="list-style-type: none"> Number of training and education sessions conducted for schemes executives and owners: 300 Conduct stakeholder information sessions: 60 100% implementation of Advocacy Plan annually. 	<p>114 training and education sessions conducted for schemes executives and owners.</p> <p>31 Stakeholder information sessions conducted.</p> <p>4 editions of Shared Living e-newsletters published annually (12)</p> <p>100% implementation of Advocacy Plan annually.</p> <p>Appointed and trained 41 PDI EMA's and coordinate placement in schemes as per applications received</p>	Continue stakeholder engagements and training annually - ensure reach of the correct target audience, extended training to Cooperatives in conjunction with SHRA. Coordinate a perception survey and identify interventions to address perception shortcomings.
Transactional support programme implemented	Establish a presence in transactional support sites	Establish a presence in transactional support sites. Monitor and report on transactional support programmes.	3 Regional Offices and 2 Satellite Offices (Bloem and Gqeberha) operational and providing Dispute resolution services.	5 satellite offices will be established with Polokwane and George finalised in the current financial year.

ANNEXURE F: MATERIALITY FRAMEWORK

The CSOS Materiality Framework is presented below.



MEMORANDUM

TO: BOARD
FROM: CHIEF OMBUD
DATE: 21 JUNE 2017
SUBJECT: CORRECTIONS ON MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. BACKGROUND

The above framework was recommended to the Board by the Finance Committee on the 15th June 2017.

2. DISCUSSION

The following corrections were proposed by the Committee members:

- 2.1 Inserting a table of contents
- 2.2 Paragraph 3.5.7 to read "use of 0.5% gross revenue to determine materiality"
- 2.3 Remove "Adoption of" to read "Materiality and Significance Approach" in paragraph 3.

3. FINANCIAL IMPLICATIONS

None

4. LEGAL IMPLICATIONS

None

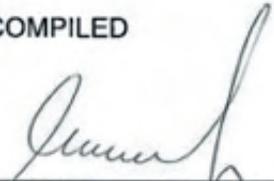
5. ACTION REQUIRED

- 5.1 The following corrections have been effected in the framework:
 - a) Table of contents inserted on page 3

A handwritten signature in black ink, appearing to be 'TMS', is located in the bottom right corner of the page.

- b) Paragraph 3.5.7 on page 7 corrected by inserting " gross revenue" to read "use 0.5% of gross revenue to determine materiality"
- c) The clause "Adoption of" has been deleted on paragraph 3 to read "Materiality and Significance Approach".

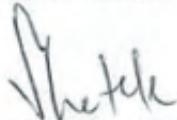
COMPILED



CHIEF FINANCIAL OFFICER
MR. T.D. MABUYA

21/6/2017
DATE

RECOMMENDATIONS APPROVED/NOT APPROVED



ACTING CHIEF OMBUDSMAN
ADV. S. LETELE

21/6/2017
DATE

	Confidential	Policy Document
	Materiality and Significance Framework	



MATERIALITY AND SIGNIFICANCE FRAMEWORK

Revision history

This section records the change history of this document

Revision #	Date submitted to EXCO	Author (s)	Summary of Changes	Approved
1.0	20 January 2017	T D Mabuya	First Draft	28 June 2017

Approvals

The undersigned have approved the release of Version 1 of CSOS' Materiality Framework

Name	Designation	Signature	Date
Adv S. Letele	Chief Ombud		
Adv N. Memani	Chairperson of FINCOM		
Rev Dr V.C. Mehana	Chairperson of BOARD		

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Policy Document

Materiality and Significance Framework

Definition and description of Acronyms

ACRONYMS	DESCRIPTION
"Accounting Authority"	Board
"AFS"	Annual Financial Statements
"CSOS"	Community Schemes Ombud Services established in terms of the CSOS Act.
"CSOS Act"	Community Schemes Ombud Services, 2011 (Act No.9 of 2011)
"DoA"	Delegation of Authority
"Materiality and Significant"	Information is material and significant if its omission, misstatement, or non-disclosure could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.
"PFMA"	Public Finance Management Act, 1999 (Act 1 of 1999) as amended by Act 29 of 1999 also known as the "Act".
"QMS"	Quality Management System
"SAAS"	South African Auditing Standards
"TR"	Treasury Regulations
"Users"	Refers to Executive and Accounting Authority, External Auditor, National Treasury or Department of Human Settlements



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Policy Document

Materiality and Significance Framework

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1. BACKGROUND

- 1.1 SAAS 320.03 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken based on the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Materiality thus provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.
- 1.2 The framework sets out the approach to be adopted by CSOS materiality and significance of information.
- 1.3 In terms of Treasury Regulations 28.3.1 which reads: "for purposes of **material** [sections 55(2) of the Act] and **significant** [section 54(2) of the Act], the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority."
- 1.4 The document gives guidance to "best practice" for executive functions and provides clarity on the relevant legislation and regulations applicable to materiality and significance of information on decisions about the allocation and stewardship of resources, and the performance of the entity, made based on the financial statements.

2. LEGAL FRAMEWORK

LEGISLATION	APPLICABLE SECTION(S)
Community Schemes Ombud Service Act, 2011, (Act. No. 9 of 2011)	Section 22
Public Finance Management Act, 1999 (Act 1 of 1999) as amended by Act 29 of 1999.	Sections 50(1), 54(2), 55(1)(d), 55(2) and 66(1)
South African Auditing Standards	SAAS 320.03
Treasury Regulations	TR 28.3.1 and 28.3.5



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Materiality and Significance Framework

3. MATERIALITY AND SIGNIFICANCE APPROACH

3.1 Materiality and Significance Framework

Introduction

- a) The Materiality and Significance Framework is a component of the CSOS financial and risk processes.
- b) Determining what is material and what is not is primarily a matter professional judgement.
- c) Materiality is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision making of users. It therefore relates to the significance of transactions, balances and errors contained in the financial statements.
- d) Materiality defines the threshold or cut-off point after which financial information becomes relevant to the decision-making needs of the users.
- e) The process by which CSOS's financial statements are audited by external auditors can be described as a risk-based, systematic approach in which the nature, extent and timing of the audit procedures and audit evidence required, are determined by assessing and evaluating the risk that the financial statement assertions are materiality misstated.
- f) Information contained in the financial statements must therefore be complete in all material respects in order for them to present a true and fair view of the financial affairs of the CSOS.

3.2 Objective

The Materiality and Significance framework is issued to assist and guide management in determining the size and nature of items, which would significantly impact on decisions made by the users of its financial statements.

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3.3 Purpose and Scope

3.3.1 The purpose of the framework is to:

- a) Provide information to enhance user's assessment of proper stewardship i.e. accountability for the use of public funds and the safekeeping of the entity's resources.
- b) Continuously determine the level of quantitative and qualitative risks that the CSOS is prepared to tolerate.

3.3.2 The CSOS is established in accordance with the provisions of the Community Schemes Ombud Services Act 9 of 2011.

3.3.3 CSOS, as a Schedule 3A public entity in terms of the PFMA, is currently funded by the Government. The regulation of financial management thereof is to ensure that all revenues, expenditures, assets and liabilities are managed efficiently and effectively by complying with the Public Finance Management Act (Act No. 1 of 1999 as amended).

3.3.4 Treasury Regulation 28.3.1 of the Public Financial Management Act 1999, (the Act) defines Materiality and Significance framework as follows:

"For purposes of material (section 55(2) of the PFMA) and significant (section 54(2) of PFMA), the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors".

3.4 Policy Statement

Materiality refers to levels of tolerance by CSOS regarding the omission or inclusion of quantitative and non-quantitative information. The framework of materiality provides a mechanism of enhancing the internal controls by providing a continuously changing and controllable guide to organisational functions in making appropriate judgement of the tolerable error.

3.5 Materiality and Significance

- 3.5.1 There are many instances where legislation refers to material amounts or material differences and the same terminology is found in the format of the financial statements and in this guide.
- 3.5.2 Information is material and significant if its omission or misstatement could influence the economic decisions of users taken based on financial statements.
- 3.5.3 Materiality depends on the size of the item or error judged in the circumstances of its omission of misstatement. Materiality thus provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have, if it is to be useful.
- 3.5.4 The materiality as determined by the auditors will differ from that determined by CSOS.
- 3.5.5 There is no single rule to describe what material is and what is not material in all instances is. All cases of theft, fraud or corruption must be regarded as being material regardless of the amount involved.
- 3.5.6 Materiality can be based on several financial indicators. Detailed below is an indicative table of financial indicators of the type that is widely used and accepted in the accounting profession as a basis for calculating materiality:

Basis	Acceptable percentage range
Gross Revenue	0.5%
Net Surplus (Income)	2.0% - 5%
Equity	2% - 5%
Total Assets	0.5% - 2%

- 3.5.7 CSOS will use **0.5% of gross revenue to determine materiality**. In determining the materiality value as 0.5%, the following factors have been considered:

- a) **Nature of CSOS's business** – CSOS has become fully operational after the approval of the Regulations and the proclamation of the Acts in 2016/17 period. CSOS has not begun to collect levy income from the community schemes. Throughout the financial years 2013/14 to date, CSOS has been funded by the Department of Human Settlements in the form of a grant allocation. It is expected that CSOS will be able to

partly fund itself from 2017/18 onwards through the revenue to be derived from the collection of levies in terms of Section 22 of the CSOS Act. The levy income will be used for operational requirements and cost recovery.

- b) Statutory requirements laid down on CSOS – CSOS is a statutory entity established in terms of the Community Schemes Ombud Services, 2011 (Act No.9 of 2011) and is a Schedule 3A entity in terms of the PFMA. Its legislative mandate is to provide a dispute resolution service and promote good governance of and within community schemes. By virtue of being closely governed by various acts and the public accountability and responsibility to stakeholders, preference to a lower level of materiality i.e. closer to the lower level of the acceptable percentage range has been decided.
- c) The control and inherent risks associated with CSOS – In assessing the control risk of the CSOS, and concluding that a materiality level higher than 0.25% can be used due to good control environment being present. Cognisance was given to amongst others:
 - i) Proper and appropriate governance structures have been established;
 - ii) An audit and risk committee and internal audit unit that closely monitor the control environment of CSOS have been established; and
 - iii) An approved three-year internal audit plan based on annual risk assessments being performed, is annually reviewed and agreed by the audit committee.

3.6 Quantitative materiality

3.6.1 The CSOS is governed by an approved DoA which deals with different levels of authorisation and approvals for functional and executive management.

3.6.2 On an annual basis, the financial statements are subject to statutory audit. The external auditors set materiality levels in the planning phase of the external annual audit. The basis of materiality, set by the external auditors, is presently based on total revenue.

3.6.3 CSOS materiality levels have been determined on the materiality definition. The levels of material loss in each category of the financial statement areas for the CSOS are defined as follows:

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Classification	Materiality Level	Consideration
Administration (R54 899m)	0.5%	R274 495
Grants (R30m)	0.5%	R150 000
Project (0)	0.5%	R0
Assets (R20 234m)	0.5%	R101 170

3.6.4 The materiality levels are reviewed annually to determine the quantitative level to be applied to variances on management accounts in conjunction with the authorised Delegation of Authority limits.

3.7 Qualitative Materiality

3.7.1 Materiality is not merely related to the size of the entity and the elements of its financial statements. Misstatements that are large either individually or in aggregate may affect a “reasonable” user’s judgement on the financial statements.

3.7.2 Misstatements may also be material on qualitative grounds. The qualitative grounds include, amongst others:

- a) New ventures that CSOS has entered into.
- b) Unusual transactions entered into that are not disclosable purely due to the nature and knowledge thereof affecting the decision making of the user of financial statements.
- c) Transactions entered into that could result into reputational risk to CSOS.
- d) Any fraudulent or dishonest behaviour of an officer of CSOS.
- e) An infringement of CSOS’s agreed QMS performance levels.
- f) Procedures/processes required by legislation or regulation (e.g. PFMA, TR, CSOS Act, etc.).

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4. STATUTORY APPLICATIONS

4.1 Section 50 (1) of the PFMA – Fiduciary Duty of the Accounting Authority -

Requirements	Framework
<p>The accounting authority for a public entity must –</p> <p>(a) exercise the duty of outmost care to ensure reasonable protection of assets and records of the public entity;</p>	<p>The CSOS has implemented the following controls:</p> <ul style="list-style-type: none"> i) Asset Management Policy and Register. ii) Retention of all records for a period of 5 years. iii) Delegation of Authority Matrix. iv) Financial policies and procedures. v) Procurement Policy and procedures. vi) Human capital policies and procedures. vii) Establishment of internal audit unit and Audit Committee.
<p>(b) act with fidelity, honesty, integrity, and in the best interests of the public entity in managing the financial affairs of the public entity;</p>	<p>The CSOS has implemented the following controls:</p> <ul style="list-style-type: none"> i) Code of Conduct. ii) Disciplinary Code and Procedures. iii) Recruitment procedures to ensure recruitment of appropriate officials. iv) Confidentiality and Non-Disclosure Agreement with key personnel. v) Human capital policies and procedures. vi) The Board has established the following 4 committees to ensure effective corporate governance: <ul style="list-style-type: none"> ➤ Remuneration and Human Resources Committee (REMCO). ➤ Audit, Risk and Ethics (ARECOM). ➤ Finance Committee (FINCOMM). ➤ Legislation, Regulations, and Adjudication Committee (ALR).
<p>(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonable discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and</p>	<p>The CSOS considers “material” to be all matters which are within the public interest. Such material matters which will be reported include:</p> <ul style="list-style-type: none"> i) Material change in the nature of the business; ii) Material change in the strategic direction of CSOS; iii) Changes that materially affect the mandate of the CSOS in terms of the CSOS Act; and iv) All litigation matters as prescribed in the CSOS Act.
<p>(d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.</p>	<p>The CSOS complies with all legislative requirements: -</p> <ul style="list-style-type: none"> i) PFMA



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	<ul style="list-style-type: none"> ii) TR iii) CSOS Act iv) Approved DoA
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4.2 Sections 55 (1)(d) and (2)(b) of the PFMA: Annual Report and Financial Statements: The accounting authority for a public entity –

Section 55(1)(d)	<p>must submit within five months of the end of a financial year to the relevant treasury, to the executive authority responsible for that public entity and, if the auditor-general did not perform the audit of the financial statements, to the Auditor-General—</p> <ul style="list-style-type: none"> (i) an annual report on the activities of that public entity during that financial year; (ii) the financial statements for that financial year after the statements have been audited; and (iii) the report of the auditors on those statements. 	<p>The annual report submitted by CSOS within five months after the end of the financial year to the executive authority includes:</p> <ul style="list-style-type: none"> i) CSOS activities ii) Audited financial statements, and iii) Report of the auditors
Section 55 (2)	<p>The annual report and financial statements referred to in subsection (1) (d) must—</p> <p>(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;</p>	<p>The CSOS has implemented the following controls:</p> <ul style="list-style-type: none"> i) Specific Targets are set each year by the CSOS. ii) The Board reports quarterly and annually on all material issues and ensures full disclosures on: <p>Financial information</p> <ul style="list-style-type: none"> ➤ Management accounts ➤ Variance reports (Actual, budget, prior year) ➤ Annual financial statements <p>Performance information</p> <ul style="list-style-type: none"> ➤ Collection of levies ➤ Access to scheme governance documentation ➤ Adjudication and conciliations ➤ Performance monitoring system ➤ Performance incentive system ➤ Internal audit, risk and finance functions and reporting ➤ Governance committees evaluate achievement of the targets and provide



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	<p>(b) include particulars of –</p> <p>i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular or fruitless and wasteful expenditure;</p> <p>iii) any losses recovered or written off;</p> <p>iv) any financial assistance received from the state and commitments made by the state on its behalf;</p> <p>v) any other matters that may be prescribed; and</p> <p>vi) include the financial statements of any subsidiaries.</p>	<p>assurance that all significant risks are adequately addressed</p> <ul style="list-style-type: none"> ➤ Risk compliance function ensures risks are identified, monitored and managed <p>All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects). CSOS considers any act of theft by any employee as a dismissible offence.</p> <p>The CSOS has taken the position that any criminal act is to be pursued via the courts.</p> <p>All losses to be written off shall be subject to approval in terms of the DoA and all amounts written off must be approved by the Board. The CSOS will endeavour to recover any loss sustained by the entity.</p> <p>The CSOS currently receives financial assistance from the state but the state does not make commitments on behalf of CSOS.</p> <p>There are no other matters prescribed. Disclosure of all matters affecting the CSOS is done in terms of GRAP.</p> <p>CSOS does not have any subsidiaries.</p>
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4.3 Section 54(2) of the PFMA: Information to be submitted by accounting authorities

<p>Section 54 (2)</p>	<p>(1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction for:</p>	<p>Specific level of significance defined per subsection:</p>
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	<ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) acquisition or disposal of a significant shareholding in a company; (d) acquisition or disposal of a significant asset; (e) commencement or cessation of a significant business activity; and (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. 	<p>Any transaction to establish a company.</p> <p>Where participation exceeds 20% of voting rights.</p> <p>Any transaction to acquire or dispose of shareholding in a company.</p> <p>The cost of the asset acquired or disposed exceeds 15% of the total cost of assets.</p> <p>Any transaction where the income from or the investment in the business activity exceeds the amount determined in section 3.6 and section 3.7. supra.</p> <p>Where the change in the interest results in a change in the accounting treatment of the arrangement.</p>
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5. GOVERNANCE AND COMPLIANCE FRAMEWORK

5.1 Section 55 (2) of the PFMA – Notification in terms of the act

- a) In terms of section 55 (2) – notification in terms of the act, the board of the CSOS is required to notify the executive authority and treasury should it, in its capacity, as the Accounting Authority, not be able to confirm that:
 - i) Processes to prevent and detect all fruitless and wasteful expenditure as contemplated in the Act are in place;
 - ii) Any fruitless and wasteful or irregular expenditures have been undertaken; and
 - iii) The disclosures required in the annual report in terms of fruitless and wasteful or irregular expenditures have been made.
- b) The Council on an annual basis confirms that the entity’s systems of internal control are designed to prevent fruitless and wasteful or irregular expenditure.
- c) Through the accountability framework of line management and through the Risk and Audit Committee processes:

- i) Internal control weaknesses identified by management: All recommendations made by the internal and the external auditors are followed up to ensure that the underlying systems are improved;
- ii) Any criminal conduct identified is subject to the appropriate procedures and sanctions.

d) Fruitless and Wasteful Expenditure -

The CSOS, for the purposes of this framework, defines fruitless and wasteful expenditure as:

- i) Expenditure which was made in vain and would have been avoided had reasonable care been exercised, and failed to achieve its anticipated benefits.
- ii) In determining if an amount is classified as Fruitless and Wasteful expenditure the CSOS reviews financial performance by: -
 - Monthly monitoring of financial and investment risk and reportable to committees of the board at each quarter end;
 - Reporting any amount considered being fruitless and wasteful expenditure in the notes to the monthly, quarterly and annual financial statements; and
 - Implementing internal control processes to address any amounts identified as fruitless and wasteful expenditure.

e) Irregular Expenditure -

The CSOS, for the purposes of this framework, defines irregular expenditure as expenditure incurred in contravention of or that is not in accordance with any applicable legislation, including-

- i) the Public Finance Management Act; or
- ii) the State Tender Board Act (Act No 86 of 1968), or any regulation made in terms of the Act; or
- iii) any provincial legislation providing for procurement procedures in that provincial government.

5.2 Section 54 (3) of the PFMA – Information to be submitted by Accounting Authority

The CSOS may assume that approval has been given if it receives no response from the executive authority on a submission in terms of section 54(2) within 30 days or within a longer period as may be agreed to between itself and the executive authority.

5.3 Section 66 (1) of the PFMA - Restrictions on borrowing, guarantees and other Commitments

In terms of section 66(1) and institution to which the Public Finance Management Act applies may not borrow money or issue a guarantee, indemnity, or enter into any transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:

Requirements	Framework
a) Is authorised by the Act; and	CSOS does not have any external borrowings
b) In the case of a public entity, is also authorised by other legislation not in conflict with this Act.	CSOS Act makes provision CSOS to borrow money subject to approval by the executive authority in terms of section 22 of the CSOS Act read with the PFMA.

6. REVIEW AND CONTINUAL IMPROVEMENT

This framework will be reassessed and adjusted as and when required or should legislation require CSOS to do so, to ensure that it is in line with any changes, new requirements or circumstances affecting scope and objectives.

7. EFFECTIVE DATE

This framework becomes effective on the date of approval by the Board.

Ends

