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Media Communique: Updates from the CSOS

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1. VERIFICATION AND VALIDATION OF COMMUNITY SCHEMES REPORT

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a. Introduction.

Various sources such as the Deeds Office, CICP, Municipalities, Dataset Companies have different number of schemes in South Africa. It is alleged that the entire scheme universe is around 70 000 however, the said dataset is not accurate due to duplicates and insufficient information. The CSOS is unable to rely on the said sources.

In 2017 the CSOS developed its own database however the manual system used then has proved to be insufficient and infective. It is for this reason that the CSOS Connect was procured to secure a clean and accurate dataset.

In terms of Section 59 of the CSOS Act read together with Regulation 18 of the CSOS Act, all community schemes must be registered with the CSOS and the CSOS must collect levies.

Due to inaccurate dataset the CSOS is reviewing its database of Community Schemes and wants to ensure that all Community Schemes are registered and compliant in terms of the law.

To realise this goal, the CSOS embarked on physical verification and validation of both registered and unregistered community schemes. This project is implemented in 2 phases, and it is envisaged that the project will be finalised at the end of January 2026. Service providers were procured and have used field workers are required to collect information such as GPS coordinates, street and postal addresses, photographs of schemes, contact details of scheme management, and CSOS registration numbers (**if registered**) to assist with the data cleansing, ~~and~~ registration and compliance of community schemes.

A panel of service providers has been procured by the CSOS to conduct physical verification and validation of community schemes. The service providers are as follows:

- Delta Built Environment Consultants (Pty) Ltd
- Leolo and Partners Chartered Accountants Incorporated
- MBS Consulting Solutions (Pty) Ltd

- Miyacom IT Consultants (Pty) Ltd
- Pound Holdings (Pty) Ltd
- Simvaw Holdings (Pty) Ltd
- Ubuntu Business Advisory and Consulting (Pty) Ltd
- Public Awareness

b. Public awareness on the commencement of the project

In preparation for the commencement of the project, CSOS issued a Media Statement to alert members of the public on the commencement of the project. The Media Statement provides details of the verification process and lists the service providers.

CSOS further issued all the services providers with access letters to produce to community schemes as a means of identification and to confirm the legitimacy of the project.

This step was taken to ensure transparency and allay any fears from members of the public. The contact of details of CSOS officials are provided on the media statement for the public to contact CSOS should they wish to do so.

c. Process of verification

Onsite Inspection and contacting Managing Agents

The verification process entails onsite inspections by service providers. All service providers have been allocated districts to verify schemes across all provinces.

Service providers are contacting managing agents and trustees directly where the scheme is self-managed.

As per the recent engagement held with the sector, additional to the approach explained in the V&V media statement, where we had engaged a managing agent previous, we will then share the database that we have to enable the MA for confirm or add any scheme or information that might be omitted.

The service providers will still be required to do physical verification of schemes. This approach is informed by the findings of CSOS Compliance Enforcement Investigators who when conducting compliance checks have noted that not all information provided by managing agents is correct. A case in point, a managing agent who has 400 (four hundred) schemes under them registered all schemes, however on inspection, more than a 100 of the schemes information which was provided to CSOS was inaccurate. Some of the schemes were registered but there was no contact information, and various other fields were not populated.

In other instances, the managing agent will register a lower number of schemes than the actual number of schemes and provide a lower number of units per scheme, which essentially affects CSOS levy collection.

To ensure that the above situation does not repeat itself CSOS decided that all verification will include registered and unregistered schemes.

d. Information required

in respect of registered schemes, the following:

- CSOS Scheme registration number;
- Street address;
- Postal address; and
- Contact details of the schemes executive management or managing agent or estate manager (name, designation, contactable telephone number, e-mail, and postal address)

In respect of unregistered scheme, the following:

- GPS coordinates;
- street address in the prescribed format.
- photograph of the scheme showing the name of the scheme (not google nor other search engine photos).
- contact details of the schemes executive management or managing agent or estate manager (name, designation, contactable telephone number, e-mail and postal address); and
- additionally, a completed and signed CSOS Registration form (CS1 Form) with all prescribed documents to enable the CSOS to register

Conclusion

It is envisaged that at the end of the verification processes the total scheme universe will be accurate and complete. This will ensure compliance and further enable the CSOS to regulate schemes accordingly.

DEBT COLLECTION PROJECT

This communique serves to inform our stakeholders (Managing Agents and Community Schemes) of the **appointment of debt collectors** to assist in the recovery of outstanding levies and arrears. These debt collectors will be engaging with the affected Managing Schemes and Community schemes regarding outstanding CSOS Levies. This strategic intervention forms part of CSOS's broader objective to enforce compliance and ensure the financial sustainability of the organisation, in line with its legislative mandate.

The debt collection initiative is not only aimed at recovering funds due to CSOS but also at educating stakeholders about the proper process for making CSOS levy payments. Therefore, it is imperative that schemes comply with the prescribed payment procedures to avoid enforcement actions.

As the debt collection process unfolds, CSOS is aware that certain Managing Agents and Community Schemes may have already made levy payments that have not been properly allocated due to incorrect referencing by community schemes used when making payments. In such cases, these payments remain under unallocated funds account, which inadvertently results in non-payment due to unallocated payments.

CSOS urges all Managing Agents and Community Schemes to fully cooperate with the appointed debt collectors. Managing Agents and Community Schemes are encouraged to provide levy schedules and proof of payments to facilitate the proper allocation of previously unallocated payments. This will help avoid the incurrence of interest and legal action against the Community Schemes

A number of Managing Agents and Community Schemes have failed to submit levy schedules to the CSOS as required in line with the CSOS Practice Directive. CSOS guided by the Public Finance Management Act (PFMA) and Generally Recognised Accounting Practice (GRAP), is compelled to bill schemes based on estimates where no schedules are submitted. This practice often results in billing discrepancies and disputes.

CSOS has noted a growing trend of non-compliance among community schemes, particularly regarding CSOS levy schedule submissions and payments. The organisation will be adopting a firm approach in dealing with such cases, including the rigorous enforcement of compliance measures against both schemes and their managing agents.

Schemes are therefore encouraged to respond to debt collectors' queries by submitting up-to-date levy schedules. This will allow CSOS to verify the invoices and, where applicable, adjust the billing and update the schemes accounts accordingly.

The Auditor-General of South Africa recently issued a finding indicating that CSOS is not adequately implementing measures to ensure the completeness of revenue collection. This finding highlighted that 29% of the community schemes population representing 10,530 schemes are not paying levies to CSOS.

Additionally, from inception to date, the total value of unallocated funds stood at R181 million. To date, CSOS has successfully allocated R92 million, representing 51% of the total. The current debt collection initiative is expected to play a pivotal role in eradicating unallocated funds and ensuring a more robust, transparent revenue collection process.

CSOS remains committed to its mission of promoting good governance and transparency within community schemes.

We urge all stakeholders to work collaboratively with our appointed service providers to resolve outstanding matters swiftly and constructively.

CSOS Connect

CSOS Connect is a subset of the Business Automation Solution (BAS) programme for the Community Schemes Ombud Service (CSOS) that is aimed to automate core business processes for the organization. Its use case is derived from the 2020 – 25 strategic plans with a focus on 1) establishing a complete and accurate database of community schemes, 2) improving the governance schemes, 3) facilitating Alternate Dispute Resolution (ADR), 4) improving the quality of data, and lastly, 5) increasing the collection of revenue. These strategic priorities are translated into core systems modules of CSOS Connect.

To date:

The registration module and the complementary Customer Relation Management (CRM) module are in use and have seen the organization increase the population of registered schemes to approximately 37,000.

The governance modules went live in January 2025 and the sector can now start utilising it.

The payment module is live, and Schemes can now make use of the online payment feature of the application to pay their levies (Revenue module).

The ADR module is currently undergoing post-go-live stabilization to ensure their optimal usage and performance.

The success of CSOS Connect is complimented by activities such as the integration with SAGE Enterprise Resources Planning (ERP) to ensure seamless billing and exchange of scheme information as well as the Data Management Forum (DMF) aimed at improving completeness, integrity, and credibility of data.