

# ANNUAL PERFORMANCE PLAN

2017/2018



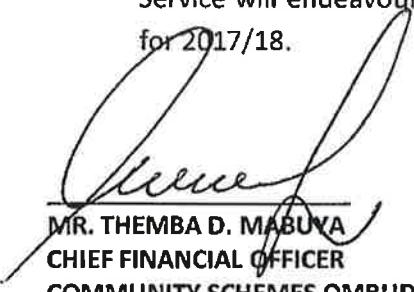
*Affordable Reliable Justice*

CSOS  
January 2017

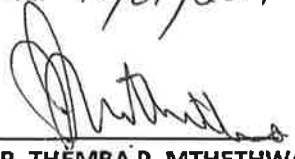
## Official sign-off

It is hereby certified that this Annual Performance Plan:


- Was developed by the management of the Community Schemes Ombud Service under the guidance of the National Department of Human Settlements (NDHS);
- Was prepared in line with the Strategic Plan of the Community Schemes Ombud Service (as revised in December 2016); and
- Accurately reflects the performance targets which the Community Schemes Ombud Service will endeavour to achieve given the resources made available in the budget for 2017/18.



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CHIEF FINANCIAL OFFICER  
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DATE: 16/01/2017

HONORABLE MS. LINDIWE N. SISULU, MP  
MINISTER FOR HUMAN SETTLEMENTS  
EXECUTIVE AUTHORITY  
DATE:

## **CHAIRPERSON'S FOREWORD**

It gives me great pleasure, as the Chairperson of the Board of the Community Schemes Ombud Service (CSOS), to present this Annual Performance Plan for the period 2017/18 to our Executive Authority, the Ministry and the Department of Human Settlements, represented by the Honourable Minister, Lindiwe Sisulu. These plans seek to fit into and contribute to the broader MTEF objectives, indicators and targets that are aimed at ensuring that the 1,495 million housing opportunities in quality living environments are realised through the various human settlements housing programmes by the end of the current MTEF period in 2019.

After a lot of hard research and planning work by the Ministry of Human Settlements that culminated in the appointment of the first CSOS Board and the recruitment of the Executive management, the CSOS embarked on a very firm path of set-up and operational readiness during 2014/15 financial year. A fully functional head office was established, and provincial offices were set-up in three (3) provinces, namely Gauteng, KwaZulu-Natal, and Western Cape. These provincial offices were envisioned as operational "hubs", able to service the adjacent provinces in a manner that will provide effective accessibility of the CSOS services to community schemes nationally. The successes achieved in these initial stages were carried into the 2016/17 financial year, with effective dispute resolution activities being carried out, albeit limited to conciliation services only (no adjudication services).

There were also difficult challenges faced by the entity during 2016/17, mainly related to the activities that necessarily have to be conducted in order to complete the legislative process of Regulations approval and proclamation of the CSOS Act by the President. The original estimate for the Proclamation was the first quarter of the 2015/16 financial year. However, that target date was delayed due to various process, including legislative requirements regarding the proclamation of the acts that would enable the CSOS to become fully operational being delayed by the parliamentary process, the Municipal elections that took place on the 3<sup>rd</sup> August 2016 as well as logistical challenges that came to the fore along the way. The primary effect of these delays is that the CSOS was unable to fully operate in the dispute resolution arena, hence the limitation of current service to conciliation services for instance. The secondary effect of the delay is that the CSOS was unable to raise its own funding to finance the critical programmes that the entity is tasked with delivering. The latter effect has not only resulted in the entity having to revise its current targets and associated budgets but also

having to revise the future targets and budgets that were included in the original Five Year Strategic Plan 2014/15 – 2018/19. The baselines and plans have moved so significantly away from “actuals” that a material revision of the Five Year Strategic Plan over the remainder of this MTEF was virtually unavoidable. This APP and all future plans have accordingly been re-based.

As we present this re-based Annual Performance Plan for 2017/18 to the Ministry, it is with excitement that the legislative processes have now been completed, thus enabling the CSOS to open its doors to the eager public during 2017/18. During the public consultation process conducted between October and November 2015, the urgent and massive demand for the CSOS services in the community schemes was established beyond any doubt. With the benefit of hindsight, the challenges experienced during 2016/17 have prepared the entity well to remain alert, vigilant and flexible in its operational planning. The CSOS has also developed a fair amount of experience in the dispute resolution space over the 2015/16 and 2016/17 periods, and this will stand it in good stead to swiftly move into full operation now that the legislative processes are completed and the entity can extend to adjudication work as well.

There are no changes made to the mandate of the CSOS, so the focus in 2017/18 remains firmly on contributing meaningfully to the MTEF targets of the Department in the following areas:

- 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 programs to Adjudicators and Conciliators, as well as other stakeholders with interests in Community Schemes;
- Improving governance documentation in community schemes to promote acceptability and compliance by those who live in them;
- Improving neighbourly relations amongst community schemes residents, whilst sustaining the improvement of the property markets of the area; and
- Maintain best corporate governance, financial management and legal processes within CSOS, and ensuring that the entity is effective and sustainable.

These functions form the core of our plans as key strategic objectives. It is my desire and determination that, together with my fellow Board members, the Chief Ombud and the entire

management and staff of the CSOS, as well as the unwavering support of the NDHS, we will drive towards the achievement of our mandated objectives in the most effective, efficient and expeditious manner, and thus make a meaningful contribution to the MTSF targets of the NDHS. This, in turn, is intended to deliver a progressive improvement and enhanced quality in the living conditions of our people in the country generally.

**CHAIRPERSON OF THE BOARD  
COMMUNITY SCHEMES OMBUD SERVICE**

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## **PART A: STRATEGIC OVERVIEW**

### **1 Updated Situational Analysis**

Following the commencement of its physical set-up in 2014/15, the CSOS has established a head office and a Provincial office in Gauteng, as well as Provincial offices in KwaZulu-Natal and the Western Cape. Operating out of these three Provincial offices, the CSOS seeks to reach all the nine provinces of South Africa. The CSOS has offered limited services since November 2014. With the developments in the legislative process, the entity expects to be fully operational in 2017/18 and to render the full suite of dispute resolution services, as well as the other regulatory activities placed on it by its Mandate.

The environment within which CSOS will operate is complex, involving technical requirements, legal processes and procedures to be complied with in developing various types of community schemes, i.e. sectional title schemes, homeowners associations, share-block companies and housing schemes for retired persons. Given the complex legal compliance regimes, there is an acute lack of understanding of rights and responsibilities by owners and occupiers within community schemes. The education of owners and/or residents on the rights and responsibilities of community schemes living is thus another critical function within the CSOS mandate to deliver. Furthermore, there is currently no comprehensive database on community schemes in South Africa, and thus no record of their governance documentation and their management agents. Considering the established fact that South Africa has the fourth highest concentration of community schemes in the world, as well as the size of the population currently living in community schemes in the country, this is a huge informational and regulatory “black hole” for the government. In order to address this matter, the CSOS thus carries in its mandate the following objectives:

- Taking custody of governance documentation and establishing a central repository thereof,
- Registration of community schemes and building a central database thereof,
- Reviewing, improving the quality and standardising the governance documentation,
- Taking measures to generally promote good governance in sectional titles and other community schemes, and
- Providing widespread education and/or training to current and potential owners, residents and other stakeholders, as well as Conciliators and Adjudicators in the property industry.

The CSOS will thus make these services available to all South African community schemes per the mandate during 2017/18 for the first time. This year thus marks a very important milestone for the CSOS, having navigated the difficult path of organisational set-up successfully.

## **1.1 Performance Environment**

### **1.1.1 The Political Environment**

Politically, the CSOS is accountable to the Minister for Human Settlements. The CSOS will report regularly to the Minister on progress made in implementing its mandate. Periodic reports will be tabled in Parliament as is required in terms of the PFMA, and by the instruction of the Parliamentary Portfolio Committee on Human Settlements.

The CSOS Act empowers the organisation to create orderly and well-managed community schemes. This will be carried out by resolving disputes amongst the parties, administration of schemes governance documentation and providing regular training and education to all stakeholders. Fostering inter-relationships between the CSOS and various community schemes is critical.

The institution is, therefore, a contributor to the Outcome 8 objective of the MTEF, on its way to the achievement of the 2030 Human Settlements Vision, as articulated in the National Development Plan.

### **1.1.2 The Economic Environment**

CSOS Dispute Resolution Model in **Figure 1** shall be implemented in a manner that caters for applicants for dispute resolution whilst not oblivious to economic trends and the interest of affected community schemes. The principle of affordability of the dispute resolution services is key to the establishment of this entity. Various funding sources will be employed to enable the organisation to be self-sustainable, but in a manner that ensures that the incidence of the cost is minimised on the beneficiaries of the service. These include amongst others, grants appropriated by Parliament, levies payable by community schemes, services charges and charges on accessing schemes governance documentation.

The CSOS operations will be aligned with good corporate governance principles. The principle of fairness, without favour, shall be applied to all parties cited in the dispute.

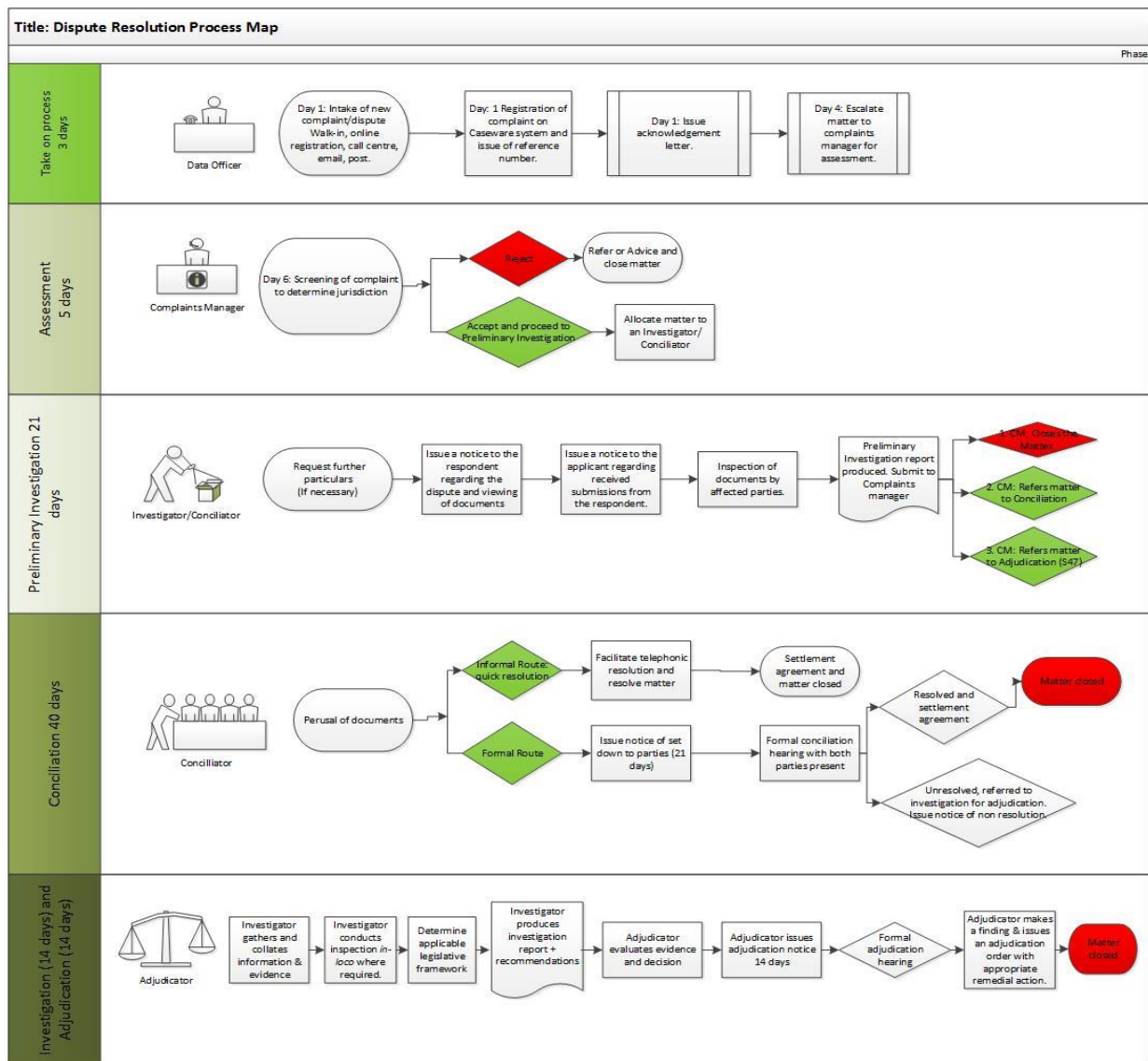


Figure 1: CSOS Dispute Resolution Model

### 1.1.3 The Social Environment

South Africa currently holds the fourth largest number of community schemes in the world. The rapid growth of community scheme living in South Africa is a sure sign of migration trends, as more and more people flock to the large urban centres of the country in search of economic - work and business - opportunities. The scarcity of land in urban centres, the cooling of resources by families and acquaintances, security concerns, and convenience of community schemes locations, are social factors that have contributed to this form of tenure, and it is likely that this growth trend will continue rather than abate.

Through its dispute resolution service and the promotion of good governance, CSOS will maintain stability and harmonious relations between the parties within community schemes. Harmonious social relations amongst parties within the community schemes are of utmost importance as they co-own and co-govern the community scheme.

#### **1.1.4 The Technological Environment**

The technological environment presents a perfect opportunity for the CSOS to tap from best-case scenarios. Appropriate technological case management and customer relationship management, as well as an integrated Enterprise Resource Planning (ERP) and Revenue Management System and capabilities, will be implemented by the organisation to effectively discharge its mandate.

Data and information will, from time to time, be gathered, collated and captured in a developed CSOS database. That database will form the cornerstone in capturing and delivering technology to be adopted and utilised by the entity when performing its mandate which includes taking custody of schemes documentation and providing access to that information to the public. CSOS information and communications technology (ICT) will be compatible with public and private sector entities' ICT systems that it will be interacting with in implementing its mandate. The existing ICT of the modern world can, therefore, be used by the CSOS as a planning and a service delivery enabler.

#### **1.1.5 CSOS Operating in a Generally Complex Environment**

It is acknowledged that CSOS is venturing in a highly complex environment, in that it is expected to deal with highly experienced and exposed community schemes when investigating, conciliating and adjudicating, as well as conducting its education and training programmes in the public space.

## 1.2 Organisational Environment

### 1.2.1 The CSOS Board of Directors

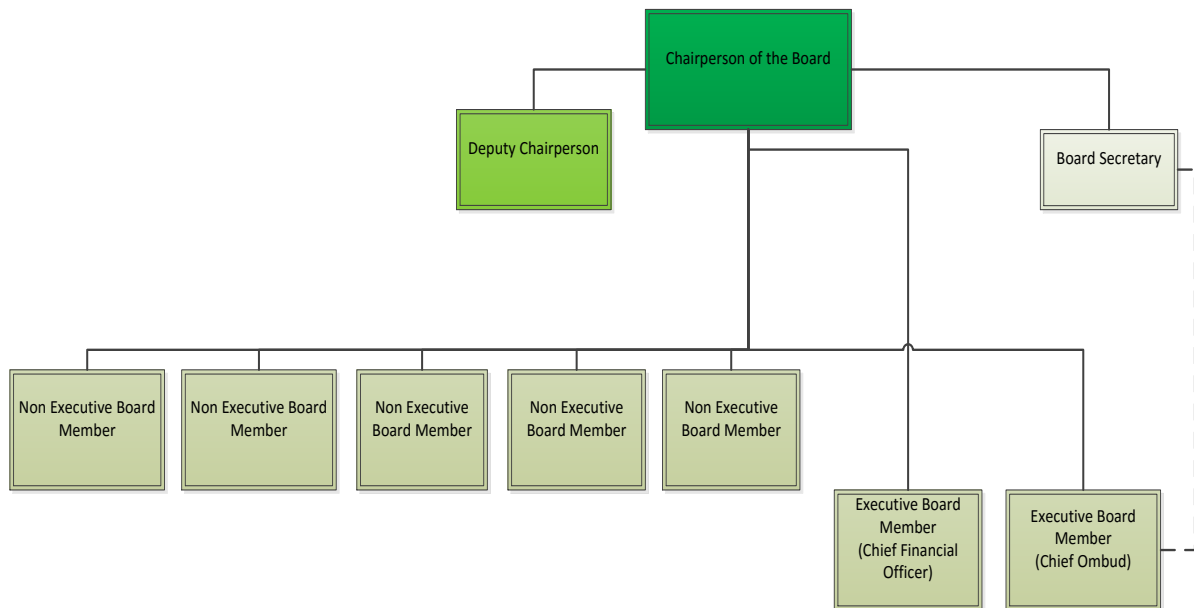


Figure 2: CSOS Board structure

The CSOS Board of Directors consists of seven (7) non-executive members and two (2) executive members i.e. the Chief Ombud and the Chief Financial Officer (see Figure 2) above. The Minister appoints the non-executive members including the Chairperson and the Deputy-Chairperson. The non-executive members hold office for a term not exceeding three (3) years. However, any non-executive member of the Board may be re-appointed but may not serve for more than two (2) consecutive terms. The non-executive members are appointed on a part-time basis and receive allowances as determined by the Minister from time to time in consultation with the Minister of Finance as required by Section 7(7) (d) of the CSOS Act, No. 9 of 2011.

The Board is representative in terms of race, gender and geographic spread. Its skills profile and experience include financial management, risk management, people management, dispute resolution in community schemes, public education and training, management of community schemes and compliance and law.

#### **The roles and responsibilities of CSOS Board include the following:**

- Giving effect to the strategy of CSOS to achieve its strategic objectives;
- Executing accounting authority to the organisation;
- Providing strategic guidance and direction to the organisation; and
- Reporting to the Minister on progress made in achieving the mandate of CSOS.

The role of the Chairperson of the Board is to Chair Board meetings with the objective:

- To create and maintain a harmonious interactive environment within the Board and between the Board and the organisation; and
- To coordinate interactions with the Minister.

The role of the Deputy Chairperson is to assume all responsibilities of the Chairperson in the absence of the Chairperson and may chair other Committees as assigned by the Board.<sup>1</sup>

The role of other Board members is to chair Committees as assigned by the Board and to perform any delegated task.

### **1.2.2 CSOS Board Committees**

To comply with corporate governance principles, CSOS has established the following Board Committees (Figures 3 – 6):

- Human Resources and Remuneration Committee;
- Audit, Risk and Ethics Committee;
- Legislation, Regulation and Adjudication Committee; and
- Finance Committee.

The Board shall assign its members to serve on these Committees on the basis of their knowledge and skills. The Board must determine:

- Each Committee's terms of reference;
- Composition;
- Report mechanisms; and
- That non-executive members must make-up the majority of a Committee.

A Committee may appoint specialists to the Committee on the basis of their technical skills and abilities. Each Committee must make recommendations to the Board for approval. Each Committee must have a special relationship with the Office of the Chief Ombud.

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<sup>1</sup> The position of Deputy-Chairperson is currently vacant.

### 1.2.3 Human Resources and Remuneration Committee

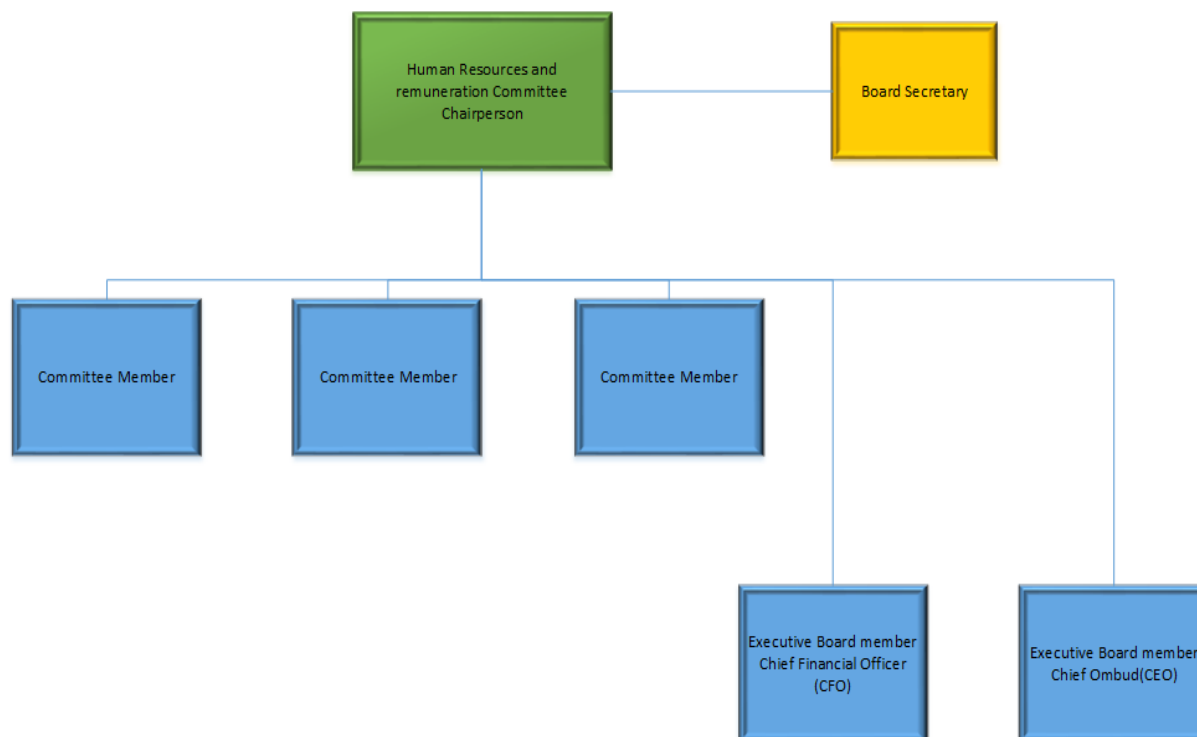


Figure 3: Human Resources and Remuneration Committee(HRREMC)

#### The Functions of the Human Resources and Remuneration Committee are:

- To ensure the organisation's financial and economic viability through the application of appropriate human resource systems and controls;
- To facilitate the development and implementation of best human resources practices, employment equity, skills development and employee relations to ensure efficient and effective delivery of services;
- To determine the remuneration policy in accordance with job grading and job evaluation system;
- To ensure organisational and individual performance through the application of performance and monitoring systems;
- To facilitate the development and implementation of a viable human resource funding model;
- To review and recommend any significant expenditure for approval to the board;
- To review and recommend any significant human capital expenditure programme;
- To review and recommend the HR budget for approval by the board; and
- To review and recommend policies for approval by the board.



### 1.2.4 Audit, Risk and Ethics Committee

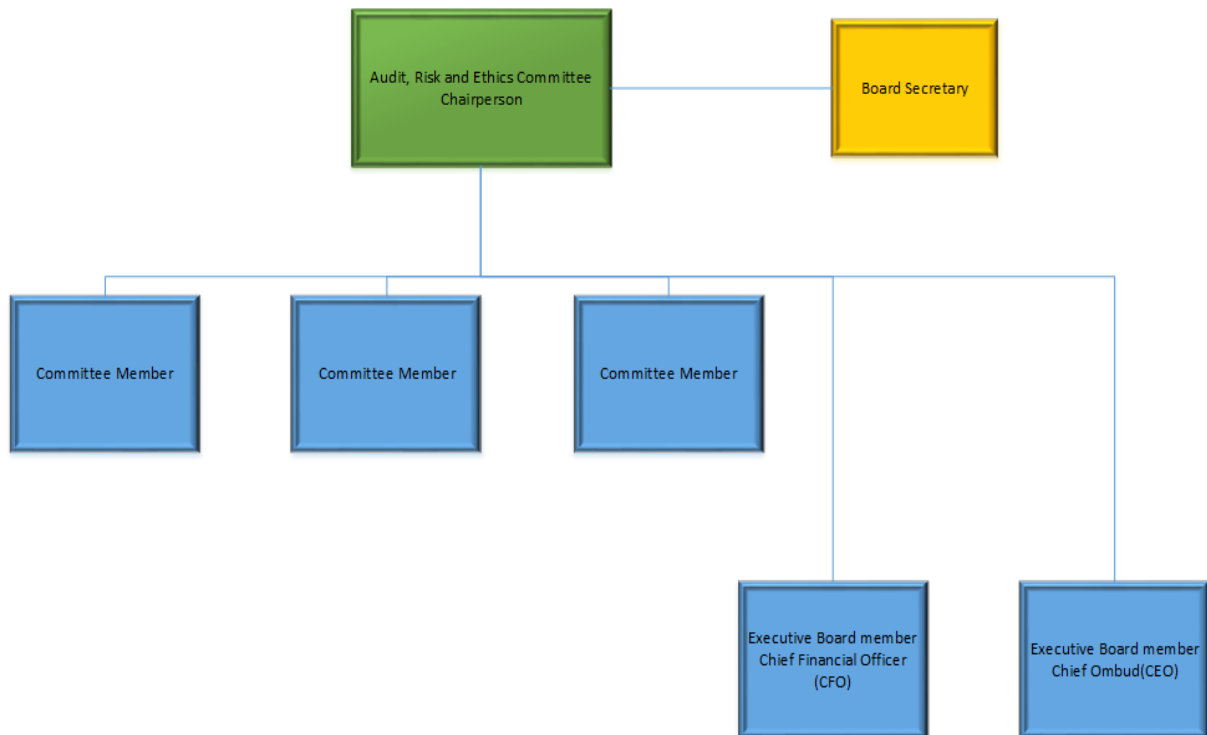


Figure 4: Audit, Risk and Finance Ethics Committee (ARECO)

#### Functions of the Audit, Risk and Ethics Committee are:

- To create a conducive working environment for the undertaking of the audit function;
- To manage and mitigate risk by facilitating the development and implementation of appropriate systems and controls;
- To ensure organisational compliance with applicable laws and regulatory frameworks; and
- To monitor implementation of the audit plan, risk management plan and fraud prevention plan;
- To ensure the implementation and adherence to CSOS values and promote ethical behaviour;
- To act as a channel of communication between the CSOS Board, management and the Internal and External Auditors.

### 1.2.5 Legislation, Regulation and Adjudication Committee

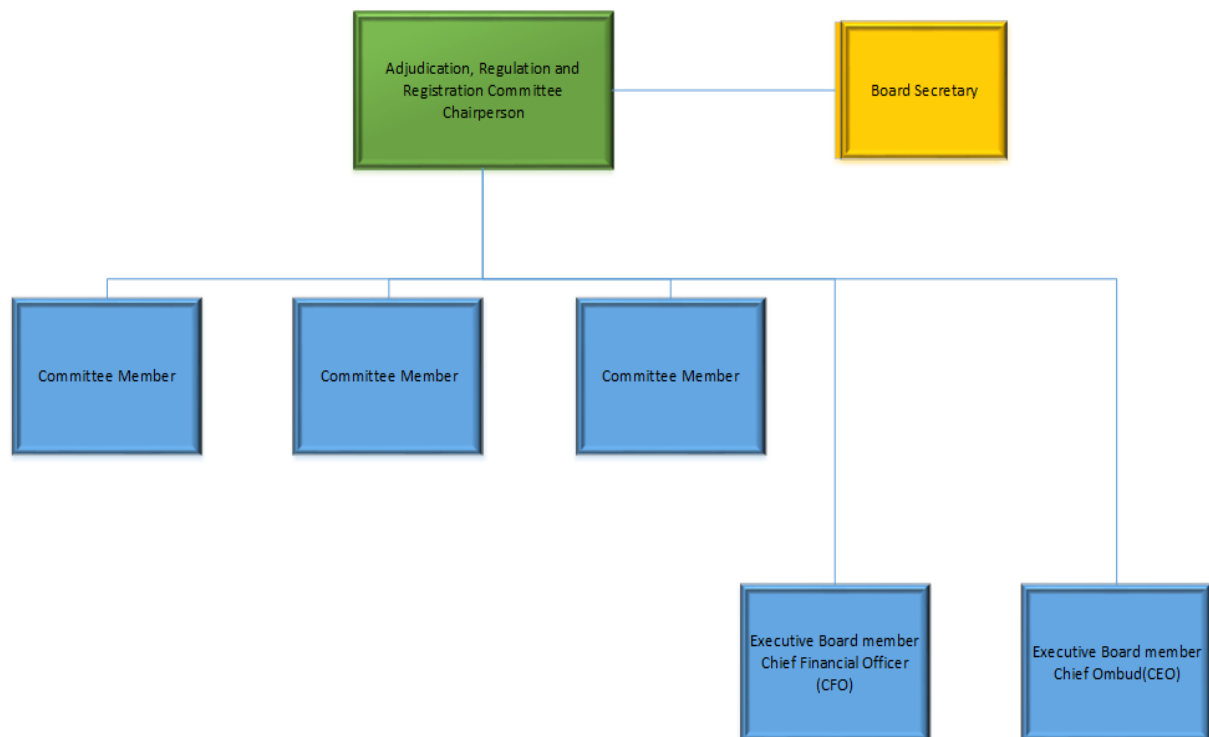


Figure 5: Legislation, Regulation and Adjudication Committee(LRACOM)

#### Functions of the Legislation, Regulation and Adjudication Committee are:

- To assist the Board to discharge its responsibility relating to the governance of community schemes and the adjudication of community scheme dispute;
- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;
- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact; and
- To coordinate the provisioning of general legal advice and contract management and administration.

### 1.2.6 Finance Committee

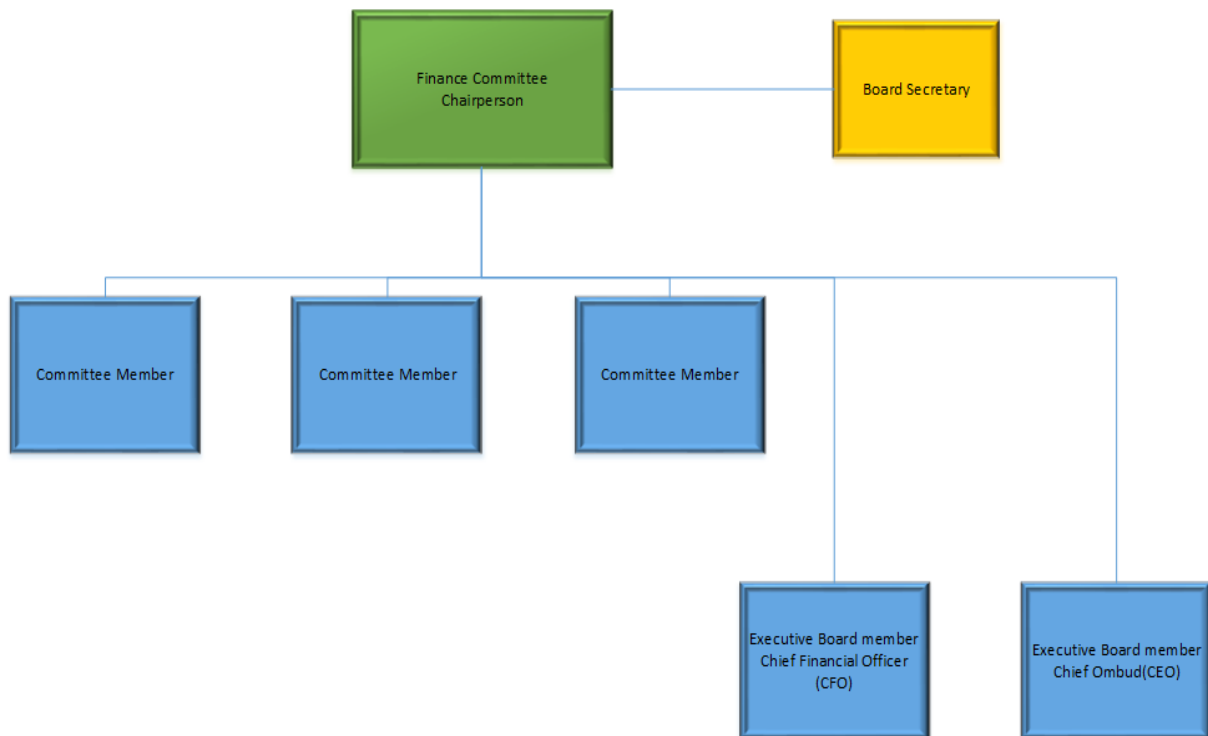


Figure 6: Finance Committee(FINCOM)

#### Functions of the Finance Committee are:

- Review management's plans to manage the service's exposure to financial risk.
- Review the CSOS' cash plan, balance sheet, and budget allocation.
- Review the CSOS' capital allocation strategy, including the cost of capital.
- Recommend investment actions to the Board of Directors.
- Review the CSOS's investment strategy, financial performance and funding.

### 1.2.7 CSOS Executive Management Committee (EXCO)<sup>2</sup>

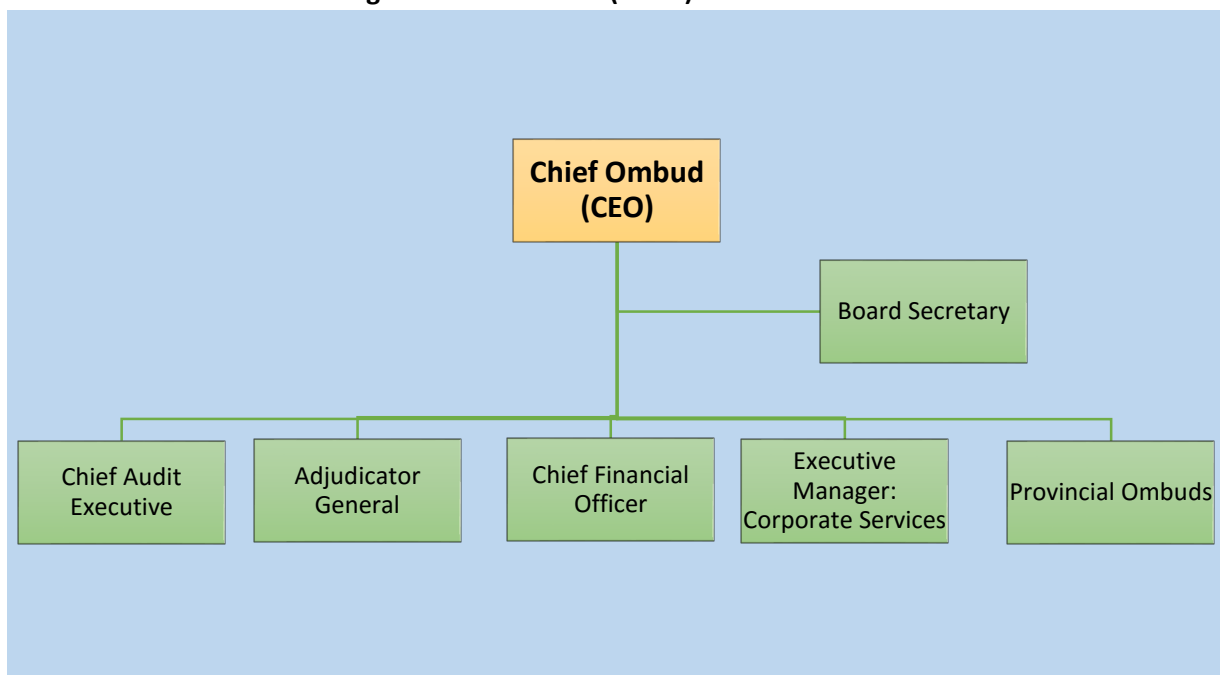


Figure 7: Executive Management Committee (EXCO)

#### The functions and purpose of the EXCO are:

- To facilitate the development and implementation of an organisational strategy supported by strategic business units and operational plans;
- To lead, plan, coordinate, manage and control the operations of the organisation;
- To facilitate the development and implementation of appropriate financial systems and controls to improve financial prudence and accountability; and
- To facilitate the development and implementation of appropriate human resources management and development practices, processes and procedures to enhance excellence and equity.

#### Role of the Chief Ombud

- The Chief Ombud is accountable to the Board through the Chairperson;

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<sup>2</sup> Although the Provincial Ombuds report directly to the Chief Ombud, they are administratively accountable to the Adjudicator General with a dotted line of reporting.

- To provide overall leadership, guidance and direction to the organisation to deliver on its mandate;
- To execute and implement the CSOS strategy supported by strategic business units, operational and individual performance plans. Ensure financial viability and efficacy of CSOS. Ensure organisational efficacy of CSOS and manage the public affairs and positively profile CSOS;
- To develop and implement strategic performance plans, risk management plans, audit plans and fraud prevention plans for the organisation;
- Develop/Improve/ Implement the overall CSOS Performance Management System;
- To develop and implement appropriate financial and human resources policies, processes and procedures to promote organisational, economic and financial performance;
- Ensure the operational delivery of the CSOS programmes;
- To regularly submit/present reports to NDHS/Parliamentary Committee/s; and
- To chair EXCO (a reference to Figure 7 above) and present organisational reporting to the Board, including attending to State matters as per the Board's Delegation of Authority.

## **1.2.8 CSOS Functional Divisions and Units**

### **1.2.7.1. Internal Audit**

The Purpose and Functions of the Internal Audit division are:

- Develops and implements the three-year rolling CSOS Audit Plans;
- Conducts internal audits in accordance with the standards set by the Institute of Internal Auditors;
- Has explicit authority to investigate matters within its powers as identified in a written terms of reference;
- Reports to the Audit Committee issues affecting the entire CSOS;
- Evaluates and improves the effectiveness of risk management processes and controls, including areas likely to open CSOS to fraud and corruption; and
- Timely engages with CSOS Board appointed external auditors and documentation.

### **1.2.7.2. Adjudication and governance services**

The Purpose and Functions of the Adjudication/Governance Services and Provincial Ombud offices are:

- To develop and implement guidelines for the promotion of good governance of community schemes;
- To co-ordinate dispute resolution services;
- To co-ordinate the conducting of research and monitoring and evaluation of the activities of the organisation to assess its impact; and
- To coordinate the provisioning of general legal advice and contract management and administration.
- The Provincial Ombud will perform the following tasks:
  - Operate in line with the CSOS overall strategic thrusts and programmes;
  - Operate with necessary budget – with timely prepared and submitted operational plans for each Provincial Ombud Office;
  - It is adequately staffed and resourced to attend to basic tasks as espoused in CSOS strategic documents;
  - Regularly report on performance trends depicted in CSOS strategic documents and/or mandate;
  - Regularly participates in EXCO activities and those of the Board Committees as and when necessary to do so;
  - To provide overall leadership, administration and management of the affairs of Provincial Offices;
  - Staff performance assessments.
  - Regularly report on performance trends depicted in CSOS strategic documents and/or mandate;
  - Ensure accuracy and safekeeping of records in their Provincial Offices.
  - Stakeholder management;
  - Creation of awareness and public participation; and
  - Provide support services in Regions where Ombud services are not yet established.

Each Ombud Office is assigned specific responsibility to perform within the province where they are located and deal directly with matters arising out of provinces that are without Ombud Offices. Information sourced from sub-provincial areas will be documented in a manner that will assist CSOS in motivating for the establishment of other Provincial Offices, including costed models and institutional arrangements.

#### **1.2.7.3. Chief Financial Officer**

The Purpose and Functions of the Chief Financial Officer division are:

- To develop and implement systems, controls and measures and policies to promote prudent and accountable financial and accounting management practices and procedures;
- To develop and implement appropriate supply chain management policies, processes and procedures to promote fair and competitive bidding process; and
- To enhance prudent budget planning and control systems, processes and practices; and financial compliance and reporting.
- IT and ICT functional management
  - Develop and align ICT strategy to CSOS business strategy and implement
  - Systems deployment and support
  - ICT-related project management
  - Identify and mitigate ICT related risk and ensure good governance of ICT resources
  - ICT policies development and implementation

#### **1.2.7.4. Executive Manager: Corporate Services**

The Purpose and Functions of the Corporate Services division are:

- Human Resource Management and Development
  - Skills audit, personnel training and development
  - HR Planning
  - Labour matters and related compliance
  - Staff assessments
  - Organisational development and related evaluations
- Communications and Marketing
  - Internal and external communication
  - Marketing of CSOS products and services
  - Creation of awareness and public participation
  - Stakeholder communication and engagement
- Facilities functional management

## 2. Revisions to legislative and other mandates

The Community Schemes Ombud Service Act, 2011 (Act No 9. of 2011) and the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) with respective Regulations, were proclaimed on 07 October 2016. This means that CSOS became officially and legally operational. Other Primary legislations that apply to CSOS are as follows:

- Public Finance Management Act, 1999 (Act No 1 of 1999)
- Sectional Titles Act, 1986 (Act No 95 of 1986)
- Share Blocks Control Act, 1980 (Act No. 59 of 1980)
- Housing Development Schemes For Retired Persons Act, 1988 (Act No 65 of 1988)
- South African Co-operatives Act, 2005 (Act No. 14 of 2005)

## 3. Overview of the 2017/18 budget and MTEF estimates

### 3.1. Expenditure estimates by Programme

Table 1: Programme Expenditure Split

ESTIMATES BY PROGRAMME	2015/16	2016/17	2017/18	Quarterly Breakdown (2017/18)				2018/19	2019/20
	Audited Actuals	Current Budget	Approved Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	MEDIUM TERM EXPENDITURE ESTIMATES (MTEF)	
	(R')	(R')	(R')	(R')	(R')	(R')	(R')	(R')	(R')
Administration	41,001,051	24,757,702	17,289,000	4,322,250	4,322,250	4,322,250	4,322,250	18,299,000	19,083,000
Regulation	13,336,000		17,469,000	4,367,250	4,367,250	4,367,250	4,367,250	18,867,000	20,376,000
Education and Training	3,767,169		4,845,000	1,211,250	1,211,250	1,211,250	1,211,250	5,232,000	5,651,000
<b>Total</b>	<b>58,104,220</b>	<b>24,757,702</b>	<b>39,603,000</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>42,398,000</b>	<b>45,110,000</b>



### 3.2. The Income streams, including the charges to the National Revenue Fund

Income Streams		Audited Actuals	Latest Estimates	APPROVED BUDGET	MTEF ESTIMATES	
		2015/16	2016/17	2017/18	2018/19	2019/20
		(R')	(R')	(R')	(R')	(R')
		40,835,000	25,468,000	39,603,000	42,328,000	45,110,000
Government Grant		39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
CSOS Levy Income			0	8,500,000	9,350,000	10,285,000
CSOS Documentation Fees			0	0	0	0
CSOS Service Fees			0	0	0	0
Interest Income		1,141,000	1,548,000	1,703,000	1,873,000	1,978,000
Budget Commitments from Prior Year		0		0	0	0
Other Income		173,000	0	0	0	0

The projected CSOS levy income for 2017/18 is budgeted at R 8 500 000.00 as recommended by the National Treasury on submission of the approved Estimates for National Expenditure (ENE).

### 3.3. Expenditure trends related to strategic outcomes

The 2017/18 expenditure splits per the CSOS strategic objectives for the approved budget are shown below:

SO#	Strategic Objective	Amount
<b>SO1</b>	Provide a Dispute Resolution service for Community Schemes in South Africa	<b>R 16 369 000</b>
<b>SO2</b>	Take custody and control of Community Schemes' governance documentation	<b>R 4 845 000</b>
<b>SO3</b>	Ensure that the CSOS is an efficient, effective and sustainable organization	<b>R 16 093 000</b>
<b>SO4</b>	Promote good governance in Sectional Titles and other Community Schemes	<b>R 1 100 000</b>
<b>SO5</b>	Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa	<b>R 1 196 000</b>

## PART B: PROGRAMME AND SUBPROGRAMME PLANS

### The CSOS Strategic Objectives (SO) are as follows:

**SO1:** Provide a Dispute Resolution service for Community Schemes in South Africa

**SO2:** Take custody and control of Community Schemes' governance documentation

**SO3:** Ensure that the CSOS is an efficient, effective and sustainable organisation

**SO4:** Promote good governance in Sectional Titles and other Community Schemes

**SO5:** Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

The CSOS Strategic Objectives have all been classified under the Administration Programme of the Department of Human Settlements. Internally, the CSOS executes the Strategic Objectives under 3 sub-programmes as shown below:

**Table 3: Sub-Programme classification of Strategic Objectives**

SUB-PROGRAMME	CSOS STRATEGIC OBJECTIVE
Operational Efficiency and Effectiveness	SO3
Regulatory Activities	SO1, SO2, SO4
Education and Training activities	SO5

## 4. Programmes, Performance Indicators, Budgets, Quarterly target information<sup>3</sup>

### SUB-PROGRAMME: REGULATORY ACTIVITIES

**STRATEGIC OBJECTIVE 1:** Provide a Dispute Resolution service for Community Schemes in South Africa

### **PURPOSE:**

- Provide a Dispute Resolution services to all Community Schemes in South Africa
- Maintain an effective, professional, and transparent dispute resolution service

**Table 4 :Strategic Objectives Annual targets - SO1**

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<sup>3</sup> NOTE: The annual targets of the Strategic Objective deliverables below will be revised in the Mid-Term Review of 2017/18 once the CSOS has started collecting the CSOS Levy and collections are aligned to the Estimated Budget more than the Approved Budget.

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Estimated Performance	Planned Targets	Medium-Term Targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Provide a Dispute Resolution service for Community Schemes in South Africa	Number of disputes targeted for resolution within specified service levels as per the approved Dispute Resolution (DR) model	Dispute resolution model developed	600 Disputes targeted for resolution through Conciliation within 40 days for 80% of cases received.	600 Disputes targeted for resolution through conciliation at specified service levels per Dispute Resolution model.	700 <sup>4</sup> Disputes targeted for resolution at specified service levels as per the Dispute Resolution model.	800 Disputes targeted for resolution at specified service levels as per the Dispute Resolution model.	900 Disputes targeted for resolution at specified service levels as per the Dispute Resolution model.
<b>BUDGET INFORMATION</b>							
• Dispute Resolution Services		n/a	n/a	n/a	R 9 817 489	R 10 800 000	R 11 900 000

### Quarterly Targets.

Table 5: Quarterly Target Information SO1

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Number of disputes targeted for resolution within specified service levels as per the approved Dispute Resolution (DR) model	Quarterly	700 Disputes targeted for resolution at specified service levels as per the Dispute Resolution model.	175 Disputes Resolved	175 Disputes Resolved	175 Disputes Resolved	175 Disputes Resolved
<b>QUARTERLY BUDGET INFORMATION</b>						
		R 9 817 489 (Annual)	R 2 454 372	R 2 454 372	R 2 454 372	R 2 454 372

<sup>4</sup> The number of disputes resolves is dependent on the number of applications for dispute lodged with the CSOS which the CSOS has no control over

## **SUB-PROGRAMME: REGULATORY ACTIVITIES**

### **STRATEGIC OBJECTIVE 2: Take custody and control of Community Schemes' Governance Documentation**

#### **PURPOSE:**

- Record and create a database of all existing and new schemes governance documentations as received from the community schemes and other entities.
- Provide quality assurance to the schemes governance documentation received by the CSOS.
- Implement a schemes governance records management and documentation system.
- Ensuring that the documentation is adequately secured, protected and easily accessible in a cost-effective manner.

**Table 6 : Strategic Objectives Annual targets – SO2**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Take custody and control of Community Schemes' governance documentation	Database of all community schemes governance documentation	Draft Memorandum of Understanding with the Department of Rural Development and Land Reform (DRDLR)	MoU between Ministries (DRDLR / Department of Human Settlements (DHS) finalised	MoU between entities (CSOS/DRDLR) is signed	20 000 governance documentation targeted to be reviewed and recorded on the database	40 000 governance documentation targeted to be reviewed and recorded on the database	60 000 governance documentation targeted to be reviewed and recorded on the database
	Certificate issued for community schemes governance documentation that has been quality assured	Activity not yet commenced	Activity not yet commenced	Activity not yet commenced	20 000 Certificates targeted to be issued for community schemes governance documentation that has been quality assured	40 000 Certificates targeted to be issued for community schemes governance documentation that has been quality assured	60 000 Certificates targeted to be issued for community schemes governance documentation that has been quality assured

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
BUDGET INFORMATION							
• Schemes Governance Management		R0	R0		R4 845 000	R 6 056 250	R 6 056 250

**Table 7: Quarterly Target Information SO2**

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Database of all community schemes governance documentation	Quarterly	20 000 governance documentation targeted to be reviewed and recorded on the database	5 000 governance documentation reviewed and recorded on the database	5 000 governance documentation reviewed and recorded on the database	5 000 governance documentation reviewed and recorded on the database	5 000 governance documentation reviewed and recorded on the database
Certificate issued for community schemes governance documentation that has been quality assured		20 000 Certificates targeted to be issued for new community schemes governance documentation that has been quality assured	5 000 certificates issued to new Community Schemes that have been quality assured	5 000 certificates issued to new Community Schemes that have been quality assured	5 000 certificates issued to new Community Schemes that have been quality assured	5 000 certificates issued to new Community Schemes that have been quality assured
QUARTERLEY BUDGET INFORMATION						
		R4 845 000 (Annual)	R 1 211 250	R 1 211 250	R 1 211 250	R 1 211 250

## **PROGRAMME: ADMINISTRATION**

### **STRATEGIC OBJECTIVE 3: Ensure that the CSOS is an efficient, effective and sustainable organisation**

#### **PURPOSE:**

- To ensure that the CSOS is relevant, trusted, compliant and circumspect with the use of public funds, and generates sufficient and sustainable own income through its funding models.
- Ensure that the CSOS is accessible to the public at large nationally
- To ensure that the provisioning of goods and services is done in a compliant, fair and transparent manner.
- To ensure that the assets of the organization are properly managed and safeguarded.
- To provide for early identification of risks and management thereof.
- To provide effective Board oversight, and Management and Administrative processes and reporting.
- To maintain an adequate human capital capability to effectively execute the mandate of the CSOS.
- To provision and maintenance of information technology (IT) required in order for the CSOS to deliver on its mandate effectively and efficiently.

**Table 8 : Strategic Objectives Annual targets – SO3**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Ensure that the CSOS is an efficient, effective and sustainable organisation	Number of functional facilities available and accessible to members of the public, to deliver the	Established Head Office	3 Provincial offices established (Gauteng, Kwa-Zulu Natal and Western Cape as Hub offices for all Provinces	Review the adequacy of the existing operating model (policies, processes, and procedures)	Three (3) CSOS points of presence targeted for establishment <sup>5</sup>	Three (3) CSOS points of presence targeted for establishment	Three (3) CSOS points of presence targeted for establishment

<sup>5</sup> The CSOS is working together with provincial offices of the DoHS to negotiate points of presence to be seconded to the organisation in an effort to increase accessibility to CSOS information and assistance. These would include resources and any tools of trade needed for this resources to provide assistance to the public at large. There will therefore be minimal, or no setting up fees towards this initiative

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Audited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	CSOS services, at a high level of effectiveness						
	Developed and approved Revenue Management model	Dispute Resolution Funding model drafted	Development of the CSOS Funding model (including the DR Levy, Documentation Fee structure, and Service Fee)	Drafted and Board approved Revenue Management Framework	Implemented Revenue Management Model in Collection arrangement	Review the Revenue Management Model	Review the Revenue Management Model
<b>BUDGET INFORMATION</b>							
• CSOS points of presence			R 0	R1 200 000	<b>R1 500 000</b>	R0	R0
• Implemented revenue management framework			<b>R0</b>	R35 000	<b>R40 000</b>	R0	R0

**Table 9: Quarterly Target Information SO3**

Key Performance Indicators	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Number of functional facilities available and accessible to members of the public, to deliver the CSOS services, at a high level of effectiveness	Quarterly	Establish viable CSOS points of presence in 3 provinces	No activity in this quarter	Establish 1 visible CSOS point of presence in a province	Establish 1 visible CSOS point of presence in a province	Establish 1 visible CSOS point of presence in a province
Implemented Revenue Management Model (Funding)	Quarterly	Implemented Revenue Management Model in Collections	R 2 125 000 Collected as CSOS Levy Income	R 2 125 000 Collected as CSOS Levy Income	R 2 125 000 Collected as CSOS Levy Income	R 2 125 000 Collected as CSOS Levy Income
<b>QUARTERLEY BUDGET INFORMATION</b>						
		<b>R0</b>	<b>R 0</b>	<b>R 0<sup>6</sup></b>	<b>R 0</b>	<b>R 0</b>

<sup>6</sup> CSOS does not expect to spend any money in establishing points of presence as stated above

## **PROGRAMME: REGULATION**

### **STRATEGIC OBJECTIVES 4: Promote good governance in Sectional Titles and other community schemes**

#### **PURPOSE:**

- Ensure the registration of all Community Schemes in South Africa
- Manage the Advisory Panel established in terms of the STSM Act

**Table 10: Strategic Objectives Annual targets – SO4**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Promote good governance in Sectional Titles and other Community Schemes	Schemes governance documentation frameworks developed	Activity not yet commenced	Activity to commence in 2016/17	Develop strategy/framework for Community Schemes governance documentation	Implement strategy/framework for Community Schemes governance documentation	Review the strategy/framework for community schemes governance documentation	Review the strategy/framework for community schemes governance documentation
	Established database of community schemes, and their Management Agencies	Activity is not yet commenced, planned for 2015/16	Develop the forms, templates records management framework to register and maintain records of Community Schemes and their management agents	50 000 community schemes and their managing agents targeted for registration in the database	20 000 community schemes and their managing agents targeted for registration in the database <sup>7</sup>	40 000 community schemes and their managing agents targeted for registration in the database	60 000 community schemes and their managing agents targeted for registration in the database

<sup>7</sup> Note: The NDoHS was able to second its employees to the CSOS to assist with the registrations process at no cost to the CSOS. These employees are expected to continue the task of schemes registration into the 2017/18 year.



Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
BUDGET INFORMATION							
• Registration of community schemes			R 0	R1 200 000	R1 100 000*	R990 000	R990 000

**Table 11: Quarterly Target Information SO4**

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1st	2nd	3rd	4th
Established database of community schemes, and their Management Agencies	Quarterly	20 000 community schemes and their managing agents targeted for registration in the database	5 000 community schemes and their managing agents registered in the database	5 000 community schemes and their managing agents registered in the database	5 000 community schemes and their managing agents registered in the database	5 000 community schemes and their managing agents registered in the database
<b>QUARTERLEY BUDGET INFORMATION</b>						
		R 1 100 000 (Annual)	R 275 000	R 275 000	R 275 000	R 275 000

### **SUB-PROGRAMME: EDUCATION AND TRAINING**

**STRATEGIC OBJECTIVES 5:** Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa

#### **PURPOSE:**

- Expose a range of housing consumers to consumer education
- Conduct training and education to Adjudicators, Conciliators, and other stakeholders
- Conduct broad-based education programmes on the rights and responsibilities that come with living within a Community Scheme to owners, residents and potential new home owners
- Ensure Inter-Agency Training is conducted in conjunction with the Department and all its agencies

**Table 12: Strategic Objectives Annual targets – SO5**

Strategic Objective	Key Performance Indicators	Actual - Audited	Actual - Unaudited	Estimated Performance	Planned Targets	Medium-term targets	
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Provide <sup>8</sup> stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa	Number of consumer awareness campaigns	Activity not yet commenced	1 consumer awareness campaign (Regulations public awareness)	2 consumer awareness campaign activations	1 consumer awareness campaign with 2 activations (Print)	1 consumer awareness campaigns with 4 activations (Radio, Print, Online and TV)	1 consumer awareness campaigns with 4 activations (Radio, Print, Online and TV)
	Number of stakeholder engagement campaigns	Activity not yet commenced	Activity not yet commenced	Activity not yet commenced	12 Stakeholder engagement events	12 Stakeholder engagement events	12 Stakeholder engagement events
<b>BUDGET INFORMATION</b>							
Consumer awareness campaigns		0	R1 001 764	1 200 000	R 1 196 000	R 1 315 600	R 1 117 160

The CSOS is engaging other agencies within the Department of Human settlements and has finalised a framework of co-operation between the agencies. This has allowed the CSOS to:

- Develop frameworks of co-operation between the agencies;
- Align legislations, policies and regulations with the existing agencies; and
- Develop a training plan for the agencies including Rental Housing Tribunals;

The CSOS reports on the progress of these inter-actions quarterly in its Quarterly report but progress is slow given the current financial constraints of the organisation.

Inter-Agency cooperation will form part of the KPI's of the CSOS in future when the organisation is more stable financially and can deliver the training in a more robust and effective way.

<sup>8</sup> Training forms part of this strategic objective but has been deferred to the outer MTEF years pending financial stability

**Table 13: Quarterly Targets Information – SO5**

Performance Indicator	Reporting period	Annual Target	Quarterly targets			
			1 <sup>st</sup>	2nd	3rd	4th
Number of consumer awareness campaigns	Quarterly	1 consumer awareness campaign with 2 activations (Print)	N/A	1 consumer awareness activation	N/A	1 consumer awareness activation
Number of stakeholder engagement campaigns	Quarterly	12 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events	3 Stakeholder engagement events
<b>QUARTERLEY BUDGET INFORMATION</b>						
			R 100 000	R 498 000	R 100 000	R 498 000

## PART C: LINKS TO OTHER PLANS

### 5. CSOS Links to other plans

The CSOS does not link directly to any housing delivery plans. However, for purposes of delivering its own services, a number of capitalizable items are required. These are summarised in their classification below.

Capital Goods		Audited Actuals	Latest Estimates	APPROVED BUDGET	MTEF ESTIMATES	
		2015/16	2016/17	2017/18	2018/19	2019/20
Furniture and Fittings (incl. Leasehold improvements)		554,000	1,002,000	550,000	605,000	665,500
Computer Equipment		895,000	6,723,000	3,454,000	3,799,400	4,179,340
Office Machinery and Equipment		245,000	0	0	0	0
Computer Software		170,000	4,432,000	750,000	825,000	907,500
Motor Vehicles						

# **ANNEXURES**

## **ANNEXURE A: Planning Context**

### **6. Mandate**

#### **6.1. Purpose of the CSOS Act**

The Purpose of the CSOS Act is to provide:

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

#### **6.2. Establishment of CSOS**

- Section 3 (1) of the CSOS Act states *“there is hereby established a juristic person to be known as the Community Schemes Ombud Service”*;
- Section 3 (2) of the Act states that the CSOS *operates as a national public entity listed in terms of the Public Finance Management Act (PFMA) with its executive authority vested in the Minister*;
- Section 3 (3) states that the CSOS *must establish a national head office and, where necessary, Provincial offices*; and
- Section 3(4) states that *the provisions of the PFMA apply to CSOS*.

#### **6.3. Functions of CSOS**

##### **6.3.1. 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 the quality of schemes governance*; and
- (d) *Take custody of, preserve and provide public access electronically or by other means to the scheme governance documentation.*

##### **6.3.2. 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 those rights and obligations;*
- (c) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.*

## **7. Vision**

To provide a world class dispute resolution service within community schemes.

## **8. Mission**

To facilitate and maintain a world-class dispute resolution service to promote good governance of community schemes by providing education and training to all relevant stakeholders.

## **9. Strategic intent**

To enhance vibrant community schemes as an alternative tenure option for most citizens within South Africa.

## **10.Values**

- Service Excellence: The CSOS will provide the best dispute resolution services to its clients in a timely and responsive manner.
- Independence: The CSOS will act independently and objectively in the undertaking of its activities.
- Transparency: The CSOS will execute its functions in an open and transparent manner and ensures that it is easily accessible to its clients.
- Integrity: The CSOS will strive to execute its functions in an honest, ethical, transparent and reliable manner.
- Innovation: The CSOS will strive to apply innovative capabilities to improve its service delivery.
- Fairness: The CSOS will make decisions in a fair and impartial manner.

## 11.CSOS Strategic Objectives



Figure: CSOS Strategic Objectives (SOs)

Table 2: Budget Programmes

PROGRAMME	STRATEGIC OBJECTIVES
Administration	<ul style="list-style-type: none"> <li>Ensure that CSOS is an efficient, effective and sustainable organisation (<b>SO3</b>)</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>Provide a dispute resolution service to Community schemes in South Africa (<b>SO1</b>)</li> <li>Take custody and control of Community Schemes' governance documentation (<b>SO2</b>)</li> <li>Promote good governance in Sectional Titles and other Community Schemes(<b>SO4</b>)</li> </ul>
Education and Training	<ul style="list-style-type: none"> <li>Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa (<b>SO5</b>)</li> </ul>

## **ANNEXURE B: Technical Indicators**

### **SO1: Provide a Dispute Resolution service for Community Schemes in South Africa**

<b>Indicator title</b>	<b>Dispute Resolution</b>
Short definition	Number of disputes resolved within specified service levels per the approved Dispute Resolution (DR) model
Purpose/ Importance	The dispute resolution avenue of conciliation is the most amicable and for that reason the CSOS shall endeavour to resolve the majority of disputes through that channel so as to maximise harmony and promote peaceful coexistence in community schemes
Source / collection of data	Case resolution reports
Method of calculation	Approved EXCO reports on the cases resolved through this channel. Count number of cases settled in the records
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
<b>Desired performance</b>	<b>700 Disputes resolved at specified service levels per DR model.</b>
Indicator responsibility	Adjudicator and Governance business unit – Dispute Resolution unit

### **SO2: Take custody and control of Community Schemes’ governance documentation**

<b>Indicator title</b>	<b>Schemes governance documentation</b>
Short definition	Develop and populate a database of Schemes Governance Documents
Purpose/ Importance	The CSOS Act requires that all the Community Schemes’ governance be in the custody of the CSOS.
Source / collection of data	Check records/reports/return reports from the Adjudicator General’s office, and count of scheme documents, that are captured fully.
Method of calculation	Count number of schemes documentation captured in the database.
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No

Indicator title	Schemes governance documentation
New indicator	Yes
Desired performance	<b>20 000 Schemes Governance documents recorded on the database.</b>
Indicator responsibility	Adjudicator and Governance business unit – Dispute Resolution unit

Indicator title	Certification of schemes
Short definition	Certify all schemes that have been registered on the CSOS database and documents quality assured.
Purpose/ Importance	The CSOS Act requires that all the Community Schemes' be registered and certified once its governance documentation has been quality assured
Source / collection of data	Check records/reports/return reports from the Adjudicator General's office, and count of the number of certificates that have been issued to schemes
Method of calculation	Count number of certificates issued to schemes
Data limitations	Output
Type of indicator	Cumulative – for the year
Calculation type	Quarterly
Reporting cycle	No
New indicator	Yes
Desired performance	<b>20 000 Certificates issued for community schemes governance documentation that have been quality assured</b>
Indicator responsibility	Adjudicator and Governance business unit – Dispute Resolution unit

### **SO3: Ensure that the CSOS is an efficient, effective and sustainable organisation**

Indicator title	Policy Reviews
Short definition	Review the adequacy of the existing operating model (policies, processes, and procedures)
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation
Source / collection of data	The report will be collected from the CEO's office
Method of calculation	Report and Resolution from the EXCO confirming the adequacy of the policies for the organisation phase.



Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
<b>Desired performance</b>	<b>Adequacy report from EXCO, including a Service Charter</b>
Indicator responsibility	Chief Ombud

<b>Indicator title</b>	<b>Revenue Management Framework</b>
Short definition	Drafted and Board approved Revenue Management Framework
Purpose/ Importance	To ensure that the CSOS is an effective and efficient organisation in managing its Revenue resources
Source / collection of data	The report will be collected from the CFO's office
Method of calculation	The number of Revenue Management policies approved by the Board or one comprehensive policy approved
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year (Non-Financial)
Reporting cycle	Quarterly
New indicator	Yes
<b>Desired performance</b>	<b>Policy(ies) covering elements of Cash Collection, Banking, Debtors Management, funds withdrawals/transfers and Investments</b>
Indicator responsibility	Chief Financial Officer

**SO4: Promote good governance in Sectional Titles and other community schemes**

Indicator title	Schemes Governance Database
Short definition	Register community schemes and their managing agents in the CSOS database
Purpose/ Importance	The CSOS is required to register all community schemes in South Africa, and have a database of their records and their managing agents
Source / collection of data	Database report
Method of calculation	Count number of community schemes registered in the database
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	<b>20 000 community schemes and their managing agents registered in the database</b>
Indicator responsibility	Adjudicator and Governance business unit

**SO5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa**

Indicator title	Public Outreach
Short definition	Conduct consumer awareness campaigns
Purpose/ Importance	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 harmonizing that human settlements sector
Source / collection of data	Number of campaigns
Method of calculation	Count number of consumer awareness initiatives
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No

<b>Desired performance</b>	<b>2 print campaign activations conducted during the year</b>
Indicator responsibility	Marketing and Communications business unit

<b>Indicator title</b>	<b>Stakeholder Engagement</b>
Short definition	Conduct stakeholder engagement campaigns
Purpose/ Importance	The CSOS is required to all stakeholders regarding any concerns, questions and recommendations regarding the CSOS, its mandate and any other legal interpretations regarding all CSOS legal documentation. The intention is to clarify any misconception and misunderstandings regarding any aspect of the CSOS.
Source / collection of data	Number of campaigns
Method of calculation	Count number of stakeholder engagement campaigns
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	Yes
<b>Desired performance</b>	<b>12 stakeholder engagement events executed during the year</b>
Indicator responsibility	Adjudicator and Governance business unit

## **ANNEXURE C: Budget Information**

### Introduction

The CSOS was able to achieve critical milestones in the path to full operational well-being in that the CSOS/STSM Act Regulations were promulgated and the CSOS Act, as well as the STSM Act, were both proclaimed and signed by the State President. These were subsequently published in the Government Gazette meaning:

- The collection of the levy will legally commence 3 months from the date of publication;
- The registration of schemes will commence 30 days from the date of publication;
- The filing of schemes documentation will commence 3 months from the date of publication.

The operational support from the DoHS was evident and critical towards achieving the above mentions milestones.

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

The CSOS has prioritised the state of operational readiness of the entity and the below financials are taking into account the recent realities of the ability to add additional income streams to the books of the organisation as well as kick off the execution of core projects and also resume any programs that were halted by the austerity measures that were imposed by the lack of funds. In the 2017/18 year, the CSOS sees itself operating in full gear in executing its core mandate and meeting its strategic objectives.

Income Statement	Audited Actuals	Latest Estimates	APPROVED BUDGET	QUARTERLY BREKDOWN						MTEF ESTIMATES	
	2015/16	2016/17	2017/18	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total		2018/19	2019/20
	40,835,000	25,468,000	39,603,000	9,900,750	9,900,750	9,900,750	9,900,750	39,603,000		42,328,000	45,110,000
Government Grant	39,521,000	23,920,000	29,400,000	7,350,000	7,350,000	7,350,000	7,350,000	29,400,000		31,105,000	32,847,000
CSOS Levy Income		0	8,500,000	2,125,000	2,125,000	2,125,000	2,125,000	8,500,000		9,350,000	10,285,000
CSOS Documentation Fees		0	0	0	0	0	0	0		0	0
CSOS Service Fees		0	0	0	0	0	0	0		0	0
Interest Income	1,141,000	1,548,000	1,703,000	425,750	425,750	425,750	425,750	1,703,000		1,873,000	1,978,000
Budget Commitments from Prior Year	0		0	0	0	0	0	0		0	0
Other Income	173,000	0	0	0	0	0	0	0		0	0
<b>Operating Expenses</b>	<b>51,504,000</b>	<b>40,059,000</b>	<b>39,603,000</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>9,900,750</b>	<b>39,603,000</b>		<b>42,328,000</b>	<b>45,110,000</b>
Staff Costs	30,464,000	31,204,000	33,700,000	8,425,000	8,425,000	8,425,000	8,425,000	33,700,000		36,396,000	39,308,000
Operational costs	7,901,000	3,059,000	264,000	66,000	66,000	66,000	66,000	264,000		285,000	308,000
Marketing and Communications	657,000	989,000	296,000	74,000	74,000	74,000	74,000	296,000		0	0
Training and Education	3,390,000	410,000	0	0	0	0	0	0		0	0
Travelling and Accommodation	2,695,000	1,008,000	1,165,000	91,250	291,250	291,250	291,250	1,165,000		1,135,000	621,000
Board expenses	671,000	1,200,000	0	0	0	0	0	0		0	0
Facilities and infrastructure	3,187,000	2,189,000	4,178,000	1,044,500	1,044,500	1,044,500	1,044,500	4,178,000		4,512,000	4,873,000
General and administration	2,539,000	0	0	0	0	0	0	0		0	0

The 2017/18 budget and targets are activated with the budget approved by national treasury via the ENE submission. This depicts R8 500 000.00 levy collection income for the year. Even with the additional income to the government grant, the organisation will still be at a shortfall to meet all its operational mandates of executing its strategic programs as shown in **Part B** above. The organisation will need to strive to collect more than budgeted in order to meet all its strategic obligations and targets for the 2017/18 year.

<b>BALANCE SHEET</b>		<b>Audited</b>	<b>Latest Estimates</b>	<b>AFFORDABLE BUDGET</b>	<b>MTEF ESTIMATES</b>	
		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>ASSETS</b>		<b>9,315,000</b>	<b>6,029,000</b>	<b>6,446,000</b>	<b>6,744,000</b>	<b>7,121,000</b>
	Property Plant and Equipment	7,380,000	5,266,000	5,519,000	5,682,000	6,000,000
	Furniture and Fittings (incl. Leasehold improvements)	457,000	786,400	1,935,000	1,935,000	1,935,000
	Office Machinery and Equipment	365,000	195,400	144,920	144,920	144,920
	Computer Equipment	3,109,000	2,083,000	1,458,000	1,621,000	1,939,000
	Leasehold Improvement	3,449,000	2,201,200	1,981,080	1,981,080	1,981,080
	Motor Vehicles	-	-	-	-	-
	Intangible Assets	1,483,000	763,000	927,000	1,062,000	1,121,000
	Other Receivables - Rental Deposit	452,000	-	-	-	-
<b>Current Assets</b>		<b>10,919,000</b>	<b>13,658,000</b>	<b>13,680,000</b>	<b>13,704,000</b>	<b>14,472,000</b>
	Inventories	-	216,000	238,000	262,000	277,000
	Debtors	331,000	249,000	249,000	249,000	263,000
	Prepayments	189,000	-	-	-	-
	Cash and Cash Equivalents	10,399,000	13,193,000	13,193,000	13,193,000	13,932,000
<b>TOTAL ASSETS</b>		<b>20,234,000</b>	<b>19,687,000</b>	<b>20,126,000</b>	<b>20,448,000</b>	<b>21,593,000</b>
<b>Non-current Liabilities</b>		<b>888,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Operating lease liability	888,000	-	-	-	-
<b>Current Liabilities</b>		<b>3,383,000</b>	<b>1,576,000</b>	<b>1,680,000</b>	<b>1,789,000</b>	<b>1,889,000</b>
	Provision for leave	929,000	350,000	373,000	397,000	419,000
	Short-term borrowing	-	-	-	-	-
	Payables	2,454,000	1,226,000	1,307,000	1,392,000	1,470,000
<b>TOTAL LIABILITIES</b>		<b>4,271,000</b>	<b>1,576,000</b>	<b>1,680,000</b>	<b>1,789,000</b>	<b>1,889,000</b>
	Accumulated Surplus / (Deficit)	15,963,000	18,111,000	18,446,000	18,659,000	19,704,000
<b>TOTAL ACCUMULATED SURPLUS/(DEFICIT) AND LIABILITIES</b>		<b>20,234,000</b>	<b>19,687,000</b>	<b>20,126,000</b>	<b>20,448,000</b>	<b>21,593,000</b>

<b>CASH FLOW STATEMENT</b>			<b>AUDITED ACTUAL</b>	<b>Latest Estimates</b>	<b>AFFORDABLE BUDGET</b>	<b>MTEF ESTIMATES</b>	
			<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Cash Flows from Operating Activities</b>							
	<b>Receipts</b>		<b>40,835,000</b>	<b>25,468,000</b>	<b>39,603,000</b>	<b>42,328,000</b>	<b>45,110,000</b>
		Government Grant	39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
		CSOS Levy Income	-	-	8,500,000	9,350,000	10,285,000
		CSOS Documentation Fees	-	-	-	-	-
		CSOS Service Fees	-	-	-	-	-
		Interest Income	1,141,000	1,548,000	1,703,000	1,873,000	1,978,000
		Other receipts	173,000	-	-	-	-
		Working Capital movements	-	-	-	-	-
		Inventories	-	-	-	-	-
		Debtors	-	-	-	-	-
		Payables	-	-	-	-	-
	<b>Payments</b>		<b>-49,075,000</b>	<b>-40,059,000</b>	<b>-39,603,000</b>	<b>-42,328,000</b>	<b>-45,110,000</b>
		Compensation of employees/Board	-29,844,000	-31,204,000	-33,700,000	-36,396,000	-39,308,000
		Goods and Services - Payables	-19,231,000	-8,855,000	-5,903,000	-5,932,000	-5,802,000
		Other Payments	-	-	-	-	-
	<b>Net Cash from Operating Activities</b>		<b>-8,240,000</b>	<b>-14,591,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>			<b>-10,299,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	PPE		-7,669,000	-	-	-	-
	Intangible Assets		-2,421,000	-	-	-	-
	(Increase) / Decrease in other receivables		-209,000	-	-	-	-
	<b>Net Cash from Investing Activities</b>		<b>-10,299,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			<b>-55,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Movement in short-term borrowings		-55,000	-	-	-	-
	<b>Net Increase / (Decrease) for the year</b>		<b>-18,594,000</b>	<b>-14,591,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents at beginning of the year</b>			<b>28,993,000</b>	<b>10,399,000</b>	<b>-4,192,000</b>	<b>-4,192,000</b>	<b>-4,192,000</b>
<b>Cash and Cash Equivalents at the End of the Year</b>			<b>10,399,000</b>	<b>-4,192,000</b>	<b>-4,192,000</b>	<b>-4,192,000</b>	<b>-4,192,000</b>

## **Revenue**

The CSOS will be fully operational during the financial year 2017/18, with an implemented revenue collection process. Accordingly, the Income streams, of which the Government Grant is the largest, will be collectable in terms of the CSOS Act (section 22). The estimates of revenue thus include this estimate, which is planned to cover the operating expenses of the entity. Additional income streams are planned but have not been projected as advised by the National Treasury. This will be estimated when the mid-term budget is revised.

Income Streams	Audited Actuals	Latest Estimates	APPROVED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
	40,835,000	25,468,000	39,603,000	42,328,000	45,110,000
Government Grant	39,521,000	23,920,000	29,400,000	31,105,000	32,847,000
CSOS Levy Income		0	8,500,000	9,350,000	10,285,000
CSOS Documentation Fees		0	0	0	0
CSOS Service Fees		0	0	0	0
Interest Income	1,141,000	1,548,000	1,703,000	1,873,000	1,978,000
Budget Commitments from Prior Year	0		0	0	0
Other Income	173,000	0	0	0	0

### **Operating costs**

Operating Expenses	Audited Actuals	Latest Estimates	APPROVED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
	51,504,000	40,059,000	39,603,000	42,328,000	45,110,000
Staff Costs	30,464,000	31,204,000	33,700,000	36,396,000	39,308,000
Operational costs	7,901,000	3,059,000	264,000	285,000	308,000
Marketing and Communications	657,000	989,000	296,000	0	0
Training and Education	3,390,000	410,000	0	0	0
Travelling and Accommodation	2,695,000	1,008,000	1,165,000	1,135,000	621,000
Board expenses	671,000	1,200,000	0	0	0
Facilities and infrastructure	3,187,000	2,189,000	4,178,000	4,512,000	4,873,000
General and administration	2,539,000	0	0	0	0

The budgeted operating costs of the CSOS for 2017/18 are shown in the table above.

This includes:

- **Staff costs**

This consists of:

- The existing headcount complement is thirty-three (33) permanent and two (2) temporary staff.
- Furthermore, there are critical positions identified on the State of Readiness document, which are to be prioritised.
- These include the function of registering the community schemes documents, as they are submitted and/or taken over from other entities,



- A few critical vacancies in the support environment. These include increasing capacity in the operational finance functions as the CSOS enters a period of revenue management and other new functions.
- There is a provision for payment of salary increases for staff, projected at 8% for 2016/17, as there was none during the set-up phase of the entity, and most staff have gone without an inflationary adjustment for almost 2 years.

It must be acknowledged that the DoHS has seconded nine (9) data capturers to assist the CSOS in its administrative duties including the registration and verification of schemes. There is no cost expected by the CSOS in this regard.

The below table gives a breakdown of the staffing costs budgeted by the organisation:

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Staff Costs</b>	<b>30,437,487</b>	<b>31,204,000</b>	<b>33,700,000</b>	<b>36,396,000</b>	<b>39,308,000</b>
Basic salaries - Filled Positions	29,853,904	31,204,000	33,700,000	36,396,000	39,308,000
Basic salaries - Recruitment plan					
Incentive Bonus					
Staff Welfare	80,953				
Recruitment costs					
On-boarding and Induction	130,000				
Employee Wellness Programmes					
Training and Development	372,630				
HR Special Projects					

### • Operational costs

Operational costs 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.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Operational expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjudication and Conciliation services					
Revenue Operations Services					
Community Schemes database costs					
Off-site schemes documentation storage / management					

- **Marketing and Communication expenses**

The marketing and communications functions has been earmarked as an important function of the CSOS, and more so in the beginning, entailing the initial public launch of the organisation. Brand promotion and management costs for the entity are also included in this category. Furthermore, the production of the mandatory annual report is this cost category.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Marketing and Communications</b>	<b>1,001,764</b>	<b>212,500</b>	<b>296,000</b>	<b>0</b>	<b>0</b>
Marketing	865,764		296,000	0	0
Promotional materials	0				
Communication	136,000	212,500			

- **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 areas during the coming planning period. The scope, the speed of roll out and reach of these programmes will be limited only by budget availability.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Stakeholder Training and Consumer Education</b>	<b>3,767,169</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dispute resolution training	3,500,000				
Consumer awareness					
Stakeholder Workshops and Conferences	267,169				

- **Travelling and Accommodation**

In the current climate of limited budgets, 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. Finally, the Board travelling is also catered for in this expense category.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>Travelling and Accommodation</b>	<b>2,544,259</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Travel - Provincial staff training on Premier HR system					
Travel to provincial offices - site inspections					
Accommodation					
Staff Training Travel					
Stakeholder engagement travel					
Executive Authority/Strategy Planning/ Monitoring		15,000			
Other functional travel	2,544,259				
International Travel					

- **Board expenses**

Board expenses are budgeted per the National Treasury guidelines. This category includes only the external members’ fees and emoluments.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>Board Expenses (Non-Executive Directors only)</b>	<b>661,565</b>	<b>3,489,768</b>	<b>1,165,000</b>	<b>1,135,000</b>	<b>621,000</b>
Fees (Board and Committees Including Travel and Accommodation)	661,565	3,489,768	1,165,000	1,135,000	621,000
Training					
Evaluation					
Induction					
Other (debriefs, farewells, enquiries)					

- **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), annual licenses for IT resources, and ICT support services (non-capital). 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.

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>Facilities and Infrastructure expenses</b>	<b>4,768,991</b>	<b>14,084,789</b>	<b>4,178,000</b>	<b>4,512,000</b>	<b>4,873,000</b>
Facilities rental and utilities	4,027,587	13,556,096	4,178,000	4,512,000	4,873,000
Expansion costs (to other satellite offices)					
Office equipment leases		87,693			
Office refurbishment					
Motor vehicle expenses (Consumables and docs)					
Motor vehicle leases					
Furniture Rental	708,904	441,000			
IT Licenses (annual renewal of ERP)					
ICT support services	32,500				

- **General and Administration expenses**

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

	ACTUAL	PLANNED BUDGET	ESTIMATED BUDGET	MTEF ESTIMATES	
<b>General and Admin expenses</b>	<b>2,911,972</b>	<b>0</b>	<b>264,000</b>	<b>285,000</b>	<b>308,000</b>
Office supplies and expenses	261,711				
Administration fees					
Printing and Stationery	400,000				
Insurance	100,000				
Internal Audit					
External Audit	405,042				
Bank Charges	27,689				
Telephone and postage	899,150		264,000	285,000	308,000
Professional and Consulting Fees	747,839				
Subscriptions and membership	40,541				
Legal fees and litigation	30,000				

## ANNEXURE D: Risk Management Plan

### APP RISK REGISTER 2016/17

#### Executive Summary

Strategic risk	No of tasks		Completed tasks		In Progress		Overdue		Overall Comment
			Number	%		%	Number	%	
Strategic Objective 1: Provide a dispute resolution service to the Community Schemes in South Africa									
Inability to implement the CSOS Act.	1		1	100%	0	0%	0	0%	The proclamation of the Regulations and the Act was published on 7 October 2016, making the Act and the Regulations to be effective.

Inability to conciliate and adjudicate on disputes.	1		1	100%	0	0%	0	0%	The proclamation of the Regulations and the Act was published on 7 October 2016, paving a way for the commencement of formal conciliation and Adjudication.
<b>Strategic Objective 2: Take custody and control of Community Schemes' governance documentation</b>									
Lack of knowledge of potential market size	1		0	0%	1	100%	0	0%	Approximately 20 000, registrations received and the information is being captured on the database.
Accuracy, availability, integrity and reliability of information/ data - access and take-over of governance database/document.	3		0	0%	3	100%	0	0%	CSOS currently providing quality assurance to the community schemes governance documentation for the new schemes and existing schemes.
Lack of knowledge of quantity of scheme governance documentation for all schemes.	2		0	0%	2	100%	0	0%	The schemes are submitting the scheme governance documentation when registering with CSOS. The schemes governance documentation will be checked for compliance with STSMA and Regulations and other relevant legislations

Strategic Objective 3: Ensure that CSOS is an efficient, effective and sustainable organisation									
Legal challenge/contestation of the levy model and registration	1		0	0%	1	100%	0	0%	Final levy model revised based on industry stakeholder inputs and recommendations. The risk will be reassessed once the scheme have commenced with the payment of levies.
Financial sustainability – lack of funds and delays in revenue collection	3		0	0%	3	100%	0	0%	Stringent budget control need to be exercise to ensure that spending is within the limited budget.
Non-compliance to applicable laws, policies and regulations leading to irregular expenditure	3		0	0%	3	100%	0	0%	CSOS should implement processes to management irregular expenditure including the consequence management

Organisational Information and Communication Technology Systems not developed and implemented.	1		0	0%	1	100%	0	0%	The Records and Document management system configuration is complete and Go Live is planned for October 2016, the Proof of Concept demo was approved. The Case Management System will have to be procured as the Sage Evolution application does not meet the CSOS Process requirement for Case Management.
Inadequate budget to fill vacant posts	1		0	0%	1	100%	0	0%	Given the non-availability of budget this remains critical for the ongoing operations and delivery of service within CSOS. Critical positions have been identified for approval by the Board for immediate placement.
Capacity constraints leading to compromised segregation of duties in SCM and Finance	1		0	0%	1	100%	0	0%	Due to financial constraint this position will not be filled
Low Staff Morale / Lack of wellness programme	1		0	0%	1	100%	0	0%	Given the recent developments with regard to non-implementation of the annual increment as well as the financial position of the CSOS, staff morale naturally will be low. There is no budget to implement a wellness programme.



Strategic Objective 4: Promote good governance in Sectional Titles and other Community Schemes									
Inability to implement the Sectional Titles Schemes Management Act	1		1	0%	0	0%	0	0%	The proclamation of the Regulations and the Act was published on 7 October 2016, making the Act and the Regulations to be effective.
Lack of participation by schemes and their managing agents	2		0	0%	2	100%	0	0%	Strategic meetings were held with industry stakeholders.
Establishment of the Advisory Council in terms of the Sectional Titles Schemes Management Act	1		0	0%	1	100%	0	0%	The appointment will only commence after the Proclamation of the Act and the Regulations.
Strategic Objective 5: Provide stakeholder training, consumer education and public outreach programmes on Community Schemes in South Africa									
Insufficient buy –in from key stakeholders	1		3	0%	0	0%	0	0%	Strategic meetings were held with industry stakeholders.

Risk Definition	Classification	Inherent Risk	Residual	Desired	Management Actions	Progress Report	Time -lines	Responsible Person
Inability to implement the CSOS Act.	Strategic and service delivery risks (Policy and Guidelines risks)				Facilitate the proclamation of the CSOS Act and Regulations	The proclamation of the Regulations and the Act was published on 7 October 2016, making the Act and the Regulations to be effective.	September 2016	Adjudicator-General
Inability to conciliate and adjudicate on disputes	Strategic and service delivery risks (Policy and Guidelines risks)	High			Facilitate the proclamation of the CSOS Act and Regulations	The proclamation of the Regulations and the Act was published on 7 October 2016, paving way for a formal conciliation and adjudication.	September 2016	Adjudicator-General
Lack of knowledge of potential market size	Strategic and service delivery risks (Policy and Guidelines risks)	High			Conduct research on the number/size and location of the community schemes	To negotiate with industry stakeholder for access to their database.	March 2017	Adjudicator-General

Accuracy, availability, integrity and reliability of information/ data - access and take-over of governance database/document.	Intergovernmental and Interdepartmental Co-ordination Risks.	High			<p>Facilitate the signing of the Inter-Ministerial MOU between DHS and DRDLR.</p> <p>Facilitate the signing of the MoU between CSOS and Deeds Office.</p> <p>Schemes documentation will be safely kept off site as part of the contingency arrangement.</p>	<p>The signing of the MoU has been superseded by the proclamation of the CSOS Act. CSOS can take over the governance documentation without the signing of the MoU</p> <p>A meeting was held with Deeds Office to finalise the details of the project.</p> <p>The Service Provider to conduct to the relocation of the schemes has been appointed, however, the implementation of the project will only commence once CSOS is financially sustainable.</p>	March 2017	Adjudicator-General
Lack of knowledge of quantity of scheme governance documentation for all schemes	Strategic and service delivery risks (Policy and Guidelines risks)	High			<p>Conduct an audit to confirm the number and location of the community schemes in the country.</p> <p>Registration and submission of governance documents by community schemes.</p>	<p>CSOS will rely on the registration information submitted by the schemes to confirm the number of schemes in the Republic.</p> <p>The registration and submission of the Governance documentation has commenced since 07 October 2017. CSOS will create a database from the information received.</p>	March 2017	Adjudicator-General

Legal challenge/contestation of the levy model and registration	Strategic and service delivery risks (Policy and Guidelines risks) Reputational risk	High			Facilitate the proclamation of the CSOS Act and Regulations	The collection of levies will commence January 2017, with payment to CSOS to be made during March 2017.	March 2017	Adjudicator-General
Financial sustainability – lack of funds and delays in revenue collection	Strategic and service delivery risks (Policy and Guidelines risks)	High			Develop and implement revenue collection and management Policy.  Monitor expenses against revenue and budget	The draft Revenue Collection and Management Policy will be submitted to EXCO for recommendation of approval by the Board.  Stringent budget control is being exercised to ensure that spending is within this limited budget.	March 2017	Chief Financial Officer
Non-compliance to applicable laws, policies and regulations leading to irregular expenditure	Governance, Compliance / Regulatory and Reputational	High			Develop and implement financial policies  Management should ensure awareness and proper compliance to policies and procedures  Ensure the implementation of the Procurement Policy	Financial policies have been submitted to the relevant Governance structures for consideration and approval.  Matters raised by the Internal Auditor and the Auditor-General on irregular expenditure are being monitored and minimised.	31 March 2017	Chief Financial Officer

Organisational Information and Communication Technology Systems not developed and implemented.	Technological and system risks	High			Implement the Disaster Recovery Policy Develop and implement Business Continuity Plan	DR Policy completed and approved at Board, however, there is no budget to implement this policy and or deploy an off-site DR site.  Business Continuity policies are concluded in first draft format for submission to Q4 for EXCO approval	March 2017	Executive Manager: CS
Inadequate budget to fill vacant posts	Operational Capacity risk/Human resource	High			Management to identify critical and prioritise posts and filled them on a need basis.	To date there has been no budget available for recruitment purposes. However, Management has identified critical positions for approval by the Board for immediate placement.	March 2017	Executive Manager: CS
Capacity constraints leading to compromised segregation of duties in SCM and Finance	Financial Administration risk	High			Recruitment of the appropriate personnel as per CSOS organogram	Once budget is made available, the filling of designated SCM and Finance posts, to ensure segregation, will be made a priority.	March 2017	Executive Manager: CS
Low Staff Morale / Lack of wellness and stress management programme	Operational Capacity risk/Human resource	High			Develop and implement employee wellness programmes	Given the lack of finances, this is impossible to implement any measure to address the risk.	March 2017	Executive Manager: CS
Inability to implement the Sectional Titles Schemes Management Act	Governance, Compliance / Regulatory	High			Facilitate the proclamation of the STSM Act and the Regulations	The proclamation of the Regulations and the Act was published on 7 October 2016, making the Act and the Regulations to be effective.	Septemb	Adjudicator-

Lack of participation by schemes and their managing agents	Governance, Compliance / Regulatory and Reputational Risks	High			<p>Engage Stakeholders, schemes executive committee and the managing agents on the mandate and benefits derived from CSOS.</p> <p>Implementation of the training programmes for the executive management of the schemes</p>	<p>A number of engagement initiatives have been undertaken and all critical stakeholders are on board and partners with CSOS. An MOU is underway with RCC and ARC and NAMA. The major risk here is not the stakeholder management, rather the buy in to collect and pay levies to CSOS.</p> <p>Very good relationships have been established and CSOS are regular speakers at all NAMA conferences.</p> <p>There is no budget to continue rolling out this important training programme.</p>	March 2017	Executive Manager: CS
Establishment of the Advisory Council in terms of the Sectional Titles Schemes Management Act	Governance, Compliance / Regulatory and Reputational Risks	High			Continuous engagement with the DHS to facilitate the appointment process of the Advisory Council.	The Advisory Council will only be appointed after the Proclamation of the STSM Act and the Regulations.	March 2017	Chief Ombud

Insufficient buy-in from key stakeholders	Governance, Compliance / Regulatory and Reputational Risks				Continue to engage with various stakeholders. This aims to bring awareness to the public	<p>A number of engagements were undertaken and will continue over the year.</p> <ul style="list-style-type: none"> <li>• CSOS is always invited as a key speaker at all NAMA conference. CSOS is top of mind with the key stakeholders within Community Schemes</li> <li>• The CSOS has held 2 key meetings with the National Credit Regulator to clarify roles and to establish the applicable rate that can be levied on late payments in the industry.</li> <li>• The CSOS launch was held on 10 November 2016, wherein industry body representatives were part of the program and shared their support: NAMA, ARC and SA Housing Cooperatives Association.</li> <li>• 13 Media Interviews were facilitated in the quarter to publicize the launch and to create awareness.</li> <li>• One of the larger managing agents, Compag showed their public support by delivering</li> </ul>	March 2017	Executive Manager: CS
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					<p>their registration documents and publicising it in their communities.</p> <ul style="list-style-type: none"><li>• The secondment of 9 DHS call centre officials will assist in processing of scheme registration forms and caller enquiries.</li></ul>		
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