

ANNUAL REPORT



Affordable Reliable Justice

2024/2025



To promote harmonious community schemes by providing regulation, education and accessible dispute resolution services to all relevant stakeholders.



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PART A

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

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EXTERNAL AUDITORS:	Auditor-General of South Africa (AGSA)
BANKERS:	First National Bank (FNB) Standard Bank
COMPANY/ BOARD SECRETARY:	Ms. T. Thipe (Acting)

2. LIST OF ABBREVIATIONS/ACRONYMS

Abbreviations	Name in Full
AGSA	Auditor-General South Africa
API	Application Programme Interface
APP	Annual Performance Plan
ARC	Association of Residential Communities
ARC	Audit and Risk Committee
ASB	Accounting Standard Board
BAC	Bid Adjudication Committee
BAS	Business Automation Solution
BASA	Banking Association of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CAE	Chief Audit Executive
CEI	Compliance, Enforcement and Investigation
CSOS	Community Schemes Ombud Service
CIPC	Companies and Intellectual Property Commission
CFO	Chief Financial Officer
CO	Chief Ombud
COID	Compensation for Occupational Injuries and Diseases
COSO	Committee of the Sponsoring Organisation
CRM	Customer Relationship Management
CRMP	Compliance Risk Management Plan
CPD	Corporation for Public Deposit
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of South Africa
DHS	Department of Human Settlements
DPCI	Directorate for Priority Crimes Investigation
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
FNB	First National Bank
FY	Financial Year
EE	Employment Equity
EMA	Executive Managing Agent
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESET	Essential Security against Evolving Threats
EXCO	Executive Committee
FFC	Fidelity Fund Certificate
FINCOM	Finance Committee
GEPF	Government Employee Pension Fund
GPS	Global Positioning System
GRAP	Generally Recognised Accounting Practice
HOAs	Homeowners' Associations
HR	Human Resources
IAS	International Accounting Standards
IESBA	International Ethics Standards Board for Accountants
ICT	Information, Communications and Technology
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards on Auditing
ISO	International Organisation for Standardisation
IT	Information Technology

Abbreviations	Name in Full
LATCOM	Legislation, Adjudication and Transformation Committee
MANCO	Management Committee
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
M&E	Monitoring and Evaluation
MP	Member of Parliament
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAMA	National Association of Managing Agents
NDP	National Development Plan
NQF	National Qualifications Framework
NSDF	National Spatial Development Framework
NT	National Treasury
OHS	Occupational Health and Safety
PAA	Public Audit Act
PAYE	Pay As You Earn
PDAs	Priority Development Areas
PDI	Previously Disadvantaged Individual
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PPRA	Property Practitioner Regulatory Authority
PSCC	Property Sector Charter Council
Q&A	Questions and Answers
Q	Quarter
QA	Quality Assurance
RFPS	Requests for Proposals
RFQs	Requests for Quotations
S	Section
SARS	South African Revenue Services
SCM	Supply Chain Management
SDG	Sustainable Development Goals
SETA	Sector Education and Training Authority
SG	Surveyor General
SHRA	Social Housing Regulatory Authority
SIU	Special Investigating Unit
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Realistic and Time-Bound
SONA	State of the Nation Address
SP	Strategic Plan
SSA	State Security Agency
SSL	Secure Sockets Layer
STBA	State Tender Board Act
STSMA	Sectional Titles Schemes Management Act
STSM	Sectional Titles Schemes Management
UNISA	University of South Africa
V&V	Verification and Validation
VAT	Value Added Tax
VBS	Venda Building Society
WAN	Wide Area Network
YIPA	Youth in Property Association

3. FOREWORD BY THE MINISTER

Thembi Simelane, MP
Minister of Human Settlements



The Community Schemes Ombud Service (CSOS) Act empowers the CSOS to help create and facilitate orderly and well-managed community schemes in South Africa. The CSOS Act was promulgated to amongst others, provide an affordable and effective dispute resolution mechanism within community schemes, render consumer education to stakeholders, take custody and control of schemes governance documentation, and ensure good governance of community schemes.

The implementation of the CSOS' mandate during the 2024/25 financial year saw the protection of community schemes' rights as well as the improved governance in community schemes which has led to advances in the harmonious living in these communities. Whilst it is encouraging to see the progress made in the implementation of the CSOS' mandate as a regulator, the Entity must finalise the registration of the complete universe of community schemes in the country; be more efficient in handling and resolving dispute cases; and improve responsiveness to its stakeholders. The Entity must continue to leverage on the good successes of CSOS' digitalisation efforts, through the CSOS Connect platform, to improve the overall customer experience and to deliver the commitments in its Service Charter.

The full potential of the community schemes sector must be unlocked towards contributing meaningfully to inclusive growth and job creation. The CSOS must continue to make it easier for Previously Disadvantaged Individuals (PDI) and businesses, which are capable of providing Executive Managing Agent (EMA) services but do not have the means to or the access to the market, to fully participate and grow.

It is encouraging to note that the CSOS has created an enabling environment for the EMAs who are PDIs. This was done through the provision of training, incubation and appointment of PDI EMAs to real economic opportunities in the governance and / or management of community schemes. By the end of the 2024/25 financial year, the CSOS had appointed 132 EMAs to the panel, with 86 being female EMAs. The CSOS must continue to leverage its networks and the community schemes sector for new placements in community schemes.

The CSOS' overall performance against its set 2024/25 Annual Performance Plan (APP) annual targets is registered at 86% which is an increase of 3% compared to the previous financial year where the Entity had achieved 83% of its annual target. It should be noted that the 2024/25 overall performance exceeds the threshold set in the Shareholder Compact Agreement which stipulates that good performance is categorised as achieving 80% and above of the annual targets.

The Entity is commended for its efforts in improving the audit outcome of the Auditor-General of South Africa (AGSA) progressing to an unqualified audit opinion with material findings from a qualified audit opinion in the 2023/24 financial year. Whilst this is good progress, the Entity must give attention to capacitating itself and ensuring improved financial and risk management. Legislative compliance and sound governance must also be prioritised for the Entity to reach the required audit outcomes and to position the Entity for service excellence.

I would like to express my appreciation to the outgoing Board for their oversight and strategic role in ensuring effective implementation of the CSOS mandate and it is my pleasure to also welcome the incoming Board. I have complete confidence in the incoming Board, the CSOS' executive management team and all the dedicated staff members at CSOS to execute its mandate and organisational strategy to address the challenges experienced in the 2024/25 financial year and to continue serving with diligence and dedication to improve service delivery to our community schemes sector stakeholders.

A handwritten signature in black ink, appearing to read "R.S. Simelane".

Thembi Simelane, MP
Minister of Human Settlements
Date: 26 September 2025



4. FOREWORD BY THE CHAIRPERSON

Ms. Busisiwe Nzo
Chairperson of the Board

Introduction

On behalf of the Board of the Community Schemes Ombud Service (CSOS), I hereby present the 2024/25 Annual Report which provides the Executive Authority, Parliament and all other valued stakeholders with an overview of the progress that the CSOS has made in the realisation of its mandate in the period under review.

The Board is encouraged by the collective efforts of the CSOS executive management team, staff and government and non-government partners that has led to the CSOS achieving 86% of the annual targets committed to in the 2024/25 Annual Performance Plan (APP). Furthermore, the improvement in the audit opinion provided by the Auditor-General of South Africa (AGSA) is welcomed and sets a steady platform for the incoming Board to embrace its oversight responsibility towards improvements in service excellence, accountability and integrity going forward.

High-level overview of the public entities' strategy and the performance of the Public Entity in its respective sector

The entire CSOS value chain and service delivery model is underpinned by the success of establishing and maintaining a complete database of community schemes in the country. The database is critical not only for the collection of levies but also for the provision of education and training, and assuring good governance of schemes. In the 2024/25 financial year, 2 448 community schemes were registered with the CSOS which resulted in the total universe of registered community schemes increasing to 37 613 community schemes by 31 March 2025.

The Entity monitored and made a more concerted effort in increasing the percentage of compliant registered community schemes. As a result, 72% of registered community schemes, which were required to submit schemes governance documents and annual returns / annual financial statements within 30 days after registering, deemed as compliant for

the 2024/25 financial year. This translates into a 3% improvement from the previous year's performance.

CSOS levies are the major source of revenue for the CSOS, constituting the largest portion of the total revenue generated from non-exchange receivables. CSOS continued to reach out to some known managing agents to obtain lists of community schemes that they manage, and receive proof of payments and levy calculators. In the 2024/25 financial year, R470 303 770 CSOS levy was billed against an annual target of R429 133 637.

CSOS is mandated in terms of section 2 of the Community Schemes Ombud Service Act, No. 09 of 2011, to deal with the functions and operations of CSOS, governance of schemes, and dispute resolution in community schemes. This has been carried out by resolving disputes amongst the parties by providing a dispute resolution service for community schemes in South Africa. A total number of 16 791 new applications were received in the 2024/25 financial year in addition to the applications that were carried over from the 2023/24 financial year. 15 438 were finalised at assessment within 30 working days, 3 499 were conciliated within 45 working days, and 3 520 were adjudicated within 90 working days. There were significant reductions in the backlogs for matters at assessment and conciliation stages. However, backlogs were experienced at adjudication stage in the period under review. The quality assurance of adjudication orders was prioritised with 3 703 orders quality assured and 3 686 orders being quality assured within seven days resulting in a 99,5% performance.

CSOS implemented its annual Advocacy Plans in a bid to improve the visibility of its brand. In addition, the second CSOS Indaba was held in September 2024 in Limpopo. This proactive approach has fostered a culture of open communication and idea sharing, as evidenced by numerous public profile enhancements, including interviews and articles

in both print and electronic media.

CSOS has made considerable strides to bring the vision of a digital self-service solution and platform for our stakeholders to reality. The development of the remaining CSOS Connect modules were completed in the period under review allowing ease of engagement with the CSOS' full suite of service offerings in a real-time, connection experience.

The CSOS placed strong emphasis on the transformation of the community schemes sector and empowering designated groups to participate in a meaningful way. A primary focus for the CSOS over the 2024/25 financial year was to enable the opening up of the community schemes sector by ensuring that the population of managing agents is inclusive of Previously Disadvantaged Individuals (PDIs). As a result, a total number of 52 PDI Executive Managing Agents (EMAs) were appointed, with 29 being female EMAs.

In addition, the CSOS aimed to lead from the front as the regulator of the community schemes sector through its intent of increasing procurement from businesses owned by the designated groups. CSOS prioritised procurement expenditure on entities with a majority ownership by women, youth, persons with disabilities, and military veterans over the 2024/25 financial year with performance information indicating that 61% of CSOS' cumulative procurement spend was allocated to businesses owned by designated groups.

Strategic Relationships

The CSOS continued to benefit from the strategic relationships with government and non-government partners, including through Memorandum of Understandings (MoUs) agreed to in support of effectively regulating community schemes in South Africa and to effectively contribute towards government's development agenda. These included MOUs signed with the Property Sector Charter Council (PSCC); National Association of Managing Agents (NAMA); Social Housing Regulatory Authority (SHRA); the University of South Africa (UNISA); the Property Practitioners Regulatory Authority (PPRA); and Youth in Property Association (YIPA).

The Sectional Titles Schemes Management (STSM) Advisory Council was supported to effectively deliver on its mandate towards making recommendations to the Minister of Human Settlements regarding any matter stipulated in Section 19 of the STSM Act in respect of where the Minister may make regulations.

Challenges faced by the Board

The CSOS operated for the last four months of the 2024/25 financial year without a functioning Board of Directors which impacted the oversight functions and responsibilities, as raised by the AGSA. In addition, critical leadership positions in the Entity were not filled which resulted in strain on the CSOS' executive management and the staff, as well as uncertainties in the industry.

The strategic focus over the medium to long-term period

The CSOS will ensure that it fulfils its mandate and, in so doing, contribute to the sector's and the national development agenda. Emphasis over the medium to long-term will be placed on the amendment of the CSOS' founding legislation to close the identified gaps and redress the identified shortcomings.

CSOS will focus on registering the complete universe of schemes in the country; supporting community schemes to be compliant; meet service standards for the dispute resolution function and address the backlogs within the CSOS' service delivery value chain. The CSOS must provide its services to the community schemes sector in a timely, cost-effective and responsive manner. This will be done by leveraging on the good successes of CSOS' digitalisation efforts, through the CSOS Connect platform, to improve the overall customer experience and delivering the commitments in its Service Charter.

To unlock the full potential of this sector towards contributing meaningfully to inclusive growth and job creation, the CSOS will prioritise ease of access to the community schemes sector for PDIs. The focused implementation of the Transformation Strategy will be on empowering black people, women, persons with disabilities, and military veterans—groups that were systematically excluded from meaningful economic participation in the community schemes sector.

Acknowledgements

The Board acknowledges the dedicated efforts of the outgoing Board, CSOS executive management, the resilient staff for the achievements of the 2024/25 financial year. Furthermore, the CSOS' government and non-government stakeholders are appreciated for their contribution to the Entity's achievements and the progress made as a collective in making a meaningful contribution to Chapter 8 of the NDP 2030 (Transforming Human Settlement and the National Space Economy), specifically in improving the regulation of community schemes.

On behalf of the CSOS, I would like to express our heartfelt appreciation to the Honourable Minister, Deputy Minister for their unwavering support and commitment throughout the 2024/25 financial year period.



Ms. Busisiwe Nzo
Chairperson of the Board
Date: 25 August 2025



5. ACCOUNTING OFFICER'S OVERVIEW

Ms K. Phetla
Chief Ombud (Acting)

5.1 General financial review of the CSOS

The 2024/25 financial year marked a period of focused financial management for the Community Schemes Ombud Service (CSOS), amid broader efforts to enhance sustainability, operational efficiency, and compliance with the Public Finance Management Act (PFMA). The Entity realised a surplus of R7.8 million, -R275 million: 2023/24 this represents 103% improvement from the deficit previously reported. The Entity's liquidity ratio of 0.67 for the 2024/25 financial year reflected a decline against the acceptable norm of a ratio of 1.5 times, compared to 0.74 ratio for the previous financial year. This represents 11% decrease in the Entity's liquidity. The decrease in the liquidity ratio is mainly attributed to the withdrawal of R103 million from the CPD Accounts to the National Treasury for surplus surrender and the increase in the current liabilities mainly due to unallocated revenue. The surplus turnaround is seen as an improvement that reflects a more disciplined approach to financial management, although continued focus is needed on long-term financial sustainability.

Revenue Performance

Total revenue for the year amounted to R413.5 million reflecting a 16% increase compared to the previous financial year of a restated R356.24 million in value. This increase is attributed to the recovery of the R20.4 million from the VBS investment and the 100% retention of surplus funds of R59.4 million applied for 2023/24 financial year, which was approved by the National Treasury. This is despite lower scheme registration than expected and reduction in the admin levy by the schemes. The CSOS' primary sources of revenue includes:

- Levy income from community schemes – R319.8 million, contributing 77% of total revenue generated for the year.
- Interest income and other income – R10.4 million contributing 3% of the total revenue of the Entity. The remaining percentage of approximately 20% of revenue comes from the surplus retention and VBS investment recovery.

The improved levy collection rate, driven by enhanced enforcement mechanisms and system upgrades, positively impacted revenue growth.

5.2 Spending Trends of the CSOS

The total expenditure decreased by 36% from R405.7 million to R631.4 million in the current financial period. This decrease is mainly attributed to the decrease in adjudication fees due to late appointment of the part-time adjudicators for the core business of dispute resolution as well as for legal services. Further the surplus surrender of approximately R163 million, (consisting of R103 million of 2022/23 surplus payment and R 59 million surplus provision for 2023/24) significantly contributed to the decrease in the total expenditure. The following are the key cost drivers:

- Personnel cost of R204.7 million, representing a 21% increase on prior year, due to the payment of an arbitration award, and the processing of an approved salary increase during the year.
- Operational and administrative expenses under the general expenses at R51.8 million, representing a 17% decrease from R62.5 million recorded in the previous financial year.
- Legal services R12.4 million representing over 130% increase from R5.3 million recorded in the previous fiscal year.
- Public Relations and Marketing at R81.3 million representing 20% increase from R67.9 million in the previous year.

5.3 Capacity constraints and challenges facing the CSOS

The capacity constraints continue to negatively impact the organisation despite slight improvement of just under 1% from 21.4 percent to 20% vacancy rate in the total Entity structure. A recruitment plan has been developed to address the vacancy rate challenges within the second quarter of the new financial year. The current funding model continues to rely heavily on levy income, which presents challenges in light of

compliance gaps by certain schemes. Work has commenced on developing a revised funding model to ensure a more predictable, equitable, and sustainable revenue base in the medium to long term.

5.4 Discontinued key activities / activities to be discontinued

There are no discontinued key activities in the Entity for the financial period.

5.5 New or proposed key activities

During the 2024/25 financial year, the CSOS initiated a comprehensive review of its funding model and levy structure to enhance financial sustainability and align with the Entity's mandate. The review assessed the adequacy of the current levy-based funding model, which remains the primary revenue source for the CSOS. While this model has supported operations to date, several limitations were identified, including:

- Inconsistent compliance and levy collection from community schemes;
- Inequities in levy contributions across different scheme types and sizes.

Key outputs of the review include:

- Recommendations for a revised, risk-based levy structure to ensure fairness and affordability;
- Proposals for enhanced collection and compliance mechanisms, supported by legal enforcement and system automation;
- Draft policy amendments to support the implementation of a new model, subject to further consultation and approval processes.

The revised funding model will be critical to ensuring the long-term sustainability of CSOS while maintaining accessibility and fairness for all scheme participants.

5.6 Requests for rollover of funds

CSOS declared an accumulated surplus of R113.65 million for the 2023/24 financial period. The Entity submitted an application to retain 100% in order to continue funding the implementation of the CSOS Connect project as well as to sustain the Entity due to low cash flow reserves that the Entity is currently facing. The National Treasury had approved the retention of full surplus amount of R113.65 million that was declared for the 2023/24 financial period.

5.7 Supply chain management

Key annual target was achieved for the percentage of the spend of procurement allocated to businesses owned by women. However, the

Entity did not meet targets for procurement of goods and services from businesses owned by youth, persons with disabilities and military veterans. This is due to the limited technical expertise in the high-value projects for participation by these designated groups, but mainly due to high value contracts awarded in the past to non-designated groups. Measures are in place and have been implemented to address these challenges such as conducting quarterly supply chain workshops, advertising for registrations of designated groups on the CSOS supplier database in 2024/25 financial year.

5.8 All concluded unsolicited bid proposals for the year under review

There were no unsolicited bid proposals concluded in the year under review.

5.9 Whether SCM processes and systems are in place

The SCM process of the Entity is guided by the approved SCM Policy as well as National Treasury Regulations and Instruction notes. The Entity has established the Bid Specification Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC) which are each chaired by an Executive to facilitate the transparent and fair competitive bidding process. In addition, all tenders above R5 million are subjected to a probity process prior to awarding. In the 2024/25 financial year, there were no material irregularities whilst there were findings raised in relation to the deviations and processed panel allocations. CSOS has implemented various interventions to address gaps identified, through the training of the Supply Chain Management officials and Bid Committees in order to strengthen the effectiveness of the procurement process and compliance within the Supply Chain Management. The Entity utilises the SAGE ERP system as its financial system which includes an SCM module which is utilised as a procurement system. The inventory management system has been deployed and tested during the 2024/25 financial year.

5.10 Challenges experienced and how these were resolved

The Entity has noted challenges in relation to the finalisation of bidding process within 120 days and the number of the bid cancellations. This resulted in the implementation of only 31% of the procurement plan in the 2024/25 financial year with the rest of the projects rolled over to the 2025/26 financial year. This was, in the main, due to the insufficient bidder response as a result of inconsistent terms of references. The Entity has initiated training for the Bid Committees to enhance the procurement process. Lower schemes registration resulting in lower CSOS levies collection against the projected 2024/25 CSOS levies target.

To mitigate cashflow risks, the entity contracted the services of debt collection companies to assist the CSOS in levy collections, and to roll out the Verification and Validation (V&V) project to register more schemes and non-paying schemes were served with non-compliance notices.

5.11 Audit report matters in the previous year and how would be addressed

The Entity obtained a qualified audit opinion which was reported in the period under review, mainly in the revenue area on unallocated revenue, revenue estimates and contingent liabilities amongst others. The Entity developed and implemented a comprehensive, risk-based audit remedial action plan and appointed a service provider to assist on the qualification areas and for the review of the annual financial statements to ensure compliance to the GRAP standards.

5.12 Outlook/ Plans for the future to address financial challenges

Looking ahead, the CSOS is committed to strengthening its financial sustainability and enhancing the efficiency of its revenue collection and cost management systems. To address ongoing financial challenges and ensure long-term viability, the following key initiatives are planned:

Implementation of a Revised Funding Model

Following the comprehensive review of the current CSOS funding and levy model, CSOS will begin a phased implementation of a revised model that promotes equity, affordability, and financial resilience. This includes:

- Introducing a differentiated levy structure based on scheme type and size;
- Amending relevant regulations to support implementation.

Strengthening Levy Compliance and Collections

Efforts will be intensified to improve levy declaration and payment compliance through:

- Enhanced monitoring systems and automated reminders;
- Legal enforcement against non-compliant schemes;
- Improved stakeholder education and outreach to scheme executives and managing agents.

Cost Optimisation and Efficiency Measures

A renewed focus will be placed on reducing non-essential expenditure and improving value-for-money through procurement efficiencies.

In addition, tighter budget controls and increased digitisation of core functions including the dispute resolution, revenue collection and customer services is prioritised.

Strategic Partnerships and Innovation

CSOS will explore opportunities for partnerships and innovation that will maximise exposure of brand awareness to increase its presence whilst ensuring that all stakeholders are educated in relation to CSOS' mandate, its core service offerings and how the public can access its services. This will include collaboration with financial institutions to address the unallocated revenue challenges, and other sister-entities and property regulators in the industry.

5.13 Events after the reporting date

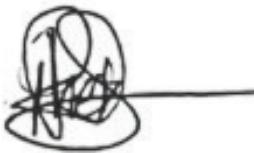
No events were identified and reported after the reporting date.

5.14 Economic viability

The Entity remains an economically viable organisation considering the improvement of its financial performance and prospects of its increasing revenue streams. Total revenue increased by 16% from the previous period signifying the financial viability of the Entity. The financial position of the Entity shows a healthy financial status despite the low scheme registration generating revenue.

5.15 Acknowledgements

I wish to convey our deepest gratitude and many thanks to the Board, all the executives, and employees of the CSOS for their resilience, dedication, and commitment. In addition, I want to thank the Honourable Minister and Honourable Deputy Minister as well as the Oversight Units in the Department of Human Settlement who have supported the CSOS to achieve significant results in the 2024/25 financial year.



Ms K. Phetla
Chief Ombud (Acting)
Date: 25 August 2025

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- 6.1 All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).
- 6.2 The Annual Report is complete, accurate, and free from any omissions.
- 6.3 The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- 6.4 The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the Public Entity.
- 6.5 The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgments made in this information.
- 6.6 The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.
- 6.7 The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- 6.8 In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Public Entity for the financial year ended 31 March 2025.

Yours faithfully



Ms K. Phetla
Chief Ombud (Acting)
Date: 25 August 2025



Ms. Busisiwe Nzo
Chairperson of the Board
Date: 25 August 2025

7. STRATEGIC OVERVIEW

The strategic overview below is provided in alignment with the 2020-25 Strategic Plan, as amended, and the 2024/25 Annual Performance Plan.

7.1 Vision

A credible, world class ombud service for community schemes in South Africa.

7.2 Mission

To promote harmonious community schemes by providing regulation, education and accessible dispute resolution services to all relevant stakeholders.

7.3 Values

Accountability	The CSOS will apply innovative capabilities to improve its service delivery.
Excellence	The CSOS will provide excellent services to community schemes in a timely, cost-effective, and responsive manner.
Independence	The CSOS will act independently and objectively in the undertaking of its services.
Integrity	The CSOS will execute its functions in an honest, ethical, transparent, and reliable manner.
People-centred	The CSOS will focus on improving community schemes' self-reliance, social justice, and participatory decision-making.

Table 1: CSOS Values

8. LEGISLATIVE AND OTHER MANDATES

The Legislative and other Mandates section below is provided in alignment with the 2020-25 Strategic Plan, as amended, and the 2024/25 Annual Performance Plan.

8.1 Constitutional Mandate

The Constitution of the Republic of South Africa (1996), as the supreme law of the Republic of South Africa, along with the Bill of Rights, forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of government.

The Constitution applies to the CSOS with specific reference to the following sections:

- 1) Chapter 2: Bill of Rights: Human dignity, the achievement of equality, and the advancement of human rights and freedom.

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

8.2 Legislative and Policy Mandate

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

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

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

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

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

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

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

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

Legislative Mandates

- Sectional Titles Schemes Management Act (No. 8 of 2011)
- Sectional Titles Act (No. 95 of 1986)
- Share Blocks Control Act (No. 59 of 1980)
- Housing Development Schemes for Retired Persons Act (No. 65 of 1988)
- Companies Act (No. 71 of 2008)
- Co-operatives Act (No. 14 of 2005)
- Housing Act (No. 107 of 1997)
- Property Practitioners Act (No. 22 of 2019)
- Protection of Personal Information Act (No. 4 of 2013)
- Common Law Co-ownership
- Property Sector Charter and the Property Sector Transformation Code

Policy Mandates

Long Term Development Priorities:

- National Development Plan: Vision 2030
- African Union Agenda 2063
- UN Sustainable Development Goals (SDGs)

Medium-Term Development Priorities:

- 2024-29 Medium Term Development Plan

Policy Considerations:

- Comprehensive Plan for the Creation of Sustainable Human Settlements (2004)
- New Urban Agenda (2016)
- White Paper for Human Settlements (2024)
- National Policy Framework for Women's Empowerment and Gender Equality
- Framework for Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
- White Paper on the Rights of Persons with Disabilities
- National Youth Policy 2020-2030

Figure 1: Legislative and Policy Mandates

8.3 Institutional Policies and Strategies

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

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

- 1) Respond systematically, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency;
- 2) In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the Southern African sub-region;
- 3) The State will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure towns and cities, and strengthen the livelihood prospects of households;
- 4) Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes, and the introduction of social compacts from neighbourhood to city level;
- 5) Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient, efficient, support economic opportunities and social cohesion; and
- 6) South Africa will develop a National Spatial Framework and resolve the current deficiencies with the local system of integrated development planning, and progressively develop the governance and administrative capability to undertake planning at all scales.

The achievement of the NDP goals demands a cooperative relationship across national, provincial, and local governments as well as social

partners including the private sector, labour, and civil society. The three spheres of government need to work collaboratively to ensure alignment between their powers and functions; the planning processes; budget allocation processes; and coordinated implementation. Priorities must be clearly articulated in the short and medium-term plans across the spheres of government. The overriding principle is that the whole government should take collective ownership of achieving national development priorities within the context of their respective mandates.

In terms of the Revised 2019-2024 Medium-Term Strategic Framework (MTSF), the CSOS takes its guidance from the national Department of Human Settlements in alignment with Priority 5: Spatial Integration, Human Settlements and Local Government. The shared impact is to achieve spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities.

At an institutional level, the CSOS contributed to the following Revised 2019-2024 MTSF priorities:

- 1) Priority 1: Capable, Ethical and Developmental State is the bedrock of the CSOS operations as the organisation implements a range of governance improvement measures to progress towards the achievement of an unqualified audit outcome with no material findings.
- 2) Priority 2: Economic Transformation and Job Creation by driving transformation of the industry through the intent of increasing the focus on the targeted procurement from businesses owned by designated groups and through providing an enabling environment for the Executive Managing Agents (EMA) from Previously Disadvantaged Individuals (PDIs).
- 3) Priority 5: Spatial Integration, Human Settlements and Local Government focusing on the desired outcome of Spatial Transformation and Justice through the implementation of housing and human settlements in Priority Development Areas (PDAs).
- 4) Priority 6: Social Cohesion and Safe Communities where CSOS will contribute towards social cohesion and safer communities through the regulation of the conduct of community schemes and the provision of timely dispute resolution services to ensure good governance and harmonious living within these community schemes.

Impact Statement

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

Vision - A credible, world class ombud service for community schemes in South Africa.

Mission - To promote harmonious community schemes by providing regulation, education and accessible dispute resolution services to all relevant stakeholders.

Values - Accountability, Service Excellence, Independence, Integrity, People-centred.

Strategic Outcomes

Outcome 1:
Functional, efficient & integrated Government

Outcome 2:
Effectively regulated community schemes sector.

Outcome 3:
Effective disputes resolution

Outcome 4:
Empowered Stakeholders

Outcome 5:
Transformation of community schemes advanced

Figure 2: CSOS Strategy Overview

9. ORGANISATIONAL STRUCTURE

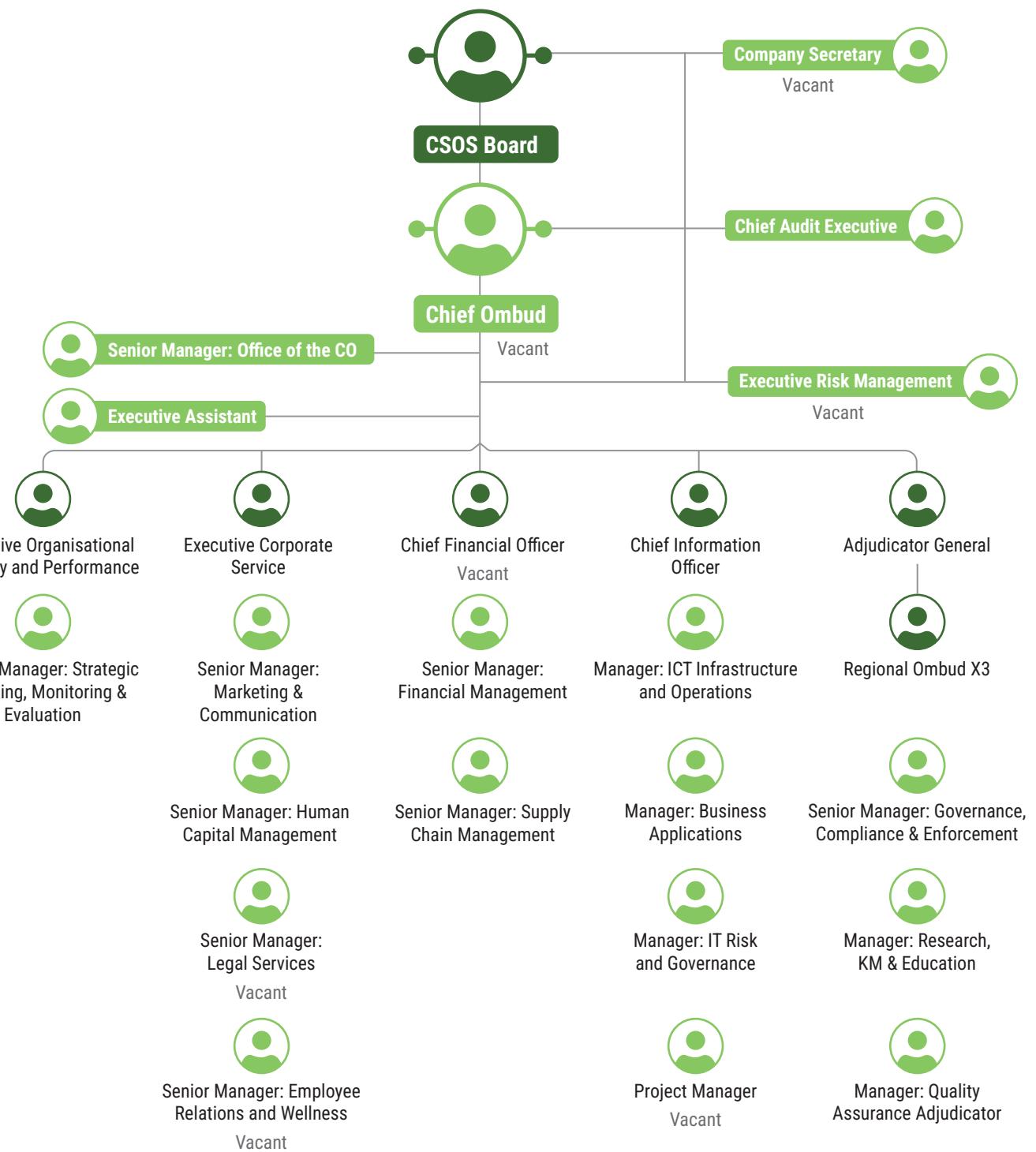


Figure 3: CSOS Organogram

PART B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

Report on the Annual Performance Report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

I selected the following material performance indicators related to programme 2: Regulations presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the Public Entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage registration of community schemes that submitted valid schemes registration document
- Percentage of registered community schemes compliant
- Percentage of schemes governance documentation quality assured within 30 working days
- Percentage of compliance certificates issued on all approved schemes governance documents
- Percentage of disputes conciliated within 45 working days
- Percentage of disputes adjudicated within 90 working days
- Percentage of adjudication orders quality assured within 7 working days

I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the Public Entity's planning and delivery on its mandate and objectives.

I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the Public Entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the Public Entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

I did not identify any material findings on the reported performance information for the selected indicators.

Refer to page **76** of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The increasing significance of well-governed, empowered and inclusive community schemes is highlighted by factors such as urbanisation, income inequality, and changes in the makeup of households. The implementation of the CSOS Act held significance and relevance in the period under review with the focus on ensuring that community schemes are administered transparently; that disputes are settled fairly; and that community needs, whether they be financial, cultural, or infrastructure-related, are successfully met.

The demand for formal housing, which is mostly met by community schemes, rises as a result of the urban inflow. The greater the growth in the establishment of community schemes as urbanisation increases in order to accommodate expanding populations, the greater the need for well-managed community schemes. This has increased the need for the effective regulation of community schemes in the country.

The affordability of housing in community schemes was directly impacted by economic pressures, especially in terms of the capacity to pay levies and maintain shared infrastructure. Financial hardships raised the possibility that levies in community schemes would not be paid which affects the payment of CSOS levies over to the CSOS, which is a critical source of revenue used by the CSOS to execute the mandate of the Entity. When it comes to protecting financially hamstrung residents from unfair treatment while maintaining the financial viability of community schemes, the implementation of the CSOS Act played a critical role in mediating financial disputes.

Areas with a high concentration of community schemes necessitates strong governance frameworks. The implementation of the CSOS Act is essential to making sure that community schemes are properly governed and that conflicts are resolved, especially in crowded urban areas where governance can become more complicated. The presence of socio-economic diversity in community schemes posed governance challenges particularly in instances where residents may have varying cultural or economic backgrounds. In these situations, the implementation of the CSOS Act was crucial because it offered legal frameworks for resolving conflicts and ensured that all residents, regardless of background, had an equal voice in the administration of their community schemes.

Within the ambit of its mandate, the CSOS has delivered on the following key outputs for the 2024/25 financial year:

2.1.1 Community Scheme Registration

As per the CSOS Act, CSOS continued to prioritise the registration of schemes, which includes the following types of community schemes: Sectional Title Schemes; Homeowners' Associations; Housing Co-operatives; Share Block Companies and Retirement Villages. During the 2024/25 financial year, a total of 2 448 scheme registration applications were processed and registered. In terms of the cumulative achievement during the 2020-25 strategic planning period, 8 283 community schemes have been registered which results in a total universe of 37 613 community schemes that are registered.

2.1.2 Governance, Compliance and Enforcement

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

In the 2024/25 financial year, of the 2 448 community schemes registered; 1 539 community schemes were required to submit schemes governance documents and annual returns / annual financial statements within 30 days after registering to be deemed as compliant. Out of the 1 539, 72% (1 114) were deemed to be compliant which reflects a 3% increase from the 2023/24 financial year (69%).

In implementing the mandate of ensuring proper governance of schemes, a total of 1 637 scheme governance documentations were received for quality assurance with 1 624 being quality assured within 30 working days, which amounts to 99%. A total of 1 132 compliance certificates were issued on all amended scheme governance documents.

CSOS has faced a myriad of challenges while implementing its mandate of ensuring compliance of schemes registered. Challenges include a lack of responsiveness of managing agents who manage various schemes. It has been apparent in the 2024/25 financial year that managing agents managing more than one scheme remain non-compliant. An assessment of the status of compliance shows that managing agents will register all the schemes under their management. However, they do not submit the required compliance documentation for all their schemes within thirty (30) days.

Another contributor to non-compliance is the submission of non-compliant documents by schemes. Schemes often submit unsigned documents or documents signed by one trustee as opposed to two trustees as required in the legislation. The process of obtaining both signatures proves difficult. This resulted in non-compliance by schemes. A further contributing impediment to achieving the compliance targets is duplicate or multiple registrations by community schemes. The duplication increases the denominator against which compliance is tested. The number of duplicate registrations is only determined at the point of compliance checking which includes data cleansing. Duplication can lead to inaccuracy of data, extended time being spent on correcting the inaccuracy and determining whether schemes are compliant.

One other difficulty is securing compliance of self-managed schemes. The trustees of these schemes are at times inaccessible or not able to file the requisite compliance documentation. Following up with these schemes has not yielded the desired outcome. As a result, these remain non-compliant for extended periods of time.

In response to these challenges, the CSOS utilises various strategies to address non-compliance. This includes issuing verification letters and non-compliance notices as well as visiting the offices of managing agents and the community schemes. Support is provided to schemes who demonstrate willingness to comply where the Compliance, Enforcement and Investigation (CEI) officers develop a compliance strategy for the scheme with timelines to ensure submission of governance documentation. Non-responsive schemes are referred to legal services for enforcement. Referring the schemes to legal services for enforcement has not yielded the desired result, this being exacerbated by the lacuna in the CSOS Act in so far as the exercise of enforcement powers.

Legislative redresses is required to ensure that compliance enforcement can be initiated to enforce punitive measures against non-compliant schemes.

Verification and Validation (V&V): Phase 2

The number of community schemes in South Africa is estimated to be 70 000. Attempts have been made to obtain the exact number of schemes from the Deeds Office; Companies and Intellectual Property Commission (CIPC); and other sources. However, there is no conclusive number. CSOS has since embarked on a process of updating its database to determine the actual number of community schemes in South Africa. This is being done through the physical verification and validation project (V&V). It is envisaged that at the conclusion of the project, the CSOS will have the complete picture of the community scheme universe. The V&V project is being implemented in two phases, with the first phase having been concluded in the 2024/25 financial year. The second phase commenced on the 31st of January 2025 with the envisaged end date on the 31st of January 2026.

The second phase focuses on both registered and unregistered schemes throughout South Africa. Service providers were procured to conduct physical verification of schemes. Service providers were allocated schemes in the districts across the provinces. The verification process entails the use of field workers who 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).

Datasets and portfolios of evidence have been received from the service providers, and as at the end of 2024/25, a dataset of 1 092 schemes were submitted. The dataset comprises of 508 registered schemes and 584 unregistered schemes. The dataset has undergone quality assurance processes, and to date a total of 1 052 verification letters were sent out to the schemes to verify compliance.

The project is closely monitored in CSOS to ensure fulfilment of contractual obligations. Service providers are required to submit reports in the third week of the month. The data is submitted on a portal and upon submission the CEI officers verify the data submitted. Payments are made to service providers once the CEI officers have verified that complete and accurate data has been provided.

The V&V project will serve multiple purposes of determining the actual number of schemes, secure registration of unregistered schemes and contribute to ensuring that all community schemes comply with legislative requirements.

2.1.3 Revenue Management

Section 59(a) of the CSOS Act provides that: "Every community scheme must, with effect from the commencement date of the Act, in each calendar year and at such time as may be prescribed, pay to the service a levy". CSOS levies are the major source of revenue for the CSOS constituting 97% of the total revenue generated from non-exchange receivables. CSOS continues to reach out to some known managing agents to obtain lists of community schemes that they manage, proof of payments, and levy calculators. This is to address the issue of unallocated levies.

A service provider was appointed to assist with the levy study to review the current levy model. The study recommended a flat levy rate. CSOS is currently in the process of reviewing the current levy model which has been presented to the DHS Advisory Committee for approval. The implementation of the newly recommended flat levy rate will commence upon the approval of the amended CSOS Regulation.

In the 2024/25 financial year, R470 303 770 CSOS levy was billed, which reflects an 18% increase from the 2023/24 CSOS levy billed of R398 143 574.

2.1.4 Dispute resolution

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

The Dispute Resolution Services, with the support of IT, has coded a SharePoint automated system for the management of disputes. This system encompasses the entire process from application to the issuance of an adjudication order. During the 2024/25 financial year, 16 791 new applications were received as compared to a total of 15 587 applications for dispute resolution received in the 2023/24 financial year, an increase of 1 204 applications.

2.1.5 Stakeholder Engagement and Advocacy

CSOS is still building its regulatory powers, and this will require collaboration with various stakeholders to assist CSOS in establishing its footprint within the industry. The stakeholders assist CSOS in making inputs into the implementation of the CSOS Act and the STSM Act and to further build the registration database. The provision of consumer education is also a key priority service delivery area. The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about its existence has also been highlighted in several important forums. In the 2024/25 financial year, 100% of the CSOS Advocacy Plan was implemented.

CSOS has made considerable strides as an organisation to bring the vision of a digital self-service solution and platform for our stakeholders to reality. CSOS Connect has been implemented allowing ease of engagement with the CSOS in a real-time connection experience through a digital platform. CSOS Connect enables users to register a scheme and upload documents on the CSOS Connect platform. In addition, community schemes are able to make amendments to the scheme details, deactivate, link the scheme under a specific agency profile, and delink the scheme. Upon successful registration of the scheme, users obtain a registration certificate signed by the Chief Ombud. Furthermore, March 2025 figures indicate that a total of 14 349 external users have registered on the CSOS Connect and the numbers increase daily.

Stakeholder Training Sessions

The CSOS implemented 100% of its mandate to educate its stakeholders for the 2024/25 financial year. This target was achieved by conducting 112 training sessions for schemes executives and owners. Majority of the training sessions were held virtually, thereby increasing easy access to the trainings by stakeholders. The training sessions were designed to address a variety of topics which resulted in the understanding of the CSOS mandate by the stakeholders. This resulted in an increase of dispute applications and compliance by schemes with the CSOS legislation.

The training sessions also uncovered a variety of challenges that the stakeholders encounter such as the lack of understanding of the jurisdiction and powers of the CSOS. This was evident in the number of engagements as to why are applications that do not fall within the ambit of section 39 of the CSOS Act rejected by the CSOS, even in the instance when the conduct complained about is emanating from a community scheme.

The training sessions amplified the need to continuously train stakeholders on their roles within community schemes to better understand how to properly govern community scheme. The need to continuously educate stakeholders is amplified by the low number of owners in community schemes attending training sessions. The low number of attendances by owners is attributed to the CSOS conducting its trainings during working hours. CSOS has implemented mechanisms to address the challenges which include training being conducted on weekends and at the convenience of the stakeholders.

CSOS has developed a repository of trainings that is available for easy access on the CSOS website to provide an on-demand service to the stakeholders. This service proved to be beneficial to stakeholders who require training at their own leisure.

The CSOS continues to find innovative training opportunities and partnerships to train its stakeholders. This resulted in partnerships with other Human Settlement entities which expanded the reach of the CSOS to audiences that experienced challenges in attending training sessions.

2.1.6 Community Schemes Sector Coordination

CSOS has significantly intensified its brand awareness efforts as part of a broader strategy to strengthen its visibility, credibility, and public engagement. This enhanced campaign is being implemented both internally and externally with a targeted focus on the general public, stakeholders, and strategic partners.

Internally, the campaign focuses on fostering a strong, unified organisational culture that reflects the CSOS' vision, mission and values. Key initiatives include:

- Staff Engagement Sessions: Team Talks, interactive workshops, and dedicated information-sharing platforms aimed at fostering open communication and deeper understanding of CSOS' vision, mission and values. The goal is to empower employees to become well-informed ambassadors of the CSOS brand, ensuring alignment across all levels of the Entity and promoting a consistent internal culture of service excellence and accountability.
- Branded Internal Communications: Using branded email templates, screensavers, newsletters, and intranet updates that reinforce the visual and messaging identity of the Entity.

Externally, CSOS has adopted a multi-faceted approach to connect with a wide and diverse audience. The campaign leverages a variety of media to maximize reach and impact:

- Radio Campaigns: Targeted radio adverts on popular local and regional stations communicate key messages about CSOS' mandate and service offerings. It addition, it aims to provide information about how the public can access CSOS' services and support.
- Billboards and Outdoor Advertising: High-traffic areas now feature eye-catching billboard placements with key messages, aimed at enhancing brand visibility and public recall.
- Social Media Engagements: Increased activity across major social media platforms (such as Facebook, Twitter/X, Instagram, Tik Tok and LinkedIn) includes educational content, service updates, awareness drives, and interactive Q&A sessions with the public.
- CSOS participated in public exhibitions such as Decorex, the Comrades Marathon, Amashova, as well as stakeholder events like the NAMA Conference. These platforms provided valuable opportunities for direct engagement with homeowners, property managers, and other key stakeholders enabling face-to-face interaction as well as effective dissemination of information.

Through these coordinated efforts, CSOS aims not only to boost brand recognition but also to build trust. In addition, the intent is to reinforce its reputation as a transparent, accessible, and community-focused public service Entity.

Stakeholder coordination and collaboration is at the centre of the CSOS operations and continues to be a priority for the success of the Entity. In giving effect to this, the CSOS signed Memorandums of Understanding (MOUs) with the Property Practitioners Regulatory Authority (PPRA) and Youth in Property Association (YIPA). Engagements are underway in finalising MOUs with the CSOS sister entities, Banking Association of South Africa, the industry bodies and other key stakeholders. This is in view to promote cooperation and collaboration as well as to foster open communication and information sharing.

Industry Body Meetings

CSOS holds quarterly meetings with key industry bodies such as the National Association of Managing Agents (NAMA) and the Association of Residential Communities (ARC). These engagements are designed to ensure strategic alignment with stakeholders, foster collaboration, and stay attuned to developments within the community schemes sector. Through these sessions, CSOS shares updates, addresses concerns, and gathers valuable insights. These insights aim to strengthen CSOS' regulatory and service delivery approach.

Body	Q1 Date	Q2 Date	Q3 Date	Q4 Date
NAMA	2024/06/28	2024/09/30	2024/10/25	2025/03/27
ARC	2024/06/26	2024/09/30	2024/10/25	2025/03/27

Information Sessions			
Q1 Date	Q2 Date	Q3 Date	Q4 Date
1. 1 Ministerial Engagement on 16 April 2024 in Deneysville 2. Presidential Imbizo Exhibition in Kuruman – 9 May 2024 3. Mall of Africa 7-13 May 2024 4. Cavendish Square 21-27 May 2024 5. Menlyn Mall 5-10 June 2024 6. Comrades Expo 6-8 June 2024	1. Decorex 1-4 August 2024 2. National Exhibition on Women's Empowerment 9 August 2024 3. ARC Conference 21-22 August 2024 4. Presidential Imbizo at Tsakane Stadium 23 August 2024 5. CSOS Indaba in Polokwane 12-13 September 2024 4. Presidential Imbizo at Tsakane Stadium 23 August 2024 5. CSOS Indaba in Polokwane 12-13 September 2024	1. NAMA Annual Conference 17-18 October 2024 2. Amashova 19 October 2024 3. Carnival City Mall Activation 19-20 October 2024 4. Cradlestone Mall Activation 26-27 October 2024	1. DHS Inauguration of entities – 21 February 2025 2. DHS Open day – 28 February 2025 3. SHRA Road Show – 13-14 March 2025 4. NHFC Workshop – 18 March 2025 5. PPRA Training Session – 24 March 2025 6. EmpowaWomen Event – 27 March 2025

Figure 4: Stakeholder Engagements and Information Sessions

CSOS Indaba

The second CSOS Annual Indaba took place successfully in Polokwane, Limpopo Province, from 12 to 13 September 2024, under the theme "Promoting well-governed, empowered, and transformed community schemes". The event aimed to facilitate robust discussions on scheme verification processes, scheme registration processes, strengthen collaborative partnerships, and enhance understanding of regulatory requirements governing community schemes. The Indaba brought together a diverse group of delegates including residents of community schemes, executive management agents, community scheme owners, and government officials including representatives from the Department of Human Settlements' entities. Cultural diversity was a prominent topic, with residents identifying it as a key challenge within community schemes.

Among the highlights of the Indaba was the successful registration of six new community schemes—one of the major success stories of the two-day event. These achievements reinforced CSOS' commitment to enhancing service delivery and stakeholder engagement. Additionally, the event showcased CSOS' progress in digitising and automating its registration systems, which are central to streamlining processes for community schemes and body corporates. The newly introduced CSOS system, although still under development, demonstrates significant strides toward modernised service delivery. CSOS was widely commended for its advancements and commitment to innovation.

The insights and successes shared during the Indaba will undoubtedly contribute to future events and the ongoing transformation and empowerment of community schemes.

2.1.7 Community Schemes Sector Transformation

Procurement Spend targeted at Businesses Owned by Designated groups

The introduction of the amended Preferential Procurement Regulations (2022 Regulations) under the Preferential Procurement Policy Framework Act, 2000 (PPPFA) led to the strengthening of the CSOS' procurement processes. These were geared towards lowering barriers to entry making it easier for businesses owned by designated groups to start, grow, and compete through the CSOS' SCM processes on prequalification criteria that are more enabling for suppliers to participate. The performance information over the past medium-term period indicates that 67% of CSOS' cumulative procurement spend was allocated to businesses owned by designated groups as per the table below:

Financial Year	2024/25	2023/24	2022/23	Total Amount	%
Total procurement expenditure on entities with a majority owned by women	R51 200 692.30	R69 459 624.34	R24 480 658.79	R145 140 975.43	53.8%
Total procurement expenditure on entities with a majority owned by youth	R4 093 883.17	R17 315 389.00	R9 153 582.62	R30 562 854.79	11.3%
Total procurement expenditure on entities with a majority owned by persons with disabilities	R1 740 583.36	R1 365 632.00	R729 577.55	R3 835 792.91	1.4%
Total procurement expenditure on entities with a majority owned by military veterans	R535 213.35	R1 011 194.24	-	R1 546 407.59	0.6%
Others (non-designated e.g., <51% ownership)	R36 299 497.63	R15 094 932.62	R37 313 759.06	R88 708 189.31	32.9%
Total	R93 869 869.81	R104 246 772.20	R71 677 578.02	R269 794 220.03	

Table 2: 2022-25 Cumulative procurement spend on designated groups

The CSOS made significant progress in achieving targets for procurement spending on women-owned businesses. However, there was slower than expected progress recorded for achieving targets for procurement spend on businesses owned by youth, persons with disabilities, and military veterans. This may be attributed to the limited technical expertise in the high-value projects for participation by these designated groups. Measures are in place and have been implemented to address these challenges such as signing the MOUs with the designated groups and placing of adverts for registration on the CSOS supplier database.

Executive Management Agent Development Programme

The EMA development programme is one of the key projects to facilitate transformation in the property management sector by providing an opportunity for Previously Disadvantaged Individuals (PDIs) to enter the market. The EMA development programme has the potential to harness entrepreneurial skills and to level the ground for aspirant property practitioners. CSOS is committed to advancing the transformation of the property management sector and, through deliberate selection of suitable PDIs, CSOS is confident that the trajectory of successful property management by EMAs who PDIs will increase.

CSOS is mandated to maintain a database of Executive Managing Agents (EMAs). In 2021, the Panel of Executive Managing Agents was launched. In the 2024/25 financial year, CSOS appointed 52 Previously Disadvantaged Individuals (PDIs) as EMAs. This brings the total number of EMAs appointed to the panel to 132, with 86 being female EMAs.

Number of EMAs appointed in 2024/25	52
Females	29
Males	23

Table 3: Summary of 2024/25 PDI EMA appointments

Since the inception of the EMA programme 25 schemes have been allocated to EMAs. Allocation of schemes is based on the number of requests received from community schemes in terms of the Prescribed Management Rule 28(2). The CSOS is positive that through vigorous awareness and understanding of the role of EMAs, requests for the allocation of EMAs to schemes will increase. CSOS considers the EMA development programme to be one of the ways through which scheme compliance can be achieved. The direct relationship with CSOS provides direct access to managing agents, which allows close monitoring of the compliance of schemes managed by the EMAs.

CSOS provides support to EMAs through training and education sessions conducted throughout the year. In the 2024/25 financial year, four training sessions were conducted. Each session was attended by more than 70 EMAs. These sessions address issues of scheme governance and administration.

During the 2024/25 financial year, CSOS observed various impediments to aspirant PDI candidates. One of the requirements of an EMA is being in possession of a Fidelity Fund Certificate (FFC) issued by the Property Practitioners Regulatory Authority (PPRA).

CSOS noted that some candidates were not aware of the process to obtain the FFC, and others indicated the lack of financial resources to register and obtain the certificate. CSOS collaborated with the PPRA and hosted a webinar for candidates who intended to become EMAs. Through the session, candidates were able to interact directly with officials from the PPRA who are responsible for registration of property practitioners. This is one of the ways through which CSOS supports the entrance of PDI candidates into the property management sector.

CSOS' continued commitment to advancing EMAs is in line with the government's vision to transform the sector and increase employment opportunities. The successful appointment of EMAs by CSOS is an indication of an increase of access into the market and economic participation by PDIs. This invariably leads to advancing the government's strategic intervention to diversify and transform the sector.

2.2. Organisational Environment

2.2.1 Capacity

The period under review commenced with a composition of nine (9) Board members comprising of seven (7) non-executive directors whose terms ended on 30 November 2024 and two (2) executive members, namely, the Chief Ombud and the Chief Financial Officer (CFO), both in acting positions. Subsequent to the end of term of the outgoing Board, three (3) non-executive directors were appointed in January 2025 leaving vacancies for four (4) non-executive directors. The remaining four (4) non-executive directors are yet to be appointed by the Executive Authority.

Good governance is crucial to business sustainability and the growth of the organisation. The CSOS has committees that advise the Accounting Authority on matters pertaining to governance. These are the:

- Audit and Risk Committee;
- Human Resources and Remuneration Committee;
- Financial Committee;
- Legislation, Adjudication and Transformation Committee;
- Social and Ethics Committee; and
- Governance Committee.

These committees function by way of formal Committee Terms of Reference. The Chief Ombud, assisted by the EXCO and MANCO, is responsible for the day-to-day running of the CSOS.

Human Capital

The organisational environment is influenced by a dynamic combination of internal and external factors, which fundamentally, at its core, is defined by its people. For CSOS, employees are not just resources - they are the Entity's greatest asset embodying the collective knowledge, skills, innovation, and dedication that drive its vision and mission. Human capital forms the foundation upon which CSOS builds its capacity to innovate, adapt, and achieve strategic results.

In recognising people as the cornerstone of organisational success; CSOS places significant emphasis on attracting, developing, and retaining talented individuals whose growth is aligned with the Entity's organisational values and strategic results. By investing in continuous learning, fostering employee engagement, and nurturing a culture of collaboration and empowerment; CSOS ensures its workforce remains resilient, motivated, and equipped to navigate challenges and deliver value to the communities it serves. In this context, the organisational environment is not only a backdrop for operations but a dynamic ecosystem where human capital is cultivated as the most vital driver of sustainable success.

Staff Complement

As of the end of the 2024/25 financial year, there were 202 permanent employees among the 252 positions on the approved organisational structure. The vacancy rate is at 20% and this constitutes a 1.4% decrease as compared to the 2023/24 financial year 21.4%.

Period	Permanent	Vacancy Rate	Temps	Interns and Learners	Total Number Employed
Q1 (2024/25)	206	18%	2	2	210
Q2 (2024/25)	201	20%	2	28	231
Q3 (2024/25)	203	20%	2	29	234
Q4 (2024/25)	202	20%	2	27	231

Table 4: 2024/25 Vacancy Rate Trend

With the aim of sourcing and recruiting from under-represented groups, the table below demonstrates CSOS's progress in aligning its workforce composition with national demographic data derived from the census.

CSOS DEMOGRAPHICS			NATIONAL DEMOGRAPHICS		VARIANCE
Africans	205	89%	Africans	79,2%	Over-subscribed by 9,8%
Whites	7	3%	Whites	8,9%	Under-subscribed by 5,9%
Coloureds	9	4%	Coloureds	8,9%	Under-subscribed by 4,9%
Indians	10	4%	Indians	2,5%	Over-subscribed by 1,5%
Other	0	0%	Other ²	0,5%	Under-subscribed by 0%
Disabled	1	0,4%	Disabled	2%	Under-subscribed by 1,6%

Table 5: Demographics; Source: Census 2022

¹ Calculated against 252 permanent positions on the approved organisational structure.

² Other relates to the Census 2022 responses from ethnic groups other than Africans, Whites, Coloureds, and Indians.

The following critical vacancies at executive and senior management level were notable during the 2024/25 financial year:

- Chief Ombud;
- Chief Financial Officer;
- Company Secretary;
- Executive: Risk Management;
- Senior Manager: Risk Management;
- Senior Manager: Legal Services; and
- Senior Manager: Employee Relations and Wellness

2.2.2 CSOS Culture Transformation

CSOS' journey towards cultural transformation is central to fostering a dynamic and engaging work environment that enhances employee satisfaction and drives exceptional customer experiences. Strategic emphasis on cultural transformation aims to create an inclusive and forward-thinking workplace where every employee feels valued and empowered. Through a series of targeted initiatives, CSOS seeks to cultivate a culture that is innovative, collaborative, and aligned with the organisational strategy. This journey encompasses the implementation of progressive human capital policies, development of a robust organisational culture, promotion of healthy employee-employer relationships, and creation of inspiring workspaces.

By prioritising this cultural transformation, CSOS ensures that our employees are motivated, engaged, and well-equipped to deliver outstanding service to our customers. This initiative is not merely about enhancing the work environment. It is about fostering a sense of purpose and belonging that drives excellence and sustainability in all that CSOS does.

2.2.3 Part-Time Adjudicators

CSOS has appointed 27 Part-Time Adjudicators to support the eradication of the backlog of disputes. To ensure that quality work is produced, CSOS appoints seasoned legal practitioners. In addition, to further the contribution to transformation initiatives and create opportunities for PDIs, CSOS appointed 15 female Part-Time Adjudicators.

Part-Time Adjudicators	
Category	Number
Male	15
Female	12
PDI	12

Table 6: Part-Time Adjudicator appointments

There has been a significant impact in dispute resolution since the appointment of the Part-Time Adjudicators. CSOS provides support and continuous development of the Part-Time Adjudicators through in house training and the adjudicators forum.

Improvements post appointment of panel of Part Time Adjudicators in February 2025	
Period	Adjudicated
Q4 January	262 (262 / 1126 = 23.3%)
Q4 February	354 (354 / 316 = 112%)
Q4 March	1273 (1273 / 1945 = 65,4%)

Table 7: Immediate Outputs of Part-Time Adjudicator Appointments

2.2.4 CSOS Learnership Programme

The CSOS adopted a practical approach in addressing transformation in the Community Schemes sector. In doing so, the CSOS, among other initiatives, rolled out a pilot learnership programme which was launched in the period under review. The objective of the programme is to identify job opportunities for the previously disadvantaged youth within the sector. In addition, this aligns with "Capacitation and access to funding" theme in implementing the Transformation Strategy. In an effort to do so, the learnership programme started on 01 August 2024 and will run for a period of 12 months ending on 31 July 2025. The programme covers 30% theory-based learning which has since been completed and 70% on-the-job training due to be completed in the 2025/26 financial year. This programme will qualify the learners with a Business Administration NQF 4 qualification, SAQA ID: 61595, to be obtained under the Services SETA.

A cohort of 22 learners was appointed and seven (7) have since been placed at the CSOS offices with five (5) reporting at the head office and two (2) at the CSOS KwaZulu-Natal office. The remaining 15 learners have been placed under six (6) host companies namely: Pretor Group (5 learners), Trafalgar Property Management (3 learners), Elaine Moonian Properties (1 learner), Altamirus Realtors (Pty) Ltd (2 learners), Segoale Properties (2 learners) and Burmain Properties (2 learners). Six (6) Memorandums of Understanding were signed with the respective host companies in order to regularise the collaborative efforts to successfully implement the learnership programme. This programme affords learners the opportunity to expand their practical experience with this contributing to two (2) learners securing job opportunities that align with their long-term career goals.

We look forward to realising remarkable results from future learnership programmes aimed at benefiting the young South Africans.

2.2.5 ICT Environment

For the 2024/25 financial year, the CSOS placed focus on improving automation of business processes, reviewing and consolidating ICT policies as well as the continuous improvement on the ICT service delivery. A cyber defence programme was also initiated with all activities being implemented to improve the cybersecurity posture of the CSOS. The completion of the server infrastructure project opened opportunities such as hosting the ERP (Enterprise Resource Planning - Sage) solution on premises.

2.2.5.1 Business Applications

During the 2024/25 financial year, the release of all core modules of CSOS Connect has been completed for use, including the Customer Relationship Management (CRM), Scheme Registration, Governance, and the Alternate Dispute Resolution modules. The Revenue Management is partly in use, with the Online payment completed and E-billing in its final stages of testing. In addition to CSOS Connect, the Enterprise Resource Planning (ERP) was completed and is in use, with only the E-tenders and Business Intelligence module in the testing phase. Lastly, Data Management Forum has been established with the aim of improving the completeness and quality of the schemes' data. This seeks to enable the establishment of a complete database of schemes and billing.

2.2.5.2 Infrastructure and Operations

Infrastructure

The 2024/25 financial year commenced with the project of infrastructure migration onto a HP Enterprise Hyperconverged solution (SimpliVity Solution) which sought to consolidate the aging server and network infrastructure for all regional offices and maximise access to internal resources by creating stability in the infrastructure uptime. Having completed this project, the CSOS has already started realising benefits from it by having the ERP solution internally hosted and managed from an infrastructure perspective. This has led to a saving in the initially costed ERP project. Certain challenges were experienced regarding the Disaster Recovery component of the solution which has led to the importance of internal capacitation on the solution as a factor key in the management of the solution as a whole.

Operations

Key to service management is the implementation of a service management application utilised for Incident, Change and Problem management in the Entity. The primary service management tool renewal has allowed for the automation of Change Management (previously manual) and the implementation of an externally facing incident management tool for the contact centre. This now allows for ticketing and tracking of incidents logged by the community schemes through this tool and incident management reporting. Additional enhancements, including implementation of AI tools on the service management tool, are planned for the 2025/26 financial year. In addition, planned awareness to increase adoption is prioritised to increase customer satisfaction of the resolution of incidents and the entire service management as a whole.

2.2.5.3 IT Risk and Governance

In the 2024/25 financial year, the ESET endpoint protection was successfully renewed to maintain endpoint security across CSOS devices. In addition, the timely renewal for all critical SSL certificates was completed to ensure secure, encrypted communications for CSOS online services.

The Cyber Defence Plan was approved and 100% of the cybersecurity activities were implemented focusing on vulnerability management, and system hardening. Key achievements include:

- Enhanced firewall rules and intrusion detection settings
- Periodic penetration tests and vulnerability assessments

The development of the cybersecurity strategy remains the important milestone to provide a structured approach to protecting digital assets, ensuring CSOS business continuity and maintaining stakeholder trust. As cyber threats evolve rapidly, a dynamic strategy includes threat intelligence and innovation to enable the Entity to adapt to new challenges.

IT risks were identified and assessed through regular reviews. The IT risk register was continuously reviewed and updated. This included implementation of mitigation measures for the identified risks.

The CSOS actively contributed to inter-agency committees focused on cybersecurity and policy shaping. This also presented an opportunity to provide expert input on cybersecurity, digital transformation and data governance in the different IT Web forums. During the 2024/25 financial year, focus was given to the design and provision of a cybersecurity awareness program for all CSOS staff.

The key outcomes included:

- Improved phishing email detection (simulated test results)
- Increased reporting of suspicious activities as employees can identify and detect suspicious activities and phishing attempts

A structured annual plan was developed to maintain cybersecurity awareness across CSOS including awareness training reminders and simulations through the Mimecast Platform.

In terms of stakeholder engagement and strategic coordination, the CSOS successfully formed an ICT Women's session to promote gender diversity, mentorship, and leadership in technology. This session was attended by IT women outside CSOS to motivate and mentor the women in the CSOS ICT team. Network sessions are attended to acclimatise the CSOS ICT women in the industry and provide opportunities to network and gain relevant experience from IT Women leaders. The CSOS' participated in key ICT forums to enhance visibility of the Entity's ICT practices as well as to gain insights on emerging technologies and security trends.

Emphasis was given to strengthening the IT risk and governance framework. As a result, CSOS received a compulsory penetration and vulnerability assessment from the SSA. The CSOS intends to further automate threat detection and response through the acquisition of the Managed SOC. It is important that the Entity also continues to scale up awareness campaigns to include third-party vendors / IT Service providers and continue promoting inclusive ICT initiatives.

2.2.6 Facilities Management

In the period under review, facilities were managed in three CSOS regional offices based in Centurion (Gauteng); Cape Town (Western

Cape); and Durban (KwaZulu-Natal). In addition, and seven satellite offices were managed in Bloemfontein, Gqeberha, Polokwane, George, Ballito, Mbombela and Rustenburg.

Site inspections were conducted at all CSOS office locations, each quarter. These visits included Occupational Health and Safety (OHS) compliance checks and evacuation drills for staff preparedness in case of emergencies. A preventive maintenance programme was implemented to identify and report any structural defects in all CSOS offices. This initiative was part of a broader Maintenance Implementation Plan designed to address and rectify any issues proactively.

In addition, priority was given to the effective management of CSOS vehicles and overseeing their maintenance, service schedules and general upkeep. All vehicle requests were handled promptly and efficiently. Continuous document storage services were provided across all CSOS offices. Timely courier services were also maintained to support the movement of documents and materials between CSOS locations.

The non-responsiveness by bidders for office lease tenders or for requests for quotations (RFQs) resulted in delays in the process to source satellite offices space.

2.2.7 Legal Matters

Litigation

The Legal Services unit is tasked with the responsibility to initiate or defend civil action/application proceedings ("general litigation") before a court of law including any other quasi-judicial forum in order to protect the interests of the CSOS.

The CSOS Litigation table hereunder records all legal action instituted by and against the CSOS. It further outlines the nature of the legal action and the status of the matter, amongst others. During the 2024/25 financial year, the total number of general litigation matters increased to 374. 149 of these matters have been finalised and 225 remain pending before various courts and tribunals.

The litigation matters during the period under review can be categorised as follows:

	Review / Appeal applications against CSOS Adjudication Orders	Labour Disputes	De Nova Matters	General Litigation (contractual or delictual)	TOTAL
Matters Received	296	28	7	43	374
Matters Finalised	103	23	4	19	149
Matters Pending	193	5	3	24	225

Table 8: General Litigation Register

Contract Management

The contract matters during the period under review can be categorised as follows:

Nature of Contract	No. of Instructions Received	Drafted within 15 days	Outside 15 Days	TOTAL
SLAs	100	100	0	100
Leases	3	3	0	3
MoU's/MoA	7	7	0	7
(Subtotals)	110	110	0	110

Table 9: Total Number of Instructions Received as at 31 March 2025

At the start of the 2024/25 financial year, an annual target of drafting and vetting 90% of the organisation's commercial agreements in-house was prioritised to avoid potential litigation, and minimise possible fraud and corruption. In addition, this aimed to ensure that both the organisation and the contractors meet their respective obligations. 110 of the 110 of commercial contracts consisting of the Service Level Agreements and Lease Agreements with third parties were reviewed and drafted internally in CSOS. This resulted in the achievement 100% against the 90% target resulting in a cost-saving benefit for the organisation.

Contract management training targeting CSOS employees from all the business units and the concomitant in-house legal support provided enhanced the effectiveness of internal control systems and ensured that the CSOS received value for money spent on goods and services.

VBS Mutual Bank

Legal Services successfully recouped R20 480 000 from the VBS liquidation and expects to recoup additional funds in the future pending the legislated processes.

2.2.8 Complaints Management

The Complaints Management function of the CSOS plays a critical role in promoting good governance, transparency, and accountability within community schemes.

In the 2024/25 financial year, a total of 8,423 queries were received and managed by the Call Centre. These included instant call enquiries and queries submitted via Hello Peter. Notably, 80% of the queries were addressed within the established 48-hour service standard, reflecting CSOS's ongoing commitment to responsive and efficient service delivery.

2.3 Summary of 2024/25 Annual Performance

CSOS has 21 annual targets planned for the 2024/25 financial year, of which, 18 annual targets were achieved, and three (3) targets were not achieved. This results in an overall achievement of 86%, as compared with the 83% overall performance being reported in the 2023/24 Annual Report, which reflects a 3% improvement in performance. It should be noted that the 2024/25 overall performance exceeds the threshold set in the Shareholder Compact Agreement, signed between the Minister and the Board, which stipulates that good performance is categorised as achieving 80% and above of the 2024/25 APP annual targets.

Programmes	Planned	Achieved	Not Achieved	2024/25 % Achieved	2023/24 % Achieved	2022/23 % Achieved
Programme 1: Administration	8	6	2	75%	67%	62%
Programme 2: Regulation	7	6	1	86%	88%	78%
Programme 3: Education and Training	6	6	0	100%	100%	83%
CSOS Performance Summary	21	18	3	86%	83%	71%

Table 10: Summary of 2024/25 Annual Performance per Programme

2024/25 Overall Organisational Performance

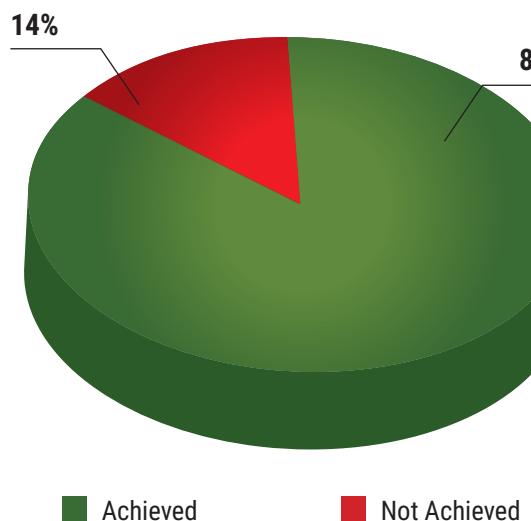


Figure 5: 2024/25 Annual Performance in Percentages

In-year audited performance reflected as 83% at Quarter 1, as 76% at Quarter 2, as 89% at Quarter 3, and as 80% at Quarter 4. Key organisational challenges during the 2024/25 financial year included the lower-than-expected registration of billable community schemes; the lower than expected CSOS levy billed; the inadequate procurement spend on businesses owned by youth and persons with disabilities.

Improved performance at year-end can be attributed to focused monthly monitoring of performance and the implementation of an Organisational Performance Improvement Plan. Lessons learnt in the 2024/25 financial year will inform interventions in the 2025/26 financial year to address areas of less than desired performance. These interventions are elaborated on in **Section 3.4 Strategy to overcome areas of underperformance**.

2.4 Key Policy Developments and Legislative Changes

ICT Policies

A review and update of ICT security policies and ICT security procedures was conducted to ensure relevance with evolving threats and regulatory compliance (e.g., data protection, access control, acceptable use). The information and cybersecurity policy was reviewed in alignment with the DPSA Information Security Directive and benchmarking with the relevant international standards/best practices. The policy was approved by the board on the 14th November 2024.

Employment Equity Amendment Act, 2022 (Effective 1 January 2025)

The Employment Equity Amendment Act mandates compliance with employment equity as a prerequisite for doing business with the state. It narrows the definition of designated employers to those with 50 or more employees, exempting smaller employers from submitting equity reports and plans, thereby reducing their administrative burden. Employers are now required to develop Employment Equity Plans aligned with sector-specific numerical targets set for the period 2025–2030. These targets aim to ensure equitable representation of suitably qualified individuals from historically disadvantaged groups across all occupational levels. The new Employment Equity Regulations, effective 15 April 2025, introduce enhanced enforcement measures, including mandatory reporting and certification by the Department of Employment and Labour.

Proposed Amendments to the Labour Relations Act and Related Labour Laws

The amendments clarify that employees in essential services may only strike under agreed minimum service conditions. Disputes related to promotions, demotions, training, and benefits will no longer be treated as unfair labour practices but will be managed internally or as contractual issues. Updated dismissal procedures provide employers with greater flexibility, particularly concerning probationary employees and high-earning staff, limiting unfair dismissal claims and capping compensation in certain cases. Additionally, trade unions and employers' organisations will face stricter financial reporting obligations.

2.5 Progress Towards Achievement of Institutional Impacts and Outcomes

The CSOS has five strategic outcomes which are set out in the 2020-25 Strategic Plan as follows:

- Outcome 1: Functional, Efficient, and Integrated Government
- Outcome 2: Effectively Regulated Community Scheme Sector
- Outcome 3: Effective Dispute Resolution
- Outcome 4: Empowered Stakeholders
- Outcome 5: Transformation of Community Schemes Advanced

Functional, Efficient, and Integrated Government

The CSOS executes its mandate and seeks to achieve its envisaged impact, in a complex environment, impacted by global, national, and provincial factors, which directly affect the pursuit of its desired impact and in delivering on its mandate. In the 2020-25 strategic planning period, the CSOS prioritised the implementation of remedial audit action plans to improve internal governance and control mechanisms. The implementation of remedial audit action plans enables the CSOS to progress year-on-year towards the achievement of a clean audit outcome. In the financial year under review, the CSOS progress on the external audit outcome is summarised in the table below:

Outcome	Outcome Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Reasons for deviation
Outcome 1: Functional, efficient, and integrated government	External audit outcome	Unqualified audit opinion with material findings	Unqualified audit opinion with limited material findings	Unqualified audit opinion with no material findings	Qualified audit opinion for 2023/24 financial year	Unallocated revenue and review of estimates

Table 11: Summary of External Audit Outcome Trends

Effectively Regulated Community Scheme Sector

CSOS is a regulator of all community schemes in South Africa. It is mandated by the CSOS Act to regulate the governance of community schemes and ensure that schemes are compliant. The CSOS contributed towards improved governance in community schemes. This was done through supporting the establishment of body corporates, validation of submitted governance documents, and billing of CSOS levies to ensure compliance with section 59 of the CSOS Act. The entire CSOS value chain and service delivery model is underpinned by the success of establishing and maintaining a complete database of community schemes in the country. The CSOS continued to prioritise the registration of schemes in the 2024/25 financial year.

Effective Dispute Resolution

CSOS is mandated in terms of section 2 of the CSOS Act to deal with the functions and operations of CSOS, governance of schemes, and dispute resolution in community schemes. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes. This has been carried out by resolving disputes amongst the parties by providing a dispute resolution service for community schemes in South Africa. The CSOS has implemented business processes and service standards to improve the turnaround time for the process of disputes. In addition, quality assurance of adjudication orders aimed to improve the quality of the orders and their enforcement.

Empowered Stakeholders

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

Transformation of Community Schemes Advanced

In the achievement of this mandate, the CSOS places a strong emphasis on the transformation of designation groups, particularly focusing on

women's economic transformation. The specific interventions have been implemented, within the ambit of the CSOS mandate, which aims to broaden opportunity and employment for designated groups in the sector towards the imperative of fostering faster and inclusive growth which is key to improving and sustaining higher living standards and successfully reducing the inequalities that still puncture our economy.

Transformation of the community schemes sector has been prioritised in the CSOS with the focus on driving the transformation of the industry. This will be done through its intent of increasing the focus on the targeted procurement from businesses owned by designated groups. The CSOS aims to improve the ease of doing business with the State through lowering barriers of entry to make it easier for businesses owned by designated groups to start, grow, and compete through our supply chain management processes on prequalification criteria. Furthermore, a system to better track and monitor B-BBEE and preferential procurement has been established, for ease of monitoring and reporting. Pre-approved panels of service providers have been established consisting of entities owned by designated groups.

The monumental task of changing the complexion of the population of managing agents is gaining significant momentum. CSOS aims to contribute to the transformation of the community schemes sector, through providing an enabling environment for the Executive Managing Agents (EMAs) from Previously Disadvantaged Individuals (PDIs). This is done through the provision of training and appointment of historically disadvantaged EMAs to real economic opportunities in the governance and/or management of schemes. CSOS has a database of historically disadvantaged EMAs and leverages its network for opportunities for placements in community schemes.

The CSOS is committed to the Code of Good Practice on Employment Equity. The Employment Equity (EE) Plan was approved for implementation and will cover the period from 1 September 2023 to 31 August 2028. The EE Plan serves as a guideline in the talent acquisition process and may be changed depending on the requirements and availability of scarce and critical skills.

2.6 Key Achievements for 2019-24 Medium-Term Strategic Framework (MTSF) Commitments

The table below provides a summary of the CSOS' achievements towards the realisation of its 2019-24 MTSF commitments:

MTSF Indicators	Outcome	2020-25 SP Outcome Indicators	Five-Year Target (March 2025)	MTSF Achievements from 2019/20 to 2024/25
Consumer protection programmes implemented. • Report on total number of community schemes registered and paying levies as per legislation.	Outcome 2: Effectively regulated community scheme sector	Percentage increase of registered community schemes over the five-year period	58% (From 25 800 to 70 000)	38% (9786) increase in community schemes registered.
		Percentage of registered schemes paying levies	75%	80% (20073/24960) (24 960 billable community schemes, and 20 073 billable community schemes are paying levies).
		Rand value of levies collected	R 427 179 097	R 1 438 762 332.93
Number of consumer disputes submitted and resolved within 90 days.	Outcome 3: Effective disputes resolution.	Percentage dispute resolution services provided within 90 days	85%	78% (29839/38521) of disputes were conciliated within 45 days and adjudicated within 90 days.
Number of people in the target market exposed to educational programmes on owning and renting a home. • Implement a borrower, homeownership (Zenzeleni) help me buy and tenant education programme. • Transactional support programme implemented. • CSOS to establish a presence in the transactional support site or centre	Outcome 4: Empowered stakeholders.	Stakeholder perception rating.	55%	62% perception rating by stakeholders.
			90 training and education sessions conducted for schemes executives and owners	431 training and education sessions were conducted for schemes executives and owners.
			60 stakeholder information sessions conducted	177 stakeholder information sessions conducted.
			4 editions of Shared Living e-newsletters published annually	20 editions of Shared Living e-newsletters published annually (4)
			100% implementation of Advocacy Plan annually	100% implementation of the Advocacy Plan annually.
			6 new transactional sites will be established (satellite office).	3 Regional Offices and 7 satellite offices: Bloemfontein, Gqeberha, Polokwane, George, Ballito, Mbombela and Rustenburg

Table 12: Summary of Key Achievements for 2019-24 MTSF Commitments

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 Programme 1: Administration

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

Business Function	Purpose
Office of the Chief Ombud	To provide effective and efficient strategic support to the Chief Ombud and the executive team in order to achieve the mandate and strategic outcomes of the CSOS.
Office of the Company Secretary	To provide effective and efficient Board and Committee support, administrative services, and the provision of advice to ensure the effective functioning of the Board.
Organisational Strategy and Performance Monitoring	To coordinate the strategy development process, and business planning process and ensure strategy alignment across all operational areas, as well as monitor and evaluate strategy implementation.
Risk Management	To coordinate the strategic corporate risk register and mitigate strategies to ensure they are successfully managed. Create, promote, and maintain a culture of risk awareness and accountability within the organisation.
Office of the Chief Audit Executive	To provide independent objective assurance and consulting (advisory) services by evaluating the governance, risk management, internal controls, as well as compliance against the relevant prescripts in order to add value and improve the CSOS operations.
Corporate Services	To support the CSOS functions by attracting and retaining suitably qualified individuals, to create awareness of the CSOS services and build and protect the CSOS reputation; to provide cutting-edge legal support and advisory services in order to protect the interests of the CSOS; and to provide, maintain and develop the required office accommodation to support CSOS functions. Corporate Affairs has the following functions: <ul style="list-style-type: none">• Human Capital Management• Marketing and Communication• Legal Services• Facilities Management• Complaints Management
Office of the Chief Financial Officer	To ensure that functions that support the core operations run effectively and that the organisation is sustainable. The Office of the CFO has the following functions: <ul style="list-style-type: none">• Supply Chain Management• Accounts Receivables• Payables• Management Accounting and Reporting
Office of the Chief Information Officer	To partner with CSOS business units to deliver efficient ICT-enabled services to all stakeholders. This includes the development and implementation of an organisation-wide business automation system.

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

- OUTCOME 1: Functional, Efficient, and Integrated Government
- OUTCOME 2: Effectively Regulated Community Schemes
- OUTCOME 5: Transformation of Community Schemes Advanced

3.1.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

3.1.1.1 Risk Management

The reviewed Risk Management Governance Policies and Plans from the end of the 2023/24 financial year were implemented in the 2024/25 financial year. These included the Risk Management Policy; the Risk Management Framework; the Anti-Fraud and Corruption, Prevention Policy; the Whistle Blowing Policy; the Risk Appetite and Tolerance Framework; the Regulatory Compliance Policy; and the Regulatory Compliance Framework.

Risk Management facilitated a review of the 2025/26 Strategic, Fraud, and Operational Risk Assessments for various business units. Additionally, the risk maturity assessment was conducted which gives an indication of the level of maturity pertaining the implementation of risk management initiatives at strategic and operational level.

The organisation has improved in embedding Risk Management in its daily operations, but the unit has identified that there is still some work to be done on the effectiveness of controls involved in the initiatives being put forward as mitigation strategies. This has been factored into the Strategic and Operational assessments conducted within the year to develop risk registers for the 2025/26 year both at strategic and operational level.

3.1.1.2 Internal Audit

The 2024/25 CSOS Internal Audit plan, as approved by the Audit and Risk Committee, consisted of 34 planned Internal Audit projects. Internal Audit implemented 100% of the approved Internal Audit plan as well

as other additional ad hoc audit projects such as follow up audits and requests for probity reviews. The achievement assisted the CSOS to identify and make recommendations on the identified internal control weaknesses. The probity reviews contributed in assisting the CSOS to prevent possible incurrence of irregular expenditure as a result of the procedural flaws identified during the probity reviews.

3.1.1.3 Financial and Supply Chain Management

The CSOS recorded notable progress in the revenue billing of R470 303 770 in the 2024/25 financial year as compared to R398 143 574 billed in the 2023/24 financial year. This represents an 18% increase. This progress is attributed to the strategic implementation of billing estimates on scheme accounts that have consistently made payments without submitting the required levy schedules. By raising estimates based on verifiable historical payment patterns, we were able to capture previously unbilled revenue, which significantly contributed to the increase in billable schemes.

To maintain revenue performance throughout the year, several measures were instituted:

- Continuous review of scheme accounts to identify those making payments without declared levy schedules.
- Use of payment history as a proxy for levy obligations where declarations were not submitted.
- Ongoing communication with managing agents and trustees to encourage compliance and submission of outstanding schedules.
- Improvements in the billing system to automate and track estimated billing processes.

These interventions ensured that the revenue trajectory remained on course despite administrative delays in receiving full levy declarations from all schemes.

Levy Billed and Levy Collection

REVENUE BILLED ANALYSIS			
PERIOD	2024/25 FY	2023/24 FY	VARIANCE CHANGE
Q1	R70 944 762.00	R90 150 705.00	-21%
Q2	R91 698 372.00	R90 279 975.00	2%
Q3	R112 042 652.00	R85 504 992.00	31%
Q4	R195 617 985.00	R132 207 902.00	48%
TOTAL BILLED	R470 303 770.00	R398 143 574.00	18%

Table 13: 2024/25 Revenue Billed Analysis

Total revenue billed increased by 18% from the previous financial year due to the following:

- Raising of estimates on scheme accounts that have made payments but have not submitted levy schedules
- The identification and billing of newly registered community schemes resulted in a broader billing base and corresponding rise in levy payments.

Strategic engagements with managing agents facilitated improved compliance, timely levy declarations, and enhanced payment consistency across multiple schemes under their management.

REVENUE COLLECTION ANALYSIS			
Period	2024/25 FY	2023/24 FY	% Variance: Collection
Collected Q1	R73 410 014.00	R74 171 130.00	-1%
Collected Q2	R75 157 362.00	R72 753 525.00	3%
Collected Q3	R79 095 910.00	R61 151 245.00	29%
Collected Q4	R93 002 483.00	R75 537 612.00	23%
Total Collected	R320 665 769.00	R283 613 512.00	13%

Table 14: 2024/25 Revenue Collection Analysis

There has been a 13% increase in the current year compared to the previous year due to:

- Strategic engagements with managing agents facilitated improved compliance, timely levy declarations, and enhanced payment consistency across multiple schemes under their management.
- Focused debt recovery efforts contributed significantly to the recovery of outstanding levies and the improved overall collection rate.

Debt Collection

The appointment of debt collection service providers aims to improve the recovery of outstanding CSOS levies and enforcement on non-paying schemes. This initiative is critical for enhancing financial accountability and ensuring compliance with regulatory requirements by community schemes. Below is the summary of the debt collection.

	Number of schemes	Monetary value
Total Schemes	9 994	R332,345,081.13
Not yet contacted	4 716	R153,881,470.60
Contacted	5 278	R172,343,675.90
Disputes - waiting for proof of payments	2 238	R95,396,386.42
Awaiting response from body corporates	122	R8,542,294.92
Queries from Body corporates	1 781	R60,646,783.19
Undelivered/ No email addresses/ Outdated contact details	922	R2,850,268.77
Sent letters of demand	188	R4,444,766.00
Settled	36	R447,664.91
No longer managed by the Managing Agent on record	1	R18,052.72

Table 15: Debt Collection Summary

However, several challenges were experienced that hindered the effectiveness of serving letters of demand. This is due to incomplete and inaccurate data.

Challenges

- Incomplete, outdated and Inaccurate Data
- Obsolete Managing Agent (MA) Information
- Additional data deficiencies noted by Debt collection service providers

Corrective Measures

- Reduce the number of schemes provided to service providers to only the schemes that they have or can successfully contact.
- Request service providers to further flag problematic schemes.
- Successfully traced schemes to be redistributed to service providers with correct contact details to resolve above mentioned challenges.
- CSOS Connect daily look up on amendments of particulars to assist with the updating of outdated community schemes information flagged by the debt collectors.

Total Interest Income as at 31 March 2025

ANNUAL INTEREST ANALYSIS			
YEAR	BANK ACCOUNTS (DEMAND AND LEVIES)	CPD ACCOUNT	TOTAL
Financial year 2023/24	R9 573 748.00	R11 787 336.00	R21 361 084.00
Financial year 2024/25	R4 221 768.00	R6 213 199.00	R10 434 697.00
Difference (Decrease)/Increase	(R5 351 980.00)	(R5 574 137.00)	(R10 926 387.00)

Table 16: Total Interest Income for 2024/25

Annual interest decreased by 51% the current financial year compared to the previous year due to a low bank balance, and the withdrawal of surplus funds from the reserves bank CPD, which was paid over to the National Treasury.

Community Schemes Paying vs Non-Paying as of 31 March 2025

	2024/25	% representation of community schemes on Sage
No. of Community Schemes on Sage	36 571	100%
Paying Community Schemes	20 073	55%
Non-paying Community Schemes	11 297	31%
Non-paying Community Schemes (Exempt)	5 201	14%
No. of Billable Community Schemes	24 960	
Percentage of Paying Schemes (Billable)	80%	

Table 17: Community schemes paying vs non-paying as at 31 March 2025

There has been an increase of 9% of billable paying schemes which contributed to an increase in paying schemes. There has been sustained efforts in engaging with managing agents and schemes on the collection of levies. It is noted that there is a growing number of non-paying schemes and the CSOS has implemented debt collection processes which are expected to yield results in the next 2025/26 financial year.

TOTAL CREDIT NOTES PROCESSED (APRIL 2024 TO MARCH 2025)

Quarter	2024/25
Quarter 1	R14 469 754.00
Quarter 2	R93 466 303.00
Quarter 3	R40 228 112.00
Quarter 4	R24 877 699.00
Total	R173 041 868.00

Table 18: Total Credit Notes Processed per Quarter

In the 2024/25 financial year, the CSOS processed credit notes on customer accounts, and this was due to schemes submitting the required levy schedules to update the estimates on accounts and ensure that the billing on the accounts is accurate.

Progress on Unallocated Levies as at 31 March 2025

Period (Current year) 2024-2025	Current year	Unallocated backlog
Current year opening balance	R0.00	R183 530 110.00
Unallocated funds from 1 April 2024 to 31 March 2025	R160 563 045.00	R0.00
Less: Reallocated funds from 1 April 2024 to 31 March 2025	(R32 651 911.00)	(R93 178 791.00)
Closing Balance	R127 911 134.00	R90 351 319.00

Table 19: Progress on Unallocated Levies as at 31 March 2025

In the 2024/25 financial year, the unallocated funds reallocated to scheme accounts accounted to 20% of the unallocated funds received from community schemes in the period under review, while 51% was reallocated from unallocated funds from prior years.

The total unallocated funds from the inception of levy collection was R226 631 429 (2017) as at 31 March 2025, with the remaining prior year unallocated balances amounting to R90 351 319.

In the new year 2025/26 financial year, various initiatives will be undertaken to improve the reallocation to reduce the unallocated balance, including but not limited to:

- Friday reallocation initiatives which ensure all FNBs depositor details are received and contacted for allocations to take place.
- Retrieval of payments which were paid using invoice numbers as references to reallocate.
- Reallocation of transactions in which feedback was received from ICT's data cleansing project
- Streamlined Payment Options: Enhance levy payment options like online portals, direct bank transfers, and mobile payment platforms.
- Enhanced User Accessibility: Ensure the payment process is accessible to all registered schemes.
- Promotional Allocation Drive: Launch advertising campaigns urging schemes to verify their account statuses to ensure proper allocation of levy payments.
- Stakeholder Training Sessions: Conduct regular training sessions for community schemes and managing agents emphasising the importance of using accurate reference numbers for levy payments.
- Educational Email Campaigns: Utilise email campaigns to educate schemes on the correct procedures for making CSOS levy payments.

Supply Chain Management

The total procurement expenditure of the financial year 2024/25 amounted to R93 869 869, which decreased from R104 246 772 reported in the 2023/24 financial year. 54,54% was spent on businesses owned by women, decreasing from 66,63% in the 2023/24 financial year. 4,36% was spent on businesses owned by youth, with a significant decrease from 16,61% in the 2023/24 financial year. 1,85% was spent on businesses owned by persons with disabilities, with a marginal increase from 1,31% in the 2023/24 financial year. 0,57% was spent on businesses owned by military veterans. CSOS managed to improve from B-BBEE non-compliant on 2023/24 to be B-BBEE compliant by achieving level 8 B-BBEE status.

There were 29 projects approved in the procurement plan for the 2024/25 financial year. At the end of the period, 45% of the projects were awarded with the remaining tenders rolled over to the 2025/26 financial year as these were yet to be awarded.

Payables

To promote the ease of doing business with the government, CSOS has prioritised the payment of all valid invoices within 30 days. The Entity achieved 100% of payments of valid invoices paid within 30 days of receipts in compliance with the Treasury Regulation 8.2.3 and achieved 100% payments of valid part-time adjudicators invoices. Compared to 99,9% in the 2024/24 financial year, this represents a 0,01% improvement. 100% of valid part-time adjudicators invoices were paid within 30 days in the 2023/24 financial year. CSOS has enforced weekly monitoring of the invoice register to support the age analysis and identify risk prior to the expiry of 30 days.

Description	Amount	Number of valid invoices paid - 2024/25 FY	%
Valid creditors invoices paid within 30 days	R184 00 391.13	2904	100%
Valid invoices for part time adjudicators paid within 30 days	R6 072 000.00	162	100%
Total	R190 073 391.13	3066	100%

Table 20: Invoice Payment Summary

Management Accounting and Reporting

2023/24 Audit process and AGSA opinion

The External Auditors expressed a qualified opinion on the 2023/24 Annual Financial Statements. The material findings on revenue, receivables and unallocated receipts resulted in the audit opinion.

Remedial Audit Action Plans

The Entity developed an Audit Remedial Action plan to address the findings raised by the External Auditors. The latest status as at 31 March 2025 is 89% of action plans are completed. The outstanding action plans are mainly relating to year-end processes which are due to be completed by 31 May 2025.

Cashflow Movement

The Entity is currently experiencing low cash flow reserves mainly caused by more payments being made which exceed our levy collections, as depicted in the table below.

The main challenge for the reduced receipts is as a result of low collection of levies from schemes; low interest rates earned as a result of decreases in the bank and cash investment balances and lastly the low registration numbers of new schemes than anticipated in our projections.

The payments made are mainly for commitments, operational costs such as salaries and creditors, therefore there are no new projects which were undertaken as yet that require significant cash outflows.

CASH FLOW MOVEMENT	
Cash collected from levies (including unallocated payments)	R317 333 866
Interest received	R10 792 900
Other receipts: Recoveries, Insurance claims, SARS refund, etc	R993 492
Total inflow	R329 120 258
Cash paid to suppliers (Goods and services & Capital assets)	R198 420 699
Cash paid to employees	R194 564 524
Total cash outflow	R392 985 223
Net cashflow	(R63 864 965)
Cash paid to National Treasury (Surrender of Surplus)	R103 838 024
Cash received from VBS	R20 480 000

Table 21: Cash Flow Movement

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from Planned Target to Actual Achievement 2024/25	Reasons for Deviation
1. Functional, Efficient, and Integrated Government	1.1. Approved Anti-Fraud and Corruption Plan Implemented	1.1.1. Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% (38/38) of the approved Anti-Fraud and Anti-Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% (34/34) of the approved Anti-Fraud and Corruption Implementation Plan implemented	Target Achieved	Target Achieved
	1.2. Approved Risk Management Plan implemented	1.2.1. Percentage implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% (35/35) implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% (38/38) implementation of the approved Risk Management Plan	Target Achieved	Target Achieved
	1.3. Approved Internal Audit Plan Implemented	1.3.1. Percentage implementation of the Internal Audit Plan	100% (32 out of 32) implementation of the Internal Audit Plan	100% (33/33) implementation of the Internal Audit Plan	100% implementation of the Internal Audit Plan	100% (34/34) implementation of the Internal Audit Plan	Target Achieved	Target Achieved
	1.4 Audited annual report	1.4.1 External audit outcome	Unqualified audit opinion with material findings	Unqualified audit opinion with limited material findings	Unqualified audit opinion with no material findings	Qualified audit opinion for 2023/24 financial year	Qualified audit opinion	Unallocated revenue and review of estimates.
2. Effectively regulated Community Scheme Sector	2.1. CSOS levies accurately Billed	2.1.1. Rand value of CSOS levy Billed	R333,655,373 of CSOS levy collected	R334,047,578.77 of CSOS levy collected	R429,133,637 of CSOS levy billed	R470,303 770.00 of CSOS levy billed	Target Overachieved by R41,170,133	Raising of billing estimates based on scheme payments of schemes that have not submitted levy schedules. Identification of schemes no-longer applicable for exemption and are billable before year end.

Programme 1: Administration ...continued								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from Planned Target to Actual Achievement 2024/25	Reasons for Deviation
5. Transformation of Community Schemes Advanced	5.1. Annual procurement spend, targeted at businesses owned by designated groups	5.1.1. Percentage of annual procurement spend, targeted at businesses owned by women	33,93% (R24 480 658,79 / R 72 147 444,95) of annual CSOS procurement spend targeted at businesses owned by women	66,6% (R69 459 624,34 / R104 246 772,20) of procurement spend on businesses owned by women	40% of annual CSOS procurement spend, targeted at businesses owned by women	54,5% (R51 200 692,30 / R93 869 869,81) of annual CSOS procurement spend, targeted at businesses owned by women	Target Overachieved by 14,5%	Higher percentage of spending for businesses owned by women from the current Panel of Service Providers.
		5.1.2 Percentage of annual procurement spend, targeted at businesses owned by youth and persons with disability	12,68% (R 9 153 582,62 / R 72 147 444,95) of annual CSOS procurement spend targeted at businesses owned by youth 1,01% (R 729 577,55 / R 72 147 444,95) of annual CSOS procurement spend targeted at businesses owned by Persons with disabilities	16,6% (R17 315 388,87 / R104 246 772,20) of procurement spend on businesses owned by youth 1,3% (R1 365 632,72 / R104 246 772,20) of procurement spend on businesses owned by Persons with disabilities	26% of annual procurement spend targeted at businesses owned by youth and persons with disability	6,2% (R5 834 466,53 / R93 869 869,81) of annual procurement spend targeted at businesses owned by youth and persons with disability	Target Underachieved by 19,8%	High-value historical tenders awarded to non-designated groups and insufficient positive responses from the Youth and PWD-owned companies for procurement.
		5.1.3 Percentage of valid invoices paid within 30 days	No target	No target	100% of valid invoices paid within 30 days	100% (2904/2904) of valid invoices paid within 30 days	Target Achieved	Target Achieved

Table 22: Programme 1 Performance Information

3.1.2 Linking Performance with Budgets

Administration		2024/25			2023/24		
Economic Classification		Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
Goods and Services		R193 283	R180 430	R12 853	R337 554	R 428 686	(R 91 132)
Depreciation		R0	R9 354	(R9 354)	R4 186	R7 236	(R3 050)
Compensation of employees/Board		R116 776	R115 597	R1 179	R56 507	R48 573	R 5 419
Payments of capital assets		R12 786	R20 412	(R7 626)	R67 846	R20 177	R47 669
Total		R322 845	R325 793	(R2 948)	R466 093	R507 187	(R 41 094)

Table 23: Programme 1 Linking Performance with Budgets

3.2 Programme 2: Regulation

The Regulation Programme is responsible for performing the CSOS core operations where community schemes are regulated in South Africa. This is by ensuring that they are governed in line with the registered rules, their documentation is compliant with legislation, and an effective alternate dispute resolution service is provided to the community schemes.

The Regulation Programme covers the work of the following business functions:

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

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

- OUTCOME 2: Effectively Regulated Community Schemes
- OUTCOME 3: Effective Disputes Resolution

3.2.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

3.2.1.1 Governance, Compliance, and Enforcement

The entire CSOS value chain and service delivery model is underpinned by the success of creating a complete database of Community Schemes. The database is critical not only for the collection of levies but also for the provision of education and training and assuring good governance of schemes. During the period under review, a total of 2 448 scheme registration applications were processed which brings a total universe of 37 613 community schemes to the database.

In implementing the mandate of ensuring proper governance of schemes, a total of 1 637 scheme governance documentations were received for quality assurance and 1 624 were quality assured within 30 working days, which amounts to 99%. A total of 1 132 compliance certificates were issued on all amended scheme governance documents. In addition, 1 114 (72%) of 1 539 required community schemes, that were registered in the 2024/25 financial year, were compliant.

3.2.1.2 Dispute Resolution

A total number of 16 791 new applications were received within the 2024/25 financial year, which were 1 204 applications more than the 15 587 applications received in the 2023/24 financial year. The table below illustrates the number of applications received in the 2024/25 financial year including the performance in respect of Assessments, Conciliations and Adjudications against the agreed service standards.

Total Dispute Intake 2024/25 FY	Total Disputes Assessed within 30 days	Total Disputes Conciliated within 45 days	Total Disputes Adjudicated within 90 working days
16 791	15 438	3 499	3 499

Table 24: Summary of Disputes Resolved

Classification (S39 of the CSOS Act)

Due to the current economic climate and high unemployment rate, disputes arising from non-payment of levy arrears and interest imposed against arrear levies continue to dominate dispute applications within the 2024/25 financial year. Disputes for governance and management services also remain the least, and this could be linked to regular training and awareness sessions conducted by CSOS nationally.

CLASSIFICATION OF DISPUTE INTAKE FOR 2024/25 FY									
Behavioural Issues	Financial Issues	General and Other	Meetings issues	Management	Private / Common Areas	Governance Issues	Not Clearly Defined	Not Assessed	Total
851	11 887	966	480	127	1 318	211	833	118	16 791

Table 25: Classification of Applications for 2024/25 Financial Year

As depicted in the table above, the trend analysis is that the financial issues dominate the type of applications received.

Eradication of Dispute Backlog

The CSOS made remarkable strides in reducing the dispute resolution backlog accumulated from the previous financial years and during the 2024/25 financial year. The Dispute Resolution team worked diligently to finalise cases and significantly improved turnaround times and efficiencies. While the substantial progress has been made to resolve the disputes backlog, there are several older disputes that remain pending and are awaiting allocations to an adjudicator. The table below illustrates the achievements made in the 2024/25 financial year in addressing the backlogs at the different Dispute Resolution stages.

Backlog Reduced per Dispute Resolution Stage	2024/25	2023/24
Percentage reduction in backlog at Assessment Stage	99,5%	99,7%
Percentage reduction in backlog at Conciliation Stage	97,2%	100%
Percentage reduction in backlog at Adjudication Stage	56,9%	97,5%

Table 26: Backlog Reduced per Dispute Resolution Stage

Quality Assurance of Adjudication Orders

Quality Assurance Adjudication received 3 703 adjudication orders for quality assurance of which 3 686 were quality assured within 7 working days.

QUALITY ASSURANCE ADJUDICATION FOR 2024/25 FY						
Orders Allocated	Orders QA	Orders QA within 7 working days	Orders QA Outside 7 working days	Exemplary	Satisfactory	Unsatisfactory
3 703	3 696	3 686	10	37	3 424	235

Figure 27: Quality Assured Adjudication Orders

The table above reflects 37 exemplary orders, 3 424 satisfactory orders and 235 unsatisfactory orders. As regards the 235 unsatisfactory orders, CSOS embarked on remedial steps and certain interventions such as flagging these specific matters for the attention of management, who engages with the relevant Adjudicator concerned about the specific unsatisfactory order. The Quality Assurance Certificate provides guidance to the Adjudicator to consider in order to upgrade the Draft Order to exemplary. The Quality Assurance Adjudicators engage with Adjudicators, where clarity is required on the recommendations. In addition, the areas of concern in these matters are also earmarked for training of the Adjudicators.

The target for percentage of adjudication orders quality assured within 7 working days was exceeded by 4,5%, with a 0,2% increase in performance from the 2023/24 financial year. Despite challenges around lack of capacity and limited resources, recommendations were made to enhance the quality of CSOS Orders which has contributed to a significant reduction with 46,7% of unsatisfactory draft orders as compared to the 2023/24 financial year. The quality assurance function has also contributed to the improvements in resolving disputes within the stipulated timeframes and thereby mitigating the risk of a potential backlog.

Programme 2: Regulation								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from Planned Target to Actual Achievement 2024/25	Reasons for Deviation
2. An effectively regulated Community Scheme Sector	2.2. Community schemes registered	2.2.1. Percentage registration of community schemes that submitted valid schemes registration document	98% (1213 / 1232) registration of community schemes that have submitted scheme registration documents	6,4% of unregistered community schemes registered <i>(2 570 / 40 000 as the total number of community schemes unregistered as per the data cleansing database)</i>	100% registration of community schemes that submitted valid scheme registration document	100% (2448/2448) registration of community schemes that submitted valid scheme registration document	Target Achieved	Target Achieved
		2.2.2 Percentage of registered community schemes compliant	60% (726 schemes compliant/ 1213 schemes registered)	69,2% (812 / 1174) registered schemes compliant	70% of registered schemes compliant	72% (1114/1539) of registered schemes compliant	Target overachieved by 2%	Compliance and Enforcement Investigators supported community schemes to comply and issued non-compliance notices to community schemes that were not complying, where required.
	2.3. Schemes governance documentation quality assured	2.3.1. Percentage of schemes governance documentation quality assured within 30 working days	99% (1752 / 1773) quality-assured schemes governance documentation	99,6% (1330 / 1335) of schemes governance documentation quality assured within 30 days	95% of schemes governance documentation quality assured within 30 working days	99% (1624/1637) of schemes governance documentation quality assured within 30 working days	Target overachieved by 4%	Compliance and Enforcement Investigators supported community schemes to comply and issued non-compliance notices to community schemes that were not complying, where required.
		2.3.2. Percentage of compliance certificates issued on all approved schemes governance documents	100% (736/736) of compliance certificates issued on all amended scheme documents	100% (564 / 564) of compliance certificates issued on all amended scheme documents	100% of compliance certificates issued on all approved schemes governance documents	100% (1132/1132) compliance certificates issued on all approved schemes governance documents	Target Achieved	Target Achieved
3. Effective Disputes Resolution	3.1. Disputes resolved	3.1.1 Percentage of disputes conciliated within 45 working days	100% (3762/ 3762) of disputes conciliated within 90 days	95,3% (3 027 / 3 177) of disputes conciliated within 45 days	90% of disputes conciliated within 45 working days	92% (3499/3825) of disputes conciliated within 45 working days	Target overachieved by 2%	Due to increased capacity to deal with referral of disputes for conciliation.
		3.1.2 Percentage of disputes adjudicated within 90 working days	96.57% (5861/ 6069) of disputes adjudicated within 90 days	97,4% (4 326 / 4 442) of disputes adjudicated within 90 days	90% of disputes adjudicated within 90 working days	73% (3520/4825) of disputes adjudicated within 90 working days	Target Underachieved by 17%	Due to inadequate capacity to deal with high volumes of adjudications.
		3.1.3 Percentage of Adjudication orders quality assured within 7 working days	100% (6008/ 6008) of adjudication orders quality assured within 7 days	99,3% (4 738 / 4 769) of Adjudication orders quality assured within 7 days	95% of adjudication orders quality assured within 7 working days	99,5% (3686/3703) of adjudication orders quality assured within 7 days	Target Overachieved by 4,5%	The Quality Assurance Manager assisted with quality assurance of orders.

Table 28: Programme 2 Performance Information

3.2.2 Linking Performance with Budgets

Regulation	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
				R'000	R'000	R'000
Goods and Services	R19 014	R12 840	R6 174	R22 517	R19 178	R3 339
Depreciation	R0	R0	R0	R0	R0	R0
Compensation of employees/Board	R80 094	R86 268	(R6 174)	R136 036	R105 147	R30 889
Payments of capital assets	R0	R0	R0	R0	R0	R0
Total	R99 108	R99 108	R0	R158 553	R124 325	R34 228

Table 29: Programme 2 Linking Performance with Budgets

3.3 Programme 3: Education and Training

The Education and Training Programme is responsible for ensuring that all stakeholders, being property owners, occupiers, and all other identified stakeholders are receiving CSOS consumer awareness and are trained.

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

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

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

- OUTCOME 4: Empowered Stakeholders
- OUTCOME 5: Transformation of Community Schemes Advanced

3.3.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

3.3.1.1 Stakeholder Empowerment

The CSOS achieved significant progress in the implementation of its Marketing and Communications strategy, particularly under the Advocacy Plan and Stakeholder Engagement initiatives. These efforts were executed through a series of well-coordinated information sessions and strategic communication activities aimed at enhancing public awareness, stakeholder confidence, and alignment with regulatory objectives.

Key performance targets related to the number and scope of stakeholder engagements were successfully met and, in several cases, exceeded. The CSOS conducted numerous information sessions, exhibitions, and engaged in strategic collaborations with sister entities. These efforts were designed to broaden stakeholder reach, enhance knowledge sharing, and reinforce inter-governmental cooperation in areas aligned with the CSOS mandate. Such collaborations not only improved the visibility of the CSOS but also supported a more unified approach to community engagement and regulatory education.

Additionally, the Advocacy Plan was effectively rolled out through integrated marketing campaigns across traditional and digital platforms including radio broadcasts, social media, billboards, and internal communication channels. These efforts contributed to a measurable increase in public engagement metrics, awareness levels, and the quality of stakeholder interactions. While measurable increases in stakeholder trust have not yet been realised, the foundation has been laid through consistent messaging, improved visibility, and proactive engagement. Ongoing efforts are focused on deepening stakeholder relationships, clarifying regulatory roles, and improving service delivery touchpoints, all of which are essential to building trust over time.

The work undertaken during this period directly supports key organisational outcomes such as:

- Raising public awareness of CSOS services and the dispute resolution process.
- Improving stakeholder understanding of compliance obligations within community schemes.
- Strengthening institutional presence and accessibility.

3.3.1.2 Training of Adjudicators and Conciliators

The training of adjudicators and conciliators ensures that the CSOS provides a dispute resolution service that is above reproach. This is evident in the number of quality adjudication orders that were delivered by adjudicators.

In the 2024/25 financial year, CSOS successfully implemented 100% of its training output by conducting 30 training sessions for adjudicators and conciliators out of 20 training sessions that were targeted. The trainings for adjudicators and conciliators were developed to address the continuous developing jurisprudence in the field of community schemes.

The achievement of the output targets ensures that the CSOS continues to provide a cost effective and timeous dispute resolution service as envisaged in the CSOS mandate and strategic objectives.

3.3.1.3 Advancing Transformation of the Sector

The CSOS is charged with a responsibility to respond to Outcome 5 aimed at advancing transformation of the Community Schemes sector. In doing so, the CSOS developed a concept note which was approved by the Board and consulted nationally with the industry in view of strengthening the proposed transformation initiatives.

The concept note outlined the following, among other things, problem statements and challenges that necessitates transformation as well as strategies to be implemented to address the same. Two (2) themes have been identified to facilitate the implementation of the Transformation Strategy initiatives, namely, a) Theme 1: Capacitation and access to funding and b) Theme 2: Market access and opportunities. The consultation process on the concept note gave rise to the Roundtable Sessions Report which was finalised and approved by the Board. In light of this process, the CSOS has since developed the five-year Transformation Strategy and submitted to the Board and the Minister of Human Settlements for approval prior to implementation.

Similarly, the drafting of the Community Schemes scorecard is underway as one of the initiatives proposed in the draft Transformation Strategy. The Community Schemes B-BBEE scorecard is a framework that outlines the criteria and guidelines for assessing the level of economic empowerment within schemes in South Africa. The scorecard will therefore measure the progress made in achieving transformation and empowerment objectives in respect of key elements such as ownership, management control, skills development, enterprise and supplier development, socioeconomic development, and employment equity. The draft Community Schemes scorecard, once approved by the Board and the Minister of Human Settlements, will be consulted with the industry for comments prior to gazetting and implementation.

Programme 3: Education and Training								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from Planned Target to Actual Achievement 2024/25	Reasons for Deviation
4. Empowered stakeholders	4.1. Training and educational programmes implemented	4.1.1. Number of training and education sessions conducted for schemes executives and owners	103 training and education sessions conducted for schemes executives and owners	125 training and education sessions conducted for schemes executives and owners	90 training and education sessions conducted for schemes executives and owners	112 training and education sessions conducted for schemes executives and owners	Target Overachieved by 22	Additional requests for training from community schemes.
		4.1.2. Number of training sessions conducted for adjudicators and conciliators	16 training sessions conducted for adjudicators, conciliators and stakeholders	21 training sessions conducted for adjudicators and conciliators	20 training sessions conducted for adjudicators and conciliators	30 training sessions conducted for adjudicators and conciliators	Target Overachieved by 10	Continuous development of jurisprudence.
	4.2. Stakeholder information sessions conducted	4.2.1. Number of stakeholder information sessions conducted	33 stakeholder information sessions conducted	28 stakeholder information sessions conducted	20 stakeholder information sessions conducted	29 stakeholder information sessions conducted	Target Overachieved by 9	Additional invitations to conduct activations.
	4.3 Advocacy plan implemented	4.3.1 Percentage implementation of the Advocacy plan	100% implementation of the Advocacy plan	100% (48/48) implementation of the Advocacy Plan.	100% implementation of the Advocacy plan	100% (48/48) implementation of the Advocacy plan	Target Achieved	Target Achieved
5. Transformation of Community Schemes Advanced	5.2. Executive Managing Agents' development interventions implemented	5.2.1 Number of previously disadvantaged individuals appointed as EMAs	22 previously disadvantaged individuals were appointed as executive managing agents.	42 previously disadvantaged individuals trained as executive managing agents	50 previously disadvantaged individuals appointed as executive managing agents	52 previously disadvantaged individuals appointed as executive managing agents	Target Overachieved by 2	Two additional, compliant PDI EMAs were appointed to the panel.
		5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	100% (3/3) of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	100% (4/4) of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	95% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	100% (14/14) of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	Target Overachieved by 5%	All valid requests were processed and approved timely.

Table 32: Programme 3 Performance Information

3.3.2 Linking performance with budgets

Training and Education	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
				R'000	R'000	R'000
Goods and Services	R1 086	R1 086	R0	R16 256	R7 141	R9 115
Depreciation	R0	R0	R0	R0	R0	R0
Compensation of employees/Board	R205	R205	R0	R16 743	R12 941	R3 802
Payments of capital assets	R0	R0	R0	R0	R0	R0
Total	R1 292	R1 292	R0	R32 999	R20 082	R12 917

Table 33: Programme 3 Linking Performance with Budgets

3.4 Strategy to overcome areas of underperformance

3.4.1 Financial Management

The CSOS received a qualified audit opinion from the AGSA for the 2023/24 financial year. The audit opinion was given due to the absence of sufficient and appropriate audit evidence supporting revenue, receivables and unallocated receipts.

Strategies for Addressing Underperformance:

- An AGSA audit remedial action plan has been developed and is being implemented to address all the audit findings.

3.4.2 Supply Chain Management

Requests for Quotations (RFQs) and Requests for Proposals (RFPs) were extended to a significant number of the business owned by designated groups and a lower percentage of positive responses were received from businesses owned by youth and persons with disability.

Strategies for Addressing Underperformance:

- The supplier development programme will be implemented to empower service providers towards increasing the positive responses for these designated groups. In addition, SCM will continue to invite persons with disabilities and youth owned companies to respond to RFQs and RFPs.
- SCM will engage with the DHS and public entities within the Human Settlements sector to learn lessons and implement good practices towards improvement in procurement from designated groups.

3.4.3 Dispute Resolution

The annual target for percentage of disputes adjudicated within 90 days was not achieved due to inadequate capacity to deal with high volumes of adjudications.

Strategies for Addressing Underperformance:

- The appointment of additional Part-Time Adjudicators to the panel will improve the capacity of the adjudication function to respond to

the high volumes of applications received.

- Implementation of the Alternate Disputes Resolution module on CSOS connect to improve case management and access to relevant information by parties.

4. REVENUE COLLECTION

In the 2024/25 financial year, the Entity successfully exceeded its revenue collection target. This outcome is primarily attributed to the strategic implementation of billing estimates on scheme accounts that have consistently made payments without submitting the required levy schedules. By raising estimates based on verifiable historical payment patterns, CSOS was able to capture previously unbilled revenue which significantly contributed to the increase in billable schemes.

To maintain revenue performance throughout the 2024/25 financial year, several measures were instituted:

- Continuous review of scheme accounts to identify those making payments without declared levy schedules.
- Use of payment history as a proxy for levy obligations where declarations were not submitted.
- Ongoing communication with managing agents and trustees to encourage compliance and submission of outstanding schedules.
- Improvements in the billing system to automate and track estimated billing processes.

These interventions ensured that the revenue trajectory remained on course despite administrative delays in receiving full levy declarations from all schemes. No material under-collection was recorded. However, challenges still persist in fully regularising scheme compliance. Where under-collection was noted on specific accounts, this was largely due to:

- Non-submission of levy schedules despite payment activity.
- Delays in updating account records due to duplicate or unregistered scheme data.

The impact of under-collection in these isolated cases was mitigated by the above interventions and did not significantly affect overall service delivery. Nevertheless, efforts to improve data integrity and enforce compliance remain a priority.

Sources of revenue	2024/25			2023/24		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
CSOS Levies	328 205	319 801	8 404	408 205	330 360	77 845
Interest Income: Exchange	12 178	10 435	1 743	10 462	21 261	(10 799)
Interest Non-Exchange	3 632	2 482	1 150	1 881	3 554	(1 673)
Government grant	-	-	-	24 912	-	24 912
Other revenue	275	792	(517)	83	780	(697)
SETA Funding Grant	-	161	(161)	-	204	(204)
Surplus retention	-	59 385	(59 385)	-	-	-
Reversal of Impairment loss Recovery from VBS)	-	20 480	(20 480)	-	-	-
Total	344 290	413 536	(69 246)	445 543	356 159	89 384

Table 34: 2024/25 Revenue Collection Summary

5. CAPITAL INVESTMENT

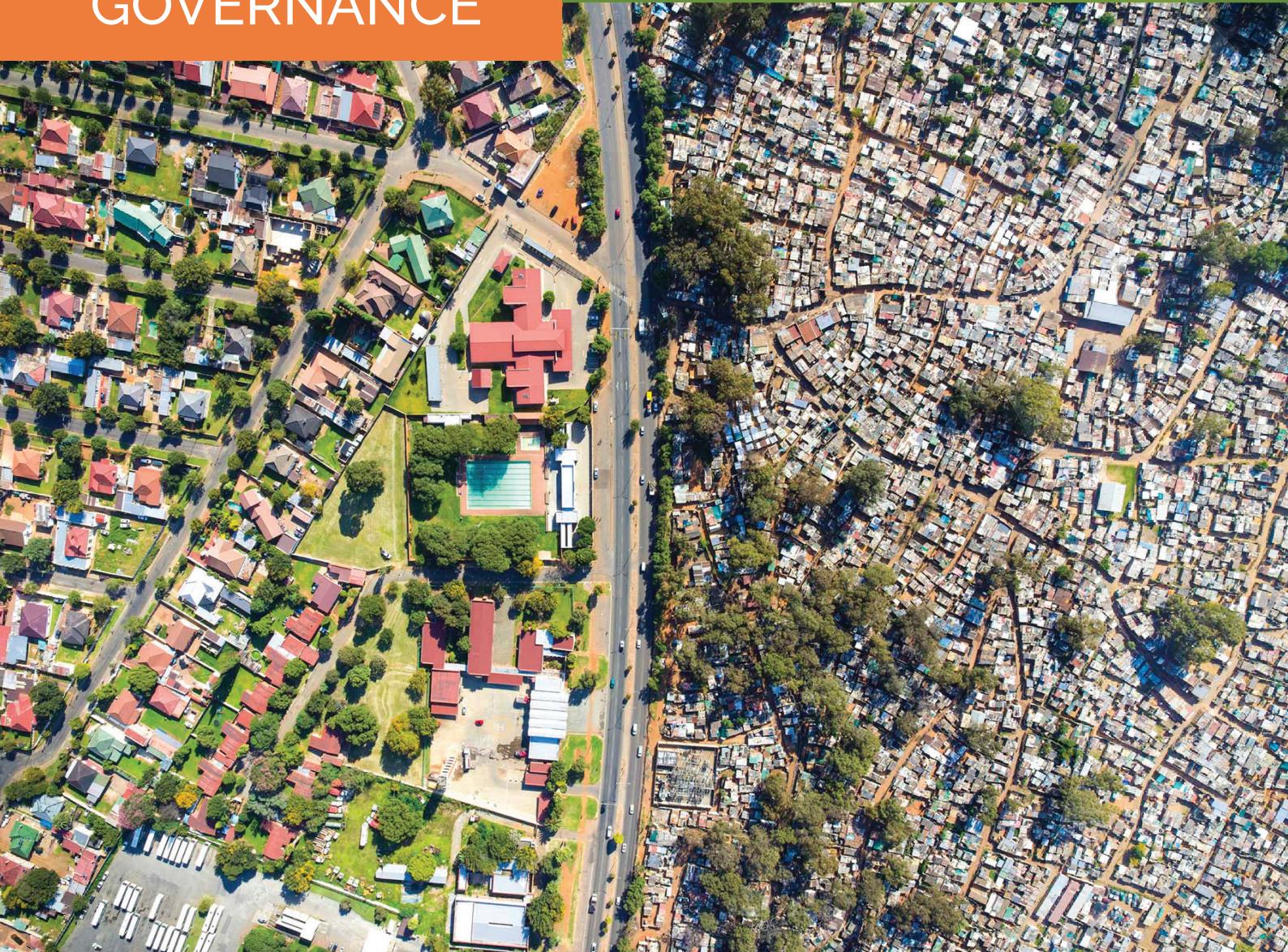
CSOS' capital investment focus is aligned to its commitment to modernize infrastructure, enhance digital platforms, and expand access to dispute resolution services. A significant portion (70%) of the capital budget was allocated to CSOS Connect: IT system for the current period compared to 75% in the previous year, which is vital for enabling online schemes registration, levies payments, and dispute module. These investments will reduce administrative burdens, improve turnaround times, thereby subsiding the dispute backlog, and increase revenue collection.

Infrastructure projects	2024/25			2023/24		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Property Plant and Equipment	R3 887	R3 387	R500	R17 298	R14 300	R2 998
Intangible Assets	R8 899	R17 025	(R8 126)	R5 877	R5 877	R44 671
Total	R12 786	R20 412	(R7 626)	R23 175	R20 177	R47 669

Table 35: 2024/25 Capital Investment Summary

PART C

GOVERNANCE



1. INTRODUCTION

Effective corporate governance remains pivotal to the success and sustainability of the Board. The outgoing Board ensured the successful delivery of the CSOS mandate as encapsulated in the CSOS Act, the approved 2020-25 Strategic Plan, as amended, and 2024/25 Annual Performance Plan.

The implementation of the CSOS corporate governance is centred around the Constitution of the Republic of South Africa (Act No. 108 of 1996), PFMA, CSOS Act, principles of King IV Report™, Shareholder Compact, among others, as prescribed. The Board's approach in implementing the good governance processes and procedures culminated in effective oversight and decision-making. This resulted in the Board creating value not only for the Shareholder but all its stakeholders.

The sections below outline the governance structures, composition, roles and responsibilities of the Board as an authority accountable to Parliament and the Executive Authority.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Human Settlements is the highest oversight governance structure appointed by the National Assembly.

The outgoing Board acknowledges the leadership, support, robust engagements, constructive feedback and guidance received from the Portfolio Committee on Human Settlements. It was through this approach that the Board was held accountable towards ensuring effective achievement of the CSOS mandate and objectives. The recommendations made by the Committee allowed the CSOS to successfully implement the operational plans towards achieving its mandate.

The table below presents the Portfolio Committee Engagements attended by the CSOS:

Date	Purpose
22 August 2024	Induction Workshop by the Department of Human Settlements and its entities on its Mandate and Core Business; Programmes; Structure and Functions and Lessons Learnt in the Past Five Years
18 October 2024	Briefing by the Human Settlements Entities on the Annual Report - Financial and Non-financial Performance for 2023/24 Financial Year and Audit Outcomes for the 2023/24 Financial Year

Table 36: Portfolio Committee Engagements

3. EXECUTIVE AUTHORITY

The Minister of Human Settlements is the Executive Authority of the CSOS as prescribed in the PFMA, and Shareholder Compact.

In terms of the aforementioned prescripts, the Board is required to submit quarterly reports on the overall performance of the CSOS to the Executive Authority. This serves to confirm that the Board has consistently complied with the quarterly performance reports submission to the Executive Authority as prescribed. In doing so, the Board engaged transparently with the Executive Authority on the CSOS progress,

key risks and challenges in fulfilling its mandate. This was done through written correspondence and quarterly interfaces with the Executive Authority, Deputy Minister and the Oversight Unit in the Department of Human Settlements. Feedback from the Executive Authority assisted in strengthening the overall performance of the Entity.

The outgoing Board fully applied the required Principles of the King IV Report™ to discharge its fiduciary duties in an ethical and transparent manner towards ensuring effective corporate governance for the CSOS. This is evident through the 86% achievements in respect of the overall performance of the CSOS for the period under review. This achievement is a testament to the Board's steadfast dedication and commitment to excellence commensurate to the CSOS values.

The outgoing Board's responsibility is integral to maintaining the shareholder and stakeholder value. Hence, the commitment to adherence to the relevant prescripts governing the CSOS.

The table below outlines the submission dates for the CSOS quarterly reports as submitted:

Submission	Submission Date
Quarter 4 QPR 2023/24	30 April 2024
Quarter 1 QPR 2024/25	30 July 2024
Quarter 2 QPR 2024/25	30 October 2024
CSOS 2023/24 Annual Performance Report	31 October 2024
Quarter 3 QPR 2024/25	30 January 2025
Final Draft 2025-30 Strategic Plan	31 January 2025
Final Draft 2025/26 Annual Performance Plan	31 January 2025
2024/25 Shareholder Compact	10 April 2024

Table 37: Executive Authority Submissions

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 The Importance and Purpose of the Board

The CSOS Board, as the designated Accounting Authority, is responsible for governance and oversight functions of the CSOS. The Board has absolute fiduciary responsibility for the management and governance of the CSOS as stipulated in the Constitution, PFMA, CSOS Act, Shareholder Compact and King IV Report™ among other prescripts.

It is in this context that the Board plays a pivotal role in providing strategic direction, ensuring effective governance and oversight for the CSOS. The Board maintained full control over governance of the CSOS and ensured clear separation of duties between the Board and the Executives as prescribed in the PFMA. In doing so, the Board established six (6) committees to perform certain functions as determined by the CSOS Act, Principle 8 of the King IV Report™, Shareholder Compact and Board Charter.

4.2 Board Roles and Responsibilities

The Board is central to providing ethical leadership in ensuring the achievement of the CSOS strategic performance as outlined in the PFMA, CSOS Act, King IV Report™, Shareholder Compact and Board Charter. These legal instruments allow for distinct separation of roles and responsibilities between the Board and the Executives. In exerting its role, the Board fully adhered to the provisions of the afore-mentioned legal instruments.

In ensuring the effective operations of the Entity, the Board further delegated and assigned certain functions to the Chief Ombud and the Executives in line with the Board approved Delegation of Authority Framework. This framework outlines clear guidelines on how the delegated powers are to be executed in a structured and legal manner as prescribed in the PFMA and Principle 10 of the King IV Report™.

The roles and responsibilities of the Board are, among others, as outlined in the PFMA, CSOS Act, King IV Report™, Shareholder Compact and Board Charter, to:

- Exercise the utmost good faith, honesty and integrity, care and diligence in performing its functions;
- Exercise an active and independent opinion with respect to all matters to be decided by the Board;
- Comply with the internal code of conduct of the Board;
- Treat any confidential matters relating to the CSOS as strictly confidential;
- Develop and monitor the implementation of the Strategic Plan and Annual Performance of the CSOS;
- Declare any direct or indirect financial interest in community schemes and all other financial interests;
- Take effective and appropriate steps to collect all revenue due to the CSOS; prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the CSOS;
- Manage and safeguard the assets and for the management of the revenue, expenditure and liabilities of the CSOS; and
- Comply with the provisions of the PFMA and any other legislation and governance prescripts applicable to the CSOS.

4.3 The CSOS 2024/25 Shareholder Compact

The CSOS Board is required to conclude a Shareholder Compact with the Executive Authority on an annual basis, a governance principle adopted by the Department of Human Settlements. This is aimed at regulating the relationship between the Executive Authority as the Shareholder and the Accounting Authority of the CSOS. This Agreement outlines the expectations, performance outcomes, as well as roles and

responsibilities between the Executive Authority and the Accounting Authority. The intention is to ensure effective and efficient service delivery and performance monitoring.

This Agreement further seeks to, among other aspects a) strengthen accountability of the Accounting Authority to the Executive Authority; b) promote transparency and principles of good governance in the CSOS execution of its mandate; c) confirm the CSOS mandate, strategic objectives and key service delivery performance areas; d) ensure value for money in the delivery of services; and e) determine a process of corrective measures for non-performance and non-compliance .

In giving effect to this governance principle, the outgoing Board concluded the 2024/25 Shareholder Compact. The implementation of the provisions of the Shareholder Compact were monitored quarterly by the Department of Human Settlements through the Oversight Unit.

4.4 The CSOS 2024/25 Board Charter

The Board effectively demonstrated ethical leadership and adopted a formal Charter outlining its roles, responsibilities and conduct. The Charter is reviewed and approved annually to ensure alignment with best practices and, as such, allows for the Board to fulfil its responsibilities in a sound and structured manner. It is in this context that the Charter, as approved, complied with the requirements of relevant prescripts governing the Board.

The 2024/25 Board Charter allowed for the outgoing Board to ensure effective governance and oversight, promoting transparency, accountability and responsible decision making. Notably, the outgoing Board fully discharged its fiduciary duties with diligence and care.

4.5 Composition of the Board

The 2024/25 financial year started with the Board composition of nine (9) members, seven (7) non-executive directors whose term ended on 30 November 2024; and two (2) executive directors namely, the Chief Ombud and Chief Financial Officer, both acting in the respective position. This translates to 56% females and 44% males in terms of Board representation. The Board diverse range of knowledge, skills and experience strengthened the decision making and discussions at Board and committee meetings which are fundamental for good governance.

At the end of the 2024/25 financial year, the current Board comprised of three (3) non-executive directors who were appointed on 13 January 2025 by the Executive Authority. Notably, the financial year ended with four (4) non-executive director vacancies which are yet to be appointed by the Executive Authority. The four (4) vacancies resulted in the current Board not being fully operational.

³ 2024/25 Approved Shareholder Compact

The tables below presents the information of the Board and its committees in respect of date of appointment, end of term, qualifications and expertise, Board directorships and number of meetings attended:

Name	Designation (In terms of the Public Entity Board structure)	Date appointed	Date Resigned / End of Term	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees of Task Teams (e.g.: Audit Committee / Ministerial Task Team)	No. of meetings attended
Ms Phindile Mthethwa	Board Chairperson	01 December 2021	30 November 2024	Master of Management in Business Executive Coaching – (Wits)- Current Studies B Comm in Accounting and Human Resources Management (Wits) Management Development Program- (Sun) AFM Theological Seminar, Auckland Park, B Theory.	Strategic leadership, corporate services and public governance	CSOS	HR REMCO, Social and Ethics, FINCOM, HRREMCO, Governance Committee,	16
Mr Donavon Goliath	Deputy Chairperson	01 January 2022	30 November 2024	Business Leadership Program (UCT) Graduate School of Business Executive Education (UCT) Postgraduate Dip in Education (UWC) Finance for Non-Financial Managers (UCT)	Alternative Dispute Resolution and facilitation skills	CSOS	ARC, LATCOM, Social and Ethics, Governance Committee	17
Ms Ntombi Shandu	Board Member	01 January 2022	30 November 2024	Advanced Certificates in Management Practices 2021-Henley Business School M (Eng.) Industrial 2018-University of Witwatersrand BSc (Eng.) Civil 2013-University of Witwatersrand	Project and Risk Management	CSOS	FINCOM, HR REMCO, Governance	13
Advocate Mtho Xulu	Board Member	01 January 2022	30 November 2024	LLB (Unisa) LLM (Unisa)	Corporate governance and legal	CSOS	ARC, LATCOM, Governance Committee	15
Ms Maemili Ramataboe	Board Member	01 January 2022	30 July 2024	Chartered Accountant (Lesotho) MBA (University of the Free State) Accredited Associate of the Institute of Independent Business (UK)	Banking Risk Management & Compliance Financial Management Accounting and Auditing Corporate Governance Pensions Strategic Management	CSOS	ARC, Social and Ethics, Governance committees	10
Ms Thandiwe Godongwana	Board Member	01 January 2022	30 November 2024	Master of Management in Finance and Investment (Wits) Business Management Diploma- (Damelin) Bachelor of Education(UNISA) Bachelor of Science (Fort Hare University)	Strategic leadership, corporate services and public governance	CSOS	ARC, HR REMCO, FINCOM, Governance	17

Name	Designation (In terms of the Public Entity Board structure)	Date appointed	Date Resigned / End of Term	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees of Task Teams (e.g.: Audit Committee / Ministerial Task Team)	No. of meetings attended
Mr Sediko Rakolote	Board Member	01 January 2022	30 November 2024	Masters in Conflict Resolution and Management (NMU) current studies Management Development Programme in BBBEE (Unisa) Master's in Public Administration (Unisa) Public Participation Cert- (Sun) Monitoring and Evaluation Cert – (Rhodes) B-Tech in Education Management - Unisa Emerging Management Development Program Cert. (UP) National Diploma in Child and Youth Development (Unisa) Sports Management Diploma – Boston City Campus Secondary Teachers Diploma – Mamokgale ke Chuene College of Education.	Corporate Services and Stakeholder Management.	CSOS	HR REMCO, Governance, Social and Ethics, FINCOM, Governance	14
Ms Marina Dumakude	Deputy Chair	13 January 2025	12 January 2028	Master of Engineering in Civil Engineering from the University of the Witwatersrand. Bachelor of Technology in Industrial Engineering from the University of Johannesburg. National Diploma Industrial Engineering, the then Wits Technikon, currently University of Johannesburg. Management Advancement Programme (MAP) certificate from Wits Business School.	Corporate Services and Stakeholder Management.	DHA CSOS	-	-
Mr Heinrich April	Board Member	13 January 2025	12 January 2028	University of Western Cape Advanced Diploma in Public Administration OR Tambo school of Leadership University of the Western Cape Honours in Public Administration University of Western Cape Masters in Public Administration Application (Start January 2025) Nyukela Programme: Pre-entry Certificate to Senior Management Services	Corporate Services and Stakeholder Management.	CSOS	-	-
Ms Lerato Moamogwa	Board Member	13 January 2025	12 January 2028	BSc Honors Quantity Surveying Institution: University of Johannesburg (In progress) Post-Grad Certificate in Quantity Surveying Institution: University of Johannesburg National Diploma in Building Science Institution: University of Johannesburg	Corporate Services and Stakeholder Management.	CSOS	-	-

Table 38: Composition of the Board

4.6 Board Sub-Committees

Committee	Mandate	No. of meetings	No. of Members	Name of members
Human Resources and Remuneration Committee	The committee's main focus is on performance, remuneration for CSOS employees, as well as other Human Capital matters.	2	4	Ms P Mthethwa, Ms N Shandu, Mr S Rakolote, Ms T Godongwana
Finance Committee	The committee assists the Board in discharging its duties in relation to governance and oversight regarding financial management.	2	6	Ms P Mthethwa, Ms N Shandu, Mr S Rakolote, Ms T Godongwana, Mr T Kekana (Independent Member), Mr Gerhard Matthee (Independent Member)
Audit and Risk Committee	The committee assists the Board in discharging its duties in relation to oversight of financial management and reporting processes, audit processes and systems of internal control. Risk evaluation and risk management.	6	5	Mr D Goliath, Ms T Godongwana, Mr Adv M Xulu, Ms F Mkhize (Independent Member), Ms D Nyawa (Independent Member)
Social and Ethics Committee	The committee assists the Board in setting the ethical tone within the CSOS and fulfilling its social and ethical duties in terms of Section 72(4) of the Companies Act No. 71 of 2008 and King IV, 2016.	2	3	Ms P Mthethwa, Mr D Goliath, Mr S Rakolote
Legislation, Adjudication and Transformation Committee	The committee assists the Board in exercising oversight over the core regulatory business of the CSOS.	2	3	Mr Advocate M Xulu, Mr D Goliath, Ms T Godongwana
Governance Committee	The committee ensures that there is a robust and effective process for evaluating the performance of the Board, Board Committees and individual directors and ensure that the Board fulfils its legal, regulatory, and functional responsibilities.	2	6	Ms P Mthethwa, Mr D Goliath, Ms T Godongwana, Ms N Shandu, Mr S Rakolote, Mr M Xulu

Table 39: Composition of the Board Sub-Committees

4.7 Remuneration of Board Members

The Board remuneration is based on the annual National Treasury directive on the adjustment of Service Benefit Packages for Officer Bearers. The CSOS, as a Schedule 3A Public Entity of the National Department of Human Settlements, falls under Category B, sub-category B1 in line with the National Treasury. This directive is adjusted annually and is used to determine fees payable to the CSOS Board and committees. The fees are based on the meeting attendance and preparation, and Board members are also remunerated for subsistence travel.

The table below illustrates the remuneration of the outgoing Board for the period under review:

Name	Designation (in terms of the Public Entity Board structure)	Board Meetings Remuneration	Other Meetings Other Allowances	Travel and Subsistence Allowance Other reimbursements	Total
Ms Phindile Mthethwa	Board Chair	84 474.00	351 234.00	2 931.10	438 639.10
Mr Donavon Goliath	Board Deputy Chair	73 948.00	381 416.00	1 690.00	457 054.00
Ms Thandiwe Godongwana	Board Member	40 470.00	186 162.00	766.66	227 398.66
Ms Ntombi Shandu	Board Member	43 168.00	188 860.00	1 954.56	233 982.56
Advocate Mtho Xulu	Board Member	43 168.00	207 746.00	537.41	251 451.41
Mr Sediko Rakolote	Board Member	43 168.00	164 578.00	0	207 746.00
Ms Maemili Ramataboe	Board Member	35 074.00	110 618.00	0	145 692.00
Total		363 470.00	1 590 614	7 879.73	1 961 963.73

Table 40: Board Remuneration

5. RISK MANAGEMENT

The CSOS has committed itself to a Public Sector Risk Management Framework, which is based on ERM principles articulated in COSO and ISO 31000 frameworks. The framework also recognises the King Code of Good Governance Principle 11. Risk Management in CSOS is fundamental for the delivery of the Entity's mandate and achievement of all corporate objectives. The Board exercised oversight in the implementation and management of risks within the organisation whilst the Audit and Risk Committee advised the Entity on risk management and independently monitored the effectiveness of the systems within risk management. The CSOS ensured that risk is not only seen as a threat, but as an opportunity to enhance its commitment to continuous improvement. This was achieved by implementing awareness and training at all levels of the organisation to embed Risk Management principles in all spheres of operations.

During the 2024/25 financial year, the Risk management Policy and Framework were approved by the Executive Committee (EXCO), Audit and Risk Committee (ARC) and Board for implementation.

In addition, risk assessments were conducted within the various programmes of the Entity to determine the effectiveness of its Risk Management Policy and to identify new and emerging risks. Resulting from these risk assessments, the revised Strategic and Operational risk register as well as a Fraud Risk Register were realigned to focus on the newly identified risk mitigation strategies. A strategic risk register, which contains risks that are considered to impede the achievement of the CSOS' strategic objectives, were developed and approved.

Business Units within the CSOS compiled risk registers aligned with divisional operational plans. Both the strategic and operational risks were monitored and reported to the Audit and Risk Committee on a quarterly basis. Furthermore, the Risk Appetite and Tolerance Framework, which were developed by Management and approved by the Board, was reported on quarterly. CSOS continuously manage the risks throughout the financial year using amongst other measures such as key risk indicators, key control indicators including emerging risks. These indicators signal whether the identified risks are within the desired levels or if they are about to be breached.

The CSOS is committed to commence the program of ethics in the organisation which will continue in the 2025/26 financial year. In addition, the Combined Assurance Plan was approved, in collaboration with Internal Audit, which should assist in strengthening the implementation of risk management initiatives assisted by the newly established Combined Assurance Forum.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

6.1 Internal Audit (Internal Control Unit)

The Internal Audit Function at CSOS provides an independent, objective assurance and consulting service designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, compliance, and governance processes. The CSOS Internal Audit Function is responsible for the following:

- Evaluating controls, risk management activities of the organisation and reporting on the effectiveness and efficiency of the implementation of management controls;
- Evaluating risks by identifying key activities and relevant risk factors and assessing their significance. The Internal Audit Function has adopted a more proactive and risk-based approach. This enables the function to anticipate possible future concerns and opportunities as well as identify current issues;
- Analysing operations and confirming information by closely working with line managers to review operations and then report their findings; and
- Reviewing compliance to ensure that the organisation is adhering to rules, regulations, laws, codes of practice, guidelines, and principles as they apply individually and collectively to all parts of the organisation.

The Internal Audit Function assesses and makes appropriate recommendations for improving risk and governance processes to accomplish the following objectives:

- Promote appropriate ethics and values within the organisation;
- Achieve effective organisational performance management and accountability;
- Communicate risk and control information to appropriate areas of the organisation;
- Assist Management in achieving the organisation's strategic objectives;
- Secure reliability and integrity of financial and operational information;
- Operate effectively and efficiently;
- Safeguard of assets; and
- Comply with laws, regulations, policies, and procedures.

The Internal Audit Function strives to conform to the International Standards for the Professional Practice of Internal Auditing and performs its activities in compliance with the PFMA, National Treasury Regulations and the King IV Report on Corporate Governance.

Accordingly, Internal Audit adopted a risk-based approach, and its Annual Audit Operational Plan was approved by the Audit and Risk Committee. The Audit Operational Plan is flexible and responsive to CSOS's risk profile. The purpose, authority and responsibility of the Internal Audit Function is formally defined in the Internal Audit Charter. Internal Audit reports functionally to the Audit and Risk Committee and has full and unrestricted access to all organisational activities, records, property, and personnel.

6.2 Audit and Risk Committee

The Audit and Risk Committee is responsible for oversight and monitoring the effectiveness of internal control; financial controls; risk management; and compliance with legislation and regulations, overall good governance, and the review of the Annual Financial Statements. Internal Audit reports to the Audit and Risk Committee on a quarterly basis and submits written annual assessments of controls at the end of each year.

The table below discloses relevant information on the audit committee members.

Name	Qualifications	Internal or external	If internal, position in the Public Entity	Date appointed	Date Resigned/ End of Term	No. of Meetings attended
Ms Thandiwe Godongwana	Master of Management in Finance and Investment (Wits) Business Management Diploma- (Damelin) Bachelor of Education(UNISA) Bachelor of Science (Fort Hare University)	Internal	NED	20 October 2022	30 November 2024	6
Mr Donavon Goliath	Business Leadership Program (UCT Graduate School of Business Executive Education (UCT) Postgraduate Dip in Education (UWC) Finance for non-financial Managers (UCT)	Internal	NED	01 January 2022	30 November 2024	6
Advocate Mtho Xulu	LLB (Unisa) LLM (Unisa)	Internal	NED	01 January 2022	30 November 2024	6
Ms Maemili Ramataboe	Chartered Accountant (Lesotho) MBA (University of the Free State) Accredited Associate of the Institute of Independent Business (UK)	Internal	NED	01 January 2022	01 August 2024	4
Ms Fikile Mkhize	Bachelor of Commerce University of KZN Master of Business Leadership UNISA Managing Managers for Results GIBS Senior Management Development Programme Stellenbosch University Certificate in Insurance and Risk Management University of the Witwatersrand Certificate in Development and Management of Local Government University of the Witwatersrand Certificate in Municipal Executives' Financial Management University of the Witwatersrand Applied Directorship Programme - Sirdar Group South Africa Certified Director SA (In Progress) - Institute of Directors in Southern Africa	External	N/A	01 March 2023	30 November 2024	6
Ms Nyawa Dikwayo	Bachelor of Commerce in Accounting (UJ) University of Stellenbosch Business School (2020) Master of Philosophy in Development Finance Member since 2014 and membership number: 20025595.(SAICA) Accounting Professional Training (2013) Qualification: Certificate in Part II Auditing Specialist Course	External	N/A	01 January 2023	30 November 2024	5

Table 41: Audit and Risk Committee Composition

7. COMPLIANCE WITH LAWS AND REGULATIONS

The Board recognises its accountability to its stakeholders under the regulatory requirements applicable to its business and remains committed to high standards of integrity and fair dealing in its conduct. Given the importance of complying with the ever-increasing domain of regulatory requirements, and the increased national and international emphasis placed on regulatory supervision, the Board, Executive Committee, and employees continue to monitor, align, and adhere to compliance requirements.

Further, during the 2024/25 financial year, CSOS developed its Regulatory Compliance Universe, detailing a list of laws, rules, best practice standards and codes that affect the CSOS either directly or indirectly. This Compliance Universe shall be updated annually, and as and when there are developments in the CSOS regulatory environment. A compliance monitoring tool was developed to develop and maintain a compliance culture by ensuring that the CSOS identified and complies with applicable laws, rules, codes, and best practice standards.

Currently there are fifty-five (55) pieces of legislation that have been recorded for the CSOS Regulatory Universe. The unit developed the Compliance Risk Management Plan (CRMP) which seeks to give emphasis and priority to monitoring the organisations founding legislations and compliance to those. The Risk Management Unit and Legal Unit were both capacitated to ensure compliance and close all identified gaps and mitigate risks of not complying with applicable laws and mandatory requirements, in order to fast track the completion of tasks and projects such as the review of the CSOS Regulatory Compliance Register and Legislative Review Project which entails the amendment of the CSOS and STSM Acts and Regulations thereto.

The CSOS remains vigilant in monitoring material risks and developing an appropriate control environment to ensure organisation-wide compliance. The Board oversees compliance management and has delegated the review and approval of the organisation's compliance programme to the Audit and Risk Committee and the Social and Ethics Committee.

8. FRAUD AND CORRUPTION

Fraud and corruption erode good governance and obstructs service delivery hence the CSOS is committed to a zero-tolerance approach to fraud and corruption. The CSOS has an Anti-Fraud and Corruption Prevention Policy and Strategy and Whistle Blowing Policy which are reviewed and Board approved. The Whistle blowing Policy enables officials and third parties to report fraud and corruption anonymously. One of the fraud prevention measures at CSOS entails pre-employment screening of prospective employees to ensure employees of the CSOS have and maintain integrity which are reviewed Quarterly by the Risk

Management unit. By performing pre-employment screening the potential risk that a person may pose to the CSOS is determined and areas of concern detected before appointments are made.

The primary objectives of the Anti-Fraud and Anti-Corruption Policy and Strategy are to:

- Provide guidelines in preventing, detecting, and reporting fraudulent activities within CSOS.
- To raise the level of fraud awareness amongst employees and other stakeholders.
- Create a culture within CSOS where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of CSOS.
- Encourage all employees and stakeholders to strive towards the prevention and detection of fraud impacting or having the potential to impact positively on CSOS.
- Identify, manage, and reduce the risk of fraud at all levels within CSOS.
- Encourage all employees and stakeholders to report suspicions of fraudulent activity without fear of reprisals or recriminations.
- Provide a focus point for the allocation of accountability and authority.
- To enhance the fraud risk culture in the Entity.

Management performed and conducted the following during the period:

- Published and communicated the Anti-fraud and corruption strategy on the organisation's intranet;
- Organisation Team-Talk session presentation of whistleblowing and Anti-Fraud and corruption; and
- An article of the Risk Management and Fraud awareness were published in the CSOS internal newsletters as well as a campaign on the Fraud awareness week in November amongst other things.

It is the policy of the CSOS that fraud, corruption, maladministration, or any other dishonest activities of a similar nature will not be tolerated.

Such activities will be investigated, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions, and recoveries where applicable. Prevention, detection, response and investigate strategies will be designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures, and other relevant prescripts to the activities of the CSOS.

Lifestyle Audit Summary

The Special Investigating Unit (SIU) conducted lifestyle audits on twenty-six (26) Community Schemes Ombud Service (CSOS) officials during the 2024/25 financial year. The group of officials audited included all executives, senior managers, and Supply Chain Management (SCM) personnel. These audits were carried out under the terms of the Secondment Agreement signed between the SIU and CSOS on 9 September 2024, which facilitated the secondment of six (6) SIU personnel to CSOS for this purpose. The audit process commenced on 1 October 2024 and has since been concluded. The lifestyle audit report is currently in the process of being presented to either the Minister of Human Settlements or the Deputy Minister of Human Settlements.

The lifestyle audit was designed to:

- Establish comprehensive financial profiles for approximately 26 CSOS officials by comparing their declared income against known and observed assets.
- Assess the sources of income to determine whether any individuals were living beyond their lawful means.
- Prevent and detect risks related to fraud, corruption, and unethical conduct.
- Obtain sound evidence regarding unexplained wealth by identifying undeclared sources of income.
- Detect conflicts of interest that could negatively impact employee productivity and service delivery.

The audit successfully:

- Identified weaknesses in internal controls within the organisation.
- Curbed fraudulent and corrupt activities through targeted interventions.
- Strengthened internal control measures, thereby promoting a corruption-free environment.
- Fostered a culture of ethics, transparency, and compliance across CSOS.
- Improved the overall effectiveness and integrity of the Entity.

The completion of the lifestyle audit reaffirmed CSOS' commitment to upholding good governance, accountability, and continuous operational improvement.

9. MINIMISING CONFLICT OF INTEREST

National Treasury issued PFMA SCM Instruction No.03 of 2021/22 which provides guidance on the implementation of the SCM process in a fair, equitable, transparent, competitive, and cost-effective manner. Even though the power is now vested with the Accounting Officer, there are processes that must be complied with to ensure fairness and transparency in the supply chain management process. SCM Practitioners sign Code of Conduct and declare their interests annually to the CSOS. Appropriate segregation of duties and internal controls are in place to mitigate risks of any conflict of interest that may arise from the supply chain management process.

All employees who seek to perform remunerative work outside of their official duty are required to obtain the necessary permission to enable the Entity to determine if there is any conflict of interest or the employee's private work is not interfering with his/her official duties. Members of decision-making committees sign a declaration to indicate any conflict of interest that may arise in any matter they deal with.

10. CODE OF CONDUCT

The intention of the Code of Conduct is to provide direction to employees regarding their employment relationship with the CSOS management, the Board, stakeholders, fellow employees, and the public. The Code also indicates the spirit in which employees should perform their duties and what should be done to avoid conflicts of interest. In addition, it indicates what is expected of employees in terms of their personal conduct in the

workplace and even in private life.

The Code of Conduct also integrates with other HR related Policies including the Talent Acquisition and Onboarding Policy wherein potential employees are subjected to a rigorous recruitment process. The purpose is not only to attract and retain talented employees but also to assess the risk of organisational fit regarding the congruence with the CSOS values which is a critical determining factor on whether to confirm the appointment or not. To pro-actively manage the breach of code of conduct, CSOS takes a deliberate view of assimilating newly appointed employees to the culture, policies, norms, and values of the Entity within a month after the appointment. This practice ensures that employee's worth is instilled at early stages of the Human Capital Lifecycle thus cultivating a foundation for ethical and professional standards.

On an annual basis, employees are expected to complete a declaration of interest and financial disclosure form. This is another strategy of ensuring that employees consistently comply with the highest standards of behaviour within the CSOS. Like in any organisation, some employees may breach the Code of Conduct despite the efforts of communicating or modelling acceptable standards of behaviour. In this case; such an employee, irrespective of the level, will be subjected to the disciplinary process as the breach jeopardises the employer and employee trust relationship which is viewed in a serious light. The misconducts and how they were managed are reported to the Board as an oversight Body on a regular basis.

Over the past 2024/25 financial year, the CSOS has remained deeply committed to maintaining the highest standards of ethical behaviour and professionalism. CSOS' Code of Conduct, which applies to everyone involved with the organisation including employees, service providers and stakeholders; sets out the values we live by: excellence, accountability, independence, integrity, responsiveness, and innovation. This Code not only ensures we meet all legal requirements but also guides us to treat everyone fairly, openly, and with respect. By embracing the Batho Pele principles, we strive to make our services easy to access, responsive to needs, and delivered with warmth and integrity to every member of the public.

Our dedication to ethical governance is strengthened through ongoing communication, regular training, and continuous review of our Code of Conduct. This helps all staff understand their roles clearly and the importance of acting in the public interest, avoiding conflicts, and fostering a workplace free from discrimination or harassment. By living these values every day, the CSOS builds trust and confidence with the communities we serve, ensuring we continue to deliver our mandate with professionalism and care.

When a breach of the CSOS Code of Conduct is suspected or reported, the process begins with the lodging of a formal complaint, either by an affected individual or a witness. The complaint is then assessed to determine its validity and whether it falls within the scope of the Code. If the matter is deemed to warrant investigation, it is handled in accordance with the principles of fairness, confidentiality, and impartiality, as outlined in the Code. The accused employee is informed of the allegations and given an opportunity to respond, ensuring that due process is followed throughout.

Should the investigation confirm a breach, disciplinary action is considered in line with the severity of the misconduct and relevant labour legislation. Possible outcomes range from counselling and retraining to formal warnings or, in serious cases, dismissal. The process is designed to uphold the values of the CSOS, such as integrity, accountability, and fairness, while also protecting the rights of all parties involved. All proceedings are documented, and outcomes are communicated to the relevant stakeholders, reinforcing the organisation's commitment to ethical conduct and continuous improvement.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Act 85 of 1993 (OHSA) prescribes that workplace inspections be conducted to help prevent incidents, injuries, and illnesses. Inspections are critical examinations of the workplace that help identify and record hazards for corrective action. Regular OHS inspections are conducted at all CSOS offices to ensure compliance with the Occupational Health and Safety Act 85, 1993. All fire equipment is inspected to ensure that it is in good condition and can be used in the event of a fire. Further inspections are carried out to check the workplace for any potential hazards that could harm the health and safety of employees. The necessary interventions are then carried out for any required maintenance.

All the appointed OHS Health and Safety Representatives are sent for their respective training to ensure compliance with the Act. The CSOS is registered with the Department of Employment and Labour, in compliance with the Compensation for Occupational Injuries and Diseases Act (COIDA). An Incidents Register, capturing the incidents that occurred in all the CSOS offices, is compiled and reported quarterly. Monthly safety talks, on various health-related topics and on how to report incidents, are disseminated through the Internal Communications platform. The Occupational Health and Safety Committee hold their meetings quarterly to discuss any potential workplace hazards and day-to-day OHS matters, as guided by the Act.

12. COMPANY /BOARD SECRETARY

The Company Secretary is responsible for developing systems and processes that enable the Board and its other governance structures to discharge their fiduciary responsibilities, efficiently and effectively. The Company Secretary's roles and responsibilities include, but are not limited to, the following:

- Providing a central source of guidance and support to the Board on matters of good governance.
- Assisting with the Board induction and training programmes.
- Ensuring that Board and Committee Charters are kept up to date.
- Preparing and circulating Board documents.
- Eliciting responses for Board and Board Committee meetings.

- Drafting annual work plans.
- Ensuring preparation and circulation of the Minutes of Board and Board Committee meetings.
- Assisting with the evaluation of the Board, Committees and individual Board members.

These roles and responsibilities of the Company Secretary are outlined in Section 88(1) - (2) of the Companies Act and include, among others, providing guidance to the Board and its members, collectively and individually, as to their duties, responsibilities, and powers, as well as making the Board aware of any legislation and regulations relevant to, or affecting the organisation.

The Company Secretary reports functionally to the Board through the Chairperson and administratively to the Chief Ombud. The Board evaluates the performance and independence of the Company Secretary on a quarterly and annual basis.

13. SOCIAL RESPONSIBILITY

During the 2024/25 financial year, the Public Entity reaffirmed its dedication to social responsibility by implementing a range of meaningful community engagement and public awareness programmes.

2024 Nelson Mandela Day Theme – "Combatting poverty and inequality is in our hands".

Caring for Our Elders

To honour Nelson Mandela, CSOS marked Mandela Day on 18 July 2024 with a visit to "The Soweto Home for the Aged," established in 1988. This facility offers residential care for vulnerable older persons, provides refuge for those who are destitute or severely infirm, and delivers essential healthcare services.

"A fundamental concern for others in our individual and community lives would go a long way in making the world the better place we so passionately dreamt of."

~ Nelson Mandela

Caring for Our Children

CSOS also supported St Thomas Home for Children, a registered Child and Youth Care Centre in Durban, eThekweni Municipality, founded in 1959. The Home cares for up to 60 abandoned, orphaned, and vulnerable children aged 2 to 10, relying on community support to uphold children's rights and promote holistic development. During Mandela Day, CSOS donated food to the Home, embodying Mandela's legacy of supporting society's most vulnerable. The Home remains committed to providing a safe, nurturing environment for children in need, sustained by ongoing community involvement.

"What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead."

~ Nelson Mandela

14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025. The term of the Audit and Risk Committee concluded during the month of November 2024 and as a result no Board or its sub-committees were appointed from December 2024 – March 2025.

Due to the non-availability of the Board or its subcommittees, the financial reports and quarterly performance reports for the period December 2024 – March 2025, were reviewed by the CSOS Internal Audit and EXCO and subsequently approved by the Acting Accounting Authority as duly delegated by the National Treasury for the remaining period of the financial year under review.

Audit Committee Responsibility

The Audit and Risk Committee is pleased to present its report for the financial year ended March 31, 2025, in compliance with Treasury Regulations 3.1.9 and 27.1.7 issued in terms of Section 51(1)(a)(ii) of PFMA and King IV Code of good governance. The CSOS Audit and Risk Committee (“The Committee”), is established as an independent statutory committee in terms of the PFMA. The committee functions within approved terms of reference, which are reviewed annually to ensure their continued relevance, and compliance with relevant legislation, regulations, and governance codes.

The Effectiveness of Internal Control

During the period April 2024 – November 2024 reviews, the internal control environment of the CSOS continued to improve towards increasing the probability of achievement of strategic objectives. The Chief Audit Executive (CAE) and his team supported by out-sourced Internal Audit firm conducted audit reviews in line with approved Internal Audit Plan. Progress was made this year towards resolving previous audit findings, particularly programs designed to facilitate collection of levies from unregistered schemes and billing of schemes. However, allocation of receipts from schemes remains to be a concern to the Committee.

From the various reports of the internal auditors and the management, as well as audit reports of the AGSA it we noted that the Entity managed to obtain no material findings on audit of predetermined objectives and audit outcome has improved compared to prior year (from a qualification to an Unqualified audit opinion (with material findings) for the reporting period). We commend management for implementing adequate action plans to ensure and prevent a repeat occurrence of the previously identified material misstatements in the financial statements. However, material deficiencies in the system of internal controls in areas pertaining to compliance with laws and regulations on the quality of financial statements is noted and will be effectively monitored. More effort in improving the audit results regarding the effectiveness of the internal controls on the financial statements should be demonstrated in the ensuing financial period.

Based on the work of Internal Audit, the Committee was able to provide the internal control assurances and to engage with the Board on the way forward in strengthening the control environment. Discussions were held with Management to advise on identified weaknesses, for these to be closed proactively before they can have a negative impact on the CSOS performance for the period April 2024 – November 2024.

Although we acknowledge the management efforts in improving the control environment, the Committee remains to be concerned of those cases of non-compliance with legislations and regulations; vacant positions of key personnel including the Chief Ombud, Chief Financial Officer and the Executive: Risk Management; moderate implementation of internal audit findings; absence of the ICT Steering Committee; and inadequate consequence management.

The approved Internal Audit Plan consisted of 34 planned audits including ad-hoc requests. The following are some of the internal audit reviews completed during the year under review:

- Review of the Q4 - 2023/24 Quarterly and Annual Performance Report
- Review of the 2024/25 – Quarterly Performance Report
- Follow Up on IA Findings (2023/24 and 2024/25)
- 2023/25 AGSA Action Plan
- Review of Tenders
- Review of Risk and Legislative Compliance Management
- Financial Audits (Revenue and Investment Management, SCM, Budget and Expenditure Management, etc)
- ICT audits (CSOS Connect, IT Governance and Business Continuity, etc)
- Compliance Audits (OHS, Recruitment and Selections, etc)
- Dispute Resolution and Registration of Community Schemes

In-Year Management and Monthly/Quarterly Report

We can confirm that quarterly reports were submitted to the National Treasury and the Department on time for the period April 2024 – November 2024. The Committee continued to review and monitor the content and quality of these reports during the year under review as required by the PFMA. The CSOS has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

The term of the Audit and Risk Committee concluded during the month of November 2024 and as a result no Board or its subcommittees were appointed from December 2024 – March 2025. Due to the nonavailability of the Board or its subcommittees, the annual financial statements were reviewed by the CSOS Internal Audit and subsequently presented to EXCO for approval.

Auditor's Report

The term of the Audit and Risk Committee concluded during the month of December 2024 and, as a result, no Board or its sub-committees were appointed from January 2025 – March 2025.

In the absence of the Board or its sub-committees during this period, the auditor's report was only presented at EXCO and approved by the Acting Accounting Authority.



Ms. K. Phetla
Acting Accounting Authority
(Acting as at 30 July 2025)

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The CSOS has been audited for B-BBEE compliance and was able to obtain level 8 compliant status. The CSOS is committed to continuous improvement to maintain and improve compliance status.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Issuing licenses or concessions does not fall within the ambit of CSOS' Mandate
Developing and implementing a preferential procurement policy?	Yes	The SCM policy was amended and approved in line with the current treasury regulations and instruction notes
Determining qualification criteria for the sale of state-owned enterprises?	No	CSOS is operating on a going-concern basis
Developing criteria for entering into partnerships with the private sector?	No	The nature of goods and services CSOS procures have not warranted CSOS to form partnership with the private sector. Should the need arise in the future, CSOS would be open to forming such partnership.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	In terms of CSOS' procurement spend, there is a portion that is envisaged to spend on designated groups in CSOS' tenders the high preferential procurements are allocated to the designated Qualifying small entities or Exempted Micro Enterprises. Furthermore, CSOS intends to participates in supplier development programmes

Table 42: B-BBEE compliance performance information

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

Demonstrating our steadfast dedication to fostering a workplace culture rooted in excellence, inclusivity, and ongoing development, we have made employee engagement, professional growth, and operational efficiency top priorities throughout this financial year, recognizing that our people are our greatest asset. As we reflect on the significant strides made by the Community Schemes Ombud Service (CSOS) in advancing our mandate of promoting fair and effective governance within community schemes across the nation, we acknowledge the crucial role of our Human Capital Management function.

1.1 Overview of Human Capital (HC) matters at the CSOS

The Human Capital Management Business Unit has been instrumental in driving our mission forward, fostering a culture of sustained engagement among staff. Our dedication to human capital development has greatly enhanced the capabilities and performance of our workforce, with a focus on initiatives that not only elevate the learning and development of our employees but also promote their overall well-being. These efforts ensure that CSOS continues to deliver on its mandate effectively by investing in the growth, engagement, and wellness of its people.

1.2 Set HC priorities for the year under review and the impact of these priorities

This section highlights the strategic human capital priorities we set for 2024/25 and explores the meaningful impact of these initiatives organisation-wide. The priorities are as follows:

- Reviewing our Employment Equity Plan, ensuring alignment with the new 3% target and identifying barriers to disability inclusion not only as a compliance requirement but as a catalyst for meaningful and sustainable transformation in our workforce.
- Attracting high-quality talent by filling prioritized vacant and funded positions in accordance with the approved organizational structure and the 2024/25 Recruitment Plan.
- Executing training initiatives aligned with the approved 2024/25 Workplace Skills Plan and Training Plan.
- Implementing the Culture Transformation Strategy.
- Implementing the Executive Leadership Development Programme to strengthen leadership capabilities at the highest level; and
- The Senior Management Programme to enhance strategic thinking and management skills among our senior leaders.

1.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The CSOS uses a structured workforce planning framework to ensure it has the skilled personnel needed to deliver on its mandate, both now and in the future. To attract and recruit skilled and capable employees, CSOS focuses on:

- Building a strong employer brand that reflects CSOS' values, culture, and public service commitment
- Using a variety of recruitment channels to reach a diverse pool of candidates
- Offering competitive remuneration, benefits, and clear opportunities for professional development
- Implementing succession planning to ensure continuity in critical roles
- Regularly reviewing and improving recruitment processes based on feedback and outcomes.

These practices enable CSOS to meet its staffing needs and maintain a workforce that is capable, diverse, and aligned with its long-term strategic vision.

1.4 Employee Performance Management Framework

The CSOS has established a performance management framework designed to enhance organisational effectiveness, strengthen accountability, and foster ongoing improvement. This framework ensures that both individual and business units' efforts are closely aligned with the strategic priorities set out in the Annual Performance Plan (APP). At the heart of this approach is the Employee Performance Management System (EPMS), which connects each employee's work directly to the broader goals of the organisation. The EPMS focuses on:

- Defining clear, measurable objectives for every employee;
- Facilitating regular performance discussions and constructive feedback;
- Promoting fair and transparent evaluation processes; and
- Supporting professional growth and skills development.

Beyond simply meeting annual targets, the framework aims to cultivate a culture of continuous improvement. By weaving together planning, monitoring, measurement, and review at every level, CSOS embeds performance management throughout the organisation—driving accountability and a commitment to service excellence.

1.5 Employee Wellness Programmes (EWP)

CSOS acknowledges that the well-being of our employees is essential for achieving organizational success. Our Employee Wellness Initiatives are strategically designed to address the personal, mental health, and work-related issues faced by our workforce. By proactively managing these factors, we not only promote a healthier and more productive workforce but also cultivate a supportive environment that enhances engagement and loyalty.

In the 2024/25 financial year, our LYRA Wellness Programme supported 19 cases, with mental health, personal development, and workplace challenges being the primary concerns.

We offer a diverse array of wellness programmes that reflect our commitment to comprehensive employee care. These initiatives not only focus on immediate issues but also empower our employees by providing them with the tools and resources needed to thrive both personally and professionally.

By investing in comprehensive wellness programmes, CSOS seeks to boost employee engagement and improve overall productivity. Our philosophy emphasizes that a healthy workforce is essential to building a resilient and sustainable Entity.

Employee Wellness Initiatives for 2024-25

Initiative	Description
Wellness Days (Health Screening)	Conducted multiple health screening sessions
Men's Health Dialogue	Focused session on men's health
Women's Month Celebration	We commemorated women's month with a special celebration for Women's Day.
Hiking	Introduced hiking events for employee wellness

Table 43: Summary of 2024-25 Employee Wellness Initiatives

1.5.1 Overall Engagement

The table below outlines both proactive and reactive interventions carried out during the review period. It also includes comparisons with the Lyra SA Consumer Sector average (where relevant) and with engagement from the previous period:

	2024/25		2023/24		ICAS Average
	Number	%	Number	%	%
Staff enrolled on EWP	234		150		192
Total Engagement Rate	16	13.6%	358	238.6%	187%
Adjusted Engagement Rate	14	12.2%	322	214.7%	168%
Individual cases	6	5.1%	34	22.6%	20%
Group intervention participants	2	1.7%	8	5.3%	5%

Table 44: Overall Engagement

1.6 Policy development

Human capital policy development at the Community Schemes Ombud Service (CSOS) remains a key strategic focus, aimed at building a capable, ethical, and high-performing organisation. Guided by national imperatives such as the National Development Plan (NDP) 2030 and the Medium-Term Strategic Framework (MTSF), CSOS is committed to continuous improvement in its human capital practices to support effective regulation of the community schemes sector and to contribute meaningfully to human settlements transformation.

In the 2024/25 financial year, CSOS has placed particular emphasis on reviewing and updating its suite of human capital policies. This review process is part of a broader organisational effort to align with best practices, enhance governance, and ensure that the organisation's policies are responsive to evolving legislative and operational requirements. The Board provides oversight on policy formulation and implementation, ensuring that the organisation remains responsive to evolving legislative, regulatory, and operational requirements. Recent initiatives, such as the Organisational Design project, have focused on capacitating the structure, reducing vacancy rate, and promoting a culture of innovation and accountability. Currently, nine key human capital policies are under review and they are as follows:

- Disciplinary, Grievance and Appeals Policy;
- Employee Transfer and Relocation Policy;
- Employee Wellbeing Policy;
- Employment Equity Policy;
- Exit Interview Policy;
- Harassment Policy;
- Learning and Development Policy;
- Leave Management Policy;
- Succession Management Policy; and
- Talent Acquisition and Onboarding Policy.

These updates are intended to further drive transformation, strengthen organisational capacity, and foster a culture of innovation and accountability—ultimately supporting CSOS' mission to effectively regulate community schemes and uphold good governance.

1.7 Highlight achievements

- Submission of the Workplace Skills Plan (WSP) and Annual Training Report (ATR) to the Services SETA. As a result, CSOS was awarded R77,078.47, which will support ongoing employee development initiatives.
- Successful Registration with the Department of Employment and Labour. As of 6 May 2024, CSOS completed its registration with the Department of Employment and Labour via the Unemployment Insurance Fund (U-Filing) system. This registration ensures full compliance with statutory employment and labour requirements applicable to community schemes, with a specific focus on adherence to the Unemployment Insurance Act, No. 63 of 2001.
- CSOS has implemented the Direct Hire E-Recruitment system, representing a major advancement in its human capital strategy. This robust platform automates and streamlines every stage of recruitment—from posting vacancies and sourcing candidates to screening, evaluation, and onboarding—enabling faster, more efficient hiring. The system enhances

collaboration among hiring teams, reduces administrative workload, and provides candidates with a seamless, transparent experience through real-time updates and automated communication.

- Facilitation of a comprehensive capacity-building session with the Change Champion Networks, MANCO, and Human Capital teams, focusing on enhancing organisational culture. The culture transformation project was successfully concluded, and the final close-out report on implementation was submitted, marking a significant milestone in our continuous improvement efforts.
- The CSOS team was nominated as a finalist in the category Employer of Choice: Public Sector Organisations at the Future of HR 2024 Awards, which took place at Emperors Palace on 05 September 2024. This prestigious recognition was a testament to the hard work, dedication, and commitment that each of you demonstrated towards fostering a supportive and forward-thinking organisation.
- CSOS hosted Employee Recognition Awards Ceremonies in 2024, events that celebrated and acknowledged the outstanding contributions and accomplishments of CSOS's dedicated employees. The awards were held on the following dates: 02 December 2024 in the Western Cape, 04 December 2024 in KwaZulu-Natal, and 06 December 2024 at the Head Office & Gauteng.

1.8 Human Capital Challenges

- The CSOS faces persistent human capital challenges that impact its ability to deliver on its mandate. Despite notable improvements—such as reducing the vacancy rate from 47.4% in 2022/23 to 21.4% in 2023/24, and implementing an organisational redesign project—staffing gaps remain a significant concern.
- The moratorium on filling vacancies, imposed by National Treasury, and ongoing budget constraints have limited the CSOS' capacity to recruit and retain skilled personnel in critical roles, affecting overall organisational performance.
- The increase in the employment equity target for persons with disabilities from 2% to 3% presents both a challenge and an opportunity for our organisation. While we recognise the historical underrepresentation of persons with disabilities in our workforce, we are committed to accelerating our transformation efforts.
- Expanding our recruitment pipeline, enhancing workplace accessibility, and fostering an inclusive culture that encourages an environment where employees feel safe to disclose disabilities.

1.9 Future HC Plans/goals

Looking ahead, CSOS plans to reduce its current vacancy rate significantly by March 2026 through targeted recruitment aligned with its approved organisational structure.

- The Entity will continue to invest in talent development, including implementing its Employment Equity Plan (2023-2028);
- Expanding internship and learnership programmes to nurture young talent and address critical skills;
- While the CSOS has made strides through internship programmes and targeted recruitment, sustained progress will require continued focus on building capacity, addressing historical inequities, and ensuring effective implementation of transformation strategies.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The 2024/25 reporting period has seen important progress in human capital management, demonstrating our dedication to maintaining a productive, diverse, and compliant work environment. This section presents a detailed summary of HR oversight data, covering essential indicators such as workforce composition, recruitment and retention trends, employee performance, statutory compliance, and staff engagement levels.

By carefully tracking and analysing these figures, we strive to promote transparency, responsibility, and ongoing enhancement of our HR processes. The information shared below highlights both our successes and areas that require further attention, helping us to align our human capital strategies with the organisation's overall objectives for sustainable development and operational success.

2.1 Personnel-related expenditure

Personnel Cost by programme/ activity/ objective

The following table depicts the salary cost of individuals by Division:

Programme/activity/objective	Total Expenditure for the Entity	Personnel Expenditure	Personnel exp. as a % of total personnel exp.	No. of employees	Average personnel cost per employee
Office of the Chief Ombud	R2 359 016.63	R2 359 016.63	1.21%	2	R1 179 508.32
Office of the CFO	R26 878 242.31	R26 722 267.89	13.73%	31	R862 008.64
ICT	R14 235 003.00	R14 225 254.60	7.31%	17	R836 779.68
Internal Audit	R8 912 390.50	R8 912 390.50	4.58%	9	R990 265.61
Corporate Services	R25 152 006.59	R25 148 970.59	12.92%	31	R811 257.12
Company Secretary	R3 511 095.78	R3 511 095.78	1.80%	5	R702 219.16
Supply Chain Management	R5 751 964.15	R5 751 964.15	2.96%	7	R821 709.16
Risk Management	R1 960 831.84	R1 960 831.84	1%	3	R653 610.61
Organisational Strategy and Performance	R7 736 615.55	R7 736 615.55	3.98%	5	R1 547 323.11
Adjudicator General	R9 509 275.95	R9 509 275.95	4.89%	9	R1 056 586.22
Gauteng Regional Office	R34 219 654.12	R34 219 654.12	17.58%	37	R924 855.52
KwaZulu-Natal Regional Office	R24 014 286.73	R24 014 286.73	12.34%	30	R800 476.22
Western Cape Regional Office	R29 009 614.25	R29 009 614.25	14.90%	33	R879 079.22
Interns	R404 315.39	R404 315.39	0.2%	10	R40 431.54
Learnerships	R1 728 507.10	R1 124 757.10	0.6%	22	R51 125.32
Total	R195 382 819.89	R194 610 311.07	100%	252	R772 263.14

Table 45: Salary cost of individuals by Division

Personnel cost by salary band

The following table depicts the salary cost of individuals by salary band:

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Patterson Grade E	R24 494 840.38	12.6%	10	R2 449 484.04
Patterson Grade D	R96 855 076.50	49.77%	84	R1 153 036.63
Patterson Grade C	R61 848 839.47	31.78%	100	R618 488.39
Patterson Grade B	R9 827 405.03	5.05%	24	R409 475.21
Patterson Grade A	R0.00	0%	0	R0.00
Intern Stipend	R404 315.39	0.2%	10	R40 431.54
Learnerships	R1 124 757.10	0.6%	22	R51 125.32
TOTAL	R194 610 311.07	100%	252	R772 263.14

Table 46: Salary cost of individuals by salary band

Performance Rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Patterson Grade E	0	0	0
Patterson Grade D	0	0	0
Patterson Grade C	0	0	0
Patterson Grade B	0	0	0
Patterson Grade A	0	0	0
Intern Stipend	0	0	0
TOTAL	0	0	0

Table 47: Performance Rewards

Training Costs

The table below shows training costs per Business Unit:

Programme/activity/objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Human Capital (SABPP)	R2 169 063.80	R3 036.00	0.15%	4	R759
Finance (SAGE)	R11 132 818.00	R155 974.42	1.40%	17	R9 174
IT (SAGE)	R699 043.44	R9 748.40	1.39%	1	R9 748
Learnership	R1 864 800	R603 750.00	32.3%	21	R28 750

Table 48: Training costs per Business Unit

Employment and vacancies

The table below illustrates the number of employees in each Patterson Band, as well as the number of additional positions filled in each band during the 2023/24 financial year:

Programme/activity/objective	2023/24 No. of Employees	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
B1-B5	22	10	23	9	18%
C1-C5	87	20	89	18	36%
D1-D5	77	24	81	20	40%
E1-E4	10	1	9	2	4%
F1	1	0	1	1	2%
Total	197	55	203	50	100%

Table 49: Number of employees in each Patterson Band

Despite proactive recruitment efforts-including advertising, and interviews, key senior management and highly skilled supervisory posts remain unfilled due to a combination of legal, organisational, and market challenges. No internal staff currently meet the requirements for these roles, primarily due to skills gaps and the specialised nature of the vacancies. The organisation continues to refine its attraction and retention strategies to ensure future vacancies can be filled more efficiently.

Employment changes

The table below illustrates the number of people appointed and terminated at each level of the organisation during the 2023/24 financial year:

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	10	0	2	9
Senior Management	10	2	1	11
Professional qualified	68	10	5	70
Skilled	93	8	6	89
Semi-skilled	23	6	1	25
Interns	2	5	4	6
Learnership	0	23	2	21
Total	206	54	21	231

Table 50: Number of people appointed and terminated at each level

Reasons for staff leaving

The table below illustrates the total number of employees who left the Entity and their reasons for leaving during the year under review:

Reason	Number	% of total no. of staff leaving
Death	1	5%
Resignation	15	71.4%
Dismissal	1	5%
Retirement	1	5%
Ill health	0	0%
Expiry of contract	3	14%
Other	0	0%
Total	21	100%

Table 51: Total number of employees who left the Entity and their reasons

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal Warning	1
Written Warning	3
Final Written warning	3
Dismissal	1

Table 52: Summary of misconduct and disciplinary action

Equity Target and Employment Equity Status

During the 2024/25 financial year, the CSOS continued to make steady progress towards its employment equity targets, although some gaps remain between our goals and current workforce composition. We recognise that women, designated racial groups (Africans, Coloureds, and Indians (Asians), and people with disabilities are still underrepresented in certain areas. These variances reflect broader challenges in attracting and retaining diverse talent in our sector.

To address this, we have intensified efforts through targeted recruitment campaigns, focused development and mentorship programs, and ongoing reviews of our recruitment policies to ensure fairness and inclusivity. We are also committed to creating a supportive work environment by improving accessibility and raising awareness about the importance of diversity and inclusion. By regularly monitoring our progress and engaging with our teams, we aim to build an organisation that truly reflects the diverse communities we serve and fosters equal opportunity for all.

The tables below show the breakdown of employment equity in terms of gender, race and disability:

Levels	MALE								
	African		Coloured		Indian		White		
	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	4	5	0	0	1	1	0	0	0
Senior Management	4	4	0	1	1	1	0	0	0
Professional qualified	23	28	3	5	1	0	2	4	
Skilled	31	37	2	1	0	1	0	2	
Semi-skilled	9	10	0	2	0	0	0	1	
Interns	0	1	0	1	0	0	0	0	
TOTAL	71	85	5	10	3	3	2	7	

Table 53: Breakdown of employment equity in terms of male

Levels	FEMALE								
	AFRICAN		COLOURED		INDIAN		WHITE		
	Current	Target	Current	Target	Current	Target	Current	Target	
Top Management	4	4	0	1	0	0	0	0	0
Senior Management	4	3	0	1	1	1	1	1	1
Professional qualified	32	29	4	3	3	3	2	2	2
Skilled	51	45	0	3	3	1	2	3	
Semi-skilled	14	7	0	0	0	1	0	0	
Unskilled	5	0	0	0	0	0	0	0	
TOTAL	110	92	4	8	7	6	5	6	

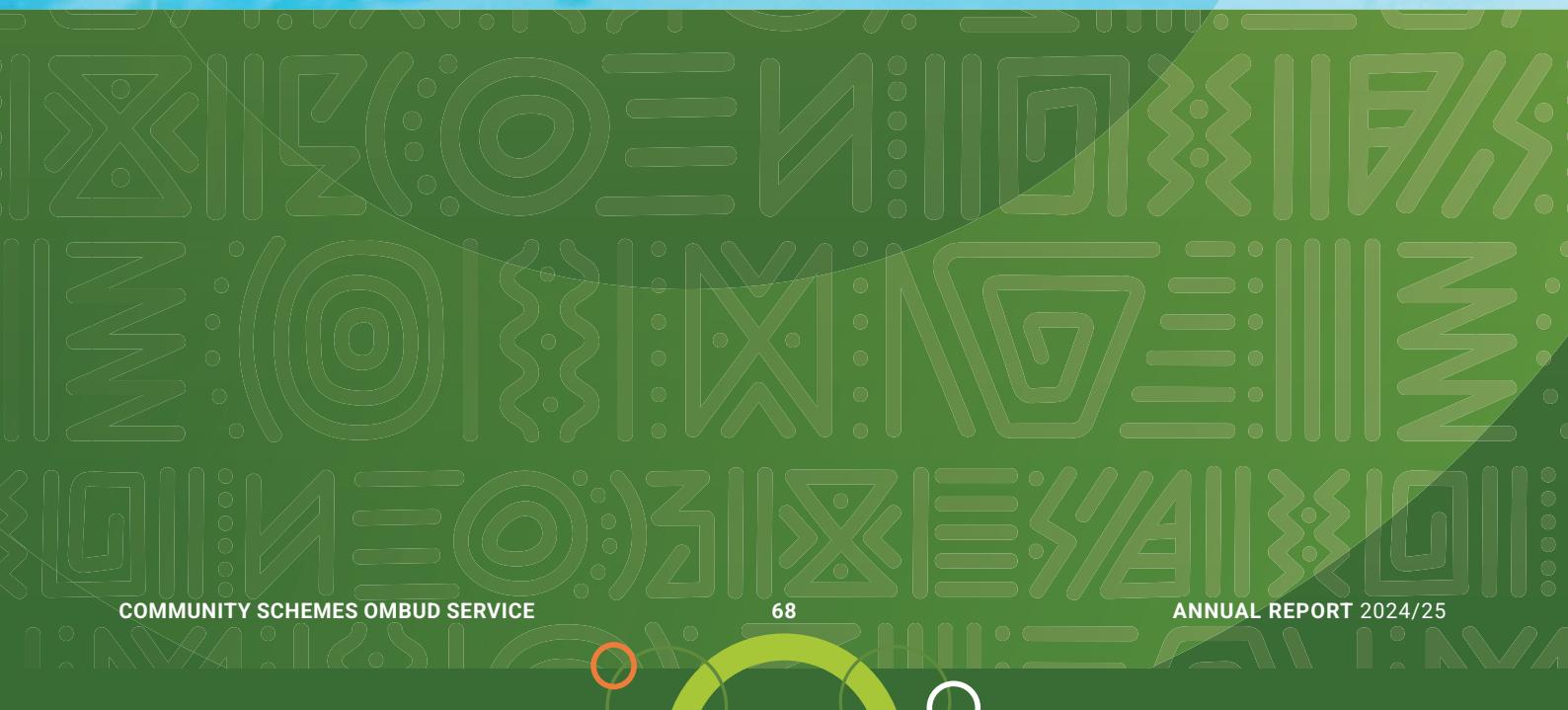
Table 54: Breakdown of employment equity in terms of female

Levels	Disabled Staff				
	Male		Female		
	Current	Target	Current	Target	
Top Management	0	0	0	0	0
Senior Management	0	0	0	0	0
Professional qualified	2	0	0	0	0
Skilled	0	0	0	0	0
Semi-skilled	0	0	0	0	0
Unskilled	0	0	0	0	0
TOTAL	2	0	0	0	

Table 55: Breakdown of employment equity in terms of disabled staff

PART E

PFMA COMPLIANCE REPORT



1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	102 718.30	78 647.44
Adjustment to opening balance		
Opening balance as restated		
Add: Irregular expenditure confirmed	1 067.30	24 070.86
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable	(20 480)	
Less: Irregular expenditure not recoverable and written off		
Closing balance	83 305.60	102 718.30

Table 56: Reconciliation of irregular expenditure

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment		
Irregular expenditure that relates to the prior year and identified in the current year	40.62	
Irregular expenditure for the current year	1 026.68	24 070.86
Total	1 067.30	24 070.86

Table 57: Reconciling notes

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment		
Irregular expenditure under determination		
Irregular expenditure under investigation		
Total	0.00	0.00

Table 58: Details of irregular expenditure

c) Details of irregular expenditure condoned

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	0.00	0.00
Total	0.00	0.00

Table 59: Details of irregular expenditure condoned

d) Details of irregular expenditure removed - (not condoned)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure NOT condoned and removed		
Total	0.00	0.00

Table 60: Details of irregular expenditure removed - (not condoned)

e) Details of irregular expenditure recoverable

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recoverable	20 480.00	0.00
Total	20 480.00	0.00

Table 61: Details of irregular expenditure recoverable

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written off		
Total	0.00	0.00

Table 62: Details of current and previous year irregular expenditure written off (irrecoverable)

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description	2024/25	2023/24
	R'000	R'000
None		
Total	0.00	0.00

Table 63: Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024/25	2023/24
	R'000	R'000
None		
Total	0.00	0.00

Table 64: Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken	2024/25	2023/24
	R'000	R'000
Warning letters issued	0.00	7 084.00
Total	0.00	7 084.00

Table 65: Details of disciplinary or criminal steps taken as a result of irregular expenditure

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	4 302.62	1 480.50
Adjustment to opening balance		
Opening balance as restated		
Add: Fruitless and wasteful expenditure confirmed	43.60	2 859
Less: Fruitless and wasteful expenditure recoverable	0.00	(30.32)
Less: Fruitless and wasteful expenditure not recoverable and written off	0.00	(6.56)
Closing balance	4 346.22	4 302.62

Table 66: Reconciliation of fruitless and wasteful expenditure

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0.00	0.00
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	7.59	832.55
Fruitless and wasteful expenditure for the current year	36.01	2 027.00
Total	43.60	2 859.55

Table 67: Reconciling notes

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination		
Fruitless and wasteful expenditure under investigation		
Total	0.00	0.00

Table 68: Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

c) Details of fruitless and wasteful expenditure recoverable

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recoverable	0.00	30.32
Total	0.00	30.32

Table 69: Details of fruitless and wasteful expenditure recoverable

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written off	0.00	6.56
Total	0.00	6.56

Table 70: Details of fruitless and wasteful expenditure not recoverable and written off

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	2024/25	2023/24
	R'000	R'000
None		
Total	0.00	0.00

Table 71: Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2024/25	2023/24
	R'000	R'000
Theft		
Other material losses		
Less: Recoverable		
Less: Not recoverable and written off		
Total		

Table 72: Details of material losses through criminal conduct

b) Details of other material losses

Nature of other material losses	2024/25	2023/24
	R'000	R'000
(Group major categories, but list material items)		
Total		

Table 73: Details of other material losses

c) Other material losses recoverable

Nature of losses	2024/25	2023/24
	R'000	R'000
(Group major categories, but list material items)		
Total		

Table 74: Other material losses recoverable

d) Other material losses not recoverable and written off

Nature of losses	2024/25	2023/24
	R'000	R'000
(Group major categories, but list material items)		
Total		

Table 75: Other material losses not recoverable and written off

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	3 066	190,073
Invoices paid within 30 days or agreed period	3 066	190 073
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

Table 76: Late and / or Non-Payment of Suppliers

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Procurement of VIP Table Package from Topco Media and Communications for the Top Empowerment Awards in July	Topco Media and Communications	Sole supplier	REQ04549	R96,600.00
Procurement of CASEWARE Training for the Senior budget accountants.	Adapt IT	Sole supplier	RFQ-PO13060	R34 202.68
The Institute of Internal Auditors South Africa as a sole supplier for Certified Internal Auditor Certification Programs.	IIASA	Sole supplier	RFQ-PO12935	R76 166.67
Procurement of Board Members to register for the certified director's programme with IODSA	IODSA	Sole supplier	RFQ-PO11345	R16 394.00
Procurement of Board Members to register for the certified director's programme with IODSA	IODSA	Sole supplier	RFQ-PO13388	R8 633.63
Procurement of licence renewal of annual subscription from hellopeter.com	TKJ Design (Pty) Ltd T/A Hellopeter.	Sole supplier	RFQ - PO13393	R8 266.20
Procurement of the annual renewal of Teammate software license and payment of additional licenses.	Wolters Kluwer Tax and Accounting Southern Africa (Pty) Ltd	Sole supplier	RFQ - PO12995	R56,058.60
Total				R295 721.78

Table 77: Procurement by other means

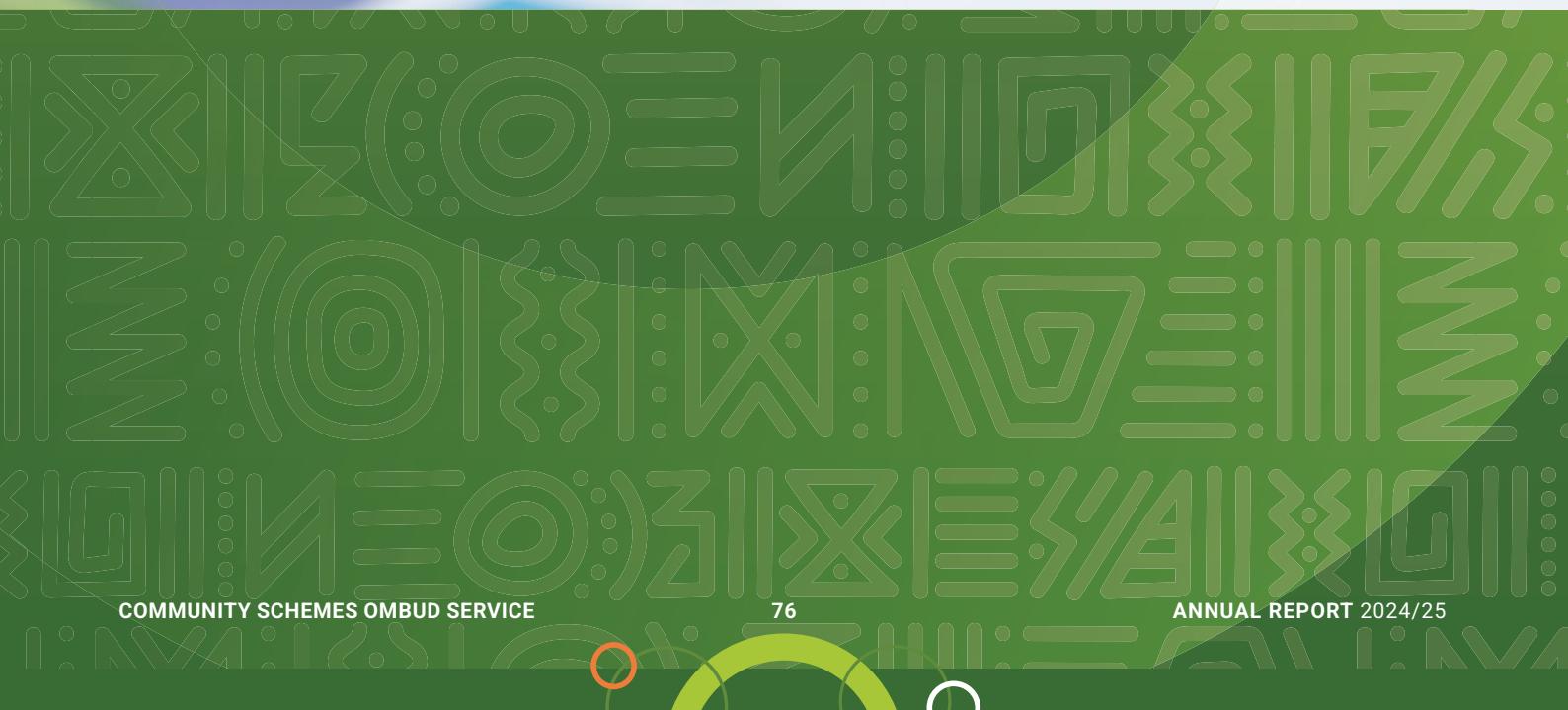
3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
The appointment of a service provider to provide bulk email services to the Community Schemes.	Everlytic	Variation	N/a	R78 350.00	R0.00	R6 134.61
Provision of short-term insurance for CSOS assets as contained in the fixed assets schedule and register.	Moso Consulting Services (Pty) Ltd.	Variation	RFQ001-2022	R111 849.86	R0.00	R718 938.00
Procurement of website hosting.	Interfile	Variation	CSOS004-2020	R116 591.26	R0.00	R4 560.00
Provision of an ESET license renewal and support for a period of three (3) years.	Galeboe Professional Services (Pty) Ltd.	Variation	CSOS010-2021	R673 180.86	R30 053.33	R23 442.06
Procurement of Website services.	Namosathi Group (Pty) Ltd	Variation	RFQ-2022	R349 200.00	R0.00	R43 470.00
CSOS Customer Relationship Management Drive 2023	African Charm (Pty) Ltd	Variation	CSOS010-2022	R7 129 919.50.	R0.00	R941 850.00
The Security Management Services Contract	Mjayeli Security Services (Pty) Ltd	Variation	CSOS003-2022	R7 518 913.21	R0.00	R240 807.30
Facilitate and develop an Annual Performance Plan (APP), Annual Operational Plan (AOP) and Strategic Plan for a three-year period ending on the 24 November 2024.	Lead Afrika Consulting (Pty) Ltd	Variation	CSOS007-2021	R989 727.37	R0.00	R296 918.21
The appointment of a service provider to provide managed printing solution for a period of three (3) years.	OKS Investments 2009 (Pty) Ltd	Variation	CSOS011-2021	R3 235 695.00	R269 641.23	R179 760.82
The appointment of a service provider to provide additional cleaning and deep cleaning services for all the CSOS satellite office: Ballito, Mbombela, Polokwane, Rustenburg, Bloemfontein, George, and Gqeberha, for six (6) months	Buddy Luu (Pty) Ltd	Variation	RFQ052-2024	R704 190.00	R301 554.00	R100 518.00
The appointment of a service provider to provide cleaning services for a period of three (3) years.	Konica Minolta South Africa a Division of Bidvest Office (Pty) Ltd	Variation	CSOS008-2020R	R2 071 484.28	R150 000.00	R150 000.00
Procurement of Board Gifts for the previous CSOS Board	Jongani Creatives (Pty) Ltd	Variation	RFQ101-2024	R75 000.00	R0.00	R15 000.00
Procurement of Limpopo office space.	Lebombo Beleggings (Pty) Ltd	Variation	N/a	R75 000.00	R0.00	R372 462
Provision of short-term insurance to the CSOS assets	Mpumelelo 314 (Pty) Ltd	Variation	RFQ058-2024	R317 809.01	R0.00	R158 904.48
Appointment of a service provider to support and maintain the website at CSOS.	Nomasathi Group (Pty) Ltd	Variation	RFQ-2022	R3492 00.00	R43 470.00	R16 900.00
Total				R113 631 130.16	R794 718.56	R3 269 665.48

Table 78: Contract variations and expansions

PART F

FINANCIAL INFORMATION



1. REPORT OF THE EXTERNAL AUDITOR

Report of the auditor-general to Parliament on Community Schemes Ombud Service

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Community Schemes Ombud Service set out on pages **86** to **145**, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Community Schemes Ombud Service as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the Public Entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 44 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the Public Entity at, and for the year ended, 31 March 2025.

Impairments – trade debtors

8. As disclosed in note 4 to the financial statements, an allowance for impairment loss of R234 877 207 was incurred as a result of impairment provisions for doubtful debt.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the Public Entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Public Entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page **83** to **85**, forms part of my auditor's report.

Report on the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following material performance indicators related to programme 2: regulations presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the Public Entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage registration of community schemes that submitted valid schemes registration document
 - Percentage of registered community schemes compliant

- Percentage of schemes governance documentation quality assured within 30 working days
- Percentage of compliance certificates issued on all approved schemes governance documents
- Percentage of disputes conciliated within 45 working days
- Percentage of disputes adjudicated within 90 working days
- Percentage of adjudication orders quality assured within 7 working days

15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the Public Entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the Public Entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the Public Entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

18. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.
21. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 41.

Programme 2: regulations

<i>Targets achieved: 86%</i>		
<i>Budget spent: 102%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of disputes adjudicated within 90 working days	90%	73%

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the Public Entity's compliance with legislation.
23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the Public Entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
27. Material misstatements of revenue and disclosures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified opinion.

Consequence management

28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report, which includes the ministers foreword and audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
34. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.
35. Management did not implement adequate internal controls, including review processes during the preparation of the financial statements, as the financial statements contained errors that were not detected and corrected prior to the submission of the financial statements for auditing.
36. Leadership did not take appropriate steps to ensure that there was effective consequence management.

Auditor General

Pretoria

30 July 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the Public Entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Public Entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a Public Entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c); Section 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 200	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3

Legislation	Sections or regulations
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2. ANNUAL FINANCIAL STATEMENTS

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board(ASB).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledges that they are ultimately responsible for the system of internal financial control established by the Entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the Entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the Entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Entity is wholly dependent on the self-generated income for continued funding of operations. The annual financial statements are prepared on the basis that the Entity is a going concern and that the Entity has neither the intention nor the need to liquidate or curtail materially the scale of the Entity.

The accounting authority are primarily responsible for the financial affairs of the Entity

The external auditors are responsible for expressing an opinion on the Entity's annual financial statements.

The annual financial statements set out on pages **87-145** which have been prepared on the going concern basis, were approved by the accounting authority on 30 July 2025 and were signed on its behalf by:

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Ms. K. Phetla
Acting Accounting Authority
(Acting as at 30 July 2025)

The members submit their report for the year ended 31 March 2025.

1. Review of activities

Main business and operations

The Entity is engaged in regulatory authority of all community schemes in South Africa. and operates principally in South Africa.

The Community Schemes Ombud Service (CSOS) was established in terms of the Community Schemes Ombud Service (CSOS), Act 9 of 2011, to regulate the conduct of parties within community schemes and to ensure good governance. It is the organisation's strategic intent to meaningfully contribute to the achievement of the 2030 human settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. This is evident in our strategic objectives which are. To regulate all community schemes within South Africa

- To control and provide quality assurance of community schemes governance documentation.
- To provide a dispute resolution service for community schemes.
- To Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in community schemes
- To ensure that the CSOS is an effective and sustainable organisation.

Since the establishment of the CSOS, the Entity has made great strides in creating an environment that can deliver on its mandate. Ultimately the ability to meet the Entity's objectives is the responsibility of the accounting authority, management, staff and all our key partners and stakeholders within community schemes.

2. Going concern

We draw attention to the fact that at 31 March 2025, the Entity had an accumulated deficit of R 51 506 577 and that the Entity's total liabilities exceed its assets by R 51 506 577.

The Annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The CSOS' main income stream is the levies that are received from the community schemes, payable in terms of Section 59 of the CSOS Act. Furthermore, it generates interest through its investments. The funds generated from levies and the interest, are available to finance future operations and the settlement of liabilities.

The major component under liabilities relates to unallocated levies which represents 66% of reported liabilities, the probability of the balance resulting in a major cash outflow is very slim as per past history therefore the going concern principle is appropriate.

3. Accounting Authority

The members of the Entity during the year and to the date of this report are as follows:

Non Executive Directors

Ms. M.P Mthethwa
Mr. DV Goliath
Mr. S . Ralokote
Ms. T. Godongwana
Adv. M.D Xulu
Ms. M Shandu
Ms. M Ramataboe
Ms. M Dumakude
Ms. L Moamogwa
Mr. HG April

Changes

Term ended: 30 November 2024
Resigned 31 July 2024
Term Started: 13 January 2025
Term Started: 13 January 2025
Term Started: 13 January 2025

Due to a non quorating board, Ms K Phetla was appointed as acting accounting authority in terms of sec 59 of PFMA

4. Secretary

The Company secretary Mr. M Penane resigned on the 6th of September 2024.

A firm of attorneys Madhlopa and Thenga Incorporated were then appointed to perform the company secretariat services until the 7th of March 2025 after which Ms. T Thipe was appointed as Acting Company Secretary from the 10th of March 2025 to date.

5. Irregular, Fruitless and Wasteful Expenditure

The irregular, fruitless and wasteful expenditures incurred for the period under review are disclosed in note 40 of these Annual financial statements

6. Other significant matters

VBS Update

During December 2024 the VBS Liquidators declared a dividend of the VBS estate that resulted in a payment of R20 480 000.00 being received by CSOS

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Ms. K. Phetla
Acting Accounting Authority
(Acting as at 30 July 2025)

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	185 672	1 075 481
Receivables from non-exchange transactions	4	88 916 176	23 863 336
Prepayments	5	7 182 114	8 164 396
Other Receivables - Rental deposits	6	894 577	84 260
Cash and cash equivalents	7	122 910 150	270 109 867
		220 088 689	303 297 340
Non-Current Assets			
Property, plant and equipment	9	17 643 436	19 847 240
Intangible assets	10	41 364 423	28 457 546
Other Receivables - Rental deposits.	6	36 000	869 951
		59 043 859	49 174 737
Total Assets		279 132 548	352 472 077
Liabilities			
Current Liabilities			
Operating lease liability	11	591 231	823 518
Payables from exchange transactions	12	37 686 756	22 593 589
Provisions	13	13 036 268	65 189 438
Unallocated levies	14	218 183 099	183 530 110
Revenue received in advance	15	61 141 771	35 759 226
Transfer of prior year surplus payable	48	-	103 838 024
		330 639 125	411 733 905
Total Liabilities		330 639 125	411 733 905
Net Assets		(51 506 577)	(59 261 828)
Accumulated Deficit		(51 506 577)	(59 261 828)
Total Net Assets		(51 506 577)	(59 261 828)

Statement of Financial Performance

Figures in Rand

Note(s)

2025

2024

Restated*

Revenue

Revenue from exchange transactions

Other revenue	17	792 113	779 744
Interest received from the bank	29	10 434 698	21 361 084
Total revenue from exchange transactions		11 226 811	22 140 828

Revenue from non-exchange transactions

Levies	20	319 800 747	330 359 995
Interest from non-exchange receivables	21	2 481 990	3 554 334
SETA Grant funding received	22	160 831	203 714
Total revenue from non-exchange transactions		322 443 568	334 118 043

Other revenue

Surrender of surpluses	19	59 385 261	-
Reversal of Impairment loss(Recovery from VBS)	18	20 480 000	-
Other revenue		79 865 261	-
Total revenue	16	413 535 640	356 258 871

Expenditure

Employee and board honorarium related costs	23	(204 731 777)	(169 175 509)
Depreciation and amortisation	24	(9 354 415)	(7 236 373)
Finance costs	25	(364)	(261 721)
Lease rentals on operating lease	26	(17 097 929)	(12 519 895)
Debt Impairment	27	(350 580)	(114 886 759)
Bad debts written off	28	(72 046)	-
Contracted services	30	(37 931 887)	(33 466 276)
Loss on disposal of assets and liabilities	32	(354 840)	(241 550)
Surrender of surpluses	19	-	(163 223 285)
General Expenses	33	(135 886 551)	(130 404 573)
Total expenditure		(405 780 389)	(631 415 941)

Taxation

Surplus (deficit) for the year		7 755 251	(275 157 070)
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* See Note 44 & 43

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	268 525 145	268 525 145
Adjustments		
Prior year adjustments	(52 629 903)	(52 629 903)
Restated Balance at 01 April 2023	215 895 242	215 895 242
Changes in net assets		
Deficit for the year	(275 157 070)	(275 157 070)
Total changes	(275 157 070)	(275 157 070)
Restated Balance at 01 April 2024	(59 261 828)	(59 261 828)
Changes in net assets		
Surplus for the year	7 755 251	7 755 251
Total changes	7 755 251	7 755 251
Balance at 31 March 2025	(51 506 577)	(51 506 577)

Note(s)

Cash Flow Statement

Figures in Rand

Note(s)

2025

2024
Restated*

Cash flows from operating activities

Receipts

Levies	317 333 866	296 353 659
Interest income	10 792 900	21 365 016
Other receipts	993 492	475 410
	329 120 258	318 194 085

Payments

Employee costs	(194 564 524)	(160 002 505)
Suppliers (Goods and Services)	(178 008 368)	(177 012 729)
Finance costs	(364)	(261 721)
Transfer of prior year surplus	(103 838 024)	-
	(476 411 280)	(337 276 955)

Net cash flows from operating activities

31 (147 291 022) (19 082 870)

Cash flows from investing activities

Purchase of property, plant and equipment	9	(3 386 833)	(14 318 230)
Proceeds from sale of property, plant and equipment	9	3	57 432
Purchase of other intangible assets	10	(17 025 498)	(5 877 038)
Movement in other receivables - rental deposits.		23 633	(266 246)
Recovery of VBS investment		20 480 000	-
Net cash flows from investing activities	91 305	(20 404 082)	

Cash flows from financing activities

Net increase/(decrease) in cash and cash equivalents	(147 199 717)	(39 486 952)
Cash and cash equivalents at the beginning of the year	270 109 867	309 596 819
Cash and cash equivalents at the end of the year	7	122 910 150

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable actual	Final Budget between final basis	Actual amounts	Difference budget and	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry Income	275 103	-	275 103	792 113	517 010	
Interest received from bank	20 812 858	(8 635 308)	12 177 550	10 434 698	(1 742 852)	3
Total revenue from exchange transactions	21 087 961	(8 635 308)	12 452 653	11 226 811	(1 225 842)	
Revenue from non-exchange transactions						
Levies	408 205 920	(80 000 500)	328 205 420	319 800 747	(8 404 673)	4
Interest received from non exchange transactions	3 623 065	-	3 623 065	2 481 990	(1 141 075)	
SETA Grant funding received	-	-	-	160 831	160 831	
Total revenue from non-exchange transactions	411 828 985	(80 000 500)	331 828 485	322 443 568	(9 384 917)	
Other revenue						
Surrender of Surpluses	-	-	-	59 385 261	59 385 261	2
Reversal of impairment loss (Recovery from VBS)	-	-	-	20 480 000	20 480 000	1
Total Other revenue	-	-	-	79 865 261	79 865 261	
Total revenue	432 916 946	(88 635 808)	344 281 138	413 535 640	69 254 502	
Expenditure						
Employee and board emoluments related costs	(197 747 132)	(3 481 252)	(201 228 384)	(204 731 777)	(3 503 393)	5
Depreciation and amortisation	(6 614 323)	6 614 323	-	(9 354 415)	(9 354 415)	
Finance costs	-	-	-	(364)	(364)	
Lease rentals on operating lease	(20 221 465)	2 991 387	(17 230 078)	(17 097 929)	132 149	
Debt Impairment	-	-	-	(350 580)	(350 580)	
Bad debts written off	-	-	-	(72 046)	(72 046)	
Contracted Services	(47 341 360)	3 151 344	(44 190 016)	(37 931 887)	6 258 129	7
General Expenses	(136 276 486)	1 252 200	(135 024 286)	(135 886 551)	(862 265)	
Total expenditure	(408 200 766)	10 528 002	(397 672 764)	(405 425 549)	(7 752 785)	
Operating surplus	24 716 180	(78 107 806)	(53 391 626)	8 110 091	61 501 717	
Loss on disposal of assets and liabilities	-	-	-	(354 840)	(354 840)	
Surplus before taxation	24 716 180	(78 107 806)	(53 391 626)	7 755 251	61 146 877	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	24 716 180	(78 107 806)	(53 391 626)	7 755 251	61 146 877	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable actual	Final Budget between final basis	Actual amounts	Difference budget and	Reference
Figures in Rand						

Reasons are provided for variances above R1 500 000 (which is 0.5% of levies revenue as per the materiality framework(ref 1.3 accounting policies):

1. Reversal of impairment loss (Recovery of VBS investment)

The favourable variance is from a recovery of the VBS investment that after the VBS liquidators paid an amount of R 20 480 000.00 for the VBS estate.

2. Surrender of Surpluses

This relates to the reversal of the provision raised for surrendering of surpluses. The Entity was granted an approval to retain 100% of the accumulated surplus applied for.

3. Interest received from the bank

The unfavourable variance is mainly from a reduction of the CSOS bank balance caused by the low collection of levies , the payment of R103 million to National Treasury as well as increase in payments on expenses.

4. Levies

The unfavourable variance on the levies billed is due to fewer registration of new schemes therefore resulted in less revenue billed and the credit notes processed than the originally estimated.

5. Employee related costs and board emoluments

The underspending is mainly due to board term coming to an end on the 30 November 2024.

6. Depreciation and amortisation

This is a non-cash item which has not been budgeted for. The budget for the acquisition of the capital assets has been included below.

7. Contracted Services

The underspending in contracted services is mainly from part-time adjudicators who were appointed during the year in phases, therefore less claims than anticipated have been received which then resulted in the underspending.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable actual	Final Budget between final basis	Actual amounts	Difference budget and	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	5 826 502	(1 939 205)	3 887 297	3 386 833	(500 464)	
Intangible assets	18 898 670	(10 000 000)	8 898 670	17 025 498	8 126 828	8
	24 725 172	(11 939 205)	12 785 967	20 412 331	7 626 364	
Total Assets	24 725 172	(11 939 205)	12 785 967	20 412 331	7 626 364	

Reasons are provided for variances above R1 500 000 (which is 0.5% of levies revenue as per the materiality framework(ref 1.3 accounting policies):

8. Intangible Assets

This is mainly due to the additions computer software's relating to CSOS Connect modules (Governance & Dispute and Registration & CRM enhancement) and ERP implementation.

The overspending is due to the utilisation of the approved surplus retention on the implementation of CSOS connect modules.

Refer to note 41 for the reasons for budget adjustments

The accounting policies on pages 96 to 111 and the notes on pages 112 to 145 form an integral part of the annual financial statements.

Significant Accounting Policies

Figures in Rand

Note(s) 2025 2024

1. Significant accounting policies

The significant accounting policies applied in the preparation of these Annual Financial Statements are set out below.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Entity.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the Entity will continue to operate as a going concern.

1.3 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Quantitative materiality -CSOS based its materiality on 0.5% of revenue from Levies

Qualitative materiality- Materiality is not merely related to the size of the Entity and the elements of its financial statements. Misstatements that are large either individually or in aggregate may affect a "reasonable" user's judgment on the financial statements. Misstatements may also be material on qualitative grounds.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

(continued) Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the Entity measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the Entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Debtors will be evaluated for recoverability based on their aging at each reporting date. The impairment losses are estimated based on historical experience of the recoverability of debt at CSOS.

Impairment of non-financial assets

The Entity assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangibles are tested for impairment annually and other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows

Useful lives and residual values

The useful lives and residual values of property, plant and equipment are reviewed at each balance sheet date. These useful lives are estimated by management based on expected management intention and other available information and any changes noted are accounted for as changes in accounting estimates

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	3-9 years
Motor vehicles	Straight-line	5-8 years
Office Equipment	Straight-line	3-6 years
IT equipment	Straight-line	3-6 years
Leasehold improvements	Straight-line	Based on the lesser of lease period or useful lives of the asset 3 years
Mobile devices	Straight-line	

Reviewing the useful life of an asset does not require the Entity to amend the previous estimates unless expectations differ from previous estimates

The physical verification is performed by management twice a year.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Entity assesses at each reporting date whether there is any indication that the Entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Significant Accounting Policies

1.6 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Entity; and
- the cost or fair value of the asset can be measured reliably.

The Entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Licenses	Straight-line	Based on the Licence period
Computer software	Straight-line	5-10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one Entity and a financial liability or a residual interest of another Entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

A Classification

The Entity classifies financial assets and financial liabilities into the following categories:

- Financial instruments at fair value
- Financial instruments at cost
- Financial instruments at amortised cost

Significant Accounting Policies

1.7 Financial instruments (continued)

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the Entity becomes a party to the contractual provisions of the instruments. The Entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value based on the quoted prices in an active market, unless the market for a financial instrument is not active, in which case the Entity establishes a fair value using a valuation technique.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. Financial instruments at cost are subsequently measured at cost.

Impairment of financial assets

At each end of the reporting period the Entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the Entity, significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses. Payables

from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at the bank and is subject to an insignificant risk of changes in value. This is initially and subsequently measured at amortised cost.

Other financial assets

Other financial assets comprise of fixed-term investments with banks and other financial institutions. These deposits are initially and subsequently recognised at amortised cost.

Derecognition

Significant Accounting Policies

1.7 Financial instruments (continued)

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the entity :

- derecognises the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions - Trade debtors.	Financial asset measured at amortised cost
Receivables from exchange transactions - Staff debtors.	Financial asset measured at amortised cost
Receivables from exchange transactions - Interest accrued	Financial asset measured at amortised cost
Cash and cash equivalent - Bank balances.	Financial asset measured at amortised cost
Cash and cash equivalent - Call deposits.	Financial asset measured at amortised cost
Other receivables-Rental deposits	Financial asset measured at cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payable from exchange transactions - Trade Creditors	Financial liability measured at amortised cost
Payable from exchange transactions - Accruals.	Financial liability measured at amortised cost
Payable from exchange transactions - Payroll liabilities	Financial liability measured at amortised cost

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

Significant Accounting Policies

1.8 Statutory receivables (continued)

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The Entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the transaction amount can be measured reliably.

Initial measurement

The Entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The Entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the Entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the Entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the Entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The Entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the Entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

Significant Accounting Policies

1.8 Statutory receivables (continued)

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the Entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an Entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The Entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the Entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The Entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Tax

Tax expenses

Community Schemes Ombud Service is a Schedule 3A Public Entity and is therefore, exempt from Value Added Tax (VAT) and Income tax. The CSOS thus pays all tax invoices to supplies at total value, and has no recourse to claim any input tax related thereof

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the Entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Significant Accounting Policies

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the Entity; or
- the number of production or similar units expected to be obtained from the asset by the Entity.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Significant Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the Entity; or
- the number of production or similar units expected to be obtained from the asset by the Entity.

1.14 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an Entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Short-term employee benefits

Recognition and measurement All

short-term employee benefits

When an employee has rendered service to the Entity during a reporting period, the Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Post-employment benefits: Defined contribution plans Recognition

and measurement

When an employee has rendered service to the Entity during a reporting period, the Entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified. CSOS is a member of the Government Employee Pension Fund (GEPF) and makes contributions on behalf of its staff to the defined benefit scheme

Significant Accounting Policies

1.15 Provisions and contingencies

Provisions are recognised when:

- the Entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficit.

Provision for bonuses -Employees entitlement to performance bonus is recognised when the Board has approved a percentage of the annual package as bonus for the year. The provision becomes actual after being qualified by the results of the performance measurement tool applied.

Payment of performance bonuses is the sole discretion of the Board. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Contingent Liabilities are not recognised in the statement of financial position of the Entity but disclosed in the notes.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the Entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42. Contingent assets and contingent liabilities are not recognised.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Where a fee is received by the Entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the Entity considers that an outflow of economic resources is probable, an Entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.16 Commitments

Items are classified as commitments when an Entity has committed itself to future transactions that will normally result in the outflow of cash.

Refer to note 37 for capital commitments and note 11 for lease commitments

Significant Accounting Policies

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue from an exchange transaction is measured at the amount of the increase in net assets recognised by CSOS.

When, as a result of an exchange transaction, CSOS recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of the acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Revenue from recovery of unauthorised expenditure, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No. 29 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain

Dispute resolution income

Dispute resolution income relates income or fees received for conciliation and adjudication as determined by the Minister of Human Settlements (Minister) by way of Regulations published in terms of section 29 of the CSOS Act.

Revenue from these fees will be recognised when it is probable that the future economic benefits will flow to the CSOS, and the fair value can be measured reliably. This happens when the community scheme or a member of the scheme files for dispute resolution, files a request for referral of adjudication or requests access to documentation filed with the CSOS. The amount for the fees will be determined in accordance with the regulations of the CSOS Act issued by the Minister of Human Settlements.

Currently the prices are determined as follows:

Access Fee - R8 per copy

A person whose gross monthly income is below R5 500 is entitled to a waiver of the application and adjudication fees. The entire spectrum of Dispute resolution fees were waived as from 30 November 2021

Interest, royalties and dividends

Revenue arising from the use by others of Entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Significant Accounting Policies

1.18 Revenue from non-exchange transactions

Non-exchange revenue consists mainly of Levies and Interest on levies. Levies are charged to registered community schemes in terms of section 54 of the CSOS Act.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Entity.

Levies and the related receivable (see statutory receivables note 4) are recognised from registered community schemes as the monies becomes due to the CSOS. The amount receivable is calculated at the lesser of R40 or 2% of the levies exceeding R500, to a maximum of R2500 per month charged by the schemes as per the regulations issued in terms of the CSOS Act. It is assumed that the receipt of these levies is probable at the time of recognition. No provision is made for any unregistered community scheme's outstanding levies until the date of registration at which time all amounts accrued and outstanding, including interest, is levied and recognised.

Community schemes are expected to provide an annual declaration and levy schedules at registration for the levies to be charged. The CSOS uses the last annual declaration for a given financial year of the scheme to calculate the amount due. Where annual declarations have not been submitted, the CSOS will estimate the amount due based on the last declaration received adjusted for inflation (if applicable). Where levies are received from schemes without a levy declaration, the levy assessment and recognition are based on the actual amounts received where the CSOS will look at the trend of payments and select the highest payment made by the scheme to raise levies due to CSOS. Adjustments are made and accounted for between revenue accruals and the assessment amount on the assessment date and presented as changes in estimates to the extent that these were made after reporting date for previous year accruals. Interest is charged from the 7th day following the due date. Levies are due quarterly to the CSOS. Interest on levies is charged for the late payment or non-payment of the levies as per the impairment policy. Interest is payable at 2%, however the CSOS has elected to start charging interest from the 2022/2023 financial year.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Fruitless and wasteful expenditure will always emanate from an action or lack of action instigated by an official that resulted in a financial loss to the institution.

On discovery, the fruitless and wasteful expenditure is recorded in a register; and then referred for investigation. If an investigation reveals that the employee is liable in law, then accountability for the fruitless and wasteful expenditure and any losses relating thereto shall be vested with that official.

In line with the Treasury Regulations, fruitless and wasteful expenditure must either be recovered from the person liable and in instances where recovery is not possible, such fruitless and wasteful expenditure may be written off by the accounting officer or accounting authority.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Significant Accounting Policies

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including. This act or STBA Irregular expenditure is incurred when the resulting transaction is recognized in the financial records of a department, constitutional institution or Public Entity in accordance with the relevant Accounting Framework.

When an Irregular Expenditure is being suspected, it is reported to the Head of the Entity and then rerecorded in the Irregular Expenditure Register.

The alleged Irregular Expenditure is then investigated for confirmation.

When the Irregular Expenditure is confirmed, recovery steps are taken where there is a liable official; or a condonation is sought.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.22 Segment information

A segment is an activity of an Entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Significant Accounting Policies

1.22 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the Entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the Entity's financial statements. The Entity has used asymmetrical allocation of expenses where the resources were not clearly allocated to a segment.

GRAP 18 Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the Community Schemes Ombud Service (CSOS). The major classifications of activities identified in Entity strategy documents will usually reflect the segments for which an Entity reports information to management. Segment information is presented based on geographical segments. Service segments relate to a distinguishable component of an Entity that provides specific outputs or achieves particular operating objectives that are in line with CSOS's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by CSOS within a particular region.

The effective date of the standard is for years beginning on or after 01 April 2020. CSOS has adopted the standard for the first time in the 2022/2023 annual financial statements. The adoption of this standard has not had a material impact on the results of the Entity, but has resulted in fair presentation of the CSOS annual financial statements.

1.23 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The budget for the economic Entity includes all the entities approved budgets under its control.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

A related party is a person or an Entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an Entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an Entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting Entity and a related party, regardless of whether a price is charged.

Significant Accounting Policies

1.24 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an Entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the Entity, including those charged with the governance of the Entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Entity.

The Entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Entity to have adopted if dealing with that individual Entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting Entity's legal mandate.

Where the Entity is exempt from the disclosures in accordance with the above, the Entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the Entity's financial statements to understand the effect of related party transactions on its Annual Financial Statements.

1.25 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Prepayments

The Entity recognises a prepayment as an asset when:

- It is probable that future economic benefits or service potential associated with the prepayment will flow to the Entity; or
- the prepayment will lead to a reduction in future payments or a cash refund;
- and the cost of the prepayment can be measured reliably.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Entity has not applied the following standards and interpretations, which have been published and are mandatory for the Entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Date not determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
3. Receivables from exchange transactions		
Trade debtors	46 423	124 469
Staff debtors	568 443	602 991
Interest accrued	138 532	496 734
Allowance for impairment loss	(567 726)	(148 713)
	185 672	1 075 481

Trade debtors include monies owed to the CSOS for legal tax cost recoveries.

Staff debtors relate to costs incurred deemed fruitless & wasteful (missed flights, cancelled meetings/bookings.) and other staff recoveries. The employees have an option to settle their debts over the period of 3 years through salary deductions.

Interest accrued relates to interest receivable from the FNB account which is received on the 10th of each month.

Allowance for impairment loss relates to an estimate that reflects the amount of debt that will not be able to collect from customers

Trade and other receivables pledged as security

None of the receivable from exchange transaction debtors have been pledged as security for the Entity's financial liabilities.

Credit quality of trade and other receivables

The debtors will be evaluated for recoverability based on their aging at each reporting date. The impairment losses are estimated based on historical experience of the recoverability of debt at CSOS.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Trade debtors - +365 days	32 943	38 943
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Trade and other receivables impaired

As of 31 March 2025, trade and other receivables of R419 013- (2024: R148 713-) were impaired and provided for.

The amount of the provision was R567 726- as of 31 March 2025 (2024: R148 713-).

The ageing of these debt s follows:

Trade debtors - +365 days	13 480	85 526
Staff debtors - +365 days	554 246	63 187
Total	567 726	148 713

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3. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	148 713	-
Provision for impairment	419 013	148 713
	567 726	148 713

4. Receivables from non-exchange transactions

Levies	323 793 383	258 808 976
Allowance for impairment loss	(234 877 207)	(234 945 640)
	88 916 176	23 863 336

Levies receivable arise from Section 22 and Section 59 of the CSOS Act, which states that every community scheme shall pay a levy amount to the service.

Levies payable to the service are calculated at the lesser of R40 or 2% of the amount by which the monthly administrative levy charged by the community scheme exceeds R500. In terms of the CSOS Regulations.

The CSOS charges interest on levies as per Section 13 of the Regulations on the CSOS Act and the accounting policy states that interest will be charged on outstanding levies.

Receivables from non-exchange transactions pledged as security

None of the receivable from non-exchange have been pledged as security for the Entity's financial liabilities.

Credit quality of receivables from non-exchange transactions

Debtors will be evaluated for recoverability based on their aging at each reporting date. The impairment losses are estimated based on historical experience of the recoverability of debt at CSOS:

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4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

Levy receivables arise from statutory obligations in terms of the CSOS Act and are classified as statutory receivables under GRAP 108.

The Entity measures statutory receivables under GRAP 108 using the incurred-loss model (paras .17-.25). To reflect differing credit-risk profiles, amounts past due are split into two homogeneous groups, “significant” and “insignificant” - based on ageing, not monetary value, which aligns with GRAP 108.AG16. Current balances (0-30 days) are excluded because they are not yet past due.

Significant receivables (> 360 days past due). Five-year collection data show that once an invoice ages beyond 360 days, subsequent recoveries are negligible, and most accounts have no allocated payments. Management therefore assesses the present value of future cash inflows as approximately nil and recognises a 100 % impairment against these balances. In accordance with GRAP 108, the CSOS assesses statutory receivables (levy income) for impairment based on the time elapsed since the payment due date. A provision matrix is applied, which considers the period of non-payment as an indicator of the likelihood of recoverability.

Insignificant receivables (< 360 days past due). These items are still within a recoverable window but must first exhibit payment difficulty (i.e., not fully settled during the current year) before impairment is recognised. For each debtor, the Entity applies a debtor-specific three-year average loss rate—derived from FY 2022/23 to FY 2024/25 collection experience—to the 31 March 2025 closing balance. This rate is updated annually to incorporate current economic conditions, regulatory developments and observable changes in scheme compliance behavior. The Impairment is also based on historic customer payment information which was also used to determine the future inflow of payments allowing the CSOS to establish the current impairment balance.

Significant receivables	Original balances	Impairable balance	Actual Impairment
360 days	138 790 034	138 790 034	138 790 034
270 days	16 984 794	16 984 794	16 984 794
180 days	16 930 766	16 930 766	16 930 766
90 days	17 055 518	17 055 518	17 055 518
60 days	89 477	89 477	89 477
30 days	709 300	709 300	709 300
Current	17 535 120	-	-
	208 095 009	190 559 889	190 559 889

Insignificant receivables	Original balances	Impairable balance	Actual Impairment
Aging of < 360 days	115 696 673	55 332 530	44 317 318
Total Impairment	Original balances	Impairable balance	Actual impairment
Significant receivables	208 095 008	190 559 889	190 559 889
Insignificant receivables	115 696 673	55 332 530	44 317 318
	323 791 681	245 892 419	234 877 207

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	234 945 640	120 207 594
Provision for impairment	(68 433)	114 738 046
	234 877 207	234 945 640

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5. Prepayments

Prepayments	7 182 114	8 164 396
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Prepaid expenses relate to advance payments made for the operational licences, mainly relating to Microsoft, Caseware, DocuSign, Sage, Eset, etc. The advance payments are in line with the contractual arrangement with the service provider.

6. Other receivables - Rental Deposits

Premises		
Deposits - Office Rental	930 577	954 211
Non-current assets	36 000	869 951
Current assets	894 577	84 260
	930 577	954 211

The rental deposits represents deposits paid for the following CSOS offices:

- a) Head office - Centurion offices.
- b) KwaZulu Natal Region - Durban and Ballito offices.
- c) Gauteng Region - Centurion, Rustenburg and Polokwane offices.
- d) Western Cape Region - George and Gqeberha offices.

No rental deposits were paid for the following offices therefore there is no deposits receivable to be recognised.

- a) KwaZulu Natal Region - Mbombela offices.
- b) Western Cape Region - Cape Town offices

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	69 141 268	119 554 184
Short-term deposits	53 768 882	150 555 683
	122 910 150	270 109 867

8. Other financial assets

At amortised cost

Opening balance-Other financial assets (VBS investment)	81 814 769	81 814 769
Recovery of VBS investment	(20 480 000)	-
	61 334 769	81 814 769
Impairments	(61 334 769)	(81 814 769)
	-	-

Investment Impaired

The VBS Liquidators declared a dividend of the VBS estate that resulted in a payment of R20 480 000.00 after the CSOS had impaired the VBS investment therefore the provision for impairment had to be reversed.

9. Property, plant and equipment

	2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
			Cost / Valuation
Furniture and fixtures			
Motor Vehicles	6 905 623	(2 425 018)	4 480 605
Office equipment	846 106	(481 233)	364 873
IT equipment	3 956 180	(1 254 185)	2 701 995
Leasehold improvements	16 496 715	(7 740 720)	8 755 995
Mobile Devices	1 034 351	(683 386)	350 965
	2 653 783	(1 664 780)	989 003
Total	31 892 758	(14 249 322)	17 643 436
			30 817 085
			(10 969 845)
			19 847 240

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	4 774 474	506 837	(23 339)	(777 367)	4 480 605
Motor vehicles	483 328	-	-	(118 455)	364 873
Office equipment	2 266 836	1 006 301	(2)	(571 140)	2 701 995
IT equipment	10 399 831	1 183 338	(202 787)	(2 624 387)	8 755 995
Leasehold improvements	628 991	238 656	-	(516 682)	350 965
Mobile Devices	1 293 780	451 701	(81 512)	(674 966)	989 003
	19 847 240	3 386 833	(307 640)	(5 282 997)	17 643 436

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 491 208	2 880 993	(10 713)	(587 014)	4 774 474
Motor vehicles	601 783	-	-	(118 455)	483 328
Office equipment	1 855 051	847 459	(31 408)	(404 266)	2 266 836
IT equipment	3 750 279	8 360 739	(143 471)	(1 567 716)	10 399 831
Leasehold improvements	55 349	1 081 961	-	(508 319)	628 991
Mobile Devices	1 013 997	1 147 078	(113 383)	(753 912)	1 293 780
	9 767 667	14 318 230	(298 975)	(3 939 682)	19 847 240

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services-Repairs and maintenance services

289 155

49 879

The proceeds on the disposal of capital assets has been determined as follows:

Disposal at carrying value	307 640	298 975	
Disposal at carrying value-Intangible (as disclosed below in note 10)	47 203	-	
Loss on disposal (as presented in the statement of financial performance)	(354 840)	(241 550)	
	3	57 425	

Refer to note 37 for the capital commitments

Refer to note 43 for the reassessment of the useful life

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10. Intangible assets

	2025	2024
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	50 626 650 (9 262 227)	41 364 423
Reconciliation of intangible assets - 2025		
Opening balance	Additions	Disposals
28 457 546	17 025 498	(47 203)
Reconciliation of intangible assets - 2024		
Opening balance	Additions	Amortisation
25 877 199	5 877 038	(3 296 691)
11. Operating lease liability		
Current liabilities	591 231	823 518

Refer to note 37 for the capital commitment
Refer to note 43 for the reassessment of the useful life

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11. Operating lease liability (continued)

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. Leasing Arrangements Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the Entity exercises its option to renew. The Entity does not have an option to purchase the leased asset at the expiry of the lease period.

Amounts payable under Operating Leases

At the reporting date the Entity had outstanding commitments under non-cancellable operating Leases for property, plant and equipment, which fall due as follows:

Building and photocopy machines

Up to 1 year	12 665 898	16 626 140
2 to 5 years	1 940 929	11 708 668
	14 606 827	28 334 808

Total Operating Lease Arrangements

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments

Minimum lease payments	17 097 929	12 518 560
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12. Payables from exchange transactions

Trade payables	19 303 545	5 461 930
Payroll liabilities	759 088	1 781 293
Accrued leave pay	4 820 287	3 524 546
Other accrued expenses	12 803 836	11 825 820
	37 686 756	22 593 589

Trade Payable.

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied. Creditors are paid within 30 days from receipt of invoice as required by Treasury Regulations.

Payroll Liabilities.

Salary related payables relates to amounts owing to third parties such as medical aids & SARS for PAYE and staff savings.

Accrued Leave pay.

This relates to the employees' balance of annual leave days accumulated and not taken as of 31 March 2025.

Employees have six (6) months after their leave cycle anniversary to utilise or take leave as per the CSOS leave management policy and failure of which those leave days are forfeited

Other accrued expenses.

This relates to services rendered and goods supplied before reporting date not invoiced at reporting date.

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13. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Reversed during the year	Total
Performance bonuses	5 804 177	7 232 091	-	13 036 268
Surrender of surpluses	59 385 261		-(59 385 261)	-
	65 189 438	7 232 091	(59 385 261)	13 036 268

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reversed during the year	Total
Performance bonuses	2 585 229	5 804 177	(2 585 229)	5 804 177
Surrender of surpluses	-	59 385 261	-	59 385 261
	2 585 229	65 189 438	(2 585 229)	65 189 438

Bonus Provision:

Provision for bonus was calculated at 5% of salary cost subjected to the organisation performance of 86% (83% 2023/24). The bonus liability is anticipated to be paid within the next twelve months

No performance bonus was paid in the current year.

The timing is uncertain as the payment of performance bonuses is at the sole discretion of the board, the final board has not been appointed at reporting date.

Surrender of surpluses

The Entity annually declares all surpluses or deficits to the relevant Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The Entity submits requests to the relevant Treasury to retain surpluses in terms of section 53(3) of the PFMA, as and when appropriate. Unless exempted by the National Treasury, the Entity invests surplus funds with the Corporation for Public Deposits.

Contingent liabilities are subject to continuous reassessment due to the possibility of their development differing from initial expectations. When an outflow of future economic benefits for an item, previously classified as a contingent liability, becomes probable, it necessitates the recognition of a provision in the period during which this change in probability is identified

Except in extremely rare cases, an Entity will be able to determine a range of possible outcomes and can therefore estimate the obligation that is sufficiently reliable to use in recognising a provision

The accumulated surplus determined as per the NT instruction note 12 of 2020/21 amounted to R 173 035 530

The amount likely to be payable to the National Treasury was determined taking into account the below assumptions

The following assumptions were made by CSOS management in determining the likelihood of the a provision in relation to accumulated surplus

i) The provision was determined taking into account the past experience on the retention of surplus applications.

ii) The provision was based on history in terms of the response by NT on the request submitted.

iii) Historical approval of 100% retention for ICT projects (BAS) project unspent funds.

iv) Historical approval of 100% retention for ICT new projects.

v) The past 5 years' trends indicate an average of 60% retention of the accumulated surplus declared.

The provision amount as determined by management taking into account the assumptions amounted to R 59 385 261

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13. Provisions (continued)

During the current financial year, an application for 100% retention of the surplus was submitted to National Treasury. The response was received during November 2024 whereby approval was granted to retain 100% of the accumulated surplus declared. Therefore the provision that has been raised has been reversed as such.

14. Unallocated levies

Opening Balance	183 530 110	154 213 742
Movement	34 652 989	29 316 368
	218 183 099	183 530 110

This relates to payments received which could not be allocated to schemes. The reason for the payments not being able to be allocated is as a result of use of incorrect referencing by community schemes, reference number being cut-off on the bank statement resulting in the inability to allocate and bank generated proof of payments which do not have community schemes details, which the Entity cannot trace to community schemes in case of inquiries. CSOS was able to make progress on allocating some of the funds received to schemes.

15. Revenue received in advance

Revenue received in advance-scheme payments	61 141 771	35 759 226
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Revenue received in advance consists of payments received from community schemes that have been paid ahead of schedules, as well as payments from schemes that have not submitted annual returns, which are required for billing purposes. Advance Payments from Community Schemes: CSOS has received a significant amount of revenue in advance due to community schemes making early payments. These advance payments are recorded as liabilities until the related services are rendered or the required documentation is received.

Non-compliance Notices: To address instances where annual returns have not been submitted, CSOS issued non-compliance notices to the relevant community schemes. These notices serve as reminders to submit the required documentation to maintain compliance. Flagging Non-compliant Schemes: Community schemes that do not respond to non-compliance notices are flagged as non-compliant, indicating that further action may be needed to resolve the issue of non-submission.

Balance Confirmations: CSOS has sent out balance confirmations to ensure that advance payments from community schemes are accurate and properly documented. This process helps validate the amounts received in advance and assists in the reconciliation of financial records.

Compliance and Enforcement Investigations: For schemes that continue to be non-compliant, CSOS has initiated compliance and enforcement investigations. These investigations are designed to address the non-submission of annual returns and other required documentation, ensuring that billing processes are accurate.

16. Revenue

Sundry Income	792 113	779 744
Reversal from impairment loss (Recovery of VBS investments)	20 480 000	-
Surrender of Surpluses	59 385 261	-
Interest received from bank	10 434 698	21 361 084
Levies	319 800 747	330 359 995
Interest from non-exchange receivables	2 481 990	3 554 334
SETA grant funding received	160 831	203 714
	413 535 640	356 258 871

The amount included in revenue arising from exchanges of goods or services are as follows:

Sundry income	792 113	779 744
Interest received from bank	10 434 698	21 361 084
	11 226 811	22 140 828

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16. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Levies	319 800 747	330 359 995
Interest from non-exchange receivables	2 481 990	3 554 334
SETA grant funding received	160 831	203 714
	322 443 568	334 118 043

The amount included in other revenue is as follows:

Surrender of Surpluses	59 385 261	-
Reversal of impairment loss (Recovery from VBS)	20 480 000	-
	79 865 261	-

17. Other revenue

Sundry income	792 113	779 744
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Sundry income mainly relates to insurance proceeds, sale of assets as well as staff recoveries.

18. Reversal of Impairment loss(Recovery from VBS)

Reversal of impairments

Other financial assets	20 480 000	-
The VBS Liquidators declared a dividend of the VBS estate that resulted in a payment of R20 480 000.00 after the CSOS had impaired the VBS investment therefore the provision for impairment had to be reversed.		

19. Surrender of surpluses

Surrender of surpluses - relating to current year	-	(59 385 261)
Surrender of surpluses - relating to prior year(s)	-	(103 838 024)
Reversal of provision raised	59 385 261	-
	59 385 261	(163 223 285)

During the current financial year, an application for 100% retention of the surplus was submitted to National Treasury. The response was received during November 2024 whereby approval was granted to retain 100% of the accumulated surplus declared. Therefore the provision that has been raised has been reversed as such.

20. Levies

Levies	319 800 747	330 359 995
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21. Interest from non-exchange receivables

Interest received from non-exchange receivables	2 481 990	3 554 334
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22. SETA Funding grant received

SETA Funding grant received	160 831	203 714
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This relates to grant received from Services SETA for the approval of the Mandatory Grant application (Workplace Skills Plan and Annual Training Report) made.

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23. Employee and board honorarium related costs

Basic salaries and other benefits*	178 863 541	145 378 118
Bonus	7 232 091	5 804 177
UIF	436 657	369 745
WCA	201 885	248 522
SDL	1 684 534	1 403 963
Defined contribution plans	13 651 443	11 073 959
Board Emoluments	2 661 626	4 897 025
	204 731 777	169 175 509

*Included in Other benefits are - Non-pensionable allowance , Leave encashment , payout & provision adjustment ,Travel allowance ,etc.

Bonus - relates to the provision adjustment for the bonus provision. No performance bonus was paid during the year.

Defined Contribution Plan:

The CSOS provides a defined contribution scheme for its employees which is the Government Employees Pension Fund (GEPF).

Contributions to the pension plan in respect of service in a particular year are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate, as part of the cost of employment.

The CSOS has no legal or constructive obligation in respect of normal retirements to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years

The total economic Entity contribution to such scheme was as follows:

Employer contribution	13 651 443	11 073 959
Employee contribution (included in basic salaries above)	11 290 316	6 388 820
	24 941 759	17 462 779

24. Depreciation and amortisation

Property, plant and equipment	5 282 997	3 939 682
Intangible assets	4 071 418	3 296 691
	9 354 415	7 236 373

25. Finance costs

Late payment of employee tax (PAYE)	364	261 721
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This mainly relates to SARS penalties and interest charged as a result of differences identified on EMP501(Mid-year reconciliation).

26. Lease rentals on operating lease

Premises		
Contractual amounts	16 310 526	11 833 954
Equipment		
Contractual amounts	787 403	685 941
	17 097 929	12 519 895

Notes to the Annual Financial Statements

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27. Debt impairment		
Receivables from non-exchange transactions	(68 433)	114 738 046
Receivables from exchange transactions	419 013	148 713
	350 580	114 886 759

At the end of the reporting date, management evaluated all debtors for recoverability based on their aging. The impairment losses are estimated based on historical experience of the recoverability of debt at CSOS.

28. Bad debt written off

Bad debts written off	72 046	-
	72 046	-

This relates to debt which has been identified as irrecoverable after all necessary collection procedures have been followed by the Entity's legal department

29. Interest received from the bank

Interest revenue		
Bank	10 434 698	21 361 084

30. Contracted Services

Adjudication fees	9 049 333	12 128 202
Legal Services	12 370 864	5 367 105
Consulting and Professional fees*	16 222 535	15 921 090
Repairs and maintenance services	289 155	49 879
	37 931 887	33 466 276

*Consulting and professional fees relates to ICT services (support & maintenance, call center services) forensic investigation services, lifestyle audit, company secretariat services, review of financial statements and risk management services.

31. Cash used in operations

Surplus (deficit)	7 755 251	(275 157 070)
Adjustments for:		
Depreciation and amortisation	9 354 415	7 236 373
Loss on disposal of assets and liabilities	354 840	241 550
Surrender of surpluses-Prior year (non-cash)	(59 385 261)	59 385 261
Debt Impairment	350 580	114 886 759
Reversal of impairment loss	(20 480 000)	-
Bad debts written off	72 046	-
Movements in operating lease assets and accruals	(232 287)	(956 454)
Provision for bonus adjustment	7 232 091	3 218 948
Changes in working capital:		
Receivables from exchange transactions	398 750	(504 115)
Other receivables from non-exchange transactions	(64 984 407)	(76 311 716)
Prepayments	982 282	(2 457 495)
Payables from exchange transactions	15 093 166	8 746 020
Unallocated levies	34 652 989	29 316 339
Revenue received in advance	25 382 547	9 434 706
Transfer of prior year surplus payable	(103 838 024)	103 838 024
	(147 291 022)	(19 082 870)

Notes to the Annual Financial Statements

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32. Loss on Disposal Of Property, Plant and Equipment

Loss on disposal of assets	354 840	241 550
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33. General expenses

Annual report	120 175	296 355
Advertising	81 260 724	67 942 446
Audit Fees	7 522 774	6 456 782
Bank charges	435 863	196 257
Cleaning	1 602 430	539 282
ICT infrastructure #	2 257 249	1 756 786
Bereavement costs	540 136	-
Insurance	462 368	436 020
Conferences and workshops	1 425 027	1 499 784
ICT accessories	242 983	674 966
Marketing	227 667	1 920 732
Motor vehicle expenses	76 848	80 354
Postage and courier	255 567	301 916
Printing and stationery	421 283	427 998
Project related costs*	2 658 060	6 888 050
Security	2 851 417	2 886 224
Subscriptions and membership fees	124 229	71 281
Telephone and internet costs	2 036 753	2 655 500
Training and staff development	1 463 927	4 679 517
Travel and accomodation	8 614 253	14 118 325
Municipal services	2 350 615	1 655 870
Office expenses	914 363	1 510 464
Relocation costs	618 390	496 981
Licence fees	14 267 871	11 518 759
Recruitment costs	880 342	1 253 999
Offsite record storage	382 758	139 925
Transformation activities &	1 872 479	-
	135 886 551	130 404 573

*Project related costs relate mainly to costs incurred for schemes validation & verification (V&V) project as well as HR projects (Mandela day, HR Open day, Women's day event, Employee awards etc.)

#ICT infrastructure relate mainly to costs incurred for hosting fees and Wide Area Network (WAN)

& This costs relates to round table discussions on the Transformation concept note, Development of Transformation strategy as well as the learnership programme which are part of the transformation activities.

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34. Advertising

Exhibitions (Incl. Brand Activations and CSOS Indaba)	17 936 332	5 000 063
TV Advertising	7 473 592	9 400 111
Social Media Advertising	3 390 521	2 502 155
Radio Advertising	14 043 700	19 210 406
Newspaper Adverts	-	1 825 397
Outdoor Advertising (Incl. Billboards)	16 268 925	14 695 631
Publications (CSOS Act and Magazines)	3 740 767	1 423 585
Marathons	10 900 000	5 575 900
Branding	2 302 494	452 807
Customer Relationship Management	1 000 000	7 129 920
Media Monitoring	1 872 129	114 545
Reputation Management	968 320	-
Media Training.	1 288 889	611 926
Other Advertising (HR Advertising on Vacant Posts)	75 056	-
	81 260 725	67 942 446

35. Audit Fees

External audit fees	6 016 091	5 215 685
Internal audit fees	1 506 683	1 241 097
	7 522 774	6 456 782

36. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	At cost	Total
Cash and cash equivalent -Bank balance	69 141 268	-	69 141 268
Cash and cash equivalent- Short term deposit (CPD)	53 768 882	-	53 768 882
Receivable from exchange transactions- Trade debtors	32 943	-	32 943
Receivable from exchange transactions-Staff debtors	14 198	-	14 198
Receivable from exchange transactions-Interest accrued	138 532	-	138 532
Other receivables-Rental deposits	-	930 577	930 577
	123 095 823	930 577	124 026 400

Financial liabilities

	At amortised cost	Total
Payables from exchange transaction- Trade creditors	19 303 545	19 303 545
Payables from exchange transaction- Accruals	12 803 836	12 803 836
Payables from exchange transaction- payroll liabilities	759 088	759 088
	32 866 469	32 866 469

2024

Financial assets

At amortised cost At cost Total

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36. Financial instruments disclosure (continued)		
Receivable from exchange transactions- Trade debtors	38 943	- 38 943
Receivable from exchange transactions- Staff debtors	539 804	- 539 804
Receivable from exchange transactions- Interest accrued	496 734	- 496 734
Cash and cash equivalents- Bank balance	119 553 302	- 119 553 302
Cash and cash equivalents- Short term deposit	150 555 684	- 150 555 684
Other receivables -Rental deposits	-	954 211 954 211
	271 184 467	954 211 272 138 678

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions- Trade creditors	5 461 930	5 461 930
Payables from exchange transactions- Accruals	11 825 820	11 825 820
Payables from exchange transactions- Payroll liabilities	1 791 803	1 791 803
Transfer of prior surplus payable	103 838 024	103 838 024
	122 917 577	122 917 577

37. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	-	1 608 858
• Supply, delivery, installation and support of ICT hardware and software	142 360	211 360
• Business Automation Services	15 187 268	26 456 052
• Sage Upgrade (ERP)	937 551	6 789 411
• Supply, delivery and installation of office furniture	3 121 998	-
	19 389 177	35 065 681

Total capital commitments

Already contracted for but not provided for	19 389 177	35 065 681
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The total commitments for the Business Automation Services amounts to R38 393 404, the remaining balance of R 23 206 137 relates to operational expenditure commitment.

The total commitments for Sage upgrade amounts to R9 177 024, the remaining balance of R 8 239 472.57 relates to operational expenditure commitment

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38. Related parties

Relationships	
Members	Refer to members' report note 3
Controlling Entity	Minister of National Department of Human
Settlements	
Entities under common control	Housing Development Agency, National Housing
Finance Corporation, Property Practitioners Regulatory Authority, National Home Builders Registration Council and Social	
Housing Regulatory Authority.	
National Sphere of government	National Departments and Public Entities.
Non-Executive Directors	Board Members.
Acting Chief Ombud. (From 14 April 2023 to 31 July 2024)	Ms. T Mbatha CA(SA)
Acting Chief Ombud. (From 1 August 2024 to 31 January 2025)	Ms. K Phetla.
Acting Accounting Authority (From 07 March 2025 to date)	Ms. K Phetla.
Chief Financial Officer (Resigned 31 March 2025)	Ms. T Mbatha CA(SA)
Executive Manager - Corporate Services.	Mr. L. Seshoka.
Chief Information Officer.	Mr. R. Khamali.
Acting Adjudicator General. (From 23 November 2023 to 31 July 2024)	Mr. M. Dorasamy.
Acting Adjudicator General. (From 1 August 2024 to date)	Mr. A. Masilo.
Executive: Organisational Strategy and Performance.	Ms. K Phetla.
Acting Executive: Organisational Strategy and Performance. (01 August 2024 to date)	Mr. C. Anthony.
Acting Chief Financial Officer (From 14 April 2023 to 31 July 2024) & (December 2024- to date)	Mr. M. Nhlungwana
Acting Company Secretary (10 March to date)	Ms. T. Thipe
Company Secretary (Resigned 6 September 2024)	Mr. M. Penane
Chief Audit Executive	Mr. M. Masogo
Adjudicator General	Ms. K. Mlotha

Related party transactions

Surrender of prior year surplus.

National Department of Human Settlement.

103 838 024 103 838 024

Remuneration of management

Management class: Board and Committee members

2025

Name	Board Meeting Fees	Other meetings.	Travel Claim	Total
Ms. P Mthethwa *	84 474	351 234	2 931	438 639
Mr. D Goliath *	73 948	381 416	1 690	457 054
Ms. Ramataboe**	35 074	110 618	-	145 692
Mr. S Rakolote*	43 168	164 578	-	207 746
Adv.M Xulu*	43 168	207 746	537	251 451
Ms.N Shandu*	43 168	188 860	1 955	233 983
Mr.G Matthee	-	40 470	-	40 470
Ms.V Ndlovu	-	10 792	-	10 792
Ms. P Lengolo	-	10 792	-	10 792
Mr. MF Kekana	-	48 564	-	48 564
Ms. T Godongwana*	40 470	186 162	767	227 399
Ms. SN Dikwayo	-	48 564	-	48 564
Ms. F Mkhize	-	56 658	-	56 658
Ms. N January	-	102 524	2 986	105 510
Mr. K De Beer	-	113 316	7 174	120 490

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38. Related parties (continued)		2025	2024
Mr. MI Motala	-	91 732	12 741
Ms. KM Choenyana	-	105 222	5 733
Mr. PC Ngove	-	7 784	4 917
Dr Moss	-	-	642
Ms. M Dumakude	-	11 676	652
Ms. L Moamogwa	-	8 094	908
Mr. HG April	-	8 094	338
	363 470	2 254 896	43 971
			2 662 337

2024

Name	Board meeting fees.	Other Meetings	Travel Claim	Total
Ms. M. Mthethwa	231 192	622 762	4 968	858 922
Mr. D. Goliath	202 384	677 691	2 109	882 184
Mr. S. Rakolote	124 108	226 632	2 749	353 489
Ms N Shandu	137 598	321 062	2 031	460 691
Adv. M.D. Xulu	148 390	439 774	10 153	598 317
Ms. M. Ramataboe	134 900	431 680	1 733	568 313
Ms. T. Gondogwana	124 108	299 478	-	423 586
Mr. G Matthee	-	40 470	-	40 470
Ms. V. Ndlovu	-	16 030	-	16 030
Ms. V. Nayagar	-	8 094	-	8 094
Ms. P. Lengolo	-	16 030	-	16 030
Mr. MF. Kekana	-	40 470	-	40 470
Ms. S. Dikwayo	-	129 504	122	129 626
Ms. F Mkhize	-	134 900	-	134 900
Ms. N. January	-	62 985	1 699	64 684
Mr. K. De Beer	-	60 594	3 927	64 521
Mr. J Motala	-	63 807	8 439	72 246
Ms. K. Choenyana	-	66 021	2 055	68 076
Mr. P. Grove	-	82 931	12 315	95 246
Dr. V Moss	-	-	1 131	1 131
	1 102 680	3 740 915	53 431	4 897 026

* The term of the member of the CSOS Board came to an end on the 30th of November 2024.

** The CSOS Board member resigned in July 2024

Management class: Executive management

2025

Name	Basic Salary	Other short term employee benefits.	Post-employment benefits	Other benefits received	Total
Ms . K Phetla	1 324 435	1 429 997	172 177	29 643	2 956 252
Ms. T. Mbatha CA (SA)	1 642 108	1 182 199	213 474	29 780	3 067 561
Mr M Penane	570 531	281 100	68 093	10 678	930 402
Mr. O. Masogo	1 324 435	710 780	172 177	21 637	2 229 029
Mr. L. Seshoka	1 532 279	822 323	199 196	24 394	2 578 192
Mr. R Khamali	1 324 435	710 780	172 177	21 719	2 229 111
Ms. K Mlotha	1 532 279	822 323	199 196	24 874	2 578 672
Mr. M. Dorasamy	-	79 989	-	-	79 989
Mr. A. Masilo	-	171 875	-	-	171 875
Mr M Nhlungwana	-	698 975	-	-	698 975
Mr. C Anthony	-	336 836	-	-	336 836

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38. Related parties (continued)

9 250 502 7 247 177 1 196 490 162 725 17 856 894

2024

Name	Basic Salary	Other Short term benefits	Post-employment benefits	Other benefits received	Total
Adv. B. Mkhize	162 400	390 367	21 112	5 000	578 879
Ms. T. Mbatha CA (SA)	1 592 332	1 550 182	197 767	32 410	3 372 691
Mr. O. Masogo	1 284 289	779 748	159 508	21 613	2 245 158
Mr. L. Seshoka	1 485 832	948 879	184 539	24 928	2 644 178
Mr. R Khamali	955 194	597 333	121 195	16 420	1 690 142
Ms. K. Mlotha	1 485 832	930 173	184 539	25 221	2 625 765
Ms. K. Phetla	1 284 289	820 170	159 508	22 250	2 286 217
Mr. M. Penane	1 024 406	640 893	128 873	17 681	1 811 853
Mr. M. Nhlungwana	-	924 559	-	-	924 559
Mr. M. Jadezweni	-	147 929	-	-	147 929
Mr. M Dorasamy	-	85 441	-	-	85 441
	9 274 574	7 815 674	1 157 041	165 523	18 412 812

Other short-term benefits relates to non-pensionable salary allowance, travel allowance, leave encashment and acting allowance.

Other benefits relates to employer contribution for Unemployment Insurance Fund (UIF) and Skills Development Levy (SDL)

39. Risk management

Financial risk management

The Entity Board manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The Entity does not enter into or trade financial instruments for speculative purposes.

Management is responsible for initiating a control framework, monitoring and responding to potential risk.

The internal audit reports periodically to the Entity's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the organisation may not be able to meet its financial obligations as they fall due. This risk is regarded as low considering the Entity's current funding structures and management of available cash resources. The CSOS monitors its cash flow requirements which include its ability to meet financial obligations. The CSOS also analyses its financial liabilities based on the remaining period to contractual maturity. Liabilities fall due after 30 days

31 March 2025	year	Less than 1	between 1 and 2 and	Above 5 years
		2 years	5 years	
Payables from exchange transactions	37 686 756	-	-	-
31 March 2024	year	Less than 1	between 1 and 2 and	Above 5 years
		2 years	5 years	
Payables from exchange transactions	22 593 589	-	-	-

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39. Risk management (continued)**Credit risk**

The CSOS has exposure to credit risk, which is the risk of financial loss to the CSOS if a counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the CSOS is exposed to credit risk are:

Community Scheme Levy Receivables (Receivables from non-exchange transactions) Trade

Receivables for suppliers over paid (Receivables from exchange transactions) Rental deposits

Other Financial Assets (CPD Investment)

The nature of the CSOS exposure to credit risk, as well as the policies and processes for managing the credit risk have not changed significantly from the prior period. Potential concentrations of credit risk consist mainly of other financial assets. Financial instrument operations are only entered into with well-established and reputable financial institutions. Consequently, the CSOS is exposed to credit risk. The carrying amounts of financial assets included in the Statement of Financial Position represent the CSOS exposure to credit risk in relation to these assets]

Financial assets and receivables from non-exchange transactions exposed to credit risk at 31 March 2025 end were as follows:

	2025	2024
Financial instrument and Receivable from non-exchange transactions		
Receivable from exchange transactions	185 672	1 075 481
Receivables from non-exchange transactions	88 916 176	23 863 336
Other receivables- rental deposit	930 577	954 211

Market risk

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39. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Entity is exposed to cash flow interest rate risk arising from cash on hand at commercial banks, which earns interest at floating rates based on daily bank deposit rates. In the period under review the Entity held no finance lease contracts.

The Community Schemes Ombud services exposure to market risk (in the form of interest rates risk) arises as a result of the following:

Possible interest on late payment by the CSOS. Interest

on accounts held at banking institutions.

The Entity's financial assets and financial liabilities are managed in such a way that the fluctuations in variable rates do not have material impact on the surplus/(deficit) as the CSOS settles its outstanding obligations.

The Entity limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with major banks with high quality credit standing and limits exposure to any one counter-party. No investments with a tenure exceeding twelve months are made.

Investments/Bank, Cash and Cash Equivalents

The Entity limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions. The Entity's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the Entity is not exposed to any significant credit risk.

The Entity limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the Entity's Investment Policy.

These limits are reviewed annually by the Chief Financial Officer and authorised by the Board

Maximum Credit risk exposure

Receivables from exchange transactions	185 672	1 075 481
Receivables from non-exchange transactions	88 916 176	23 863 336
Cash and cash equivalents	122 910 150	270 108 986
Other receivables- rental deposit (non-current)	36 000	84 360
Other receivables- rental deposit (current)	894 577	869 951
	212 942 575	296 002 114

40. Irregular Expenditure and Fruitless and wasteful expenditure

Irregular Expenditure	1 067 299	24 070 857
Fruitless & Wasteful expenditure	43 598	2 859 277
Total	-	-

The irregular expenditure relates to the services rendered by the service provider before the procurement processes , payment made to LCC members after their contract had expired as well as non-submission of the mandatory SBD4 form for the winning bidder by the closing date.

The fruitless and wasteful expenditure relates to costs incurred due to missed flights and car hire damages.

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41. Budget differences

Changes from the approved budget to the final budget

The reason for the budget adjustments are indicated below

Total revenue

Reduced the bank interest as a result of the withdrawal from CPD account which was used to surrender R103 million to the National Treasury therefore affecting the estimated interest income.

The adjustments made to the levies revenue budget are due to lower-than-expected levy collections and the failure to meet the billable revenue targets for the first and second quarters. This resulted in the revenue budget being adjusted to reflect the anticipated revenue taking into account previous & current trends

Expenditure

Employee and board related

Increased the budget mainly for board honorarium which was under estimated

General expenses

Reduced the budget due to revenue adjustments

Depreciation and amortisations

The reduction in depreciation as it a non cash item.

Contracted Services

Reduced the budget for professional and consulting fees due to revenue adjustments

Lease rentals on operating leases

Reduced the budget to align the lease budget to the lease commitments (contract)

Capital Expenditure

Reduced the budget for motor vehicle due to revenue adjustments

Reduced the budget for Records Management (ECDMS) as the project will be delayed due to revenue adjustment

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42. Contingencies

Contingent liabilities

Labour matters	.	395 833
Accumulated surplus	.	113 650 269
	.	114 046 102

The labour matter was adjudicated by the Labour Court, and an arbitration award was granted in favour of the Entity. However, the respondent subsequently filed an appeal against the award, which was dismissed by the court. In August 2024, the respondent submitted a petition challenging the judgment. The court order refusing the petition was issued in favour of CSOS on 07 October 2024.

The matter was then set down for arbitration. On 18 February 2025, it was remitted to the CCMA. The arbitration proceedings were concluded on 10 July 2025 at the CCMA, with a ruling in favour of the Entity. The applicant was found to have been fairly dismissed, as confirmed in the arbitration award dated 21 July 2025, which the Entity received on 24 July 2025.

As a result, the Entity has no further obligations, as the award also states that each party is responsible for its own legal costs..

Accumulated Surplus is subject to National Treasury approval in response to the CSOS appropriate application for such fund retention. The accumulated surplus is determined in terms of the National Treasury Instruction No. 12 of 2020/2021. A declaration of the cash surplus as at 31 March 2024 will be submitted to the National Treasury, together with an application to retain such surpluses in terms of section 53(3) of the PFMA and National Treasury instruction No 12 of 2020/2021

CSOS has made an application to the National Treasury to retain the surplus in order to fund the capital and operational commitments as they are not taken into account in the determination of the accumulated surplus. The response was received during November 2024 whereby the Entity was granted approval to retain the 100% accumulated surpluses declared. For 2024/25 financial year, the Entity has reported a deficit (based on the Instruction note 12 of 2020/21 formula) of R117 732 550 which will be declared therefore there is no contingent liability that needs to be disclosed as such

Contingent assets

Cedar Lake HOA vs Jane Naude, Mr. Abraham Masilo, CSOS and Boyce Mkhize N

CSOS has secured a High-Court order (3 Feb 2025) compelling Cedar Lakes to reimburse all litigation costs incurred up to 14 June 2023 and 50 % of the costs incurred thereafter. However, the final quantum will only be established once the bill of costs is taxed and successfully recovered. The CSOS attorneys are in the process of briefing Counsel to compile bill of costs

43. Change in Estimates

1. Revenue from non exchange on transactions - Levies

Correction of billing estimates and issuing of credit notes

In the previous period management billed its customers based on estimates due to the non-submission of accurate billable information (CSOS Levy Schedule) however during the first quarter the actual billable information (CSOS Levy Schedule) were submitted by schemes. Upon review and verification of the actual usage data it was determined that the estimated bills issued previously were higher than the actual amounts due

To rectify this discrepancy the Entity issued credit notes to the affected community schemes and these credit notes adjusted the overbilled amounts to reflect the accurate charges as per the billable information provided. The issuance of these credit notes ensures that the customer accounts accurately reflect the true amounts owed for the previous fiscal year

A total of R153 006 068 credit notes were processed.

2. Property plant and equipment and Intangible assets:

The useful life of cellphones and tablets was not re-assessed in the prior financial years. In the current period, management have revised their estimate to 4 years. The effect of this revision has increased the cellphones and tablets for the current and future periods

The useful life of other different computer equipments class was re-assessed in the prior financial years. In the current period management has revised the estimate of monitors to 10 years as they have reached allocated useful lives. These assets were not reassessed in the past financial year. The effect of this revision has increased the computer equipments for the current and future periods.

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43. Change in Estimates (continued)

The useful life of computer software was not re-assessed in the prior financial years. In the current period, management have revised their estimate to 15 years. The effect of this revision has increased the computer software for the current and future periods

The total adjustment amount to R 164 596

The impact on the statement of financial performance is

Revenue from non-exchange transactions-Levies revenue before credit notes	Levies	Levies revenue after credit notes	Impact
472 806 815		319 800 747	153 006 068
Property plant and equipment and Intangible assets /Amortisation before reassessment	Depreciation	Depreciation/ Amortisation after	Impact
Cellphones/ Tablets	340 797	177 762	163 035
Computer equipment	1 750	313	1 437
Computer software	149	24	124
	342 696	178 099	164 596

44. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance that have been affected by prior-year adjustments:

Revenue from non-exchange transactions (Levies),Debt impairment, Receivables from non-exchange transactions & Revenue received in advance (scheme payments)

Error 1

During the course of a detailed review of community scheme billing, management identified a material error relating to the inaccurate billing of certain customer accounts. This error originated from the incorrect capturing of levy schedules provided by the managing agents at the time of billing. As a result, revenue from non-exchange transactions and receivables from non-exchange transactions were overstated in the respective financial periods.

To correct this misstatement, credit notes were issued to adjust the affected accounts appropriately. Management undertook a thorough reassessment of the scheme accounts, cross-referencing with the correct schedules submitted by the managing agents. The required credit notes were then processed accordingly.

The total value of credit notes processed to correct the misstatement amounted to **R79,083,087.51**, with the impact distributed across three financial years as follows:

2021/22: R5,517,836.98

2022/23: R27,249,420.87

2023/24: R46,315,829.60

The cumulative impact of the prior period adjustments on the opening balance of accumulated surplus as at **01 April 2023** is **R32,767,257.85**.

This adjustment has been accounted for in the current reporting period in accordance with GRAP 3 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

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44. Prior-year adjustments (continued)

To mitigate the risk of recurrence, enhanced verification controls have been implemented. These include the introduction of a formal review process for all levy schedules received from managing agents, with approvals required prior to the billing of scheme accounts.

Impact on Debt Impairment

The billing error also had a consequential effect on the assessment of debt impairment. The overstated receivables led to an inflated estimate of collectable amounts, which in turn understated the allowance for impairment in prior periods. Upon identification and correction of the billing discrepancies, management revisited the impairment assessment for the affected receivables.

The revised impairment calculation, based on adjusted and accurate receivable balances, resulted in an increase in the allowance for doubtful debts. This adjustment has been reflected in the current period's financial statements. The impact has been assessed in line with the Entity's impairment policy and the requirements of GRAP 108 – *Statutory receivables*. The impact on the debt impairment as a result of error 1&2 (below) adjustment amounted to R 105 858 679.

Error 2

In the 2021/22 financial year the Entity raised revenue-linked invoices to debtors using a billing estimate that had been approved by our technical advisers. GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraph 34) requires that such estimates be reviewed each reporting period and revised when new information becomes available.

The basis of the estimates was on the highest amount the scheme has paid during the year.

The estimate was not revisited in 2022/23 and 2023/24 as the estimates were continuously billed based on the highest amount rather than the measurable amount the scheme would have paid during the financial year (new adopted methodology).

This new methodology constitutes a prior-period error rather than a change in accounting estimate because the requirements of GRAP 3 were not complied with in those periods. The error has now been corrected by:

re-measuring the affected debtor balances as at each year-end; and

adjusting the related revenue amounts.

The correction has been applied retrospectively to the earliest comparative period presented (2022/23) and prospectively to 2023/24 and the current year 2024/25, as required by GRAP 3, paragraphs 42-47

The impact for 22/23 affecting accumulated surplus amounted to R 19 962 292 and for 2023/24 amounted to R 21 628 430.

The adjustment also resulted in the interest charge on the incorrect estimates amounting to R 1 450 943 to be reversed therefore resulting in the decrease of the interest from non-exchange receivables reported in the previous period.

The revenue received in advance (scheme payments) was also affected by the adjustments amounting to R 29 651 440 as there was reliable information to bill the schemes previously with negative balance using the estimates.

Intangible assets & Depreciation/amortisation

Error 3

During the previous financial year, a prior year adjustment was made relating to the amount of R 832 545 for the CSOS Connect interXchange licence cost capitalised for modules not yet in use. This also resulted in the adjustment to the licence cost included in the general expenses, however the amortisation effect of the transaction was not taken into account when the adjustments were made. This resulted in an adjustment amounting to R 111 006 of which R27 751 affected the 2022/23 financial year.

Error 4

During the year we noted that there was no amortisation adjustment on the CSOS connect module- Sage Integration Interim Solution which was currently being used. Therefore this has resulted in overstating the intangible assets balance by R 14 720 and understating the amortisation expense by the same amount.

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44. Prior-year adjustments (continued)

Cash and cash equivalents

Error 5

During the year we noted that there was a bank account opened since 30 November 2022 relating to CSOS-CONNECT ONLINE PLATFORM which had a balance and not recorded in the financial records. This has resulted in an understatement of the bank balance reported in the previous period by R 881. The impact for 2022/23 affecting accumulated surplus amounted to R561.

Payables from exchange transactions, contracted services, general expenses & lease rentals on operating lease

Error 6

During the year we noted there was overstatement of Trade payable balance by R 380 016 caused by duplicate capturing of invoices, incorrect capturing of invoices as well as payment made before invoice was captured.

This error resulted in Legal expenses (Contracted services) being overstated by R 313 817 , Offsite Record Storage (General expenses) being overstated by R 6 697. The remaining balance affected accumulated surplus amounted to R 22 364 as the error relates to some invoices captured in 2019 and 2022.

The payment relating to lease rental was made before the invoice was captured therefore resulting in an understatement of lease rentals by R 1 334.

Error 7

We noted that there was an incorrect accounting treatment in 2022 when accounting for a recovery from previous employee. The payroll liabilities was credited by R 10 509 instead of crediting the sundry income.

Error 8

Invoices totaling to R 172 091 relating to 2023/24 financial year were not recorded therefore resulting in the understatement of accruals by R 172 091, this resulted in adjustment of R 34 025 being made on office expenses (general expenses) and R138 066 on legal expenses (Contracted services)

Error 9

There was duplicate capturing Invoices totaling to R 27 335 relating to 2023/24 financial year therefore resulting in the overstatement of accruals by R 27 335, this resulted in adjustment of R 27 335 on ICT accessories (General expenses)

Provision and Employee related costs

Error 10

The bonus provision for 2023/24 was calculated using the outdated performance management policy instead of the latest policy which was effective in September 2023. This then resulted in an adjustment of R 2 514 318 being made on provisions and Employee related cost.

Cash Flow Statement

Error 11

The amounts disclosed under cash flow from operating activities were overstated due to inclusion of non-cash items (debt impairment) as well as the adjustment of CSOS connect FNB account therefore resulted in a net amount of R 320.

Disclosure note- Financial Instruments

Error 12

The following line items were erroneously included in the financial instruments disclosure note even though they don't meet the definition of financial instruments per Grap 104 -(Unallocated levies, Leave accruals, Revenue received in advance).

Statement of financial position

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44. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Restated
Intangible assets		28 361 260	96 286	28 457 546
Receivables from Non-Exchange Transactions		281 498 292	(257 634 956)	23 863 336
Cash and cash equivalents		270 108 986	881	270 109 867
Payables from exchange transactions		22 839 354	(245 765)	22 593 589
Revenue received in advance -Scheme payments		65 410 664	(29 651 440)	35 759 224
Accumulated Surplus		170 893 117	(230 154 945)	(59 261 828)
Provisions		62 675 119	2 514 319	65 189 438
		901 786 792	(515 075 620)	386 711 172

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Levies		398 304 255	(67 944 260)	330 359 995
Interest from non-exchange receivables		5 005 277	(1 450 943)	3 554 334
Depreciation and Amortisation		(7 304 908)	68 535	(7 236 373)
Lease rentals on operating lease		(12 518 560)	(1 335)	(12 519 895)
Debt impairment		(9 028 080)	(105 858 679)	(114 886 759)
Contracted services		(33 642 072)	175 796	(33 466 276)
General expenditure		(130 404 692)	119	(130 404 573)
Employee and emoluments related cost		(166 661 191)	(2 514 318)	(169 175 509)
		43 750 029	(177 525 085)	(133 775 056)

Cash flow statement

2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Levies		305 232 837	(8 879 178)	296 353 659
Interest income		21 364 973	43	21 365 016
Other receipts		624 124	(148 714)	475 410
Payments- Suppliers (Goods and services)		(186 040 898)	9 028 169	(177 012 729)
		141 181 036	320	141 181 356

45. Going concern

We draw attention to the fact that at 31 March 2025, the Entity had an accumulated deficit of R (51 506 577) and that the Entity's total liabilities exceed its assets by R (51 506 577).

Despite this financial position, the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that the Entity will continue to operate for the foreseeable future and that it will be able to realise its assets and discharge its liabilities in the normal course of business.

The application of the going concern principle is supported by the following considerations:

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45. Going concern (continued)

Legislative Mandate and Public Entity Status The Entity is a statutory body established in terms of the Community Schemes Ombud Service Act (CSOS Act), and its continued existence is guaranteed through legislation. As a Public Entity, it operates under the oversight of the relevant executive authority and is not subject to the same market risks as private sector entities.

Sustainable Revenue Streams The Entity's primary source of revenue is levies collected from community schemes, as mandated by Section 59 of the CSOS Act. These levies are legally enforceable and provide a predictable and recurring income stream. In addition, the Entity earns interest income from its investments, further contributing to its operational funding.

Nature of Liabilities A significant portion of the reported liabilities—approximately 66%—relates to unallocated levies. These amounts do not represent immediate or probable cash outflows, and historical trends indicate that the likelihood of these balances resulting in substantial financial obligations is minimal.

Operational Continuity and Government Support The Entity continues to deliver on its mandate and has not experienced any disruptions in its operations. Furthermore, as a Public Entity, it has access to government support mechanisms should the need arise, which further mitigates the risk of financial distress.

46. Events after the reporting date

The CCMA arbitration, concluded on 10 July 2025, ruled in favour of the Entity. The applicant was found to have been fairly dismissed. The arbitration award, dated 21 July 2025 and received by the Entity on 24 July, confirmed that no compensation or reinstatement was due. As a result, the matter, which was previously disclosed as a contingent liability, has been subsequently removed.

47. Segment information

General information

Identification of segments

CSOS is organised and reports to management on the basis of four major segments. These are three geographical segments and one service segment. The geographical segments are Gauteng, Kwa Zulu Natal & Western Cape Region. Head Office is the service segment. These segments are based on the location of community schemes.

Information reporting about these segments is used by management as a basis for evaluating the segments' performance and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Reportable segments are identified based on the activities performed that generate economic activities including internal services that contribute to achieving CSOS objectives without necessarily generating cash inflows.

Management has only identified segment information for which data is reported on and reviewed during the decision making process of the Entity

Segment reporting was based on the amended half year budget and reports that are reviewed by senior and executive management and board of directors to make strategic decisions and monitoring segment performance on a monthly basis. The disclosure of information about segments in these reports are organised around the geographical location. This is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Aggregated segments

Two or more segments may be aggregated into a single segment if they have similar economic characteristics. Although geographical segments have similar economic characteristics, CSOS has not aggregated the segments as the economic environments in which they operate is dissimilar in nature.

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47. Segment information (continued) Types

of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Gauteng segment
KwaZulu Natal segment
Western Cape segment
Head Office

Offices (Regions)

Gauteng, North West and Limpopo
KwaZulu Natal, Free State and Mpumalanga
Western Cape, Eastern Cape and Northern Cape
Service Segment

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47. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Head office	Gauteng	KwaZulu-Natal	Western Cape	Total
Revenue					
Revenue from non-exchange transactions(excluding interest)	160 831	201 874 075	49 191 244	68 735 428	319 961 578
Revenue from exchange transactions (excluding interest)	595 198	61 601	120 515	14 799	792 113
Interest revenue	10 434 698	1 037 913	783 171	660 906	12 916 688
Other revenue	79 865 261	-	-	-	79 865 261
Total segment revenue	91 055 988	202 973 589	50 094 930	69 411 133	413 535 640
Entity's revenue					
Employee related costs	116 397 183	57 360 060	16 332 118	14 642 416	204 731 777
Depreciation and amortisation	7 165 845	526 837	909 645	752 088	9 354 415
Finance costs	364	-	-	-	364
Lease rentals on operating lease	8 562 520	3 085 897	3 571 535	1 877 977	17 097 929
Debt impairment	419 013	(39 103)	(13 683)	(15 647)	350 580
bad debts written off	72 046	-	-	-	72 046
Contracted services	18 609 088	8 453 421	6 647 161	4 222 217	37 931 887
Loss on disposal of assets	267 644	62 964	5 830	18 402	354 840
General expenses	84 832 686	18 218 184	16 074 924	16 760 757	135 886 551
Total segment expenditure	236 326 389	87 668 260	43 527 530	38 258 210	405 780 389
Total segment surplus/(deficit)	(145 270 401)	115 305 329	6 567 400	31 152 923	7 755 251
Assets					
Current Assets	127 872 073	52 050 833	18 859 328	21 306 455	220 088 689
Non-current assets (Excluding additions to fixed assets)	33 188 293	497 433	2 816 830	2 128 972	38 631 528
Additions to Non-current assets <as per Grap 18 par.23(b)>	19 389 905	948 527	47 679	26 220	20 412 331
Total segment assets	180 450 271	53 496 793	21 723 837	23 461 647	279 132 548

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	Head office	Gauteng	KwaZulu Natal	Western Cape	Total
47. Segment information (continued)					
Total assets as per Statement of financial Position					
Liabilities					279 132 548
Segment liabilities	247 022 747	42 681 274	17 365 863	23 569 241	330 639 125
Total liabilities as per Statement of financial Position					330 639 125
2024					
Revenue					
Revenue from non-exchange transactions (Excluding interest)	203 714	154 450 683	115 083 341	60 825 979	330 563 717
Revenue from exchange transactions (Excluding interest)	756 142	12 261	-	11 332	779 735
Interest revenue	21 361 084	2 093 052	662 146	799 137	24 915 419
Total segment revenue	22 320 940	156 555 996	115 745 487	61 636 448	356 258 871
Entity's revenue					356 258 871
Expenditure					
Employee related costs	103 728 059	25 484 593	20 739 236	19 223 621	169 175 509
Depreciation and Amortisation	5 351 322	570 259	629 232	685 560	7 236 373
Finance cost	261 721	-	-	-	261 721
Lease rentals on operating leases	5 137 045	1 872 923	3 009 606	2 500 321	12 519 895
Debt impairment	-	65 647 286	22 970 493	26 268 980	114 886 759
Contracted services	13 911 726	10 043 773	4 745 659	4 765 118	33 466 276
Loss on disposal of assets	163 073	15 865	36 648	25 964	241 550
Surrender of surpluses	163 223 285	-	-	-	163 223 285
General expenses	79 778 781	21 241 049	14 785 713	14 599 030	130 404 573
Total segment expenditure	371 555 012	124 875 748	66 916 587	68 068 594	631 415 941
Total segmental surplus/(deficit)					(349 234 072) 31 680 248 48 828 900 (6 432 146) (275 157 070)

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47. Segment information (continued)

Assets						
Current assets						
Non-current assets (Excluding additions to fixed assets)						
Additions to Non-current assets <as per Grap 18 par.23(b)>						
Total segment assets	317 000 969	14 932 449	9 698 525	10 840 134	352 472 077	
Total assets as per Statement of financial Position						
Liabilities						
Segment liabilities						
Total liabilities as per Statement of financial Position	362 515 481	26 862 437	9 521 758	12 834 229	411 733 905	
						411 733 905

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies

The nature and effect of any asymmetrical allocations to reportable segments

The Entity has used asymmetrical allocation of expenses, Assets and Liabilities where resources were not clearly allocated to a segment

Information about geographical areas

CSOS has a key function of regulating the conduct of parties within community schemes and to ensure their good governance. All regions are mandated to execute the key function of CSOS which is to regulate the conduct of parties within the community schemes and to ensure their good governance.

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48. Transfer Prior Year Surplus Payable

	2025	2024
Transfer of Prior Year Surplus Payable	-	103 838 024
	-	103 838 024

This relates to the surplus payable to the National and a response on the application was received in April 2024 whereby the Entity was required the surrender the amount of R103 838 024 relating to 2022/23 surplus which was subsequently paid over to National Treasury in July 2024

For 2023/24 surplus, approval was obtained to retain 100% of the surplus therefore no liability for the year under review.

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Affordable Reliable Justice

COMMUNITY SCHEMES OMBUD SERVICE

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