SOS
Community Schemes
Ombud Service

Affordable Reliable Justice

ANNUAL REPORT

2025/2026





To advance harmonious shared residential living by empowering stakeholders, fostering governance, and resolving disputes efficiently.



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PART A:

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

COMMUNITY SCHEMES OMBUD SERVICE

PHYSICAL ADDRESS:	Die Anker Building, 1279 Crawford Rd, Centurion Central, Centurion, 0046
POSTAL ADDRESS:	Die Anker Building, 1279 Crawford Rd, Centurion Central, Centurion, 0046
TELEPHONE NUMBER/S:	(+27) 10 593 0533
EMAIL ADDRESS:	info@csos.org.za, Fraudalert@csos.org.za
WEBSITE ADDRESS:	www.csos.org.za
SOCIAL MEDIA:	@CSOS_SA (X), @CSOS.SouthAfrica (Facebook), @CSOS_SA (Instagram), @CSOS.ORG (Tik Tok)
EXTERNAL AUDITORS:	Auditor-General of South Africa (AGSA)
BANKERS:	First National Bank (FNB), Standard Bank
COMPANY/ BOARD SECRETARY:	Ms. Tshepiso Thipe (Acting)

2. LIST OF ABBREVIATIONS/ACRONYMS

Short Form	Title in Full
AGSA	Auditor-General South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
ARC	Association of Residential Communities
ARC	Audit and Risk Committee
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CAE	Chief Audit Executive
CEI	Compliance and Enforcement Investigator
CSOS	Community Schemes Ombud Service
CFO	Chief Financial Officer
CO	Chief Ombud
COIDA	Compensation for Occupational Injuries and Diseases Act
CRM	Customer Relationship Management
CPD	Corporation for Public Deposit
DEL	Department of Employment and Labour
DHS	Department of Human Settlements
DPCI	Directorate for Priority Crimes Investigation
DPME	Department of Planning, Monitoring and Evaluation
ECDMS	Electronic Content and Document Management System
EE	Employment Equity
EMA	Executive Managing Agent
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FINCOM	Finance Committee
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HOAs	Homeowners' Associations
HR	Human Resources
ICT	Information, Communications and Technology
LATCOM	Legislation, Adjudication and Transformation Committee

Short Form	Title in Full
MANCO	Management Committee
MOU	Memorandum of Understanding
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
MTDP	Medium-Term Development Plan
NAMA	National Association of Managing Agents
NDP	National Development Plan
NARSSA	National Archives and Records Service of South Africa
NT	National Treasury
OCFO	Office of the Chief Financial Officer
OHS	Occupational Health and Safety
PTA	Part-Time Adjudicator
PAYE	Pay As You Earn
PDAs	Priority Development Areas
PDC	Policy Development Committee
PDI	Previously Disadvantaged Individual
PFMA	Public Finance Management Act
PMR	Prescribed Management Rule
PPPFA	Preferential Procurement Policy Framework Act
PPRA	Property Practitioner Regulatory Authority
PSCC	Property Sector Charter Council
Q	Quarter
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement
SMART	Specific, Measurable, Achievable, Realistic and Time-Bound
SP	Strategic Plan
SOC	Security Operations Centre
SONA	State of the Nation Address
STSMA	Sectional Titles Schemes Management Act
V&V	Verification and Validation
VBS	Venda Building Society
WECONA	Women Economic Assembly

3. FOREWORD BY THE MINISTER



Ms. Thembi Simelane, MP
Minister of Human Settlements

It is my privilege to present the Annual Report of the Community Schemes Ombud Service (CSOS) for the 2025/26 financial year. This report reflects the Entity's continued work to give practical effect to its mandate by promoting good governance, providing accessible dispute resolution services, regulating community schemes, preserving governance documentation, and empowering stakeholders in shared residential living environments across South Africa.

The 2025/26 financial year unfolded at an important moment for the Human Settlements sector, as government continued to advance the priorities of the National Development Plan, the 2024-2029 Medium Term Development Plan, and the policy direction for sustainable, inclusive and well-governed human settlements. The achievements reported in this Annual Report demonstrate CSOS' contribution to the MTDP commitments through strengthened community schemes governance, improved access to dispute resolution services, enhanced compliance support and stakeholder empowerment. In this context, CSOS remains a critical regulatory institution, particularly as community schemes continue to grow as an important form of residential tenure and as more households rely on fair, efficient and credible mechanisms to resolve disputes and improve governance within their schemes.

During the year under review, CSOS made meaningful progress in executing its mandate. The Entity continued to register community schemes, support compliance, educate stakeholders and process disputes, while strengthening its internal systems to improve service delivery. The increased demand for dispute resolution services demonstrates both growing awareness of CSOS services and the continued need for accessible, impartial and affordable recourse for owners, occupiers, trustees, managing agents and other stakeholders. The appointment of additional part-time adjudicators was an important intervention to respond to case volumes and reduce backlogs, while also highlighting the need for sustainable capacity planning and modernised service delivery systems.

I am encouraged by the progress reported in relation to stakeholder education, compliance and enforcement, the consolidation of practice directives, and the continued implementation of strategic policies and strategies that support the 2025-2030 planning cycle. These initiatives are central to building an agile, responsive and credible regulator that can keep pace with the growth and complexity of the community schemes sector.

The performance information reflected in this Annual Report also identifies areas requiring further improvement. CSOS delivered against a number of its strategic commitments, particularly in stakeholder empowerment, dispute resolution, registration, compliance support and governance improvement. At the same time, the report is clear that capacity constraints, scheme registration gaps, levy compliance challenges, and the need for improved systems continue to affect the pace and consistency of delivery. These lessons must inform the next phase of institutional strengthening.

The audit by the Auditor-General of South Africa remains an essential accountability mechanism for the public sector. I note the audit matters reported and the remedial actions required of CSOS, including strengthening financial reporting controls, developing a risk-based audit remedial action plan, reviewing annual financial statements for compliance with GRAP standards, and improving supply chain management processes. The Entity must continue to institutionalise these controls, ensure consequence management where required, and embed a culture of clean governance, ethical conduct and reliable performance reporting.

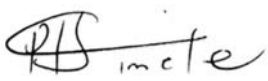
The financial results for the year under review underscore the importance of sustainability. While revenue increased during the period, the growth in expenditure, the reported deficit, liquidity pressures and reliance on levy income point to the need for decisive action. I welcome the work undertaken to review the funding model and levy structure, strengthen levy compliance, improve revenue collection, optimise costs and enhance cash flow management. These interventions must be implemented with urgency and care to ensure that CSOS remains financially sustainable while continuing to provide accessible services to the public.

Transformation remains a core priority for government and the Human Settlements sector. I therefore welcome the continued focus on implementing the Transformation Strategy, including promoting procurement from designated groups, creating opportunities for women, youth and persons with disabilities, and empowering previously disadvantaged individuals to participate meaningfully in the sector. The report also shows that transformation targets were not fully met in all areas, particularly procurement from some designated groups. This must be addressed through stronger supplier development, improved market engagement, targeted outreach and better monitoring of transformation commitments.

The lessons from the year are clear. A growing and increasingly complex community schemes sector requires a regulator that is adequately capacitated, digitally enabled, financially sustainable and trusted by the public. It requires proactive stakeholder education, stronger compliance monitoring, credible dispute resolution, effective governance documentation management, and practical partnerships with sister entities, regulators, financial institutions, managing agents and community schemes. It also requires continued alignment of CSOS' work with the broader priorities of spatial transformation, consumer protection, social cohesion, active citizenry and inclusive economic participation.

I wish to thank the Board, the Acting Chief Ombud, the executive management team and all CSOS employees for their service during the 2025/26 financial year. I also acknowledge the support of the Deputy Minister, the Department of Human Settlements, the Auditor-General of South Africa, Parliament, sector partners and stakeholders who continue to contribute to the strengthening of community schemes governance in South Africa.

As we move forward, I call on CSOS to build on the progress made, address the areas requiring improvement, and intensify its contribution to a transformed, well-governed and inclusive human settlements sector. The work of CSOS is not only regulatory; it is also about improving the daily lived experience of people who share residential spaces and depend on fair governance, accessible information and timely dispute resolution.



Ms. Thembi Simelane, MP
Minister of Human Settlements
Date: 29/09/2026

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 present the Annual Report for the 2025/26 financial year.

CSOS continues to play an important role within the human settlements landscape by promoting good governance in community schemes, providing accessible dispute resolution and supporting compliance with the legislative framework. As demand for these services grows, so too does our responsibility to ensure that CSOS remains effective, accessible and financially sustainable.

As the Accounting Authority, the Board focused on strategic direction, governance oversight, financial stewardship, risk management and accountability for performance. During a year characterised by continued service, operational capacity pressure and a constrained financial position, particular attention was given to service delivery, financial sustainability, audit responsiveness, internal controls and institutional resilience.

Performance and Strategic Oversight

The Board monitored implementation of the 2025-2030 Strategic Plan and 2025/26 performance commitments. Progress was recorded across areas including scheme registration, scheme governance, compliance support, stakeholder education and sector transformation.

Growing dispute volumes also increased reliance on part-time adjudicators. While this intervention supported backlog reduction, it reinforced the need for a more sustainable operating model, improved process efficiencies and accelerated digitisation of core services.

The Board maintained constructive engagements with the Minister, Deputy Minister and Department of Human Settlements through the Shareholder Compact and other accountability mechanisms. This also enabled the Board to align oversight expectations with sector priorities while maintaining its fiduciary responsibilities as Accounting Authority. Engagements with the Portfolio committee on Human Settlements provided an important platform for accountability and obtaining guidance on areas requiring strengthened oversight. Through engagements with sector stakeholders and participants at the CSOS Indaba, the Board was able to gather first-hand the sector perspectives, test policy and reinforce partnerships aimed at improving compliance, service accessibility, transformation and public confidence in the Entity.

Financial Sustainability, Governance and Audit

Financial sustainability remained a significant area of Board oversight. Revenue increased from R405 million to R424 million, while expenditure rose from R406 million to R429 million, resulting in a deficit of R5.89 million compared with R1.69 million in the prior year. Liquidity remained constrained, with the current ratio declining from 0.64 to 0.60 and current assets remaining below current liabilities. The Board has therefore prioritised the funding model review, improved levy compliance, revenue collection, cost optimisation and stronger cash flow management.

The Auditor-General of South Africa issued an unqualified audit opinion. The Board nevertheless notes the material misstatements that were identified and corrected together with the reported material non-compliance. The Board, through its committees, will continue to oversee implementation of the risk-based audit remedial action plan, improved GRAP-compliant financial statements, strengthened supply chain management controls and consequence management.

Looking Ahead

Over the medium to long term, the Board's priority is to focus on strengthening the conditions for sustainable performance, including a credible funding model, stronger financial and internal controls, and an operating model capable of responding effectively to growing service demand without compromising governance.

Key priorities remain reducing dispute backlogs, expanding scheme registration, improving levy declaration and payment compliance, stabilising organisational capacity, and accelerating digital transformation while monitoring transformation outcomes, including procurement from previously disadvantaged groups. Digitalisation must ultimately improve accessibility, turnaround times, data integrity and the experience of those who rely on CSOS services. Our success must be measured not only through organisational performance indicators, but by whether CSOS is becoming more accessible, responsive and effective in serving community schemes.

Acknowledgements

On behalf of the Board, I thank the Honourable Minister and Deputy Minister of Human Settlements, the Department of Human Settlements, the Portfolio Committee on Human Settlements, the Auditor-General of South Africa, and sector partners for their oversight, guidance and engagement during the year.

I also thank my fellow Board members, the Acting Chief Ombud, executive management and all CSOS employees for their commitment to accountability, service delivery and institutional improvement during a demanding year.

Conclusion

The 2025/26 financial year confirmed that CSOS' mandate is increasingly relevant, and that stronger oversight, control discipline and financial sustainability are essential to long-term effectiveness. The Board remains committed to rigorous oversight, accountability and financial sustainability while ensuring that management addresses audit findings, improves performance, strengthens service delivery.

Our objective remains clear: a trusted, accessible, financially sustainable and high performing CSOS that promotes good governance and serves community schemes with credibility, integrity and impact.



Ms. Busisiwe Nzo
Chairperson of the Board
Date: 31 August 2026

5. ACCOUNTING OFFICER'S OVERVIEW



Mr. R. Khamali
Chief Ombud (Acting)

5.1 General financial review of the CSOS

The 2025/26 financial year reflected a continued focus on prudent financial management within the Community Schemes Ombud Service (CSOS). Despite growth in revenue during the period under review, rising operating costs and liquidity pressures underscored the need for enhanced cost containment, stronger cash flow management, and the continued review of the funding model to support the Entity's long-term financial sustainability.

Total revenue increased from R405 million in the prior year to R424 million in the 2025/26 financial year, reflecting growth of approximately 4.7%. The increase in revenue demonstrates improved revenue generation and collection during the period under review. However, total expenses also increased from R406 million to R429 million, representing an increase of approximately 5.7%. The higher expenditure growth rate of 5.7% compared to revenue contributed to the deterioration in financial performance and the increased deficit position.

From a liquidity perspective, the Entity's liquidity ratio declined from 0.64 in the previous year to 0.60 in the 2025/26 financial year. This indicates that the Entity has R0.60 in current assets available to settle every R1.00 of current liabilities, which reflects continued pressure on short-term liquidity and working capital management. Current assets decreased slightly by R1.70m from R211.06 million in the 2024/25 financial year to R209.36 million in the 2025/26 financial year, while current liabilities increased from R331.11 million to R350 million. The increase in current liabilities, coupled with the slight decline in current assets, further contributed to the weakening liquidity position.

Overall, although the Entity achieved growth in revenue during the 2025/26 financial year, the increase in operating expenditure and current liabilities resulted in a higher deficit and a decline in liquidity. The Entity reported a deficit of R5.89 million for the 2025/26 financial year, compared to a deficit of R1.69 million in the 2024/25 financial year. The increase in the deficit indicates that expenditure growth exceeded the growth in revenue during the reporting period.

The financial results indicate the need for strengthened cost containment measures, improved cash flow management, and enhanced strategies to improve the Entity's short-term financial sustainability.

5.2 Spending Trends of the CSOS

Total expenditure increased from R406 million in the previous financial year to R429 million in the 2025/26 year, representing an increase of R23 million or approximately 5.7%. The increase in expenditure was mainly driven by higher spending on part-time adjudicators, ICT-related licence fees (e.g. Microsoft, SAGE, Adobe), employee-related costs, and lease rentals. However, this was partially offset by a reduction in advertising expenditure.

The increase in expenditure was primarily driven by the appointment of additional part-time adjudicators to manage the high volume of disputes referred for adjudication during the period under review and address the backlog of disputes. As a result, expenditure on part-time adjudicators rose from R9 million to R27 million, representing an increase of R18 million or 200% compared to the previous financial year. This was the most significant movement across expenditure categories in the 2025/26 financial year and aligned with the higher number of dispute cases finalised. Although expenditure increased, the sustained high volume of dispute intake indicates continued demand for CSOS services and reflects growing stakeholder awareness of their rights and ability to access the Entity's service offerings.

ICT-related licence fees increased from R14 million to R20 million, representing an increase of R6 million or approximately 42.9%. The increase is attributable to software licensing costs, implementation of additional systems (e.g. Electronic Content and Document Management System (ECDMS)) and annual contractual escalations.

Employee costs increased marginally from R202 million to R205 million, reflecting an increase of R3 million or approximately 1.5%. Nonetheless, employee costs remain the largest expenditure item and continue to constitute a significant portion of the Entity's operating expenditure. Lease rental expenditure increased from R17 million in the 2024/25 financial year to R19 million in the 2025/26 financial year, representing an increase of approximately 11.8%. The increase is attributable to annual lease escalations, new leased office space and renewals.

Advertising expenditure decreased by 21% from R81 million in the 2024/25 financial year to R64 million in the 2025/26 financial year, representing a reduction of R17 million. The reduction in advertising expenditure partially offset increases in other expenditure categories such as adjudication fees.

The expenditure trends indicate that, while the Entity managed to reduce spending in certain operational areas such as advertising, the increased expenditure recorded in adjudication services, licence fees, and lease-related costs contributed to the overall increase in expenditure and resulted in the higher deficit position reported for the 2025/26 financial year.

5.3 Capacity constraints and challenges facing the CSOS

The capacity constraints continue to negatively impact the Entity, despite a slight improvement of just under 0.4%, with the vacancy rate decreasing from 21.4% to 21% across the total Entity structure. A recruitment plan has been developed to address vacancy rate challenges while ensuring a sustainable balance between additional costs and the efficient functioning of the Entity.

The current funding model continues to rely heavily on levy income, which presents challenges due to compliance gaps by certain community schemes. Work has commenced on developing a revised, robust 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 were no discontinued key activities in the Entity during the period under review.

5.5 New or proposed key activities

CSOS advanced the review of its funding model and levy structure to identify practical reforms that would improve fairness, affordability and administrative efficiency. The review resulted in proposals for a revised risk-based levy structure, strengthened collection and compliance mechanisms, and draft policy amendments to support implementation, subject to the necessary consultation and approval processes.

5.6 Requests for rollover of funds

A deficit was declared to National Treasury on 15 September 2025. The Entity realised an accumulated deficit of R169 461 914 for the financial period ended 31 March 2025. The deficit was primarily attributable to low cash flow reserves relative to the Entity's operational expenditure commitments.

5.7 Supply chain management

A key annual target was achieved for the percentage of the procurement spent 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 attributable to a lower percentage of positive responses that were received from businesses owned by designated groups and high value contracts awarded in the past to non-designated groups. Measures were implemented in the 2025/26 financial year to address these challenges such as conducting supplier development sessions and advertising for registrations of designated groups on the CSOS supplier database.

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 Supply Chain Management (SCM) process of the Entity is guided by the approved SCM Policy as well as National Treasury Regulations and Instruction notes. The Entity has functioning Bid Committees such as the Bid Specification Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC). These committees are each chaired by an Executive

and senior officials 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 2025/26 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 SCM officials and Bid Committee members in order to strengthen the effectiveness of the procurement process and compliance within SCM. The Entity utilises the SAGE Enterprise Resource Planning (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 2025/26 financial year.

5.10 Challenges experienced and how these were resolved

During the 2025/26 financial year, the Entity experienced certain challenges within the SCM environment, particularly in relation to the processing of deviations, panel allocations, procurement planning, and the consistent application of procurement procedures. Although no material irregularities were identified, audit findings were raised in areas where compliance controls required further strengthening.

One of the key challenges related to deviations from normal procurement processes. In some instances, the justification and supporting documentation for deviations required improvement to ensure that all deviations were fully aligned to the SCM Policy, National Treasury Regulations and applicable instruction notes. To address this, the Entity strengthened the review process for deviations by ensuring that all deviation requests are properly motivated, supported by adequate evidence, reviewed by SCM, and approved at the appropriate delegated authority level before implementation.

The Entity experienced challenges relating to panel allocations, particularly around ensuring that work allocated through approved panels is processed consistently, fairly and transparently. To resolve this, management implemented stricter controls over panel utilisation, including improved documentation of allocation criteria, rotation principles where applicable, and the requirement for clear motivation when specific service providers are appointed from panels. This is intended to ensure that panel processes remain competitive, auditable and aligned to the principles of fairness, transparency, equity, competitiveness and cost-effectiveness.

Another challenge experienced was the need to improve the capacity and consistency of procurement officials and bid committee members in applying SCM prescripts. The Entity responded by providing targeted training to SCM officials, BSC members, BEC members, and BAC members. The training focused on compliance with the approved SCM Policy, National Treasury Regulations, instruction notes, tender evaluation requirements, bid committee roles, deviation management, contract management and proper record keeping.

The Entity identified the need to improve procurement planning and demand management to reduce reliance on urgent procurement and deviations. In response, management strengthened the procurement planning process by aligning procurement activities to the approved budget, Annual Performance Plan (APP) and operational requirements. Business units are being encouraged to submit procurement needs timeously to enable SCM to plan, advertise, evaluate and award tenders within reasonable timeframes.

The implementation and use of the SAGE ERP SCM module presented change management and system utilisation challenges, as officials continued to adapt to the system-based procurement environment. The Entity addressed this through system testing, user support, process refinement and continued training. The deployment and testing of the inventory management system during the 2025/26 financial year is expected to improve stock control, asset-related procurement visibility, and overall accountability over inventory processes.

To strengthen governance, all tenders above R5 million continued to be subjected to a probity process prior to award. This intervention assisted in identifying potential compliance weaknesses before final approval and enhanced the credibility, transparency and defensibility of the procurement process.

5.11 Audit report matters in the previous year and how they were addressed

The Entity obtained an unqualified audit opinion with material misstatements identified and corrected in relation to revenue and disclosure notes, which subsequently resulted in material non-compliance being reported.

The Entity developed and implemented a comprehensive, risk-based audit remedial action plan monitored quarterly and appointed a service provider to assist with the quality review of the annual financial statements to ensure compliance with the applicable Generally Recognised Accounting Practice (GRAP) Standards.

5.12 Outlook/ Plans for the future to address financial challenges

The CSOS remains 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, the CSOS will commence the phased implementation of a revised model aimed at promoting equity, affordability, and financial resilience. This will include:

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

Strengthening Levy Compliance and Collections

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

- Implementation of a Revised Registration Strategy and a Revised Compliance and Enforcement Strategy;
- Enhanced monitoring systems and automated reminders;
- Legal enforcement measures against non-compliant community schemes; and
- Improved stakeholder education and outreach initiatives targeting community 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 will be prioritised including dispute resolution, revenue collection, and customer services.

Strategic Partnerships and Innovation

The CSOS will explore opportunities for strategic partnerships and innovation to maximise brand awareness and increase its presence, while ensuring that stakeholders are educated on the CSOS mandate, core service offerings, and access to services. This will include collaboration with financial institutions, and appointed service providers to address unallocated revenue challenges, as well as partnerships with sister entities and property regulators within the industry.

5.13 Events after the reporting date

No events were identified or reported after the reporting date.

5.14 Economic viability

The Entity's economic viability is currently under pressure, primarily due to persistent deficits, weakening liquidity, and increasing operational cost pressures, despite moderate revenue growth.

Financial performance and sustainability

In addition to the deficit reported for the 2025/26 financial year, the Entity previously reported a deficit of R169.46 million for the 2024/25 financial year. This shows a trend that expenditure continues to significantly exceed available cash resources. This position reflects a structural imbalance between revenue generation and operational expenditure commitments. Although total revenue increased from R405 million to R424 million, this growth was not sufficient to offset rising costs, resulting in continued negative financial performance.

Cost structure pressures

Expenditure increased in the period under review, driven mainly by employee costs, adjudication services, lease rentals, and licence fees, thereby placing continued pressure on the Entity's financial sustainability.

Liquidity and working capital position

The Entity's liquidity position has weakened, with the current ratio declining from 0.64 to 0.60. Current liabilities (R350 million) continue to exceed current assets (R209.36 million), indicating that the Entity does not have sufficient short-term resources to fully meet its obligations. This reflects ongoing reliance on levy income and constrained cash flow reserves to fund operations.

Funding model dependency risk

The Entity remains heavily dependent on levy income as its primary funding source. However, compliance gaps, inconsistent levy collection, and lower-than-expected community scheme registrations rate continue to limit revenue predictability and cash flow stability. This reliance exposes the Entity to sustainability risks, particularly in periods of non-compliance or delayed collections.

In summary, while the Entity has demonstrated revenue growth and continued service delivery, its economic viability is constrained by:

- Persistent operating deficits;
- Weak and declining liquidity;
- Rising expenditure pressures, particularly in key operational areas; and
- Structural dependency on a funding model that is not fully stable or predictable.

The implementation of a revised funding model, strengthened levy compliance measures, and cost optimisation initiatives will be critical to improving long-term financial sustainability and restoring economic stability.

5.15 Acknowledgements

We wish to express our deepest gratitude and sincere appreciation to the Board, executive leadership, and all employees of the CSOS for their resilience, dedication, and unwavering commitment. We also extend our heartfelt thanks to the Honourable Minister and Honourable Deputy Minister, as well as the Oversight Units within the Department of Human Settlements (DHS), for their continued support. Their collective efforts have enabled the CSOS to achieve significant results in the execution of its mandate during the 2025/26 financial year.



Mr. Rethabile Khamali
Chief Ombud (Acting)
Date: 31 August 2026

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 for 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 2026.

Yours faithfully



Mr. Rethabile Khamali
Chief Ombud (Acting)
Date: 31 August 2026



Ms. Marina Dumakude
Deputy Chairperson
Date: 31 August 2026



Ms. Busisiwe Nzo
Chairperson of the Board
Date: 31 August 2026

7. STRATEGIC OVERVIEW

The strategic overview below is provided in alignment with the 2025-26 Strategic Plan (SP) and the 2025/26 APP.

7.1 Vision

A world-class regulatory authority for shared residential living in South Africa.

7.2 Mission

To advance harmonious shared residential living by empowering stakeholders, fostering governance, and resolving disputes efficiently.

7.3 Values

Accountability	The CSOS will uphold transparency and responsibility by ensuring compliance, fairness, and the effective resolution of disputes within community schemes.
Service 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.
Customer-Focus	The CSOS will focus on improving community schemes' self-reliance, social justice, and participation in decision-making.

Table 1: CSOS Values

8. LEGISLATIVE AND OTHER MANDATES

The Legislative and other Mandates section below is provided in alignment with the 2025-26 SP and the 2025/26 APP.

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:

a) Chapter 2: Bill of Rights: Human dignity, the achievement of equality and the advancement of human rights and freedom.
b) Section 21: Freedom of movement and residence: “Every citizen has the right to enter, to remain in and to reside anywhere in the Republic”.
c) 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”.
d) Section 25: Property: The State must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis.
e) Chapter 10: Public administration must be governed by the democratic values and principles enshrined in the Constitution.

8.2 Legislative and Policy Mandate

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.

In terms of the CSOS Act, the term “community scheme” refers to a residential living arrangement where there is shared use of and responsibility for parts of land and buildings including sectional titles development schemes; share block companies; home or property owners’ associations; housing schemes for retired persons; and housing co-operatives.

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

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

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

a) Must promote good governance of community schemes.
b) Must provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards 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.

In addition, the CSOS operates within the provisions of, but not limited to, the following legislative and policy frameworks:

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

Table 2: Legislative and policy mandates

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.

The DHS exercises its oversight on the CSOS as guided by the annual Shareholder Compact signed between the Executive Authority and the Accounting Authority as a good governance practice for effective and efficient accountability. The annual Shareholder Compact represents a basis for the designation and agreement of expectations, performance outcomes, and roles and responsibilities between the Executive Authority, as the Shareholder, and the Community Schemes Ombud Service to ensure effective and efficient service delivery and performance monitoring.

8.3 Institutional Policies and Strategies

8.3.1 Alignment to the national and sector development priorities

The 2025-30 strategic planning cycle marks the last five years of the country's efforts to contribute towards the aspirations of the National Development Plan (NDP) 2030. The NDP continues to guide the long-term development agenda of the country towards the aspirations of the elimination of income poverty; and the reduction of unemployment and inequality. The CSOS primarily contributes towards the NDP's development agenda within the ambit of its mandate, as follows:

NDP Chapter	Key areas of contribution by CSOS
Chapter 8: Transforming human settlement and the national space economy	• Active citizenry in community-level planning • Spatial transformation through the elimination of barriers in community schemes • Transformation in the community schemes and property management sector • Contribution to job creation
Chapter 13: Building a capable and developmental state	• Improved governance, stability and sustainability • Building capacity and capabilities towards professionalisation
Chapter 15: Nation building and social cohesion	• Broadening economic participation • Integrated spaces in communities • Facilitating dialogue and citizen participation

Table 3: NDP 2030 Strategic Alignment

The five-year 2024-29 Medium Term Development Plan (MTDP) will provide the Programme of Priorities for the 7th Administration of Government and proposes three strategic priorities, which are (1) Inclusive growth and job creation; (2) Reduce poverty and tackle the high cost of living; and (3) Build a capable, ethical and developmental state. Inclusive growth and job creation will be viewed as an Apex priority whilst it should be noted that the three strategic priorities are interrelated and interlinked. All spheres of government, clusters and sectors will prioritise relevant economic interventions. A capable state plays a key role (direct and indirect) within the economy through regulation, network industries and by creating an enabling environment, and where law and order are maintained.

The Human Settlements sector has proposed its contribution towards the 2024-29 MTDP through increasing the access to adequate housing through various programmes; developing liveable neighbourhoods in both rural and urban environments and achieving spatial transformation; transforming the Human Settlements sector; and fostering a capable and professional public service. These development priorities align with the agenda of the White Paper for Human Settlements of which the CSOS is committed to contribute towards. Within the ambit of the CSOS mandate, CSOS will focus on contributing towards the following key focus areas:

a) Improvement in the regulation of the Human Settlements sector
b) Consumer protection programme implemented
c) Promoting economic transformation
d) Improvement in the management of the affordable rental stock portfolio
e) Capacity development
f) Improved coordination and integration in the sector

CSOS' 2025-30 SP and 2025/26 APP are essential for setting the strategic trajectory and providing the programmatic building blocks that will be implemented to achieve a set of results that will contribute towards meeting the mandate of the CSOS and towards national development priorities articulated through the Human Settlements' sector contribution to the 2024-29 MTDP.

The five-year strategy must focus on fulfilling what the Act identifies as the Entity's role in supporting the realisation of the Human Settlements sector and broader national development priorities. For the 2025-30 strategic planning period, the CSOS has committed to the DHS to deliver on the following priorities:

a) Register an additional 20 000 community schemes
b) 85% of registered schemes are compliant
c) 80% of billable schemes paying levies
d) 90% of disputes resolved within 90 working days
e) 500 training and education sessions conducted for scheme executives and owners
f) 120 stakeholder information sessions conducted
g) Implementation of the Transformation Strategy and the Community Schemes Sector Code
h) 70% stakeholder perception rating

8.3.2 Key CSOS policies and strategies to guide implementation over the 2025-30 planning period

The CSOS established the Policy Development Committee (PDC) to coordinate the development and review of all CSOS policies to assist the CSOS in executing its duties in an ethical and legal manner. The PDC also assists with the categorisation of the policies on a strategic and operational level. Strategic policies are those that are aligned to the implementation of the five-year SPs and are submitted to the Board for approval. Key policy instruments for the 2025-30 planning cycle include, amongst others, the following:

a) Combined Assurance Framework
b) Internal Audit Charter
c) Risk Management Policy
d) Fraud Prevention Policy
e) Board Charter
f) Board Sub-Committees' Charters
g) Shareholders Compact
h) Supply Chain Management Policy
i) Revenue and Account Receivables Policy
j) Investment Policy
k) Complaints Management Policy and Procedure
l) Community Schemes Documentation Management Policy
m) Communication and Marketing Policy
n) Corporate Governance of ICT Policy Framework
o) Records Management Policy
p) Protection of Personal Information Policy

To support the implementation of the CSOS' mandate and the strategic focus of the CSOS over the 2025-30 planning period, the Entity will seek to implement the following strategies over the medium-term period:

a) Community Schemes Registration Strategy
b) Compliance and Enforcement Strategy
c) Revenue Management Strategy
d) Education and Training Strategy
e) Marketing Strategy
f) Transformation Strategy
g) Risk Management Strategy
h) Anti-Fraud and Corruption Strategy

8.3.3 CSOS Service Charter

The CSOS has pledged to uphold and protect the Constitution and the rule of law and render an accessible, fair, speedy, and cost-effective service in the interest of an effectively regulated community schemes sector. To this end, the CSOS adopted a service charter to set out the level of service that CSOS clients can expect to receive at a CSOS service point. Service measures and standards emanating from the service charter are translated into outcome and output indicators reflected in the 2025-30 SP and the related APPs and Annual Operational Plans (AOPs) over the five-year planning period.

8.3.4 CSOS Consolidated Practice Directives

Section 36(1) of the CSOS Act provides that the Chief Ombud must issue Practice Directives regarding any matter pertaining to the operation of the Service. The practice directives provide a framework and promote uniformity when stakeholders and community schemes interact with the Service.

CSOS issued the Consolidated Practice Directive in July 2025, and it nullifies all previously issued directives. The consolidation aimed to create a single point of reference for stakeholders and users of the CSOS. It is envisaged that the Consolidated Practice Directive will enhance the process and create effective and efficient mechanisms for stakeholders.

The Consolidated Practice Directives are critical to the execution of the CSOS mandate, as they direct the officials of the CSOS and its stakeholders in the registration of schemes, dispute resolution, governance and the collection of levies. Through the Consolidated Practice Directives, awareness has been raised on CSOS processes. CSOS anticipates that service delivery will be enhanced, stakeholders will understand the ambit of the CSOS and eliminate issues that do not fall within the scope of work of the CSOS.

9. ORGANISATIONAL STRUCTURE

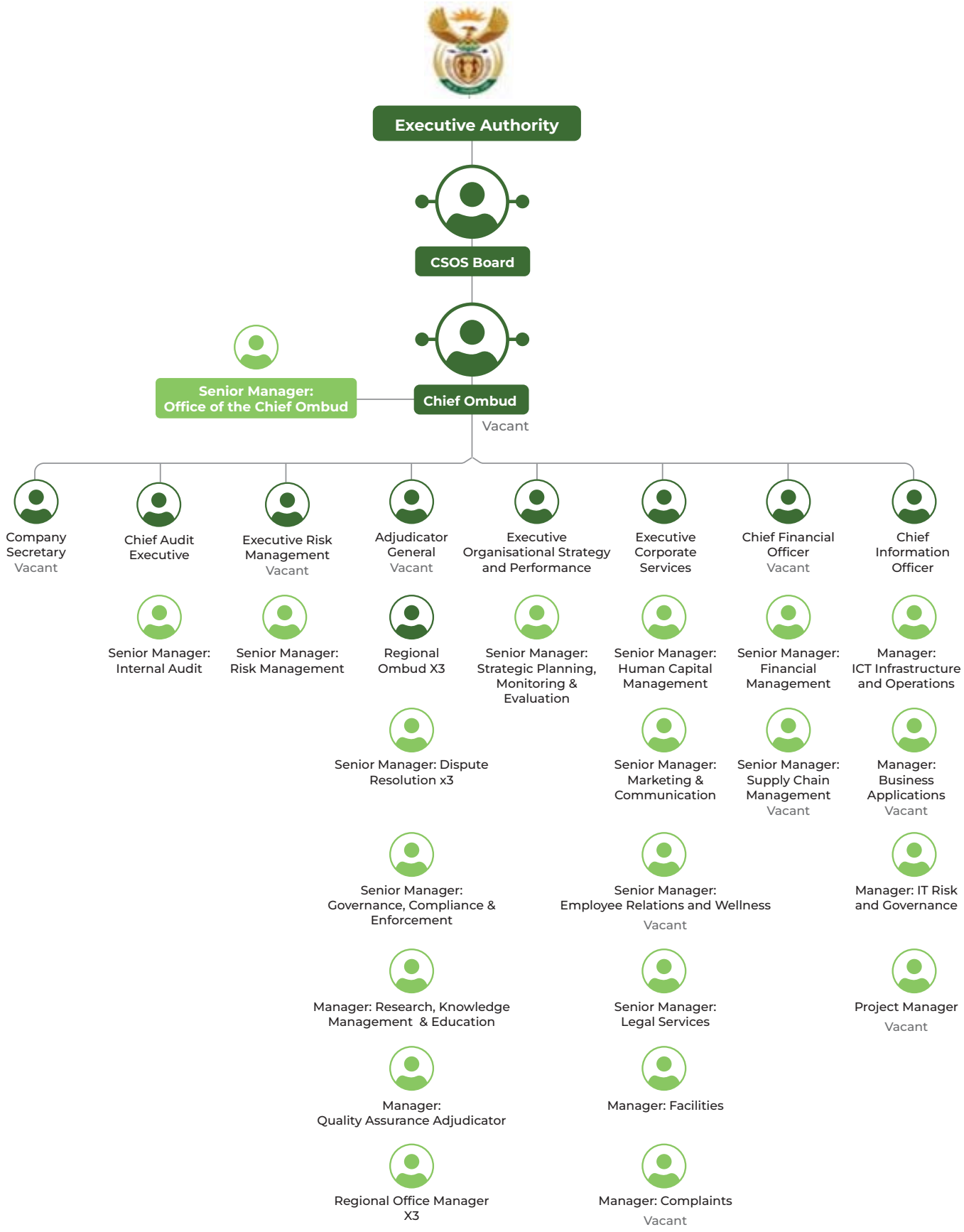


Figure 1: CSOS Organogram

PART B:

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

1.1. 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: Regulation presented in the annual performance report for the year ended 31 March 2026. 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 annually 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
- 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 **79** of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

During the 2025/26 financial year, the CSOS operated in an environment characterised by continued economic pressure on households, elevated unemployment and affordability constraints. These conditions affected both the ability of community schemes to meet financial obligations and the volume and nature of disputes brought to the CSOS. At the same time, the community schemes sector continued to expand and diversify, increasing the need for accessible regulation, effective governance oversight, and responsive dispute resolution services. Within this context, CSOS continued to advance its mandate of supporting harmonious shared residential living by empowering stakeholders, fostering governance, and resolving disputes efficiently.

Overall performance reflects sustained progress against planned priorities. Key outputs remained focused on services that directly affect the public and community schemes, including facilitating dispute resolution, strengthening governance through regulation and compliance activity, and delivering education and training interventions to improve stakeholder awareness and adherence to statutory requirements. CSOS' strategic focus remained on strengthening the community schemes database to enable better governance oversight and accurate levy billing, improving user experience through the rollout of CSOS Connect modules, and supporting sector transformation initiatives.

Notwithstanding these achievements, the entity encountered challenges that affected both demand for services and the operating model. Economic pressures and affordability constraints contributed to increased dispute volumes and negatively impacted levy compliance, which is a key enabler of CSOS' financial sustainability and service delivery. In addition, the Entity identified systemic matters requiring focused intervention, including improving the completeness and integrity of the national community schemes database, addressing unallocated levies, and strengthening governance and financial controls to mitigate risks relating to fraud, corruption, cyber-attacks, and overall compliance.

Corrective actions and planned responses included intensifying support to distressed community schemes to improve statutory compliance, accelerating digital transformation including enhancements, stability improvements and integration of CSOS Connect, prioritising data verification and validation initiatives to strengthen the database, and implementing measures to improve revenue management and levy collection effectiveness.

Several significant external developments also influenced CSOS' operating context. Migration patterns and the growing demand for sectional title and estate living continued to drive expansion in community schemes, with corresponding increases in governance complexity and dispute risk. Wider macroeconomic conditions locally and globally continued to shape affordability, compliance behaviour, and the cost environment. In the regulatory environment, ongoing and emerging legislative reform processes, including amendments to the CSOS Act, created both implementation demands and opportunities to close enforcement gaps, improve transparency, and strengthen compliance pathways. In addition, relevant court decisions and litigation developments affecting jurisdictional questions and appeal processes have ongoing implications for dispute resolution processes, stakeholder behaviour, and service delivery expectations.

2.1.1 Community Scheme Registration

A total of 1 882 community schemes were registered in the 2025/26 financial year. Registration of community schemes remains a challenge due to the consistent resistance by community schemes to voluntarily register with CSOS as required in terms of Regulation 18(3) of the CSOS Act. The responsibility to register with CSOS rests solely on the community schemes.

During the period under review, various initiatives were undertaken to educate and increase the number of community schemes registering with the CSOS. This included site visits to managing agents and some community schemes. Phase II of the Verification and Validation (V&V) project provided the CSOS with the opportunity to intensify the verification and determine the number of established community schemes in South Africa. The Compliance and Enforcement Investigators (CEIs) were able to identify unregistered community schemes and conducted site visits to expedite the registration of community schemes. In addition, the CEIs were able to educate the managing agents and community schemes executives. The visitation, education and training of the managing agents and community schemes executives will continue in the 2026/27 financial year.

2.1.2 Governance, Compliance and Enforcement

Verification and Validation: Phase II

In Phase II of the V&V project, the service providers were tasked with a nationwide physical verification of community schemes. Through the project, the CSOS sought to establish the exact number of community schemes throughout the country and have an accurate and complete database of the community scheme universe. It is envisaged that the data received will assist in identifying unregistered community schemes and facilitate the registration of those community schemes thus establishing a reliable single source of community schemes in the country. In addition, the project aims to support the increase in community scheme compliance, ensure levy collection from community schemes, and enhance management of community schemes data within the Entity.

To this end, a total of 8 298 verification letters and a total of 732 non-compliance notices have been issued to non-compliant community schemes. Data obtained from Phase II of the V&V project will be processed further to enable follow up on unregistered schemes, levy collection and overall compliance.

The CSOS has made a positive contribution to job creation through Phase II of the V&V project. Service providers reported that 28 employment opportunities were created which benefitted women, youth and persons living with disabilities. During the period under review, 271 levy schedules were submitted for billing which resulted in the improved billing and collection of revenue. Approximately R2 822 040 has been billed and collected as a result of the V&V: Phase II project.

Broader benefits of the implementation of the V&V: Phase II project are as follows:

- Improved data integrity and elimination of duplications;
- Enhanced accuracy and completeness of scheme information;
- Initiation of registration for unregistered schemes;
- Strengthened compliance oversight; and
- Increased levy collection from billable schemes.

The impact of the V&V: Phase II project is experienced Entity-wide and will guide future activities to ensure improved compliance of community schemes, levy collection, registration of community schemes, and the correct linking of previously registered community schemes on CSOS Connect.

Compliance, Enforcement and Investigations

In the current reporting period, the Compliance Enforcement and Investigation Officers (CEIs) have vigorously approached community scheme executives and managing agents to secure compliance of community schemes. Through the visitation and overall compliance monitoring, 76% of annually registered community schemes became compliant. The scheme visits and engagement by CEIs have been instrumental in achieving a certain level of compliance. 99.9% of scheme governance documents were quality assured within 30 days and 100% of compliance certificates were issued to the community schemes after the schemes governance documents were quality assured to determine whether the documentation was compliant with the CSOS Act, STSM Act, the respective Regulations, and other applicable Legislation.

The predominant factors in non-compliance of community schemes are the failure to hold annual general meetings, the failure to approve and audit financial statements, and the failure to sign minutes and scheme governance documents as set out in legislation. An impediment which remains a challenge is the lack of enforcement powers and inability by CSOS to act against non-compliant schemes. It is envisaged that the legislative review will curb continuous non-compliance.

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 98% 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.

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. The implementation of the newly recommended flat levy rate will commence upon the approval of the amended CSOS Regulation. In the 2025/26 financial year, R414 341 998 CSOS levy was billed, which reflects a 33% increase from the 2024/25 CSOS levy billed of R310 808 014.

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. This implies that CSOS must deliver structured, accessible, and procedurally fair dispute resolution services to the public that are guided strictly by the relief sought and the facts of each case.

In the 2025/26 financial year, the Dispute Resolution Services used a coded and automated SharePoint system for the management of disputes. This system encompasses the entire process from application to the issuance of an adjudication order. A total of 16 576 new disputes applications were received within the 2025/26 financial year, which were 215 applications less than 16 791 applications received in the 2024/25 financial year.

2.1.5 Stakeholder Engagement, Education and Advocacy

CSOS is still in the process of strengthening its regulatory authority, which requires collaboration with a range of stakeholders to help establish its presence and credibility within the industry. These stakeholders play an important role in supporting the implementation of the CSOS Act and the STSM Act, as well as in expanding the registration database. Consumer education also remains a key service delivery priority. In addition, various important forums have highlighted the need for CSOS to increase its visibility and take a more proactive role in educating consumers and raising awareness of its mandate and existence. In the 2025/26 financial year, 100% of the CSOS Advocacy Plan was implemented.

CSOS has made significant progress in realising its vision of a digital self-service solution and platform for stakeholders. The implementation of CSOS Connect has enhanced stakeholder engagement by providing a real-time digital platform that enables more efficient interaction with the Entity. Through CSOS Connect, users are able to register community schemes and upload supporting documents electronically. In addition, community schemes can update relevant details, deactivate community schemes, link community schemes to a specific agency profile, and delink community schemes where necessary. Once a community scheme has been successfully registered, users receive a registration certificate signed by the Chief Ombud. Furthermore, March 2026 figures indicate that a total of 18 853 external users have registered on the CSOS Connect.

2.1.6 Community Schemes Sector Coordination

Key stakeholder meetings such as the National Association of Managing Agents (NAMA) and the Association of Residential Communities (ARC) were held on a quarterly basis through industry body meetings aimed at strengthening stakeholder relationships and enabling structured, ongoing collaboration.

These engagements provide a platform for ongoing dialogue, information sharing, and alignment on key sector priorities, including legislative updates, governance challenges, and compliance requirements. They further support the identification of emerging issues within community schemes and promote a coordinated approach to enhancing governance standards and sector-wide best practices.

The table below details the engagements and information sessions which were held by the CSOS and Industry Bodies during the 2025/26 financial year:

Body	Q1 Date	Q2 Date	Q3 Date	Q4 Date
NAMA	25 June 2025	25 September 2025	12 December 2025	25 March 2026
ARC	25 June 2025	25 September 2025	12 December 2025	25 March 2026

Information Sessions			
Q1 Session Dates	**Q2 Session Dates**	**Q3 Session Dates**	**Q4 Session Dates**
1. Two Oceans Marathon – 4-6 April 2025 2. Rustenburg Activation – 9 April 2025 3. Bloemfontein Activation – 12-13 April 2025 4. Let's Get Physical – 7 May 2025 5. NAMA Roadshow – 14 May 2025 6. Comrades Marathon – 9 June 2025 7. Youth Day Celebration – 16 June 2025 8. Bloemfontein Activation – 19 June 2025 9. GCIS Exhibition Giyani – 27 June 2025	1. Reside Conference – 9 to 10 July 2025 2. Nedbank Topco Conference – 31 July 2025 3. HDA Women's Day – 15 August 2025 4. International Youth Month Commemoration – 21 August 2025 5. WECONA (Women Economic Assembly) – 27 August 2025	1. Frank Dialogue – 07th October 2025 2. Urban October - 1-31 October 2025 3. Annual 3rd CSOS Indaba – 23 -24 October 2025 4. HDA Roadshow, Limpopo – 06 November 2025 5. NAMA Roadshow, Limpopo – 12 November 2025	1. WeConnectU – 17 February 2026 2. WeConnectU – 19 February 2026 3. Legislative Review – 24 February 2026 4. WeConnectU – 5 March 2026 5. Inclusive Stakeholder Engagement hosted by SHRA – 11 March 2026 6. WeConnectU – 13 March 2026 7. ARC Conference – 19-20 March 2026

Table 4: Stakeholder Engagements and Information Session

CSOS Indaba

The CSOS Indaba serves as a strategic platform for stakeholder engagement, bringing together government, industry, and community scheme representatives to advance dialogue on governance, compliance, and sector development. The 2025 theme, "Sustainable Governance: Shared Responsibility as the Cornerstone of Community Schemes", highlighted the critical role of collective accountability in strengthening governance systems and ensuring the long-term sustainability of community schemes. Held on 23–24 October 2025 at The Canvas, Riversands, the Indaba facilitated high-level discussions on regulatory clarity, dispute resolution, and the evolving future of the sector.

The programme featured policy updates, governance-focused panel discussions, interactive sessions, and targeted breakaway engagements that enabled deeper technical exchanges among stakeholders. Contributions from the Minister of Human Settlements, the CSOS Board, Executive Management, Regional Ombuds, and sector experts reinforced strategic alignment and collaboration across the sector. The event attracted strong participation, with approximately 400–500 delegates on Day 1 and 350 on Day 2, supported by extensive media coverage and sustained digital engagement, ultimately strengthening CSOS' institutional visibility and advancing its mandate of promoting sustainable, accountable governance in 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 between the 2022/23 and 2025/26 financial years indicates that 61% of CSOS' cumulative procurement spend was allocated to businesses owned by designated groups.

Executive Management Agent (EMA) Development Programme

CSOS has a database of 176 historically disadvantaged EMAs, of which 76 are women, and leverages its network for placement opportunities in community schemes. The EMA panel saw the addition of 21 members to the panel with 14 women and seven men appointed. For the period under review, the EMAs were provided support through training and afforded networking opportunities. The panel boasts a high calibre of vibrant members who are making strides in the property sector. An increase in female-owned companies is a notable addition to the panel in this reporting period.

CSOS broadened participation through targeted capacity-building and sector engagement initiatives. In collaboration with the Property Practitioners Regulatory Authority (PPRA), an induction and training programme was held on 13 June 2025, followed by ongoing training sessions throughout the financial year covering consolidated practice directives, governance and compliance frameworks, and financial management in community schemes. Female EMAs also participated in the Women Economic Assembly (WECONA) Summit on 27 August 2025 during Women's Month, where they engaged with key property sector stakeholders, accessed networking opportunities, and showcased their businesses through exhibition spaces at both the summit and the 2025 CSOS Indaba.

Additional empowerment initiatives included granting EMAs access to We Connect U webinars and facilitating media exposure through features in the DHS newsletter and an SABC segment. This visibility resulted in tangible opportunities, including one EMA securing work with the Social Housing Regulatory Authority (SHRA). The period also saw increased demand for EMA appointments from community schemes in line with Prescribed Management Rule (PMR) 28.2. To further support sector transformation, CSOS partnered with industry companies to create incubation opportunities aimed at equipping new and previously disadvantaged EMAs with practical skills, mentorship, and improved access to the market.

2.2. Organisational environment

2.2.1 Capacity

Staff Complement

As at the end of March 2026, there were 200 permanent employees among the 252 positions on the organisational structure. The vacancy rate is at 21% and this constitutes a 0,4% decrease as compared to the 2024/25 financial year at 21,4%.

Period	Permanent	Vacancy Rate	Temps	Interns and Learners	Total Number Employed
Q1	199	20%	3	27	229
Q2	198	21.4%	4	4	206
Q3	200	21%	4	16	220
Q4	200	21%	19	18	237

Table 5: 2025/26 Vacancy Rate Trend

CSOS' 2025-2030 Employment Equity Plan is informed by the sector within which the Entity is classified for compliance and target-setting purposes. Although CSOS is a public entity, its core function of regulating and overseeing community schemes places it within the property management domain. The Entity is mapped to the Real Estate Activities sector under the Property Sector Charter Council (PSCC). The above classification is not merely administrative. It determines the numerical targets against which CSOS should measure its workforce composition and report to the Department of Employment and Labour (DEL). With the aim of sourcing and recruiting from under-represented groups, the five-year numerical goals set out in the table below reflect sector alignment and will guide CSOS' employment equity efforts from 2026 through to 2030.

DESCRIPTION	REAL ESTATE ACTVITIES (SECTOR)	CSOS 2025-2030 EMPLOYMENT EQUITY PLAN	CSOS STATUS AS AT 31 MARCH 2026
Top Management	49.2%	83.3%	58%
Senior Management	69.0%	92.9%	79%
Professionally Qualified and Middle Management	78.5%	85.4%	96%
Skilled Technical	84.4%	91.9%	86%
Persons with Disabilities	3%	1.26%	1%

Table 6: 2025/26 Status of CSOS 2025-30 Employment Equity Plan Implementation

Critical Vacancies at a Management Level

The 2025/26 financial year carried forward several critical vacancies at Executive and Senior Management level, requiring focused intervention. Key executive roles—Chief Ombud, Chief Financial Officer, Adjudicator-General, Executive: Risk Management and Company Secretary—remained vacant at the start of the year, representing significant leadership and governance gaps. These positions were advertised in December 2025, with recruitment processes underway and being managed in close coordination with oversight structures to ensure both compliance and expedited appointments.

Progress was made in stabilising certain functions, including the appointment of a Senior Manager: Legal Services in November 2025. However, critical vacancies persist, notably in the Senior Manager: Employee Relations and Wellness, Senior Manager: Risk Management, and Senior Manager: Supply Chain Management roles. The absence of permanent leadership in these areas poses operational and governance risks, including potential delays in procurement processes, weakened employee relations oversight, and reduced organisational efficiency. Addressing these vacancies remains a priority for the 2026/27 recruitment plan to strengthen institutional capacity, improve compliance, and support effective service delivery.

CSOS Learnership Programme

The CSOS Learnership Programme remains a key initiative for CSOS, supporting the implementation of its five-year Transformation Strategy and revised Employment Equity Plan (2025–2030) through targeted skills development, internships, and talent pipeline strengthening. The pilot programme, which concluded on 31 July 2025 with 20 learners, achieved a 25% permanent placement rate, with five learners securing employment in the property sector. Additional participants transitioned into internships, demonstrating the programme's effectiveness in enhancing employability and facilitating entry into the labour market. This success was underpinned by strong stakeholder partnerships that enabled collaboration and support throughout the programme.

Building on this foundation, the second learnership programme commenced with increased industry commitment to host learners, while recruitment for the 2026/27 intake (21 learners) was finalised in January 2026. The CSOS remains committed to advancing inclusive growth, addressing skills gaps, and creating sustainable employment opportunities in line with its Medium-Term Strategic priorities.

Part-Time and Temporary Adjudicators

To curtail the backlog and improve dispute resolution performance against the service standards committed to in the CSOS Service Charter, CSOS implements a panel of Part-time Adjudicators (PTAs) and temporary Adjudicators to augment the capacity constraints of the Internal Adjudicators. The panel of PTAs and temporary Adjudicators include 73 adjudicators, of which 31 are women PTAs whilst 42 are men.

2.2.2 ICT Environment

Business Applications

CSOS made strong progress in enhancing its digital platforms, enterprise systems, and data management capabilities to improve operational efficiency, regulatory compliance, and service delivery. Key milestones included the full stabilisation and deployment of the Dispute Module on CSOS Connect, enabling the transition to exclusive use of CSOS Connect, and substantial completion of the Governance module, with remaining elements aligned to updated Consolidated Practice Directives. Significant advances were also made in Business Intelligence across core functional areas, strengthening reporting, transparency, and evidence-based decision-making, while the SAGE ERP environment continued to mature with improved reporting, system integration, and user training.

The ECDMS project establishes a centralised and secure digital system that automatically manages, organises, and tracks all CSOS documents, including version control and user activity history. In the period under review, the project reached critical foundational milestones, including approval of the File Plan by National Archives and Records Service of South Africa (NARSSA) and completion of system configuration and design blueprints, with integration and data migration preparations underway. Data management improvements were evident through increased registered community schemes, reduced system variances, and enhanced data quality controls. Overall, these achievements reflect steady progress in CSOS' digital transformation, marked by improved system stability, stronger governance, and increased user adoption. The next phase will focus on completing stabilisation efforts, implementing system enhancements, strengthening automation and controls, and further embedding data governance and integration to sustain the Entity's performance.

Infrastructure and Operations

Several strategic initiatives were advanced aimed at enhancing service delivery, operational efficiency, and technology modernisation. Key achievements included the successful conclusion of transversal procurement processes, notably the appointment of Altron for printing services under the National Treasury RT3 2022 contract, with rollout commencing in April 2025. Progress was also made in service management, with most business units onboarded onto the FreshService platform, achieving a 64% adoption rate and 83% configuration of essential services. In addition, ICT finalised the appointment of a service provider for domain hosting and website services, with migration to a dedicated platform completed and system performance currently under monitoring.

Significant strides were also made in enterprise optimisation, security, and resilience. Microsoft Advisory Services were implemented to enhance security, artificial intelligence capabilities, and cloud efficiency, supported by a 12-month roadmap aligned to business priorities. As part of security modernisation, key Zero Trust principles were adopted to strengthen identity, device, application,

data, and infrastructure protections. Furthermore, a successful Disaster Recovery test conducted in January 2026 reinforced the Entity's resilience, with lessons learned informing future improvements. Overall, these initiatives have improved ICT service maturity, system stability, and governance while strengthening the organisation's security posture.

IT Risk and Governance

Significant progress was made in strengthening CSOS' cybersecurity posture, governance maturity, and compliance oversight. Key milestones included the completion of a Cybersecurity Maturity Assessment, the development of a Cybersecurity Strategy, and the implementation of a Managed Security Operations Centre (SOC), which introduced enhanced risk monitoring capabilities. Regular updates to the ICT Risk Register ensured alignment with emerging threats and audit findings, while governance oversight was strengthened through the presentation of key frameworks and strategies to the Audit and Risk Committee (ARC). Ongoing cybersecurity awareness initiatives and structured tracking of audit remediation actions further reinforced organisational resilience.

The Cybersecurity Maturity Assessment, aligned to the National Institute of Standards and Technology (NIST) Cybersecurity Framework and International Organisation for Standardisation / International Electrotechnical Commission (ISO/IEC) 27001, rated CSOS at Tier 2 (Risk Informed), highlighting strong governance foundations while identifying opportunities to improve threat detection and incident response capabilities. Independent assurance was enhanced through penetration testing and vulnerability assessments, with findings addressed through structured remediation processes. The SOC, operational since December 2025, enabled 24/7 monitoring and rapid response, with no critical incidents recorded during the period. Continued improvements in policy frameworks, staff awareness, and compliance controls have strengthened the organisation's overall security posture, positioning CSOS to further advance its cybersecurity maturity and resilience in the next reporting cycle.

2.2.3 Facilities Management

A strong focus on operational efficiency, regulatory compliance, and ensuring the effective functioning of CSOS office environments was maintained across the 10 CSOS locations, namely the head office, regional offices, and satellite offices. Key priorities included Occupational Health and Safety (OHS) compliance, infrastructure maintenance, fleet management, and document storage and courier services. Regular quarterly site inspections, including OHS assessments and evacuation drills, together with a preventative maintenance programme, supported a safe, compliant, and functional working environment across all facilities.

Fleet operations were effectively managed through continuous monitoring of vehicle usage and maintenance, while document storage and courier services ensured seamless information flow across offices. However, challenges were experienced relating to limited bidder responsiveness to lease tenders and RFQs, leading to delays in securing premises for new satellite offices and slowing planned expansion. Notwithstanding these constraints, a stable operational environment was sustained and the enhancement of planning and stakeholder engagement is prioritised to improve supplier responsiveness and support future growth of the Entity.

2.2.4 Legal Matters

Litigation

The Legal Services initiates or defends civil action/ application proceedings before a court of law including any other quasi-judicial forum in order to protect the interests of the CSOS.

The CSOS litigation table reflected below 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. As of the end of 2025/26 financial year, the total number of litigation matters increased to 479. Of the 479, 391 were matters emanating from the previous financial years. There have been 299 matters finalised so far, with 297 being finalised in previous financial years and two being finalised during the period under review. There are 94 matters pending from the previous financial years and 86 pending from the period under review. The total number of pending matters as of 31 March 2026 is 180. The total number of litigation matters for the 2025/26 financial year can be categorised as follows:

	Review / Appeal applications against CSOS Adjudication Orders	Labour Disputes	De Novo Matters	General Litigation	Total
Matters Received	70	1	6	11	88
Matters Finalized	1	0	0	1	2
Matters Pending	69	1	6	10	86

Table 7: Summary of Litigation Matters

Matters emanating from the previous financial years	Matters finalised in the 2025/26 financial year emanating from the previous financial years	Matters pending from the Total
391	297	94

Table 8: Summary of Litigation Matters Processed

It is to be noted that litigation matters are at the discretion of court processes and timelines. The finalisation of litigation matters is dependent on various factors which are out of the CSOS' control, which makes the probability of matters being received and finalised in the same financial year improbable.

Contract Management

The contract matters during the 2025/26 financial year can be categorized as follows:

Nature of Contract	No. of Instructions Received	Drafted within 15 days	Outside 15 Days	Total
SLA	116	116	0	**116**
Leases (Includes Addenda Instructions)	20	20	0	**20**
MOU'S/MOA	4	4	0	**4**
(Subtotals)	140	140	0	**140**

Table 9: Total Number of Instructions Received as at 31 March 2026

At the start of the 2025/26 financial year, an annual target of drafting and vetting 90% of the Entity'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 Entity and the contractors meet their respective obligations. 140 of the 140 of commercial contracts consisting of the Service Level Agreements, Lease Agreements and their Addenda with third parties were reviewed and drafted internally. This resulted in the achievement 100% against the 90% target resulting in a cost – saving benefit for the Entity.

VBS Mutual Bank

Pursuant to payment of R20 480 000 by the liquidator in 2024, no further payment was received for the 2025/2026 financial year. At this point, it is unclear whether there will be further payment from the liquidator and therefore CSOS continues to monitor the liquidation process and request updates from the liquidator. In addition, the CSOS continues to monitor the investigation of the matter by the Hawks.

2.2.5 Complaints Management

CSOS manages the fair, consistent, and timely resolution of customer complaints in line with regulatory standards and good practice. Improved customer experience is prioritised through effective case handling while strengthening trust through enhanced service delivery. Continuously improving complaints processes, addressing inefficiencies, and enhancing compliance and resource utilisation was prioritised in the period under review.

During the 2025/26 financial year, the Entity recorded significant customer engagement across all contact channels, reflecting sustained demand for services and increased stakeholder interaction. The table below outlines the number of engagements across all contact channels.

Inbound Calls	Infomail	HelloPeter	Chatbot
20 395	8 572	23	**881**

Table 10: Summary of Enquiries Processed

A notable upward trend in customer contact volumes was recorded in the period under review. particularly through inbound calls and email (Infomail). This indicates heightened operational demand and increased customer follow-ups. The trend underscores the need for sustained resourcing capacity and proactive communication strategies, especially during peak operational periods.

2.3 Summary of 2025/26 Annual Performance

CSOS has 19 annual targets planned for the 2025/26 financial year, of which, 16 annual targets were achieved, and three targets were not achieved. This results in an overall achievement of 84%, as compared with the 86% overall performance being reported in the 2024/25 Annual Report reflecting a 2% reduction in performance. It should be noted that the 2025/26 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 2025/26 APP annual targets. The table below provides annual performance trends for the last three financial years.

Programmes	Planned	Achieved	Not Achieved	2025/26 Annual Performance % Achieved	2024/25 Annual Performance % Achieved	2023/24 Annual Performance % Achieved
Programme 1: Administration	8	6	2	75%	75%	67%
Programme 2: Regulation	7	6	1	86%	86%	88%
Programme 3: Education and Training	4	4	0	100%	100%	100%
CSOS Performance Summary	**19**	**16**	**3**	**84%**	**86%**	**83%**

Table 11: Summary of 2025/26 Annual Performance per Programme

2025/26 Annual Organisational Performance

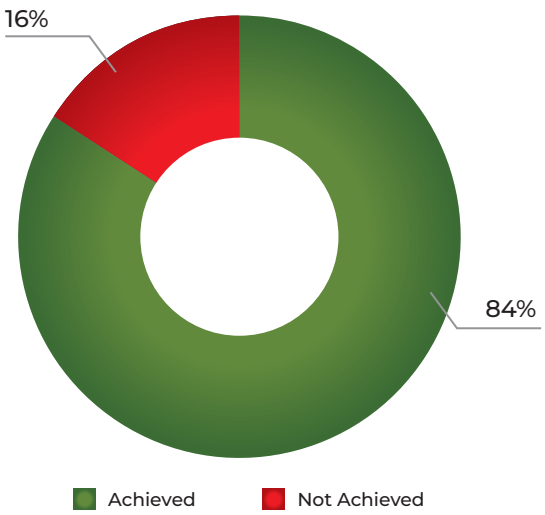


Figure 2: 2025/26 Annual Organisational Performance

In-year audited quarterly performance was recorded as 78% at Quarter 1, as 74% at Quarter 2, as 78% at Quarter 3, and as 78% at Quarter 4. Key organisational challenges during the 2025/26 financial year included the lower-than-expected registration of billable community schemes; the inadequate procurement spend on businesses owned by youth and persons with disabilities; non-compliance by registered community schemes; and the inadequate capacity to handle the high volumes of disputes referred for adjudication.

Lessons learnt, strengthened capabilities, and enhanced capacity in the 2025/26 financial year will inform interventions in the 2026/27 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

The following policies were reviewed through the Internal Policy Development Committee (PDC), MANCO, EXCO and subsequently approved by the Board during the 2025/26 financial year:

- Learnership Management Policy
- Internship Management Policy
- Branding Policy
- Language Policy
- Social Media Policy
- Communication Policy
- Occupational Health and Safety Policy
- Compensation for Occupational Injuries and Diseases Act (COIDA) Policy
- Information and Records Management Policy
- Grievance Policy
- Disciplinary Policy
- Employee Relation Framework

In terms of the Legislative Review, two Committees, namely the CSOS Legislative Steering Committee and the CSOS Legislative Project Committee have also been established, comprising of CSOS personnel, the CSOS Attorneys as well as the personnel from the DHS to support the review of the CSOS legislation process.

The Project Committee meets twice a month to review the legislation after which, the Steering Committee meets to review and approve the changes proposed by the Project Committee. The Project Committee has finalised the proposed amendments to the CSOS Act, and these will be presented to the Steering Committee for review. The Project Committee is focused on amending the STSM Act. The CSOS will continue to hold meetings and the draft Amendment Bill will be completed and submitted to the DHS in the 2026/27 financial year.

2.5 Progress towards achievement of institutional Impacts and Outcomes

The CSOS has five strategic outcomes which are set out in the 2025-30 SP as follows:

- **Outcome 1:** An efficient and effective public entity characterised by sound financial and risk management, and good governance
- **Outcome 2:** Effectively regulated community schemes sector
- **Outcome 3:** Effective dispute resolution authority of choice for community schemes in South Africa
- **Outcome 4:** Empowered stakeholders who understand their rights and obligations
- **Outcome 5:** A transformed community schemes sector through economic inclusion, participation and representation of PDIs

Outcome 1: An efficient and effective public entity characterised by sound financial and risk management, and good governance.

The CSOS delivers on its legislative mandate and intended impact within a dynamic operating environment shaped by global, national and provincial developments, which directly influence its ability to achieve planned outcomes. During the 2025/26 financial year, the CSOS prioritised the implementation of remedial audit action plans to strengthen internal governance, improve the effectiveness of control activities and enhance the overall control environment. The sustained execution of these action plans supports incremental, year-on-year improvement in audit outcomes and positions the CSOS to progress towards a clean audit. Progress made in respect of the external audit outcome for the year under review is summarised in the table below:

Outcome	Outcome Indicator	Audited Actual Performance 2023/24	Audited Actual Performance 2024/25	Planned Annual Target 2025/26	Actual Achievement 2025/26	Reasons for deviation
Outcome 1: Functional, efficient, and integrated government	**External audit outcome**	Unqualified audit opinion with material findings	Qualified audit opinion	Unqualified audit opinion with no material findings	Unqualified audit opinion with material findings for the 2024/25 financial year.	The material findings relate to material adjustments made to the Annual Financial Statements (AFS) and slow implementation of consequence management.

Table 12: External Audit Outcome Trends

During the year under review, the CSOS implemented targeted improvements in financial management and supply chain management, supported by strengthened Human Capital Management processes. These improvements were enabled through the continued automation and standardisation of end-to-end business processes on the Enterprise Resource Planning (ERP) solution, which enhanced the integrity, traceability and timeliness of transactional processing and management reporting. In parallel, the CSOS developed and refined key risk management policies, frameworks and related governance instruments, further institutionalising risk ownership and reinforcing the combined assurance model to provide clearer assurance over control effectiveness and organisational performance.

Outcome 2: Effectively regulated community schemes sector

CSOS is the regulator of community schemes in South Africa, which was established to promote and oversee sound governance and to ensure compliance with applicable legislative and governance requirements. During the year under review, the CSOS contributed to improved governance outcomes across community schemes by supporting the establishment and functionality of body corporates, validating submitted governance documentation, and issuing and billing CSOS levies in accordance with section 59 of the CSOS Act. The effectiveness of the CSOS value chain and service delivery model is dependent on the establishment and maintenance of a complete, accurate and up-to-date national database of community schemes. Accordingly, the CSOS continued to prioritise the registration of schemes during the 2025/26 financial year and strengthened the regulatory framework by revising, consolidating and improving the CSOS Practice Directives into clearer and more consistent general practice guidelines.

Outcome 3: Effective dispute resolution authority of choice for community schemes in South Africa

The CSOS is mandated in terms of section 2 of the CSOS Act to regulate and support the effective governance of community schemes and to provide an accessible dispute resolution mechanism. In giving effect to this mandate, CSOS promotes orderly, well-managed community schemes by resolving disputes between parties through its dispute resolution services across South Africa. To enhance service delivery, CSOS has implemented business processes and service standards aimed at improving turnaround times in the handling of disputes. During the 2025/26 financial year, the primary focus was on automating key aspects of the dispute resolution function and strengthening operational capacity, particularly through the appointment of part-time adjudicators and temporary adjudicators to support increased throughput and responsiveness.

Outcome 4: Empowered stakeholders who understand their rights and obligations

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. CSOS contributed towards the empowerment of industry stakeholders through sustained, targeted education and advocacy that strengthened awareness of the CSOS mandate and the governance requirements applicable to community schemes. Through clear, accessible information and ongoing capacity-building, stakeholders were equipped to participate meaningfully in community schemes' decision-making, meet compliance responsibilities, and apply governance instruments confidently and consistently. As a result, disputes were increasingly prevented or addressed early, engagement with CSOS processes became more informed and effective, and a stronger culture of accountability, transparency, and lawful conduct was embedded across community schemes.

Outcome 5: A transformed community schemes sector through economic inclusion, participation and representation of PDIs

A transformed community schemes sector was prioritised in the period under review through economic inclusion, participation and representation of PDIs. Advancing deliberate transformation interventions was emphasised in the period under review to lower barriers of entry and expand meaningful opportunities for PDIs across the sector's value chain. Through strengthening partnerships, targeting sector advocacy, and implementing enabling transformation instruments, PDIs were increasingly supported to participate competitively as service providers and to access development pathways that enhance sustainability and growth.

In parallel, governance and accountability measures were reinforced to ensure that inclusion efforts translated into credible, measurable change in representation and decision-making. As a result, the sector progressed toward a more equitable and inclusive ecosystem, with improved participation, increased representation of PDIs in leadership and operational roles, and a stronger foundation for broad-based economic empowerment within community schemes.

2.6 Key Achievements for 2024-29 Medium-Term Development Plan (MTDP) Commitments

MTDP Indicator	MTDP Contribution	Performance to date	Remaining Contribution	Comments (Recovery plan if required)
Number of additional community schemes registered	Register 20 000 community schemes	4 333	15 667	Obtain V&V: Phase II information to register schemes. Outcomes of the V&V: Phase II project will be valuable for registration; revenue and compliance (i.e. accurate collation of information).
Percentage of registered community schemes compliant	85% of registered community schemes are compliant	76% (651/857)	9%	Early engagement with Community Schemes after registration to obtain required compliance documents. Implementation of Community Schemes' Visitation Plans by Compliance and Enforcement Investigators (CEIs)
Percentage of registered billable schemes paying levies	80% of billable schemes paying levies	80% (22 908 / 28 761)	0%	On track
Percentage of disputes resolved within 90 working days	90% of disputes resolved within 90 working days	86% (21 327/24 678)	4%	Due to high volumes of disputes referred for adjudication additional adjudicators were recruited. The onboarding process and the time required for the newly appointed adjudicators to reach optimal efficiency adversely affected the achievement of the service standard for disputes adjudicated within 90 working days.
Number of training and education sessions conducted for scheme executives and owners	500 training and education sessions conducted for scheme executives and owners	232	268	On track
Number of stakeholder information sessions conducted	120 stakeholder information sessions conducted	61	59	On track
Stakeholder perception rating	70% stakeholder perception rating	62% perception rating by stakeholders.	8%	The next perception survey will be conducted during the 2026/27 financial year
Percentage of the Transformation Strategy implemented	100% implementation of the Transformation Strategy and the Community Schemes Sector Code	The Transformation Strategy was approved by the Minister with conditions for implementation by the CSOS. The draft Community Schemes Sector Code was approved by the Minister for further consultation with the Community Schemes sector. Progress reported on Transformation Strategy developed.	100% of the Transformation Strategy implemented and the Community Schemes Sector Code implemented.	N/A

Table 13: Summary of Key Achievements for the 2024-29 MTDP 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 to 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: • 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: • 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 CSOS desired impact of "Liveable neighbourhoods and socio-economic transformation through well-governed, empowered, and inclusive community schemes", the Administration Programme delivers against the following outcomes in the 2025-30 SP:

- Outcome 1: An efficient and effective public entity with sound financial and risk management, and good governance.
- Outcome 2: Effectively regulated community schemes sector.
- Outcome 5: A transformed community schemes sector through economic inclusion, participation and representation of PDIs.

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

3.1.1.1 Risk Management

A comprehensive review was undertaken of the CSOS' governance policies and frameworks for the 2025/26 financial year, including key instruments such as the Risk Management Policy and Framework, Anti-Fraud and Corruption Strategy, Whistleblowing Policy, Risk Appetite and Tolerance Framework, and Regulatory Compliance frameworks. Strategic, fraud, and operational risk assessments were facilitated across the Entity, engaging both Executive Management and the Board, and a risk maturity assessment was conducted to evaluate the effectiveness of risk management implementation. An improvement plan was subsequently developed to strengthen governance and risk management practices.

The maturity assessment reflected an improved rating of 57%, positioning CSOS at the "Information Emerging" stage, up from 49% in prior years at the "Control" stage, indicating steady progress in embedding risk management practices. While improvements in integrating risk management into daily operations were noted, gaps remain in the effectiveness of control measures supporting mitigation strategies. These findings have informed the development of strengthened strategic and operational risk registers for the 2026/27 financial year, aimed at enhancing overall risk management capability and organisational resilience.

3.1.1.2 Internal Audit

The 2025/26 CSOS Internal Audit Plan, approved by the ARC, comprised 34 planned audit projects. Internal Audit successfully completed all 34 projects, achieving 100% of the planned target. In addition, several ad hoc audit activities were conducted during the 2025/26 financial year, including follow-up audits and probity reviews, further strengthening oversight and assurance functions.

3.1.1.3 Financial and Supply Chain Management

3.1.1.3.1 Financial Management

Levy Billed and Levy Collection

Period	2025/26	2024/25	Variance
Total Billed	**R414 341 998**	**R310 808 014**	**↑ 33% (R103 533 984)**

Table 14: Revenue Billing Comparison Analysis – Current Year vs Prior Year

Revenue billed for April 2025 to March 2026 amounted to R414 341 998 million with an increase of R103 533 984 for the same period in the 2024/25 financial year. The growth is mainly driven by corrections to levy-schedule estimates on-boarding of additional billable schemes and the continued identification of new managing agents and self-managed schemes. Ongoing scheme updates also contributed to in-period adjustments. This reflects an improved billing accuracy as data cleansing and the issuing of prebills continues.

Period	2025/26	2024/25	Variance
Total Collection	**R342 466 846**	**R317 199 453**	**↑ 8% (R25 267 393)**

Table 15: Revenue Collected Comparison Analysis – Current Year vs Prior Year

The rand value of revenue collected for April 2025 to March 2026 amounted to R342 466 846 which indicates an increase in the rand value of revenue collected of R25 267 393 compared to R317 199 453 in the 2024/2025 Financial year.

Income and Interest

FINANCIAL YEAR	BANK ACCOUNTS (DEMAND AND LEVIES)	CPD ACCOUNT	TOTAL
2025/2026	R1 484 127.86	R2 576 823.61	R4 060 951.47
2024/2025	R4 579 887.92	R6 213 198.76	R10 793 086.68
Variance	**↓ (R3 095 760.06)**	**↓ (R3 636 375.15)**	**↓ (R6 732 135.21)**

Table 16: Interest Analysis – Current Year vs Prior Year

Interest earned on the Corporation for Public Deposit (CPD) account declined due to withdrawals made during the period under review. Similarly, interest on the bank account decreased as a result of lower bank balances due to regular transfers from the levies account to demand account, which were impacted by multiple payment commitments. Additionally, the decline in the repo rate negatively affected the returns on maturing reserves.

Opening balance	Unallocated for Previous years	Less: Reallocated for Previous years	Closing balance
R218 183 099.12	R0.00	R33 467 147.41	R184 715 951.71

Table 17: Progress on Prior Years' Unallocated Levies as at 31 March 2026

As at March 2026, the unallocated account was reduced by R33 467 147 from the opening balance of R218 183 099 which means that 15% of the previous years' unallocated levies balance have been reallocated.

Opening balance	Unallocated for current year	Less: Reallocated for current year	Closing balance
R0.00	R84 985 006.59	R42 986 027.84	R41 998 978.75

Table 18: Progress on 2025/26 Unallocated Levies as at 31 March 2026

Unallocated revenue for the 2025/26 financial year is recorded as R41 998 978 as at 31 March 2026. R42 986 027.84 was reallocated from the 2025/26 financial year unallocated levy balance of R84 985 006, representing roughly 51% of current-year unallocated amounts being cleared.

Debt Collection

	Monetary Value	Number of Schemes
Total Schemes	R372 513 041.32	13 015
Not yet contacted (Reconciled accounts)	R1 612 871.47	610
Contacted	R370 900 169.85	12 405
Undelivered/ No email addresses/ contact details	R35 146 786.85	288
Collection	R10 979 752.97	3 533

Table 19: Progress on Debt Collection Processes

Several challenges impacted the effectiveness of serving letters of demand, primarily due to incomplete, outdated, and inaccurate data, including obsolete managing agent information. Additional data deficiencies were also identified by debt collection service providers, further limiting successful engagement with affected community schemes.

To address these issues, corrective measures were implemented, including prioritising only community schemes with reliable contact information for allocation to service providers and requesting the flagging of problematic cases. Successfully traced schemes were redistributed to debt collectors with updated details, while daily CSOS Connect checks were conducted to update community scheme information. These interventions aimed to improve data quality, enhance recoverability, and strengthen the overall efficiency of the debt collection process.

Community Schemes Paying Vs Non-Paying as at 31 March 2026

	2025/26
No. of Community Schemes on Sage	**37 585**
Paying Community Schemes	**22 908**
Non-paying Community Schemes (Billable)	5 943
Non-paying Community Schemes (Exempt)	4 765
Non-paying Community Schemes (No billing info) [1]	3 969
No. of Billable Community Schemes	**28 761**
Percentage of Billable Paying Schemes	**80%**

Table 20: Community Schemes Paying vs Non-Paying as of 31 March 2026

Payment of Invoices

The Entity achieved a 100% payment rate for valid invoices settled within 30 days of receipt, in compliance with Treasury Regulation 8.2.3, including 100% of PTAs' invoices. This performance is consistent to the 100% performance recorded in the 2024/25 financial year.

Description	Amount	Number of Valid Invoices Paid	2025/26
Valid invoices paid within 30 days	R189 371 613	2 679	100%
Part-time adjudicators invoices paid within 30 days	R20 141 000	615	100%
Total	**R209 512 613**	**3 294**	**100%**

Table 21: Summary of Valid Invoice Paid within 30 days

[1] Do not meet the taxable event criteria.

2024/25 Audit process and AGSA opinion

The Entity obtained an unqualified audit opinion with material misstatements identified and corrected in relation to revenue and disclosure notes, which subsequently resulted in material non-compliance being reported.

Remedial Audit Action Plans

The Entity developed an Audit Remedial Action Plan to address findings raised by the External Auditors. As at 31 March 2026, 95% of the action plans have been completed. The remaining outstanding action relates to the appointment of Loss Control Committee (LCC) members, which is prioritised for the 2026/27 financial year.

Cashflow Management

The Entity is currently experiencing low cash flow reserves, primarily due to payments exceeding levy collections, as depicted in the table below. The reduced receipts are mainly attributable to low levy collections from schemes, reduced interest income resulting from lower bank and cash investment balances, and lower-than-anticipated registration of new schemes compared to projections.

Payments made relate mainly to existing commitments and operational costs, such as salaries and creditors. There are currently no new projects being undertaken that require significant cash outflows.

Cash Flow Movement	Amounts
Cash collected from levies (This includes unallocated payments)	R342 466 846
Interest received	R4 060 952
SETA Funding Grant received	R279 469
Other receipts (E.g. Recoveries, Insurance claims, Auctions)	R109 205
Total inflow	**R346 916 472**
Cash paid to suppliers	(R212 375 024)
Cash paid to employees	(R193 987 887)
Cash paid to Board Members and other Committees	(R1 851 070)
Total cash outflow	**(R408 213 981)**
Net cash flow movement	**(R61 297 509)**
Opening Cash and Cash Equivalents as at 1 April 2025	**R122 910 150**
Net Cashflow Movement	**(R61 297 509)**
Closing Cash and Cash Equivalents as at 31 March 2026	**R61 612 640**

Table 22: Annual Cash Flow Summary

3.1.1.3.2 Supply Chain Management

The Supply Chain Management (SCM) function continued to play a critical role in supporting the Entity's operational requirements and strategic priorities during the 2025/26 financial year. Procurement activities were implemented in line with the approved Procurement Plan, the SCM Policy, National Treasury Regulations and applicable instruction notes, with emphasis placed on fairness, transparency, competitiveness, cost-effectiveness and accountability.

As at the end of the reporting period, the approved procurement plan reflected a total of seventeen tenders at various stages of implementation. Seven tenders had been awarded, two were under evaluation by the BEC, two were before the BAC, four were concluded through alternative procurement strategies such as transversal contracts, RFQs and other approved mechanisms, while two tenders were cancelled. No tenders were awaiting terms of reference or business cases, and no tenders were under the BSC or Internal Audit at the reporting date. This reflects progress in implementing planned procurement activities, while also demonstrating management's efforts to align procurement methods with operational needs and available procurement instruments.

The Entity also continued to use alternative procurement strategies where appropriate, including transversal contracts and RFQ processes, to ensure that goods and services were procured efficiently and in a manner that supports service delivery. Certain procurement items were deferred to the demand plan to allow for improved planning, proper needs assessment and alignment with future operational requirements.

Procurement from Designated Groups

In support of transformation and inclusive economic participation, the Entity continued to monitor procurement spent from designated groups. For the 2025/26 financial year, total procurement expenditure on entities with a majority owned by women amounted to R87.3 million, representing 42% of total spent amount, while total procurement expenditure on entities with a majority owned by youth amounted to R23 million, representing 11%. Total procurement expenditure on entities with a majority owned by persons with disabilities amounted to R447 043. Although total procurement expenditure on entities with a majority owned by military veterans remained low at R10 792, the Entity will continue to strengthen measures aimed at improving participation within the procurement process in the 2026/27 financial year.

Overall, the SCM performance for the period demonstrates progress in the implementation of the procurement plan, continued compliance monitoring, and a commitment to promoting inclusive procurement. Management will continue to strengthen procurement planning, bid committee processes, contract management, and supplier development initiatives to improve turnaround times, reduce audit findings and enhance the Entity's contribution to transformation and service delivery. The below table depicts procurement spent per designated group for the 2025/26 financial year.

DESCRIPTION	AMOUNT	%
Total procurement expenditure on entities with a majority owned by youth	R23 076 503	11%
Total procurement expenditure on entities with a majority owned by women	R87 385 250.78	42%
Total procurement expenditure on entities with a majority owned by persons with disabilities	R447 043	0.2%
Total procurement expenditure on entities with a majority owned by military veterans	R10 792	0.01%
Total procurement expenditure on entities with a majority owned by non-designated groups	R98 593 068	45%
Total 2025/26 Expenditure	**R209 512 613.04**	

Table 23: Summary of Procurement from Designated and Non-Designated Groups

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26**	**Deviation from Planned Target to Actual Achievement 2025/26**	**Reasons for Deviation**
1. An efficient and effective public entity characterised by sound financial and risk management, and good governance	1.1. Approved Anti-Fraud and Corruption Plan Implemented	1.1.1. Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% (38/38) of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% (34/34) of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	**100% (36/36)**	Target Achieved.	Target Achieved.
	1.2. Approved Risk Management Plan Implemented	1.2.1. Percentage implementation of the approved Risk Management Plan	100% (35/35) implementation of the approved Risk Management Plan	100% (38/38) Implementation of the approved Risk Management Plan	100% of the approved Risk Management Plan implemented	**100% (32/32)**	Target Achieved.	Target Achieved.
	1.3. Approved Internal Audit Plan implemented	1.3.1. Percentage implementation of the Internal Audit Plan	100% (33/33) implementation of the Internal Audit Plan	100% (34/34) implementation of the Internal Audit Plan	100% of the Internal Audit Plan implemented	**100% (34/34)**	Target Achieved.	Target Achieved.
	1.4. Valid invoices paid within 30 days	1.4.1. Percentage of valid invoices paid within 30 days	New indicator	100% (2904/2904) of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	**100% (3294/3294)**	Target Achieved.	Target Achieved.
	1.5. Audited Annual Report	1.5.1 External Audit outcome	Unqualified audit opinion with limited material findings	Qualified audit opinion for 2023/24 financial year	Unqualified audited opinion with no material findings	**Unqualified audit opinion with material findings for the 2024/25 financial year**	Material findings received on compliance with legislation.	The material findings relate to material adjustments made to the Annual Financial Statements (AFS) and slow implementation of consequence management.
2. Effectively regulated community schemes sector	2.1. Registered Billable schemes paying levies	2.1.1. Percentage of registered billable schemes paying levies	New indicator	New indicator	75% of registered billable schemes paying levies	**80% (22 908 / 28 761)**	Target Overachieved by 5%.	Implementation of interventions which supported community schemes to comply with CSOS levy payments.
5. A transformed community schemes sector through economic inclusion, participation and representation of PDIs	5.1. Annual procurement spent, targeted at businesses owned by designated groups	5.1.1. Percentage of annual procurement spent, targeted at businesses owned by women	66,6% (R69 459 624.34 / R104 246 772.20) of procurement spend on 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	40% of annual CSOS procurement spent, targeted at businesses owned by women	**42% (R87 385 250.78/ R209 512 613.04)**	Target Overachieved by 2%.	Implementation of interventions to improve procurement from designated groups.
		5.1.2. Percentage of annual procurement spent, targeted at businesses owned by youth and persons with disabilities	16,6% (R17 315 388.87 / R104 246 772.20) of procurement spend on businesses owned by youth	6,2% (R5 834 466.53 / R93 869 869.81) of annual procurement spend targeted at businesses owned by youth and persons with disability	18% of annual Procurement spent targeted at businesses owned by youth and persons with disabilities	**11% (R23 523 546.71/ R209 512 613.04)**	Target Underachieved by 7%.	The larger portion of invoices were paid to business majority owned by non-designated groups.

Table 24: Programme 1 Performance Information

3.1.2 Linking performance with budgets

Administration	2025/26			2024/25		
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	156 068	179 837	(23 769)	193 283	180 430	12 853
Depreciation	-	10 260	(10 260)	-	9 354	(9 354)
Compensation of Employees	118 111	100 826	17 285	113 768	112 935	883
Compensation of Board	3 133	2 063	1 070	3 008	2 662	346
Payments of Capital Assets	40 895	25 123	15 772	12 786	20 412	(7 626)
Total	**318 207**	**318 109**	**98**	**322 845**	**325 793**	**(2 948)**

Table 25: 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 CSOS desired impact of "Liveable neighbourhoods and socio-economic transformation through well-governed, empowered, and inclusive community schemes.", the Regulation Programme delivers against the following outcomes in the 2025-30 SP:

- Outcome 2: Effectively regulated community schemes sector.
- Outcome 3: Effective dispute resolution authority of choice for community schemes in South Africa.

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

3.2.1.1 Governance, Compliance, and Enforcement

During the period under review, a total of 1 882 community schemes were registered. Community schemes submitted scheme governance documents for quality assurance, and a total of 1 575 out of a total of 1 576 schemes documents were quality assured within 30 working days, which amounts to 99.9% achievement.

Compliance certificates are issued to community schemes after scheme governance documents are approved by CSOS. A total of 1 519 compliance certificates were issued on all approved schemes governance documents. The percentage of compliant registered community schemes during the period under review is at 76% which resulted in an overachievement of the annual target by 1%.

3.2.1.2 Dispute Resolution

During the period under review, a total number of 5 838 disputes were referred for conciliation, and 5 257 were finalised within 45 working days, thus translating to 90% achievement against the target of 90%. A total number of 10 193 disputes were referred for adjudication, and 9 044 were finalised within 90 working days thus translating to 89% which is an under-achievement of 1% against the target of 90%. In addition, it should be noted that 686 disputes were conciliated outside the 45 working day service standard whilst 1 260 disputes were adjudicated outside the 90 working day service standard.

Corrective measures were implemented effectively and efficiently for conciliations in-year resulting in the achievement of 2025/26 annual target. To curtail the dispute backlog, procurement of a supplementary panel of PTAs was concluded at the end of January 2026, comprising 24 women and 37 men. Additionally, 12 temporary adjudicators were appointed and commenced in March 2026. This brought the total number of adjudicators to 79 which is made up of 6 internal Adjudicators, 12 temporary Adjudicators, and 61 PTAs.

Classification (S39 of the CSOS Act)

The prevalent category of classification remains consistently high in the financial sector (arrear levies).

Behavioural Issues	Financial Issues	General and Other	Meeting Issues	Management	Private/ Common Areas	Governance Issues	Not Clearly Defined	Not Assessed	Total
843	10930	1164	637	101	1625	248	1015	13	**16 576**

Table 26: Summary of Dispute Intake Classification

Eradication of Dispute Backlog

The dispute backlog consists of outstanding disputes for the prior years and the 2025/26 financial year as a result of the inadequate capacity to handle the high volume of dispute intake. The 2023/24 backlog has been reduced by 99.7% with the 2024/25 being reduced by 92.2%. The 2025/26 dispute backlog has been reduced by 50.5% by 31 March 2026.

Backlog Reduced per Dispute Resolution Stage	2025/26	2024/25	2023/24
Percentage reduction in backlog of Disputes	50.5% (8 383 / 16 576)	92.2% (15 414 / 16 718)	99.7% (15 415 / 15 459)

Table 27: Backlog Reduction

Quality Assurance of Adjudication Orders

The purpose of quality assurance of adjudication orders is to ensure that the orders issued by adjudicators are legally sound, accurate and consistent; are aligned with the CSOS Act, applicable regulations, and relevant legislation; and are clear, enforceable, properly reasoned, and free from material errors or procedural weaknesses.

Quality Assurance of Adjudication Orders received 9 104 adjudication orders for quality assurance during the period under review of which 8 728 were quality assured within 7 working days, and that translates to a 96% achievement against the target of 95%. The table below provides details in terms of the breakdown of received adjudication orders.

BALANCE B/F (2024/25)	DRAFT ORDERS ALLOCATED	DRAFT ORDERS QUALITY ASSURED	DRAFT ORDERS QA WITHIN 7 DAYS	DRAFT ORDERS QA OUTSIDE 7 DAYS	BALANCE C/F (2026/27)	EXEMPLARY	SATISFACTORY	UNSATISFACTORY
0	9104	9104	8728	376	0	4	8920	180

Table 26: Summary of Dispute Intake Classification

The table above reflects four exemplary orders, 8 920 satisfactory orders, and 180 unsatisfactory orders. In response to the unsatisfactory orders, with full acknowledgement of the independence of the Adjudicators, CSOS implemented remedial actions. The Quality Assurance Certificate issued on each draft order provides guidance to improve draft orders to an exemplary standard, while Quality Assurance Adjudicators engage with Adjudicators where clarification is needed. Identified areas of concern are also addressed through targeted training for Adjudicators.

During the reporting period, there was a significant increase in workload, with 9 104 adjudication orders received for quality assurance in 2025/26. This represents a 91% increase from 2023/24 and 146% from 2024/25. Despite unchanged capacity constraints for most of the 2025/26 financial year, the annual target was exceeded by 1%, reflecting strong operational discipline. Quality assurance efforts also contributed to improved dispute resolution within stipulated timeframes, reducing the risk of backlog and successful appeals.

Programme 2: Regulation								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26**	**Deviation from Planned Target to Actual Achievement 2025/26**	**Reasons for Deviation**
2. Effectively Regulated community schemes sector	2.2. Community Schemes registered	2.2.1. Percentage registration of community schemes that submitted valid schemes' registration document	6,4% of unregistered community schemes registered (2 570/ 40 000 as the total number of community schemes unregistered as per the data cleansing database)	100% (2448/2448) registration of community schemes that submitted valid scheme registration document	100% registration of community schemes that submitted valid schemes' registration document	**100% (1882/1882)**	Target achieved.	Target achieved.
		2.2.2. Percentage of annually registered community schemes compliant	69,2% (812/ 1174) registered schemes compliant	72% (1114/1539) of registered schemes compliant	75% of annually registered schemes compliant	**76% (651/857)**	Target Overachieved by 1%.	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. Compliant Community schemes	2.3.1. Percentage of schemes governance documentation quality assured within 30 working days	99,6% (1 330/ 1 335) of schemes governance documentation quality assured within 30 working days	99% (1624/1637) of schemes governance documentation quality assured within 30 working days	95% of schemes governance documentation quality assured within 30 working days	**99.9% (1575/1576)**	Target Overachieved by 4.9%.	Valid requests for quality assurance of schemes governance documents were processed according to the required timeframe.
		2.3.2. Percentage of compliance certificates issued on all approved schemes governance documents	100% (564/ 564) of compliance certificates issued on all amended scheme documents	100% (1132/1132) Compliance certificates issued on all approved schemes governance documents	100% of compliance certificates issued on all approved schemes governance documents	**100% (1519/1519)**	Target achieved.	Target achieved.
3. Effective dispute resolution authority of choice for community schemes in South Africa	3.1. Disputes resolved	3.1.1. Percentage of disputes conciliated within 45 working days	95,3% (3 027/ 3 177) of disputes conciliated within 45 days	92% (3499/3825) of disputes conciliated within 45 working days	90% of disputes Conciliated within 45 working days	**90% (5257/5838)**	Target achieved.	Target achieved.
		3.1.2. Percentage of disputes adjudicated within 90 working days	97,4% (4 326/4 442) of disputes adjudicated within 90 days	73% (3520/4825) of disputes adjudicated within 90 working days	90% of disputes Adjudicated within 90 working days	**89% (9044/10193)**	Target Underachieved by 1%.	Due to high volumes of disputes referred for adjudication additional adjudicators were recruited. The onboarding process and the time required for the newly appointed adjudicators to reach optimal efficiency adversely affected the achievement of the service standard for disputes adjudicated within 90 working days.
		3.1.3. Percentage of adjudication orders quality assured within 7 working days	99,3% (4 738/4 769) of adjudication orders quality assured within 7 working days	99,5% (3686/3703) of adjudication orders quality assured within 7 days	95% of adjudication orders quality assured within 7 working days	**96% (8728/9104)**	Target Overachieved by 1%.	Quality Assurance Manager assisted with quality assurance of orders.

Table 29: Programme 2 Performance Information

3.2.2 Linking performance with budgets

Regulation	2025/26			2024/25		
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	29 294	29 736	(442)	19 014	12 840	6 174
Compensation of Employees	104 420	102 972	1 448	80 094	86 628	(6 534)
Total	**133 714**	**132 708**	**1 006**	**99 108**	**99 468**	**(360)**

Table 30: 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 CSOS desired impact "Liveable neighbourhoods and socio-economic transformation through well-governed, empowered, and inclusive community schemes.", the Education and Training Programme delivers against the following outcomes in the 2025-30 SP:

Outcome 2: Effectively regulated community schemes sector.

Outcome 4: Empowered stakeholders who understand their rights and obligations.

Outcome 5: A transformed community schemes sector through economic inclusion, participation and representation of PDIs.

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

3.3.1.1 Stakeholder Empowerment and Engagement

In terms of section 4(2)(b) of the CSOS Act, CSOS is mandated to provide education, information, documentation, and related services to raise awareness among owners, occupiers, executive committees, and other persons or entities with rights or obligations in community schemes. During the period under review, the CSOS over-achieved its targets on stakeholder empowerment. The target was achieved by conducting 120 training and education sessions for schemes executives and owners against the target of 95 sessions resulting in an over-achievement of 25 training and education sessions. Due to the cost containment measures implemented in the Entity, the majority of the training sessions were conducted online. This provided an opportunity for stakeholders that would not necessarily attend physical stakeholder empowerment sessions to attend.

Despite the increase in attendance by homeowners attending the stakeholder empowerment sessions, the CSOS still encounters challenges with reaching the greater pool of stakeholders. This challenge is amplified by stakeholders not being available due to work commitments. In addressing the above challenges, the CSOS has started conducting stakeholder empowerment sessions after working hours and during weekends to ensure that CSOS services are provided to these key stakeholders. Stakeholder engagement was coordinated through the implementation of the Advocacy Plan, with 68 out of 68 planned activities delivered, achieving 100% of the Annual Target in the 2025/26 APP.

3.3.1.2 Training of Adjudicators and Conciliators

The CSOS overachieved on the target for training of adjudicators and conciliators. 30 training sessions were conducted against the target of 24 sessions that were targeted for the 2025/26 financial year, resulting in an over-achievement of six training sessions. A repository of exemplary adjudication orders were maintained which provided the adjudicators and conciliators with a tool for ease of reference when conducting their duties. In addition, Lexis Nexis was procured for adjudicators to enhance the resources available to develop and increase their knowledge base in conducting adjudications.

3.3.1.3 Advancing Transformation of the Sector

The CSOS obtained approval of the five-year Transformation Strategy from the Minister of Human Settlements. The strategy is sound in advancing sector transformation by driving increased market share and opportunities for Previously Disadvantaged Individuals (PDIs), promoting inclusive employment and supplier practices, supporting enterprise and supplier development to enhance sector capacity, facilitating access to finance and capital for diverse participants, strengthening stakeholder collaboration for impactful transformation, and advancing technology and innovation to foster efficiency and growth. The Transformation Strategy explicitly intends to contribute to, among other government instruments, the 2024-29 MTDP key strategic priorities. These priorities are implemented through five-year targets identified with performance monitored quarterly.

During the period under review, the CSOS contributed to transformation in the sector through the incubation programme of the EMAs. Host companies were engaged, and 20 EMAs were identified for incubation. CSOS provided 4 training sessions to PDI EMAs which contributed to skill enhancement and provision with relevant information to keep the EMAs abreast with legislative development in the sector.

The appointment of EMAs to community schemes positively contributes to market access by giving EMAs an opportunity to manage community schemes and expand their clientele and increase income for their respective businesses. In the period under review, all community schemes requests for EMAs (5 out of 5, or 100%) were awarded to previously disadvantaged individuals against the annual target of 95%, resulting in an overachievement of 5%.

Programme 3: Education and Training								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2023/24**	**Audited Actual Performance 2024/25**	**Planned Annual Target 2025/26**	**Actual Achievement 2025/26**	**Deviation from Planned Target to Actual Achievement 2025/26**	**Reasons for Deviation**
3. Effective dispute resolution authority of choice for community schemes in South Africa	3.2. Adjudicators and conciliators trained	3.2.1. Number of training sessions conducted for adjudicators and conciliators	21 training sessions conducted for adjudicators and conciliators	30 training sessions conducted for adjudicators and conciliators	24 training sessions conducted for adjudicators and conciliators	**30**	Target Overachieved by 6.	Scheduled more sessions in order to cover topics necessary for the new adjudicators to be able to perform tasks.
4. Empowered stakeholders who understand their rights and obligations	4.1. Training and educational programmes implemented	4.1.1. Number of training and education sessions conducted for schemes executives and owners	125 training and education sessions conducted for schemes executives and owners	112 training and education sessions conducted for schemes executives and owners	95 training and education sessions conducted for schemes executives and owners	**120**	Target Overachieved by 25.	Received training requests from stakeholders that were not scheduled for in the training schedule which emanated from new trustees being elected by community schemes.
	4.2. Advocacy Plan implemented	4.2.1. Percentage implementation of the Advocacy Plan	100% (48/48) implementation of the Advocacy Plan	100% (48/48) implementation of the Advocacy plan	100% of the Advocacy Plan implemented	**100% (68/68)**	Target achieved.	Target achieved.
5. A transformed community schemes sector through economic inclusion, participation and representation of PDIs.	5.2. Executive Managing Agents development interventions implemented	5.2.1. Percentage 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	100% (14/14) 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% (5/5)**	Target Overachieved by 5%.	Valid requests were processed and approved timeously.

Table 31: Programme 3 Performance Information

3.3.2 Linking performance with budgets

Training and Education	2025/26			2024/25		
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	1 905	1 905	-	1 086	1 086	-
Compensation of Employees	1 795	1 795	-	205	205	-
Total	**3 700**	**3 700**	**-**	**1 291**	**1 291**	**-**

Table 32: Programme 3 Linking Performance with Budgets

3.4 Strategy to overcome areas of underperformance

3.4.1 Financial Management

The CSOS received an unqualified audit opinion with material findings from the AGSA for the 2024/25 financial year. The audit opinion was given due to material adjustments made to the Annual Financial Statements (AFS) and consequence management.

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 benchmark 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 dispute 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 2025/26 financial year, the Entity successfully exceeded its revenue collection target. This outcome is primarily attributed to the strategic implementation of billing estimates on community 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 2025/26 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 community 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 community 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.

	2025/26			2024/25		
Sources of revenue	**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	361 260	338 893	22 367	328205	314 888	13 317
Interest Income: Exchange	4 914	3 981	933	12 178	10 435	1743
Interest non-Exchange	3 923	4 764	(841)	3 632	2482	1 150
Government grant	-	-	-	-	-	-
Other revenue	300	139	161	275	792	(517)
SETA Funding Grant	R0	279	(279)	-	295	(295)
Surplus retention-Non cash	-	-	-	-	-	-
Reversal of Impairment loss Recovery from VBS)	-	-	-	-	20 480	(20 480)
Total	**370 397**	**348 056**	**22 341**	**344 290**	**349 372**	**(5 082)**

Table 33: 2025/26 Revenue Collection Summary

No surplus retention was obtained from National Treasury, as the Entity had declared a deficit for the 2024/25 financial year, and no recovery was received from the VBS investment during the 2025/26 financial year.

5. CAPITAL INVESTMENT

CSOS' capital investment focus is aligned to its commitment to modernise infrastructure, enhance digital platforms, and expand access to dispute resolution services.

	2025/26			2024/25		
Infrastructure projects	**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	3 900	3 355	545	3 887	3 387	500
Intangible Assets	36 995	21 767	15 228	8 899	17 025	(8 126)
Total	**40 895**	**25 122**	**15 773**	**12 786**	**20 412**	**(7 626)**

Table 34: 2025/26 Capital Investment Summary

PART C:

GOVERNANCE



1. INTRODUCTION

Effective corporate governance remained central to the sustainability, accountability and performance of the CSOS during the period under review. The Accounting Authority continued to provide strategic direction and oversight to ensure that the CSOS delivered on its mandate as encapsulated in the CSOS founding legislation, the approved 2025/26 APP, and the Shareholder Compact.

The implementation of corporate governance is furthermore underpinned by the Constitution of the Republic of South Africa, the Public Finance Management Act (PFMA), the Companies Act, Treasury Regulation and the Board Charter. In line with recognised governance best practice, the Board applied the principles of the King IV Report on Corporate Governance for South Africa during the earlier part of the 2025/26 financial year and commenced alignment with the King V Report during its roll out.

The approach of the Accounting Authority to governance further supported the outcomes of ethical culture, performance and value creation, conformance and prudent control and legitimacy. These governance principles guided the Board's oversight of the Entity's strategic direction, organisational performance, financial management, risk governance, compliance, internal control environment, audit matters and stakeholder accountability.

The sections below outline the governance structures, composition, roles and responsibilities of the Board and its committees, as well as the governance processes through which the Accounting Authority remained accountable to Parliament, the Executive Authority and its stakeholders.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Human Settlements remained the highest oversight governance structure for the CSOS. The newly appointed Board acknowledged and appreciated the leadership, oversight, and guidance provided by the Portfolio Committee on Human Settlements throughout the period under review. The constructive engagements, robust deliberations, and well considered recommendations of the Committee played a critical role in strengthening accountability and governance at the CSOS.

The recommendations issued by the Portfolio Committee on Human Settlements enabled the Accounting Authority to successfully implement its strategic and operational plans, thereby supporting effective delivery of services and the attainment of organisational strategic results during the period under review.

Date	Purpose
23 April 2025	Briefing by the Human Settlements entities on their Strategic Plans and Budget.
9 October 2025	Briefing by the Human Settlements Entities on the Audit Outcomes for 2023/24 Financial Year.
18 March 2026	Briefing on progress reports on implementation of audit action plans for DHS and entities.

Table 35: Portfolio Committee Engagements

3. EXECUTIVE AUTHORITY

The Executive Authority continued to play a pivotal role in providing oversight to the Accounting Authority in the execution of its mandate. In accordance with the PFMA and Treasury Regulations, the Accounting Authority submitted quarterly reports to the Executive Authority on the overall performance of the CSOS during the period under review. These reports provided assurance regarding organisational performance, compliance, and progress made in advancing the CSOS mandate. The Accounting Authority also maintained transparent and constructive engagement with the Executive Authority on key strategic matters, including operational performance, risks, and challenges affecting service delivery.

Quarterly performance meetings were convened during which feedback was provided on areas requiring improvement. The feedback received from the Executive Authority contributed positively to the strengthening of governance practices and the enhancement of performance against the set targets.

The Accounting Authority remained committed to upholding its fiduciary responsibilities and ensuring compliance with the applicable legislation, governance frameworks, and prescripts governing the CSOS. This commitment was essential to sustaining stakeholder confidence and safeguarding shareholder and public value during the period under review.

Submission	Submission Date
2024/25 Quarter 4 Performance Report	30 April 2025
2025/26 Quarter 1 Performance Report	30 July 2025
2025/26 Quarter 2 Performance Report	30 October 2025
2024/25 Annual Report	30 August 2025
2025/26 Quarter 3 Performance Report	30 January 2026
Final Draft 2026/27 Annual Performance Plan	30 January 2026

Table 36: Executive Authority Stakeholder

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 The Importance and Purpose of the Board

The Accounting Authority is responsible for the governance and oversight functions of the CSOS. In terms of the Constitution of the Republic of South Africa, the Public Finance Management Act, the CSOS Act, the Shareholder Compact, the Board Charter, and the King IV and V Codes on Corporate Governance for South Africa, 2025, among other applicable prescripts, the Accounting Authority bears ultimate fiduciary responsibility for the management, performance, and governance of the CSOS.

Within this context, the Accounting Authority played a pivotal role in providing strategic direction, ensuring effective governance, and strengthening the overall performance of the entity. The governance approach of the CSOS was aligned with King IV and V, which required the Accounting Authority to lead ethically and effectively as the focal point of corporate governance within the organisation. In the discharge of this responsibility, the Accounting Authority continued to promote the governance outcomes envisaged by King IV and V Code on Corporate Governance, namely an ethical culture, good performance, effective control, and legitimacy.

4.2 Board Roles and Responsibilities

The Accounting Authority is central to providing ethical and effective leadership in advancing the achievement of the CSOS's strategic outcomes and performance commitments, as set out in the PFMA, the CSOS Act, the King Code on Corporate Governance for South Africa, the Shareholder Compact, and the Board Charter. These legal and governance instruments provided a clear delineation of roles and responsibilities between the Accounting Authority and its Committees, and Executive Management, which is responsible for the day-to-day management of the entity and the implementation of the approved strategy, policies, and operational plans.

The Accounting Authority was further supported by its Committees in the discharge of its oversight responsibilities. These delegation arrangements were aligned with King V Principle 6, which provides that delegation to Committees and individuals within the Board's structures should support the objective and effective discharge of governance responsibilities. Notwithstanding such delegation, the Accounting Authority remained ultimately accountable for decisions taken and for the proper exercise of oversight over delegated matters.

In ensuring the effective operations of the Entity, the Accounting Authority furthermore delegated and assigned certain functions to the Chief Ombud and Management in line with the Board-approved Delegation of Authority Framework. This framework outlines clear guidelines on how delegated powers are to be executed in a structured, accountable and lawful manner, as prescribed in the PFMA and aligned to King V Principle 7, which requires the governing body to ensure that appointment of, and delegation to, management results in operational effectiveness and clarity on authority and responsibilities.

The Accounting Authority remained ultimately accountable for the strategic direction, performance, governance and sustainability of the CSOS, notwithstanding any delegation of responsibilities to its committees or to Management.

The roles and responsibilities of the Board are, among others to:

- Exercise the utmost good faith, honesty, integrity, care and diligence in performing its functions;
- Provide ethical and effective leadership and set the tone for good governance across the Entity;
- Exercise active, independent and objective judgement in respect of all matters placed before the Board for decision;
- Ensure that the CSOS fulfils its statutory mandate and delivers on its approved SP and APP;
- Approve and monitor the implementation of the SP, APP, Shareholder Compact, budget and key organisational policies;
- Oversee organisational performance, financial management, risk management, compliance, internal controls, audit matters and stakeholder accountability;
- Ensure that effective, efficient and transparent systems of financial and risk management and internal control are maintained;
- Take effective and appropriate steps to collect all revenue due to the CSOS and to 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 of the CSOS and oversee the management of revenue, expenditure and liabilities;
- Declare any direct or indirect financial interest in community schemes and any other interests that may give rise to an actual, potential or perceived conflict of interest;
- Comply with the internal Code of Conduct of the Board and promote ethical conduct throughout the Entity;
- Treat confidential matters relating to the CSOS as strictly confidential;
- Ensure that appropriate delegation arrangements are in place and that delegated authority is exercised within approved limits;
- Ensure that the Board and its committees are appropriately supported to discharge their responsibilities effectively; and
- Comply with the provisions of the PFMA, the CSOS Act and any other legislation, governance prescripts and regulatory requirements applicable to the CSOS.

4.3 The CSOS Shareholder Compact

The Accounting Authority is required to conclude a Shareholder Compact with the Executive Authority on an annual basis, as a governance principle adopted by the DHS. The Shareholder Compact regulates the relationship between the Executive Authority, as the Shareholder, and the Board, as the Accounting Authority of the CSOS. This agreement outlines the expectations, performance outcomes, roles and responsibilities between the Executive Authority and the Accounting Authority, with the intention of ensuring effective and efficient service delivery, accountability and performance monitoring.

The Shareholder Compact further seeks to strengthen accountability of the Accounting Authority to the Executive Authority; promote transparency and principles of good governance in the execution of the CSOS mandate; confirm the CSOS mandate, strategic results and key service delivery performance areas; ensure value for money in the delivery of services; and provide a process for corrective measures in instances of non-performance or non-compliance.

During the period under review, the Accounting Authority continued to monitor implementation of the Shareholder Compact commitments through quarterly performance reporting and governance oversight structures. Quarterly performance reports were submitted to the Executive Authority through the DHS, and the Board continued to engage with the DHS on the CSOS' performance, governance matters, key risks, challenges and corrective actions. In implementing the provisions of the Shareholder Compact, the Accounting Authority, through its Committees, provided oversight and monitored progress on a quarterly basis. The Accounting Authority remained committed in executing the provisions of the Shareholder Compact against the agreed commitments.

4.4 The CSOS 2025/26 Board Charter

The Accounting Authority effectively demonstrated ethical leadership and adopted a Board Charter outlining its roles, responsibilities and conduct. The Board 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 approved Board Charter allowed for the Accounting Authority to ensure effective governance and oversight, promoting transparency, accountability and responsible decision making.

4.5 Composition of the Board

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 or Task Teams (e.g.: Audit Committee / Ministerial Task Team)	No. of meetings attended
Ms. Busisiwe Nzo	Chairperson	01 August 2025	12 January 2028	BSc Honours: Quantity Surveyor (University of Port Elizabeth) Program: Leadership Development (IESE Business School, University of Navarra, Barcelona Spain) Property Development Programme (University of Cape Town)	Strategic leadership, corporate services and public governance	Nelson Mandela University Investment Company Durban University of Technology CSOS	FINCOM, LATCOM, GOV	20
Ms. Marina Dumakude	Deputy Chairperson	13 January 2025	12 January 2028	Masters: Civil Engineering Degree: Industrial Engineering Diploma in Computer Science (Executive School for Computers) National Diploma in Industrial Engineering (Technikon Witwatersrand)	Strategic Leadership, Sector Development, Corporate Governance, Regulatory Compliance, Project Management	CSOS	SEC, ARC, LATCOM, GOV	28

4.5 Composition of the Board ...continued

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 or Task Teams (e.g.: Audit Committee / Ministerial Task Team)	No. of meetings attended
Mr. Mduduzi Zungu	Board Member	01 August 2025	12 January 2028	Masters of Science (Surveying and Mapping) – University of Natal Bachelor of Arts (Honours) -Development Studies University of Zululand (UNIZULU) Bachelor of Arts-Psychology and Development Studies (UNIZULU)	Providing Strategic Leadership, Economic Development and Planning, Policy Formulation	CSOS	LATCOM, ARC, GOV	20
Ms. Maphefo Letsie	Board Member	01 August 2025	12 January 2028	B Honours-Psychology– University of the North, Mankweng BA Social Work - University of the North, Mankweng	Strategic leadership, Policy Formulation, Research, and Public governance	CSOS Mental Health Review Board	HR REMCO, SEC, GOV, MC	28
Mr. Heinrich April	Board Member	13 January 2025	12 January 2028	Master's in Public Administration Application (In progress) Honours in Public Administration Advanced Diploma in Public Administration University of the Western Cape (UWC) Advanced Leadership Development Programme - OR Tambo school of Leadership	Strategic Leadership, Corporate Governance, Policy Formulation, Stakeholder Engagement and Advocacy, Community Development,	South African Chamber of Commerce USA CSOS	SEC, ARC, HR REMCO, MC, GOV	33
Ms. Lerato Moamogwa	Board Member	13 January 2025	12 January 2028	Post-Grad Certificate in Quantity Surveying - University of Johannesburg National Diploma in Building Science - University of Johannesburg	Strategic Leadership, Governance, Stakeholder Management and Advocacy, Quality Assurance, Project Management	CSOS	ARC, SEC, FINCOM, HR REMCO, GOV, MC, LATCOM	37
Ms. Karen Muthen	Board Member	01 August 2025	12 January 2028	Chartered Accountant (CA(SA)) (SAICA) Advanced Diploma in Financial Management (APT) – UJ (RAU) Bachelor of Commerce Honours (Accounting) – (UKZN) Bachelor of Commerce - (UKZN) Master of Business Administration (MBA) – GIBS Outcomes Based Governance - WITS Master of Laws (LLM) - Commercial and Business Law – WITS Labour Dispute Resolution Practice (LDRP) – Postgraduate Certificate in the Practice of Labour Law – Trainer and arbitrator (WITS) Certificate in Law of Banking & Financial Markets; Certificate in Competition Law; Introduction to Law Certificate - WITS	Financial Management and Reporting, Financial Modelling, Strategic Planning, Corporate governance and legal	CSOS	FINCOM, LATCOM, SEC, GOV, MC	29

Table 37: 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 (HR REMCO)	The committee's main focus is on performance, remuneration for CSOS employees, as well as other Human Capital matters.	7	3	Ms Maphefo Letsie, Ms Lerato Moamogwa, Mr Heinrich April
Finance Committee (FINCOM)	The committee assists the Board in discharging its duties in relation to governance and oversight regarding financial management.	6	3	Ms Karen Muthen Ms Busisiwe Nzo Ms Lerato Moamogwa
Audit and Risk Committee (ARC)	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.	5	4	Ms Lerato Moamogwa, Mr Mduduzi Zungu Ms Marina Dumakude, Mr Heinrich April
Social and Ethics Committee (SEC)	The committee assists the Board in setting the ethical tone within the CSOS and fulfilling its social and ethical duties in terms of the Companies Act and King V.	7	5	Mr Heinrich April Ms Marina Dumakude Ms Maphefo Letsie, Ms Karen Muthen, Ms Lerato Moamogwa
Legislation, Adjudication and Transformation Committee (LATCOM)	The committee assists the Board in exercising oversight over the core regulatory business of the CSOS.	3	5	Mr Mduduzi Zungu, Ms Busisiwe Nzo, Ms Marina Dumakude, Ms Karen Muthen, Ms Lerato Moamogwa
Governance Committee (GOV)	Ensure 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.	4	7	Ms Marina Dumakude, Mr Heinrich April, Ms Maphefo Letsie, Ms Karen Muthen, Ms Lerato Moamogwa, Mr Mduduzi Zungu, Ms Busisiwe Nzo

Table 38: Composition of the Board Sub-Committees

4.7 Remuneration of Board Members

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. Busisiwe Nzo	Board Chairperson	R64 806.00	R324 030.00	R4 629.56	R393 465.56
Ms. Marina Dumakude	Deputy Chairperson	R56 714.00	R308 353.00	R9 456.10	R374 523.10
Mr. Mduduzi Zungu	Board Member	R33 708.00	R151 686.00	R5 984.20	R191 378.20
Ms. Maphefo Letsie	Board Member	R39 326.00	R193 821.00	R20 190.02	R253 337.02
Mr. Heinrich April	Board Member	R33 708.00	R222 244.00	R3 330.00	R259 282.00
Ms. Lerato Moamogwa	Board Member	R39 326.00	R227 307.00	R1 747.86	R268 380.86
Ms. Karen Muthen	Board Member	R39 326.00	R188 203.00	R6 888.98	R234 417.98

Table 39: Board Remuneration

5. RISK MANAGEMENT

The CSOS has committed itself to a Public Sector Risk Management Framework, which is based on Enterprise Risk Management (ERM) principles articulated in COSO and ISO 31000 frameworks. The framework also recognises the King V Code of Good Governance Principle 8. Risk Management in CSOS is fundamental for the delivery of the Entity's mandate and achievement of all strategic and operational results. The Board exercised oversight in the implementation and management of risks within the Entity whilst the ARC advised 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 Entity to embed risk management principles. During the 2025/26 financial year, the Risk Management Policy and Framework were approved by the Executive Committee (EXCO), ARC and Board for implementation.

In addition, risk assessments were conducted within the various business units 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 results, were developed and approved. Business units within the CSOS compiled operational risk registers aligned with divisional operational plans. Both the strategic and operational risks were monitored and reported to the ARC on a quarterly basis.

Furthermore, CSOS approved a Risk Appetite and Tolerance Framework aligned to the strategic risks and designed to strengthen governance embed proactive risk management across the organisation. Central to this framework is the identification and monitoring of key risk indicators, which serve as early warning signals for emerging vulnerabilities and the effectiveness of mitigation strategies.

The CSOS is committed to commence the programme of ethics in the Entity which will continue in the 2026/27 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 CONTROL

The CSOS remained committed to maintaining a sound system of governance, risk management, and internal control during the 2025/26 financial year. This commitment supported the achievement of strategic and operational priorities, promoted accountability and ethical conduct, and strengthened the CSOS' ability to respond to an evolving risk and regulatory environment.

Risk management processes continued to be embedded across the Entity through the implementation of the Enterprise Risk Management Framework, approved policies, and regular risk assessment activities. The Board, supported by the ARC and management structures, provided oversight over key strategic and operational risks affecting the Entity. Furthermore, management focused on strengthening risk monitoring, implementing mitigation measures, and enhancing internal controls in response to identified risks and emerging challenges.

CSOS also maintained an independent Internal Audit function that provided assurance on the adequacy and effectiveness of governance, risk management, and control processes. Internal Audit conducted reviews across key operational, financial, compliance, and information technology areas and provided recommendations aimed at improving operational efficiency, compliance, and accountability. Management continued to implement corrective actions to address identified weaknesses and improve the overall control environment.

In support of good governance practices, the Entity applied a combined assurance approach to enhance coordination among assurance providers, reduce duplication of effort, and strengthen oversight of key risks and controls. CSOS further continued to promote ethical conduct, fraud prevention, and accountability through awareness initiatives and the implementation of relevant governance measures.

While the CSOS made notable progress in strengthening its internal control environment, certain challenges were experienced during the period under review, including capacity constraints, delays in the implementation of some corrective actions, and the need for improved monitoring and automation of certain processes. Management remains committed to addressing these challenges and continuously improving the effectiveness and maturity of governance, risk management and internal control practices.

Looking ahead to the 2026/2027 financial year, CSOS will continue to focus on strengthening risk management maturity, enhancing internal control systems, improving the monitoring of audit findings and corrective actions, strengthening compliance and ethics management, improving cyber security controls, and advancing integrated assurance practices across the Entity.

Overall, CSOS is satisfied that reasonable and appropriate systems of governance, risk management, and internal control were maintained during the year under review, while recognising the importance of continuous improvement in support of CSOS sustainability, accountability, and service delivery priorities.

7. INTERNAL AUDIT

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

a) Evaluating controls, risk management activities of the Entity and reporting on the effectiveness and efficiency of the implementation of management controls;
b) Evaluating risks by identifying key activities and relevant risk factors and assessing their significance. Internal Audit 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;
c) Analysing operations and confirming information by closely working with line managers to review operations then report their findings; and
d) 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.

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

a) Promote appropriate ethics and values within the Entity;
b) Achieve effective organisational performance management and accountability;
c) Communicate risk and control information to appropriate areas of the Entity;
d) Assist management in achieving the Entity's strategic results;
e) Secure reliability and integrity of financial and operational information;
f) Operate effectively and efficiently;
g) Safeguard of assets; and
h) Comply with laws, regulations, policies, and procedures.

Internal Audit 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. Internal Audit experienced no impairment of independence during the period 2025/26 financial year.

Accordingly, Internal Audit adopted a risk-based approach, and its Annual Audit Operational Plan was approved by the ARC. The Audit Operational Plan was flexible and responsive to CSOS' 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 ARC and has full and unrestricted access to all Entity activities, records, property, and personnel.

The Internal Audit unit currently has nine positions, being the Chief Audit Executive, Executive Assistant, Senior Manager: Internal Audit; 2 X Senior Specialist: Internal Audit and 4 X Internal Auditors in line with the approved organisational structure by the CSOS Board of Directors.

To augment the human resource capacity within the Internal Audit unit, in line with the adopted co-sourcing model, the service provider (Thabi Consulting CC) was appointed on a 3-year contract on 15 November 2023 for provision of Internal Audit services through the tendering process. The SLA was duly signed and this contract will expire on 19 November 2026.

A service provider was awarded the RFQ to provide the External Quality Assurance services and based on the outcomes of the External Quality Assurance services, Internal Audit developed a quality assurance improvement plan to address the internal audit findings and progress on implementation of the Internal Audit findings was presented to the EXCO and the ARC quarterly.

Internal Audit remains committed to serving its stakeholders, the clients are engaged in advance regarding the scheduled audits in their environment. The audit coverage/operational plan is tabled at EXCO prior to submission to the ARC for approval. Internal Audit reports the progress on the operational plan to the EXCO monthly and ARC on a quarterly basis.

Internal Audit remains committed to the combined assurance with other assurance providers, e.g. AGSA, to ensure that there is no duplication of functions. Furthermore, the AGSA used the 2025/26 Internal Audit report for risk identification purposes during their planning for the 2025/26 audit.

The 2025/26 CSOS Internal Audit plan, as approved by the ARC, consisted of 34 planned internal audit projects. In addition to the plan, Ad hoc requests received by the Board and management were prioritised including follow up audits and requests for probity reviews. The graph below depicts the detailed progress thereof in the 2025/26 financial year:

CONSOLIDATED PROJECTS		
NO.	**DETAILS**	**NUMBER OF PROJECTS & STATUS**
1.	Number of completed projects in respect of 2025/26 annual plan as of 31 March 2026	40
2.	Number of projects in progress as of 31 March 2026 (including Ad-hoc projects)	4
3.	Number of projects not commenced for the 2025/26 financial year.	-
4.	Total number of planned plus Ad-Hoc projects for 2025/26 financial year.	40

Table 40: Summary of Annual Internal Audit Projects

The achievement assisted the CSOS to identify and make recommendations on the identified internal control weaknesses. The probity reviews contributed to assisting the CSOS to prevent possible incurrence of irregular expenditure as a result of the procedural flaws identified during the probity reviews.

Auditor	Number of Findings	Total Addressed	Not Yet Due	Total Not Addressed	No. of recurring findings Last 3 Financial Years
2024/25 Internal Audit Findings	136	121	-	15	1[3]
2025/26 Internal Audit Findings	71	50	17	4	-
AGSA Findings	30	22	1	7[2]	1[4]

Table 41: Status of Audit Findings

[2] Includes six findings that were disputed by the auditee and were included by the AGSA in the final report.
[3] Capacitation of Risk Management.
[4] GRAP application-disclosures AGSA main findings

8. AUDIT COMMITTEES

Risk, compliance and assurance remained key features of the CSOS governance environment. The Accounting Authority, through the ARC and other governance structures, continued to oversee the management of risks, compliance with applicable laws and regulations, internal audit, external audit and the effectiveness of internal controls. This approach was aligned to King IV and V principles on Corporate Governance relating to risk, ICT and compliance governance, assurance and stakeholder accountability.

The ARC fulfilled an independent oversight role in accordance with the PFMA, Treasury Regulations, the principles of King IV and King V Codes on Corporate Governance, Shareholder Compact and the approved Terms of Reference. The Committee monitored the effectiveness of internal controls, financial and accounting controls, risk management practices, compliance with laws and regulations, and overall governance.

Internal Audit reported to the Committee on a quarterly basis and submitted a written year end assessment on the adequacy and effectiveness of internal controls. The Committee further ensured the independence of the Internal Audit function by approving its plans and charter, assessing its performance, and ensuring unrestricted access to the Committee. A combined assurance approach was applied to improve coordination between management, Internal Audit, the AGSA, and other assurance providers.

The Committee met regularly in line with the approved annual work plan and effectively discharged its statutory duties and mandate for the period under review. Constructive working relationships were maintained with Internal and External stakeholders. The Committee reported to the Accounting Authority and other relevant oversight bodies, and had since monitored the timely implementation of its recommendations.

Name (Full Name and Surname, including professional titles)	Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of meetings attended 20YY/ZZ		Has the AC member declared private and business interests in every meeting? (Yes/No)	Is the AC member an employee of an organ of state? (Yes / No)	No. of other ACs that the member served on during the reporting period (whether in the public sector or not)	No. of other governance structures the member served on during the reporting period, e.g. Boards, Risk Committee, IT Committee, etc, whether in this or any other institution(s)
			Start date	End date	Ordinary Meetings	Special Meetings				
Ms. Lerato Moamogwa	Post-Grad Certificate in Quantity Surveying - University of Johannesburg National Diploma in Building Science - University of Johannesburg	IODSA	13 January 2025	12 January 2028	2	2	Yes	No	N/A	SEC, FINCOM, HR REMCO, GOV, MC, LATCOM
Mr. Mduduzi Zungu	Master of Science: Surveying and Mapping – University of Natal Honours: Development Studies Degree in Psychology and Development Studies University of Zululand (UNIZULU) Bachelor of Arts (UNIZULU)	IODSA	01 August 2025	12 January 2028	2	3	Yes	No	N/A	LATCOM, GOV
Mr. Heinrich April	Advanced Diploma in Public Administration (UWC) OR Tambo school of Leadership (UWC) Honours in Public Administration Master's in Public Administration Application (In progress)	IODSA	13 January 2025	12 January 2028	2	3	Yes	No	N/A	SEC, HR REMCO, GOV, MC
Ms. Marina Dumakude	Masters: Civil Engineering Degree: Industrial Engineering Diploma in Computer Science (Executive School for Computers) National Diploma in Industrial Engineering (Technikon Witwatersrand)	IODSA	13 January 2025	12 January 2028	2	3	Yes	No	N/A	SEC, LATCOM, GOV

Table 42: Audit and Risk Committee Composition

9. 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, EXCO, and employees continue to monitor, align, and adhere to compliance requirements.

During the 2025/26 financial year, CSOS reviewed 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, or as and when there are developments in the CSOS regulatory environment. A compliance monitoring tool was developed to maintain a compliance culture by ensuring that the CSOS identified and complies with applicable laws, rules, codes, and best practice standards.

There are 55 pieces of legislation in total, that have been recorded for the CSOS Regulatory Universe. The Compliance Risk Management Plan (CRMP) was developed and seeks to give emphasis and priority to monitoring the Entity's founding legislations and compliance to those. The Risk Management and Legal Services business units were capacitated to ensure compliance and mitigate the risks of non-compliance with applicable laws and mandatory requirements, thereby fast-tracking the completion of key tasks and projects, including the review of the CSOS Regulatory Compliance Register and the Legislative Review Project, which involves amendments to the CSOS and STSM Acts and related regulations.

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 ARC and the Social and Ethics Committee (SEC).

10. FRAUD AND CORRUPTION

Fraud and corruption erode good governance and obstruct 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 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 Corruption Prevention 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; and
- To enhance the fraud risk culture in the Entity.

Risk Management performed the following activities during the period under review:

- Published and communicated the Whistle Blowing Policy and Anti-fraud and Corruption Prevention Policy and Strategy on the Entity's intranet;
- Conducted an awareness campaign through the capacity building session platform on Fraud and Corruption Prevention best practices; and
- To raise awareness within the Entity, an article on Risk Management and Fraud Prevention was published in the CSOS internal newsletters and held a successful campaign during the International Fraud Awareness Week in November 2025, to sensitise CSOS employees on the dire impact fraud has on the organisation and its stakeholders.

The CSOS' policy position is 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 investigation 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.

11. 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 a 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 SCM 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.

12. CODE OF CONDUCT

The CSOS Code of Conduct sets out the values and behavioural standards expected of all employees, service providers, and stakeholders. It covers the employment relationship, ethical conduct, conflict of interest avoidance, and personal behaviour; both in and outside the workplace. The Code operates within a broader HR governance framework. During recruitment, candidates are assessed not only on competence but on alignment to CSOS values. Newly appointed employees are formally inducted into the Entity's policies, and norms within the first month of employment, establishing ethical grounding early in the employment lifecycle. On an annual basis, all employees complete a declaration of interest and financial disclosure form. The CSOS values of excellence, accountability, independence, integrity, responsiveness, and innovation underpin the Code. These are reinforced through regular communication, staff training, and periodic review.

The Batho Pele principles guide how services are delivered to the public. Where a breach is suspected or reported, a formal complaint is lodged and assessed for validity. If the matter warrants investigation, it proceeds under the principles of fairness, confidentiality, and impartiality. The employee concerned is informed of the allegations and afforded an opportunity to respond. Misconduct matters, regardless of the employee's level, are subject to the disciplinary process and are reported to the Board as the oversight authority.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The CSOS is committed to maintaining a safe, healthy, and environmentally responsible working environment across all its operations. Health and safety matters primarily relate to ensuring compliance with OHS legislation, safeguarding employees and visitors within CSOS facilities, and promoting a culture of safety awareness. Environmental considerations focus on responsible resource usage, waste management, and minimising the Entity's environmental footprint. It is in this regard that the Green Policy was developed for approval.

During the reporting period, key OHS issues included maintaining compliance with safety standards across multiple office locations, ensuring regular inspections and emergency preparedness, and addressing maintenance-related risks that could impact workplace safety.

These Health, Safety and Environment (HSE) matters have a direct impact on the CSOS' operational effectiveness, regulatory compliance, and reputation. Failure to adequately manage health and safety risks may result in workplace incidents, legal liabilities, and service disruptions. Similarly, poor environmental practices could lead to increased operational costs and reputational risk. Conversely, effective HSE management enhances employee wellbeing, ensures business continuity, supports compliance with applicable legislation, and reinforces public trust in the CSOS.

14. COMPANY /BOARD SECRETARY

The Company Secretary is responsible for developing systems and processes that enable the Accounting Authority 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.

15. SOCIAL RESPONSIBILITY

During the 2025/26 financial year, the CSOS reaffirmed its commitment to social responsibility by visiting three residential facilities for older persons as part of Nelson Mandela Day, held under the 2025 theme *"It's still in our hands to combat poverty and inequity"*. These visits included Dewetshof Retirement Village in Gauteng (a City owned old age home and retirement village providing accommodation and care for older persons), TAFTA – The Association for the Aged in KwaZulu Natal (a registered non profit organisation dedicated to serving Durban's elderly residents through residential care, wellness services and community based support), and Ikhaya Loxolo Lase Gugulethu in the Western Cape (a residential care centre for frail and older persons, funded and registered by the Department of Social Development). This outreach reflected Nelson Mandela's call to "make our world a better one for all, especially the poor, vulnerable and marginalised" and demonstrated the organisation's support for the dignity and care of older persons in local communities.

16. AUDIT COMMITTEE REPORT

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.

We are pleased to present our report for the financial year ended 31 March 2026. The Audit and Risk Committee was appointed during the month of August 2025 and duly commenced with its responsibilities retrospectively from the beginning of the financial year.

Although the CSOS Board and its sub-committees were only appointed and resumed their roles effective from August 2025, the financial reports and quarterly performance reports for the period April 2025 – June 2025, were reviewed by the CSOS Internal Audit and EXCO and subsequently approved by the Acting Accounting Authority for the period April 2025 – June 2025.

Audit Committee Reflections

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except for the review of changes in accounting policies and practices.

The Committee recognises its duty to serve the public interest and confirms that it has diligently upheld this critical responsibility, has functioned without hindrance, limitations or threats to its independence throughout the reporting period.

The committee further confirms that the internal audit has internalised the relevant requirements of the Global Internal Audit Standards™ in its work and has aligned both the Internal Audit and Audit Committee Charters. The Audit and Risk Committee has applied professional scepticism in the execution of its duties, critically evaluating information placed before it, requested additional information where necessary and continuously assessed whether internal audit, management and other providers of assurance maintained high ethical and professional standards.

The Audit and Risk Committee consistently submitted reports to and briefed the Accounting Authority on the outcomes of its meetings, including key matters deliberated, challenges identified, and recommended corrective actions. Furthermore, the Committee has not yet conducted a self-assessment of its performance, as its members were only appointed in August 2025.

Audit Committee Composition and Meeting Attendance

The Audit and Risk Committee comprised four (4) Non-Executive members and is chaired by an Non-Executive member. None of the members are external to the organisation. The process to appoint two (2) External Independent members to ensure that the committee is properly constituted is underway to ensure that there is a balanced representation of independent members with a diverse and appropriate mix of qualifications, expertise, and experience. The Committee convened five (5) times during the year with two (2) being ordinary meetings and the remainder special meetings.

Audit Committee Focus Areas

The following was reviewed for the period August 2025 – 31 March 2026:

Effectiveness of the internal control systems

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 co-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 and overall revenue collection remains to be a concern to the Committee. Internal Audit further through the assistance of their co-sourced partners deployed a Specialist ICT team to review the effectiveness of internal controls on ICT General Controls including Cyber security and reported to the Committee accordingly. From the various reports of the internal auditors and the management, as well as audit reports of the AGSA, the Committee noted that the entity managed to maintain its status of no findings on audit of predetermined objectives and audit outcome has remained stagnant in comparison to prior year (Unqualified audit opinion (with material findings) for the reporting period).

The Committee commends 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 negative impact on the CSOS performance for the period under review. 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, non-functional Loss Control Committee, 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.

Effectiveness of the Internal Audit Function

The committee approved the 2025/26 Internal Audit Plan consisting of 34 audits and Charter for implementation. Furthermore, the committee received quarterly progress reports against the approved Internal Audit Plan.

The committee has not noted any matters impeding the independence of the Internal Audit Unit. The Unit reports administratively to the Acting Chief Ombud and functionally to the Audit and Risk Committee.

The following are some of the internal audit reviews completed during the year under review:

- Review of the Q4 - 2025/26 Quarterly and Annual Performance Report.
- Review of the 2025/26-Quarterly Performance Report.
- Follow Up on IA Findings (2024/25 and 2026/27).
- 2024/25 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, Cyber Security etc).
- Compliance Audits (OHS, Recruitment and Selections etc).
- Dispute Resolution and Registration of Community Schemes.

Effectiveness of Risk Management

The Committee is responsible for the oversight of the CSOS's risk management systems and activities. In the current reporting period, the Committee reviewed the Enterprise Risk Management (ERM) policies and strategies. The Board participated in the annual risk assessment workshop, and continuous monitoring is being done to ensure that key risks are within the desired risk appetite.

However, the Committee remains to be concerned about the capacitation of the Unit, in particular, the vacant position of Chief Risk Officer. The Committee has noted that the appointment of the CRO is subject to a legal process.

The Committee has reviewed the risk registers on a quarterly basis and has made recommendations for the improvement. Moreover, a culture of risk management needs to be inculcated and embedded in the daily activities of the CSOS to ensure effective enterprise-wide risk management. The Committee will monitor progress regarding this, in the following reporting period.

Adequacy, reliability, and accuracy of financial and performance information

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 Committee commends Management on clean outcomes on the review on predetermined performance information, however, the Committee will continue to monitor the remedial action to achieve the targets relating to the procurement from the designated groups.

Adequacy and effectiveness of Information and Communication Technology (ICT) Governance

The committee reviewed the quarterly Information and Communication Technology Governance reports and further obtained assurance from the Internal Audit Unit on the adequacy and effectiveness of Information and Communication Technology Governance, through the following ICT reviews:

- CSOS Connect.
- IT Governance and Business Continuity.
- ICT General Controls Review.
- IT Security (including Cyber Security) and ICT Application Controls Review.

The absence of the functional ICT Steering Committee; remains a major concern to the Committee.

Accounting and auditing concerns identified as a result of internal and external audits

Compliance with legal and regulatory provisions

The committee has not noted any accounting concerns emanating from the results of both the internal and external audits and will monitor the improvements. The Irregular, Fruitless and Wasteful Expenditure reports as presented by Management will continue to be reviewed on a quarterly basis by the Committee.

The quality of the in-year management and monthly/quarterly reports submitted in terms of legislation

The Committee can confirm that the monthly and quarterly reports were submitted to the National Treasury and the Department of Human Settlement on time for the period under review. 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 public entity has submitted monthly and quarterly reports to the Executive Authority.

Combined Assurance

The Committee ensured co-operation between the Risk Management Unit, Internal Audit Unit and the External Auditors in relation to the external auditors relying on work done by the internal audit, and reports of the risk management unit, for purposes of risk assessment, and in developing the audit plan. The Committee is of the view that Combined Assurance process adds demonstrable value; and enhances the adequacy, reliability and accuracy of financial information provided by Management to such other users of the information.

The Committee notes that the previous committee had approved the CSOS the Combined Assurance Framework, terms of reference and plan that incorporate and align both internal and external assurance, however they have not been fully implemented. In the ensuing period the Committee expects to see expansion of the combined assurance with the implementation of a structured Combined Assurance Forum, which is expected to enhance management participation.

Evaluation of the annual financial statements

The Committee reviewed the draft Annual Financial Statements prior to submission to the Auditor-General South Africa. Although the entity is a going concern, the Committee remains to be concerned about the cash flow and urges management to intensify the revenue collection, this process will be monitored on a quarterly basis.

External Audit

The AGSA as the legislated external auditor of the entity, remains to be a standing invitee in the Committee meetings. The Committee reviewed the Engagement Letter issued by the AGSA, as well as the Audit Strategy and related fees, and were satisfied with the scope of the Audit and identified key risks.

Auditor-General's Report

The Committee has reviewed the CSOS 2025/26 implementation plan for audit issues raised in the prior year and is satisfied that the matters have been adequately resolved, however, the audit finding relating to the consequence management remains unresolved due to the non-existence of the Loss Control Committee. The Committee will monitor the remedial action plan as presented by Management including the establishment and effectiveness of the Loss Control and ICT Steering Committees in the ensuing financial period respectively.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.



Ms. Lerato Moamogwa
Chairperson of the Audit Committee
Community Schemes Ombuds Services
Date: 14 August 2026

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the B-BBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition (DTIC).

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** ***(include a discussion on your response and indicate what measures have been taken to comply)***
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The CSOS does not issue licences, concessions or other economic authorisations as part of its mandate. Accordingly, no qualification criteria were developed or applied in this regard. Where the entity is required to participate in any process that may have economic empowerment implications, the relevant provisions of the B-BBEE Act, applicable Codes of Good Practice and internal compliance review processes will be considered to ensure alignment with transformation requirements.
Developing and implementing a preferential procurement policy?	Yes	The entity applies preferential procurement principles through its Supply Chain Management Policy and procurement processes. Measures taken include the inclusion of B-BBEE requirements in bid documents, verification of supplier B-BBEE status, promotion of procurement from empowered suppliers, and monitoring of compliance through SCM controls and reporting
Determining qualification criteria for the sale of state-owned enterprises?	No	The entity has not been involved in the sale or disposal of state-owned enterprises. This criterion is therefore not applicable to the CSOS mandate or operations. Should such a process arise, the entity would be required to apply the relevant B-BBEE Codes of Good Practice, National Treasury prescripts and any applicable disposal framework to ensure that transformation objectives are appropriately considered
Developing criteria for entering into partnerships with the private sector?	No	CSOS does not enter into any B-BBEE partnerships
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The Office of the Chief Financial Officer (OCFO) does not administer incentives, grants or investment schemes specifically aimed at supporting B-BBEE. As a result, no criteria were developed for awarding such incentives or grants during the reporting period. Where the entity supports transformation objectives, this is mainly done through procurement, supplier development, enterprise development initiatives, and compliance with applicable B-BBEE and SCM requirements. Should the entity introduce grant, incentive or investment support programmes in future, the relevant B-BBEE Codes of Good Practice and approval processes will be applied.

Table 43: B-BBEE compliance performance information

PART D:

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The Human Capital Management (HCM) function is the administrative and strategic backbone of CSOS' employment relationship. Its effectiveness directly determines the Entity's ability to attract competent people, retain institutional knowledge, manage risk in employment matters, and sustain performance across all business units. The 2025/26 financial year saw continued investment in HCM governance from policy review and compliance with relevant legislation, to performance management, employee relations, and organisational development.

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

The HCM business unit is responsible for the employment lifecycle at CSOS from attraction and onboarding through to performance, development, employee relations, and exits. Its work is governed by applicable Human Resource legislative prescripts, organisational policies, and the standards of a Schedule 3A public entity accountable to the DHS.

During the 2025/2026 financial year, efforts were directed toward three broad areas including strengthening HCM governance and compliance, improving the quality and consistency of performance management, and sustaining staff engagement in an environment shaped by organisational change.

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

This section sets out the HC priorities that were pursued during the 2025/26 financial year and reports on the outcomes achieved against each. The four priorities carried into the 2025/26 financial year were identified as the areas most requiring sustained attention: employment equity compliance, vacancy management, skills development and performance management. Each priority had a defined outcome of which an account of what was done, what was achieved, and where work continues is provided below.

1.2.1 Employment equity and disability inclusion

On 15 April 2025, the DEL issued the Employment Equity Regulations, 2025, replacing the 2014 framework and introducing sector specific numerical targets for the period 1 September 2025 to 31 August 2030. Under this revised framework, designated employers with 50 or more employees are required to develop and implement a five year Employment Equity Plan aligned to their sector targets, effective from 1 September 2025, and to submit annual Employment Equity Reports demonstrating progress and maintaining compliance.

In response, the CSOS Employment Equity Plan 2025-2030 was reviewed in line with the updated legislative requirements, including the increased 3% disability employment target under the Employment Equity Act. The revised Employment Equity Plan for the period 2025–2030 was finalised and submitted to the DEL on 01 September 2025, in line with the new regulatory timelines. The 2025 Employment Equity Report was subsequently submitted within the prescribed reporting period (by 15 January 2026), and CSOS received both the Acknowledgement Letter and the Employment Equity Compliance Certificate confirming that the organisation has been recorded as compliant for the 2025 reporting period. These are not merely administrative footnotes but confirm that CSOS has met its statutory obligations, and that its workforce planning is anchored in a current, approved Employment Equity Plan for 2025-2030.

1.2.2 Talent acquisition and vacancy management

With the Employment Equity Plan updated, the focus shifted to filling the positions that the approved organisational structure requires. CSOS' ability to deliver on its mandate is directly tied to having the right people in place. As at 31 March 2026, CSOS had 200 permanent employees against 252 funded positions on the approved organisational structure, reflecting an occupancy rate of 79% and a vacancy rate of 21%. The vacancy rate held steady across quarter 3 and 4 of the 2025/26 financial year, which indicates stability in attrition rather than deterioration.

To guide talent acquisition going into the next cycle, a comprehensive draft recruitment plan for the 2026/27 financial year was developed and formally submitted for approval. This positions the HCM function to begin the 2026/27 financial year with a structured, approved plan rather than responding reactively to vacancies as they arise.

1.2.3 Training and skills development

In parallel with recruitment efforts, training interventions were implemented in line with the 2025/26 Workplace Skills Plan and Training Plan, ensuring that development of existing staff continued alongside efforts to fill vacant roles. Of the nine business training courses included in the plan, three were completed during the 2025/26 financial year, representing a 33.3% completion rate. The remaining six courses are at various stages of progress or pending scheduling. While completion against the full plan was not achieved within the 2025/26 financial year, the courses delivered were targeted at priority business areas. The remaining training interventions will be carried forward into the 2026/2027 training plan with revised scheduling to improve completion rates.

1.2.4 Performance management and culture

Running alongside skills development, work on the Culture Transformation Strategy in the 2025/26 financial year centred on strengthening the performance management practices including the system through which the Entity measures and responds to individual and team performance. Two performance management guidelines were developed for employees and for managers respectively to provide clear, practical guidance on how the performance management system is applied at each level. A refresher training session was facilitated for staff to prepare for the transition to an integrated, automated performance management system, with implementation scheduled for 01 April 2026 to coincide with the start of the 2026/27 financial year. This sequencing was deliberate and aimed to embed understanding before the system went live in an effort to reduce resistance and improve the quality of data the Entity will rely on for performance decisions.

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

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. In the 2025/26 financial year, the CSOS took a deliberate step toward modern recruitment practice by implementing Direct Hire, an automated recruitment platform. The shift from manual to digital recruitment has changed how the HC function manages vacancy advertising, application processing, shortlisting, and record-keeping. Processes that previously depended on individual effort and paper-based administration are now standardised, faster, and auditable. This matters beyond efficiency. In a regulated public entity, recruitment decisions are subject to scrutiny from Internal Audit, oversight bodies, and job applicants alike. An automated recruitment system creates the conditions for that scrutiny to be met with evidence rather than recollection.

The CSOS' broader talent attraction strategy continues to be built on:

- An employer brand grounded in CSOS' mandate and organisational values;
- Recruitment channels selected to reach qualified candidates across the relevant talent pools;
- Remuneration and benefits positioned competitively within the public sector, with visible development opportunities;
- Succession planning focused on critical and hard-to-fill roles; and
- A commitment to learning from each recruitment cycle and adjusting practice accordingly

As Direct Hire matures within the Entity, the HC function will use the data it generates to move from reactive vacancy-filling toward genuinely anticipatory workforce planning, identifying gaps before they become operational problems.

1.4 Employee Performance Management Framework

CSOS' performance management framework boosts organisational effectiveness, accountability, and excellence by aligning individual and business unit efforts with the APP. At its core, the Employee Performance Management System (EPMS) connects employee goals to CSOS priorities through:

- Clear, measurable results;
- Regular feedback and discussions;
- Fair, transparent evaluations; and
- Targeted skills development.

Recent enhancements, including practical guides for employees and managers, embed continuous improvement and support our culture transformation goals, driving service excellence.

1.5 Employee Wellness Programmes (EWP)

CSOS remains committed to prioritising employee wellbeing as a cornerstone of organisational performance and sustainability. The Employee Wellness Programme is strategically designed to support employees in managing personal, mental-health and work related challenges, thereby fostering a healthier, more productive and engaged workforce.

In the 2025/26 financial year, the LYRA Wellness Programme supported 12 employee cases, with mental health, relationship difficulties, personal development and substance abuse emerging as the primary areas of focus. The overall engagement rate reached 25.4%, indicating strong uptake relative to typical Employee Assistance Programme benchmarks, with managerial utilisation accounting for 8.3% of cases and non-managerial utilisation for 75%.

These participation levels enable the programme to deliver its intended benefits by providing confidential, professional support across all levels of the Entity. By continuing to invest in wellness initiatives, CSOS seeks to strengthen employee engagement, loyalty and productivity, reinforcing the principle that a resilient and supported workforce is vital to sustaining a high performing Entity.

Employee Wellness Initiatives for 2025/2026 financial year:

Initiative	Description
Women's Month Celebration	A series of Women's Month activities was hosted to recognise and celebrate the contribution of women in the Entity, promote gender diversity, and create space for reflection, networking, and appreciation.
HCM Open Days and Team Building	A Entity team-building event was organised in all three regional offices, including head office, to encourage collaboration, communication, and stress relief in a fun, high-energy setting that supported employee wellness and strengthened workplace relationships.
Men's Day Event	A Men's Day event was held as an outdoor wellness and team-building activity for male employees in all three regional offices including head office, providing an opportunity to connect informally, strengthen camaraderie, and encourage a healthy, active lifestyle.

Table 44: Employee Wellness Initiatives

1.6 Policy development

HCM policy development and review at CSOS is an ongoing governance responsibility rather than a periodic exercise. The Entity's policies governing the employment relationship must continuously keep pace with legislative developments, operational learning, and the expectations of a public entity accountable to the Department of Human Settlements.

The 2025/2026 financial year produced a concrete milestone in this regard. The Board approved two policies in March 2026 including the new Learnership Management Policy and the reviewed Internship Management Policy. Both approvals reflect the Entity's commitment to structured, governed pathways for workplace learning; ensuring that learnerships and internships at CSOS are administered consistently, fairly, and in line with applicable skills development legislation. Board-level approval of these policies also confirms that CSOS' investment in emerging talent sits within an accountable governance framework rather than being managed on an ad hoc basis.

The CSOS continues to advance the review of human capital policies that were identified in the previous financial year as requiring updates:

- Leave Management Policy
- Talent Acquisition and Onboarding Policy
- Compensation /Remuneration Management Policy
- Performance Management Policy
- Employee Transfer and Relocation Policy
- Employee Wellbeing Policy
- Exit Interview Policy
- Learning and Development Policy

Each of these reviews is intended to close the gap between current policy content and current legislative, regulatory, and operational requirements. The policies approved in 2025/26 and those still to be reviewed represent a coherent effort to ensure that every aspect of the employment lifecycle at CSOS is governed by policies that are current, compliant and fit for purpose.

1.7 Highlight achievements

The Human Capital team advanced key priorities in talent acquisition, compliance, employee engagement, and performance culture.

- Strategic Recruitment Efforts: Four critical executive positions - Chief Ombud, Chief Financial Officer, Adjudicator-General and Company Secretary - were advertised on 14 December 2025, with applications closing on 31 January 2026. This initiative strengthens leadership to drive CSOS' mandate forward.
- Employment Equity Compliance: The 2025 Employment Equity Report was submitted successfully to the DEL. CSOS received the Acknowledgement Letter and Employment Equity Compliance Certificate, confirming CSOS' compliance for the reporting period and reinforcing our commitment to fair workplace practices.
- Conflict of Interest Transparency: A staff-wide communication was issued requesting Annual Declarations of Conflict of Interest for the 2026/27 financial year, due by 28 February 2026. This proactive step upholds governance standards and fosters trust across the Entity.
- Performance Management Enhancements: Aligning with the culture transformation project, Human Capital developed two user-friendly guides to simplify the Performance Management System. These resources empower teams to excel and align individual goals with organisational success. Additionally, comprehensive SAGE training was delivered across all business units to ensure seamless adoption of the automated Performance Management System.
- Women's Month Celebration, Men's Day Event and Employee Recognition: Women's Month celebrations across all CSOS offices honouring women's resilience, achievements, and vital roles in the Entity and communities. On 14 November 2025, Human Capital hosted the annual Men's Day Event in honour of International Men's Day, celebrating men's societal contributions while addressing vital issues like mental health, suicide prevention, and stigma. Complementing this, Employee Awards Ceremonies were held in every regional office, spotlighting outstanding talent and dedication. These events boosted morale, inspired excellence, and cultivated a high-performance culture.
- World AIDS Day Observance: On 1 December 2025, we coordinated a meaningful Entity-wide commemoration under the theme "Overcoming disruption, transforming the AIDS response". Highlights included staff communications promoting HIV awareness, testing, and prevention; distribution of red ribbons as symbols of solidarity; and candle-lighting ceremonies at Head Office and all regional offices to honour those affected.
- Skills Development and Reporting: The Workplace Skills Plan (WSP) and Annual Training Report (ATR) for the 2025/26 financial year were submitted successfully on 30 April 2025, ensuring alignment with national skills priorities.
- Wellness and Engagement Initiatives: HR Open Days and Wellness Days were hosted successfully at the Gauteng, Western Cape and KwaZulu-Natal Regional Offices, raising awareness of HCM services, promoting well-being, and nurturing a supportive environment. Rounding out CSOS' community focus, the Mandela Day initiative was organised for the Head Office, Gauteng, KwaZulu-Natal and Western Cape Regional Offices, embodying CSOS' dedication to social impact.

1.8 Human Capital Challenges faced by the CSOS

The CSOS continues to face persistent human capital challenges that affect its ability to fully deliver on its mandate, several of which have carried over from the 2024/25 financial year:

- The overall vacancy rate remains elevated at 21%, which places sustained pressure on service delivery and organisational performance.
- Ongoing budget constraints have limited the Entity's capacity to recruit and retain suitably skilled personnel in critical roles, contributing to capacity gaps and constraining performance across key functions.
- In addition, the increase in the national employment equity target for persons with disabilities from 2% to 3% presents both a compliance challenge and a strategic opportunity for the CSOS. While the Entity recognises the historic underrepresentation of persons with disabilities in its workforce, it remains committed to accelerating transformation and strengthening disability inclusion.

1.9 Future HC Plans/Goals

Looking ahead to the 2026/27 period, CSOS will build on this foundation by continuing to reduce vacancy levels through targeted recruitment aligned with the approved organisational structure and workforce plans. The CSOS will further invest in talent development by implementing the revised Employment Equity Plan (2025–2030), expanding internships and learnerships to nurture young talent and address critical skills gaps, and strengthening its talent pipeline for hard-to-fill and scarce-skills roles. While meaningful progress has been made through structured recruitment, internship and learnership programmes, sustained impact will require ongoing focus on building internal capacity, addressing historical inequities, and ensuring consistent implementation of transformation and employment equity strategies over the medium term.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The 2025/26 financial year has seen continued and important progress in human capital management, reinforcing our commitment to maintaining a productive, diverse, and compliant work environment. This section presents an updated summary of HR oversight data, covering key indicators such as workforce composition, recruitment and retention trends, employee performance, and statutory compliance. By carefully tracking and analysing these measures, CSOS seeks to promote transparency, accountability, and the ongoing enhancement of its HR processes. The information presented highlights both areas of progress and aspects requiring further attention, ensuring that human capital strategies remain closely aligned with the organisation's 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 (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total personnel exp.	No. of employees	Average personnel cost per employee (R'000)
Office of the Chief Ombud	R3 315 741.26	R3 315 741.26	1.6	2	R1 657 870.63
Office of the CFO	R24 524 231.07	R24 524 231.07	12.2	31	R791 104.23
ICT	R13 841 473.36	R13 841 473.36	6.9	16	R865 092.09
Internal Audit	R9 558 899.46	R9 558 899.46	4.7	10	R955 889.95
Corporate Services	R26 283 436.20	R26 283 436.20	13	31	R847 852.78
Company Secretary	R1 884 730.44	R1 884 730.44	1	3	R628 243.48
Supply Chain Management	R5 194 966.83	R5 194 966.83	2.6	7	R742 138.12
Risk Management	R2 078 601.44	R2 078 601.44	1	2	R692 867.15
Organisational Strategy and Performance	R8 351 911.71	R8 351 911.71	4.1	5	R1 670 382.34
Adjudicator General	R11 201 435.76	R11 201 435.76	5.6	13	R861 648.90
Gauteng Regional Office	R34 765 594.00	R34 765 594.00	17.2	43	R808 502.19
KwaZulu-Natal Regional Office	R27 771 290.87	R27 771 290.87	13.8	35	R793 465.45
Western Cape Regional Office	R31 457 492.39	R31 457 492.39	15.6	37	R850 202.50
Interns	R797 691.45	R797 691.45	0.41	23	R34 682.24
Learnerships	R634 019.79	R634 019.79	0.29	20	R31 700.99
Total	**R201 661 516.03**	**R201 661 516.03**	**100**	**279**	**R722 801.13**

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 (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Patterson Grade E	R20 128 149.20	10	9	R2 236 461.02
Patterson Grade D	R107 098 475.44	53.1	102	R1 049 985.05
Patterson Grade C	R62 250 016.43	30.9	99	R628 788.04
Patterson Grade B	R10 753 163.72	5.3	26	R413 583.22
Patterson Grade A	R0.00	0	0	R0.00
Intern Stipend	R797 691.45	0.41	23	R34 682.24
Learnerships	R634 019.79	0.29	20	R31 700.99
TOTAL	**R201 661 516.03**	**100**	**279**	**R722 801.13**

Table 46: Salary cost of individuals by salary band

Performance Rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost
Patterson Grade E	R259 162.82	R9 111 530.93	2.8
Patterson Grade D	R1 687 621.48	R62 392 193.38	2.7
Patterson Grade C	R1 007 916.51	35 733 871.22	2.8
Patterson Grade B	R138 191.19	5 386 545.75	2.6
Patterson Grade A	0	0	0
Intern Stipend	0	0	0
TOTAL	**R3 092 892.00**	**R112 624 141.28**	**2.7**

Table 47: Performance Rewards

Training Costs

The table below shows training costs per Business Unit:

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Corporate Service	R16 687 676.40	R221 726.75	1.3%	17	R10 078.49
Internal Audit	R7 876 863.91	R78 416,00	1%	8	R9 802.00

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 2025/26 financial year:

Programme/activity/objective	2024/2025 No. of Employees	2025/2026 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
B1-B5	23	3	23	9	3.6%
C1-C5	89	7	90	17	6.7%
D1-D5	81	6	80	21	8.3%
E1-E4	9	2	7	4	1.6%
F1	1	1	0	1	0.4%
Total	**203**	**19**	**200**	**52**	**21%**

Table 49: Number of employees in each Patterson Band

As at 31 March 2026, CSOS had a total of 52 vacancies against an approved establishment of 252 posts, representing a vacancy rate of 21%. The vacancies are concentrated at the senior management level (E1-E4 and F1 bands) and within the highly skilled supervision band (D1-D5), particularly in the core adjudication and finance functions.

Senior management and highly skilled posts

At the F1 level, the Chief Ombud post has been vacant since April 2023 and has been filled on an acting basis since that date. The post was advertised in 2024 and the recruitment process proceeded to the interview stage but did not result in an appointment. The post was re-advertised on 14 December 2025 together with three E-band vacancies - Chief Financial Officer, Adjudicator-General and Company Secretary - with a closing date of 31 January 2026. The recruitment process for all four posts is currently underway.

The Chief Financial Officer post became vacant in April 2025, the Adjudicator-General post in August 2025, and the Company Secretary post in September 2025. The Executive: Risk Management post was created through an organisational redesign process concluded in 2022 and has not been filled since its establishment.

The senior management and executive posts require specific qualifications, professional registrations, and demonstrated experience that are not currently held by employees serving in lower bands.

Measures to attract and retain staff

The CSOS publishes vacancies on the Direct Hire website, as well as on other relevant recruitment platforms, to attract suitably qualified candidates. The simultaneous advertisement of the Chief Ombud and three executive posts in December 2025 is intended to reduce the cumulative cost of extended acting arrangements.

On retention, CSOS completed a pay progression project during the 2025/26 financial year, introducing notches within each Patterson band to enable structured salary progression linked to performance and tenure. This brings the Entity's remuneration framework closer to market-related benchmarks. Work remains underway to review associated policies, including those governing performance management and broader remuneration, to ensure the framework is coherent and consistently applied across all levels. Vacancy rates in the B1-C5 bands remained stable year-on-year, indicating that retention pressure is concentrated at the senior and executive levels rather than across the Entity as a whole.

Employment changes

The table below illustrates the number of people appointed and terminated at each level of the organisation during the 2025/26 financial year:

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	8	0	1	7
Senior Management	11	1	1	11
Professionally qualified	70	22	8	84
Skilled	91	8	10	92
Semi-skilled	23	4	2	25
Interns	6	18	6	18
Learnership	20	0	20	0
Total	**229**	**53**	**48**	**237**

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

During the 2025/26 financial year, CSOS' headcount grew from 229 to 237, an increase of 8 employees. The Entity made 53 appointments and recorded 48 terminations across all salary bands. The largest movement occurred at the Professionally Qualified level, where 22 appointments and 8 terminations produced a net gain of 14 employees (70 to 84). The Skilled band also grew marginally, ending the period at 92 against an opening figure of 91. The Intern cohort increased from 6 to 18, reflecting new intakes against 6 departures. Semi-skilled employment grew from 23 to 25. Top Management declined by one (8 to 7), and Senior Management remained stable at 11, with one appointment offsetting one termination. The Learnership band closed the year at zero. All 20 learners who began the period exited, and no new learners were enrolled.

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	0	0%
Resignation	15	31%
Dismissal	2	4%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	26	54%
Other	5	11%
Total	**48**	**100%**

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

Labour Relations: Misconduct and disciplinary action

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

Nature of disciplinary action	Number
Verbal Warning	4
Written Warning	5
Final Written warning	3
Dismissal	2

Table 52: Summary of misconduct and disciplinary action

Equity Target and Employment Equity Status

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	5	2	0	1	1	1	0	0
Senior Management	5	7	0	1	1	1	0	0
Professional qualified	33	18	3	2	1	1	2	0
Skilled	38	42	3	3	0	2	0	0
Semi-skilled	8	0	0	0	0	0	0	0
Interns	6	0	0	0	0	0	0	0
TOTAL	**95**	**69**	**6**	**7**	**3**	**5**	**2**	**0**

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	2	3	0	1	0	1	0	0
Senior Management	4	7	0	2	1	2	1	0
Professional qualified	36	26	4	2	5	3	6	0
Skilled	50	59	0	1	2	4	2	0
Semi-skilled	17	0	0	0	0	0	0	0
Unskilled	11	0	0	0	1	0	0	0
TOTAL	**120**	**95**	**4**	**6**	**9**	**10**	**9**	**0**

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
Senior Management	0	0	0	0
Professional qualified	2	1	0	1
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**2**	**1**	**0**	**1**

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	2025/2026	2024/2025
	R'000	R'000
Opening balance	83 305.60	102 718.30
Adjustment to opening balance	0.00	0.00
Opening balance as restated	0.00	0.00
Add: Irregular expenditure confirmed	797.70	1 067.30
Less: Irregular expenditure condoned	0.00	0.00
Less: Irregular expenditure not condoned and removed	0.00	0.00
Less: Irregular expenditure recoverable	0.00	(20 480)
Less: Irregular expenditure not recoverable and written off	0.00	0.00
Closing balance	**84 103.3**	**83 305.60**

Table 56: Reconciliation of irregular expenditure

Reconciling notes

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure that was under assessment	2 572	0.00
Irregular expenditure that relates to the prior year and identified in the current year	0.00	40.62
Irregular expenditure for the current year	797.70	1026.68
Total	**3 369.70**	**1 067.30**

Table 57: Reconciling notes

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

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure under assessment	2 572	0.00
Irregular expenditure under determination	0.00	0.00
Irregular expenditure under investigation	0.00	0.00
Total	**2 572**	**0.00**

Table 58: Details of irregular expenditure

c) Details of irregular expenditure condoned

Description	2025/2026	2024/2025
	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	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure NOT condoned and removed	0.00	0.00
Total	**0.00**	**0.00**

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

e) Details of irregular expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure recoverable	0.00	20 480
Total	**0.00**	**20 480**

Table 61: Details of irregular expenditure recoverable

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

Description	2025/2026	2024/2025
	R'000	R'000
Irregular expenditure written off	0.00	0.00
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 irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2025/2026	2024/2025
	R'000	R'000
N/A	0.00	0.00
Total	**0.00**	**0.00**

Table 63: Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

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

Disciplinary steps taken
N/A

Table 64: 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	2025/2026	2024/2025
	R'000	R'000
Opening balance	4 346.22	4 302.62
Adjustment to opening balance	0.00	0.00
Opening balance as restated	0.00	0.00
Add: Fruitless and wasteful expenditure confirmed	61.76	43.60
Less: Fruitless and wasteful expenditure recoverable	(26.40)	0.00
Less: Fruitless and wasteful expenditure not recoverable and written off	(21.58)	0.00
Closing balance	**4 360.00**	**4 346.22**

Table 65: Reconciliation of fruitless and wasteful expenditure

Reconciling notes

Description	2025/2026	2024/2025
	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	0.00	7.59
Fruitless and wasteful expenditure for the current year	61.76	36.01
Total	**61.76**	**43.60**

Table 66: Reconciling notes

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

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0.00	0.00
Fruitless and wasteful expenditure under determination	0.00	0.00
Fruitless and wasteful expenditure under investigation	0.00	0.00
Total	**0.00**	**0.00**

Table 67: Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

c) Details of fruitless and wasteful expenditure recoverable

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure recoverable	26.40	0.00
Total	**26.40**	**0.00**

Table 68: Details of fruitless and wasteful expenditure recoverable

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

Description	2025/2026	2024/2025
	R'000	R'000
Fruitless and wasteful expenditure written off	21.58	0.00
Total	**21.58**	**0.00**

Table 69: 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
Recovery of costs through salary deductions.

Table 70: 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	2025/2026	2024/2025
	R'000	R'000
Theft	0.00	0.00
Other material losses	0.00	0.00
Less: Recoverable	0.00	0.00
Less: Not recoverable and written off	0.00	0.00
Total	**0.00**	**0.00**

Table 71: Details of material losses through criminal conduct

b) Details of other material losses

Nature of other material losses	2025/2026	2024/2025
	R'000	R'000
(Group major categories, but list material items)	0.00	0.00
Total	**0.00**	**0.00**

Table 72: Details of other material losses

c) Other material losses recoverable

Nature of losses	2025/2026	2024/2025
	R'000	R'000
(Group major categories, but list material items)	0.00	0.00
Total	**0.00**	**0.00**

Table 73: Other material losses recoverable

d) Other material losses not recoverable and written off

Nature of losses	2025/2026	2024/2025
	R'000	R'000
(Group major categories, but list material items)	0.00	0.00
Total	**0.00**	**0.00**

Table 74: 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	3 294	209 516
Invoices paid **within** 30 days or agreed period	3 294	209 516
Invoices paid **after** 30 days or agreed period	0.00	0.00
Invoices older than 30 days or agreed period ***(unpaid and without dispute)***	0.00	0.00
Invoices older than 30 days or agreed period ***(unpaid and in dispute)***	0.00	0.00

Table 75: Late and / or Non-Payment of Suppliers

The Entity achieved a 100% payment rate for valid invoices settled within 30 days of receipt, in compliance with Treasury Regulation 8.2.3, including 100% of part-time adjudicators' invoices. This performance is consistent with the 100% performance recorded in the 2024/25 financial year.

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 training of the Caseware Cloud and Smart Sync platform	Adapt IT	Adapt IT is the sole authorised reseller, implementation partner, and accredited training provider for Caseware products and associated functionality within the South African jurisdiction.	N/A	R8.88
Procurement of a VIP table package for the Top empowerment awards	Topco Media & Communications (Pty) Ltd	The Top Empowerment Awards and associated VIP participation packages are exclusively owned and administered by Topco Media & Communications (Pty) Ltd, who are the sole organisers and authorised providers of the event, branding rights, and participation packages.	N/A	R102.57
Procurement of Institute of Internal Auditors (IIA) Public Sector Forum taking place on 05–06 May 2025 Procurement of the 28th SAIA hybrid conference	The Institute of Internal Auditors South Africa.	Adapt IT is the sole authorised reseller, implementation partner, and accredited training provider for Caseware products and associated functionality within the South African jurisdiction.	N/A	R23.23
Procurement of Certified Internal Auditor (CIA) training certification programme.	The Institute of Internal Auditors South Africa.	Adapt IT is the sole authorised reseller, implementation partner, and accredited training provider for Caseware products and associated functionality within the South African jurisdiction.	N/A	R87.51
Procurement of teammate software licenses annual renewal and payment of license fees.	Wolters Kluwer Tax and Accounting Southern Africa (Pty) Ltd	No other service provider is permitted to licence, maintain, or provide lawful technical support for this proprietary software.	N/A	R57.85
Procurement of the strategic and enterprise risk management workshop	Marcusevans	The Marcus Evans workshop is a proprietary executive training programme with exclusive content, facilitators, and certification, and is not available through the existing training or marketing panels.	N/A	R1.97
Caseware Specialist Support: PS - Customisation	Adapt IT (Pty) Ltd	The Caseware software licence can only be procured from Adapt IT, who is the sole authorised supplier and distributor of Caseware products in South Africa.	N/A	R6.66
Participation at the Decorex Jobutg Expo	Reed Exhibitions (Pty) Ltd	DECOREX Africa operates as a proprietary and exclusive event platform, and participation rights, exhibition space, and related services can only be secured directly through the event organisers.	N/A	R65.00
The Renewal of Annual Subscription from Hellopeter.Com	TKJ Design T/A Hello Peter	The Hellopeter platform is a sole and proprietary service, and no equivalent platform provides the same established public review database, consumer reach, and response functionality within the South African market.	N/A	R9.64
Total				**R402.96**

Table 76: 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
Appointment of a service provider to provide leasing of offices at Kwa-Zulu Natal or the Community Schemes Ombud Service (CSOS) for a period of five (5) years.	Aquasky Properties (Pty) Ltd	Variation	CSOS011-2015	R4 752.22	N/A	R593.55
The procurement of endpoint and server backup solution for a period of 36 months.	Morchad (Pty) Ltd	Variation	RFQ06333	R955.47	N/A	R43.54
The appointment of a service provider to conduct organisational culture to the community schemes ombud service for a period of one (1) year.	HLT Advisors (Pty) Ltd T/a Africa International Advisors (Pty) Ltd	Variation	CSOS003-2023	R796.36	N/A	This variation pertains only to the contract period and has no additional financial implications
The provision of office space in George/Knysna foe a period of 24 months.	JUJ Properties (Pty) Ltd	Variation	RFQ001-2022	R758.64	N/A	R95.66
The procurement of endpoint and server backup solution for a period of 36 months.	Vox Telecommunications (Pty) Ltd	Variation	CSOS008-2022	R912.12	N/A	R336.72
Appointment of a service provider for the provision of Travel Management Services to the CSOS for a period of three (3) years.	Travel With Flair (Pty) Ltd	Variation	CSOS002-2022	Rate based	N/A	Rate based on a month to month (three months)
Appointment of a service provider to provide leasing of offices at Kwa-Zulu Natal & Cape Town for the Community Schemes Ombud Service (CSOS) for a period of five (5) years.	Mowana Properties (Pty) Ltd	Variation	CSOS011-2015	R4 752.22	N/A	R341.09
The provision of office space in George/Knysna for a period of 24 months.	JUJ Properties (Pty) Ltd	Variation	RFQ001-2022	R758.64	N/A	R127.54
Appointment of a service provider to provide leasing of offices at Kwa-Zulu Natal or the Community Schemes Ombud Service (CSOS) for a period of five (5) years.	Aquasky Properties (Pty) Ltd	Variation	CSOS011-2015	R4 752.22		R395.70
Appointment of a service provider for the provision of Travel Management Services to the CSOS for a period of three (3) years.	Travel With Flair (Pty) Ltd	Variation	CSOS002-2022	Rate based	N/A	Rate based on a month to month (three months)

3.2. Contract variations and expansions ...continued

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
Panel for the Physical verification and validity of registered and unregistered community schemes in all nine provinces on behalf of the CSOS	Miyacom IT Consultants; Delta Built Environment Consultants; MBS Consulting Solution; Pound Holdings and Simvaw Holdings (Pty) Ltd.	Variation	CSOS013-2023	R21 582.51	N/A	This variation pertains only to the contract period and has no additional financial implications.
Appointment of a short-term insurance company for the CSOS assets for a period of thirty- six (36) months.	Africa Risk and Insurance Services (Pty) Ltd	Variation	CSOS006-2025	R936.30	N/A	R5.00
Appointment of a service provider to supply license renewal for Docusign for a period of 12 months.	First Technology National (Pty) Ltd	Variation	RFQ043-2025	R741.73	N/A	R109.36
The provision of office space in George/Knysna foe a period of 24 months.	JUJ PROPERTIES (PTY) LTD.	Variation	RFQ001-2022	R758.64	N/A	R95.66
Appointment of a service provider to provide leasing of offices at Kwa-Zulu Natal or the Community Schemes Ombud Service (CSOS)	Aquasky Properties (Pty) Ltd	Variation	CSOS011-2015	R4 752.22	N/A	R593.55
Appointment of a service provider to provide leasing of offices at Cape Town for the Community Schemes Ombud Service (CSOS) for a period of five (5) years	Mowana Properties (Pty) Ltd	Variation	N/A	R341.09	N/A	R341.09
Panel : Provision of marketing, communication, public relations (PR), traditional media, and media buying and related services to the Community Schemes Ombud Service (CSOS)	Indaba Billboards and media, The Digital plug, Kena Outdoor, Mukona Consulting, Brandswell, Courtesy group, Twenty8 Zero 7 Communications, Mojoline/Liana Marketing, African Charm, Anzomode and Cut to Black media.	Variation	CSOS010-2022	R60 000.00	N/A	R11 000.00
Total						**R14 078.50**

Table 77: 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 (the Public Entity) set out on pages **89** to **167**, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, the cash flow statement and the 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 2026 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa 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.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 40 to the financial statements, which indicates that a deficit of R5,9 million was incurred during the year ended 31 March 2026 and, as of that date the total

liabilities exceeded the entity's assets by R66,8 million and the negative net cash flows from operating activities amounted to R36,2 million. Management's plans to mitigate against these events or conditions are disclosed in the note. As stated in Note 40, these events or conditions, along with other matters as set forth in the note indicate that a material uncertainty exists that may cast doubt on the public entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 44 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2026.

Impairments – receivables from non-exchange transactions

10. As disclosed in note 4 to the financial statements, an impairment allowance of R253,9 million was recognised against receivables from non-exchange transactions, as a result of expected credit loss.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of 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.
12. 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

13. 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.

14. 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 at page **86** to **88**, forms part of my auditor's report.

Report on the audit of the annual performance report

15. 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.
16. I selected the following material performance indicators related to programme 2: Regulation presented in the annual performance report for the year ended 31 March 2026. 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 annually 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
17. 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.

18. 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
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements.
23. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicator that was 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 **40**.

Programme 2: Regulation

Targets achieved: 85.71% *Budget spent: 99.24%*		
Key service indicator not achieved	Planned target	Reported achievement
Percentage of disputes adjudicated within 90 working days	90%	89%

Report on compliance with legislation

24. 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.
25. 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.
26. 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.
27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

28. 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.
29. Material misstatements of current liabilities, cash flow statement and disclosures identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

30. 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 due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

Other information in the annual report

32. The accounting authority is responsible for the other information included in the annual report which includes the 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.
33. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
34. 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.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if 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

36. 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.
37. 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.

38. 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.
39. Management did not take appropriate steps to ensure that there was effective consequence management, as investigations were not performed and disciplinary action could therefore not be demonstrated.

Auditor General

Pretoria

31 July 2026

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); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(v); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(f); 16A6.3(g); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(i); 16A9.1(d); 16A9.1(f); 16A9.2; 16A9.2(a)(i); 30.1.1; 30.1.2(c); 30.1.3(a); 30.1.3(d); 30.2.1; 31.2.1; 31.3.1; 32.1.1(a); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 2021/22	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury 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; 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
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(i)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2. ANNUAL FINANCIAL STATEMENTS

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

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 2027, 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 statutory income derived in terms of the CSOS Act 9 of 2011 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 **90** to **167**, which have been prepared on the going- concern basis, were approved by the accounting authority on 29 July 2026 and were signed on its behalf by:

Signed by:
1F2314DC5DC7472...

Ms. Busisiwe Nzo

Accounting Authority

DocuSigned by:
CEE4ABE6AB7D49A...

Mr. Rethabile Khamali

Acting Chief Ombud

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Accounting Authority's Report

The accounting authority submits its report for the year ended 31 March 2026.

1. Review of activities

Main business and operations

The Entity is engaged as the 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 through its 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 2026, the Entity had an accumulated deficit of R 66 759 313 and that the entity's total liabilities exceed its assets by R 66 759 313.

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 64% of reported liabilities. The probability of the unallocated levies balance resulting in a major cash outflow is very slim as per past history, therefore the application of 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:

Ms. B Nzo	Appointed Friday, 01 August 2025
Ms. M Dumakude	Appointed Monday, 13 January 2025
Ms. L Moamogwa	Appointed Monday, 13 January 2025
Mr. HG April	Appointed Monday, 13 January 2025
Ms. S.M Letsie	Appointed Friday, 01 August 2025
Mr. M.O.S Zungu	Appointed Friday, 01 August 2025
Ms. K Muthen	Appointed Friday, 01 August 2025

4. Secretary

Ms.T .Thipe was appointed as Acting Company Secretary from the 10th of March 2025 to date.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Accounting Authority's Report

5. Irregular, Fruitless and Wasteful Expenditure

The irregular, fruitless and wasteful expenditures incurred for the period under review are disclosed in note **39** of these Annual Financial Statements.

6. Other significant matters

VBS Update

Our ongoing efforts to recover the remaining R61 million investment from VBS Mutual Bank continue. Due to the process being subject to insolvency requirements and procedures, it is impossible to predict the prospects of successful recovery, the amount to be recovered, or the timeline for completion of the recovery exercise.
To date an amount of R20,48m has been settled by the VBS estate.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	135 616	185 672
Receivables from non-exchange transactions(Levies)	4	140 987 053	79 892 277
Prepayments	5	5 773 207	7 182 114
Other Receivables - Rental deposits	6	847 988	894 577
Cash and cash equivalents	7	61 612 641	122 910 150
		209 356 505	**211 064 790**
Non-Current Assets			
Property, plant and equipment	9	15 862 028	17 727 882
Intangible assets	10	57 980 416	41 409 644
Prepayments	5	39 624	-
Other Receivables - Rental deposits	6	100 350	36 000
		73 982 418	**59 173 526**
Total Assets		**283 338 923**	**270 238 316**
Liabilities			
Current Liabilities			
Operating lease liability	11	60 708	591 231
Payables from exchange transactions	12	44 345 124	33 469 311
Employee benefit obligation	13	23 079 233	17 856 555
Unallocated Receipts	14	222 718 967	218 048 687
Revenue received in advance	15	59 894 204	61 141 770
		350 098 236	**331 107 554**
Total Liabilities		**350 098 236**	**331 107 554**
Net Assets		**(66 759 313)**	**(60 869 238)**
Accumulated Deficit		(66 759 313)	(60 869 238)
Total Net Assets		**(66 759 313)**	**(60 869 238)**

* See Note 44 & 43

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Other revenue	17	138 698	792 113
Interest received from the bank	28	3 981 402	10 434 698
Total revenue from exchange transactions		**4 120 100**	**11 226 811**
Revenue from non-exchange transactions			
Levies	19	414 341 998	310 808 014
Interest from non-exchange receivables	20	4 763 734	2 481 990
SETA Grant funding received	21	279 469	295 243
Total revenue from non-exchange transactions		**419 385 201**	**313 585 247**
Other Revenue			
Surrender of surpluses		-	59 385 261
Reversal of Impairment loss(Recovery from VBS)	18	-	20 480 000
Other revenue		**-**	**79 865 261**
Total revenue	16	**423 505 301**	**404 677 319**
Expenditure			
Employee related costs	22	(205 593 268)	(202 070 151)
Board & Other committees fees	35	(2 063 004)	(2 661 626)
Depreciation and amortisation	23	(10 260 568)	(9 215 450)
Finance costs	24	(121)	(364)
Lease rentals on operating lease	25	(17 806 063)	(17 097 929)
Debt Impairment	26	(18 966 823)	(466 812)
Bad debts written off	27	-	(72 046)
Contracted services	29	(50 929 394)	(38 520 668)
Loss on disposal of assets and liabilities	31	(157 122)	(364 139)
General Expenses	32	(123 619 013)	(135 900 612)
Total expenditure		**(429 395 376)**	**(406 369 797)**
		-	-
Deficit for the year		**(5 890 075)**	**(1 692 478)**

* See Note 44 & 43

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(59 261 826)	(59 261 826)
Adjustments		
Prior year adjustments Note 44	85 066	85 066
Restated Balance at 01 April 2024	**(59 176 760)**	**(59 176 760)**
Changes in net assets		
Surplus for the year previously reported	7 755 251	7 755 251
Total changes	7 755 251	7 755 251
Adjustments		
Prior year adjustments Note 44	(9 447 729)	(9 447 729)
Restated Balance at 01 April 2025	**(60 869 238)**	**(60 869 238)**
Changes in net assets		
Deficit for the period	(5 890 075)	(5 890 075)
Total changes	(5 890 075)	(5 890 075)
Balance at 31 March 2026	**(66 759 313)**	**(66 759 313)**

Note(s)

* See Note 44 & 43

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Levies		338 893 264	314 887 580
Interest received from non-exchange receivables		3 573 582	2 311 873
Grants		279 469	295 243
Interest income (Interest received from bank)		4 060 952	10 792 900
Other receipts		109 205	832 663
		346 916 472	329 120 259
Payments			
Employee related costs		(193 987 885)	(194 299 975)
Board & Other committees fees		(1 851 070)	(2 926 176)
Suppliers (Goods and Services)		(191 105 020)	(176 538 608)
Finance costs		(121)	(364)
Transfer of prior year surplus		-	(103 838 024)
		(386 944 096)	(477 603 147)
Net cash flows from operating activities	30	**(40 027 624)**	**(148 482 888)**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3 591 950)	(8 890 723)
Purchase of other intangible assets	10	(17 660 173)	(10 329 742)
other receivables - rental deposits paid or refunded	6	(17 762)	23 636
Recovery of VBS investment	8	-	20 480 000
Net cash flows from investing activities		**(21 269 885)**	**1 283 171**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**(61 297 509)**	**(147 199 717)**
Cash and cash equivalents at the beginning of the year		122 910 150	270 109 867
Cash and cash equivalents at the end of the year	7	**61 612 641**	**122 910 150**

* See Note 44 & 43

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry Income	300 000	-	**300 000**	138 698	**(161 302)**	
Interest received from bank	9 828 897	(4 914 448)	**4 914 449**	3 981 402	**(933 047)**	
Total revenue from exchange transactions	**10 128 897**	**(4 914 448)**	**5 214 449**	**4 120 100**	**(1 094 349)**	
Revenue from non-exchange transactions						
Levies	367 200 000	(5 939 609)	**361 260 391**	338 893 264	**(22 367 127)**	1
Interest received from non exchange transactions	3 922 630	-	**3 922 630**	4 763 734	**841 104**	
SETA Grant funding received	-	-	**-**	279 469	**279 469**	
Total revenue from non-exchange transactions	**371 122 630**	**(5 939 609)**	**365 183 021**	**343 936 467**	**(21 246 554)**	
Total revenue	**381 251 527**	**(10 854 057)**	**370 397 470**	**348 056 567**	**(22 340 903)**	
Expenditure						
Employee related costs	(224 078 276)	(248 112)	**(224 326 388)**	(205 593 268)	**18 733 120**	2
Board & Other committees fees	(3 282 523)	150 000	**(3 132 523)**	(2 063 004)	**1 069 519**	
Depreciation and amortisation	-	-	**-**	(10 260 568)	**(10 260 568)**	3
Finance costs	-	-	**-**	(121)	**(121)**	
Lease rentals on operating lease	(19 632 317)	333 333	**(19 298 984)**	(17 806 063)	**1 492 921**	
Debt Impairment	-	-	**-**	(18 966 823)	**(18 966 823)**	6
Contracted Services	(50 129 722)	(4 824 111)	**(54 953 833)**	(50 929 394)	**4 024 439**	4
General Expenses	(78 476 721)	(34 537 752)	**(113 014 473)**	(123 619 013)	**(10 604 540)**	5
Total expenditure	**(375 599 559)**	**(39 126 642)**	**(414 726 201)**	**(429 238 254)**	**(14 512 053)**	
Operating deficit	**5 651 968**	**(49 980 699)**	**(44 328 731)**	**(81 181 687)**	**(36 852 956)**	
Loss on disposal of assets and liabilities	-	-	**-**	(157 122)	**(157 122)**	
Deficit before taxation	**5 651 968**	**(49 980 699)**	**(44 328 731)**	**(81 338 809)**	**(37 010 078)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**5 651 968**	**(49 980 699)**	**(44 328 731)**	**(81 338 809)**	**(37 010 078)**	

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconciliation: Revenue from non-exchange -Levies						
Actual levies collected						
Accrual adjustment- Levies billed and not collected in the current year				338 893 264		1
				75 448 734		1
Actual Amount in the Statement of Financial Performance				**414 341 998**		

Reasons are provided for variances above R 2 071 710 (which is 0.5% of levies revenue as per the materiality framework (ref 1.3 accounting policies):

1. Levies

The unfavourable variance on the levies collected is due to low scheme registration and payment arrangements entered into with defaulting schemes resulting in less revenue collected. This is despite an increase of the revenue collection from the previous year. The levies budget was based on actual levies expected to be collected rather than levies billed, whereas the Annual Financial Statements were prepared on the accrual basis in accordance with the Standards of GRAP. Consequently, the actual amounts presented in the Statement of Comparison of Budget and Actual Amounts have been adjusted to a comparable basis.

2. Employee related costs

The underspending is mainly due to vacant positions (21% vacancy rate) especially in the Executive level for longer periods, (CEO, CFO, Adjudicator General and the Company Secretary).

3. Depreciation and amortisation

Depreciation is a non-cash item which is not budgeted for. The budget for the acquisition of the capital assets is included in the Statement of Comparison of Budget and Actual Amounts: Statement of Financial Position.

4. Contracted services

The underspending in contracted services is due to low spending on consulting fees for major ICT projects (Managed SOC , ICT security vulnerability assessments), and legal expenses due to decrease in spending on legal matters, despite an increase in the adjudication fees paid to the part-time adjudicators. The unfavourable variance is due to the increase in the adjudication fees due to the adjudication orders processed in the year under review

5. General expenses

General expenditure relates to operating costs that are not directly attributable to core programme delivery (e.g., dispute resolution or regulatory functions) but are necessary for the day-to-day running and administration of the organisation such as advertising costs, travel and accommodation, and license fees. The expenditure in excess of the budgeted amount were funded from the ring-fenced funds from the previous financial year

6. Debt impairment

This expense is a non-cash item which is not budgeted for that relates to the adjustment of the impairment losses of the long outstanding levies.

Refer to note **41** for the reasons for budget adjustments.

Community Schemes Ombud Service

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	3 450 000	450 000	**3 900 000**	3 355 332	**(544 668)**	
Intangible assets	2 201 971	34 792 691	**36 994 662**	21 767 277	**(15 227 385)**	6
	5 651 971	**35 242 691**	**40 894 662**	**25 122 609**	**(15 772 053)**	
Total Assets	**5 651 971**	**35 242 691**	**40 894 662**	**25 122 609**	**(15 772 053)**	
	-	**-**	**-**	**-**	**-**	

Reasons are provided for variances above R 2 071 710 (which is 0.5% of levies revenue as per the materiality framework (ref 1.3 accounting policies):

6. Intangible Assets

The underspending is due delays in the implementation of the ICT projects on computer software relating to the implementation of Electronic Content and Document Management System solution (ECDMS license, implementation cost), Sage Upgrade, Project implementation (BAS) and Aruba Networking 3 year subscription.

Refer to note **41** for the reasons for budget adjustments.

The accounting policies on pages **99** to **120** and the notes on pages **121** to **167** form an integral part of the annual financial statements.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

Figures in Rand	Note(s)	2026	2025

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

1.4 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.

1.5 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.

Provisions

Management exercises judgement in determining whether present obligations exist, whether an outflow of economic benefits is probable and whether reliable estimates of obligations can be made

Contingent liabilities

Significant judgement is exercised in assessing ongoing legal matters to determine whether recognition as a provision or disclosure as a contingent liability is appropriate.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Employee Benefit obligation

Judgement is exercised in determining the measurement of leave accruals and performance bonus obligations, including assumptions regarding future salary increases, leave utilisation, employee eligibility and expected settlement dates.

Expected credit losses

Management applied the following significant judgements in determining the loss allowance for receivables from exchange transactions by:

- Identifying whether each balance is a financial instrument under GRAP 104 or a statutory/non-financial asset that is outside the scope of this assessment.
- Determining whether debtors are credit-impaired based on objective evidence such as no payment for more than three years, legal handover, cessation of business, death, dismissal, non-response to collection efforts or other evidence that the debtor is unlikely to settle the debt.
- Assessing forward-looking factors, including the status of the debtor, affordability, legal recoverability, collection trends and the cost-benefit of further recovery action.
- Determining whether any collateral, returned assets or other recoveries should reduce the expected credit loss. Where an asset has been returned or no further recoveries are expected, the expected credit loss reflects the net exposure still outstanding.

Impairment of statutory receivables

Statutory receivables are assessed for impairment in accordance with GRAP 108 on Statutory Receivables. The impairment assessment is performed using the incurred-loss model in terms of GRAP 108 paragraphs .17 to .25. At each reporting date, management assesses whether there is objective evidence that a statutory receivable, or group of statutory receivables, is impaired.

The entity measures statutory receivables subsequently using the cost method in accordance with GRAP 108 and assesses impairment at each reporting date for any indication that a statutory receivable, or group of statutory receivables, may be impaired. For collective impairment assessment, past-due statutory receivables are segmented into homogeneous groupings based on ageing categories, as ageing is considered an appropriate indicator of shared credit-risk characteristics and collectability patterns that are forward looking.

Current balances (0–30 days) are excluded from this segmentation where they are not yet past due and do not exhibit indicators of impairment. This approach is consistent with GRAP 108's requirement to assess receivables collectively where they exhibit similar characteristics relevant to collectability

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 and intangible assets are reviewed at each balance sheet date. These useful lives are estimated by management based on historic analysis and other available information and any changes noted are accounted for as changes in accounting estimates.

Revenue from Levies

Significant judgement is applied in determining levy revenue recognised at year-end, including assessing levies billed but not yet collected, recoverability of statutory receivables and compliance with the recognition requirements of GRAP 23 and GRAP 108.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.6 Property, plant and equipment

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

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 or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset, monetary assets, or a combination of monetary and non-monetary assets, the cost of the asset acquired is measured at fair value unless the exchange transaction lacks commercial substance or neither the fair value of the asset received nor the asset given up can be measured reliably. Where the fair value cannot be measured reliably, the cost is measured at the carrying amount of the asset given up.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment comprises:

its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management;
the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, where applicable.

Costs associated with the day-to-day servicing and maintenance of property, plant and equipment are recognised in surplus or deficit as incurred and are not included in the carrying amount of the asset.

Expenditure incurred after initial recognition is capitalised only when it is probable that future economic benefits or service potential associated with the expenditure will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised in surplus or deficit as incurred.

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.

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.

After initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and accumulated 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
Computer equipment	Straight-line	3-6 years

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Leasehold improvements	Straight-line	Based on the lesser of lease period or useful lives of the asset
Mobile devices	Straight-line	3 years

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.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 in note 43.

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.

1.7 Intangible assets

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 accumulated impairment losses.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.7 Intangible assets (continued)

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 License 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.

Amortisation expense has been recognised within the "Depreciation and Amortisation" line item in the Statement of Financial Performance.

1.8 Financial instruments

Financial Assets

Significant Accounting Policies

1.8 Financial instruments (continued)

Initial Recognition

Financial assets are recognised when the Entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at transaction price, except for financial assets measured at fair value through surplus or deficit where transaction costs are recognised immediately in surplus or deficit.

The Entity's financial assets consist of:

Receivables from exchange transactions
Staff debtors
Interest accrued
Trade debtors
Cash and cash equivalents
Cash held at reputable financial institutions
CPD investment
Other Financial assets -
Investment with VBS Mutual Bank
Other receivables from exchange transactions
Rental deposits

Subsequent Measurement

The Entity subsequently measures financial assets at amortised cost where the objective is to hold the financial assets in order to collect contractual cash flows and where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Receivables from exchange transactions, rental deposits, cash and cash equivalents, CPD investments and the investment with VBS Mutual Bank are therefore measured at amortised cost using the effective interest method, where applicable.

Cash and cash equivalents include cash on hand, bank balances and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Impairment / Expected Credit Losses

The Entity applies the expected credit loss model to financial assets measured at amortised cost.

For trade debtors and staff debtors, management applies the simplified approach and recognises lifetime expected credit losses at each reporting date.

Expected credit losses are determined using debtor-specific information, historical collection experience, current collection status, age of the debt, legal or employment status, repayment arrangements, default history and reasonable and supportable forward-looking information available without undue cost or effort.

Trade receivables and other receivables are assessed for expected credit losses taking into account historical default experience, current economic conditions and forward-looking information.

No expected credit losses have been recognised on cash and cash equivalents, including CPD investments, as these funds are held with reputable financial institutions, including the South African Reserve Bank, First National Bank and Standard Bank, which are considered to have low credit risk.

The investment held with VBS Mutual Bank was assessed for expected credit losses in accordance with the revised GRAP 104 expected credit loss model. Following the curatorship and subsequent collapse of VBS Mutual Bank, the investment was considered credit-impaired due to significant financial difficulty and the low probability of recovery.

Accordingly, a full expected credit loss equal to the gross carrying amount of the investment was recognised in surplus or deficit, reducing the carrying amount of the investment to nil. Interest income is no longer recognised on the investment as there is no reasonable expectation of recovery.

Write-off

A financial asset is written off when there is no reasonable expectation of recovery, subject to approval in terms of the CSOS

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Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.8 Financial instruments (continued)
Revenue and Receivables Policy, delegations of authority and applicable legislation.

Write-off does not prevent the Entity from continuing with enforcement actions where legally permissible and economically viable.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership are transferred.

Financial Liabilities Initial Recognition

Financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability.

The Entity's financial liabilities consist of:

Payables from exchange transactions
Trade payables Payroll liabilities Accrued expenses
Subsequent Measurement

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

Trade payables, payroll liabilities and accrued expenses are classified as financial liabilities at amortised cost.

Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled , expires or waived.

Impairment

Expected credit losses are not recognised on financial liabilities, as the impairment requirements of revised GRAP 104 apply only to financial assets and certain financial guarantee contracts.

Non-financial Assets

The following balances are not financial assets because they do not arise from a contractual right to receive cash or another financial asset:

Description	Nature
Prepayments	Payments made in advance for future goods or services
Receivables from non-exchange transactions	Statutory receivables arising from legislation
Property, plant and equipment	Tangible assets used in operations
Intangible assets	Non-monetary assets without physical substance

Non-financial Liabilities

The following balances are not financial liabilities because they do not arise from contractual obligations to deliver cash or another financial asset:

Description	Nature
Unallocated levies	Statutory receipts awaiting allocation
Revenue received in advance	Obligation to provide future services rather than deliver cash
Leave accrual&bonus liability	Employee benefit obligation accounted for under Grap 25
Provisions	Obligations accounted for under GRAP 19
Operating lease liability	Obligation arises from the future use of an asset

Significant Accounting Policies

1.8 Financial instruments (continued)

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

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

Adoption of the revised Standard of GRAP 104 on Financial Instruments

During the current financial year, the Entity adopted the revised Standard of GRAP 104: Financial Instruments issued by the Accounting Standards Board. The revised Standard introduced amendments to the classification, measurement and impairment of financial instruments, including the introduction of the expected credit loss model for financial assets measured at amortised cost.

Management assessed all existing financial assets and financial liabilities at the date of initial application and concluded that the classification and measurement of the Entity's financial instruments remain appropriate under the revised Standard.

The Entity also assessed its impairment methodology and implemented the expected credit loss model for financial assets within the scope of GRAP 104. Statutory receivables continue to be accounted for in accordance with GRAP 108 using the impairment model prescribed by that Standard.

The adoption of the revised Standard did not result in any material adjustment to the carrying amounts of the Entity's financial assets or financial liabilities.

Transition to Revised GRAP 104

In accordance with the transitional provisions of the revised Standard of GRAP 104, management assessed the business model applicable to financial assets and evaluated whether the contractual cash flows represent solely payments of principal and interest.

The assessment confirmed that all financial assets continue to be measured at amortised cost.

Comparative information has not been restated as the adoption of the revised Standard had no material impact on the classification or measurement of financial instruments.

Community Schemes Ombud Service

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Significant Accounting Policies

1.8 Financial instruments (continued)

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 less ECL
Receivables from exchange transactions - Staff debtors	Financial asset measured at amortised cost less ECL
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 amortised cost
Other financial asset-VBS investment	Financial asset measured at amortised cost less ECL

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
Payables from exchange transactions - Trade creditors	Financial liability measured at amortised cost
Payables from exchange transactions - Accruals	Financial liability measured at amortised cost
Payables from exchange transactions - Payroll liabilities	Financial liability measured at amortised cost

1.9 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.

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

Significant Accounting Policies

1.9 Statutory receivables (continued)

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

Statutory receivables are assessed for impairment in accordance with GRAP 108 on Statutory Receivables. The impairment assessment is performed using the incurred-loss model in terms of GRAP 108 paragraphs .17 to .25. At each reporting date, management assesses whether there is objective evidence that a statutory receivable, or group of statutory receivables, is impaired.

Where impairment indicators exist, the impairment loss is determined as the difference between the carrying amount of the statutory receivable and the estimated future cash flows expected to be recovered. In estimating future cash flows, management considers historical collection patterns, ageing of outstanding balances, payment behaviour of schemes, recoveries after year-end, dispute status, data quality, and other observable information available at reporting date.

Management considered the requirement in GRAP 108 to assess both the amount and timing of expected future cash flows. Where the effect of the time value of money is material, estimated future cash flows are discounted using an appropriate rate. For the current reporting period, management assessed the effect of discounting and concluded that the time value of money is not material to the statutory receivables impairment allowance. Accordingly, no separate discounting adjustment has been recognised in the impairment calculation.

The conclusion that discounting is immaterial is based on the nature of CSOS statutory receivables, the uncertainty around the timing of recoveries, the historical recovery experience, and the fact that the impairment model is primarily driven by incurred-loss indicators and observable collection patterns. The impairment methodology applied does not represent an expected credit loss model under GRAP 104, nor is it based on the general measurement provisions applicable to financial instruments. The calculation is based on the incurred-loss impairment requirements applicable to statutory receivables under GRAP 108 paragraphs .17 to .25.

Management will reassess the materiality of the time value of money annually as part of the statutory receivables impairment assessment. Where the timing of future recoveries becomes sufficiently reliable and the impact of discounting becomes material, the impairment methodology will be updated to include the present value of estimated future cash flows using an appropriate discount rate.

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

Community Schemes Ombud Service
Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.9 Statutory receivables (continued)

- 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.

1.10 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

1.11 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 - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The

aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.12 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.

Significant Accounting Policies

1.13 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.

At each reporting date, the entity assesses whether there is any indication that a cash-generating asset may be impaired. Where such indication exists, the recoverable amount is estimated. An impairment loss is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

1.14 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.

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:

Community Schemes Ombud Service

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Significant Accounting Policies

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

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.

At each reporting date, the entity assesses whether there is any indication that a non-cash-generating asset may be impaired. Where such indication exists, the recoverable service amount is estimated. An impairment loss is recognised when the carrying amount exceeds the recoverable service amount. The recoverable service amount is the higher of fair value less costs to sell and value in use, determined with reference to the remaining service potential of the asset.

1.15 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.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Significant Accounting Policies

1.15 Employee benefits (continued)

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.

Bonus, incentive and performance related payments

Performance bonuses form part of the entity's short-term employee benefits and are recognised in accordance with GRAP 25 – Employee Benefits.

The entity recognises a liability and the related employee benefit expense for performance bonuses when employees have rendered services that entitle them to the bonus and the entity has a present legal or constructive obligation to make payment as a result of those services.

The performance bonus liability is measured at the best estimate of the amount expected to be paid, taking into account the approved remuneration policy, organisational performance, individual performance assessments, historical payment trends and any other information available at the reporting date.

Where the final bonus awards have not yet been approved by the Board at the reporting date, the liability is measured using management's best estimate of the expected obligation based on the information available at that date.

The performance bonus liability is reviewed at each reporting date and adjusted to reflect the current best estimate of the amount expected to be settled. Any revisions resulting from updated information or the final approval of bonus awards are recognised in surplus or deficit in the period in which the estimate is revised.

Performance bonus obligations expected to be settled within twelve months after the reporting date are classified as current employee benefit obligations. Where settlement is not expected within twelve months after the reporting date, the obligation is classified as a non-current employee benefit obligation.

Performance bonus obligations are derecognised when the obligation is settled, cancelled or otherwise extinguished.

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Significant Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans Recognition and measurement

The Entity participates in the Government Employees Pension Fund (GEPF), which is a multi-employer defined benefit pension plan established in terms of legislation.

Sufficient information is not available to account for the plan as a defined benefit plan in accordance with GRAP 25.

Accordingly, the Entity accounts for its participation in the GEPF as if it were a defined contribution plan.

Contributions are recognised as employee benefit expenses in the period during which employees render the related services.

The Entity has no legal or constructive obligation to make additional contributions beyond those required by legislation. 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

1.16 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.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Significant Accounting Policies

1.17 Commitments

Commitments represent contractual obligations that have been approved and contracted for at the reporting date but have not yet been recognised as liabilities because the recognition criteria of the applicable Standards of GRAP have not yet been met.

Commitments are measured at the contracted amounts expected to be settled and are disclosed separately for capital and operating commitments.

Commitments exclude future operating costs that are not supported by contractual obligations existing at the reporting date.

1.18 Revenue from exchange transactions Recognition

Revenue from the sale of goods shall be 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.

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 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

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.

Community Schemes Ombud Service

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Significant Accounting Policies

1.19 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 changes were made after reporting date for previous years .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

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure relates to expenditure incurred in vain that could have been avoided had reasonable care been exercised. The entity applies a preventative and detective compliance framework aligned to the PFMA and Treasury Regulations, incorporating internal controls, investigation processes, consequence management, recovery procedures, and governance oversight to ensure proper identification, management, and disclosure of such expenditure in accordance with GRAP reporting requirements. Receivables for the recovery of these expenditures are only recognised when there is a reasonable expectation that the amounts will be recovered. These expenditures are reduced by the amounts recoverable, condoned by NT or written off as irrecoverable. Any uncertainties to these expenditures are also disclosed.
Fruitless and wasteful expenditure is included in note 39. There were no expenditures identified relating to material losses through criminal conduct.

Fruitless and wasteful expenditure is recognised as expenditure when incurred and is disclosed in the notes to the Annual Financial Statements in accordance with applicable legislation and the National Treasury Framework.

Amounts recovered or subsequently condoned are accounted for separately and do not affect the initial recognition of the expenditure.

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 contranvention of or that is not in accordance with a requirement of any applicable legislation including PFMA, treasury regulations, instructions 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.
Irregular, Fruitless and wasteful expenditure is included in note 39.There were no expenditures identified relating to material losses through criminal conduct..

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance when goods or services have been received and the recognition criteria of the applicable Standard of GRAP have been met.

Irregular expenditure is disclosed in the notes to the Annual Financial Statements in accordance with the applicable National Treasury Framework and relevant legislation. The subsequent investigation, recovery, condonation or removal of irregular expenditure does not affect the initial recognition of the related expenditure unless required by another Standard of GRAP.

1.22 Segment information

A segment is a distinguishable activity or group of activities that:

generates economic benefits or service potential;
is subject to regular review by management for purposes of resource allocation and performance assessment; and has separately identifiable financial information available.

The reportable segments presented in the Annual Financial Statements represent those operating segments that management considers significant for decision-making purposes.

Segment information is presented on the basis of geographical segments, which reflects the manner in which management monitors operations and allocates resources across the entity

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Significant Accounting Policies

1.22 Segment information (continued)

Measurement

Segment information is prepared using accounting policies that are consistent with those adopted in preparing the Annual Financial Statements.

Segment revenue, expenditure, assets and liabilities are measured on the same basis as the corresponding amounts recognised in the Annual Financial Statements.

Segment surplus or deficit includes revenue and expenditure directly attributable to a segment together with amounts that have been allocated using reasonable and consistent allocation methodologies.

Where management uses more than one measure of segment performance, the measure reported is that which management considers to be most consistent with the accounting policies applied in the Annual Financial Statements.

The aggregate segment revenue, expenditure, assets and liabilities reconcile to the corresponding amounts presented in the Statement of Financial Performance and Statement of Financial Position.

Allocation Principles

Revenue, expenditure, assets and liabilities that are directly attributable to a reportable segment are allocated to that segment.

Shared revenue and expenditure are allocated using reasonable and consistent allocation methodologies that reflect the consumption of resources or the nature of the underlying activities. Allocation methodologies may include employee numbers, floor space occupied, transaction volumes, time spent or other appropriate allocation drivers depending on the nature of the transaction.
The following allocation principles have been applied in preparing the segment information:

Employee-related costs are allocated to the segment in which employees are employed. Operating expenditure directly attributable to a segment is allocated to that segment.
Shared operating costs are allocated using appropriate allocation drivers, including employee numbers, office occupancy, transaction volumes or other reasonable allocation bases, where applicable.
Assets and liabilities are allocated to the segment responsible for managing or controlling those resources where such allocation can be made on a reasonable basis.
Corporate assets, liabilities and expenditure that cannot be directly attributed to a specific segment remain allocated to the Head Office segment.

Asymmetrical Allocations

The entity applies asymmetrical allocations where only certain revenues, expenses, assets or liabilities can be directly attributed or reasonably allocated to individual reportable segments.

Where no reasonable allocation basis exists, the relevant amounts remain within the Head Office segment.

Management considers this presentation to best reflect the manner in which resources are managed and performance is evaluated internally.

Interest Revenue

Interest revenue arises from the investment and management of the entity's cash resources, which are administered centrally through the Head Office treasury function.

Interest revenue is recognised centrally and allocated to reportable segments only where management reporting requires such allocation using a consistent methodology.

These allocations are made solely for internal performance reporting purposes and do not result in double counting of interest revenue. The aggregate interest revenue disclosed across all reportable segments reconciles to the total interest revenue recognised in the Statement of Financial Performance.

1.23 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

Significant Accounting Policies

1.23 Budget information (continued)

The approved budget covers the fiscal period from 2025/04/01 to 2026/03/31.

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

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.

There were no events after reporting date that were identified by management

Community Schemes Ombud Service

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Significant Accounting Policies

1.26 Unallocated Receipts

Unallocated receipts comprise amounts received by the Community Schemes Ombud Service (CSOS) that cannot be allocated to a specific community scheme account at the reporting date due to insufficient, incorrect or incomplete payment information. These amounts primarily relate to levy receipts and arise where:

community schemes have not yet been registered on the CSOS system;
incorrect, incomplete or invalid payment reference numbers have been used when making payments;
payment references quoted belong to another registered community scheme or duplicate registration numbers have been used;
reference numbers are truncated or omitted in the banking information received by the Entity;
bank-generated proof of payment does not contain sufficient information to identify the relevant community scheme; or payments made by managing agents without referencing or
the Entity is otherwise unable to identify the relevant community scheme or payer despite reasonable efforts to do so.

As the Entity is unable to determine the community scheme to which the receipt relates, it cannot conclude that the corresponding levy obligation has been settled. Accordingly, these amounts do not meet the recognition criteria for levy revenue and are recognised as current liabilities until sufficient information is obtained to enable the receipts to be allocated to the appropriate community scheme account, refunded where appropriate, or otherwise lawfully dealt with in accordance with applicable legislation and the Entity's policies.

The liability is measured at the amount of the unallocated receipts received and is subsequently reduced when:

the receipt is successfully matched and allocated to the relevant community scheme account;
the amount is refunded to the payer where appropriate; or
the liability is otherwise settled in accordance with applicable legislation and the Entity's approved policies.

The carrying amount of unallocated receipts represents management's best estimate of the Entity's obligation in respect of receipts that have not yet been allocated to identifiable community scheme accounts at the reporting date.

1.27 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.

Significant Accounting Policies

1.28 Expenditure

Expenses are recognised in the Statement of Financial Performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase in a liability has arisen and can be measured reliably.

Expenses are recognised on the accrual basis of accounting when goods are received, services are rendered, or obligations are incurred, irrespective of when payment is made. Expenditure is measured at the fair value of the consideration paid or payable.

Contracted Services

Contracted services comprise expenditure incurred for specialised services provided by external service providers in terms of contractual arrangements entered into by the Entity. These services may include, but are not limited to, professional and consulting services, legal services and outsourced adjudication..

Expenditure relating to contracted services is recognised when the services are received and consumed by the Entity and the related obligation to pay arises.

General Expenses

General expenses comprise operating costs incurred in the ordinary course of the Entity's operations, including office expenses, communication costs(cellphone cost), advertising ,audit fees, travel and accommodation, training and development, printing and stationery, subscriptions, venue hire, utilities, and other day-to-day operating expenditures.

General expenses are recognised in the period in which the goods are received or the services are rendered and consumed by the Entity. Where goods or services have been received before payment is made, a liability is recognised for the outstanding obligation at the reporting date.

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	The adoption of this has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the financial statements

2.2 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 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	To be determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact

3. Receivables from exchange transactions

Trade debtors	40 423	46 423
Staff debtors	603 937	568 443
Interest accrued	58 982	138 532
Allowance for Expected Credit Losses (ECL)	(567 726)	(567 726)
	135 616	**185 672**

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,etc..) 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 expected credit loss relates to an estimate that reflects the amount of debt that CSOS will not be able to collect from customers

Trade and other receivables pledged as security

None of the receivables from exchange transaction debtors have been pledged as security for the entity's financial liabilities.

Figures in Rand	2026	2025

3. Receivables from exchange transactions (continued)

Expected Credit Loss (ECL)

The loss allowance for trade debtors and staff debtors is measured at lifetime expected credit losses. For purposes of this 25-26 Financial year assessment, the debtors listed below were assessed individually because they display specific indicators of credit impairment. The indicators include no payment for more than three years, legal handover, debtor death, dismissal, cessation of business, returned assets and no acknowledgement or payment arrangement. Management has therefore assessed the probability of default and loss given default as effectively 100% for these balances, resulting in a recommended loss allowance of R567 726.

Debtor & basis for impairment	Balance	Recommended ECL
Zincane Izibongo-Ceased business & indicated inability to pay	5 928	5 928
M Costas-Asset returned to CSOS,no further payment expected.	5 552	5 552
S Pillay-Handed over to legal,no payment received for more than 3 years	2 000	2 000
M Ndlela-Deceased former employee,recovery is not expected.	25 805	25 805
M Phohole-Dismissed employee,no payment received.	21 550	21 550
N Dube-Dismissed employee,no debt acknowledgement or payment received.	15 831	15 831
T Khambule-Dismissed employee,no debt acknowledgement or payment received.	47 044	47 044
J Makhaye- Dismissed employee,no payment received after dismissal.	444 016	444 016
	567 726	**567 726**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	567 726	148 713
Allowance for expected credit loss	-	419 013
	567 726	**567 726**

4. Receivables from non-exchange transactions(Levies)

Levies	394 862 249	314 800 649
Impairment loss allowance	(253 875 196)	(234 908 372)
	140 987 053	**79 892 277**

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 outstanding levies as per Section 13 of the Regulations on the CSOS Act and the accounting policy is aligned with the Regulations.

Receivables from non-exchange transactions(Levies) pledged as security

None of the receivable from non-exchange have been pledged as security for the entity's financial liabilities.

Community Schemes Ombud Service

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

4. Receivables from non-exchange transactions(Levies) (continued)

Receivables from non-exchange transactions(Levies) 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 subsequently using the cost method in accordance with GRAP 108 and assesses impairment at each reporting date for any indication that a statutory receivable, or group of statutory receivable, may be impaired. For collective impairment assessment, past due receivables are segmented into homogeneous groupings based on ageing categories, as ageing is considered an appropriate indicator of shared credit-risk characteristics and collectability patterns that are forward looking.

Current balances (0-30 days) are excluded from this segmentation because where they are not yet past due and do not exhibit indicators of impairment. This approach is consistent with GRAP 108's requirement to assess receivables collectively where they exhibit similar characteristics relevant to collectability, supported by the application guidance in AG16.

Significant receivables - Receivables more than 360 days past due.

Statutory receivables aged more than 360 days past due are treated as a separate homogeneous category for impairment assessment. Based on management's analysis of five years of historical collection trends, recoveries on balances in this ageing category are negligible and most accounts show no allocated payments. On this basis management has determined that the recoverable amount of these balances is not material, and a 100% impairment is therefore recognised.

Insignificant receivables - Receivables less than 360 days past due.

Statutory receivables that are less than 360 days past due remain within a recoverable period but are assessed for impairment where there is evidence of reduced collectability, including where balances are not fully settled within the expected collection period. For each debtor, the Entity applies a debtor-specific average age loss rate, derived from three years of collection experience covering the 2023/24 to 2025/26 financial years, to the relevant reporting-date balance. This loss rate is reviewed and updated annually to reflect current economic conditions, regulatory developments, and observable changes in scheme compliance behaviour. The impairment assessment is therefore based on both historical payment behaviour and management's estimate of future cash inflows, enabling the Entity to determine an appropriate impairable balance at reporting date.

Significant receivables	**Original balances**	**Impairable balance**	**Actual Impairment**
360 days	184 035 977	184 035 977	184 035 977
270 days	22 266 717	22 266 717	22 266 717
180 days	22 373 936	22 373 936	22 373 936
90 days	23 328 597	23 328 597	23 328 597
60 days	128 086	128 086	128 086
30 days	1 271 035	1 271 035	1 271 035
Current	22 670 381	-	-
	276 074 729	**253 404 348**	**253 404 348**

Insignificant receivables	**Original balances**	**Impairable balance**	**Actual Impairment**
Aging of < 360 days debtors	118 787 520	64 026 660	470 848

Total Impairment	**Original balances**	**Impairable balance**	**Actual impairment**
Significant receivables	276 074 729	253 404 348	253 404 348
Insignificant receivables	118 787 520	64 026 660	470 847
	394 862 249	**317 431 008**	**253 875 195**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

4. Receivables from non-exchange transactions(Levies) (continued)

Reconciliation of provision for impairment of receivables from non-exchange transactions(levies)

Opening balance	234 908 372	234 860 574
Allowance for expected credit loss	18 966 823	47 798
	253 875 195	**234 908 372**

5. Prepayments

Prepayments	5 812 831	7 182 114

Prepaid expenses relate to advance payments made for the operational licenses, mainly relating to Microsoft, Caseware, Docusign, Sage, Eset, etc.
The advance payments are in line with the contractual arrangement with the service provider.

Current assets	5 773 207	7 182 114
Non current asset	39 624	-
	5 812 831	**7 182 114**

The non-current portion relates to advance payment made for HPE Converged Solution support hours which the service is due to expire 31 October 2027.

6. Other receivables - Rental Deposits

Premises		
Deposits - Office Rental	948 339	930 577
Non-current assets	100 351	36 000
Current assets	847 988	894 577
	948 339	**930 577**

The rental deposits represents deposits paid for the following CSOS offices:

a) Head office - Centurion offices.
b) KwaZulu-Natal Region - Durban, Ballito and Bloemfontein offices.
c) Gauteng Region - Rustenburg and Polokwane offices.
d) Western Cape Region - George and Gqeberha offices.

No rental deposits were paid for the following offices therefore there are no deposits receivable to be recognised.

a) KwaZulu-Natal Region - Mbombela offices.
b) Western Cape Region - Cape Town offices.

The rental deposit of the following CSOS offices were included under non-current assets as leases are due to expire beyond 12 months.
a) KwaZulu-Natal Region - Ballito and Bloemfontein offices.
b) Western Cape Region - Gqeberha offices.
c) Gauteng Region - Limpopo and Rustenburg offices.

Community Schemes Ombud Service

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6. Other receivables - Rental Deposits (continued)

The rental deposits of following CSOS offices were included under current assets as the lease is due to expire within 12 months :

a) Head office - Centurion offices.
b) KwaZulu-Natal Region - Durban.
c) Western Cape Region - George.

Movement of rental deposit		
Opening balance	930 577	954 211
Deposits paid	21 056	616
Deposits refunded	(3 294)	(24 250)
	948 339	**930 577**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	45 266 935	69 141 268
Short-term deposits	16 345 706	53 768 882
	61 612 641	**122 910 150**

No expected credit losses have been recognised on cash and cash equivalents, including CPD investments, as these funds are held with reputable financial institutions, including the South African Reserve Bank, First National Bank and Standard Bank, which are considered to have low credit risk.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

8. Other financial assets

At amortised cost		
Opening balance-Other financial assets (VBS investment)	61 334 769	81 814 769
Recovery of VBS investment	-	(20 480 000)
	61 334 769	61 334 769
Allowance for Expected Credit Losses	(61 334 769)	(61 334 769)
	-	**-**

The investment held with VBS Mutual Bank was assessed for expected credit losses in accordance with the revised GRAP 104 expected credit loss model. Following the curatorship and subsequent collapse of VBS Mutual Bank, the investment was considered credit-impaired due to significant financial difficulty and the low probability of recovery.

Accordingly, a full expected credit loss equal to the gross carrying amount of the investment was recognised in surplus or deficit, reducing the carrying amount of the investment to nil. Interest income is no longer recognised on the investment as there is no reasonable expectation of recovery.

Investment Impaired

Our ongoing efforts to recover a portion of the R61 million investment from VBS Mutual Bank continue. Due to the process being subject to insolvency requirements and procedures, it is impossible to predict the prospects of successful recovery, the amount to be recovered, or the timeline for completion of the recovery exercise.

Community Schemes Ombud Service
Annual Financial Statements for the year ended 31 March 2026

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9. Property, plant and equipment

	2026			2025		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	7 956 816	(3 226 410)	4 730 406	6 905 623	(2 408 991)	4 496 632
Motor vehicles	846 106	(506 421)	339 685	846 106	(477 804)	368 302
Office equipment	3 923 502	(1 832 231)	2 091 271	3 956 180	(1 246 344)	2 709 836
Computer equipment	14 948 798	(7 018 304)	7 930 494	16 496 715	(7 710 958)	8 785 757
Leasehold improvements	528 312	(506 080)	22 232	1 034 351	(671 556)	362 795
Mobile Devices	2 614 334	(1 866 394)	747 940	2 653 783	(1 649 223)	1 004 560
Total	**30 817 868**	**(14 955 840)**	**15 862 028**	**31 892 758**	**(14 164 876)**	**17 727 882**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	4 496 632	1 161 155	(59 442)	(867 939)	4 730 406
Motor vehicles	368 302	1	-	(28 618)	339 685
Office equipment	2 709 836	21 863	(17 083)	(623 345)	2 091 271
Computer equipment	8 785 757	1 745 628	(17 557)	(2 583 334)	7 930 494
Leasehold improvements	362 795	-	(10 725)	(329 838)	22 232
Mobile Devices	1 004 560	426 685	(52 316)	(630 989)	747 940
	17 727 882	**3 355 332**	**(157 123)**	**(5 064 063)**	**15 862 028**

Community Schemes Ombud Service
Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4 774 474	506 837	(23 353)	(761 326)	4 496 632
Motor vehicles	483 327	-	-	(115 025)	368 302
Office equipment	2 266 835	1 006 301	-	(563 300)	2 709 836
Computer equipment	10 399 832	1 183 338	(206 652)	(2 590 761)	8 785 757
Leasehold improvements	628 992	238 656	(1 141)	(503 712)	362 795
Mobile Devices	1 293 779	451 701	(84 223)	(656 697)	1 004 560
	19 847 239	**3 386 833**	**(315 369)**	**(5 190 821)**	**17 727 882**

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)	30 638	289 155

Refer to note **36** for the capital commitments.
Refer to note **43** for the reassessment of the useful life

The cash purchase of the assets as disclosed in the cash flow statement has been determined as follows

	2026	**2025**
Opening balance-Payable relating to assets	241 216	5 745 106
Additions as indicated above	3 355 332	3 386 833
Closing balance -Payable relating to assets	(4 598)	(241 216)
	3 591 950	**8 890 723**

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2026			2025		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	71 337 422	(13 357 006)	57 980 416	50 626 650	(9 217 006)	41 409 644

Reconciliation of intangible assets - March 2026

	Opening balance	Additions	Amortisation	Total
Computer software, other	41 409 644	21 767 277	(5 196 505)	57 980 416

Reconciliation of intangible assets - March 2025

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	28 457 546	17 025 498	(48 772)	(4 024 628)	41 409 644

Refer to note **36** for the capital commitments.
The cash purchase of the assets as disclosed in the cash flow statement has been determined as follows

	2026	**2025**
Opening balance-Payable relating to assets	6 990 157	294 400
Additions as indicated above	21 767 277	17 025 498
Opening balance-Payable relating to assets	(11 097 261)	(6 990 157)
	17 660 173	**10 329 741**

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

11. a. Operating lease liability

Current liabilities	60 708	591 231

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.

11. b. Operating Lease Commitments

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:

Office Premises and photocopy machines - Contractual lease payments due		
Up to 1 year	15 207 724	12 665 898
2 to 5 years	60 174 842	1 940 929
	75 382 566	**14 606 827**

Total Operating Lease Arrangements
The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	17 806 063	17 097 929

12. Payables from exchange transactions

Trade payables	18 945 384	19 303 545
Payroll liabilities	7 353 725	759 088
Other accrued expenses	18 046 015	13 406 678
	44 345 124	**33 469 311**

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 aid & SARS for PAYE and staff savings.

Other accrued expenses.
This relates to services rendered and goods supplied before reporting date not invoiced at reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

13. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Leave Accrual	(8 226 686)	(4 820 287)
Performance bonus liability	(14 852 547)	(13 036 268)
	(23 079 233)	**(17 856 555)**

Leave accrual.
This relates to the employees' balance of annual leave days accumulated and not taken as of 31 March 2026. 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.

Leave accrual represents employees' accumulated annual leave earned but not taken at reporting date.

The liability is measured at the remuneration rates expected to apply when the obligation is settled, including employer contributions where applicable.

Management expects substantially all leave obligations to be settled within twelve months after reporting date.

Performance bonus liability

The performance bonus liability represents management's best estimate of bonuses expected to be paid in respect of employee services rendered up to the reporting date.

The liability is recognised when the entity has a present obligation arising from employee service and a reliable estimate of the obligation can be made. The amount recognised is based on anticipated organisational performance, individual performance assessments, historical experience and management's best estimate of the amounts expected to be approved by the Board.

The timing of settlement remains dependent on completion of the governance and approval processes.

Provision for bonus was calculated at 5% of salary cost subjected to the organisation performance. The performance bonus for the 2023/24 financial year was paid in the month of December 2025.
The performance bonus for the year 2024/25 as well as 2025/26 is anticipated to be paid within the next 12 months.

The R14.9 Million provision consists of R 7.4m relating to 2025/26 cycle, R 7.2m relating to 2024/25 cycle and R0.3 m relating to executives -2023/24 cycle.

Reconciliation of performance bonus liability	**2026**	**2025**
Opening balance	13 036 268	5 804 177
Current year provision	7 361 832	7 232 091
Amount paid	(2 833 729)	-
Reversal of excess provision	(2 711 825)	-
	14 852 546	**13 036 268**

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

14. Unallocated Receipts

Opening Balance	218 048 687	183 530 111
Cash received for the year	84 985 006	110 191 543
Allocation for the year	(80 314 726)	(75 672 967)
	222 718 967	**218 048 687**

Unallocated receipts comprise amounts received by the Community Schemes Ombud Service (CSOS) that could not be allocated to specific community scheme accounts at the reporting date due to insufficient, incorrect or incomplete payment information. These amounts arise primarily where incorrect or incomplete payment reference numbers are used by community schemes, reference numbers are truncated in the banking information received by CSOS, bank-generated proof of payment does not contain sufficient information to identify the relevant community scheme, or payments relate to community schemes that have not yet been registered on the CSOS system or payments made by managing agents without correct referencing.
In such instances, CSOS is unable to determine the community scheme to which the payment relates and, accordingly, cannot conclude that the corresponding levy obligation has been settled. Consequently, these receipts are recognised as current liabilities until sufficient information is obtained to allocate the amounts to the appropriate community scheme account or until they are otherwise settled in accordance with applicable legislation and the Entity's policies.
During the current financial year, CSOS continued its reconciliation and allocation processes and successfully allocated a portion of the previously unallocated receipts to the relevant community scheme accounts upon obtaining sufficient supporting information.

15. Revenue received in advance

Revenue received in advance-scheme payments	59 894 205	61 141 771

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. 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. 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

Other revenue	138 698	792 113
Reversal from impairment loss (Recovery of VBS investments)	-	20 480 000
Surrender of Surpluses	-	59 385 261
Interest received from bank	3 981 402	10 434 698
Levies	414 341 998	310 808 014
Interest from non-exchange receivables	4 763 734	2 481 990
SETA grant funding received	279 469	295 243
	423 505 301	**404 677 319**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

16. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Other revenue	138 698	792 113
Interest received from bank	3 981 402	10 434 698
	4 120 100	**11 226 811**

The amount included in revenue arising from non-exchange transactions is as follows:		
Levies	414 341 998	310 808 014
Interest from non-exchange receivables	4 763 734	2 481 990
SETA grant funding received	279 469	295 243
	419 385 201	**313 585 247**

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	138 698	792 113

Sundry income mainly relates to insurance proceeds, sale of assets as well as staff recoveries(missed flights,etc.).

18. Reversal of Impairment loss(Recovery from VBS)

Other financial assets The VBS Liquidators declared a distribution to creditors arising from the liquidation process. The amount received represents a recovery of cash flows relating to the previously impaired investment. Accordingly, the receipt has been recognised as a reversal of impairment in accordance with GRAP 104 rather than dividend income.	-	20 480 000

19. Levies

Levies	414 341 998	310 808 014

20. Interest from non-exchange receivables

Interest received from non-exchange receivables	4 763 734	2 481 990

21. SETA Funding grant received

SETA Funding grant received	279 469	295 243

This relates to grant received from Services SETA for the approval of the Mandatory Grant application (Workplace Skills Plan and Annual Training Report) made.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

22. Employee related costs

Basic salaries and other benefits*	184 720 437	178 863 541
Bonus	4 650 007	7 232 091
UIF	437 306	436 657
WCA	248 112	201 885
SDL	1 760 453	1 684 534
Defined contribution plans	13 776 953	13 651 443
	205 593 268	**202 070 151**

*Included in Other benefits are Non-pensionable allowance, Leave payout & Provision adjustment, Reinstatement termination leave payout, Travel allowance, Lumpsum, 13th Cheque savings, Acting allowances, Backpay, and Garnishee order.

Bonus

The amount of R4 650 007 consists of an adjustment of R7 361 832 relating to the 2025/26 bonus provision, offset by the reversal of a provision amounting to R2 711 285 relating to the 2023/24 bonus provision.

During the current financial year, bonus payments amounting to R2.8 million were made following the final approval of bonus awards for the 2023/24 performance cycle. A bonus provision of R5.8 million had been recognised in the prior financial year based on management's best estimate at the reporting date, taking into account anticipated performance outcomes and the probability of payment.

The Board approved bonus payments for all employees, excluding executives. Consequently, an amount of R259 163 relating to the 2023/24 bonus provision remains outstanding, as the payment of executive bonuses is subject to the discretion and approval of the Board.

Based on the actual amounts paid and updated information obtained during the current financial year, a portion of the previously recognised provision amounting to R2.7 million was no longer required and was therefore reversed.

The adjustment represents a change in accounting estimate in terms of GRAP 3 and has been recognised prospectively in surplus or deficit in the current financial year. Accordingly, the prior-year comparative information has not been restated.

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	13 776 953	13 651 443
Employee contribution (included in basic salaries above)	7 948 241	7 333 245
	21 725 194	**20 984 688**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

23. Depreciation and amortisation

Property, plant and equipment	5 064 063	5 190 821
Intangible assets	5 196 505	4 024 629
	10 260 568	**9 215 450**

24. Finance costs

Late payment fees	121	364

This relates to interest charged by a supplier for late payment of invoice.

25. Lease rentals on operating lease

Premises		
Straight-lined amounts	17 083 633	16 310 526
Equipment		
Straight-lined amounts	722 430	787 403
	17 806 063	**17 097 929**

26. Debt impairment

Receivables from non-exchange transactions	18 966 823	47 799
Receivables from exchange transactions	-	419 013
	18 966 823	**466 812**

27. 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

28. Interest received from the bank

Interest revenue		
Bank	3 981 402	10 434 698

29. Contracted Services

Adjudication fees	26 700 667	9 049 333
Legal services	8 474 213	12 959 645
Consulting and Professional fees	15 723 876	16 222 535
Repairs and maintenance services	30 638	289 155
	50 929 394	**38 520 668**

*Consulting and professional fees relates to ICT services (support & maintenance, call centre services) ,review of financial statements and risk management services.

Community Schemes Ombud Service

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Figures in Rand	2026	2025
30. Cash used in operations		
Deficit	(5 890 075)	(1 692 478)
Adjustments for:		
Depreciation and amortisation	10 260 568	9 215 450
Loss on disposal of assets and liabilities	157 122	364 139
Surrender of surpluses-Prior year (non-cash)	-	(59 385 261)
Debt Impairment	18 966 823	466 812
Reversal of impairment loss	-	(20 480 000)
Bad debts written off	-	72 046
Movements in operating lease assets and accruals	(530 523)	(232 287)
Movements in employee benefit obligation-Leave accrual	5 222 678	8 527 832
Changes in working capital:		
Receivables from exchange transactions	50 057	398 750
Other receivables from non-exchange transactions	(80 061 600)	(55 991 674)
Prepayments	1 369 283	982 282
Payables from exchange transactions	7 005 327	13 208 401
Unallocated Receipts	4 670 280	34 518 577
Revenue received in advance	(1 247 564)	25 382 547
Transfer of prior year surplus payable	-	(103 838 024)
	(40 027 624)	**(148 482 888)**
31. Loss on Disposal Of Property, Plant and Equipment		
Loss on disposal of assets	157 122	364 139

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

32. General expenses

Annual report	254 833	120 175
Advertising Note 33	63 798 437	81 260 724
Audit Fees - Note 34	6 919 482	7 522 774
Bank charges	187 779	435 863
Cleaning	2 405 769	1 602 430
ICT infrastructure #	3 505 654	2 257 249
Delivery expenses	10 793	-
Bereavement costs	149 480	540 136
Insurance	478 061	472 651
Conferences and workshops	1 531 036	1 425 027
ICT accessories	248 289	242 983
Marketing	117 850	227 667
Motor vehicle expenses	108 286	76 848
Postage and courier	1 013 373	259 345
Printing and stationery	188 476	421 283
Project related costs*	4 683 105	2 658 060
Security	2 648 621	2 851 417
Subscriptions and membership fees	245 856	124 229
Telephone and internet costs	1 981 477	2 036 753
Training and staff development	1 898 944	1 463 927
Travel and accommodation	6 800 084	8 614 253
Municipal services	3 803 491	2 350 615
Office expenses	527 654	914 363
Relocation costs	49 070	618 390
License fees @	19 623 490	14 267 871
Recruitment costs	380 716	880 342
Offsite record storage	23 414	382 758
Transformation activities	35 493	1 872 479
	123 619 013	**135 900 612**

* 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, etc).

ICT infrastructure relate mainly to costs incurred for hosting fees and Wide Area Network (WAN).

@ Licenses fees relate mainly to costs incurred for ICT License fees.

33. Advertising

Exhibitions (Incl. Brand Activations and CSOS Indaba)	11 570 635	17 936 332
TV Advertising	3 993 950	7 473 592
Social Media Advertising	5 833 341	3 390 521
Radio Advertising	9 999 896	14 043 700
Outdoor advertising (Incl. Billboards)	3 000 000	16 268 925
Publications (Booklets)	7 260 000	3 740 767
Marathons	7 800 000	10 900 000
Branding	3 200 000	2 302 494
Customer Relationship Management	8 000 000	1 000 000
Media Monitoring	2 701 080	1 872 129
Reputation Management	-	968 320
Media Training	-	1 288 889
Other Advertising (Recruitment)	439 535	75 056
	63 798 437	**81 260 725**

Community Schemes Ombud Service

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34. Audit Fees		
External audit fees	5 889 452	6 016 091
Internal audit fees	1 030 030	1 506 683
	6 919 482	**7 522 774**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

35. Related parties

Relationships	
Members	Refer to Accounting Authority Report 3
Controlling entity	Minister of National Department of Human Settlements
Entities under common control	Housing Development Agency, National Home Builders Registration Council ,National Housing Finance Corporation, Property Practitioners Regulatory Authority and Social Housing Regulatory Authority
National Sphere of government	National Departments and Public Entities.
Non-Executive Directors	Board Members.
Acting Chief Ombud. (From 01 August 2024 - 30 September 2025)	Ms. K. Phetla.
Acting Accounting Authority. (From 07 March to 13 August 2025)	Ms. K. Phetla.
Acting Chief Ombud. (From 01 October 2025 to date)	Mr. L. Seshoka.
Acting Chief Financial Officer. (From December 2024 to date)	Mr. M. Nhlungwana.
Chief Information Officer.	Mr. R. Khamali.
Acting Adjudicator General. (From 01 August 2024 to 31 July 2025)	Mr. A. Masilo.
Acting Adjudicator General. (From 01 August 2025 to 31 October 2025)	Ms. M. Wotini.
Acting Adjudicator General. (From 01 November 2025 to date)	Mr. A. Masilo.
Executive Manager - Corporate Services.	Mr. L. Seshoka.
Executive: Organisational Strategy and Performance.	Ms. K. Phetla.
Acting Executive: Organisational Strategy and Performance. (01 August 2024 to 30 September 2025)	Mr. C. Anthony.
Acting Company Secretary. (From 10 March 2025 to date)	Ms. T. Thipe.
Chief Audit Executive.	Mr. O. Masogo.
Adjudicator General (Resigned 30 July 2025)	Ms. K. Mlotha.
Acting Chief Audit Executive. (From 26 May 2025 to 07 July 2025)	Mr. C. Nabane.
Acting Executive: Corporate Services (01 October 2025 to 31 March 2026).	Ms. K. Phetla.

Related party transactions

Surrender of prior year surpluses.		
National Department of Human Settlement.	-	103 838 024

Remuneration of management

Management class: Board and Committee members

31 March 2026

	Board Meeting Fees	Other Meetings	Travel Claim	Total
Name				
Ms. B Nzo	64 806	324 030	4 630	393 466
Ms. M Dumakude	56 714	308 353	9 456	374 523
Mr H.G April	33 708	222 244	3 330	259 282
Ms. S.M Letsie	39 326	193 821	20 190	253 337
Ms. L Moamogwa	39 326	227 307	1 748	268 381
Mr. M.S.O Zungu	33 708	151 686	5 984	191 378
Ms. K. Muthen	39 326	188 203	6 889	234 418
Ms. N. January	-	11 236	-	11 236
Mr. K De Beer	-	22 472	906	23 378
Mr. MI Motala	-	14 045	2 004	16 049
Ms. KM Choenyana	-	16 854	-	16 854
Mr. PC Ngove	-	16 204	4 498	20 702

Community Schemes Ombud Service

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Notes to the Annual Financial Statements

Figures in Rand			2026	2025

35. Related parties (continued)

	306 914	**1 696 455**	**59 635**	**2 063 004**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

35. Related parties (continued)

31 March 2025

Name	Board Meetings 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. M Ramataboe**	35 074	110 618	-	145 692
Ms. S Rakolote*	43 168	164 578	-	207 746
Adv. M.D Xulu*	43 168	207 746	537	251 451
Ms. N Shandu*	43 168	188 860	1 955	233 983
Ms. T Gondogwana*	40 470	186 162	767	227 399
Mr. G Matthee	-	40 470	-	40 470
Ms. V Ndlovu	-	10 792	-	10 792
Ms. P Lengolo	-	10 792	-	10 792
Mr. M.F Kekana	-	48 564	-	48 564
Ms. S 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
Mr. MI Motala	-	91 732	12 741	104 473
Ms. K Choenyana	-	105 222	5 733	110 955
Mr. PC Ngove	-	7 784	4 917	12 701
Dr. V Moss	-	-	642	642
Ms. M Dumakude	-	11 676	408	12 084
Ms. L Moamogwa	-	8 094	568	8 662
Mr. HG April	-	8 094	211	8 305
	363 470	**2 254 896**	**43 260**	**2 661 626**

* 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

Community Schemes Ombud Service

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Figures in Rand	2026	2025

35. Related parties (continued)

Management class: Executive management

31 March 2026

	Basic salary	Other short-term employee benefits	Post-employment benefits	Termination benefits	Other benefits received	Total
Name						
Ms . K Phetla	1 373 818	1 699 821	172 131	-	28 199	3 273 969
Ms. T Mbatha CA (SA)	-	-	-	109 775	1 275	111 050
Mr. O Masogo	1 373 818	781 902	172 131	-	30 107	2 357 958
Mr. L Seshoka	1 589 411	1 258 088	206 623	-	28 454	3 082 576
Mr. R Khamali	1 373 818	704 866	172 131	-	20 672	2 271 487
Ms. K Mlotha	515 624	826 857	67 031	-	9 895	1 419 407
Mr. A Masilo	-	203 994	-	-	-	203 994
Ms. M Wotini	-	67 998	-	-	-	67 998
Mr. M Nhlungwana	-	1 169 044	-	-	-	1 169 044
Mr. C Anthony	-	359 926	-	-	-	359 926
Ms T Thipe	-	756 286	-	-	-	756 286
Mr. C Nabane	-	92 336	-	-	-	92 336
	6 226 489	**7 921 118**	**790 047**	**109 775**	**118 602**	**15 166 031**

31 March 2025

	Basic salary	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Name					
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 A. Masilo	-	171 875	-	-	171 875
Mr M. Dorasamy	-	79 989	-	-	79 989
Mr. M. Nhlungwana	-	698 975	-	-	698 975
Mr. C Anthony	-	336 836	-	-	336 836
	9 250 502	**7 247 177**	**1 196 490**	**162 725**	**17 856 894**

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)

36. Financial instruments disclosure

Categories of financial instruments

31 March 2026

Financial assets

	At amortised cost	Total

Notes to the Annual Financial Statements

Figures in Rand	2026	2025
36. Financial instruments disclosure (continued)		
Cash and cash equivalent - Bank balance	45 266 935	45 266 935
Cash and cash equivalent - Short term deposit (CPD)	16 345 706	16 345 706
Receivables from exchange transactions - Trade debtors	26 943	26 943
Receivables from exchange transactions - Staff debtors	49 691	49 691
Receivables from exchange transactions - Interest accrued	58 982	58 982
Other receivables - Rental deposits	948 339	948 339
	62 696 596	**62 696 596**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions - Trade creditors	18 945 384	18 945 384
Payables from exchange transactions - Other accruals	18 046 015	18 046 015
Payables from exchange transactions - Payroll liabilities	7 353 725	7 353 725
	44 345 124	**44 345 124**

Community Schemes Ombud Service

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Figures in Rand	2026	2025

36. Financial instruments disclosure (continued)

31 March 2025

Financial assets

	At amortised 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
Receivables from exchange transactions - Trade debtors	32 943	32 943
Receivables from exchange transactions - Staff debtors	14 198	14 198
Receivables from exchange transactions - Interest accrued	138 532	138 532
Other receivables - Rental deposits	930 577	930 577
	124 026 400	**124 026 400**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions - Trade creditors	19 303 545	19 303 545
Payables from exchange transactions - Other accruals	13 406 678	13 406 678
Payables from exchange transactions - Payroll liabilities	759 088	759 088
	33 469 311	**33 469 311**

Non financial assets	**2026**	**2025**
Receivables from non-exchange transaction	140 987 053	79 892 277
Prepayments	5 812 831	7 182 114
Property plant and equipment	15 862 028	17 727 882
Intangible assets	57 980 416	41 409 644
	220 642 328	**146 211 917**

Non financial liabilities	**2026**	**2025**
Unallocated levies	222 718 967	218 048 687
Revenue received in advance	59 894 205	61 141 770
Operating lease liability	60 708	591 231
Employee benefit obligation	23 079 232	17 856 555
	305 753 112	**297 638 243**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

37. Capital Commitments

Already contracted for but not provided for		
• Supply, delivery, installation and support of ICT hardware and software	-	142 360
• CSOS Connect (Business Automation Service)	7 555 661	15 187 268
• Sage Upgrade (ERP)	937 551	937 551
• Supply, delivery and installation of office furniture	1 900 085	3 121 998
• Provision of document management solutions (ECDMS)	18 685 393	-
	29 078 690	**19 389 177**

Total capital commitments		
Already contracted for but not provided for	29 078 690	19 389 177

The total commitments for the Business Automation Services amounts to R14 387 438 the remaining balance of R6 831 777 relates to operational expenditure commitment.

The total commitments for Sage upgrade amounts to R4 870 945, the remaining balance of R3 933 394 relates to operational expenditure commitment.

The total commitments for the Document management solutions amounts to R31 793 531 the remaining balance of R13 108 137 relates to operational expenditure commitment.

Community Schemes Ombud Service

Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

38. Risk management

Financial risk management

The CSOS is exposed to financial risks arising from its mandate and operational activities. These risks primarily comprise interest rate risk, credit risk and liquidity risk. The Service has implemented a financial risk management framework aimed at ensuring prudent financial management, safeguarding public resources and supporting the achievement of its legislative objectives in accordance with the PFMA, 1999 (Act No. 1 of 1999), as amended.

The CSOS Board, as the accounting authority in terms of the PFMA, has overall responsibility for the governance of financial risk. The Board provides strategic oversight and approves policies, frameworks and procedures to ensure that financial risks are identified, assessed, monitored and managed within acceptable parameters. The Board is accountable to the Minister of Human Settlements for the effective and efficient use of resources and the sustainability of the Service.

Management is responsible for the implementation and maintenance of an effective system of internal control and risk management. This includes the identification and assessment of financial risks, the design and implementation of mitigating controls, and the continuous monitoring of risk exposures in line with approved policies and the CSOS risk appetite. Management is also responsible for responding appropriately to emerging risks and ensuring compliance with the applicable Standards of GRAP and PFMA requirements.

CSOS does not enter into or trade financial instruments for speculative purposes. Financial instruments are entered into solely to support operational requirements and the delivery of the Service's mandate, and are managed in accordance with approved financial policies and relevant accounting standards.

The internal audit function, which operates independently in accordance with the PFMA and Treasury Regulations, performs ongoing reviews of the effectiveness of internal controls, risk management processes and compliance with approved policies and procedures. Internal audit findings and recommendations are reported periodically to the Audit & Risk Committee.

The Audit & Risk Committee, as an independent statutory governance structure, oversees the integrity of financial reporting, the effectiveness of internal controls, risk management and internal audit. The Committee provides assurance to the Board on the adequacy and effectiveness of the financial risk management framework and makes recommendations for improvement where necessary.

In addition, the external auditors conduct an annual audit of the financial statements and related disclosures, including those relating to financial instruments and risk management, to provide independent assurance that the financial statements are prepared in accordance with the Standards of GRAP, the PFMA and other applicable legislation.

Figures in Rand	2026	2025

38. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Community Schemes Ombud Service (CSOS) will be unable to meet its financial obligations as they fall due. CSOS manages liquidity risk in accordance with the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and approved financial and cash management policies.

Liquidity risk is managed through approved budgeting, cash-flow forecasting, monitoring of commitments and maintaining adequate cash resources to settle obligations as they fall due.

The Entity's financial liabilities are predominantly short-term in nature, with most obligations falling due within 12 months. This reflects the operational nature of the Entity's expenditure profile, which consists mainly of:

supplier payments for goods and services already received;
payroll-related obligations; and
accrued operational expenses.

As a result, the Entity is primarily exposed to short-term liquidity risk, which is actively managed through cash flow forecasting and monitoring of available cash resources.
CSOS monitors its cash flow requirements on an ongoing basis, including its ability to meet financial obligations when due. Management assesses liquidity risk through regular review of available cash resources and anticipated expenditure, and implements corrective action where necessary.

In accordance with the requirements of the Standards of GRAP, CSOS performs a maturity analysis of its financial liabilities based on the remaining contractual period to maturity. This analysis is used to evaluate the timing of cash outflows and to manage liquidity exposure. At reporting date, the Service's financial liabilities are short-term in nature, with the majority of obligations falling due within 30 days. The Entity is primarily exposed to short-term liquidity risk, which is actively managed through cash flow forecasting and monitoring of available cash resources. The Entity has not defaulted on any of its financial obligations during the reporting period.

CSOS does not have access to external borrowings and does not enter into financing arrangements that could give rise to significant liquidity risk. Based on the current funding structure and cash management practices, management considers the Service's exposure to liquidity risk to be appropriately managed.

31 March 2026	Less than 1 year	between 1 and 2 years	between 2 and 5 years	Above 5 years
Trade payables	18 945 384	-	-	-
Payroll liabilities	7 353 725	-	-	-
Other accrued expenses	18 046 015	-	-	-
	44 345 124	**-**	**-**	**-**

31 March 2025	Less than 1 year	between 1 and 2 years	between 2 and 5 years	Above 5 years
Trade payables	19 303 545	-	-	-
Payroll liabilities	759 088	-	-	-
Other accrued expenses	13 406 678	-	-	-
	33 469 311	**-**	**-**	**-**

Credit risk

Community Schemes Ombud Service

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

38. Risk management (continued)

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations, resulting in financial loss to the Entity.

Exposure to Credit Risk

The Entity is exposed to credit risk through the following financial assets:

Trade debtors Staff debtors
Interest accrued receivables Rental deposits receivable
Cash and cash equivalents, including CPD investments Other financial assets-VBS investments
The maximum exposure to credit risk at reporting date is represented by the carrying amount of these financial assets.

Management of Credit Risk

Credit risk is managed through a combination of credit control procedures, monitoring processes, and enforcement mechanisms, including:

Regular review of the ageing profile of trade and staff debtors Ongoing engagement with debtors to secure payment arrangements
Implementation of debt recovery processes in line with the CSOS Revenue and Receivables Policy Legal enforcement actions where recovery is considered necessary and cost-effective
Continuous monitoring of individual debtor balances for indicators of impairment Expected Credit Loss Model

The Entity applies the expected credit loss (ECL) model to financial assets measured at amortised cost.

For trade debtors and staff debtors, the Entity applies the simplified approach and recognises lifetime expected credit losses at each reporting date.

Expected credit losses are determined using:

historical collection trends; current payment behaviour; ageing of outstanding balances;
debtor-specific circumstances (including legal status, employment status, and repayment arrangements); and reasonable and supportable forward-looking information available without undue cost or effort.

The impairment is determined using the expected credit loss methodology and that financial assets are written off when there is no reasonable expectation of recovery.

Low Credit Risk Financial Assets

Cash and cash equivalents, including CPD investments, are held with reputable financial institutions, including the South African Reserve Bank, First National Bank and Standard Bank.

Management assessed the expected credit losses on cash and cash equivalents and concluded that any expected credit losses are immaterial due to the high credit quality of the counterparties

Credit Risk Concentration

The Entity's credit risk is concentrated primarily in one debtor, namely Jabulani Makhaye, whose outstanding balance represents approximately 78% of the total impaired receivables at year-end.

Figures in Rand	2026	2025

38. Risk management (continued)

Management continuously monitors recoverability of this balance and has considered the concentration of credit risk in determining the expected credit loss allowance..

Write-off Policy Linkage

Financial assets are written off when there is no reasonable expectation of recovery, subject to approval in terms of the CSOS Revenue and Receivables Policy and applicable delegations. Write-offs do not constitute a waiver of legal rights and the Entity may continue with recovery actions where appropriate.t

Inputs, Assumptions and Estimation Techniques

The measurement of expected credit losses is based on the following inputs and assumptions: Historical collection rates and default experience;
Ageing of outstanding receivables; Payment patterns and behavioural trends;
Debtor-specific information (employment status, legal status, repayment agreements); Forward-looking economic information (where applicable);
Probability of default (PD), exposure at default (EAD), and loss given default (LGD) estimates; Assessment of recoverability without undue cost or effort.

The simplified approach is applied for trade debtors and staff debtors, resulting in recognition of lifetime expected credit losses.

The Entity was exposed to credit risk relating to its investment held with VBS Mutual Bank. Following the curatorship and liquidation processes of the bank, management concluded that the investment was fully credit-impaired due to significant financial difficulty and the low probability of recovery.

Accordingly, the investment was classified as credit-impaired and an expected credit loss equal to the gross carrying amount of the investment was recognised. The carrying amount of the investment at reporting date is nil.

The gross exposure to credit risk at reporting date amounted to R61 334 769 before recognition of the expected credit loss allowance. No collateral is held in respect of this investment.

Collateral Disclosure

The Entity does not hold collateral, guarantees or other credit enhancements in respect of trade debtors, staff debtors or other financial assets measured at amortised cost

Maximum exposure to credit risk is represented by the gross carrying amount of financial assets before impairment losses are disclosed below:

Financial instrument	31 March 2026 31	March 2025
Receivable from exchange transactions- Trade debtors	40 423	46 423
Receivables from exchange transactions- Staff debtors	603 937	568 443
Other receivables - rental deposit	948 339	930 577
Other financial assets- Investment with VBS	61 334 769	61 334 769

Community Schemes Ombud Service

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Figures in Rand	2026	2025

38. Risk management (continued)

Market risk

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Entity's financial position, cash flows, or surplus/deficit arising from interest-bearing financial instruments.

Exposure to Interest Rate Risk

The Entity is exposed to interest rate risk primarily through:

Cash and cash equivalents held in bank accounts; and CPD investments (call and/or fixed deposits)

These balances earn interest based on prevailing market interest rates and institutional investment terms.

The Entity does not hold significant interest-bearing financial liabilities; therefore, exposure to interest rate risk on liabilities is limited.

Management of Interest Rate Risk Interest rate risk is managed through:

Placement of surplus funds with reputable financial institutions;
Investment of funds in short-term and liquid instruments to balance yield and liquidity requirements; Regular monitoring of prevailing market interest rates;
Ensuring investments comply with approved investment policies and treasury guidelines; Maintaining diversification of maturities to reduce exposure to rate fluctuations.
Sensitivity Analysis

The interest rate sensitivity analysis is not disclosed.

The Entity has assessed that the quantitative disclosure of interest rate sensitivity would not provide meaningful additional insight due to the short-term nature of cash and cash equivalents and the limited volatility exposure of its investment portfolio.

Limitation of Quantitative Risk Disclosure

The quantitative details of credit risk exposure (including ageing of receivables, collateral held, and sensitivity analysis) are limited. This is due to the nature of the Entity's financial instruments, which are predominantly short-term, low-risk, and managed through strong internal credit control and collection processes rather than reliance on collateral or complex financial instruments.

Accordingly, risk disclosures are primarily qualitative in nature and focus on:

the composition of financial instruments; internal credit control processes;
ageing and impairment assessments; and policy-driven risk mitigation strategies.
Conclusion

The Entity's exposure to interest rate risk is considered low, given the short-term nature of its investments and the stability of interest-bearing balances. The Entity continues to manage this risk through prudent treasury management practices and adherence to approved investment policies.

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Figures in Rand	2026	2025

38. Risk management (continued)

Maximum Credit risk exposure

Receivables from exchange transactions-Trade debtors	40 423	46 423
Receivables from exchange transactions-Staff debtors	603 937	568 443
Investment with VBS	61 334 769	61 334 769
Other receivables- rental deposit (non-current)	100 351	36 000
Other receivables- rental deposit (current)	847 988	894 577
	62 927 468	**62 880 212**

39. Irregular Expenditure and Fruitless and wasteful expenditure

Irregular Expenditure	797 700	1 067 299
Fruitless & Wasteful expenditure	61 764	43 598
	-	**-**
Total	**859 464**	**1 110 897**

The irregular expenditure relates to the non-compliance due to the supplier submitting a false declaration (SBD4 form)

The fruitless and wasteful expenditure relates to costs incurred due to missed flights, car hire damages, interest fees for late payment.

40. Going concern

The Annual Financial Statements have been prepared on the going concern basis, which assumes that the Community Schemes Ombud Service (CSOS) will continue to operate for the foreseeable future and will realise its assets and settle its liabilities, contingent obligations and commitments in the ordinary course of business.

In assessing the appropriateness of the going concern assumption, management considered all available information for a period of at least twelve months from the reporting date in accordance with GRAP 1.

Management noted the following events and conditions existing at **31 March 2026** which indicate that the entity is operating under financial constraints:

Events and conditions identified	**2026**
Accumulated deficit	R66.8 million
Net liability position (liabilities exceed assets)	R66.8 million
Deficit for the year	R5.9 million
Negative net cash flows from operating activities	R36.2 million
Net current liability position	R140.7 million
Current ratio	0.60:1
Cash ratio	0.18:1
Solvency ratio	0.81:1
Collection period (debtors' days)	122 days
Impairment provision as a percentage of receivables	64%
Creditor payment period	68 days

Community Schemes Ombud Service

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Figures in Rand	2026	2025

40. Going concern (continued)

Management considered the above indicators together with the following mitigating factors in concluding that the going concern basis remains appropriate:

Legislative mandate

CSOS is a statutory public entity established in terms of the Community Schemes Ombud Service Act. Its continued existence is dependent on legislation, and management is not aware of any intention by Parliament, the Executive Authority or the Department of Human Settlements to repeal the enabling legislation or discontinue the operations of the entity.

Statutory revenue-generating powers

In terms of section 59 of the CSOS Act, CSOS has the statutory authority to levy community schemes. This provides the entity with a recurring and legally enforceable source of revenue to fund its operations. Management also considered the guidance in GRAP 1 that entities with statutory powers to levy fees or charges may continue to prepare financial statements on a going concern basis despite operating with negative net assets.

Approved future operations

The Annual Performance Plan and Medium-Term Expenditure Framework for the 2026/27 financial year have been approved by the Executive Authority, demonstrating the continued support for the entity's mandate and planned operations.

Nature of liabilities

Approximately 64% of total liabilities comprise unallocated levies. These balances represent receipts that have not yet been allocated to individual community schemes pending the completion of allocation processes. Although these balances are recognised as liabilities in accordance with the applicable accounting standards, management's historical experience indicates that they are not expected to result in cash outflows equivalent to their carrying amount.

Cash flow forecasts

Management prepared detailed cash flow forecasts covering at least twelve months from the reporting date. These forecasts indicate that the entity is expected to maintain positive cash balances throughout the forecast period and continue meeting its obligations as they fall due through revenue generated from its normal operations.

Operational sustainability

CSOS continues to discharge its statutory mandate without interruption. The entity has continued to pay suppliers, fund capital projects from operational revenue, comply with its statutory obligations, and management is not aware of any significant legal, operational or legislative matters that may result in the discontinuation of its operations.

Based on the assessment of all available information, management concluded that, notwithstanding the financial constraints described above, there are no material uncertainties that cast significant doubt on the entity's ability to continue as a going concern. Accordingly, the Annual Financial Statements have been prepared on the going concern basis.

Figures in Rand	2026	2025

41. Budget adjustments

Changes from the approved budget to the final budget

The reason for the budget adjustments are indicated below

Total revenue

Interest income projections were decreased due to low investment account balance resulting from transfers made from the investment account to the current account, thereby resulting in d in a lower interest earnings

The levy income has been decreased and the decision was informed by the current actual low revenue trend caused by low schemes registration as well as payment arrangements.

Expenditure

Employee related costs

The budget was increased to cater a shortfall in the Workmen's Compensation Fund costs.

Board and Other Committees fees

Board and Committee expenses has been decreased due to anticipated lower spending. This is mainly because the Board was appointed later the financial year, which will result in fewer meetings and related activities taking place.

General expenses

.

The main increase relates to advertising to support the implementation of the approved Public Relations (PR) plan. The adjustment provides for enhanced communication initiatives, media campaigns, and stakeholder awareness activities aimed at promoting the organisation's programmes and strategic objectives.

Contracted Services

The budget increase in Consulting and Professional Fees is due to higher-than-anticipated costs for professional services, including consultancy engagements, technical advisory support, and financial experts required to support key operational and strategic projects.

Lease rentals on operating lease

The budget was reduced as the Eastern Cape office lease that commenced in September 2025, while the initial budget had been prepared on the assumption that the lease would run for the full financial year. Consequently, the resulting savings from the lease budget were reallocated to accommodate an increase in the cleaning services budget

Capital Expenditure

The Computer Equipment budget was increased to provide for the purchase and installation of an uninterruptible power supply (UPS) system, ensuring the protection and continuity of critical ICT operations.

Computer software budget was increased to fund the implementation of the Records Management System (ECDMS) and the finalization of the CSOS Connect system. These projects were funded from available cash reserves.

Community Schemes Ombud Service

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42. Contingencies

Contingent liabilities		
Litigation	140 000	-

Litigation

The entity is involved in legal proceedings relating to an appeal lodged by **Neilopahr Cassim and Shereen Cassim** against the Community Schemes Ombud Service (CSOS) and the adjudicator.

Judgment in the appeal was handed down on 19 December 2025, wherein the appeal was upheld with a costs order against the respondents, including the CSOS and the adjudicator.

The CSOS has subsequently instituted a rescission application to vary the judgment, specifically to set aside the cost order against the CSOS and the adjudicator. The matter is currently in advanced stages of litigation, with pleadings closed and parties in the process of finalising heads of argument.

Based on legal advice received, management is of the view that the rescission application is likely to succeed, as adjudicators are afforded protection from personal liability for costs in terms of applicable legislation and legal principles. The estimated costs for the rescission application: R140 000.00

Reimbursements

Management has assessed the contingent liabilities disclosed above and has concluded that no reimbursements are expected from third parties in respect of these matters. Accordingly, no reimbursement asset has been recognised or disclosed at the reporting date.

Contingent assets

Litigation- Waterford estate	350 000	-
Litigation-Mjejane Game Reserve Homeowners Association NPC	500 000	-
	850 000	**-**

Litigation-Waterford Estate

The entity was involved in a legal matter brought by Waterford Estate challenging a decision of the adjudicator, including the constitutionality of certain provisions of the Community Schemes Ombud Service Act.

The matter was adjudicated by the Supreme Court of Appeal, which ruled in favour of the entity in respect of the review application. The Court dismissed the constitutional challenge and referred the matter back to the CSOS for rehearing before a different adjudicator.

The Court further granted a cost order in favour of the entity.

The entity is in the process of preparing a **bill of costs for taxation**, which will determine the final amount recoverable from the applicant. The estimated recoverable amount is approximately +-**R350,000**, subject to assessment by the Taxing Master 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.
As the final amount recoverable is subject to taxation and has not yet been confirmed, the inflow of economic benefits is not yet virtually certain.

Accordingly, no asset has been recognised in the financial statements, and the matter is disclosed as a contingent asset

Figures in Rand	2026	2025

42. Contingencies (continued)

Litigation-Mjejane Game Reserve Homeowners Association NPC

The entity was involved in review proceedings instituted against it, which were dismissed by the High Court, with a cost order granted in favour of the entity.

The Applicant has subsequently been granted leave to appeal, and the matter is currently pending before the Supreme Court of Appeal. The entity is defending the appeal.

The entity expects to recover legal costs arising from the High Court proceedings. However, as the matter is currently under appeal, the recovery of such costs is not yet virtually certain. The legal cost to be recovered are estimated at R 500 000.

Accordingly, no asset has been recognised, and the potential recovery is disclosed as a contingent asset.

43. Change in Estimates

1. **Revenue from non exchange on transactions - Levies**.
Correction of billing estimates and issuing of credit notes

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43. Change in Estimates (continued)

Community schemes are required to submit levy schedules to the Community Schemes Ombud Service (CSOS) to enable the accurate determination and billing of CSOS levies.

In certain instances, community schemes may:

fail to submit levy schedules by the prescribed billing date; submit incomplete or inaccurate levy schedules; or
initially indicate that they qualify for an exemption and subsequently provide information confirming that levies are payable.

Where a community scheme does not submit a levy schedule by the prescribed billing date, CSOS determines and recognises the levy assessment using the best information available at the time. Accordingly, the initial levy assessment is based on an estimate pending the receipt of complete and reliable billable information from the community scheme.

Where a community scheme submits an incomplete or inaccurate levy schedule, or initially claims an exemption, the levy assessment is determined using the information available at the date of billing. When corrected or additional information is subsequently received, management reassesses the levy amount previously recognised based on the updated information.

During the current financial year, additional information became available from certain community schemes through the submission of actual or corrected levy schedules. This information provided more reliable evidence of the levy amounts payable, resulting in the reassessment of levy amounts previously recognised.

In accordance with the CSOS billing process, the original levy invoice that was raised based on estimated information is reversed in full through the issuance of a credit note, and a new levy invoice is raised using the revised levy assessment. Accordingly, the credit notes issued represent the reversal of the original estimated invoices and do not represent only the difference between the original and revised levy amounts. Where a community scheme was initially treated as exempt and no levy invoice had been raised, no credit note was required and a new levy invoice was issued once sufficient information became available.

These adjustments arose as a result of new or more reliable information becoming available after the original levy assessments had been recognised. The original levy assessments were determined using the best information available at the reporting date and were reasonable based on the circumstances existing at that time. Accordingly, the subsequent revisions do not constitute the correction of prior-period errors but represent changes in accounting estimates in accordance with GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial effect of these revised estimates has been recognised prospectively in the current financial year. Comparative information has not been restated.

At each reporting date, CSOS continues to estimate levy assessments for community schemes that have not submitted levy schedules using the best information available at that date. When outstanding or corrected levy schedules are subsequently received, the levy assessments are revised and recognised prospectively in the reporting period in which the new information becomes available.

The financial effect which is the difference between the estimated levy assessments and the revised levy amounts for the **current year** is **R 64 845 850.90** which resulted in a decrease in receivables form non exchange and revenue from non exchange.

Management has assessed the impact of this change in accounting estimate on **future reporting periods** and concluded that there is no material impact on future reporting periods. Any future revisions arising from updated levy schedules will be recognised prospectively in the reporting period in which the revised information becomes available.

2. Property plant and equipment and Intangible assets

Management has revised the remaining useful life of computer equipment by an additional 3-6 years. The effect of this revision has increased the assets value for the current and future periods.

Figures in Rand	2026	2025

43. Change in Estimates (continued)

Management has revised the remaining useful life of cellphones by an additional 1-2 years. The effect of this revision has increased the assets value for the current and future periods.

Management has revised the remaining useful life of furniture and fittings by an additional 5-6 years. The effect of this revision has increased the asset value for the current and future periods.

Management has revised the remaining useful life of office machinery & equipment by an additional 2-5 years. The effect of this revision has increased the asset value for the current and future periods.

Management has revised the remaining useful life of motor vehicles by an additional 3 years. The effect of this revision has increased the asset value for the current and future periods.

Management has revised the remaining useful life of computer software by an additional 5 years. The effect of this revision has increased the asset value for the current and future periods.

The total adjustment amount to **R 184 691** which relates to decrease in depreciation and increase in PPE and intangible assets of **R 184 691** for current year and the increase in depreciation and decrease in PPE and intangible asset of **R 184 691** for future periods.

3. Bonus Provision

A bonus provision of R5.8 million (including staff and executive bonuses) was recognised in the prior financial year in accordance with GRAP 25, Employee Benefits. The provision represented management's best estimate of the obligation existing at the reporting date and was based on anticipated performance outcomes and the probability of payment.

During the current financial year, bonus payments amounting to R2.8 million were made to employees (excluding executives) following the final approval of bonus awards. Based on the actual amounts paid and updated information available during the current reporting period, management reassessed the remaining provision and concluded that R2.7 million of the provision was no longer required. Accordingly, this amount was reversed and recognised in surplus or deficit during the current financial year.

The reversal represents a change in accounting estimate in accordance with GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors, as it results from revised information and circumstances that became available after the original estimate was made. The change has been accounted for prospectively, and the comparative financial information has not been restated. The impact for the current year resulted in the decrease of employee related cost and bonus provision by R 2 711 285.Management has assessed the impact of this change in accounting estimate on future reporting periods and concluded that there is no material impact on future reporting periods. The adjustment relates solely to the reassessment of the prior year's bonus provision based on actual outcomes and updated information available during the current reporting period.

The impact is as follows:

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43. Change in Estimates (continued)

Revenue from non-exchange transactions-Levies	Levies revenue per the revised information	Credit notes issued (reversal of previously raised invoice)	Impact
	247 210 666	(182 364 816)	64 845 851

Property plant and equipment and Intangible assets	Depreciation /Amortisation before reassessment	Depreciation/ Amortisation after reassessment	Impact
Cellphones/ Tablets	121 039	36 920	77 318
Computer equipment	24 620	7 178	15 608
Computer software	73	17	57
Furniture and Fittings	14 104	2 599	3 056
Office machinery equipment	12 682	1 972	9 583
Motor vehicle	368 303	26 187	79 069
	540 821	**74 873**	**184 691**

Bonus Provision	2023/24 bonus provision (excl executives)	Bonus paid	Impact
	5 545 014	2 833 729	2 711 285

Statement of Financial Position		
Property, plant and equipment	184 634	-
Intangible assets	57	-
Receivables from non-exchange	64 845 851	-
Employee benefit obligation Performance bonus liability	2 711 285	-
Statement of financial performance		
Depreciation and amortisation expense	184 691	-
Employee related cost	2 711 285	-
Revenue from non-exchange transaction	64 845 851	-

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 and Receivables from non-exchange transactions

Error 1

This prior year adjustment is as a result of correcting the uncorrected misstatements from the prior year audit. The audit of revenue and receivables from non-exchange transactions, found that there were community schemes where levies were estimated and billed for all four quarters of the year. However, on 31 March 2025, when a revised estimate was made based on the actual payments received during the year, management only reversed the levies for three quarters. This resulted in an overstatement of customer balances at year-end. Management has corrected the entire population which resulted in reducing the revenue and receivables from non exchange by R 8 992 733.

Figures in Rand	2026	2025

44. Prior-year adjustments (continued)

Error 2

This prior year adjustment is as a result of correcting the uncorrected misstatements from prior year audit. There were misstatements noted during the audit on the impairment assessment as a result of errors in the formula used on the impairment calculation for 2023/24 and 2024/25 years. Management has corrected the formula and the revised calculation for both years resulted in the receivables from non-exchange being reduced by R 31 166 , debt impairment for 2024/25 increased by R 116 232 and the 2023/24 debt impairment reduced by R 85 066 which affected the accumulated deficit.

Property Plant and Equipment, Intangible assets, Loss on disposal of assets & Depreciation/amortisation

Error 3

This prior year adjustment is as a result of correcting the uncorrected misstatements from prior year audit. There were differences noted in the recalculation of depreciation and amortization caused by system calculating on a monthly basis not in number of days, regardless of when the asset is available for use. Management has corrected the entire population and configured the system to calculate in number of days. This adjustment has resulted in the depreciation amortisation expense being reduced by R 127 555, Property plant equipment increased by R 73 035,Intangible assets increased by R 45 221 and loss on disposal increased by R 9 299.

Error 4

The prior year adjustment relates to assets that were fully depreciated but continued to be utilised in prior periods without a reassessment of their useful lives by management. In accordance with applicable accounting standards, this omission constitutes an error.

As a result of this adjustment, depreciation expense has been reduced by R 11 410 as follows: furniture by R8,449.41, computer equipment by R1,834, and office machinery and equipment by R1,127 and Property plant and equipment being increased by R 11 410.

Unallocated levies and SETA Grant funding received
Error 5

Community Schemes Ombud Service

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44. Prior-year adjustments (continued)

The prior year adjustment relates to a grant received from the SETA in March 2025, amounting to R134,412, which was erroneously recognised under unallocated levies instead of being recorded as grant income. This misclassification constitutes an error in prior periods.

This error also impacted the cash flow statement, resulting in a misclassification between cash flows from operating activities.
Payables from exchange transaction, Contracted services(Legal fees) ,General expenses (Insurance & Postage)

Error 6

This prior year adjustment relates to invoices amounting to R778,396 for the 2024/25 financial year that were not recorded. As a result, the payables from exchange transaction were understated by R 778 396 and expenses were understated as follows: Contracted services (legal expenses) by R764 335 and General expenses by R 14 061 (insurance by R10,283, and postage by R3,778).

Error 7

This prior year adjustment relates to a legal fee invoice that was initially recorded at R403,449.59 and subsequently revised to R227,895.44 upon payment. This resulted in an overstatement of Contracted services (legal expenses)and payables from exchange transaction of R175,554 in the prior period

Error 8

During the current financial year, management identified a classification error relating to leave accrual previously disclosed in the Statement of Financial Position.

In prior years, the leave accrual liability amounting to R 4 820 287 was incorrectly included under Payables from Exchange Transactions instead of being disclosed separately as Employee Benefit Obligations in accordance with GRAP 25 – Employee Benefits.

The error resulted from an incorrect classification of employee-related liabilities during the preparation of the annual financial statements. The correction has no impact on the Entity's accumulated surplus/(deficit), net results, or cash flows, as it only relates to the presentation and classification of liabilities.

Employee related cost, Board &other committee fees and Cash Flow Statement Error 9

In the prior year, employee-related costs amounting to R202 070 151 and board and other committee fees amounting to R2 661 626 were combined and presented as a single line item totaling R204 731 777 on the face of the Statement of Financial Performance. In the current year, management has elected to present employee-related costs and board and other committee fees separately on the face of the Statement of Financial Performance

In the prior year, amounts paid to board and other committee members were included under cash paid to suppliers. In the current year, these amounts have been presented separately in the cash flow statement. Accordingly, the comparative figures have been adjusted

This resulted in the following reclassification: cash paid to suppliers decreased by R2,661,626, cash paid to board and committee members of R2,926,176 was recognised separately, and cash paid to employees decreased by R264,550.

Provisions- Error 10

During the current financial year, management identified a classification error relating to performance bonus previously disclosed in the Statement of Financial Position.

In prior years, the bonus provision amounting to R 13 036 268 was incorrectly accounted under Grap 19 instead of being disclosed separately as Employee Benefit Obligations in accordance with GRAP 25 – Employee Benefits.

Figures in Rand	2026	2025

44. Prior-year adjustments (continued)

Other Cash Flow Statement errors
Error -11 Interest Received from Non-exchange Receivables

In the prior year, interest received from non-exchange receivables was not presented separately in the Statement of Cash Flows and was incorrectly included within cash receipts from levies. The comparative information has been restated to separately disclose interest received from non-exchange receivables. This resulted in a reclassification of R2 311 873 from levies to interest received from non-exchange receivables.

Error 12 Grant Received

Grant income was not separately disclosed in the prior year's Statement of Cash Flows and was incorrectly included within other receipts. The comparative information has been restated to separately disclose grant receipts. This resulted in the reclassification of R295 243 from other receipts to grant receipts.

Error 13 Acquisition of Property, Plant and Equipment and Intangible Assets

During the prior year, movements in related payables arising from the acquisition of property, plant and equipment and intangible assets were not appropriately considered when determining cash payments for these acquisitions. Consequently, amounts relating to unpaid acquisitions were incorrectly included in cash paid to suppliers and employees under operating activities rather than being reflected as investing cash flows.

The comparative Statement of Cash Flows has therefore been restated to appropriately classify these cash flows. The adjustments comprise:

a decrease of R1 191 867 in cash paid to suppliers and employees under operating activities;
an increase of R5 503 890 in cash flows relating to the acquisition of property, plant and equipment; and an decrease of R6 095 757 in cash flows relating to the acquisition of intangible assets.

These adjustments improve the classification and presentation of cash flows in accordance with GRAP 2 and GRAP 3 and do not affect the entity's total net cash flows for the prior year.

Statement of financial position

31 March 2025

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange		88 916 176	(9 023 899)	-	79 892 277
Property Plant and Equipment		17 643 436	84 446	-	17 727 882
Intangible Assets		41 364 423	45 221	-	41 409 644
Accumulated Deficit		51 506 577	9 362 661	-	60 869 238
Payables from exchange transactions		(37 686 756)	(602 842)	4 820 287	(33 469 311)
Employee benefit obligation		-	-	(17 856 555)	(17 856 555)
Unallocated levies		(218 183 099)	134 412	-	(218 048 687)
Provisions		(13 036 268)	-	13 036 268	-
		(69 475 511)	**(1)**	**-**	**(69 475 512)**

Statement of financial performance

31 March 2025

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from non exchange transactions-Levies		319 800 747	(8 992 733)	-	310 808 014
Depreciation and amortisation		(9 354 415)	138 965	-	(9 215 450)
Debt impairment		(350 580)	(116 232)	-	(466 812)
Loss on disposal of assets		(354 840)	(9 299)	-	(364 139)

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Figures in Rand			2026	2025
44. Prior-year adjustments (continued)				
Revenue from non exchange transactions-SETA grant funding received	160 831	134 412	-	295 243
Contracted services	(37 931 887)	(588 781)	-	(38 520 668)
General expenditure	(135 886 551)	(14 061)	-	(135 900 612)
Employee related costs	-	-	(202 070 151)	(202 070 151)
Board & Other committees fees	-	-	(2 661 626)	(2 661 626)
Employee and board honorarium related costs	(204 731 777)	-	204 731 777	-
Surplus (Deficit) for the year	7 755 251	9 447 729	-	(1 692 478)
	(60 893 221)	**-**	**-**	**(79 788 679)**

Cash flow statement

31 March 2025

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Levies		317 333 866	(2 446 286)	314 887 580
Other receipts		993 492	(160 829)	832 663
Suppliers		(178 008 368)	1 469 760	(176 538 608)
Employees		(194 564 524)	264 550	(194 299 975)
Board and other committees		-	(2 926 176)	(2 926 176)
Interest from non-exchange receivables		-	2 311 873	2 311 873
Grant		-	295 243	295 243
		(54 245 534)	**(1 191 865)**	**(55 437 400)**
Cash flow from investing activities				
Purchase of Property plant and equipment		(3 386 833)	(5 503 890)	(8 890 723)
Purchase of intangible assets		(17 025 498)	6 695 757	(10 329 741)
		(20 412 331)	**1 191 867**	**(19 220 464)**

45. 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 geographical 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 to achieve the objectives of GRAP 18.

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.

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

45. Segment information (continued)

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 are dissimilar in nature.

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	**Offices (Regions)**
Gauteng segment	Gauteng, North West, and Limpopo
KwaZulu-Natal segment	KwaZulu-Natal, Free State and Mpumalanga
Western Cape segment	Western Cape, Eastern Cape and Northern Cape
Head Office	Service Segment

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45. Segment information (continued)

Segment surplus or deficit, assets and liabilities

31 March 2026

	Head office	Gauteng	KwaZulu-Natal	Western Cape	Total
Revenue					
Revenue from non-exchange transactions(excluding interest)	279 469	239 214 831	81 995 539	93 131 627	414 621 466
Revenue from exchange transactions (excluding interest)	133 211	100	-	5 387	138 698
Interest revenue	3 981 402	2 797 786	1 003 178	962 771	8 745 137
Total segment revenue	**4 394 082**	**242 012 717**	**82 998 717**	**94 099 785**	**423 505 301**
Entity's revenue					**423 505 301**
Expenditure					
Employee related costs	110 912 700	55 941 920	18 351 103	20 387 545	205 593 268
Board & Other Committees	1 040 026	366 567	332 468	323 943	2 063 004
Depreciation and amortisation	8 112 134	553 325	921 488	673 622	10 260 569
Finance costs	121	-	-	-	121
Lease rentals on operating lease	7 901 788	3 763 261	3 824 134	2 316 880	17 806 063
Debt impairment	-	12 762 093	2 803 211	3 401 519	18 966 823
Contracted services	13 365 615	13 336 370	15 039 059	9 188 350	50 929 394
Loss on disposal of assets	142 415	4 189	5 664	4 854	157 122
General expenses	66 472 748	20 927 403	18 710 344	17 508 517	123 619 012
Total segment expenditure	**207 947 547**	**107 655 128**	**59 987 471**	**53 805 230**	**429 395 376**
Total segmental surplus/(deficit)	**(203 553 465)**	**134 357 589**	**23 011 246**	**40 294 555**	**(5 890 075)**
Assets					
Current Assets	65 113 175	96 097 740	21 946 381	26 238 832	209 396 128
Non-current assets -excluding additions to fixed assets	43 614 000	1 352 553	2 269 644	1 583 989	48 820 186
Additions to Non-current assets	23 316 723	652 777	434 791	718 318	25 122 609
Total segment assets	**132 043 898**	**98 103 070**	**24 650 816**	**28 541 139**	**283 338 923**
Total assets as per Statement of financial Position					**283 338 923**

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	Head office	Gauteng	KwaZulu-Natal	Western Cape	Total
45. Segment information (continued)					
Liabilities					
Segment liabilities	251 814 230	46 760 268	23 086 866	28 436 872	350 098 236
Total liabilities as per Statement of financial Position					**350 098 236**

31 March 2025

	Head office	Gauteng	KwaZulu-Natal	Western Cape	Total
Revenue					
Revenue from non-exchange transactions (Excluding interest)	295 251	196 671 768	47 596 753	66 539 451	311 103 223
Revenue from exchange transactions (Excluding interest)	595 232	61 601	120 515	14 799	792 147
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	**91 190 442**	**197 771 282**	**48 500 439**	**67 215 156**	**404 677 319**
Entity's revenue					**404 677 319**
Expenditure					
Employee related costs	114 841 688	56 945 261	16 009 497	14 273 706	202 070 152
Depreciation and Amortisation	6 923 160	598 052	927 656	766 582	9 215 450
Board and other committees	1 555 496	414 799	322 621	368 710	2 661 626
Finance cost	364	-	-	-	364
Lease rentals on operating leases	8 562 520	3 085 897	3 571 535	1 877 977	17 097 929
Debt impairment	419 012	26 728	9 830	11 242	466 812
Bad debts written off	72 046	-	-	-	72 046
Contracted services	18 953 180	8 545 179	6 718 529	4 303 780	38 520 668
Loss on disposal of assets	276 943	62 964	5 830	18 402	364 139
General expenses	84 844 053	18 219 019	16 075 882	16 761 657	135 900 611
Total segment expenditure	**236 448 462**	**87 897 899**	**43 641 380**	**38 382 056**	**406 369 797**
Total segmental surplus/(deficit)	**(145 258 020)**	**109 873 383**	**4 859 059**	**28 833 100**	**(1 692 478)**

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45. Segment information (continued)

Assets					
Current assets	127 872 073	45 916 352	17 511 399	19 764 968	211 064 792
Non-current assets (Excluding additions to fixed assets)	32 650 157	1 519 502	2 572 672	2 018 862	38 761 193
Additions to Non-current assets	19 286 554	421 265	468 411	236 101	20 412 331
Total segment assets	**179 808 784**	**47 857 119**	**20 552 482**	**22 019 931**	**270 238 316**
Total assets as per Statement of financial Position					**270 238 316**
Liabilities					
Segment liabilities	247 240 645	42 775 223	17 438 934	23 652 752	331 107 554
Total liabilities as per Statement of financial Position					**331 107 554**

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 key functions of regulating the conduct of parties within community schemes and ensuring their good governance. All regions are mandated to execute these key functions.

Notes

Notes





Affordable Reliable Justice

COMMUNITY SCHEMES OMBUD SERVICE

Physical address: Berkley Office Park, 8 Bauhinia St,
Highveld Techno Park,
Centurion, 0169

Switchboard: (+27 10) 593 0533

Website: www.CSOS.org.za

E-mail: info@csos.org.za | Fraudalert@csos.org.za

X (Twitter): @CSOS_SA

Facebook: @CSOS.SouthAfrica