

INTEGRATED REPORT 2023 | 2024





Table of Contents

PART A: GENERAL INFORMATION	4
Key figures	5
General information	6
List of abbreviations.....	7
Foreword by the Minister of Finance.....	8
Message from the Pension Funds Adjudicator.....	10
Statement of responsibility and confirmation of accuracy for the integrated annual report.....	12
Basis of Preparation for Integrated Annual Report	13
Organisational overview and external environment	14
Strategy and resource allocation.....	20
Organisational Structure	21
Business model.....	23
Outlook.....	26
Key risks	28
PART B: GOVERNANCE.....	30
Governance Report 2023/24.....	31
PART C: ORGANISATIONAL PERFORMANCE INFORMATION	46
Operational Report 2023/24	47
Message from Legal Desk	67
Summary of Important Determinations	69
Annual Performance Information Report 2023-24.....	84
PART D: FINANCIAL INFORMATION	93
CFO financial report on budget and levies.....	94
Annual Financial Statements 2023-24	107

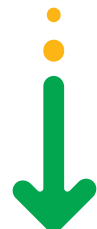
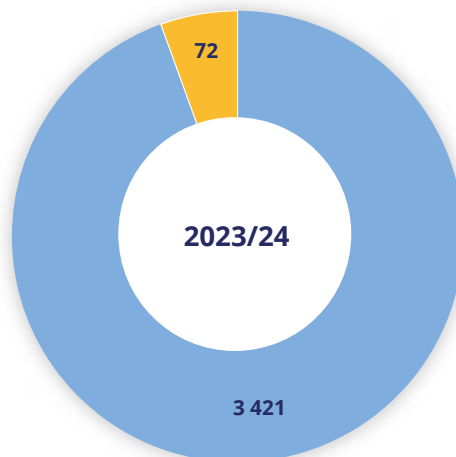
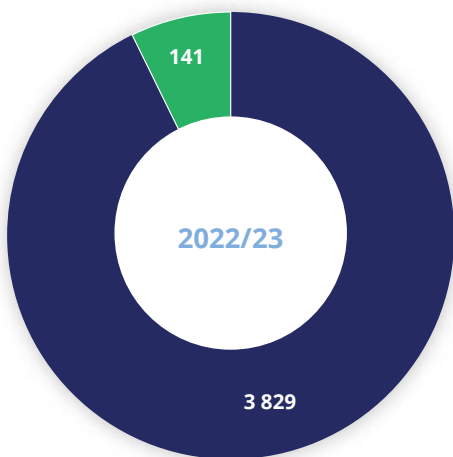


PART A: General Information

Key Figures



	2022/23	2023/24	
New Complaints	9 190	9 177	
Finalised Complaints	7 809	9 719	
Determinations Issued	4 368	5 379	
% Closed within 6 months	82%	77%	



■ < 6 months carried over
 ■ > 6 months carried over
 ■ < 6 months carried over
 ■ > 6 months carried over

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	The Office of the Pension Funds Adjudicator is a Public Finance Management Act (Act no. 1 of 1999) Schedule 3A public entity and statutory body established in terms of section 30B of the Pension Funds Act, 24 of 1956.
Nature of business and principal activities	The mandate of the OPFA is to dispose of complaints lodged in terms of the Pension Funds Act No. 24 of 1956, in a procedurally fair, economical and expeditious manner.
Registered office	Block A, 4th Floor, Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0081
Bankers	Standard Bank of South Africa Limited South African Reserve Bank
Website	www.pfa.org.za
E-mail Address	enquiries@pfa.org.za
Telephone	012 748 4000
Auditors	Auditor General of South Africa P O Box 446 Pretoria 0001 012 426 8000

List of Abbreviations

Act	Pension Funds Act No. 24 of 1956
AGSA	Auditor General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CFO	Chief Financial Officer
COFI Bill	Conduct of Financial Institutions Bill
Deputy Adjudicator	Deputy Pension Funds Adjudicator
FAIS Ombud	Office of the Ombud for Financial Services Providers
FSCA	Financial Sector Conduct Authority
FSR Act	Financial Sector Regulation Act No. 9 of 2017
FST	Financial Services Tribunal
King IV	King IV Report on Corporate Governance for South Africa
Levies Act	Deposit Insurance Levies Act No. 11 of 22
NFOSA	National Financial Ombud Scheme South Africa
NT	National Treasury
OPFA	Office of the Pension Funds Adjudicator
PFA; Adjudicator	Pension Funds Adjudicator
PFMA	Public Finance Management Act No.1 of 1999
PSSPF	Private Security Sector Provident Fund
RtF	Refer-to-Fund
RFO	Retirement Funds Ombud
SCM	Supply Chain Management
TCF	Treating Customers Fairly
TR	Treasury Regulations

Foreword by the Minister of Finance



Mr E Godongwana
Minister of Finance

It gives me pleasure to present the annual report for the Office of the Pension Funds Adjudicator (OPFA) for the 2023-24 fiscal year. In the period under review, the South African government continued to implement planned reforms to resuscitate the economy. There have been green shoots that affirm that the economic reconstruction and recovery plan is beginning to bear fruit and should begin yielding tangible economic outcomes. This notwithstanding the persistent challenges of rising cost of living, high youth unemployment, subpar economic growth trajectory and geo-political changes.

The 'twin-peaks' financial sector reforms are well on track and are considered material in driving inclusive economic recovery and growth. Since the enactment of the Financial Sector Regulation Act (FSR Act) in 2017, there has been significant progress made by the responsible state institutions, including the OPFA, in embedding the changes in the legislative framework and integrating the new instruments for an effective conduct regulation, to enhance the integrity of the financial services sector and reinforce consumer protection as a critical strategic objective.

In the alternative dispute resolution component of regulation, the OPFA is mandated to resolve pension fund-related complaints in a procedurally fair, expeditious and economic manner. During the year under review, the OPFA received

9 177 (2022/23: 9 190) new complaints and disposed of a total of 9 719 (2022/23: 7 809) including complaints carried over from the previous year. As in previous years, the primary areas of concern relate to withdrawal benefits and non-compliance with section 13A of the Pension Funds Act, where employers fail to pay over pension contributions to the fund. The recurrence of these issues and the high number of complaints remain of great concern and stakeholders are urged to remediate this undesirable result of poor fund governance, management, and administration. This, in effect, undermines government's efforts to improve trust, coverage and adequacy through preservation and sustainability of the retirement funds system.

The establishment of the Financial Services Tribunal (FST) and the Ombud Council, as regulatory entities for ombud schemes sought to enhance the independence, access and fairness of the alternative dispute resolution process for financial sector-related complaints. The increased use of the FST by aggrieved persons is encouraging and provides complainants with an efficient appeals process, at little to no cost relative to the expensive and lengthy formal court process. During the year under review, 81 applications for reconsideration were submitted to the FST by persons aggrieved with OPFA decisions. The FST issued a total of 69 decisions, 54 of which were upheld and 15 were remitted for reconsideration. Furthermore, the OPFA is working closely with the newly

established Ombud Council to design processes and develop rules of engagement to give effect to the overall objectives of an affordable, independent, accessible and fair complaint management process.

In the past year, the provisions in the FSR Act relating to the funding model, the related budgeting process and accountability framework of the OPFA were enacted. This includes the promulgation of the Financial Sector and Deposit Insurance Levies Act (No.11 of 2022), by notice on 28 March 2024. This is a legal instrument that serves to organise resources for financial sector bodies for the execution of the reforms, by providing for the imposition of levies on supervised entities. This is a key milestone in the reforms transition path, specifically for ombud schemes including the OPFA, as it reinforces the independence of the OPFA and seeks to improve accessibility of the office by aggrieved consumers of pension fund products and services. This will be further enhanced by the introduction of the soon-to-be promulgated Conduct of Financial Institutions Bill, that aims to streamline conduct regulations in the financial sector and promote financial inclusion while ensuring consumers are fairly treated and protected.

The OPFA has welcomed these legislative changes and is currently implementing them, in collaboration with the National Treasury and other relevant stakeholders. I must take this opportunity to welcome the new governance committees and wish them well in their tenure and hope that they will use their expertise and perform their oversight role in overseeing the operations of the OPFA.

In closing, I would like to offer my gratitude to the Pension Funds Adjudicator and her team for their role and contribution throughout the transition journey and continued involvement in ensuring the reforms that affect ombud schemes are a success.



Honourable Minister Mr E Godongwana, MP
Minister of Finance



Message from the Pension Funds Adjudicator



Ms MA Lukhaimane
Pension Funds Adjudicator

The Office of the Pension Funds Adjudicator serves as an impartial and independent arbiter, aiding in the resolution of disputes between pension fund members and pension funds. In the context of the ongoing financial sector reforms, the OPFA is positioned to play a crucial role in protecting the rights of pension fund members, ensuring compliance with pension fund laws and rules by industry players, and enhancing trust and confidence in the South African retirement fund system.

During the year under review the OPFA received 9 177 new complaints, a marginal decrease of 0.14% when compared to the previous year. Out of the complaints received, 78% were received electronically via email and website, a growing trend adopted since the pandemic era. There remains a sizeable number of complainants, at 20%, who physically visited the offices and prefer to engage with our staff in person. This is understandable given our literacy rates and the need to get assurance that a complaint will be attended to. The majority of complaints received, constituting an aggregate of 84%, relate to withdrawal benefits and non-compliance with section 13A of the Act on non-payment of contributions by employers. This is concerning as it not only affects the member's retirement savings but other risk benefits that are dependent on settlement of premiums by funds to third parties such as death benefits, disability benefits and funeral benefits, leaving members further vulnerable at times of great need.

A total of 9 719 complaints were finalised in this period, representing a 25% increase from the previous financial year. Of these complaints, 5 739 (55%) were closed by way of determinations which entails the complete formal process where the OPFA reviews evidence, may hear arguments and makes a binding decision or ruling to resolve the dispute. Where possible, the OPFA continues to encourage parties to settle matters in an informal manner, with 1 511 complaints resolved through settlements, which is a 9% increase from the previous financial year. The rest of the complaints were either closed as out of jurisdiction, abandoned, withdrawn, or duplicates.

Persons aggrieved with the decisions of the Adjudicator are permitted by law to either make an application to the High Court in terms of section 30P of the Pension Funds Act for relief, or apply for reconsideration at no cost to the Financial Services Tribunal (FST). The latter was introduced as part of the financial sector reforms, as a more accessible and affordable redress mechanism to enhance the integrity of the complaints resolution process. During the year under review 81 applications were made and 69 decisions were issued by the FST. Among these 54 were upheld and 15 were remitted for reconsideration by the OPFA. Insights gained from the outcomes of the FST are implemented to continuously enhance and refine OPFA processes.

The OPFA was also subject to the first supervisory on-site inspection by the Ombud Council in terms of the FSR

Act. The purpose of a supervisory on-site inspection of an ombud scheme according to section 208(2) of the FSR Act is to assess compliance with financial sector laws applicable to that ombud scheme. The on-site inspection led by the Chief Ombud, focused on information sharing regarding the OPFA's mandate, its regulatory framework, governance, operations including complaints data, FST matters and consumer awareness and education initiatives. The inspection was invaluable, and the report's recommendations are considered on an ongoing basis to improve OPFA processes.

As a public entity, stakeholder feedback is an essential pillar in enhancing the quality of our customer service, measuring the effectiveness of our efforts, and building trust across our diverse stakeholder network. This also ensures that the OPFA advances government priority to be responsive to the needs of citizens. The OPFA conducted a stakeholder survey during the year using an independent consultant. Over 200 stakeholders participated, and these included complainants, pension funds and administrators, industry bodies, employers and the media. The OPFA achieved an 84% overall stakeholder satisfaction rating, which is a marked improvement from the 64% achieved in the baseline survey conducted in the 2020/21 financial year.

I am humbled by these outcomes and the overall positive feedback. For that, I want to thank all the employees of the OPFA. The satisfaction of our stakeholders is a direct reflection of our lived values, our professionalism, fruits of our investments in technological infrastructure, continuous re-engineering of our business processes for more efficiencies, an organisational culture anchored in high performance and ethical conduct.

I must also take this opportunity to thank the outgoing members who have served on various governance structures of the OPFA for over 10 years. Their immense contributions to the development of the organisation, its culture of good governance, and their continued drive for greater outcomes have been invaluable.

The OPFA welcomes the legislative developments surrounding the "two-pot" retirement system, which will offer crucial relief to pension fund members by enabling them to address emergencies while simultaneously strengthening preservation efforts for a more financially sustainable life post-retirement. The impact of this on the OPFA and complaints volumes is not quantifiable at this stage, however a two-pot response plan has been developed, mainly focusing on a flexible planned response internally and member education.

In conclusion, the OPFA's 26 years of experience is invaluable in navigating the evolving legislative landscape and meeting emerging demands. The ongoing support from the Minister of Finance, the Audit, Risk, Remuneration, Social and Ethics Committees, and the National Treasury team, as well as the dedication of the OPFA management team and staff, are crucial for ensuring a successful transition that fosters meaningful outcomes for consumers and strengthens trust in the retirement fund system.



Ms MA Lukhaimane
Pension Funds Adjudicator



Statement of responsibility and confirmation of accuracy for the integrated annual report

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

All information and amounts disclosed in the integrated annual report are consistent with the annual financial statements audited by the Auditor General of South Africa. The report is complete, accurate and is free from any omissions. The integrated annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury and the International Integrated Reporting Framework.

The annual financial statements on 107-147 have been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to the public entity. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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.

The external auditors were engaged to express an independent opinion on the annual financial statements.

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 2024.

Yours faithfully



Ms MA Lukhaimane
Pension Funds Adjudicator

Basis of preparation for Integrated Annual Report

This integrated annual report is prepared according to the guidelines of the International Integrated Reporting Framework issued by the International Integrated Reporting Council and annual report guidelines issued by the National Treasury.

The scope of this integrated annual report is focused on how the OPFA has created value for its relevant stakeholders with particular emphasis on pension fund members as the most vulnerable stakeholder in the dispute resolution process. This report focuses on the efficiency and procedural fairness in the process of disposal of complaints lodged with the OPFA and how the six capitals were integrated to ensure the OPFA's service delivery mandate is achieved with the desired impact.

Materiality framework

What is considered material for reporting purposes is informed by the mandate of the OPFA, which is disposal of complaints in a procedurally fair, expeditious, and economical manner. The focus of this report is on the value created during the year under review in discharging the OPFA service delivery mandate. It includes an assessment of the changes in the external environment such as the legislative amendments that affect the mandate and operations of the OPFA. It also reviews key risks, opportunities, and strategic responses which affect the complaints management process in the medium term covering a rolling period of five years.

Furthermore, as a public entity governed by the Public Finance Management Act (PFMA), factors that have a material financial impact and/or indicate a significant non-compliance with relevant laws and regulations are presented and disclosed in the annual financial statements section of this report. This is in accordance with the materiality and significance framework approved by the Minister of Finance in terms of section 54(2) and 55(2) of the PFMA and Treasury Regulations 28.3.



Organisational overview and external environment

Organisational overview

The OPFA was established in terms of the Act as amended, to dispose of pension fund related complaints lodged in terms of the Act and complaints designated to the Adjudicator in terms of section 211 of the FSR Act. The main objective of the OPFA is to ensure that the rights of consumers of pension products and services are protected, and they are treated fairly within the prescripts of the law.

Legislative and policy mandates

The OPFA is a PFMA Schedule 3A public entity established in terms of section 30B of the Act with effect from 1 January 1998, to investigate and determine complaints lodged in terms of the Act and those designated to the Adjudicator in terms of the FSR Act. Section 30D of the Act requires that the Adjudicator in disposing complaints:

- Applies, where appropriate, principles of equity.
- Has regard to the contractual arrangement or other legal relationship between complainants and any financial institution;
- Has regard to the provisions of the ACT; and
- Acts in a procedurally fair, economical and expeditious manner.

The primary legislation relevant to the OPFA for the purposes of discharging its mandate include:

- Pension Funds Act, 24 of 1956, as amended.
- Financial Sector Regulation Act, 9 of 2017.
- Public Financial Management Act, 1 of 1999.
- Financial Sector and Deposit Insurance Levies Act 11 of 2022.

The planned policy changes that affect the OPFA's mandate and its operations are evaluated under the external environment analysis section below.

The OPFA is guided by its legal mandate and is committed to achieving its strategic goals and contributing to social protection of consumers of pension products and services by:

- Being a trusted, independent and impartial Pension Funds Adjudicator;
- Being an organisation that leads by example and is committed to service excellence;
- Providing access to complainants;
- Creating awareness on the role of the OPFA, and educating and informing consumers of their rights; and
- Establishing meaningful and collaborative relationships with relevant stakeholders.



Strategic objectives and desired outcomes

Vision

The OPFA aspires to be a respected institution that is the arbiter of choice in pension fund complaints submitted to it in terms of the Act.

Mission

The mission of the OPFA is to resolve complaints in terms of the Act.

Values

The OPFA shall act professionally at all times, and promote the following values:

- Professional and technical competence;
- Integrity;
- Collaboration;
- Stakeholder synergy;
- Respect and dignity; and
- Impartiality.

The OPFA's strategic objectives over the medium term are focused on discharging the mandate of the OPFA; improving and maintaining its operations; and having informative and value-adding interactions with its stakeholders. **The strategic objectives and desired outcomes are listed below:**



Strategic Goal 1:

Dispose of complaints received in terms of the Act



This objective relates to the mandate of the OPFA and measures success indicators that focus on the efficiency of case management end-to-end process issuing quality determinations timeously.

Outcome: To be a trusted, independent, and impartial alternative dispute resolution avenue.



Strategic Goal 2:

Achieve operational excellence



This objective relates to the ability of the OPFA to conduct its operations economically, efficiently and through an effective system of internal control and sound governance.

Outcome: To be an organisation that leads by example and committed to service excellence.



Strategic Goal 3:

Effective stakeholder engagement



This measures the effectiveness of the OPFA in conducting outreach programmes, creating awareness and forging synergistic relationships with its stakeholders.

Outcome: To contribute to informed consumers and establish meaningful, collaborative relationships with stakeholders.

External environment analysis and legislative changes

Financial Ombud System Review

In February 2024, the National Treasury released a policy statement, "A Simpler, Stronger Financial Sector Ombud System," outlining reforms for the financial ombud system in South Africa. This Policy Statement builds on recommendations from the World Bank's 2021 "South Africa - Financial Ombud System Diagnostic" study. The study was commissioned by both the FSCA and National Treasury, to provide an independent review and propose changes to strengthen consumer protection and encourage positive outcomes within the financial services sector. The study found the financial ombud system to be complex. Despite the strengths of individual ombud schemes, it was found that the overall system is not fully accessible, efficient, and effective, thus making it difficult to navigate for consumers.

The National Treasury decided that the reformed ombud system will comprise of the National Financial Ombud Scheme South Africa ("NFOSA") which will be independent from the industry and government, a reformed Retirement Funds Ombud ("RFO") and a modified Ombud Council. These changes necessitate legislative amendments. However, some progress is being made in the interim while awaiting legislative amendments. Four previously separate industry Ombud Schemes (Banking, Credit, Long Term Insurance and Short Term Insurance Ombuds) embarked on a voluntary amalgamation to form a single one stop shop Ombud Scheme. On 1 March 2024, the Ombud Council granted the NFOSA recognition as an industry Ombud Scheme in terms of section 194 of the FSR Act. The NFOSA commenced its operations and taking complaints from 1 March 2024. The NFOSA is likely to absorb the work of the JSE Ombud and later on the work of the FAIS Ombud as part of the NFOSA once the necessary legislative amendments have been promulgated.

However, the OPFA remains separate from the NFOSA as the National Treasury considers that the transition of the OPFA to the NFOSA complex at this stage. This will be reconsidered at a later stage, once the NFOSA arrangement has stabilised. Despite the OPFA remaining separate from the NFOSA, collaboration with the NFOSA remains vital to enhance awareness, accessibility and improved overall effectiveness of the ombud system.

The proposed consequential amendments to the FSR Act, to be effected through the Conduct of Financial Institutions Bill ("COFI Bill"), will rename OPFA to the "Retirement Funds Ombud" and the Act to "Retirement Funds Act". It is also proposed that Chapter VA of the Act (which established the OPFA), be imported into the FSR Act. This is in line with the project that has been underway by National Treasury and the FSCA to eliminate unnecessary jargon and for all types of pension funds to fall within the umbrella term "retirement fund". These proposed changes once implemented present an opportunity for rebranding and an increased awareness campaign for the OPFA. Furthermore, as part of the review the RFO's governance structure will also be enhanced to ensure its independence and oversight. This will be done through a subsequent Omnibus Bill which currently at development stage.

COFI Bill and proposed amendments to OPFA's mandate

The COFI Bill is currently at consultation stage. In addition to the above, COFI proposed other significant amendments that affect the OPFA's mandate. Firstly, the mandate of the OPFA may also be extended via the expansion of the definition of "complaint". The proposed amendment seeks to carry over the current requirements set out in the definition and also introduces "advice" in relation to a retirement fund and types of complaints that may be specified by the Ombud Council. There is a concern about including advice or intermediary services under the RFO's jurisdiction, as this could lead to among other things, jurisdictional overlaps with intermediaries handling both retirement funds and other products. Accordingly, complaints about such advice and intermediary services will be handled by the NFOSA, as a successor of the FAIS Ombud. The Ombud Council will review coordination measures between ombud schemes to prevent complainants, whose issues relate wholly or partially to advice or intermediary services, from being sent from "pillar-to-post".

Secondly, the proposed definition of "complaint" includes a requirement to accept oral complaints. In its comments to the National Treasury, the OPFA expressed concerns that complaints might not be captured correctly, leading to uncertainty and potential delays in finalising them.

There will also be financial implications, as oral complaints will require independent transcription to ensure accurate records should the matter be reviewed or appealed and costs of additional storage for recordings.

This will naturally necessitate upskilling of the professional staff to handle the new types of complaints that may be received. The proposed amendments will also mandate the sharing of information between ombuds and the regulator. This is positive as it creates an opportunity to establish a system for sharing information, the objective of which should be to reduce systemic issues giving rise to common types of complaints in specific retirement funds.

Thirdly, the amendments to the COFI Bill will further expand the definition of “retirement fund” to include public sector retirement funds, thereby expanding the OPFA’s jurisdiction to address public sector fund complaints. This positive step will enhance the accessibility and consistency of the ombud system. The OPFA will develop implementation plans to ensure a seamless transition, including the appropriate stakeholder engagements, staff training, and revising operational procedures to accommodate the expanded mandate.

Fourthly, in the recent draft of the COFI Bill issued by the National Treasury for comment, the OPFA took up the opportunity to submit comments on that draft. In that draft, there was a proposal made pertaining to section 37C of the Act which deals with the manner in which death benefits in a pension fund should be disposed of. In the OPFA comments, concerns were raised, and it was accordingly proposed that a full consultation process takes place which must include workshops held with relevant stakeholders in the retirement funds industry before amendments to section 37C are effected. If the proposal is accepted by National Treasury, this will present an opportunity for the OPFA to engage meaningfully with the relevant stakeholders on the appropriate ways in which the issues pertaining to section 37C of the Act can be addressed. Similar comments were submitted by the OPFA on the second draft of the COFI Bill.

Lastly, all conduct issues will be exported from the Act into the COFI Bill as an overarching piece of legislation that applies to the conduct of all financial institutions, including retirement funds. The sectoral legislations that currently exist are expected to be repealed either in whole or in part.

It is also expected that the prudential issues relating to the financial soundness of retirement funds will remain within the Act. Conduct issues pertaining to specific types of financial institutions are expected to be addressed in conduct standards issued by the FSCA.

The most recent update at the time of writing is that the COFI Bill was provided to the state law advisors who are considering changing the structure of the Bill to remove changes which are not related to COFI to a Financial Sector Laws Amendment Bill. Once finalised the Financial Sector Laws Amendment Bill will be shared for comments.

Changes in funding model and governance requirements

On 24 March 2023, the Minister of Finance proclaimed that 1 April 2023 would be the commencement date for the Financial Sector and Deposit Insurance Levies Act, 2022 (“Levies Act”) and certain provisions of the FSR Act that amend the Act. In accordance with these changes, the Adjudicator’s operations will be funded from levies under the Levies Act, based on a budget submitted and approved by the Minister of Finance. Previously, the funding was provided by the Financial Sector Conduct Authority (“FSCA”), based on a budget submitted to it. This new funding model enhances the independence of the OPFA from the FSCA. Furthermore, these changes designate the Adjudicator as the Accounting Authority of the OPFA, effective 1 April 2023. Prior to this change, the FSCA Commissioner served as an interim Accounting Authority for the purposes of the PFMA.

To facilitate a seamless transition, the OPFA implemented a transition plan to comply with and respond to these changes. The OPFA governance structure was reviewed to promote good governance and effective oversight. This review led to a separation of roles between the Accounting Authority and the OPFA Management Committee in accordance with the PFMA. The OPFA also established an Executive Committee (“EXCO”), which includes the Adjudicator, Deputy Adjudicator, and Executive Head of Corporate Services and Chief Financial Officer. This committee is responsible for reviewing and recommending OPFA policies, organisational strategies, operational documents, and plans for submission to the Governance Committees, and/or for final approval by the PFA. The Management Committee, which comprises of senior management, and Governance Committees remain in place.

Conduct Standards

The publication of conduct standards in terms of both the FSR Act and COFI Bill will also form part of the legislative framework that retirement funds will be expected to abide by. Naturally, these are also likely to form the basis of complaints received by the OPFA.

Draft conduct standards for comment are usually published on the FSCA website and a period of at least 30 days is allowed for comment. In the past, the FSCA published a conduct standard pertaining to section 13A and the collection of arrear contributions. The OPFA made submissions to the FSCA on the proposed conduct standard and in the final version, some of the OPFA comments were incorporated. The final version of the conduct standard was published on 19 August 2022. FSCA Conduct Standard 1 of 2022 (RF) – Requirements related to the payment of pension contributions became effective on 19 February 2023. The requirements of the Conduct Standard are being applied by the Adjudicator in adjudicating over complaints related to section 13A of the Act.

It is anticipated that there will be various other draft conduct standards issued by the FSCA relating to retirement funds for comment and the OPFA will most likely make submissions to the FSCA for consideration prior to the finalisation of any conduct standards. A similar process will obviously apply for prudential standards and joint standards.

POPIA

The OPFA has adopted policies to comply with POPIA. The OPFA had embarked on a readiness project since August 2020 and held training and awareness sessions for all its staff members. The Adjudicator was registered as an Information Officer and the Senior Legal Advisor registered as a Deputy Information Officer within the prescribed timelines. The OPFA has engaged with the Information Regulator which confirmed it was satisfied with the OPFA's complaints handling processes.

Two-Pot Retirement System

Comments on the Revenue Laws Amendment Bill, 2023 ("RLAB") which proposed legislative amendments to the Income Tax Act, 1962 incorporating the so-called two-pot retirement system were submitted by the OPFA to National

Treasury for consideration. The RLAB was signed by the President on 26 March 2024. The Pension Laws Amendment Bill, 2024 ("PLAB") which proposed amendments to the Act to enable retirement funds to implement the two-pot retirement system, was introduced to National Assembly on 30 January 2024. The PLAB was passed by National Assembly on 27 March 2024 and is awaiting finalisation at the time of writing.

Broadly speaking, the aim of the legislation is to create three "components" for retirement fund members. From the date the new system comes into effect, members will be able to make one taxable withdrawal in any tax year from their "savings component" (one-third of contributions), but the "retirement component" (the other two-thirds) has to be preserved until retirement and used to purchase an annuity. The third vested component, being the vested amount in the fund on implementation date.

In accordance with National Treasury guidelines, this applies universally to all retirement funds (pension fund, provident fund, retirement annuity, or preservation fund), excluding legacy retirement annuity policies and funds with no active members, as well as pensioners and provident fund members aged 55 or older on 1 March 2021, who remain in the same fund and choose to opt into the two-pot retirement system within 12 months of implementation.

A minimum of R2,000 can be withdrawn from the savings component, taxed at the individual's marginal rate, with no maximum limit on withdrawals. Furthermore, there is a vested component containing accumulated contributions up to 31 August 2024 and any growth on the contributions, governed by current legislation and tax rules. Withdrawals from the vested component will only be permitted to members upon leaving employment.

The proposed implementation date for the two-pot retirement system has been changed from 1 March 2024 to 1 September 2024. The OPFA expects an increase in complaints especially at the initial stages of implementation, mainly due to inadequate member communication and education, poor records management by funds and disputes regarding value of benefits withdrawable from the savings pot. The OPFA has developed a response plan that includes deployment of additional resources, staff training and a stakeholder engagement plan specific to the two-pot retirement system.

The current external environment presents the following opportunities and threats:

Opportunities

Opportunity	Description
<i>Stakeholder relations</i>	<ul style="list-style-type: none"> Hybrid model with increased digital interaction with stakeholders. OPFA can demonstrate how to operate a public entity with ethical leadership and credible governance. Leverage goodwill of stakeholders to improve on response times. Develop proactive training programmes for pension fund administrators and board members to reduce complaints. Enhance relationships with media and increased use of channels that reach scattered areas. Participate in legislative reform discussions. Conduct public education about OPFA determinations. Establish partnerships with other Ombuds, state institutions and consumer bodies.
<i>Operational efficiencies</i>	<ul style="list-style-type: none"> Invest and maximise on IT capabilities Promote use of website and emails to lodge complaints

Threats

Threat	Description
<i>Human resources</i>	<ul style="list-style-type: none"> Training requirements for OPFA staff on implementation of extended mandate and amended definition of a "complaint". Change management from amalgamation with public pensions ombudsmen.
<i>Operational efficiencies</i>	<ul style="list-style-type: none"> Increased complaints due to teething problems of two-pot retirement system. Cost implications of rebranding, extended mandate and amalgamation with public pensions ombudsmen.
<i>Stakeholder relations</i>	<ul style="list-style-type: none"> Office access to complainants across provinces due to single location in Gauteng Continuous avoidable non-compliance by some pension funds may undermine public confidence and trust in the office and industry. Branding and awareness requirements for new entity name

The OPFA considers the emerging opportunities and threats within its capability to respond effectively. The organisation will reposition its stakeholder engagement strategy to respond to its current challenges of misconduct by specific pension funds and enhance its media relations.

Strategy and resource allocation

Strategy 2024-2029

The strategic vision of the OPFA is to be **an arbiter of choice in pension fund complaints** by ensuring **procedurally fair, economic and timely resolution of complaints**.

To achieve this, the OPFA will prioritise **accessibility**, aim to reach diverse communities through targeted outreach and user-friendly digital platforms. The strategy includes strengthening **collaboration with stakeholders** to identify systemic issues, promote preventive measures and compliance. By investing in **staff training** and **adopting advanced technology** for case management, the OPFA seeks to improve its efficiency and effectiveness as an ombud scheme. **Continuous evaluation of our processes** and **feedback from stakeholders** will guide us in adapting to evolving needs and upholding our commitment to quality service, justice and fairness.

The strategic objectives are:

1. The timeous resolution of complaints in a procedurally fair and economical manner by complying with the Act;
2. Striving for operational excellence in its work; and
3. Building value-adding relationships with key stakeholders.

Capabilities that will enable the OPFA to achieve its strategic objectives

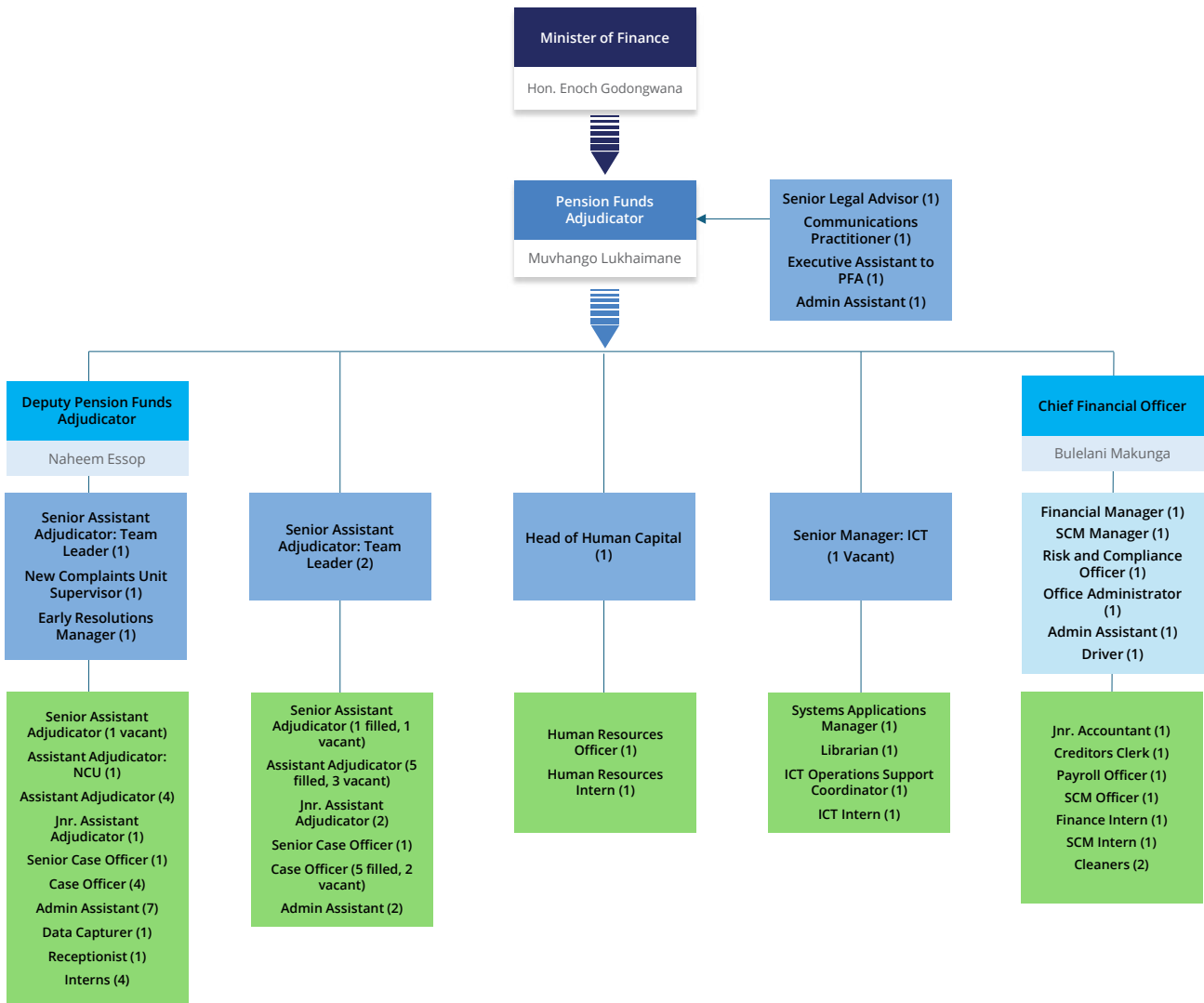
The capabilities that will enable the OPFA to achieve its strategic objectives:

- Professional and technically competent staff members;
- Synergistic stakeholder collaboration;
- Targeted outreach programmes and awareness campaigns;
- Modernised technological infrastructure and constant innovation;
- Efficient and complainant-centric business processes; and
- Organisational culture based on high performance, agility and ethical conduct.

Resource Allocation

The resource mix of the OPFA includes human capital, knowledge capital, financial resources, and physical capital such as a rented building to be accessible for walk-in complaints. The OPFA has achieved 85% of its key performance indicators in the past financial year while maintaining the same level of delivery capacity. Staff worked together to streamline processes and share information speedily to maintain turnaround times without compromising the quality of the output. The OPFA continues to invest in its modernisation strategy to enhance operational efficiency. The *Business Model* section below provides more details as to how the available resources were utilised and how they are linked to OPFA performance outcomes for the year under review.

Organisational Structure



As depicted above, the OPFA has established a fit-for-purpose organisational structure to ensure that the organisation is aligned with its strategic goals and operational needs. It facilitates efficient communication, clear roles and responsibilities, and promotes effective decision-making. This alignment enhances productivity, supports optimal use of limited resources, and fosters agility in responding to changes in the volume of complaints and/or OPFA mandate.

The OPFA organisational structure mainly consists of two major inter-dependent functions namely Adjudication and Corporate Services.

Adjudication

The Adjudication function consists of 3 departments, namely New Complaints Unit (NCU), Early Resolution Team (ER) and Case Management Teams (CM). This function is primarily responsible for the programmes related to the mandate of the OPFA (Strategic goal 1 – *Disposal of Complaints*, and Strategic goal 3 – *Effective Stakeholder Engagement*). The Adjudication teams are led by the Adjudicator and Deputy Adjudicator.

New Complaints Unit (NCU)

Timeously registers and assesses new complaints, requests further information if needed, allocates out of jurisdiction (OJ) complaints to ER Team, refers pre-mature (RtF) complaints where complainant did not liaise with a fund and/or employer prior to having lodged a complaint with the OPFA) for possible direct resolution of same between the complainant and the fund and/or employer, assesses responses received and allocates complaints to ER and/or CM.

Early Resolution Unit (ER)

Deals with and closes OJ complaints, assesses RtF-responses received, closes RtF complaints as Resolved by Fund and/or allocates complaints to CM as formal complaints.

Case Management Teams (CM)

Investigate complaints, where possible pursue settlements, refer matter for conciliation and draft determinations in terms of Section 30M of the Act.

The investigation phase is aimed at soliciting further information in respect of complaints from the parties concerned.

Draft determinations are submitted to the Adjudicator and Deputy Adjudicator for review and sign off whereafter the complaints are finalised.

Corporate Support Services

The Corporate Support Services function consists of a number of departments that are mainly divided into Finance and Operational Support Departments. The Finance Functions report directly to the Chief Financial Officer and the Operational Support Departments report to the PFA. Corporate Support Services is mainly responsible for key performance areas that related to Strategic goal 2 – *Achieve Operational Excellence*.

Finance Department

It is responsible for the management of financial resources of the OPFA in terms of the ACT, the PFMA and Treasury Regulations, Supply Chain Management and Office Administration.

Operational Support Departments

It is responsible for all operations that include ICT, Human Resources Management, Library Services and Risk and Compliance.



Seated: Lalita Jadoonandan · Silas Mothupi · Naheem Ebrahim Essop · Wilana Groenewald
Standing: Lutendo Tshifularo · Lehlohonolo Rabotapi · Zimasa Majola · Nndwakhulu Kutama · Nondumiso Ntshangase
 Clement Manenzhe

Business Model

Our business model is focused on generating value for stakeholders with complainants as the primary stakeholder, through investigating and determining complaints lodged in terms of Section 30D of the Act. Our mandate mainly creates value for complainants, retirement funds, administrators, employers, employees, National Treasury and the FSCA as regulator of pension funds.

Value creation

The OPFA creates value by executing the following for its stakeholders

OUR STAKEHOLDERS



Complainants

- Providing accessibility of the office as an ombud scheme for retirement funds and other prospective complainants via different avenues such as walk-ins to OPFA offices, telephone, email, website and fax.
- Investigating and determining complaints in a procedurally fair, economical and expeditious manner.
- Encouraging mediation and settlements to ensure timeous resolution of disputes.
- Implementing outreach and awareness programmes that educate the public and prospective complainants on our services.
- Providing guidance and direction for complaints outside the jurisdiction of the OPFA.
- Seeking continuous feedback about our services and adapting our processes to enhance complainant experience.



Retirement funds, administrators and industry bodies

- Collaborating with the industry to improve the effectiveness and efficiency of dealing with pension fund complaints.
- Contributing to pension fund law educational programmes and information-sharing sessions such as conferences and webinars.
- Issuing practice notes and publishing articles.
- Providing the industry with feedback on their performance in order to improve their service to their members.
- Providing training for individual retirement funds on specific topics
- Enhancing trust in the retirement fund system.



Employers

- Conducting awareness on pension fund law through determinations issued.
- Providing affordable alternative dispute resolution.



Employees

- Providing meaningful employment and opportunities for development and training.
- Providing fair and competitive remuneration and benefits.
- Providing a diversified and relevant employee wellness programme.



Finance Ministry

- Providing performance reports containing detailed information on the effectiveness of the ombud scheme and its mandate in addressing its policy objectives.
- Providing National Treasury with evidence-based input on legislative reform.
- Enhancing trust in the retirement fund system.



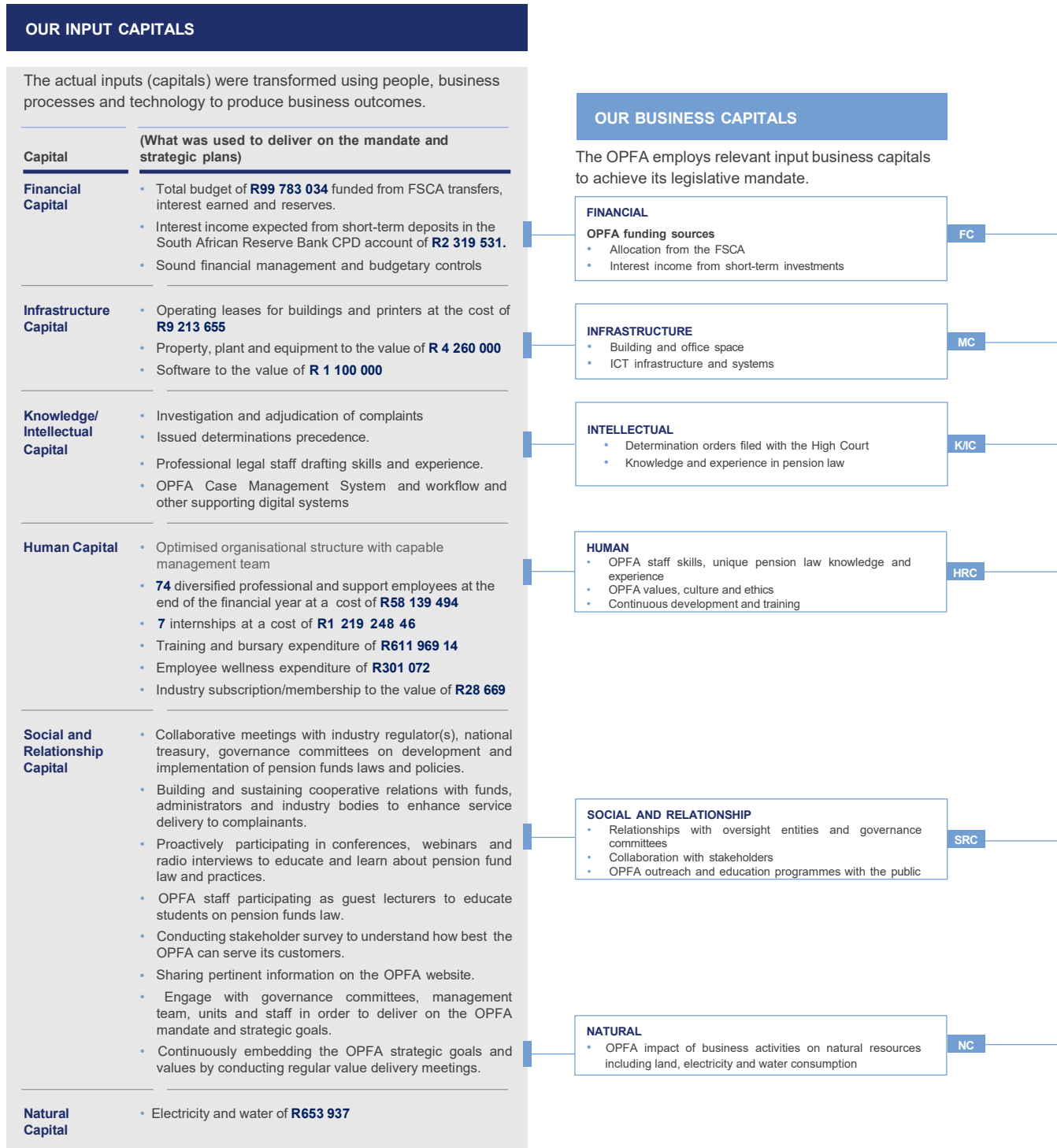
FSCA (Regulator)

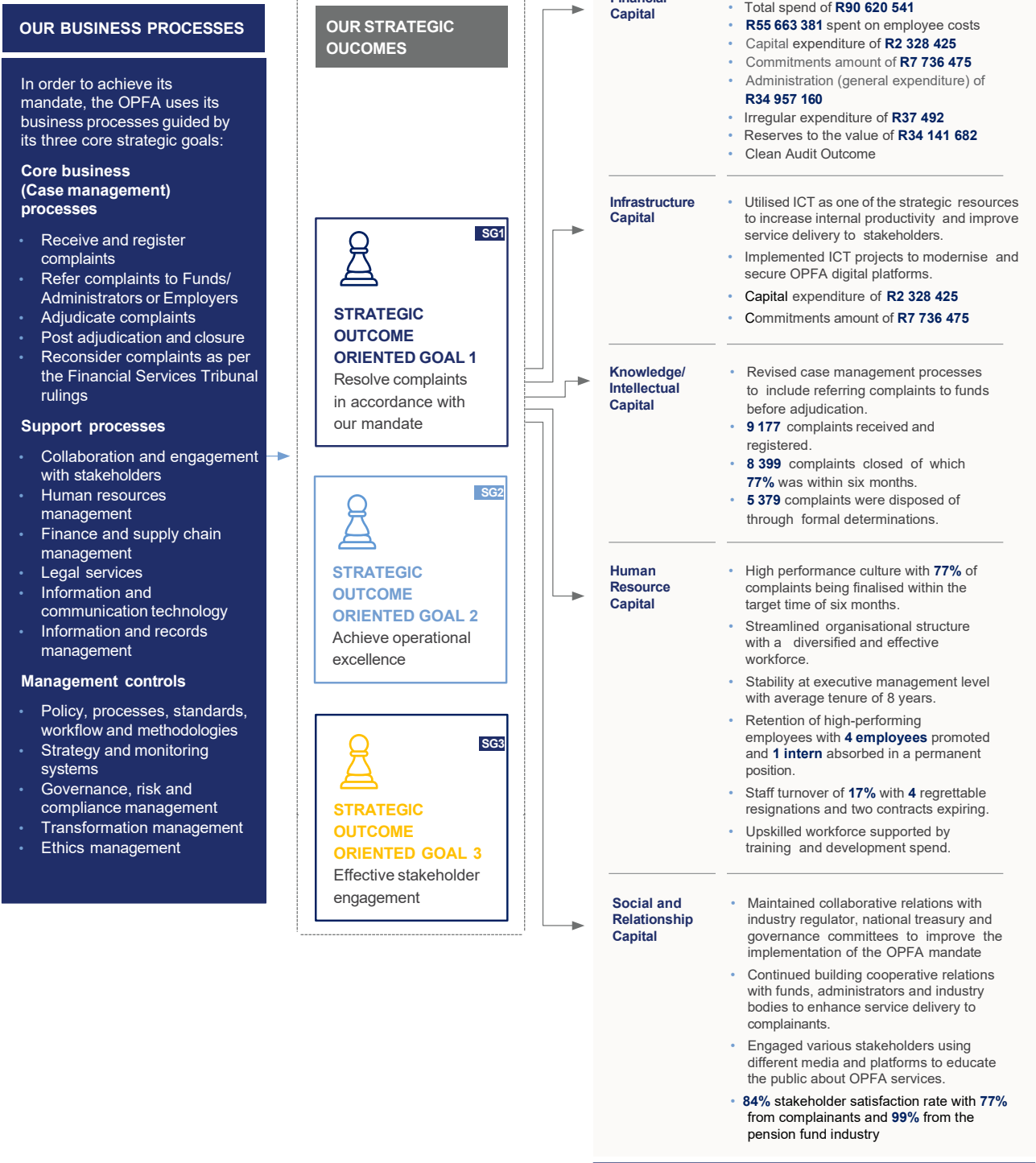
- Proving data and trends on systemic issues and other matters of concern.

Business Model (continued)

How we create value

The OPFA creates value by executing the following for its stakeholders





Outlook

During the 2023/24 financial year, the OPFA navigated significant developments and legislative changes, anticipating the implementation of the second phase of the Twin Peaks financial regulation model and the finalisation of the Conduct of Financial Institutions (COFI) Bill. This period marked the appointment of the Adjudicator as an Accounting Authority and the preparation for the Two-Pot retirement system. Regulatory oversight by the Ombud Council also played a pivotal role in maintaining the effectiveness of the ombud system.

Amidst these changes, the OPFA continued to uphold its role as the preferred arbiter, committing to resolving complaints expeditiously and safeguarding the rights of pension fund members. The organisation remained dedicated to its core values of professional and technical competence, integrity, collaboration, stakeholder synergy, respect and dignity, and impartiality.

Effective from 1 April 2023, amendments to Section 30T of the Act, designated the Adjudicator as the Accounting Authority of the organisation, prompting the development of the 2023/24 OPFA Transition Plan. This included amendments to Sections 30R, 30S, and related legislation, and a review of the governance structures to promote good governance.

Key aspects of the transition plan focused on leading organisational change while maintaining performance, employee engagement, and continuity. Organisational culture was recalibrated to align with new governance and legislative requirements, including the separation of roles between the Accounting Authority and Accounting Officer, now fulfilled by the Executive Head of Corporate Services and Chief Financial Officer under the Public Finance Management Act, 1999 ("PFMA").

To ensure a smooth transition, organisational policies, procedures, and budget processes were revised to align with the new regulations, supported by the establishment of key committees and amendments to the organisational structure. A crucial component of the transition plan involves managing the decoupling processes from the FSCA, particularly in ICT and corporate services to streamline operations and enhance the organisation's independence while maintaining collaborative relationships.

According to Chapters 14 and 15 of the FSR Act, the OPFA's dispute resolution process falls under the oversight of the Ombud Council, with determinations subject to review by the Financial Services Tribunal. The Ombud Council, established under the FSR Act, regulates ombud schemes to ensure accessible, effective, independent, and fair alternative dispute resolution for financial complaints. The OPFA reaffirms its commitment as a specialist tribunal dedicated to excellence, strong governance, and impactful stakeholder engagement.

Looking ahead, the OPFA's strategic priorities include reducing administration-related complaints through enhanced stakeholder engagement and promoting internal dispute resolution processes. The organisation aims to further intensify its consumer awareness outreach programmes, developing service standards to measure the impact of its offerings on complainants and relevant stakeholders, and optimise resources to effectively handle an increased number of complaints.

In the backdrop of these ongoing legislative changes, preparations for the Two-Pot retirement system, effective from 1 September 2024 are underway. This reform allows members of retirement funds to make partial annual withdrawals, while preserving a portion until retirement. The retirement component remains inaccessible until retirement, ensuring preservation and growth.

The Office's transformation in the past year, including the appointment of the Adjudicator as Accounting Authority, has required effective consultation, change management, and alignment with legislative frameworks. Moving forward, the OPFA reaffirms its commitment to excellence and integrity, aiming to achieve its strategic goals and deliver impactful outcomes in the medium term.

Key risks and mitigation

Enterprise Risk Management

Effective risk management is fundamental to the business activities of the OPFA. While we remain committed to increasing stakeholder value by developing and growing our business within our Accounting Authority's determined risk appetite, we are mindful of achieving this objective in line

with the interests of all stakeholders. OPFA implemented an Enterprise Risk Management (ERM) strategy that aims to identify, evaluate, monitor, and report all actual and potential risks as early as feasible. This exercise persisted throughout the organisation through periodic risk assessments and monitoring of risk mitigation strategies listed in the organisational risk profile. OPFA has implemented procedures to:

- Identify and prioritise key risks;
- Determine appropriate levels of risk tolerance and risk appetite;
- Implement a risk management strategy in accordance with the risk management policy; and
- measure, report, monitor and refine risks as needed.

Responsibility and accountability for risk management reside at all levels within the organisation, from the oversight committees down to management and employees.

Risk Management and mitigation factors

The OPFA regards good corporate governance and risk management as a core factor in the way it conducts its affairs. As such the OPFA has implemented a risk management strategy that provides for a coherent and structured approach in identifying, reviewing and managing the risks of the OPFA.

This process is regulated through a set of governance documents developed and reviewed to provide guidelines in the implementation of processes. During the period under review, governance structures such as Management Committee, Risk Committee and the Audit committee continued to provide an oversight in the implementation of Risk and Compliance processes. The governance committee met monthly and quarterly.

During the period under review, the OPFA implemented 100% of activities that were outlined on the Risk and Compliance Annual plan. Risks identified were documented in operational risk registers which culminate in a Strategic risk register. All risks identified were assessed for their potential impact on the organisation and mitigation plans implemented thereon. The OPFA registered 82% Risk Profile achievement having implemented thirty-two (32) out of thirty-nine (39) action plans. Action plans that were outstanding and partially completed within the financial year will be closely monitored in the 2024/25 financial year.

The OPFA has also implemented a Fraud and Corruption Prevention strategy and plan in line with its undertaking not to tolerate fraud and corrupt activities. The strategy and plan are monitored in line with OPFA's risk management policy.



From left to right: Bulelani Makunga · Muvhango Lukhaimane · Naheem Ebrahim Essop

Key Risks

Outcome	Key Risks	Action Plan	Progress Status
Dispose of complaints in a procedurally fair, expeditious resolution of complaints in terms of the ACT	Inadequate collaboration between FSCA and OPFA	<ul style="list-style-type: none"> Establish a MoU with the FSCA to facilitate engagement and share information. 	<p>During the period under review, the OPFA continued to implement the controls identified. With regards to inadequate collaboration risk, the OPFA has implemented the below action:</p> <p>An MoU was established between the OPFA and FSCA. Implementation of the MoU has commenced.</p>
Dispose of complaints in a procedurally fair, expeditious resolution of complaints in terms of the ACT	HR data risk	<ul style="list-style-type: none"> Managers to submit information timeously and keep copies where necessary. Monthly monitoring of manual HR records. Procurement of new HR System. HR system to provide module for Data Analytics. 	<p>During the period under review, the OPFA continued to implement the controls identified. With regards to data risk, the OPFA has implemented the below actions:</p> <ul style="list-style-type: none"> HR records are monitored monthly. Documents are sent via email and managers are keeping extra copies where necessary. The Sage 300 (Payroll and HR) system was procured and implementation has commenced. The HR system provides data analytics. It produces reports that are required and no challenges were reported.
Dispose of complaints in a procedurally fair, expeditious resolution of complaints in terms of the ACT; Achieve operational excellence, Effective stakeholder engagement	Funding shortfall and uncertainty	<ul style="list-style-type: none"> Continuous engagement with the FSCA, National Treasury and other relevant stakeholders regarding funding. Implement additional cost-cutting measures and optimally utilise reserves. 	<p>During the period under review, the OPFA continued to implement the controls identified. With regards to the financial risk, the OPFA has implemented the below actions:</p> <ul style="list-style-type: none"> The OPFA continuously engages with the FSCA, National Treasury and other relevant stakeholders regarding funding. The OPFA secured advanced payment arrangement with the FSCA to cover operations until date of levy collection. The OPFA continuously implements cost-cutting measures in line with the relevant regulations. The establishment of a contingency reserve to fund operations is still in progress.

Outcome	Key Risks	Action Plan	Progress Status
<p>To ensure established ICT systems support business needs and overall organisational strategy and the OPFA risk management strategy.</p>	<p>Information and cybersecurity risk</p>	<ul style="list-style-type: none"> • Conduct monthly ICT environment vulnerability assessment and remediate, where required. • Conduct a penetration test once per annum. • Conduct/implement regular ICT security awareness interventions for the users. • Update the DR manuals and conduct two ICT DR test per annum. • Perform daily, weekly and monthly backups • Update identified ICT security standards and guidelines. • Participate in all internal and external audits and remediate any findings identified. • Development of the Information and Cybersecurity Program and Architecture. 	<p>During the period under review, the OPFA continued to implement the controls identified. With regards to the ICT risk, the OPFA has implemented the below actions:</p> <ul style="list-style-type: none"> • Penetration test was and a report with findings and recommendations was received. • ICT security awareness was conducted through posters and awareness session. • ICT Dr Tests were conducted during September and February. No issues were picked up. • Backups are conducted daily, weekly and monthly. • ICT security standards and guidelines are under review and extension has been approved. • Participated during the 3rd quarter, there was no audit conducted during the 4th quarter. • The process of developing the Information and Cybersecurity Program and Architecture is still in progress.
<p>Dispose of complaints in a procedurally fair, expeditious resolution of complaints in terms of the ACT; Achieve operational excellence, Effective stakeholder engagement</p>	<p>Changes in legislative framework with regards to Pension Funds</p>	<ul style="list-style-type: none"> • Development of training interventions in collaboration with other ombud schemes. 	<ul style="list-style-type: none"> • Development of the two-pot response plan. • The OPFA is still in a process of implementing the transitional plan for changes that occurred in 2023 as a result of amendments to the Act. Training interventions are underway. • Continuous engagements with the National Treasury and Government Technical Advisory Centre.

Corporate

Board

Policy

Rules

Governance

Decisions

Committee

PART B: Governance

Governance Report 2023/24

Commitment

The accounting authority is responsible for monitoring standards of sound corporate governance and fully endorses the application of the recommendations of the King Report on Governance (King IV). The accounting authority is committed to governance processes that give assurance to stakeholders that the operations of the OPFA are conducted ethically within prudent risk parameters in pursuit of best practice. To the best of the accounting authority's knowledge, information and belief, the OPFA complied with relevant legislation, policies and procedures, and codes of governance in the financial period under review.

The accounting authority and its role

As a Schedule 3A Public entity, the OPFA is required by the PFMA and good corporate governance principles, to have an accounting authority charged with governance and oversight. The Adjudicator was appointed as the accounting authority in line section 30T of the Act effective from 01 April 2023. The Adjudicator provided oversight over the operations of the OPFA for the 2023/24 financial year. The accounting authority is primarily responsible for the leadership of the OPFA and for strategic direction and policy, operational performance, financial matters, risk management and compliance. The accounting authority generally exercises leadership, integrity and judgment in directing the OPFA in a manner based on transparency, accountability and responsibility. The accounting authority is the focal point of the governance system within OPFA. Authority for the day-to-day management of the activities of the OPFA was delegated to the management team led by the Deputy Adjudicator and Chief Financial Officer (CFO) for the year under review.

Governance structure

The OPFA's governance structure establishes the fundamental relationships between the accounting authority, its governance subcommittees, management, the executive authority (Minister of Finance), and other stakeholders.



Delegation of Authority

The accounting authority has the authority to lead, control and manage the business of the OPFA. The accounting authority has established a governance structure that consists of oversight committees and delegated through comprehensive delegation-of-authority framework some of its authority to the executive committee (EXCO), Deputy Adjudicator, EHCS & CFO and to the management committee to manage day-to-day business affairs of the OPFA. The delegation of authority assists decision-making and delivery of strategic objectives without exonerating the accounting authority of her accountability responsibilities for the OPFA.

Materiality and Significance Framework

The Minister of Finance approved a framework of acceptable level of materiality and significance in accordance with the PFMA section 54(2) and 55(2), for the three-year period covering 2023/24 to 2026/27 to guide the reporting, risk management and enable accountability.

King IV Compliance and Application

As an entity that is consistently accountable for the provision of key services to pension fund members and is mandated by legislation to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the Act, the OPFA has built its foundation on sound corporate governance principles, as it is dedicated to growing its reputation to realise its vision of being a trusted arbiter.

The existence of good governance will ensure transparency, accountability and fairness to stakeholders of the OPFA, in the course of discharging its mandate. Additionally, the benefits of good governance include an inculcation of an ethical culture, effective control, sustainable performance, and legitimacy. The OPFA is committed to good governance and applied the King IV principles as detailed below:

King IV principle	OPFA application	Key activities
<p>Principle 1: The governing body should lead ethically and effectively.</p> <p>Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Accounting Authority and its governance subcommittees should lead ethically and effectively.</p>	<p>The approved terms of reference for sub committees, Fraud Prevention Plan, Code of Conduct and Conflict of Interest are in place.</p> <p>Governance subcommittee members submitted Conflict of Interest declarations. The OPFA employees made annual declarations of interest, which were evaluated by management and presented to the Social and Ethics Governance Subcommittee.</p>
<p>Principle 3: The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.</p>	<p>OPFA to be, or be seen, as a responsible corporate citizen through CSI projects. In addition, the establishment of Social and Ethics committee to ensure effective control and governance.</p>	<p>The following CSI project took place:</p> <ul style="list-style-type: none"> For Mandela Day, the OPFA donated breakfast to Nuwe Hoop Skool learners. BBBEE verification report has noted a score of Level 8 and 5/5 points towards the OPFA social contribution

King IV principle	OPFA application	Key activities
<p>Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>Development of an Integrated Reporting Framework, which includes the six capitals and value creation process</p>	<p>Integrated Reporting Framework was developed and implemented during the year under review. The value creation is explained in detail under the Integrated Annual Report under business model. Focusing financial outcomes, case management, audit and stakeholder engagement outcomes.</p> <p>The Integrated Annual Report for 2022-23 was successfully tabled in Parliament.</p>
<p>Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium, and long-term prospects.</p>	<p>Development of an Integrated Reporting Framework for the facilitation of integrated reporting.</p> <p>The OPFA issues an annual report to its stakeholders. The annual reports are available on the OPFA website.</p>	<p>Integrated Reporting Framework has been developed.</p> <p>The Integrated Annual Report for 2022-23 was successfully tabled in Parliament.</p> <p>The annual reports for previous years are published on the OPFA website https://www.pfa.org.za/</p>
<p>Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Accounting Authority is the focal point and custodian of corporate governance in the organisation.</p> <p>Members appointed in OPFA governance committees must as a collective have a balance of knowledge, skills, experience, and diversity.</p>	<p>Roles and responsibilities of the Accounting Authority are incorporated in OPFA policies and terms of reference for governance committees.</p> <p>OPFA Delegation of Authority Framework was reviewed and approved by the Accounting Authority.</p>
<p>Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The FSCA Commissioner, as well as the governance committees serve the OPFA – the committees comprise a balance of knowledge, skills, experience, and diversity.</p>	<p>Governance Committee members were appointed and have adequate skills, experience and diversity.</p>
<p>Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties.</p>	<p>The Accounting Authority has delegated some powers to the Governance Committees.</p>	<p>The Accounting Authority approved the reviewed terms of reference for governance committees. The governance committees met at least on a quarterly basis.</p>
<p>Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The chairpersons of the Governance Committees are all responsible for the facilitation of the annual evaluation of the effectiveness of the committees, as well as the recommendations to improve the effectiveness thereof.</p>	<p>The annual evaluation of Governance Committees was facilitated and conducted by the committees led by the chairpersons and secretariat.</p>

King IV principle	OPFA application	Key activities
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The delegation to executive management and the formulation of the Management Committee (MANCO) to oversee implementation of strategy.	OPFA Delegation of Authority Framework was reviewed and approved by the Accounting Authority.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Accounting Authority is overall responsible for governance of risk management for the OPFA.	<p>The Accounting Authority approved the reviewed OPFA ERM Policy and Risk Appetite.</p> <p>The Risk Governance Committee met four times during the year under review.</p> <p>An annual Risk Session was held by the OPFA and the updated Strategic Risk register and progress on planned actions were presented to the Risk Governance Committee.</p>
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	<p>The PFMA section 51(1)(a) (i), requires the Accounting Authority of a public entity to maintain effective, efficient, and transparent systems of internal controls including ICT.</p> <p>The OPFA has an ICT business unit that handles all the information technology of the entity – quarterly ICT steering committee meetings are held to discuss the ICT operations and projects.</p>	<p>The Accounting Authority approved the ICT governance framework and policy in the year under review. Reports on ICT governance and security management were tabled at the Risk Governance Committee that met four times during the year.</p> <p>The OPFA awarded an ERP tender to digitise its finance and HR information systems. The implementation started after the reporting date.</p> <p>The OPFA ICT steering committee met four times during the year.</p>
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Accounting Authority is responsible for compliance with delegation to the compliance function to oversee the compliance management at OPFA.	<p>The Accounting Authority approved the reviewed:</p> <ul style="list-style-type: none"> • Corporate Governance Framework • Regulatory Universe • Compliance Charter <p>Progress on the Regulatory universe was reported quarterly to the Audit and Risk Governance Subcommittees.</p>

King IV principle	OPFA application	Key activities
<p>Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>Remuneration is governed by the Pension Funds Act and determined by the Minister of Finance for appointment of Adjudicator and Deputy Adjudicator. Subsequently reviewed by the Remuneration Committee and approved by the Accounting Authority.</p> <p>The OPFA has a Remuneration Committee as one of the governance committees.</p>	<p>The Accounting Authority, supported by the Remuneration Governance Subcommittee, approved the reviewed:</p> <ul style="list-style-type: none"> • Remuneration and Rewards Policy • Remuneration benchmarking report for OPFA employees <p>Annual performance-based salary increases, In-year structural adjustments and performance bonuses were implemented.</p> <p>The Remuneration Governance Subcommittee met four times during the year.</p>
<p>Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>Development of a combined assurance framework.</p>	<p>Combined assurance reporting framework was developed and reported on a quarterly basis to the Audit Subcommittee.</p> <p>Internal audit submitted its audit plan and presented its report to the Audit Subcommittee at least on a quarterly basis.</p> <p>External audit submitted its audit strategy and engagement plan to the Audit Subcommittee and presented its reports at least on a quarterly basis.</p>
<p>Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The OPFA must develop an Annual Stakeholder Plan where engagements with the relevant stakeholders are included. The plan must be reported on at a strategic level</p>	<p>OPFA Stakeholder engagement plan was implemented as reported in the annual performance report. The activities included pension fund industry engagements, media releases and outreach programmes through radio and physical interaction with communities.</p>
<p>Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.</p>	<p>Not applicable as the OPFA is not an institutional investor organisation.</p>	<p>N/A - The main objective of the OPFA is set out in Section 30D of the Pension Funds Act.</p>

Governance Subcommittees

The governance subcommittees are empowered by the PFMA, FSR Act, King IV and other relevant regulations and standards, to review, monitor and advise on submissions made by management and thereafter make recommendations to the Accounting Authority or Executive Authority as applicable. These governance subcommittees are responsible for ensuring the institution complies with relevant legislation, and codes of good governance and practices. Each subcommittee has its own terms of reference, which are reviewed annually in line with best practice.

AUDIT SUBCOMMITTEE

The committee assists the OPFA in its responsibility of safeguarding assets, operating control systems, combined assurance, finance functions, internal and external audit services, and advises on the adequacy of risk management processes and strategies. The detailed report is included as part of part D - Financial Information on page 93. The committee met seven times in the year under review, with attendance shown below.

Member	Term of Office	Total meetings	Attendance (%)
Mr Nico Esterhuizen – Chairperson	1 July 2023 – 30 June 2025	6/6	100%
Ms Jabu Mogadime	1 July 2023 – 30 June 2025	6/6	100%
Ms Precious Mvulane	1 July 2023 – 30 June 2025	5/6	83%
Ms Lebogang Senne	1 July 2023 – 30 June 2025	5/6	83%
Prof. Tania Ajam (ex-officio member- Chairperson of the Risk Subcommittee)	1 July 2023 - 30 June 2025	5/6	83%

RISK SUBCOMMITTEE

The committee ensures that the OPFA implements effective policies and plans for risk management that will enhance its ability to achieve strategic objectives. It advises on the adequacy of risk management processes and strategies. It met four times in this review period, with attendance reflected below. The tenure of two members ended on 30 June 2023, after quarter 1 round of meetings.

Member	Term of Office	Total meetings	Attendance (%)
Professor Tania Ajam - Chairperson	1 July 2023 – 30 June 2025	4/4	100%
Adv. Veronique Barthus	1 July 2023 – 30 June 2025	3/3	100%
Mr Velile Pangwa	1 July 2023 – 30 June 2025	1/3	33%
Mr Luyanda Ntuane	1 July 2023 – 30 June 2025	3/3	100%
Mr Nico Esterhuizen (ex-officio member- Chairperson of the Audit Subcommittee)	1 July 2023 – 30 June 2025	4/4	100%
Adv Stephen Malatji	1 August 2020 – 30 June 2023	1/1	100%
Mr Peter Koch	1 August 2020 – 30 June 2023	1/1	100%

SOCIAL AND ETHICS SUBCOMMITTEE

The function of this subcommittee is to ensure that the OPFA's social and ethics responsibilities and policies are implemented effectively. The Social and Ethics Subcommittee was established from an existing Human Resources, Social and Ethics Committee effective 01 July 2023, where some of the members were reappointed to the new subcommittee. The subcommittee's responsibilities include monitoring OPFA social and ethics activities, overseeing employee welfare activities, consumer education and outreach activities, employment equity plan implementation, and risk management. The subcommittee met four times in this review period, with attendance shown below. The tenure of two members ended on 30 June 2023, after quarter 1 round of meetings.

Member	Term of Office	Total Meetings	Attendance (%)
Ms Dudu Msomi* – Chairperson	1 July 2023 – 30 June 2025	3/3	100%
Dr Phasoane Mokgobu*	1 July 2023 – 30 June 2025	3/3	100%
Dr Khali Mofoua	1 July 2023 – 30 June 2025	3/3	100%
Ms Suraya Hamdulay	1 July 2023 – 30 June 2025	3/3	100%
Prof. Philip Sutherland	1 August 2020 – 30 June 2023	1/1	100%
Ms Jabu Mogadime	1 August 2020 – 30 June 2023	1/1	100%

* Former member(s) of the previous HR, Social and Ethics Committee

REMUNERATION SUBCOMMITTEE

Introduction

The Remuneration Subcommittee (RemCo) is committed to applying independent and objective oversight. Its mission is to ensure that remuneration and associated practices are market-related and justifiable which enables the OPFA to attract, motivate and retain top talent, as well as execute on its business strategy.

Remuneration Philosophy and Policy

The remuneration mix that is catered for by the OPFA as such is based on a guaranteed package and variable pay. The OPFA recently reviewed its remuneration strategy and philosophy to ensure it remains relevant, competitive and continues to motivate OPFA employees to achieve their organisational goals. The approved remuneration and rewards policy states that OPFA's pay philosophy is to benchmark salaries from -12% below market median up to 25% above market median. In addition, the policy provides for flexible short-term/long-term incentives and retention related incentives to ensure a competitive and fair remuneration practices that promote talent attraction and retention.

On an annual basis the OPFA conducts remuneration practices review and compares OPFA remuneration to the market. This provides insight regarding the competitiveness of the OPFA remuneration levels relative to the market and provides useful information on individual employees pay against the OPFA remuneration philosophy.

On a gradual basis the OPFA implements structural adjustments at least twice a year for employees that fall below the target remuneration range and are performing satisfactory. In addition, the OPFA implements performance-based salary increases at the start of the calendar year.

The OPFA also provides performance incentives for its staff, in the form of annual performance bonuses and PFA's discretionary incentives. These are linked to organisational performance and individual employee performance.

Organisational performance targets are set annually and approved by the Adjudicator as the accounting authority. The OPFA team performance targets are linked to organisational targets and cascaded to individual performance goals. Performance bonuses are determined based on an eligibility criterion that is determined by management of the OPFA and approved by the accounting authority. All incentives are funded from approved budget and savings realised during the year. Performance incentives are subject to RemCo recommendation and accounting authority's approval each year and are supported by organisational performance for the specific year.

Role of the Remuneration Subcommittee

This Subcommittee is tasked to ensure that senior management and staff are appropriately rewarded to ensure, as far as possible, that the organisation can recruit, retain and motivate people with the skills required.

RemCo is a subcommittee of the accounting authority. Its purpose is to ensure that the OPFA adheres to fair pay practices and that staff are rewarded appropriately. The Subcommittee, amongst other things, dealt with the following key matters relating to the OPFA's remuneration over the past year:

Quarter 1 (Apr – Jun)	<ul style="list-style-type: none"> Employee Performance Report (Year-end) Employee Bonuses Review Discretionary Incentive Bonuses Structural adjustment Review Remuneration and Rewards policy Review
Quarter 2 (Jul – Sep)	<ul style="list-style-type: none"> Human Resources Report Employee Wellness Report Retirement Benefit Report HR and Organisational Risk Register
Quarter 3 (Oct – Dec)	<ul style="list-style-type: none"> Employee Performance Report (Mid-year) Salary Increases Structural Adjustments Discretionary incentives Human Resources Report
Quarter 4 (Jan – Mar)	<ul style="list-style-type: none"> Employee Cost Budget Organisational Structure Review Human Resources Report Employee Wellness Report HR and Organisational Risk Register

Remuneration Subcommittee Meetings

The subcommittee met four times in this review period, with attendance reflected below.

Member	Term of Office	Total meetings	Attendance (%)
Ms Lerato Molebatsi - Chairperson	1 July 2023 – 30 June 2025	4/4	100%
Prof Philippus Sutherland	1 July 2023 – 30 June 2025	4/4	100%
Ms Tracy Randall	1 July 2023 – 30 June 2025	4/4	100%
Ms Vanisha Balgobind	1 July 2023 – 30 June 2025	4/4	100%
Mr Thapelo Kharametsane	1 July 2023 – 30 June 2025	3/3	100%
Ms Dudu Msomi	1 August 2020 – 30 June 2023	1/1	100%

Key Remuneration Decisions in 2023/24

The OPFA performance cycle is aligned to the financial year end of 31 March. Performance reviews considered, covering the period 01 April 2023 to 31 March 2024, were used for the purposes of incentive bonus determination as indicated above. This is to ensure that overall annual organisational performance is linked to individual performance over the same period and the consequential rewards.

The OPFA remuneration strategy indicates that remuneration of staff be benchmarked between market median -12% and median +18%. The OPFA effected staggered structural adjustments for those employees whose performance is considered satisfactory and were paid below -12% to the market median. Structural adjustments are granted twice a year in July and December to performing and deserving employees, to bring their salaries closer to the market median. The table below summarises adjustments made in July 2023 and December 2023:

Table 1 – Summary of Structural adjustments

Nr of Staff	Average adjustment	Justification
July 2023		
22	5.37%	Salaries of staff and MANCO members who were performing satisfactorily and paid below the OPFA remuneration strategy were addressed through structural adjustment. The structural adjustment was also used to retain high performing employees who contribute extraordinarily to the OPFA achievement of objectives.
December 2023		
15	4.87%	Salaries of staff and MANCO members who were performing satisfactorily and paid below the OPFA remuneration strategy were addressed through structural adjustment. The structural adjustment was also used to retain high performing employees who contribute extraordinarily to the OPFA achievement of objectives.

Performance incentives were approved and implemented for all staff in July 2023. In addition, the PFA's discretionary bonuses were approved and implemented in December 2023:

Table 2 – Summary of incentives

Nr of Staff	Total amount	Justification
July 2023		
41 (58%)	R3 095 218	Performance bonuses paid to high performing staff members including the PFA. Refer to section 2.3 for management remuneration including bonuses.
December 2023		
15 (21%)	R291 229	Discretionary incentives approved by the Adjudicator for the significant contributions by staff members (21%) as of December 2023.

The following average salary increases for all staff were approved and implemented in January 2024. The OPFA and Deputy Adjudicator salary increase approvals from the Minister were obtained in February 2024:

Table 3 – Average salary increases

Nr of Staff	Average adjustment	Justification
66	5.41%	Annual CTE increase linked to performance
2	5.4%	Annual CTE increase approved by the Minister, effective 01 January 2024.

Conclusion

In conclusion, the Remuneration Subcommittee remains dedicated to providing independent and objective oversight for the OPFA. The current remuneration practices are considered appropriate, competitive, enabling the OPFA to attract, motivate, and retain top talent.

COMBINED ASSURANCE

Organisations are operating in an increasingly complex, digitised, interconnected and uncertain world. Stakeholders put their trust in the governing body to ensure that an organisation discharges its mandate ethically and effectively. To achieve this, the OPFA requires the right level of assurance from the various assurance providers so that they can assess performance, the level of risk exposure and the effectiveness of its system of governance and internal controls.

Governance frameworks lay the foundation for the structures and processes that need to be in place to provide the right level of assurance to an organisation, its oversight structures and relevant stakeholders. The Combined Assurance Framework focuses on effectiveness of the OPFA's system of risk management, governance and internal control.

Risk management is the foundation of the combined assurance process, as the levels of assurance required are dependent on the inherent risk that the organisation faces due to its mandate requirements and chosen strategies to discharge them effectively, efficiently, and economically. The key purpose of the combined assurance process as per King IV is integrating and aligning assurance processes in an organisation to improve risk and governance oversight and control efficiencies and optimise overall assurance to the audit and risk committees. This process aims to provide relevant OPFA stakeholders (Internal and external) with the confidence that assurance provided by the various assurance providers enables the achievement of strategic objectives, effective identification and mitigation of risks, implementation of sound governance practices and maintenance of an effective control environment.

OPFA COMBINED ASSURANCE REPORT 2023-24

The OPFA combined assurance process is evaluated at three levels of defence namely first line (OPFA Management), second line (Accounting Authority and internal subject matter experts) and third line (external assurance providers and oversight bodies). The Annual Report OPFA combined assurance effectiveness status was considered satisfactory as indicated in table below.

First line of defence		
<ul style="list-style-type: none"> • Management (MANCO) 	<p>Provides Satisfactory Assurance</p>	<ul style="list-style-type: none"> • OPFA management runs the day-to-day operations of the OPFA. The performance of the organisation is detailed in the annual performance report. • Management publishes an Integrated Annual Report on overall organisational performance • In-year reports are made available to the governance committees, Accounting Authority and the National Treasury.
Second line of defence		
<ul style="list-style-type: none"> • Accounting Authority - Pension Funds Adjudicator • Risk and Compliance Officer • Senior Legal Advisor 	<p>Provide Satisfactory Assurance</p>	<ul style="list-style-type: none"> • The PFA, as the Accounting Authority, was ultimately accountable and responsible for the OPFA performance. The Adjudicator approves all policies including reviews of those policies. • The Acting Risk and Compliance Officer, together with the CFO as a direct supervisor, provided assurance to Governance Committee and presented risk management related reports. These committees include the Risk, Audit and other Governance Committees throughout the year. • The Senior Legal Advisor together with the PFA, reported progress of litigation and other legal matters to the Risk Governance Committee on a quarterly basis.

Third line of defence		
<ul style="list-style-type: none"> • Internal Audit (Ngubane Incorporate & OMA Chartered Accountants) • External Audit Auditor-General of South Africa) • Ombud Council • Executive Authority (Minister of Finance) 	<p>Provide Satisfactory Assurance</p>	<ul style="list-style-type: none"> • The internal audit function is outsourced to OMA Chartered Accountants (OMA). OMA was appointed on a 12-month contract, from 01 February 2024. The audit plan was approved by the Audit Committee and audit reports were presented regularly. • The external audit services are rendered by the Auditor General South Africa (AGSA), as required by the Public Audit Act. External auditors presented audit strategy and engagement and their reports to the Audit Committee at least annually. • There was continuous engagement between the OPFA and the Ombud Council. Onsite inspection by the Ombud Council was conducted during the 2023/24 financial year and a report was issued. • There was continuous engagement with the National Treasury throughout the year on a variety of issues including transition, changes in legislation, budgeting and in-year reporting. Quarterly performance and financial reports were provided to National Treasury.

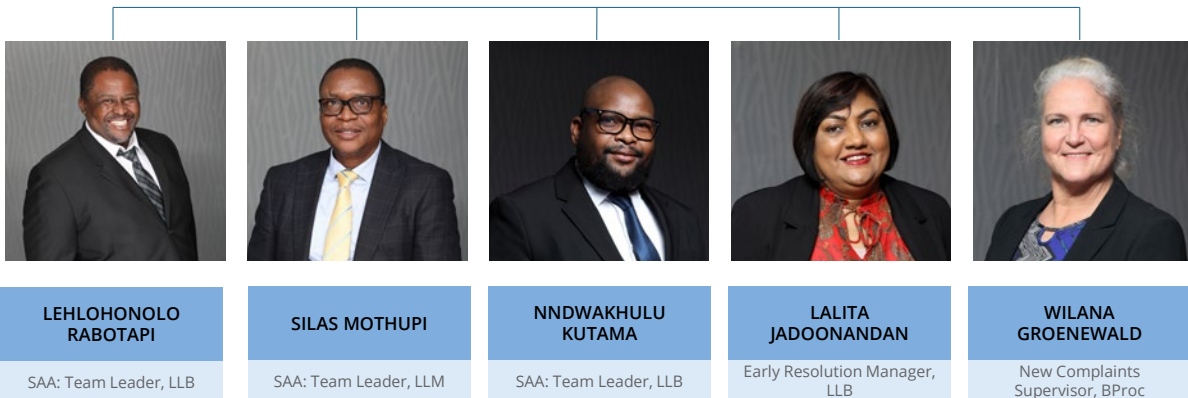
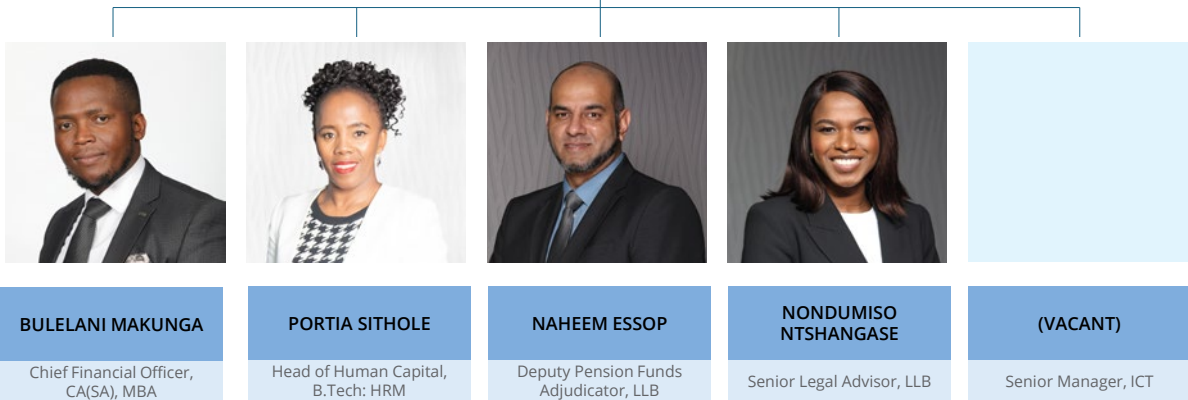


Seated: Naheem Ebrahim Essop · Muvhango Lukhaimane
Standing: Carmen Kotshoba · Refilwe Mokone · Nondumiso Ntshangase · Zimasa Majola · Lutendo Tshifularo · Lucas Flink

OPFA Management Committee



MUVHANGO LUKHAIMANE
Pension Funds Adjudicator, LLM, MBA

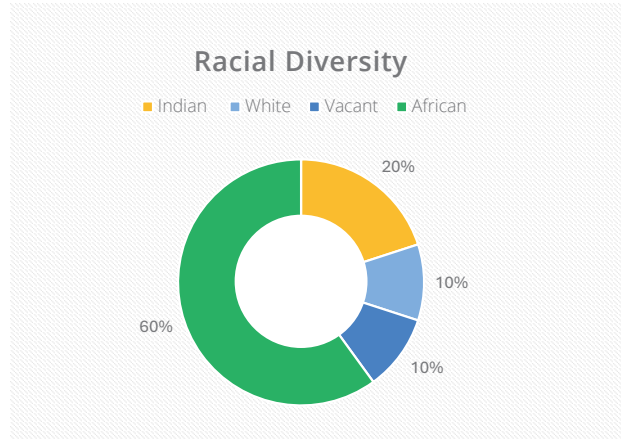
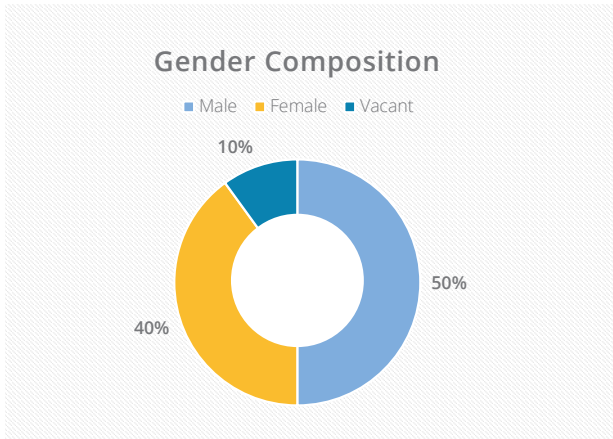


- MBA - Master of Business Administration
- LLM - Master of Laws
- LLB - Bachelor of Laws
- CA(SA) - Chartered Accountant
- B.Tech: HRM - Bachelor of Technology: Human Resource Management
- BProc - Baccalaureus Procuratoris

The Adjudicator is appointed by the Minister of Finance in terms of section 30C of the ACT. The powers of the Adjudicator are detailed in section 30Q of the ACT, supplemented by the Delegation of Authority framework by the Accounting Authority in terms of Section 56 of the PFMA. The Adjudicator delegated some authority to MANCO to assist in the decision-making and managing the day-to-day activities of the OPFA in terms of section 56 of the PFMA and

section 30Q of the ACT. MANCO has different expertise, skill, experience and diversity to ensure the OPFA achieves its strategic objectives.

MANCO consists of 10 members with the Executive Head of Corporate Services and CFO as the Chairperson. **The composition of MANCO as 31 March 2024 is as follows:**



MANCO has terms of reference approved by the PFA. The terms of reference set out the purpose of MANCO, its roles and responsibilities and its authority. MANCO is required to meet at least once a month, and may; convene additional meetings, as circumstances necessitate.

Internal Audit Function

The internal audit function is an independent function governed by an Internal Audit Charter approved by the Audit Subcommittee providing a clear mandate for the internal audit function to operate effectively. An internal

audit charter is a formal document that defines the internal audit function's purpose, authority, and responsibility within the OPFA. It establishes the internal audit function's position within the organisation, including its reporting structure, access to records, personnel, and physical properties relevant to the performance of audit engagements. The charter outlines the scope of the internal audit activities, the standards of audit practice to be followed, and the independence required to maintain objectivity.

The following audits were completed during the year under review (completed by Ngubane Inc.):

Audit Focus Areas	Audit timing	Status of the audit (findings)
Human Resources Management	June-2023	Completed – 0 findings
Performance Information Management	June-2023	Completed – 0 findings
IT General Control Review	October-2023	Completed - 0 findings

Due to the timing of the appointment of the new Internal Auditors (OMA), the audit of other focus areas of the business was completed after year-end.

External Audit Function

The OPFA as a public entity, is audited by the Auditor General South Africa in accordance with the Public Audit Act 25 of 2004. The AGSA focuses on the audit of the annual financial statements, compliance with laws and regulations and reliability of the reported organisational performance information.

The OPFA obtained a clean audit outcome for the 2023/24. Refer to page 97 for the signed auditors report.

Ombud Council

The FSR Act established the Ombud Council which consists of the Chief Ombud, the Commissioner (of the FSCA), and at least four, but not more than six, other members appointed by the Minister of Finance. The Ombud Council is empowered to:

- make rules relating to ombud schemes including governing rules, definitions of types of complaints to be dealt with by specific ombud schemes, dispute resolution processes, and any rule that is appropriate and necessary for ensuring that financial customers have access to, and are able to use affordable and effective independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products, financial services, and services provided by market infrastructures.
- issue directives to a person who is an ombud, or to an ombud scheme, requiring the person to take action specified in the directive if the person has contravened or is likely to contravene a financial sector law in so far as it relates to ombud schemes.
- accept written enforceable undertakings by an ombud scheme regarding the ombud scheme's future conduct in relation to a financial sector law in so far as it relates to ombud schemes.
- commence proceedings against an ombud scheme in the High Court for an order to ensure compliance with a financial sector law in so far as it relates to ombud schemes.
- make a debarment order in respect of a natural person if the person has contravened a financial sector law in so far as it relates to ombud schemes, or an Ombud Council rule; or attempted, or conspired with, aided, abetted, induced, incited or procured another person to contravene a financial sector law in so far as it relates to ombud schemes.

- impose an administrative penalty on an ombud scheme, a member of the governing body of an ombud scheme, or an ombud.
- the Ombud Council may also conduct supervisory on-site inspections and investigations on ombud schemes, as well as request specified information from an ombud scheme which is relevant to the Ombud Council's assessment of compliance by the ombud scheme with a financial sector law in so far as it relates to ombuds; an Ombud Council rule; a directive issued by the Ombud Council; or an enforceable undertaking accepted by the Ombud Council.

In essence, the Ombud Council acts as a regulator of ombud schemes and the OPFA will be subject to such regulation. It is anticipated that the Ombud Council may determine certain reporting requirements to assess compliance by ombud schemes including annual reports in terms of the FSR Act. The OPFA has had engagements with the Chief Ombud and provided information to assist the Ombud Council in performing its mandate. This included an on-site inspection conducted by the Ombud Council on 17 August 2023.

Following the on-site inspection, the Ombud Council submitted a report of its findings to the OPFA on 20 October 2023. The report indicated that there were no contraventions of financial sector laws or concerns in the manner in which the OPFA conducts its operations. The OPFA values its engagements with the Ombud Council with the aim to ensure that its operations align with the regulatory requirements and high standards of governance. Additionally, the OPFA has also submitted draft procedural rules for consideration by the Ombud Council.

Executive Authority

The OPFA reports to the Finance Ministry (National Treasury) as the Executive Authority in terms of section 63(2) of the PFMA. In the year under review the OPFA submitted all legislated documents including in-year reporting before the stipulated timeframes. Numerous engagements were held with the National Treasury teams regarding various issues that affect the mandate of the OPFA, its operations and funding requirements.



PERFORMANCE MANAGEMENT

PART C: Organisational Performance Information

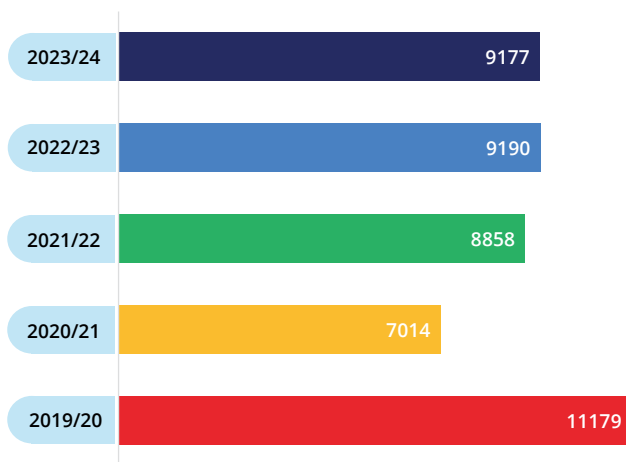
Operational Report 2023/24

NEW COMPLAINTS

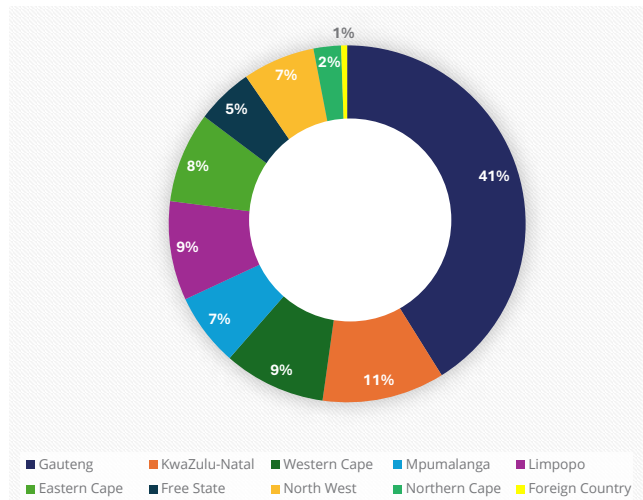
A total of 9 177 new complaints were received for the 2023/24 financial year, which translates into an average of 765 complaints a month. This was a marginal decrease of 0.14% when compared to the previous year and an increase of 3.60% when compared to the 2021/22 financial year.

The OPFA's offices are situated in Gauteng only and with 20% of complaints being lodged in person, this is a factor. The second highest province is KwaZulu Natal with 11%.

New complaints received



Complaints received by geographical area



The refer-to-fund (RtF) process is one of the ways in which the OPFA seeks to maintain the trust between funds and their members. During the RtF process, the OPFA facilitates the lodging of a complaint with the fund for internal dispute resolution. A notable number of disputes have been resolved in this manner without the need for a formal complaint being registered and investigated. The RtF process has been largely welcomed by the industry and it continues to mature for those funds that do not have compliance issues.

Whilst the numbers for Gauteng can be partially attributed to the location of the OPFA, one has to contrast this with the manner in which complaints are received by the OPFA. A large proportion of the complaints received are either via email and website and, therefore, the geographical location of the office may not be the sole contributing factor to the skew.

During the year under review, 699 disputes were resolved via the RtF process, which is approximately 10% higher than in 2022/23. For those funds that failed to take advantage of this process, however, it is hoped that with time, constant encouragement, and an increase in compliance-related regulations, all funds will fully embrace the RtF process as a means of addressing dissatisfaction by their members and increasing trust in the system.

The most preferred methods used by complainants to lodge a complaint with the OPFA are via email and the OPFA website. Walk-in complainants also contribute a notable number of complaints. There was an increase of 40% in complaints lodged via the self-serve function on the OPFA website when compared to the previous year after its launch on 12 December 2022. The self-serve function also enables complainants to track the progress of their complaints on the website throughout the different investigation steps. The electronic mediums, i.e. website and email, combined constitute 78% of the complaints lodged. Owing to the decreased footprint of the post office, complainants are constantly encouraged to resort to other means of communication.

Geographically, the number of complaints received per province remains skewed in favour of Gauteng, with 41% of all complaints received being from the province.

Manner of receiving complaints

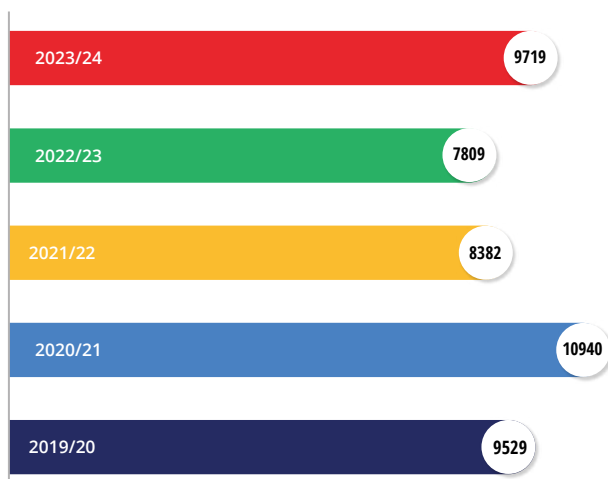
How Received	2022/2023	% Proportion	2023/2024	% Proportion	% Change
Email	5 344	58%	4 877	53%	-9%
Letter	430	5%	158	2%	-63%
Fax	56	1%	4	0.03%	- 93%
Web Site	1 656	18%	2 313	25%	40%
Walk-in	1 704	18%	1 825	20%	7%

COMPLAINT OUTCOMES

A total of 1 229 complaints were closed at New Complaints Unit (NCU) as either abandoned, withdrawn or duplicates, and a further 91 formal complaints were closed as either abandoned, withdrawn or duplicates. A total of 8 399 complaints were investigated and finalised as either determinations, out of jurisdiction, or settlements. In total, this represents an increase of 25% in the number of cases closed compared to the previous year.

77% of complaints finalised as either determinations, out of jurisdiction, or settlements were done within six months which aids in providing relief to complaints expeditiously. This represents a decrease of 5% compared to the previous year. Some of the decrease can be attributed to certain retirement funds that are habitually uncooperative by failing to provide proper responses to complaints or funds undergoing some form of regulatory intervention by the FSCA where the grievances raised by complainants are of secondary concern to the statutory manager or section 26(2) board member appointed. These concerns are reported to the FSCA on a continuous basis.

Total complaints finalised

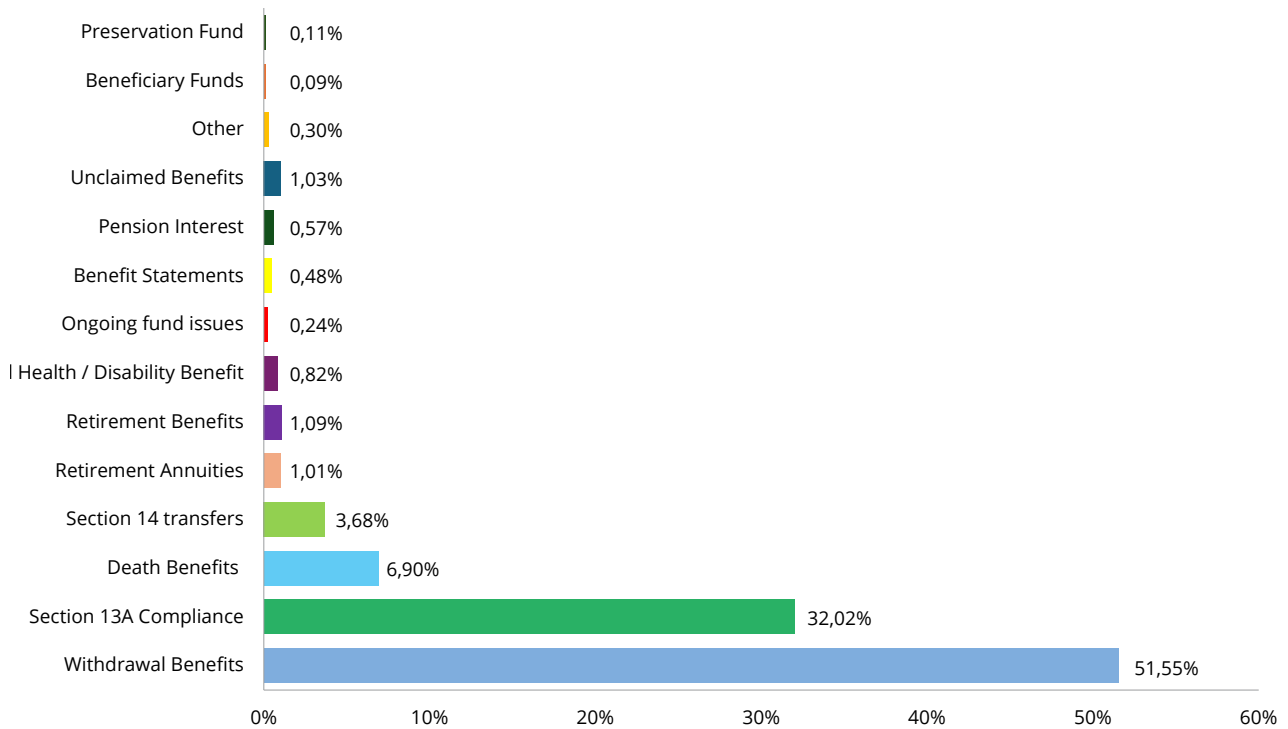


The Private Security Sector Provident Fund (PSSPF), which is compulsory in the private security sector by virtue of a collective bargaining agreement, remained the largest contributor to new complaints with a total of 3 654 lodged by members of the PSSPF.

The requirement for compulsory membership in the PSSPF by security guards remains questionable as employers continue to evade the requirement to pay contributions and this problem has evolved into an “acceptable business practice” for the private security industry notwithstanding the existence of a collective bargaining agreement, an independent regulator in the private security sector, and criminal consequences for defaulters in terms of the Pension Funds Act. The PSSPF board of management appears to be unwilling to hold defaulting employers liable with the majority of complaints arising from individual members as and when they become entitled to benefits. PSSPF has been encouraged to monitor, identify and act against its defaulting employers as it is required to do in terms of the Act and FSCA Conduct Standard 1 of 2022.

Adding to the problem, PSSPF and its administrator are failing to allocate contributions paid by compliant employers timeously, leading to delays in processing of benefits. In some instances, the PSSPF fails to register complaints as members in the first place. The PSSPF and its administrator also fail to communicate with one another whereby the fund will issue a letter confirming an employer as compliant and the administrator will state that the very same employer is in arrears with their contributions.

If one considers that the purpose of the PSSPF is to provide retirement benefits, the fund does not appear to be achieving its purpose since the majority of its members do not remain in the fund until retirement age given the nature of their occupation. The impact of the introduction of access to the savings component via the two-pot system is expected to create further issues for PSSPF as members will become aware, when attempting to claim, that their employer is non-compliant. This will likely lead to an escalation in the number of complaints lodged by members of the PSSPF, a development that will further strain the resources of the OPFA.



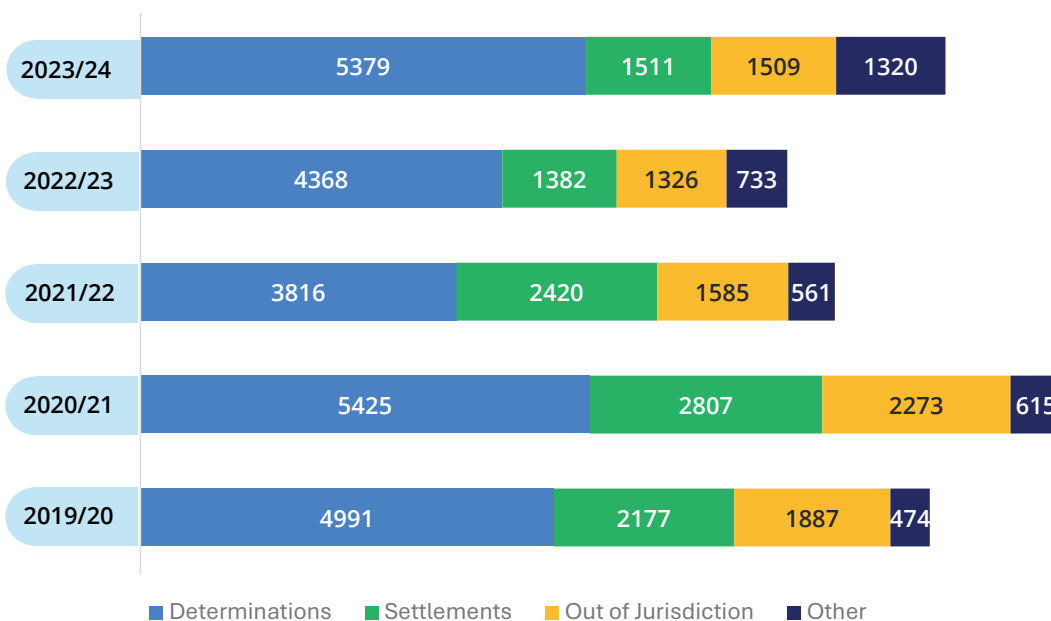
Categories of complaints

Complaints pertaining to withdrawal benefits continue to be the most dominant category of complaints investigated and closed, together with non-compliance with section 13A (non-payment of contributions by participating employers). Jointly, these two categories constitute 84% of the total closed complaints categories. Further, the two categories often overlap with one another with a complainant only discovering

that his or her employer failed to pay contributions at the stage when they are withdrawing their benefit. Almost 50% of these types of complaints arise from members of the PSSPF.

Further, a new trend has emerged after the rules of the PSSPF were amended to reduce the contribution rate from 7,5% to 5% effective from 01 September 2021 to 28 February 2024. With effect from 01 March 2024, the contribution rate is 6,5%.

How complaints were closed

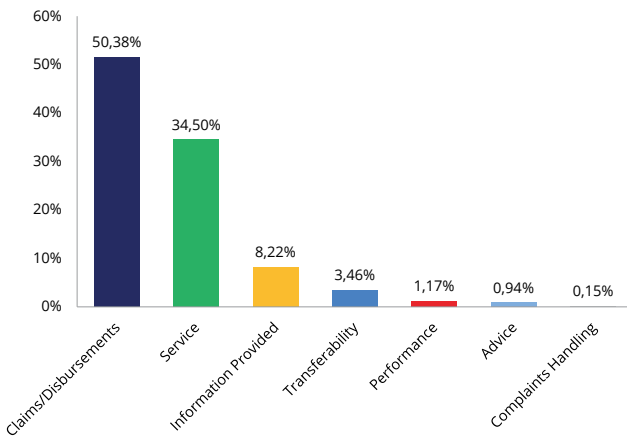


This has been exploited by unscrupulous employers that continued to deduct contributions at the higher percentage from members' wages and pay over the lower percentage to PSSPF. Again, this points to a failure by PSSPF and its administrator to compare deductions to schedules and the regulated industry salary scales.

There has also been an increase in participating employer liquidations within umbrella funds. Commercial umbrella funds have no appetite to insist on compliance with the payment of defaulting employers. They simply terminate the participation of the employer within the fund, in most instances without notifying members. This results in a situation where the employer continues to deduct contributions from unsuspecting members well after the participation date.

A total of 5 379 complaints were finalised in terms of a fully investigated and reasoned determination. This constitutes 55% of all complaints closed during the year with 1 011 more formal determinations issued compared to the previous year. A total number of 1511 complaints were closed as settlements, 1509 as out of jurisdiction and 1 320 as "other", the latter entailing cases closed as abandoned, withdrawn, or duplicates. As indicated earlier, the overall number of complaints closed increased by 25% compared to the previous year due to reasons already mentioned.

TCF Outcomes



At 34.5% - the number of complaints received in relation to poor service remains a concern as it mostly relates to poor or inadequate communication by funds in relation to the payment of contributions and benefits. The RtF process (discussed earlier) aims to encourage communication between funds and members in relation to issues that form the subject matter of complaints by the OPFA.

The proactive application of prescription and time barring to the complaints means that in some instances even where employers are ordered to pay outstanding contributions,

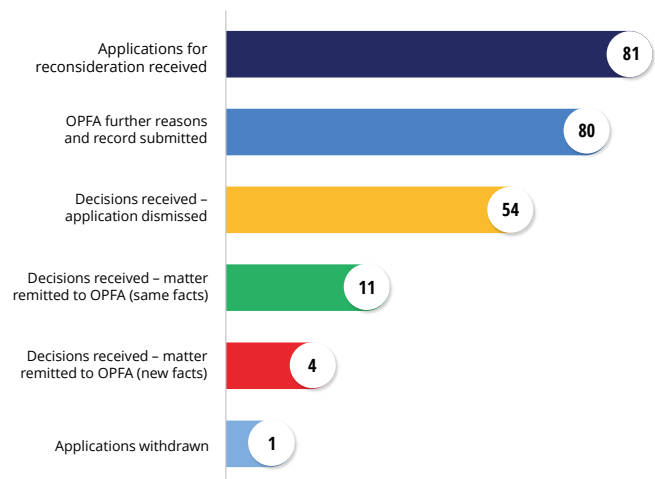
only a partial recovery is realised due to the failure by funds to hold employers accountable timeously. Non-payment or late payment of claims is the highest category, and information provided is the third highest. The top three outcomes contribute 92% as the main areas of concern.

These are outcomes that could be avoided as they are within the control of funds and administrators. Furthermore, the facilitation of the RtF process by the OPFA should be utilised by funds to achieve better outcomes. Overall, there is an urgent need for a regulatory instrument applicable to retirement funds which incorporates the TCF principles and the passing of the Conduct of Financial Institutions Bill will be a welcome intervention in this regard.

FINANCIAL SERVICES TRIBUNAL

Persons aggrieved with the outcome of complaints decided by the OPFA have the option of applying to the Financial Services Tribunal (FST) for reconsideration. The FST remains a welcome step in the provision of access to justice and it adds value to the ombud system and the financial sector as a whole. In addition, learnings from decisions of the FST are implemented by the OPFA to continuously improve on processes. During the year, 81 applications for reconsideration were submitted by persons aggrieved with OPFA decisions. The FST issued a total of 69 decisions, of which 54 upheld decisions of the OPFA and 15 were remitted for reconsideration.

Financial Services Tribunal

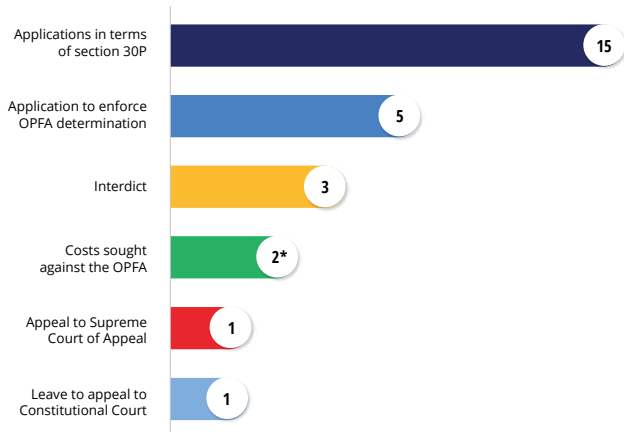


APPLICATIONS TO COURT (SECTION 30P OF THE ACT)

The establishment of the FST did not remove a party's right to approach a competent court for relief should they be aggrieved by a decision of the OPFA. Notwithstanding that the OPFA is not a party to the complaint, applicants do sometimes cite the OPFA as an interested party in the

court proceedings. Additionally, successful complainants may bring applications to court to compel a party to comply with an OPFA determination.

Types of Applications



* In both matters where the applicant initially sought costs against the OPFA in the Notice of Motion, the costs order was abandoned after direct engagement with the applicants' legal representatives.

STAKEHOLDER MANAGEMENT

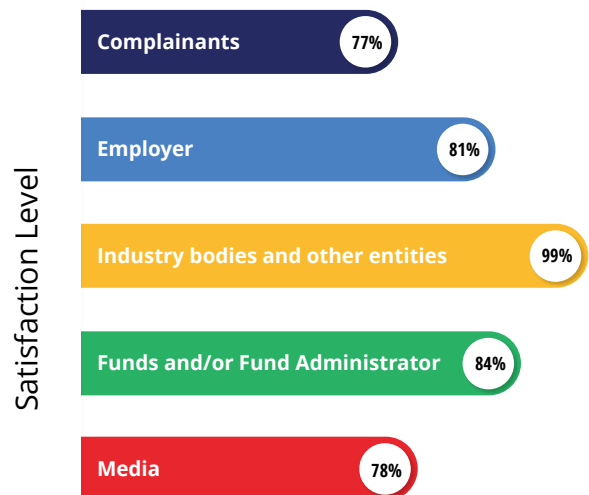
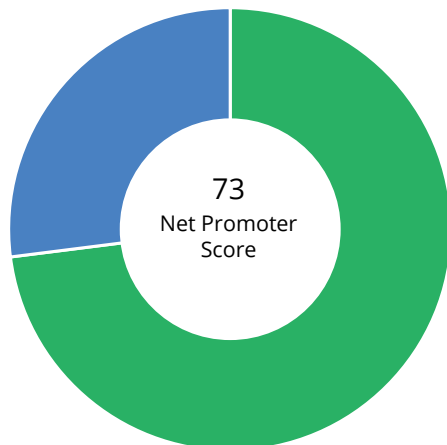
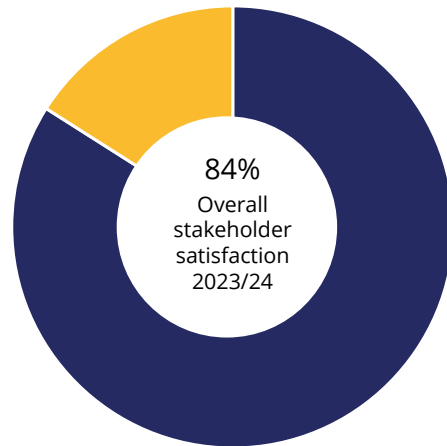
A. Stakeholder Survey

In its rolling Strategic Plan 2023-2028, the OPFA committed to a comprehensive stakeholder engagement plan to improve the client service experience and achieve meaningful engagements with its diverse stakeholders. The impact of these engagements would then be measured and reported on. The OPFA had a target of 60% stakeholder satisfaction rate for the 2023/24 financial year, escalating to a desired outcome of 90% customer satisfaction by 2027/28.

A stakeholder satisfaction survey was conducted at the end of the 2023/24 financial year to gauge stakeholder perceptions on how the OPFA lives up to its organisational values and its effectiveness in discharging its mandate. The survey focused on external stakeholders and excluded employees as an organisational climate survey was conducted in 2022/23. The research population was 2 547 stakeholders, which includes complainants or members of pension funds (including representatives of pension fund members), employers participating in pension funds, other ombud schemes, pension fund industry bodies, pension funds, fund administrators, regulators and media companies. Fifty-three percent (53%) of the targeted stakeholders participated in the survey. A mixed research methodology was used during the data collection process. Data was collected mainly through

an online survey, face-to-face and telephonic interviews. A quantitative research questionnaire was mainly used for the online channel, and a qualitative research schedule for interviews, to ensure consistency in the questions asked to stakeholders.

Survey Outcome



The OPFA achieved an 84% stakeholder satisfaction rating, surpassing the target satisfaction rate by 20%. Almost all industry bodies who participated in the survey noted that they were satisfied with engagements and interactions with the OPFA, for all the main strategic goals of the organisation. There was 99% satisfaction from industry bodies, 84% from funds or fund administrators, 81% for employers and 77% for complainants. In addition, the OPFA achieved a Net Promoter Score (NPS) of 73, which is significantly higher than the global average NPS score for financial services of 44 (Gocheva, 2023). NPS is an adaptable market research metric used to ascertain customer loyalty and satisfaction about services provided by an organisation.

Findings

The survey findings overall are positive and provide the OPFA with good insights on what can be improved within the core areas of its business.

In general, OPFA stakeholders prefer person-to-person engagements with the OPFA (29% of the respondents), even though positive feedback was received about the user-friendly interactivity of the OPFA website (13%). Complainants prefer lodging complaints online through email and website at an aggregate of 59%, and 10% of them still prefer visiting OPFA offices. This is positive for the OPFA which adapted quickly during and post Covid-19 to utilising technology and innovation effectively to continue to provide access to its stakeholders.

Specific issues were raised regarding longer turnaround times in handling complaints. Where it is acknowledged the OPFA needs to communicate to its complainants clearly and continuously about the progress of complaints, but also explain the legal procedures required for a fair process, which at times may take relatively long to obtain responses from funds, fund administrators and employers to be able to finalise the complaint properly.

A limited number of stakeholders (22%) were not fully satisfied that the OPFA disposes of complaints in a procedurally fair manner, mainly the media and complainants, even though 86% agree that they were given sufficient opportunity to respond and 71% were satisfied that they were informed of the appeal process that was free of charge when they are not satisfied with the outcome of the complaint. This may be due to an information gap regarding the legal processes followed in disposing of a complaint in accordance with the Act. This shall be interrogated further by the OPFA.

Most of the stakeholders (85%) are of the view that the services of the OPFA were efficient and valuable. However, complainants were not entirely satisfied with provision

of information regarding checking of progress status of complaints by OPFA officials. This information is already contained in the complaint forms, and on awareness presentations conducted but the OPFA needs to extensively highlight this information especially the use of the website which is user-friendly and interactive.

There is room for improvement regarding availability of OPFA officials to take telephone calls especially from complainants at 71% satisfaction rate and media at 67%, and on overall accessibility and visibility of the OPFA offices. Overall, awareness levels of the work of the OPFA for all categories of stakeholders is at an impressive 97%. However, general public awareness must still be investigated to ensure coverage for all provinces and all corners of the country where pension fund members are present.

Survey Recommendations

The recommendations from the survey include:

1. OPFA must "make sure it follows-up on the complaints and gives the people feedback".
2. There must be "continuous and regular feedback loop with complainants and respondents both at different times such as lodging stage and post-determination stage for more relevant and insightful feedback".
3. The OPFA "should try and answer calls a little bit quicker because some people do not have enough airtime to wait for a consultant to answer". This necessitates for the OPFA to consider call-back facilities, use of toll-free number and use of WhatsApp channels to ensure quicker and sustained availability and access for its stakeholders.
4. OPFA should consider naming and shaming non-compliant fund or funds administrators or employers.
5. The OPFA must investigate the possibility of shortening the investigation time.
6. The OPFA must devise an effective plan to garner support and agency from the government, regulators, and entities with enforcement powers to ensure that there are punitive measures for those that ignore the determinations of the OPFA.
7. In addition, the OPFA should collaborate and partner with other relevant stakeholders in the value chain including law firms or legal professionals who can assist complainants with pro bono services, engaging Legal Aid South Africa and the South African Board for Sheriffs who may assist in the speedy execution of the Adjudicator's determinations.
8. Notwithstanding cost implications, the OPFA must advertise on commercial television and radio channels to reach a wider audience.

9. The OPFA should also take advantage of a low-cost marketing channel such as social media to improve public awareness and education.
10. The OPFA must “inform people at their workplaces about the OPFA”.
11. The OPFA must create external awareness about its Tip-Offs anonymous line to report any unethical behaviour, fraud or corruption committed by OPFA officials.
12. There must be improved collaboration with other government institutions in creating awareness about the OPFA.

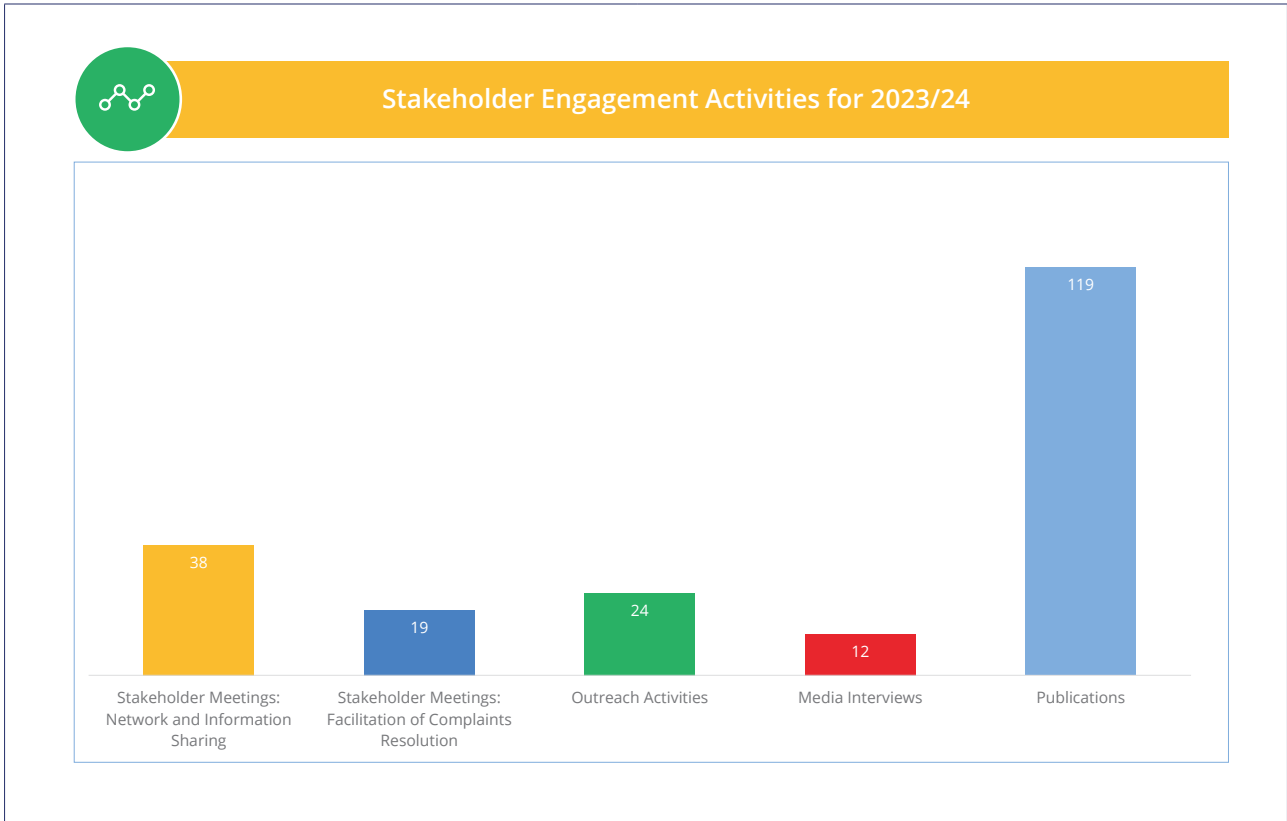
Based on the outcomes and findings emanating from the Stakeholder Satisfaction Survey, it was notable that the OPFA is living up to its core mandate of resolving pension fund complaints in a procedurally fair, expeditious and economic manner whilst achieving meaningful engagement with its key stakeholders. The OPFA will interrogate the findings and recommendations made and develop an action plan that will endeavour to address shortcomings and leverage the positives for more impactful engagements with stakeholders while delivering on its mandate diligently. The detailed report is available on the OPFA website <https://www.pfa.org.za/>

B. Stakeholder engagement activities

Engaging with our stakeholders remains an important component to fulfilling our mandate. Over the year, the following stakeholder engagements were conducted:

FUNDS	
Government Institutions Fund (GIPF)	Sanlam
Municipal Gratuity Fund	Sanlam Umbrella Funds
National Fund for Municipal Workers	South African Retirement Annuity Fund
Old Mutual SARAF/Superfund	Private Security Sector Provident Fund (PSSPF)
ADMINISTRATORS	
Fairheads Benefit Services	Motor Industry Fund Administrators
Itakane Consultants and Actuaries	Simeka Consultants and Actuaries
Momentum	Salt Employee Benefits
CONFERENCES / WEBINARS / SEMINARS	
Batseta Winter Conference	Pension Lawyers Association Conference
FSCA Retirement Funds Contributions Webinar	UNISA Pension Law Seminar
FSCA Conference, Pretoria	Sanlam Trust Annual Principal Officers Seminar
Financial Ombuds Consumer Workshop	INFO Annual Conference, Malaysia
OUTREACH ACTIVITIES	
Rand Show (2023)	Mall Activation: Seshego Circle Centre, Polokwane
Mall Activation: Middelburg Mall, Middleburg	Mall Activation: Paledi Mall, Turfloop
Mall Activation: KG Mall, Witbank	Mall Activation: Mahikeng, North-West
MSWSA Mall Activation: Alexandra Mall	Mall Activation: Rustenburg, North-West
MSWSA Mall Activation: Diepsloot Mall	National Union of Mineworkers Trustee Forum
Rand Show (2024)	
TERTIARY VISITS	
Lecture, University of Stellenbosch	North-West University Career Fair
Lecture, University of Johannesburg	
RADIO INTERVIEWS	
702/Cape Talk Simulcast	Mahikeng FM

Alex FM	Radio 2000
Channel Africa Radio	Radio Islam
Khaya FM Bizz	YFM
TV INTERVIEWS	
Asset TV	SABC TV News Current Affairs
Newzroom Afrika	
PODCASTS	
Moneyweb	
PUBLICATIONS	
Bizcommunity	Politics Web
Business Day	Polity
Business Link	Post (KwaZulu Natal)
Business Live	Press Releases, Meropa Communications
Business Report	Pretoria News
Cape Argus	Pretoria News Weekend
Cape Times	Public Sector Manager Magazine
Cape Town Today	Quarterly Digest Newsletters
City Press (First Edition, Second Edition, Eastern Cape, Free State, KZN, Western Cape)	SA Grain/Graan, Special Edition
Citywire, South Africa	Sake (Beeld, Beeld Nawe, Burger Kaap, Burger Oos Kaap, Burger Saterdag, Burger Suid Kaap, Volksblad)
Cover Magazine	Sandton Chronicle
Daily Dispatch	Saturday Star
Daily Maverick	Smart About Money, ASISA
Daily News	South African Business Integrator
De Rebus	South African Government News Agency
Economy24	Sowetan
FA News	Sowetan Live
Financial Mail	Sunday Times
Imali Matters	The Africa
Independent on Saturday	The Citizen
Independent Online (IOL)	The Employee Benefits Network (EBNet)
IRFA Talk	The Mercury
Isolezwe	The Star
Lenasia Times	The Witness
MDN TV	Times Live
Moneyweb	Today's Trustee
Moonstone Information Refinery	Waya Magazine
Netwerk 24 (Afrikaans)	Weekend Argus
News24	Weekly SA Mirror
Pension World SA	



HUMAN RESOURCES

As of 31 March 2024, the OPFA’s staff profile consisted of 65 positions including fixed-term contractors. The organisational headcount is represented as follows:

Adjudication	Corporate Support
45 (69%)	20 (31%)

Staff profile by Age Group	Male	Female	Total
<35	9	9	18 (28%)
35 – 51	20	23	43 (66%)
> 51	0	4	4 (6%)
Total	29	36	65

Staff Tenure	Male	Female	Total
<2	9	11	20 (31%)
2 – 5	12	11	23 (35%)
5 – 10	5	5	10 (15%)
> 10	3	9	12 (18%)
Total	29	36	65

Vacancies

The OPFA had nine vacancies as of 31 March 2024 excluding interns. The duration for which the positions were vacant varied from one to 33 months. The vacancy rate for the period under review was 14%. The filling of vacancies has been particularly challenging for positions at professional levels, due to the specialised nature of skills required and stiff industry competition for skills.

Appointments

During the period under review, the OPFA filled 16 positions via internal and external appointments as indicated below:

Top Management	1
Senior Management	3
Professionals	6
Skilled	3
Semi-Skilled	3
Unskilled	0
Total	16

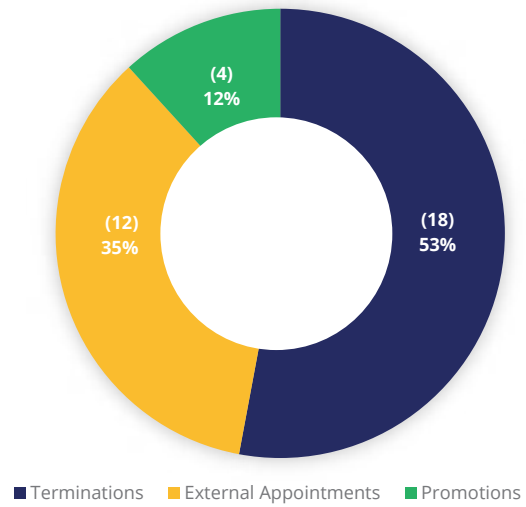
Of the 16 positions, 12 (75%) external appointments were made, and four (25%) internal appointments were made. One appointment was an absorption of an intern into the workforce as a ICT Operations Coordinator, one appointment was a promotion from Case Officer to Junior Assistant Adjudicator, one appointment was a promotion from Junior Assistant Adjudicator to Assistant Adjudicator while the one was a promotion from Senior Legal Advisor to Deputy Adjudicator.

Terminations

The OPFA recorded 18 employee terminations for the period under review including seven interns. The staff turnover rate, excluding interns, for the 2023/24 financial year is seventeen percent (17%). Of these, ten were voluntary terminations (resignations), one was a retirement, and the remaining seven were interns whose contracts had expired. Six of the voluntary terminations were not regrettable, whilst four were regrettable.

Twelve of the terminated employees were within the age group 26-34, while five were within the 35-55 age group and one had reached retirement age. The length of service for the terminated employees varied from two months to 19 years.

Below is a graphical presentation of the summary of staff movements during the year.



Employment Equity

The OPFA is committed to contribute to the transformation of its workplace in accordance with the Employment Equity Act by maintaining a workforce that is representative of the demographics of the country. The Employment Equity Forum meets quarterly to track progress against the employment equity plan. Employment Equity reports for the year under review were timeously submitted to the Department of Employment and Labour.

The OPFA over-achieved with 95% (target 92%) representation for black employees (Africans, Coloureds, and Indians). The OPFA also over-achieved with 55% female representation against a target of 51%. The organisation under-achieved with 1% representation for persons living with disability and continues to find ways to address this key focus area.

The table below represents employment equity statistics:

Occupational Level	Band	African		Indian		Coloured		White		Grand Totals (R,G,L)	Totals Gender	
		M	F	M	F	M	F	M	F		M	F
Top Management	F		1							1	0	1
Senior Management	E	1		1						2	2	0
Professionals	D	8	10		1	1			2	22	9	13
Skilled	C	11	9				1	1		22	12	10
Semi-skilled*	B	6	10							16	6	10
Unskilled	A		2							2	0	2
Total		26	32	1	1	1	1	1	2	65	29	36

*Includes 1 person living with a disability

Changes in Labour Legislation and Impact on OPFA

On 12 April 2023, the Employment Equity Act (2020) was signed into law. It amends the existing Employment Equity Act 55 of 1998, aiming to promote diversity and equality in the workplace. The Amendment Bill authorises the Minister of Labour and Employment to set employment equity targets for economic sectors and also regional targets, as racial diversity in South Africa often presents regional differences. The OPFA may be affected as the financial sector was identified as one of the economic sectors with lack of significant progress in promoting diversity and equality in the workplace.

In addition, the Basic Conditions of Employment Act (BCEA) and Unemployment Insurance Fund (UIF) Act are to be amended. On 25 October 2023, the Constitutional Court held that some sections in the BCEA (25, 25A, B and C) are inconsistent with sections 9 and 10 of the Constitution as they unfairly discriminate between mothers and fathers as far as Maternity and Parenting leave is concerned. The Court also held that the corresponding provisions in the UIF Act, sections 24, 26A, 27, 29A, must be reviewed accordingly, such that each parent who is a contributor, as defined in the UIF Act, is entitled to the benefits as prescribed therein.

The OPFA currently provides for 10 days paternity leave for fathers and 3 months paid maternity leave for mothers. The OPFA will consider the final decision of the amendments by the Department of Employment and Labour and ensure alignment with the revised BCEA and UIF conditions.

Training

An annual training plan was developed, and the majority of the learning interventions were implemented for the period under review. A Workplace Skills Plan (WSP) was also developed based the organisational skills development needs as well as the personal development plans. This WSP was presented to the Public Services SETA as a commitment to building and enhancing the skills and capabilities of OPFA staff, for the advancement of organisational performance.

During the year under review, 14 employees were provided study assistance for formal qualifications enrolment. One employee resigned and has refunded the money owed to the OPFA. The rest of the funded employees' academic learning programs are still in progress.

The following courses are being undertaken by staff: Master of Laws (LLM), Bachelor of Laws (LLB), Bachelor of Commerce in Supply Chain Management, Bachelor of Accounting Sciences (Financial Accounting), Bachelor of Commerce Honours in Human Resources Management, Higher Certificate in Law, Advanced Diploma in Procurement and Supply Chain, Diploma in Procurement and Supply Chain, Bachelor of Administration Honors in Public Administration, Advanced Diploma in Business, Management, Post Graduate Diploma Accounting Sciences and Post Graduate Diploma in IT Management.

During the year under review, eight Senior managers attended Coaching and Mentoring sessions as part of leadership capacity and capability development. The sessions will continue into the next financial year on a needs basis.

General training for staff that took place throughout the year was as follows:

Training Type	Targeted Group	Completion Date (s)
Respond Case Management System	New Staff	April 2023 to March 2024
Occupational Health and Safety (OHS)	OHS Committee members	May 2023
Effective business writing	All Staff	August 2023
Sage 300	All Staff	August 2023 to March 2024
ITILF	IT Team	October 2023
Social and Ethics committee responsibilities	Governance committee members and MANCO	October 2023
PFMA	Finance Team	November 2023
HIV and AIDS awareness	All Staff	December 2023
Death benefit workshop	Case Management Team	February 2024
Ethics Awareness training - Tip-offs	All Staff	February 2024
New Microsoft training	ICT Team	March 2024
Contract Management Training	SCM team	March 2024
Ethics Awareness	All Staff	March 2024

Performance Management

As part of the modernisation project, the OPFA implemented a performance management module on its Itirele HR system which is set to be piloted in the first quarter of the new year. This will assist in enhancing robustness of the current performance management system, centralising employee performance data for more effective talent management whilst eliminating paper-based performance management contracts.

Three employees have active performance improvement plans (PIP) in place from the 2023-24 mid-year assessments. Two PIPs were due to lapse on 31 March 2024, and one commenced on 01 March 2024.

One member of senior management was placed on precautionary suspension in March 2024 pending an investigation.

The OPFA is committed to ethical conduct and endeavors to always Act in a manner consistent with its values.

Discretionary Incentives and Long Service Recognition Awards

To reinforce a high-performance culture, qualifying employees were rewarded with performance-based discretionary incentives for the performance period under review.

In addition, a total of eight employees were recognised for their long service with the OPFA in the two categories of five-year and 10-year service.

Organisational climate survey

Following an organisational climate survey conducted and reported on in the 2022/23 financial year, focus groups were held by an independent consultant with OPFA teams to unpack the results. The main themes identified as areas of improvement were:

- need to improve communication and interaction with teams, instil trust and create psychological safety;
- find ways to promote work-life balance and integration;

- improve rewards and recognition and celebrate employee contributions, milestones and achievements; and
- improve people management capacity and capabilities for an empowered and engage workforce.

Based on the above themes from the focus groups, a culture improvement roadmap was developed which focused on three areas, viz:

- activate high performance mindset and enhance ways of working
- build inspirational leaders
- celebrate wins

Each of the above core areas were defined in detail and success measures were specific and measurable. The primary objective is to instill a high-performance culture, anchored in the OPFA values and trust, where every employee is valued and inspired to make a meaningful difference towards the realisation of the service delivery mandate.

Employee Wellness

The OPFA is committed to its employee wellness programme which calls for the development and implementation of an annual employee wellness plan, with activities aimed at creating a safe and enabling working environment for all employees. The OPFA used the services of Lyra Health Services (formerly ICAS) to rollout wellness activities and internally, HR commemorated national and international events throughout the year.

HR Information System (HRIS)

The OPFA continues to implement its modernisation strategy which includes automating and integrating SCM, Finance and HR information systems. The HRIS was procured and implemented during the year under review. The main aim of automating the HR processes is to drive efficiencies and achieve operational excellence within the HR department. The details of the project are included under the ICT section below.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The strategic goal of the ICT department is to modernise and continuously improve the ICT systems and technologies that support the OPFA to fulfil its mandate. This is translated through identifying and prioritising various initiatives in the ICT Operational plan which primarily focus on improving the ICT landscape of the organisation and alignment to the organisational strategic goals.

The ICT department has played a pivotal role in driving technological advancements and operational excellence within our organisation as seen by the ICT achievements. ICT continued to achieve an average of 99% system uptime during the year against a target of 90%.

ICT Business Applications Modernisation

The OPFA embarked on the implementation of an Integrated Human Resources (HR) System. The objective of the project was to streamline the manual HR operations by implementing an automated, integrated HR and Payroll System. The project encompassed the implementation of various modules, including Personnel Management, Leave Management, Payroll, HR claims, Equity Management, Learner and Skills Management, Performance Management, and Recruitment. To date the system has been fully delivered and is currently in use. Users can apply for leave, schedule training, and complete performance contracts amongst other HR related applications online. A significant milestone for the organisation was the payment of staff salaries, for the first time run independently by the OPFA Payroll team, a service which was previously delivered by the FSCA. The system enhanced the effectiveness of HR processes and eliminated the need to store information in different sources and formats whilst centralising HR information into one solution for easy access, reporting and audit.

A Short Message Service (SMS) technology was introduced on the Respond case management system and the OPFA website. The technology was used in Respond to send text messages to complainants, providing them with their unique complaint reference numbers as soon as their cases are registered by the NCU. This functionality aims to improve customer experience and reduce the turnaround time from two days to within 24 hours to acknowledge a case and issue a reference number to the complainant. The complaint reference numbers can subsequently be utilised to monitor the complaint status on the website. This technology will augment the process of sending acknowledgement letters to complainants.

For the website, the SMS functionality furnishes complainants with a One-Time Password (OTP) when they check the status of their complaints on the website. This addition will enhance security through multi-factor authentication and safeguard the website from undesired automated activities, such as web scraping by bots.

ICT also took the initiative to upgrade the Exclaim Risk and Compliance systems which the organisation uses to manage organisational risks and regulatory requirements such as acts, regulations etc. These were two separate systems and had

both reached the end of life and it was a natural progression for the systems to be upgraded to the latest version. With the upgraded web-based version, the risk and compliance processes were optimised and streamlined into one integrated system improving data accessibility and reporting.

ICT Infrastructure Modernisation and Operations

Throughout the year, the ICT team consistently demonstrated its dedication to high availability of critical business systems and ICT resources to ensure a stable and optimal ICT environment. The team managed and resolved daily incidents logged by end users and addressed ICT-related issues in a timely manner in line with the service level agreement. By prioritizing customer satisfaction and leveraging best practices, ICT maintained high levels of operational efficiency and minimized disruptions to users. The following graph illustrates the availability of ICT systems over the last three years.

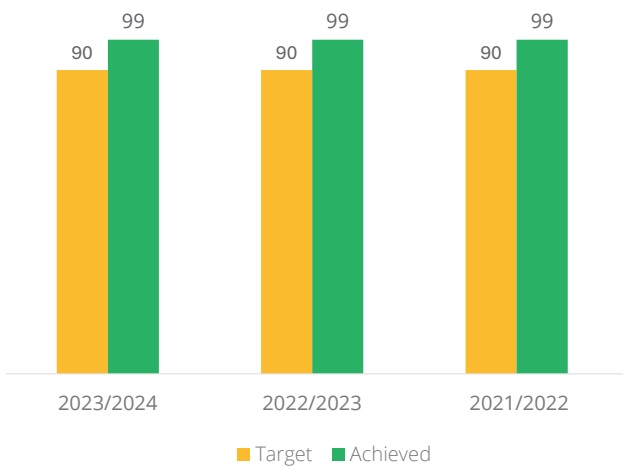


Figure: ICT System availability: Target vs Actuals

Recognising the importance of maintaining modern and efficient network infrastructure, ICT successfully completed the replacement of network access switches. This upgrade ensured optimised network performance and supported the OPFA's growing digital demands.

The OPFA migrated the Internet Service Provider (ISP) services from one provider to another, with ICT spearheading the project. The migration was executed with precise planning and coordination, resulting in enhanced reliability and performance of the OPFA network infrastructure.

A Microsoft Tenant Migration-project was part of the transitional plan for decoupling the FSCA and OPFA ICT environments, aiming to separate the Microsoft licenses and establish an independent OPFA Microsoft tenant with its own identity. This strategic move streamlined ICT operations and provided users with access to advanced productivity tools and resources allowing the OPFA to operate independently. The project was crucial for aligning with the new OPFA

governance arrangements and enabling the OPFA to pursue ICT modernisation initiatives without limitations imposed by the multi-tenancy.

ICT Security and Business Continuity

The advancements and changes in technology also bring about a rise in security threats in the form of cyber-attacks and malicious activity. This poses a critical risk to organisations to evaluate the efficacy of existing security controls, systems and measures put in place to mitigate and protect the ICT environment, users, and organisational data from such threats. The ICT team's commitment to maintaining robust cybersecurity measures was reaffirmed through the ongoing efforts having the necessary processes and tools in place for vulnerability management, firewall management, antivirus, and encryption. These efforts were further solidified by the successful completion of a comprehensive penetration test. This test allowed the OPFA to assess and fortify its defences against potential cyber threats and understand its overall ICT risk posture.

In accordance with the OPFA Business Continuity and ICT Continuity plans, two Disaster recovery tests were conducted during the year. Backups are maintained according to established policy and restoration tests conducted to ensure the viability of the backup data. The purpose of the tests was to simulate a real disaster and test the effectiveness of disaster recovery processes. Both tests involved a multidisciplinary team consisting of ICT personnel and business test users. The tests were successfully completed and proved that the OPFA could continue business operations in the event of a disaster, whether at the secondary site or remotely.

ICT Governance

The OPFA continued to implement sound ICT governance practices and controls in line with the ICT Corporate Governance policy framework. This was done under the guidance and oversight of established governance committees such as the ICT Steering Committee, Management Committee and Risk and Audit Committee. To respond to developments in the ICT environment and recommendations from audit and risk processes, existing ICT policies and procedures were continuously updated and implemented. The following policies were developed and updated during the reporting period.

- Change management policy and procedure
- Vulnerability management
- Antivirus and Encryption
- Identity and access management.
- Incident and Problem management procedure
- ICT Backup and Restoration Policy
- Administrator Activity Review Procedure
- ICT Patch Management
- ICT Media Sanitisation

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The OPFA has once more maintained a level 8 B-BBEE status level of contributor for the year under review. The OPFA is progressively working on transformation plan to improve its performance while maintaining the compliance status. The verification result are as follows:

	Weight	Scores Achieved
Ownership	N/A	N/A
Management Control	20	18.02
Socio Economic Development	5	5.00
Skills Development	25	9.63
Enterprise & Supplier Development	50	34.25
Total Score	100	66.90

Management Control

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Board Participation	Exercisable voting rights of black board members as a percentage of all board members	2	50.00%	81.25%	2.00
	Exercisable voting rights of black female board members as a percentage of all board members	1	25.00%	56.25%	1.00
	Black persons who are executive directors as a percentage of all executive directors	2	50.00%	100.00%	2.00
	Black female executive directors as a percentage of all executive directors	1	25.00%	33.33%	1.00
Other Executive Management	Black Other Executive Management as a percentage of all Other Executive Management	4	60.00%	83.33%	4.00
	Black female Other Executive Management as a percentage of all Other Executive Management	2	30.00%	16.67%	1.11
Middle Management	Black Employees in Middle Management as a percentage of all Middle Management	2	75.00%	70.53%	1.88
	Black female Employees in Middle Management as a percentage of all Middle Management	1	38.00%	35.75%	0.94
Junior Management	Black Employees in Junior Management as a percentage of all Junior Management	2	88.00%	72.33%	1.64
	Black female Employees in Junior Management as a percentage of all Junior Management	1	44.00%	42.70%	0.97
Disabled	Black Employees with disabilities as a percentage of all employees	2	2.00%	1.47%	1.47
					18.02

Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
SED Contributions	Annual value of all Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1.00%	1.37%	5.00
					5.00

Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leivable Amount	9	6.00%	2.37%	3.56
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leivable Amount	4	0.30%	0.03%	0.43
Learnerships	Number of black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	2.50%	0.00%	0.00
Unemployed Learners	Number of black unemployed people participating in training specified in the Learning Programme Matrix as a percentage of total employees	6	2.50%	2.35%	5.64
Bonus Points	Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships programme	5	100.00%	0.00%	0.00
					9.63

Enterprise Supplier Development

Sub-Element	Indicator	Weighting Points	Compliance Target	Actual	Score
Preferential Procurement	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a Percentage of Total Measured Procurement Spend	5	80.00%	92.25%	5.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	15.00%	39.16%	4.00
	B-BBEE Procurement Spend from Exempted Micro-Enterprise suppliers based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	15.00%	24.56%	5.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	11	40.00%	48.58%	11.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 30% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	12.00%	23.11%	5.00
Bonus Points	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black owned based on the B-BBEE Recognition Level	2	2.00%	8.07%	2.00
Supplier Development	Annual value of all Qualifying Supplier Development Contributions made by the Measured Entity as a percentage of the target	15	2.00%	0.30%	2.25
Enterprise Development	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1.00%	0.00%	0.00
Bonus Points	Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	Yes	No	0.00
	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	Yes	No	0.00
					34.25

PFMA COMPLIANCE REPORT

A. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2023/24
	R'000	R'000
Opening Balance	R39 293,00	-
Add: Irregular Expenditure confirmed	-	R37 492,00
Less: Irregular Expenditure condoned	(R39 293,00)	-
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing balance	R0	R37 492,00

Irregular expenditure matters for R37 492.00 were identified by management in 2023/24. It relates to payment for the acquisition of services through the use of OPFA's established panel of service providers, which are not part of the scope of services contracted for, exceeding the contract value, and without obtaining necessary approvals. The expenditure had not been condoned.

*Irregular expenditure amount of R256 828 from different transactions in the previous years was under dispute through formal Auditor-General of South Africa (AGSA) complaints management process. The outcome from AGSA was that the non-compliance was valid. The OPFA disagreed with the outcome, and considering cost benefit would not pursue the matter further.

Reconciling notes

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	R37 492,00
Total	-	R37 492,00

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

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	R37 492,00
Irregular expenditure under investigation	-	-
Total	-	R37 492,00

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure condoned.	R39 293,00	-
Total	R39 293,00	-

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure Not condoned and removed.	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure recovered.	-	-
Total	-	-

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

Description	2022/23	2023/24
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
N/A
Total

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

Description	2022/23	2023/24
	R'000	R'000
N/A	-	-
Total	-	-

- i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Precautionary suspension and disciplinary process was facilitated for employee's failure to prevent irregular expenditure incurred in 2023/24 Financial Year.

Fruitless and wasteful expenditure

- a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2023/24
	R'000	R'000
Opening Balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	-	-

There was no fruitless and wasteful expenditure identified in the 2022/23 and 2023/24 financial year.

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

There were no material losses identified in the 2022/23 and 2023/24 financial year.

B. Information on late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	562	R17 657 884
Invoices paid within 30 days or agreed period	562	R17 657 884
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-

The OPFA is committed to ensuring the Small, Micro and Medium enterprises are paid on time and remain financially sustainable. In the 2023/24 financial year 100% of valid supplier invoices were settled within 30 days.

C. Information on Supply Chain Management

Procurement by other means

There was no procurement classified as *Procurement by other means* in the 2023/24 financial year.

Contract variations and expansions by more than 15%

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
Office Generator	Buwesi Generators cc	Variation	RFQ no.39/2022	R216 106	None	R168 000
Internet and email services	Liquid Intellegent Technologies	Variation	OPFA/ INEM2017/T3	R2 878 645	R975 000	R130 000
Office Lease	Riverwalk Office Park	Variation	OPFA/ OM/012023	R21 511 957	R32 259 630	R1 060 000
Total						R1 358 000

All contract variations during the 2023/24 financial year were approved by the delegated authority.

Message from the Legal Desk



Ms N Ntshangase
Senior Legal Advisor

This past financial year saw significant developments which highlight the interconnectedness of various stakeholders that operate within the retirement fund system. While the OPFA continues to adapt to the evolving landscape and fulfil its legislative and social mandate to resolve retirement fund related complaints, its success depends on all stakeholders fulfilling their roles.

One of the significant developments this past financial year was the release of the National Treasury's policy statement, "A Simpler, Stronger Financial Sector Ombud System." This policy aims to reform the financial ombud system in South Africa, strengthening consumer trust and ensuring the system is accessible, efficient, and effective. The reformed system will include NFOSA"), which consolidates various financial ombud schemes into a single entity, and a Retirement Fund Ombud ("RFO"), to be created by renaming the OPFA once enabling legislation is in place. Although the OPFA remains separate from the NFOSA, it views these developments as an opportunity to collaborate, enhancing accessibility and visibility within the financial ombud system.

The much anticipated two-pot system will finally be implemented effective 1 September 2024. It is expected that this reform will provide much needed relief to retirement fund members in financial distress. Under this system, members' contributions will be split into a savings component, and retirement component. The

vested component will include contributions up to 31 August 2024, from this component, 10% or R30 000.00, whichever is lower, will be utilised as a once-off seeding amount in the savings component, which can be claimed starting from the implementation date.

The savings component will consist of one-third of contributions made from the implementation date and will be accessible every tax year, while the retirement component will comprise two-thirds of contributions and will be available only upon retirement. Again, the successful implementation of the two-pot system will require collaboration and a concerted effort from all stakeholders to strengthen trust in the retirement system.

The OPFA anticipates an unheralded volume of complaints as members seek to withdraw from the savings component, highlighting the need for funds to ensure readiness and provide clear communication to members. It is also imperative that funds register their two-pot rule amendments with the FSCA within the prescribed timelines, to avoid prejudice to members.

The Adjudicator acknowledges the pivotal role that the FST continues to play in shaping the jurisprudence in the retirement fund industry. In the past financial year, the FST issued key decisions clarifying the jurisdiction of the PFA. As a creature of statute, it is crucial that the Adjudicator resolves complaints within its jurisdiction to ensure efficient use of resources.

Notably, in the case of *M Steyn v Adjudicator and others* (PFA3/2023, 26 April 2023), the FST dismissed a board member's application for a reconsideration lodged against a decision by the Adjudicator dismissing a complaint pertaining to the removal of the board member due to contraventions of fund's Code of Conduct. The FST dismissed the matter stating that such grievances should be directed to the FSCA. In the case of *Momentum Retirement Annuity Fund & another v Adjudicator & another* (PFA3/2023, 26 April 2023), the FST confirmed that court orders must be enforced through legal proceedings i.e. warrant of execution or contempt of court proceedings, and not by lodging complaints with the Adjudicator. The FST held that the Adjudicator's jurisdiction is confined to handling complaints related to fund administration, investment, and rule interpretation, as defined in section 1 of the Act and does not extend to enforcing or altering court orders. As the FST held, the Adjudicator remains a creature of statute without inherent jurisdiction.

A landmark ruling in the pension law jurisprudence came from the Constitutional Court on 23 August 2023 in the case of *Mudau v Municipal Employees' Pension Fund and Others*. The Court clarified that unregistered rule amendments do not have a binding effect unless registered. Although a fund can amend its rules retrospectively, such rule amendments cannot be applied to benefits which have already accrued before the registration date. The Court further held that legal proceedings should be determined based on the law applicable when the proceedings were initiated, recognising that filing a complaint with the Adjudicator constitutes the start of legal proceedings. The court also clarified that the OPFA can award costs. This was a critical decision in safeguarding member vested or accrued rights' and reinforcing trust and integrity of the pension system.

I had the honour of assuming the Senior Legal Advisor role during the last quarter of the financial year, and I am deeply grateful for the unwavering support of the OPFA management team throughout this journey. In concluding I would like to express my gratitude to my predecessor Mr. Naheem Essop, who has been instrumental in my seamless transition to this role.



Summary of Important Determinations

Section 37C – Death benefits

M Tshikhudo v Metal Industries Provident Fund (GP/00100796/2023)

The deceased was employed from March 1984 until he passed away on 28 May 1995. He was a member of the Metal Industries Provident Fund. Upon his death, a death benefit of R1 694 933.73 became available for distribution to his beneficiaries.

The deceased's daughter was to receive a death benefit of 76.13% or R1 290 349,29; a nephew 15,91% or R269 772,96; and the brother 7,96% or R134 861,48.

The complainant who was the daughter of the deceased stated that she only found out which fund held the deceased's death benefit in February 2022 after making enquiries with different funds.

She applied for the deceased's death benefit on 20 April 2022 and was awarded a lump sum portion in May 2023. She indicated that she was informed that she will be paid in full after 30 days. However, when she followed up with the fund, she was informed of the board's resolution to pay a portion of the death benefit to the other two beneficiaries.

The complainant requested the Adjudicator to order the fund to pay her the remaining balance of the deceased's death benefit as she is the sole beneficiary.

The fund submitted that the complainant received an amount of R346 318.92 on 20 May 2023 and the balance of R944 030.37 on 22 August 2023.

The fund submitted that the three beneficiaries were listed as the deceased's children on the deceased's IPR2 form. The complainant had indicated to the fund that she does not know the whereabouts of the deceased's nephew as he is homeless and lives on the streets. No information was received by the fund regarding the deceased's brother.

The fund stated that following the death of the deceased and upon receipt of the application for the death benefit, it conducted an investigation as required by section 37C of the Act. Its aim was to identify any potential dependants of the deceased and to distribute the death benefit between them and, if considered appropriate, nominated beneficiaries in a just and equitable manner.

The fund submitted that it allocated the death benefit in a just and equitable manner between the deceased's beneficiaries.

The fund stated that all the relevant factors that had the potential of impacting on the distribution of the benefit, were taken into consideration. In that regard, the board exercised its discretion in the distribution of the death benefit. The complainant received payment of her benefit in full; there are no further benefits due to her.

The Adjudicator held:

- The death benefit must be distributed and paid without any undue delay, and any delay must be reasonable and justifiable. A fund has 12 months within which to trace and identify the possible beneficiaries that might share in the benefit. However, this is not a hard and fast rule as everything depends on whether the board has conducted a proper investigation within a reasonable time. The fund submitted that it was notified of the deceased's death in August 1996 and in terms of section 37C of the Act, the 12-month period from the date the fund was notified of the deceased's death expired in August 1997.
- The fund did not provide clarity on what caused the delay in finalising the investigation. Thus, the fund failed to provide cogent reasons that prevented it from timeously concluding its death benefit investigation.
- The conduct of the fund in taking such a long time in finalising the death benefit claim is viewed in a dim light.
- The board did not make any effort to trace the other two beneficiaries except to rely on the information provided by the complainant. For the board to wait for over 27 years since it was notified of the deceased's death until the complainant approached it is in excusable and unconscionable.
- The board failed to conduct a proper investigation within a reasonable time to the extent that there was an allegation that one of the beneficiaries is homeless and living on the streets whilst there is a benefit due.
- The fund must make an effort to obtain further information on the other two beneficiaries. This was clearly an untenable situation that required positive action to be taken by the board.

- It did not appear that the board had any plans to progress the matter except to wait for the dependants to pitch. For the board to do nothing but wait when the benefit is needed for maintenance is a dereliction of fiduciary duties.
- As a result of the fund's dilatory conduct, the deceased's beneficiaries suffered prejudice in that they have potentially been denied access to benefits which may have become available to them had the investigation been completed in time and payment made timeously.
- The board's decision was set aside and the board ordered to trace the remaining beneficiaries by no later than 15 February 2025, failing which the remaining death benefit must be allocated and paid to the complainant.

N Krishna v Mondi Mpac Group Fund Provident Section (KN/00099138/2023)

The complainant lodged a complaint stating that her husband who was a member of the Mondi Mpac Group Provident Fund went missing in September 2020. She requested the fund to release his benefit. However, the fund declined her request.

The complainant submitted that a death certificate had not been issued. She stated that she may only apply for presumption of death after a period of seven years. However, she needed money to live on.

The fund responded that in the event of the death of a member, the board of management of the fund may allocate the death benefit in accordance with section 37C of the Act. However, the death must be confirmed by a supporting death certificate issued by the Department of Home Affairs.

The fund stated that there was no confirmation that the member was dead or still alive and advised that the complainant should pursue the matter with the South African Police Service.

The Adjudicator held:

- When a person goes missing in South Africa and there is no indication that he or she died from unnatural causes, there is only one possible remedy for the next-of-kin of the absentee and that is to apply to the High Court for a "presumption of death declaration" based on the facts of the case.
- Until a death certificate is issued, or a specific order is granted, a missing person's affairs are in legal limbo and dependants may have no access to funds and debts will be unpaid.

- In this instance a presumption of death order had not been issued by the High Court nor a death certificate. Therefore, the complainant was not entitled to a benefit from the fund in terms of its rules or the Act.

The complaint was dismissed.

E Van Staden obo E/L WS Smit v PSG Wealth Retirement Annuity Fund (WC/00100833/2023)

The complaint was lodged by the executor of the deceased member's estate against PSG Wealth Retirement Annuity Fund concerning the delay in the allocation of a death benefit in respect of the deceased. The complainant indicated that the spouse was accused of the murder of the deceased.

The deceased's fund credit was R633 429.04 on 18 August 2023. The board of the fund had not finalised its decision in respect of the allocation of the death benefit. The fund advised that the death benefit cannot be paid until the criminal proceedings against the spouse have been concluded.

The complainant submitted that in civil proceedings, the High Court of South Africa Western Cape Division found that the spouse was not entitled to a benefit from the deceased's estate.

The fund advised that it was not satisfied that it will be able to make an equitable allocation of the death benefit before the criminal court ruled on the culpability of the spouse. The fund stated that the civil court dealt with the deceased's estate. However, the death benefit is not part of the deceased's estate. Further, section 37C of the Act did not compel distribution upon the expiry of the 12-month period. The fund requested that the complaint be dismissed.

The Adjudicator held:

- The payment of a death benefit is regulated in terms of section 37C of the Act which provides that the disposition of death benefits shall not form part of the assets in the estate of a deceased.
- The complainant stated that the deceased's spouse is accused of his murder. The fund submitted that a civil judgment was issued which only concerns the deceased's estate and that the death benefit does not form part thereof. However, at paragraph 136 the court referred to *Casey N.O v The Master & Others 1992(4) SA 505 (N) p 507C* where it was stated that law and public policy require that the applicant should forfeit the benefits of maintenance against the deceased's estate.

- The court in the civil judgment, *inter alia*, held that the spouse's involvement in the planning of the murder, the callous execution and her subsequent conduct in forging documents does not only disqualify her from the inheritance in the entire estate, but to receive any benefit including maintenance.
- Therefore, the civil judgment does not only limit the issues to what was payable by or from the estate, but also any other benefit including maintenance and the death benefit payable by the fund.
- It should be noted that *De bloedige hand en neemt geen erfenis*' is an established common law legal principle.
- The fund's reason for the delay in finalising the allocation of the death benefit was that criminal proceedings had not been concluded in respect of the spouse's culpability. However, the civil court held that the spouse should be disqualified from receiving any benefit including maintenance. The witnesses that gave evidence are the same witnesses that will give evidence in the criminal trial with one of those involved in the murder of the deceased having turned state witness.
- Whether or not the spouse is found guilty in the criminal proceedings is irrelevant. It is unconscionable that given the findings of the Western Cape High Court in the civil matter, with witnesses detailing the extent to which the spouse was willing to go to end the deceased's life, her impatience in that regard, her multiple attempts at relying on forged documents, such a spouse can even be considered for a death benefit allocation in terms of section 37C.
- It was unimaginable that a deceased person would want, under any circumstances, for a person responsible for their death, to benefit owing to such demise
- Consideration should also be had to public morals in general. As a community, do we want to live in a society where dependants may benefit from having caused the death of another if such a person has not been found guilty in a criminal court.
- The civil judgment was as a result of the spouse approaching the court initially on an urgent basis. She got an adverse judgment, which stands until such time that it is successfully appealed – which has not occurred. Moreover, the application in this judgment served before the court before arrests were made, five months after the death of the deceased.
- Therefore, the fund should exclude the spouse and proceed with the allocation of the death benefit to the other beneficiaries of the deceased. The fund is bound by the clear ruling in the civil judgment.



Seated: Wilana Groenewald · Dolly Sibanda

Standing: Lerato Mokoena · Hlayisani Makhubela · Sibongile Jamekwane · Nhlaysi Mangwani

The fund was ordered to exclude the spouse and proceed with the allocation of the death benefit to the other beneficiaries of the deceased.

IA & TP Magoleng v Alexander Forbes Retirement Fund (Pension Section) and another (GP/00093592/2022)

Two of the deceased's sons lodged a complaint on the allocation and distribution of a death benefit by the fund following the death of the member. A lumpsum death benefit of R662 122.97 became available for distribution to his beneficiaries. The board of the fund resolved to allocate 21,5% to each of the two sons of the deceased and the deceased's partner 57%.

The complainants were aggrieved with the decision of the board to allocate 57% of the death benefit to the partner. They averred that she did not qualify as the life partner of the deceased and that she was not entitled to a death benefit.

The complainants submitted that the partner was neither living with the deceased nor were they in a life partnership. Further, she was not financially dependent on the deceased. The complainants submitted that the deceased's sister took care of him during his illness. They further submitted that they were unemployed as at the date of the death of the deceased.

The complainants also averred that the partner owned a drinking establishment which recently caught fire. They submitted that the board failed to conduct a proper investigation. They wanted the fund to allocate the death benefit to the biological children of the deceased.

In its submission, the fund said its board had conducted a thorough investigation in order to make an informed decision. The board had identified and investigated all potential dependants of the deceased in order to decide upon an equitable allocation of the death benefit.

The board identified four potential dependants of the deceased; the deceased's former spouse who was not financially dependent on the deceased; the two unemployed sons of the deceased who were financially dependent on him; and the partner who was unemployed and financially dependent on the deceased at the date of his death.

The fund submitted that the deceased completed a beneficiary nomination form on 8 July 2020 wherein he nominated his life partner to receive 50% and the complainants 25% each of this death benefit. It had also received affidavits confirming that the deceased and his partner were in a love relationship and that the deceased intended marrying her.

The fund confirmed that it used a benefit calculator as a mechanism to determine the financial dependency of each dependant on the deceased.

The fund also submitted that section 37C of the Act grants the board discretion to distribute and allocate death benefits equitably. The beneficiary nomination form that was completed by a deceased was not binding on the board and was only used as a guide when it conducts its investigations.



From left to right: Lalita Jadoonandan · Lindokuhle Dlamini · Busisiwe Dhlamini

Further, if the board relied strictly on the beneficiary nomination form and disregarded the relevant circumstances of each beneficiary, this would prevent it from exercising its discretion properly.

The Adjudicator held:

- The deceased, and his partner were in a relationship from October 2017. The partner submitted that she was living with the deceased and that she was financially dependent on him as she was unemployed. The fund had received various affidavits confirming the deceased's intention to marry his partner. Therefore, the partner qualified as a legal dependant.
- Since the partner had a few years before reaching retirement age, the board decided to allocate her 57% of the death benefit. The two complainants were young and had income earning potential. Thus, the board decided to allocate the complainants 21% each of the death benefit.
- The beneficiary nomination form is a substantial factor which must be given the necessary credence in reaching the decision to distribute a death benefit. The submission by the fund indicates that the beneficiary nomination form was considered by the board, however, it was not followed as other factors supported a different allocation decision. However, it is unclear whether not following the beneficiary nomination form was appropriate in this matter because the board failed to carry out proper investigations.
- It may well be that the board was correct to deviate from the beneficiary nomination form, but this must be informed by thorough investigations where such investigations warrant a deviation because allocating the benefit in line with the form would lead to inequitable consequences.
- The fund should re-consider the allocation made to the beneficiaries of the deceased.
- The fund cannot merely rely on a calculator that predetermines entitlements to portions of a salary depending on a beneficiary's status to calculate the extent of a beneficiary's dependency on the deceased. This is an incorrect way of apportioning benefits in terms of section 37C of the Act.
- The complainants averred that the partner owns a business. Moreover, it is not clear whether the board considered benefits from any other sources. Therefore, it appears that the board fettered its discretion as it merely relied on a benefit calculator and failed to actively investigate all the relevant factors in order to make an equitable allocation of the death benefit to the beneficiaries of the deceased.
- The board must weigh the various factors in arriving at its decision. In this instance, considering the amount available for distribution, the number of beneficiaries, their ages, their income earning potential, their relationship with the deceased and the wishes of the deceased, the Adjudicator was not satisfied that the board conducted a proper investigation and made an equitable allocation of the death benefit in terms of section 37C of the Act.

The decision of the board in allocating the death benefit was set aside. The board was ordered to re-exercise its discretion.

SEM Viljoen v South African Retirement Annuity Fund ("fund") and another (MP/00091232/2022)

The complainant was the spouse of the deceased who was a member of the fund until he passed away on 26 December 2019. Following the death of the deceased, a death benefit in the amount of R52 120.53 (before tax) became available to his beneficiaries.

The complainant was aggrieved with the fund's decision to pay the death benefit into the deceased's estate. She submitted that she did not know that the deceased had a policy issued for his benefit under the fund and only got to know of same when she approached her representative for assistance.

The complainant submitted that she was financially dependent on the deceased and was left destitute after the deceased's passing. She relied on the State's social relief grant.

The fund said the deceased did not nominate a beneficiary. The fund submitted that it did not investigate the existence of the deceased's dependants as he passed away on 26 December 2019 and the death claim was only submitted on 28 March 2022.

It submitted that this was after the expiry of the 12-month period since the passing of the deceased. Thus, it applied section 37C(1)(c) of the Act which applied in cases where no beneficiary is nominated, and it does not become aware of the death of its member and consequently does not become aware of the deceased's dependants.

The fund submitted that the sub-section is clear and peremptory as it dictates that if within 12 months of the death of a member, it has not become aware of any dependant, it must pay the death benefit to the estate. The fund submitted that on 18 July 2022, it concluded that section 37C(1)(c) applied in this matter and allocated the death benefit to the deceased estate.

The Adjudicator held:

- The rules of a fund are supreme and binding. If the fund, within 12 months of the death of the member, becomes aware of or traces a dependant or dependants of the member, the benefit shall be paid to such dependant or dependants.
- Section 37C(1)(c) of the Act deals with the distribution of the death benefit to the deceased estate and provides that if the fund does not become aware of or cannot trace any dependant of the member within 12 months of the death of the member and if the member has not designated a nominee or if the member has designated a nominee to receive a portion of the benefit in writing to the fund, the benefit or the remaining portion of the benefit after payment to the designated nominee, shall be paid into the estate of the member.
- It is common cause that the fund can only know of the death claim if it is notified of same. Upon receipt of the death benefit claim, the board must then investigate in terms of section 37C of the Act.
- In this matter the fund confirmed that it did not trace the deceased's dependants simply because it was notified of his death more than 12 months after his death. Thus, it applied Section 37C(1)(c) of the Act.
- The fund misapplied Section 37C(1)(c) of the Act as it misinterpreted same. The fund missed the first part of the sub-section, that is, 'If the fund does not become aware of or cannot trace any dependant of the member within 12 months of the death of the member'.
- It is clear that the fund will not know if there are dependants or not without conducting an investigation.
- The 12-month period does not refer to the general time period of payment, but rather the period to trace beneficiaries. The fund can only trace beneficiaries through an investigation. The 12-month period to trace beneficiaries runs from when the fund learns of the death of the member, not the date of the death itself because the obligation to Act cannot be triggered if there is no knowledge of the member's death. Thus, the 12-month period within which the fund had to trace the deceased's dependants ran from 28 March 2022 when it was notified of the death.
- The fund's interpretation of section 37C(1)(c) of the Act is clearly an error in law. It has the potential of prejudicing dependants of a deceased member. In terms of section 37C of the Act, the board has 12 months within which to trace and identify the possible beneficiaries that might share in the benefit. However, this is not a hard and fast rule as everything depends on whether or not the board has conducted a proper investigation within a reasonable time. If the board is satisfied that it has taken all reasonable steps to trace and identify the dependants, it does not have



Seated: Gift Mudau · Khutso Lephoto · Polo Shwaepane · Fortunate Mashoene
Standing: Tshegofatso Shai · Given Maswanganye · Nomfanelo Munyu · Sibusiso Nkosi · Lehlohonolo Rabotapi

to wait for the 12 months to lapse before making payment. However, this is not a hard and fast rule as everything depends on whether or not the board has conducted a proper investigation within a reasonable time. If the board is satisfied that it has taken all reasonable steps to trace and identify the dependants, it does not have to wait for the 12 months to lapse before making payment.

- There is also no duty on the board to pay after the 12 months period has lapsed if it is of the opinion that there is a need for further investigation.
- The fund's submission that the sub-section is clear and that the 12-month period lapses after the death of a member and not after being notified of the death is incorrect. Put simply, the fund had 12 months from 28 March 2022 to conduct a reasonable and proper investigation in terms of section 37C of the Act, that is, the date after it was notified of the deceased's passing.
- Thus, the 12-month period would have lapsed in March 2023, provided it had conducted a proper investigation by then. The fund can only be excused on the fact that it was notified of the deceased's passing late, not on its failure to investigate and apply section 37C(1)(c) incorrectly as in this matter.
- The fund has failed to conduct an investigation in terms of section 37C of the Act and decided to apply sub-section (1) (c) through the back door.
- She was not satisfied that the board had conducted an investigation in terms of section 37C of the Act before deciding on the payment of the death benefit into the deceased's estate.
- The decision to allocate the death benefit into the deceased's estate is unlawful and set aside. The fund must, therefore, be ordered to conduct an investigation in terms of section 37C of the Act and to pay the death benefit to the deceased's beneficiaries by no later than 31 August 2023.

The fund took the matter on appeal in terms of section 30P with the Mbombela High Court. The High Court upheld the PFA's determination.

LT Mogakabe v Old Mutual Superfund Provident Fund and another (NW/00092522/2022)

The complainant was the spouse of the deceased, she was aggrieved with the delay in the payment of the deceased's death benefit. She had claimed the death benefit on 29 December 2021. Although she had provided the fund with all the requested information, she had not received payment of the death benefit of R229 593.57 up to the time she complained in November 2022.

In her determination, the Adjudicator stated that the deceased passed away on 20 November 2020. The complainant claimed the death benefit on 29 December 2020. The board decided on the allocation of the death benefit on 17 November 2022. In terms of section 37C of the Act, the board has 12 months from the date it became aware of the death of the deceased to finalise its investigation. In this case, the fund decided on the allocation of the death benefit almost two years after the death of the deceased.

The Adjudicator stated that the fund had claimed in a previous matter that due to the excess deaths brought by the Covid-19 pandemic, it had overrun its capacity to adequately deal with the high influx of new death claims, which caused a backlog of claims.

The fund does not seem to have put any contingency plans to mitigate the effect of delays on beneficiaries, which is unacceptable. Had the Adjudicator been clothed with powers to grant compensation for this undue delay, she would have done so.

The fund does not even offer an apology for the unacceptable manner it has gone about discharging its duties. Therefore, the Adjudicator found that the fund unduly delayed the allocation of the death benefit. The deceased's beneficiaries suffered prejudice due to the conduct of the fund.

The complainant was requested to confirm whether she was satisfied with the payment. No further submissions were received from the complainant. The Adjudicator was satisfied that the complainant was paid her portion of the death benefit and the complaint was dismissed.

F Sayed v Old Mutual Superfund Provident Fund (GP/00102413/2023)

The complainant was aggrieved that she was excluded as a beneficiary of the death benefit. She had received R7 000 000 from a life policy due to the deceased's death and was bequeathed immovable property estimated at R1 700 000. She was also to receive R35 000 each month in terms of the deceased's Will.

The deceased was a member of the fund until he passed away on 24 July 2021. The deceased was survived by a life partner, the complainant; the complainant's major son; the deceased's two biological daughters; four grandchildren; and his former spouse.

Upon the deceased's death, a total death benefit of R21 308 051.38 became available for allocation to his beneficiaries. The board allocated 50% of the death benefit to each of the deceased's two daughters.

The complainant submitted that she had been in a romantic relationship with the deceased since 2007. She had resigned from her employment at a bank to attend to the needs of the deceased and her then minor child at home. She said the deceased financially assisted her by giving her an allowance equal to the salary she had received when she was employed. She said the deceased was financially responsible for supporting her and her child from a former spouse throughout their 17-year relationship.

The complainant also averred that she had property that she obtained from her former spouse at divorce. The deceased assisted her in paying off her mortgage bond by providing her with R700 000. She sold her property for R967 592.72 to reside with the deceased, who in turn, would provide for her.

She submitted that shortly after selling her property, she and the deceased entered into a cohabitation agreement. She submitted that at the time, she had just sold her residential property and felt compelled to agree with the terms of the agreement in fear that she would be left without a home for herself and her son.

She submitted that since signing the agreement and residing with the deceased, there had been instances of financial manipulation against her by the deceased as he would request large sums of money, which she would pay him. She submitted that her only source of income during her relationship with the deceased was the maintenance payments made by her former spouse, overdraft facilities, and the sporadic but sufficient payments in cash/deposits from the deceased.

The complainant submitted that the fund allocated the death benefit to the deceased's two biological daughters who were fully independent and employed businesswomen who were not financially dependent on the deceased. She said the two daughters had also inherited significant business interests from the deceased.

The complainant claimed that when she signed a cohabitation agreement with the deceased in February 2014, there were no witnesses and some of the terms of the agreement were not explained to her. Although clause 5 of the agreement waived her right to share in the pension, provident fund, investments, profit sharing or other retirement interests of the partner; and the agreement terminated upon the death of either party; the complainant submitted that she is no longer bound by the cohabitation agreement after the deceased's passing, and as a result, she is entitled to any benefit that may arise from the deceased's death.

The complainant submitted that she was informed by the executor of the deceased's estate that his estate was insolvent and incapable of providing the necessary finance anticipated for the establishment of a trust that she was a beneficiary of.

She submitted that the executor advised her that due to the estate's financial position, she may have to forfeit her special bequests, such as a car and the house, in order to give effect to the remainder of the Will. She submitted that the dispute between herself and the executor was on-going and it was not certain whether the Will's provisions would be implemented as intended. She submitted that she could not rely on the



Seated: Thamsanqa Mbambo · Silas Mothupi · Nontobeko Bhila
Standing: Atlegang Tshidi · Thabang Mabule · Steve Mphela · Thamsanqa Maphasa · Sibongile Nkabinde
 Lindelani Mkhize · Tshepang Monare · Refiloe Moshelo

R35 000 per month as envisioned in the Will as a safety net.

The complainant submitted that she received a life insurance policy payout (R7 million) following the deceased's passing. She indicated that though it is a substantial amount, it does not cover all living expenses and potential unforeseen costs.

She submitted that her former spouse had been financially responsible for her son since the deceased passed away. She submitted that her son was in the final year of his studies and moved out, leaving her without a maintenance contribution from her former spouse. She submitted that she has not worked for 15 years and struggled to obtain employment at her age. She submitted that her policy payment may not last throughout her lifetime. The complainant further submitted that the fund had failed to recognise her as a dependant. She stressed that she was financially dependent on the deceased and, therefore, should be considered as a factual dependant. The complainant provided a non-registered marriage certificate between her and the deceased dated 24 June 2019 as proof that they wanted their relationship to be seen as a legitimate normal marriage.

The complainant submitted that the waiver clause in the cohabitation agreement was intended for the possibility of a divorce between her and the deceased. She said the agreement did not exclude a discretionary award of a portion of the pension benefit.

The complainant said she and the deceased lived in separate homes for four to five years before he passed away. She submitted that the deceased regularly travelled between the two homes and was in charge of the general home tasks associated with both houses. She submitted that at all times, she lived and acted as the deceased's wife.

The complainant submitted that the executor of the deceased's estate paid her an estimated amount of R35 000 per month as she was aware of the extent of her dependency on the deceased. She submitted that she is uncertain whether the payments came directly from the deceased's daughter or from the deceased's estate.

The complainant claimed that she suffers from a clinically diagnosed auto-immune disease, Lupus, which influences her daily functioning. She had applied for various jobs of different skill levels, with no success. She submitted that she is close to retirement age which limits her ability to earn income, which indicates that she may not be able to earn an income in the future.

The fund submitted that in terms of the deceased's Will, the deceased made provisions for the complainant to receive

a monthly amount of R35 000. Thus, it can be argued that the complainant no longer needs financial support. The fund submitted that the complainant was also bequeathed immovable property estimated at R1 700 000.

The fund submitted that the cohabitation agreement is a clear indication that the deceased did not wish for the complainant to have any share in the proceeds of his death benefit.

The fund also submitted that it was confirmed that the complainant and the deceased lived apart for a few years before his death. It investigated the complainant's dependency on the deceased and found that she was receiving R35 000 from the estate until she received R7 000 000 from various policies payable to her as a result of the deceased's death. It stated that the complainant also confirmed that she receives R12 000 month from her eldest son and R10 000 per month in child support from her younger son's biological father.

The fund submitted that even though the complainant is 52 years old, she has prior work experience and a tertiary-level education. It submitted that although she has not worked for a long time, she still has income-earning potential.

The fund concluded that the complainant received sufficient capital payments from third-party payments and with the consideration of the cohabitation agreement together with the content of the deceased's Will, the complainant had received enough financial support.

The fund submitted that even if the complainant suffers from Lupus, she is not completely precluded from finding employment that suits her condition. It submitted that it deemed it equitable and reasonable to allocate the death benefit to the deceased's two children. The fund concluded that it took all the relevant factors into account when allocating the death benefit and made an equitable and reasonable allocation.

The Adjudicator held:

- The board's responsibility when dealing with the payment of death benefits is to conduct a thorough investigation to determine the beneficiaries, to thereafter decide on an equitable distribution and finally to decide on the most appropriate mode of payment of the benefit payable.
- The fund was correct in identifying the deceased's biological daughters as his dependants. Permanent life partners are included in the definition of dependant. Therefore, the complainant qualifies as a legal dependant of the deceased. However, the fact that a person qualifies as a legal or factual dependant does not automatically give them the right to receive a portion of a death benefit.

- The submissions indicate that the complainant received R7 000 000 from a life policy due to the deceased's death and R35 000 per month from either the deceased's estate or its executor.
- It is further unconfirmed whether or not the deceased's estate is insolvent.
- However, if the estate is not insolvent, the complainant was also bequeathed immovable property estimated at R1 700 000.
- The complainant was placed in a better position due to the third-party payment she received. Furthermore, the complainant can still find employment. The facts indicate that even though she is 52 years old, she has prior work experience and a tertiary-level education. She still has an income-earning potential and can find employment. Therefore, the fund was correct in not allocating a portion of the death benefit to the complainant.
- The complainant should have been aware of what she was signing and cannot claim that the terms of the cohabitation agreement were not explained to her. The terms of the cohabitation agreement clearly show that the parties agreed that there would be no sharing of pension benefits.
- The board of the fund took into account relevant factors

and did not abuse its discretion in the allocation of the deceased's death benefit. The death benefit was properly allocated to the dependants of the deceased and there is no reason to set aside the board's decision. Thus, the complaint cannot succeed and is, therefore, dismissed.

The complainant has applied to the Financial Services Tribunal for a reconsideration of this determination and we await the final outcome.

DJ Mashinini & 4 Others v Municipal Employees Pension Fund (FS/00090239/2022)

The five children of a deceased lodged a complaint that they had not been paid benefits following the death of their mother, a member of the Municipal Employees Pension Fund.

The complainants, three major daughters, a major son and a minor daughter, said a death benefit in the amount of R242 502.88 became available for distribution to the beneficiaries of the deceased. They stated that there were five dependants and two of them were nominated as beneficiaries.

The complainants indicated that all the deceased's dependants were unemployed and one was disabled. There was also a house that the family needed to pay for.

The complainants submitted that the fund told them that it would only pay the benefit for the children under the age of 21



Seated: Yolande van Tonder · Ndwakhulu Kutama · Nthabiseng Sathekge · Hulisani Neluheni
Standing: Tinyiko Shihundla · Pamela Mpofu · Fikile Ledwaba · Fezile Sithole · Lesley Ratsebe

and it was paying R1 000 per month which was insufficient to pay for the school necessities and groceries. They stated that they needed the fund to pay the lump sum benefit and they would share the benefit equally.

The fund submitted that payments were made to the two minor children and their benefits were placed in a trust. It indicated that the three major children were not allocated any benefits since they failed to prove financial dependency on the deceased.

The fund submitted that it received an application from one daughter on 31 March 2023 as she had now reached majority age and the claim was subsequently paid on 25 April 2023. It provided proof of payment for an amount of R104 508.72 on 20 April 2023.

The Adjudicator held:

- It is the responsibility of a fund's board when dealing with the payment of death benefits to conduct a thorough investigation to determine the beneficiaries, to thereafter decide on an equitable distribution and finally to decide on the most appropriate mode of payment of the benefit payable.
- One of the complainants stated that none of them were provided with a copy of the nomination form. The response provided by the fund reflected nothing about whether the deceased had completed a beneficiary nomination form and whether this was considered or not. There was no evidence provided by the fund that they considered this and what their investigation revealed. The board of the fund could not ignore the complainants' submissions that the deceased's son was disabled as this might impact on the issue of his financial dependency on the deceased.
- The submissions indicate that the financial circumstances of all the dependants were not thoroughly investigated.
- She was not satisfied that the board of the fund took into account relevant factors placed before it and ignored irrelevant factors. The fund did not provide the Adjudicator with full details on how it arrived at its decision except to indicate that the three major children failed to prove financial dependency.
- It does not appear that the fund investigated whether the major children resided with the deceased or not as they were all unemployed or at the least if there is any support they get from other sources.
- She is not in a position to conclude that all relevant factors were considered in allocating the death benefit. The decision of the board must be set aside.

The fund was ordered to conduct a proper investigation and specifically investigate the financial circumstances of the beneficiaries of the deceased for the purpose of allocation of the death benefits.

Failure to Pay Contributions

JL Makhubela v The Private Security Sector Provident Fund and another (MP/00092450/2022)

The complainant submitted that after perusing his contribution statement he noticed that the employer deducted contributions in the amount of R342.53 from his salary but contributed a lesser amount of R228.35 to the fund. He further stated the employer had been deducting contributions since December 2021 but the statement from the fund indicated that there were no contributions to the fund.

The fund submitted that the complainant became its member on 1 March 2020. It provided the complainant's transactional history reflecting that he had a fund credit of R10 634.14 as at 17 February 2023 representing provident fund contributions for March 2020 to October 2022. The schedule indicated that contributions for May 2020 to September 2020 were at a lower rate than prescribed.

The fund submitted that the employer was in arrears in the amount of R4 556.00 for December 2019 to February 2020 and November 2022 to January 2023 plus late payment interest of R1 803.38 calculated up to 14 April 2023.

The employer was granted an opportunity to comment on the allegations made against it. However, no response was received.

The Adjudicator held:

- The employer failed to timeously register the complainant with the fund and pay all contributions on his behalf. The complainant commenced employment on 1 December 2019 and was only registered with the fund on 1 March 2020.
- The employer is ordered to pay the arrear amount of R4 556.00 for December 2019 to February 2020 and November 2022 to January 2023.
- The complainant stated that the employer deducted contributions in the amount of R342.53 and only remitted an amount of R228.35.
- In addition, the contributions fluctuate for May 2020 to September 2020 and the fund will be ordered to reconcile same. The complainant provided a pay slip for September 2021 showing that the employer deducted contributions of R342.53 and remitted an amount of R228.35. He provided

another pay slip for October 2022 reflecting a provident fund deduction of R358.95 and contribution payment of R239.30.

- Therefore, the employer failed to pay contributions in terms of the rate as prescribed in the rules. The employer should start deducting the correct contribution rate as per the fund rules from May 2023 going forward.
- The employer is also ordered to submit the outstanding contribution schedules in respect of the complainant for February 2023 to date, to the fund in order for it to facilitate the computation of arrear contributions within five weeks of this determination.

National Fund for Municipal Workers v Masilonyana Local Municipality and another (GP/00094564/2022); National Fund for Municipal Workers v Tokologo Local Municipality and another (WC/00094589/2022) and; National Fund for Municipal Workers v Dr Beyers Naude Local Municipality and another

The Adjudicator received several complaints from the National Fund for Municipal Workers about the failure of certain municipalities to pay all contributions on behalf of employees to the complainant.

It was averred the Masilonyana Local Municipality and its acting municipal manager contravened the provisions of section 13A of the Act by failing to pay contributions for the period September 2022 to November 2022. The total outstanding contributions as at 24 January 2023 amounted to R25 329.21.

Similarly, the Tokologo Local Municipality and its municipal manager had failed to pay contributions for the period September 2022 to November 2022. The total outstanding contributions as at 25 January 2023 amounted to R63 965.73.

The Dr Beyers Naude Local Municipality and its municipal manager had failed to pay contributions for the period September 2022 to November 2022. The total outstanding contributions as at 25 January 2023 amounted to R982 820.72.

The fund submitted that it had complied with its duties as set out in regulation 33 of the Act, which was applicable at the time. It has reported the employers' non-compliance to the FSCA. It stated that it has also communicated with its members, who are employees of the participating employers, of the latter's non-compliance with section 13A of the Act and lodged this complaint with the Adjudicator. In all three cases, the employers and municipal managers were granted an opportunity to respond to the complaint. However, they did not file a response.

In her determinations, the Adjudicator held that the payment of retirement fund contributions in occupational funds is regulated by the provisions of section 13A of the Act.

She stated that section 13A(8) was introduced to enable a fund to identify and hold persons who are involved in the management of the employer's financial affairs accountable and possibly personally liable for non-compliance with section 13A of the Act. The Acting Municipal Managers were afforded an opportunity to comment on these allegations but failed to do so.

She held the employers and the municipal managers jointly and severally liable for payment of outstanding contributions plus late payment interest to the complainant.

The Masilonyana Local Municipality was ordered to make payment of the outstanding contributions totalling R25 329.21 plus late payment interest.

The Tokologo Local Municipality was ordered to make payment of the outstanding contributions totalling R63 965.73 plus late payment interest.

The Dr Beyers Naude Local Municipality was ordered to make payment of the outstanding contributions totalling R982 820.72 together with late payment interest.

SM Ntlokwa v Private Security Sector Provident Fund and another GP/00091590/2022)

The complaint concerned the failure of the employer SDS Protection (Pty) Ltd to register the complainant with the Private Security Sector Provident Fund.

The complainant commenced employment from 1 December 2020 and was a registered as a member of the fund. The complainant had a fund credit in the amount of R993.31 as at 12 December 2022.

The complainant submitted that the employer commenced deducting provident fund contributions from his salary in March 2021. The employer only remitted contributions to the fund on his behalf for the period June 2021 and July 2021.

The complainant provided copies of his payslips for, *inter alia*, 05 February 2021 with no provident fund deduction and a payslip for April 2021 with a provident fund deduction of R360,36.

The fund submitted that the employer commenced participating in it on 1 June 2018 and was non-compliant in terms of section 13A of the Act.

The fund indicated that the employer owed an amount of R11 187.21 in respect of outstanding contributions for

December 2020 to May 2021 and August 2021 to October 2022 together with late payment interest.

The employer indicated that it had been paying contributions to the fund. The employer provided an Acknowledgement of Debt it entered into with the fund dated 15 December 2021. It provided contribution schedules for, *inter alia*, May 2021, June 2021, November 2021 and July 2022 wherein the complainant's name was captured, and proof of payment for March 2021, May 2021, June 2021, November 2021 and April 2022 to November 2022.

The Adjudicator held:

- The employer ought to have commenced with the payment of provident fund contributions to the fund on the complainant's behalf from December 2020. The evidence submitted reflected that the employer commenced with payment of provident fund contributions to the fund in June 2021.
- She said she noted with concern the practice of the fund of not timeously allocating contributions received from employers.
- The fund and its administrator have a duty in terms of section 13(5) of the Act to keep proper record and make sure that member records are up to date. It is evident that the fund is failing to perform these statutory duties and as a result of the fund's dilatory conduct, members and employers continue to suffer prejudice

and when confronted with evidence indicating that its records are not up to date, the fund does not even bother to file a reply.

- The fund needs to allocate contribution payments made by the employer to the complainant's record and provide the employer with the computation of the outstanding contributions (if any) on behalf of the complainant.

She ordered the fund to register the complainant as its member with effect from 1 December 2020 and allocate the contribution payments made by the employer for December 2020 to May 2021 and August 2021 to November 2022 to the complainant's record. The employer was ordered to pay to the fund the arrear contributions together with late payment interest

ZS Ngcime v Private Security Sector Provident Fund (WC/00091692/2022)

The complaint concerned failure on the part of the employer Gaqa Security Maintenance and Cleaning Services (Pty) Ltd to timeously register the complainant as a member of the Private Security Sector Provident Fund and pay all provident fund contributions due on her behalf.

The complainant commenced employment from 27 October 2020 to 16 December 2021. She had a fund credit of R941.03 as at 25 January 2023. The complainant was dissatisfied with the fund's failure to pay her withdrawal benefit on time.



Seated: Malakia Raedani · Queen Makokoane · Clement Manenzhe · Thembelihle Mabuza · Vusimuzi Mthembu · Magadi Tshitannye
Standing: Xolile Ndlovu · Zimasa Majola · Lebogang Mabala · Lufuno Balibali · Lutendo Tshifularo · Virginia Rakgotho · Johanna Motaung
 Lutricia Lynch · Tintswalo Shibambu · Nana Ntenga · Qabuka September · **Back:** Kgothatso Maleka · Wonder Dila · Ryno Muller · Nhlanhla Mpenbe

The fund submitted that the employer commenced participating in it on 1 November 2012 and was non-compliant in terms of section 13A of the Act.

The fund confirmed that the complainant had a fund credit of R941.03 as at 25 January 2023 representing contributions received for August 2021 and November 2021. The fund stated that on 11 May 2022, it received the complainant's withdrawal claim forms. However, the employer declaration section was not completed nor were the forms signed. The fund stated that the claim could not be processed due to this and a request for the completion of the forms was sent to the employer. It indicated that on 14 December 2022, the completed claim form was received and sent to the claims team for processing.

The employer stated that it is a registered company and that it will never deduct money from its employees and fail to remit same to the fund. The employer stated that it could provide a bank statement as proof that it paid the money deducted from the complainant's salary to the fund. The employer submitted that it remitted to the fund an amount of R1 961.10 for the period August 2021 to November 2021. It stated that its contributions and the complainant's contributions were remitted as follows: August 2021 an amount of R653.70 and R435.80 for September 2021 to November 2021. The employer provided proof of payment and contribution schedule in support of its submissions.

The Adjudicator held:

- The complainant commenced employment with the employer on 27 October 2020 and was registered as a member of the fund on 1 August 2021. She ought to have been registered on 1 November 2020 due to her employment in late October 2020. Thus, the employer failed to timeously register the complainant as a member of the fund and, therefore, failed to comply with rule 3.2.1 of the fund.
- The fund indicated that the employer owed an amount of R10 664.90 in respect of outstanding contributions for October 2020 to July 2021, September 2021 to October 2021 and December 2021 with late payment interest of R3 832.61 calculated up to 29 March 2023.
- The employer in its submissions stated that it remitted to the fund an amount of R1 961.10 for the period August 2021 to November 2021. It stated that its contributions and the complainant's contributions were remitted as follows: August 2021 an amount of R653.70 and R435.80 for September 2021 to November 2021. The employer provided proof of payment and a contribution schedule in support of its submissions. The employer's submissions were sent to the fund for its consideration and comment. However, the fund failed to reply.
- The fund and its administrator have a duty in terms of section 13(5) of the Act to keep proper record and make sure that member records are up to date. However, it is evident that the fund is failing to perform these statutory duties and as a result of the fund's conduct members and employers suffer prejudice when confronted with the failure to perform its statutory duties.
- The employer provided proof of payment of contributions for the period August 2021 to November 2021, which from the fund's submission have not yet been allocated as the fund states that these are owing.
- As at 25 January 2023 when the fund filed its submissions, contributions for August 2021 to November 2021 were not yet allocated. When confronted with this evidence, the fund failed to file a reply. It is not the first time that when the fund is confronted with evidence of an employer having paid contributions for a period the fund says is owing, the fund fails to provide a reply.
- The fund's conduct of not allocating contributions paid by employers is an indication that its administrator is not fulfilling its obligations in terms of the Act. It also shows that the fund either does not have well-defined monitoring procedures or that it has no clue how to hold the administrator to account. There is already a low compliance rate amongst participating employers in this fund.
- Therefore, the failure by the fund to allocate contributions paid over by compliant employers will only exacerbate the non-compliance rate which will prejudice more members. This conduct is in breach of section 7C(1) of the Act that requires the board to direct, control and oversee the operations of a fund in accordance with the applicable laws and rules of the fund.
- The board of the fund has a duty to take all reasonable steps to ensure that all contributions are paid timeously, and this includes allocation of those contributions on its part. Therefore, based on the evidence before the Adjudicator, it is found that the fund needs to allocate contribution payments made by the employer to the complainant's record and provide the employer with the computation of the outstanding contributions (if any) on behalf of the complainant.
- It is on this basis that this matter is referred to the FSCA to investigate the conduct of the fund as it affects not only this employer and the complainant but others as well.

The fund is ordered to register the complainant as its member with effect from 27 October 2020 to 16 December 2021 and to allocate contribution payments made by the employer for September 2021 to October 2021 to the complainant's record.

The employer was ordered to submit the outstanding contribution schedules in respect of the complainant for October 2020 to July 2021 and December 2021, to the fund in order to facilitate the computation of his outstanding contributions. The employer was also ordered to pay to the fund the arrear contributions plus interest.



Annual Performance Information Report 2023-24

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
1.1 New Complaints Unit (NCU) to finalise matters received expeditiously	1.1.1 Acknowledge receipt of complaints within 2 working days of such receipt NB – Indicator excludes walk-in complaints.	1.1.1 Percentage (%) of complaints received and acknowledged within 2 working days.	Not achieved 92% acknowledged within 2 days	Not Achieved 96% acknowledged within 2 days	90%	Achieved: 99% 7350/7352 complaints acknowledged within 2 working days. <ul style="list-style-type: none"> • 156 out of 158: Letters • 4877 out of 4877: Emails • 2313 out of 2313: Website • 4 out of 4: Fax NB - Could not round off actual outcome to 100% for rationality purposes as 2 letters were not acknowledged within 2 working days.	9% over-achieved	Improved business processes.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
	1.1.2 Refer complete premature complaints to respondents for resolution directly with the complainant within 5 working days of receipt.	1.1.2 Percentage (%) of complete premature complaints referred to respondents by the NCU within 5 working days	Not achieved 98% of complaints referred to respondents within five working days	Not Achieved 99.92% referred to respondents within five working days	90%	Achieved: 96% 5985/6258 Premature complaints referred to respondents by the NCU within 5 working days.	6% over-achieved	Improved business processes.
	1.1.3 NCU to close complaints allocated for closure within 2 working days as: Abandoned Withdrawn, Duplicates, Out of Jurisdiction	1.1.3 Percentage (%) of complaints closed by the NCU within 2 working days as: Abandoned Withdrawn, Duplicates, Out of Jurisdiction	Achieved 100% closed within 2 working days. Abandoned: 392 Withdrawn:30 Duplicates:65 Out of -Jurisdiction: 0 Reformulations: 2	Achieved 100% Abandoned: 482 Withdrawn: 36 Duplicates: 141 Out of -Jurisdiction: 0	90%	Achieved: 99% 1216/1229 closed within 2 working days as follows: <ul style="list-style-type: none"> Abandoned: 657 out of 666. Withdrawn: 64 out of 67. Duplicates: 495 out of 496. 	9% over-achieved	Improved business processes.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
	1.1.4 ERU to close complaints allocated for closure within 2 working days as: Abandoned, Withdrawn, Duplicates, Out of jurisdiction	1.1.4 Percentage (%) of complaints closed by the ERU within 2 working days as: Abandoned Withdrawn, Duplicates, Out of Jurisdiction	New KPI	Not Achieved 87% (3083 / 3548) (complaints of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER	90%	Achieved: 100% 1418/1418 Complaints allocated for closure closed within 2 working days.	10% over-achieved	Improved business processes.
1.2 Dispose of complaints in a procedurally, fair, expeditious resolution of complaints in terms of the ACT	1.2.1 Case Management Unit (CMU) to refer complaints that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER	1.2.1 Percentage (%) of complaints referred by CMU (that were initially referred by the NCU to respondents for a reply) within 5 working days of receipt from NCU/ER	New KPI	Not Achieved 87% (3083 / 3548) (complaints of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER	90%	Achieved: 91% 4850 out of 5354 complaints responded to within 5 working days	1% over-achieved	<ul style="list-style-type: none"> Improved business processes Effective performance and consequence Management.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
	1.2.2 Finalised complaints with time taken to resolve them	1.2.2 Percentage (%) of complaints finalised within set time frames	Not achieved 99% closed within 2 working days.	Not Achieved 82% (5775 / 7076 complaints finalised within six months) 97% (6843 / 7076 complaints finalised within nine months) 7076 cases were finalised as follows: Determinations: 4368 Settlements: 1382 Out of jurisdiction: 1326	To finalise 85% of the complaints within six months of receipt with an exception of cases that are under curatorship and/or reopened/ delayed due to reasons not within the OPFA's control	Not Achieved: 77% 6498/8399 complaints finalised within six months. <ul style="list-style-type: none"> Settled: 1511 Determination: 5379 OJ: 1509 	8% under achieved.	<ul style="list-style-type: none"> Responses filed late and not addressing all matters. Failure to monitor business process. <p>Remedial action:</p> <ul style="list-style-type: none"> Targeted stakeholder management. Timeous monitoring of business processes

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
	1.2.3 Case Management unit to close complaints allocated for closure within 2 working days as: Abandoned, Withdrawn, Duplicates Out of jurisdiction	1.2.3 Percentage (%) of matters allocated for closure at CMU closed within 2 working days as: <ul style="list-style-type: none"> Abandoned, Withdrawn, Duplicates Out of jurisdiction 	Not achieved 99% closed within 2 working days.	Achieved 100% Abandoned: 25 Withdrawn:43 Duplicates:6 Out of -Jurisdiction: 1326	90%	Achieved: 100% 1600/1600 closed within 2 working days. <ul style="list-style-type: none"> Abandoned: 18 out of 18 Withdrawn: 67 out of 67 Duplicates:6 out of 6 Out of Jurisdiction: 1509 out of 1509 	10% over-achieved	Improved business processes.
	1.2.4 Minimise percentage of OPFA determinations remitted by the Financial Sector Tribunal (FST) for reconsideration on the same facts	1.2.4 Percentage (%) of OPFA determinations issued remitted for reconsideration by the FST on the same facts	Not Applicable (New KPI)	Achieved ≤1 % (1 / 4368 signed-off determinations remitted on the same facts)	≤1 % of signed-off / issued determinations remitted on the same facts.	Achieved: ≤1% (11/5380 signed-off determinations remitted on the same facts)	Not applicable	Not applicable

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
	1.2.5 Finalised complaints with time taken to resolve them by the ERU	1.2.5 Percentage (%) of complaints finalised within 90 days at ERU	New KPI	New KPI	90%	Achieved: 99% 1403 out of 1418 complaints finalised within 90 days	9% over-achieved	Targeted business process improvement.
2.1 Achieve operational excellence and clean administration and enhance reporting	2.1.1 Management and Audit Report with no material findings that will lead to a qualified opinion	2.1.1 Unqualified audit opinion	Achieved Unqualified audit opinion with no material findings	Unqualified audit opinion	Unqualified audit opinion	Achieved: Clean audit - Unqualified audit opinion with no material findings	Not applicable	Not applicable
	2.1.2 A percentage of valid Supplier invoices paid within 30 days.	2.1.2 A percentage of valid OPFA Supplier invoices paid within 30 days	Achieved 99.7%	Achieved 100% (475 / 475 invoices paid within 30 days).	100% except in cases where the invoice is under a dispute process or requires an approval outside the approved delegation of authority	Achieved: 100% 562 out of 562 invoices paid within 30 days.	Not applicable	Not applicable

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
2.2 Achieve operational excellence and establish an effective value proposition that will ensure that the OPFA attracts and retains talent	2.2 Percentage implementation of the employment equity plan	2.2 Percentage implementation of Employment Equity plan for the specific areas: % Black employees (including Asians, Indians and Coloureds) % Female employees % Employees with disabilities	Not achieved. African employees – 84% African employees 55% Female employees 1.6% Employees with disabilities	Not achieved 97% Black employees 62% Female employees 1% Employees with disabilities	92% Black employees 51% Female employees 2% Employees with disabilities	Achieved: 95% Black Employees (62 out of 65) Achieved: 55% Female Employees (36 out of 65) Not achieved: 1% (1 out of 65)	1% (1/65) under achieved.	<ul style="list-style-type: none"> Limited applications from the designated group <p>Remedial action</p> <ul style="list-style-type: none"> Targeted recruitment to be specific on vacancy advertisement on the OPFA's Employment Equity commitments.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
3.1 Conduct impactful awareness programmes; build meaningful and collaborative stakeholder relationships.	3.1 Implemented activities for stakeholder engagement	3.1 Percentage implementation of activities for stakeholder engagement	Not achieved. 63% implementation of activities in the approved engagement plan. 3 x Industry conferences 1 x Group breakfast session with stakeholders 1 x visit to Northwest University 8 x Media releases	90% implementation of activities for stakeholder engagement (As listed below): 4 x Industry Conferences and Seminars participation 2 x Group sessions with industry Stakeholders 2x Visits to Tertiary institutions 12 x Media releases	90% implementation of activities for stakeholder engagement (As listed below): 4 x Industry Conferences and Seminars participation (Physical and virtual) 2 x Group sessions with industry stakeholders 2 x visits to Tertiary institutions 12 x Media releases	Achieved: 186% (54 achieved out of 29 planned activities) 9 out of 4: Industry Conferences and Seminars participation 2 out of 2: Group Sessions 4 out of 2: Visits to Tertiary institutions. 11 out of 12: Media releases. 1 out of 1: Annual Report issued. 10 out of 4: Outreach programmes	96% over-achieved.	<ul style="list-style-type: none"> • Appointment of a Communications Practitioner to co-ordinate stakeholder activities • Increased outreach programmes. • Additional requests received from industry.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Reason for deviation
			1 x Annual Report issued.	1 x Annual Report issued.	1 x Annual Report issued.	Media interviews:		
			3 x Internal staff meetings	4X Outreach programmes (Broadcast /Radio interviews- Roadshows 4 x Internal Staff meetings	4 x Outreach programmes (Physical and Broadcast/Radio Interviews - Roadshows 4 x Internal Staff meetings	4 out of 4: Internal Staff meeting		
3.2 High quality stakeholder service experience and impactful stakeholder engagement	Stakeholder satisfaction survey percentage	3.2 Overall percentage of stakeholder satisfaction survey – the survey will be conducted once every three years	Not achieved. 69.22% Stakeholder satisfaction from the Employee Wellbeing Survey	Survey is conducted once every three years. Target is 60% satisfaction rate from Stakeholder satisfaction survey. Note: The target was revised to 60% in 2023/2024 APP.	60% Satisfaction rate from Stakeholder satisfaction survey.	Achieved: 84% Satisfaction rate from Stakeholder satisfaction survey.	24% over-achieved.	<ul style="list-style-type: none"> Improved business processes and increase service standards. Targeted stakeholder engagements.



PART D: Financial Information

CFO report on budget and levies



Mr B Makunga
Chief Financial Officer

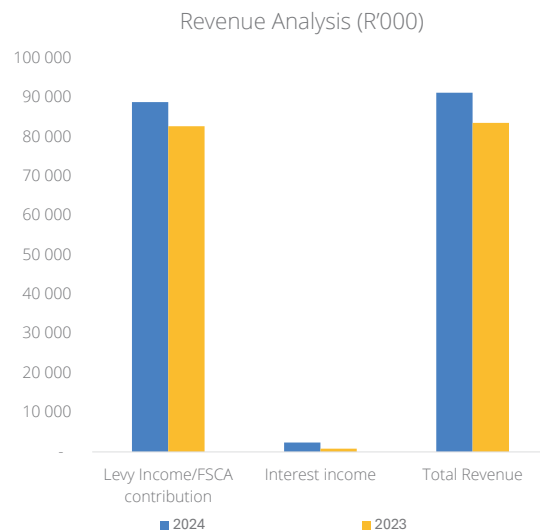
The financial year under review saw changes for the OPFA in terms of budgeting and levy collection. On 24 March 2023, the Minister of Finance published proclamations no. 3186 and 3187 in Government Gazette No. 48291, on the commencement of the Financial Sector and Deposit Insurance Levies Act 11 of 2022 and certain provisions of the FSR Act that amend the Pension Funds Act as they relate to funding and governance requirements of the OPFA, effective from 01 April 2023 and 01 June 2023, as applicable.

A more specific amendment was to the Pension Funds Act section 30R: *Funds of Adjudicator*, where it states that, “The funds of the Adjudicator shall consist of funds accruing to the Adjudicator in terms of the Levies Act on the grounds of a budget submitted to, and approved by, the Minister of Finance”. Previously, the OPFA was funded by the FSCA from a budget submitted and approved by the FSCA Commissioner. The new funding model reinforces the independence of the OPFA, as a statutory ombud scheme, from the FSCA both in its operations and the manner in which it is funded. However, the budget for the year under review was approved by the FSCA Commissioner as the proclamations were gazetted after the budget approval process had concluded.

Revenue

Revenue consists of levies and interest from exchange and non-exchange transactions. For the year ended 31 March 2024, revenue grew by 9% to R91.2 million (2023: R83.6 million) mainly as a result of the special levy imposed in the year under review as well as higher interest income from monies invested in-year as part of cash management.

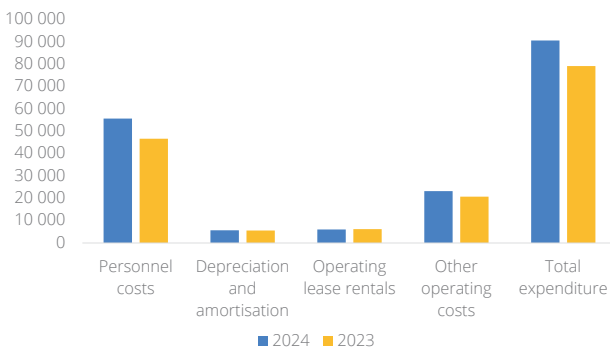
It was the first year of recognising levy income due to the changes in section 30R of the Act from the FSCA contribution that was recognised in previous years in terms of the previous regime.



Expenditure

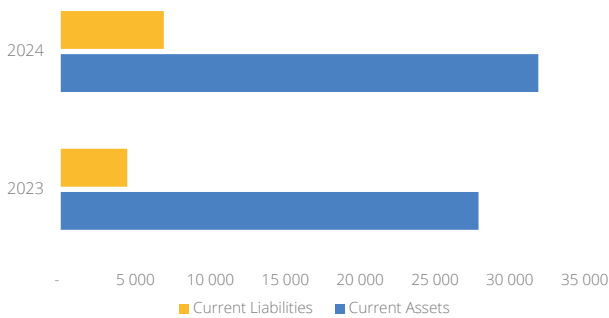
Operating expenditure for the year increased by 15% to R90.6m (2023: R79.2m). This increase is attributable to personnel costs as a result of key vacancies filled, depreciation of newly acquired assets, increased ICT support and maintenance costs, and stakeholder management due to increased stakeholder activities.

Expenditure Analysis (R'000)



Working Capital

Working Capital (R'000)



The OPFA adopted active cash management strategies to manage its working capital to meet financial obligations when they fall due. Cash flow was closely managed, and surplus funds are invested in the Corporation for Public Deposits with the South African Reserve Bank (SARB). The net current assets maintained for the financial year remained favourable at R31.9 million (2023: R27.9 million).

Trade and other payables

The OPFA's target is to settle trade payables within 30 days of receiving suppliers' invoices in line with National Treasury Regulations. In this regard, the OPFA has achieved an average of 7 days for the year (2023: 7 days) which is within the 30 days as prescribed by National Treasury. At financial year-end, trade payables amounted to R1.9 million (2023: R0.98 million).

Trade receivables

As at financial year-end, the OPFA's receivables from non-exchange amounted to R0.025 million (2023: R3.4 million), whilst receivables from exchange amounted to R0.94 million (2023: R1.3 million). Receivables from non-exchange transactions is made up of levies.

Outlook

The new budgeting and levy proposal process stipulated in section 10 of the Financial Sector and Deposit Insurance Levies Act, read together with the FSR Act and section 30R of the Act, introduces a consultative budgeting process for enhanced transparency and accountability, while ensuring that financial sector bodies are sufficiently funded to deliver on their mandates. With its first budget and levy proposal, the OPFA aims to establish a financial base that targets its strategic priorities and guarantees financial sustainability in the medium term. The OPFA is focused on optimising its resources, realising more efficiencies from the ERP project currently being implemented, enhancing value for money, and exploiting partnership opportunities to deliver on its mandate and create value for all its stakeholders.

Mr B Makunga
Chief Financial Officer

Contents

Accounting Authority's Responsibilities and Approval	97
Audit Committee Report.....	98
Report of the Auditor General South Africa.....	99
Statement of Financial Position	107
Statement of Financial Performance	108
Statement of Changes in Net Assets	109
Cash Flow Statement.....	110
Statement of Comparison of Budget and Actual Amounts.....	111
Accounting Policies	112
Notes to the Annual Financial Statements.....	128

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 is 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 were given unrestricted access to all financial records and related data.

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

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

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

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

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

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.



Ms MA Lukhaimane
Pension Funds Adjudicator
Accounting Authority

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2024. The subcommittee provides oversight on behalf of the accounting authority of the OPFA, the Pension Funds Adjudicator, in terms of section 77(c) of the Public Finance Management Act No. 1 of 1999 and consists of only non-executive members. The committee is a statutory sub-committee of the accounting authority and does not perform any management functions or assume any management responsibilities. The subcommittee's role is to review, monitor and advise the accounting authority in her responsibility to ensure effective financial, performance and risk management systems at the OPFA. The subcommittee also evaluates, monitors and advises on the system of internal control and their operating effectiveness. The subcommittee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA management, internal auditors and Auditor-General South Africa attend audit committee meetings by invitation.

Audit committee members and attendance

The Audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 6 meetings were held.

Name of member	Number of meetings attended
N Esterhuizen (Chairperson)	6/6
T Ajam	5/6
J Mogadime	6/6
P Mvulane	5/6
L Senne	5/6

Audit committee responsibility

The audit committee reports that the OPFA complies with section 55 and section 77 of the PFMA and that it has discharged its duties as required by Treasury Regulations 27.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

Internal audit

The audit committee is satisfied that the internal auditors have been appointed and that an adequate audit plan for the OPFA has been presented. However, as the internal auditors have recently commenced with their activities, the audit committee cannot yet provide assurance that the internal auditors are operating effectively.

Auditor-General of South Africa

The audit committee is satisfied with the work of the Auditor-General of South Africa and has engaged them to confirm that there are no material issues that remain unresolved.



Chairperson of the Audit Committee

Date: 09 September 2024

Auditor-General South Africa Registered Auditors

Report of the auditor-general to Parliament on the Office of the Pension Funds Adjudicator

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Pension Funds Adjudicator set out on pages 107 to 111, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets cash flow statement, statements of comparison of budget information with actual information 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 Office of the Pension Funds Adjudicator as at 31 March 2024 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) 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.

Responsibilities of the accounting authority for the financial statements

6. 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.
7. 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

8. 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.

9. 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 7, forms part of our auditor's report.

Report on the annual performance report

10. 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.

11. I selected the following material performance indicators related to Programme 1: Dispose of complaints received presented in the annual performance report for the year ended 31 March 2024. 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 (%) of complaints received and acknowledged within 2 working days
- Percentage (%) of complete premature complaints referred to respondents by the NCU within 5 working days
- Percentage (%) of complaints closed by the NCU within 2 working days as:
 - Abandoned
 - Withdrawn
 - Duplicates
 - Out of Jurisdiction
- Percentage (%) of complaints closed by the ERU within 2 working days as:
 - Abandoned
 - Withdrawn
 - Duplicates
 - Out of Jurisdiction
- Percentage (%) of complaints referred by CMU (that were initially referred by the NCU to respondents for a reply) within 5 working days of receipt from NCU/ERU
- Percentage (%) of complaints finalised within set timeframes
- Percentage (%) of matters allocated for closure at CMU closed within 2 working days as:
 - Abandoned
 - Withdrawn
 - Duplicates

- Percentage (%) of OPFA determinations issued remitted for reconsideration by the FST on the same facts
 - Percentage (%) of complaints finalised within 90 days at ERU
12. 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.
13. 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 presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets
14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected indicator.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement's. This information should be considered in the context of the material findings on the reported performance information.
18. The table that follows provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 84 to 92.

Dispose of complaints received

<i>Targets achieved: 89%</i>		
Key indicator not achieved	Planned target	Reported achievement
To finalise 85% of the complaints within six months of receipt with the exception of cases that are under curatorship and/or reopened/delayed due to reasons not within the OPFA's control	85%	75%

Report on compliance with legislation

19. 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.
20. 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.
21. 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.
22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual 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.
24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. 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.
26. 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

27. 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.
28. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2024



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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Cash and cash equivalents	4	34,141,683	25,920,451
Receivables from exchange transactions	5	938,074	1,270,393
Statutory receivables	6	25,830	3,380,230
Prepayments	7	3,696,414	1,778,609
		38,802,001	32,349,683
Non-Current Assets			
Property, plant and equipment	8	11,438,357	15,165,132
Intangible assets	9	1,996,040	1,668,058
		13,434,397	16,833,190
Total Assets		52,236,398	49,182,873
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	4,250,479	4,443,040
Provisions	11	2,629,000	-
		6,879,479	4,443,040
Total Liabilities		6,879,479	4,443,040
Net Assets		45,356,919	44,739,833
Accumulated surplus		45,356,921	44,739,833
Total Net Assets		45,356,921	44,739,833

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Interest revenue		2,319,531	834,816
Revenue from non-exchange transactions			
Revenue from non exchange transactions	12	88,858,855	82,729,529
Interest from non exchange transactions		59,245	-
Total revenue from non-exchange transactions		88,918,100	82,729,529
Total revenue	13	91,237,631	83,564,345
Expenditure			
Auditor's remuneration - external		(1,657,528)	(1,186,985)
Auditor's remuneration - internal		(440,928)	(763,398)
Consulting and professional fees		(966,972)	(1,317,705)
Depreciation and amortisation	14	(5,694,478)	(5,577,235)
Information technology, maintenance and support		(10,078,688)	(8,912,376)
Operating lease rentals	15	(6,045,413)	(6,214,805)
Legal expenses		(836,958)	(701,342)
Other operating costs	16	(9,236,195)	(7,853,072)
Personnel costs	17	(55,663,381)	(46,632,777)
Total expenditure		(90,620,541)	(79,159,695)
Surplus for the year		617,090	4,404,650

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total Net Assets
Balance at 01 April 2022	40,335,181	40,335,181
Changes in net assets		
Surplus for the year	4,404,650	4,404,650
Total changes	4,404,650	4,404,650
Balance at 01 April 2023	44,739,831	44,739,831
Changes in net assets		
Surplus for the year	617,090	617,090
Total changes	617,090	617,090
Balance at 31 March 2024	45,356,921	45,356,921

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Revenue from non exchange transactions		92,257,859	82,668,211
Interest		2,319,530	834,816
Other cash items		84,316	61,925
		94,661,705	83,564,952
Payments			
Employee costs		(52,015,933)	(46,539,054)
Suppliers		(32,096,118)	(29,051,922)
		(84,112,051)	(75,590,976)
Net cash flows from operating activities	18	10,549,654	7,973,976
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,782,582)	(2,047,802)
Purchase of intangible assets	9	(725,843)	(967,696)
Proceeds from Investing activities		180,000	61,546
Net cash flows from investing activities		(2,328,425)	(2,953,952)
Net increase/(decrease) in cash and cash equivalents		8,221,229	5,020,025
Cash and cash equivalents at the beginning of the year		25,920,453	20,900,428
Cash and cash equivalents at the end of the year	4	34,141,682	25,920,453

The accounting policies on pages 112 to 127 and the notes on pages 128 to 147 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest Received	427,180	-	427,180	2,319,531	1,892,351	Note 26
Revenue from non-exchange transactions						
Revenue						
Revenue from non exchange transactions	89,963,628	-	89,963,628	88,858,855	(1,104,773)	Note 26
Interest from non exchange transactions	-	-	-	59,245	59,245	
Total revenue from non - exchange transactions	89,963,628	-	89,963,628	88,918,100	(1,045,528)	
Total revenue	90,390,808	-	90,390,808	91,237,631	846,823	
Expenditure						
Personnel Cost	(58,139,494)	-	(58,139,494)	(53,034,381)	5,105,113	Note 26
Intangible Assets	(1,100,000)	-	(1,100,000)	(725,843)	374,157	Note 26
Property, plant and equipment acquisitions	(4,260,000)	-	(4,260,000)	(1,782,583)	2,477,417	Note 26
Legal Expenses	(558,564)	-	(558,564)	(836,958)	(278,394)	Note 26
Depreciation and amortisation	(4,100,080)	-	(4,100,080)	(5,694,478)	(1,594,398)	Note 26
Lease rentals on operating lease	(9,213,655)	-	(9,213,655)	(6,045,413)	3,168,242	Note 26
Auditor's remuneration - External	(1,694,347)	-	(1,694,347)	(1,657,528)	36,819	Note 26
Auditor's remuneration - Internal	(686,313)	-	(686,313)	(440,928)	245,385	Note 26
Consulting and Professional fees	(1,842,518)	-	(1,842,518)	(966,972)	875,546	Note 26
Other operating costs	(10,198,073)	-	(10,198,073)	(9,173,762)	1,024,311	Note 26
IT Maintenance and Support	(7,989,990)	-	(7,989,990)	(10,078,688)	(2,088,698)	Note 26
Total expenditure	(99,783,034)	-	(99,783,034)	(90,437,534)	9,345,500	
Surplus before taxation	(9,392,226)	-	(9,392,226)	800,097	10,192,323	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(9,392,226)	-	(9,392,226)	800,097	10,192,323	
Reconciliation						
Basis difference						
Non-cash items				(34,427)		
Provisions				(2,657,006)		
Acquisition of PPE and Intangible Assets				2,508,426		
Actual Amount in the Statement of Financial Performance				617,090		

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The main object of the Adjudicator shall be to dispose of complaints lodged in terms of section 30A(3) of the Pension Funds Act and complaints for which the Adjudicator is designated in terms of section 211 of the FSR Act in a procedurally fair, economical and expeditious manner.

Basis of accounting

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 PFMA.

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.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The accounting authority and management are of the view that there is no economic threats that will significantly impact the operations of the OPFA and cash reserves currently available will provide a buffer to ensure the entity meets its short-term commitments as they fall due. The transition and implementation of the FSR Act, changes in the Pension Funds Act and the promulgation of Financial Sector and Deposit Insurance Levies Act 11 of 2022 will positively impact the mandate or going concern of the OPFA.

1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and 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.

1.4 Significant judgments 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 judgment 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 judgments include:

Significant assumptions, judgment made by management, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

1.4 Significant judgments and sources of estimation uncertainty (continued)

Impairment testing of receivables from exchange and non-exchange transactions

The entity assesses its receivables from exchange and non-exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the OPFA makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables from exchange and non-exchange transactions is calculated individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Impairment testing for non-financial assets

The OPFA has judged all non-financial assets to be non-cash generating based on the entity's objective of using these assets to deliver a service and not to generate a commercial return. The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

Useful lives and residual values of intangible assets

The OPFA reassesses the useful lives and residual values of intangible assets on an annual basis. In reassessing the useful lives and residual values of intangible assets, management considers the condition and the use of the individual assets to determine the remaining period over which the asset can and will be used. The change is accounted for as a change in accounting estimate.

Useful lives and residual values of property, plant and equipment

The OPFA reassesses at each reporting date whether there is any indication that entity expectations about the residual values and the useful lives of its property, plant and equipment 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 accounting estimate.

The OPFA was planning to move premises during the year under review, as a result the OPFA disposed certain assets from the fixed asset register in anticipation of the move. However, the plan to move did not materialise due to failure to reach an agreement on the terms and conditions with the prospective landlord. This was an unforeseen circumstance and as a result the management of the OPFA was compelled to reconsider its decision and reinstate these assets in the fixed asset register at its original cost net accumulated depreciation to ensure that these assets can be verifiable for sound asset management purposes. The assets in consideration have an aggregate cost value that is less than the entity's materiality, hence management did not adjust its financial statements as it relates to these assets.

When making a judgment on fully depreciated assets still being used by the entity, management considers whether the principles of GRAP standards on property, plant and equipment were appropriately applied, whether all relevant facts and circumstances were considered in determining the useful lives of the assets in prior years and the material impact of adjustments on the entity's financial statements. If the transactions are material, management adjusts the financial statements and when the adjustments are not material, management does not make adjustments.

1.4 Significant judgments and sources of estimation uncertainty (continued)

Armortisation of an intangible asset implemented in phases

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.

Armortisation of intangible assets commences when it is available for use and in a condition as set out by management, and it is written down on a straight-line basis over its useful life. For the year under review, the OPFA commenced with the implementation of an ERP system in two phases that are grouped as significant parts of the system and to be amortised when available for use. Phase 1 was considered available for use after signing of user acceptance certificates and management's decision. Phase 2 was not considered available for use by management despite the user acceptance certificate was signed due to critical activities not completed to satisfaction of management as at year end.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of 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.

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

1.5 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation for Property, plant and equipment commences on the date when the asset is available for use.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment is not utilised as security by the OPFA for any debt or credit.

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

Item	Depreciation method	Useful life
Plant and machinery	Straight-line	10 to 20 years
Furniture and fixtures	Straight-line	5 to 15 years
Motor vehicles	Straight-line	5 to 7 years
Office equipment	Straight-line	3 to 15 years
IT equipment	Straight-line	3 to 15 years
Library books	Straight-line	4 to 8 years
Leasehold improvements	Straight-line	Lease period
Signage	Straight-line	Lease period

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 entity assesses at each reporting date whether there is any indication that the entity's 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 accounting estimate.

Certain items with a cost price of less than R5 000 may be recognised as property, plant and equipment if management deems it proper or otherwise they are expensed. All such items recognised as assets in the asset register will be removed from the register once fully depreciated. These assets shall be moved to inventory list if deemed useful.

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

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

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

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.

Embedded software which controls the functions of hardware equipment is recognised as part of the cost of the hardware. 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 ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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.

1.6 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset. Amortisation commences when the intangible asset is available for use:

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

Item	Depreciation method	Useful life
Computer software	Straight-line	3 to 5 years

1.7 Financial instruments

Classification

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

- Financial assets measured at amortised cost which comprise of receivables from exchange and non-exchange transactions and cash and cash equivalents.
- Financial liabilities measured at amortised cost which comprise of trade and other payables from exchange transactions.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed 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 subsequent measurement

Financial instruments are recognised initially at fair value when the OPFA becomes a party to the contractual provisions of the instruments plus transaction cost.

The OPFA classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Transaction costs are included in the initial measurement of the financial instrument. Purchases of financial assets are accounted for at trade date.

Receivables from exchange and non-exchange transactions

These financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When a receivable is uncollectable, it is written off against the allowance account for receivables.

Subsequent recoveries of amounts previously written off are recognised in surplus or deficit.

Cash and cash equivalents

These financial assets are recognised at amortised cost and are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

1.7 Financial instruments (continued)

Cash and cash equivalents comprise of cash at bank and cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value, and subsequently at amortised cost using the effective interest rate method.

Trade and other payables from exchange transactions

These financial liabilities are recognised at amortised cost and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the OPFA assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default on payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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

Trade receivables and payables are subject to a 30-day collection or payment terms, which is consistent with the terms used in the public sector. Short-term receivables and payables are consequently not discounted and any time value of money is considered immaterial.

Derecognition of financial assets

An entity shall derecognise a financial asset only when:

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

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer

1.8 Statutory receivables Identification

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

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.

Impairment losses

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

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

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

1.8 Statutory receivables Identification (continued)

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

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

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

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

Derecognition

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

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

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

1.9 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). the Impairment loss is recognised immediately in the Statement of Financial Performance as an expense.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised an income.

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.

1.9 Impairment of cash-generating assets (continued)

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.

Judgments made by management in applying the criteria to designate assets as cash-generating assets or Non-cash generating assets, are as follows:

The OPFA is a public entity and similarly to other 3A public entities, it renders services as mandated by law and not for a commercial return. Funding obtained is only determined based on the cost of operating and not for a purpose of furthering an enterprise. In result, the OPFA is designated a non-cash generating unit

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

Payments to defined contribution retirement benefit schemes and pension fund are charged as an expense as they fall due. Payments made to industry managed retirement benefit schemes and FSCA pension fund are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement plan.

1.11 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.

1.11 Provisions and contingencies (continued)

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 surplus.

A constructive obligation to restructure arises only when an entity:

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

Incentive scheme

Incentive Scheme is a short term employee benefit which is expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A provision for incentive scheme is raised on the estimated amount payable in terms of the performance bonus which is based on the business and employee's performance in the applicable year.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

For the year under review, the OPFA is funded in terms of section 30R of the Pension Funds Act by imposing levies on the pension funds industry as detailed in the Levies Act. The Levies Act still imposes the responsibility for collecting levy amounts on the FSCA and allocating to the OPFA the amount determined in accordance with the Act.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific Act is much more significant than any other acts, the recognition of revenue is postponed until the significant Act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest revenue

Revenue arising from the use by others of entity assets yielding interest 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.

1.13 Revenue from exchange transactions (continued)

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. Levies are recognised once determined in accordance with section 4, in respect of Schedule 5 of the Act.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Revenue is recognised when the asset is recognised and if an obligation arises from the receipt of the asset, the revenue is recognised to the extent that there is no further obligation. Revenue from non exchange transactions comprises of levies, penalties and other income. All registered pension funds are required to pay annual levies to fund the operations of the OPFA according to section 30R of the Pension Funds Act. Levies are raised in terms of the regulations published in the Government Gazette and are accounted for on an accrual basis.

1.14 Revenue from non-exchange transactions (continued)

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.

Services in-kind

Except for financial guarantee contracts, the entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

1.17 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

All irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

1.18 Budget information

Schedule 3A Public entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

1.18 Budget information (continued)

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a modified cash basis and presented by economic classification. The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The annual financial statements and the budget are not on the same basis of accounting and a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.20 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).

1.20 Events after reporting date (continued)

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred. If the identified event is a non-adjusting, 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, provided non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.21 Prepayments

Prepayments are payments made in advance for services or goods that have not been delivered for which the OPFA expects delivery in the next financial period.

Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice on a basis consistent with the prior year.

3. New standards and interpretations

3.1. Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	To be determined by the Minister of Finance	Unlikely there will be a material impact

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank and on hand	4,049,479	7,248,440
Short-term deposits	29,991,542	18,672,011
Standard bank - Payroll Account	100,662	-
	34,141,683	25,920,451

Included in the Cash and Cash equivalents is an amount of R4 049 479 held with Standard Bank SA for operations, a short term deposit of R29 991 542 held with the South African Reserve Bank and a further R 100 662 also held with Standard Bank SA for Payroll purposes.

5. Receivables from exchange transactions

Trade and other debtors	938,074	1,270,393
-------------------------	---------	-----------

Receivables from exchange transactions

Receivables become past due if payments are not received by the payment due date. Receivables consist mainly of study assistance which is payable by means of a work back arrangement amortised on a monthly basis over a maximum period of 24 months. As at 31 March 2024, none of the receivables from exchange transactions were past due nor impaired.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

6. Statutory receivables

Statutory receivables	25,830	3,380,230
-----------------------	--------	-----------

Statutory receivables from non-exchange transactions

Statutory receivables past due but not impaired

Statutory receivables which are not considered to be impaired. At 31 March 2024, 53,836 (2023: 3,380,230) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due - FSCA Debtor	-	3,380,230
3 months past due- Levies Debtor	25,830	-

Reconciliation of provision for impairment for statutory receivables

Provision for doubtful debts	28,006	-
------------------------------	--------	---

Statutory receivables from non-exchange transactions

The is funded in according with section 30R of the Pension Funds Act by imposing levies on the pension fund industry. The non-exchange statutory receivables are due to levies invoiced but not collected as at year end.

7. Prepayments

Prepayments are payments made in advance for services that have not been delivered for which the OPFA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Prepayments

Subscriptions	262,342	360,296
Computer Licenses	2,451,331	906,519
Licenses	309	309
Computer Support	481,422	494,588
Membership fees	35,317	16,897
Car tracking Services	716	-
Rental	464,977	-
	3,696,414	1,778,609

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	6,822,557	(6,779,221)	43,336	6,822,557	(6,259,166)	563,391
Plant and machinery	276,849	(153,420)	123,429	276,849	(139,577)	137,272
Furniture and fixtures	2,083,956	(1,634,204)	449,752	1,926,532	(1,225,583)	700,949
Motor vehicles	692,597	(57,959)	634,638	386,533	(236,230)	150,303
Office equipment	260,423	(217,629)	42,794	198,216	(145,306)	52,910
IT equipment	23,037,591	(12,908,406)	10,129,185	22,679,950	(9,142,284)	13,537,666
Library books	47,934	(32,792)	15,142	54,150	(32,562)	21,588
Signage	39,877	(39,796)	81	39,877	(38,824)	1,053
Total	33,261,784	(21,823,427)	11,438,357	32,384,664	(17,219,532)	15,165,132

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposal/ scrapped	Depreciation	Total
Leasehold property	563,391	-	-	(520,055)	43,336
Plant and machinery	137,272	-	-	(13,843)	123,429
Furniture and fixtures	700,949	-	27	(251,224)	449,752
Motor vehicles	150,303	692,597	(150,000)	(58,262)	634,638
Office equipment	52,910	11,665	-	(21,781)	42,794
IT equipment	13,537,666	1,078,320	(62,764)	(4,424,037)	10,129,185
Library books	21,588	-	(2)	(6,444)	15,142
Signage	1,053	-	-	(972)	81
	15,165,132	1,782,582	(212,739)	(5,296,618)	11,438,357

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposal/scrapped	Depreciation	Total
Leasehold property	1,197,746	10,460	-	(644,815)	563,391
Plant and machinery	151,114	-	-	(13,842)	137,272
Furniture and fixtures	891,337	53,480	-	(243,868)	700,949
Motor vehicles	153,941	-	-	(3,638)	150,303
Office equipment	86,577	-	-	(33,667)	52,910
IT equipment	15,955,411	1,983,863	(53,416)	(4,348,192)	13,537,666
Library books	29,506	-	-	(7,918)	21,588
Signage	2,106	-	-	(1,053)	1,053
	18,467,738	2,047,803	(53,416)	(5,296,993)	15,165,132

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5,716,229	(3,720,189)	1,996,040	5,999,519	(4,331,461)	1,668,058

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1,668,058	725,843	(397,861)	1,996,040

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	980,604	967,696	(280,242)	1,668,058

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Payables from exchange transactions		
Trade payables	1,910,530	980,327
Sundry payables	98,013	103,115
Operating lease accrual	-	1,093,227
Accrued leave pay	2,241,936	2,266,371
	4,250,479	4,443,040

The prior year leave liability was overstated by R4 972.29 and the balance was not adjusted as the amount was considered immaterial.

11. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Provision for Incentive Scheme	-	2,629,000	2,629,000
Non-current liabilities		-	-
Current liabilities		2,629,000	-
		2,629,000	-

Incentive Scheme is a short term employee benefit which is expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A provision for incentive scheme is raised on the estimated amount payable in terms of the performance bonus which is based on the business and employee's performance in the applicable year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Revenue		
Revenue from non exchange transactions	88,858,855	82,729,529
13. Revenue		
Interest received	2,319,531	834,816
Revenue from non exchange transactions	88,858,855	82,729,529
Interest from non exchange transactions	59,245	-
	91,237,631	83,564,345
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received	2,319,531	834,816
The amount included in revenue arising from non-exchange transactions is as follows:		
Revenue		
Revenue from non exchange transactions	88,858,855	82,729,529
Interest from non exchange transactions	59,245	-
	88,918,100	82,729,529
Revenue		

The OPFA is funded in according with section 30R of the Pension Funds Act by imposing levies on the pension fund industry. Interest received is revenue earned from the short term deposit held with the South African Reserve Bank's Corporation for Public Deposits account as part of cash management.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
14. Depreciation and amortisation		
Property, plant and equipment	5,296,618	5,296,993
Amortisation - Intangible assets	397,860	280,242
	5,694,478	5,577,235
15. Lease rentals on operating lease		
Premises		
Contractual amounts	5,776,680	5,907,792
Equipment		
Contractual amounts	268,733	307,013
	6,045,413	6,214,805

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 recognised as an operating lease asset or liability. The operating lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The operating lease assets are derecognised when the entity no longer anticipates economic benefits or service potential to flow from the asset.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
16. Other operating costs		
Advertising and recruitment	603,181	60,877
Bank charges	73,386	31,583
Bad debts	25,006	-
Building services	89,004	99,254
Car track	1,432	4,342
Cellphone expenses	91,622	92,023
Cleaning	52,033	163,627
Office plants	35,319	26,868
Consumables	401,464	282,412
Courier Services	8,575	6,386
Covid-19 expenses	-	26,490
Conferences- Local	115,531	-
Electricity and water	653,937	791,830
Flowers and gifts	24,420	77,890
Foreign exchange loss	1,690	3,483
Fuel, parking, mileage, toll fees and car wash	48,305	31,022
Gain or/(loss) on sale of assets	32,737	(8,128)
Insurance	654,027	555,012
Internet expenses	558,039	994,750
Library expenses	-	2,331
Licenses	1,855	1,855
Membership fees	28,669	44,201
Off-site storage	334,349	338,320
Postage	97,333	162,868
Printing	119,495	100,508
Printing and stationery	463,574	404,927
Promotions	819,682	-
Rates and taxes	832,370	794,819
Refuse and sewerage	56,534	43,770
Repairs and maintenance	251,143	298,129
Secretariat fees	15,640	15,640
Staff welfare	301,072	155,119
Stakeholder engagement	180,007	223,255
Strategic planning and workshop	13,567	-
Study assistance	401,332	88,942
Subscriptions	215,209	147,731
Subscriptions and membership fees	-	22,943
Telephone	597,595	838,401
Training and workshop	406,586	541,815
Foreign Travel & Accommodation	278,280	178,712
Travel and accommodation-Local	317,522	209,065
Outreach	34,673	-
	9,236,195	7,853,072

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
17. Personnel costs		
Salaries	41,414,919	37,820,531
Executive Medicals	16,941	-
Incentive scheme	3,386,447	1,681,648
Retirement annuity and pension fund contributions	3,744,998	3,491,640
UIF	143,774	136,237
SDL	451,161	394,541
Leave Commutation	2,073,095	1,460,343
Workmen's Compensation	29,423	66,983
Leave Liability adjustment	(24,435)	103,366
Employee group scheme	599,598	527,538
Employee assistance program	75,731	69,905
Long-service awards	59,000	36,500
13th Cheques	53,950	107,900
Acting allowances	21,693	-
Provision for Incentive Scheme	2,629,000	-
	54,675,295	45,897,132
Remuneration of non-executive directors		
Committee and other fees	988,086	735,645
	55,663,381	46,632,777
18. Cash generated from operations		
Surplus	617,090	4,404,650
Adjustments for:		
Depreciation and amortisation	5,694,478	5,577,235
Movements in provisions	2,629,000	-
Gain/loss from sale of assets and liabilities	32,733	(8,127)
Changes in working capital:		
Receivables from exchange transactions	332,319	(485,396)
Statutory receivables	3,354,400	(61,318)
Prepayments	(1,917,805)	(1,180,851)
Payables from exchange transactions	(192,561)	(272,217)
	10,549,654	7,973,976
19. Taxation		

The Office of the Pension Funds Adjudicator is exempt from income tax in terms of section 10(1)(cA)(i)(bb) of the Income Tax Act 58 of 1962.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
20. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	-	773,166
Intangible assets	5,772,718	1,917,197
	5,772,718	2,690,363
Total capital commitments		
Already contracted for but not provided for	5,772,718	2,690,363
Authorised operational expenditure		
Already contracted for but not provided for		
General Expenditure	1,963,757	1,287,735
Total operational commitments		
Already contracted for but not provided for	1,963,757	1,287,735
Total commitments		
Total commitments		
Authorised capital expenditure	5,772,718	2,690,363
Authorised operational expenditure	1,963,757	1,287,735
	7,736,475	3,978,098
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	303,954	6,678,161
- in second to 3rd year inclusive	557,248	-
	861,202	6,678,161

Operating lease payments represent rentals payable by the entity for its office premises and photocopy machines. The lease for office rentals is zero due to the contract being entered into for 2 months and the rent for April being paid in advance. The lease for rentals was subsequently negotiated further and details are on the note for events after reporting period. Leases for photocopy machines are negotiated for an average term of at least three years. No contingent rent is payable.

21. Contingent Liabilities

No Contingent liabilities were recorded in the current financial year.

Notes to the Annual Financial Statements

22. Related parties

Relationships

Schedule 3A Public Entity and under common control of the National Treasury

Related party balances

Amounts included in Trade receivable regarding related parties

Schedule 3A Public Entity and under common control of the National Treasury - 3,380,230

The FSCA funds the operations of the OPFA according to section 30R of the Pension Funds Act. The transfer is based in a total operating budget of the OPFA, which is paid in tranches during the year. The non-exchange statutory receivables are due to payments not received from the FSCA as at year end.

Transfer revenue

Financial Sector Conduct Authority - (82,729,529)

Shared services costs incurred

Financial Sector Conduct Authority 5,125,254 4,798,927

The OPFA shares services with the FSCA as it relates to ICT infrastructure and maintenance, governance, language and secretariat services which are billed on a periodic basis. All transactions between the FSCA and OPFA are considered to be at arms length.

Amounts included in Trade Payables regarding related parties

FSCA Payables 1,001,556 -

Remuneration of management

Management class: Non-executive committee members

2024

Name	Committee fees	Other remuneration received	Total
T Ajam	67,893	14,548	82,441
V Balgobind	37,180	6,466	43,646
N Esterhuizen	74,359	14,549	88,908
P Koch	6,466	-	6,466
S Malatji	6,466	-	6,466
J Mogadime	53,345	14,548	67,893
P Mokgobu	40,413	14,548	54,961
L Molebatsi	37,179	6,466	43,645
D Msomi	59,487	42,756	102,243
P Mvulane	32,330	-	32,330
TL Randall	37,179	21,015	58,194
S Hamdulay	29,097	14,549	43,646
L Senne	35,563	-	35,563
P Sutherland	48,495	29,097	77,592
K Mofoua	29,097	-	29,097
T Kgarametsane	25,864	21,015	46,879
V Barthus	21,014	37,180	58,194
A Ntuane	25,864	77,592	103,456
V Pangwa	6,466	-	6,466
	673,757	314,329	988,086

Notes to the Annual Financial Statements

22. Related parties (continued)

2023

Name	Committee fees	Other remuneration received	Total
T Ajam	19,398	-	19,398
V Balgobind	24,247	-	24,247
N Esterhuizen	64,660	19,398	84,058
P Koch	25,864	-	25,864
S Malatji	25,864	-	25,864
J Mogadime	77,592	-	77,592
P Mokgobu	32,330	-	32,330
L Molebatsi	30,713	-	30,713
D Msomi	72,500	53,724	126,224
P Mvulane	38,796	-	38,796
TL Randall	30,714	-	30,714
H Ratshefola (Deceased on 15-04-2023)	90,524	9,699	100,223
L Senne	35,563	-	35,563
P Sutherland	63,044	21,015	84,059
	631,809	103,836	735,645

Other remuneration received relate to adhoc services that committee members render to the OPFA including performance management for executives, pre-meetings and similar engagements.

Management class: Executive management

2024

Name	Emoluments	Incentive bonus	Post-employment benefits	Commutation	Total
M Lukhaimane, PFA	3,103,999	557,195	331,481	203,422	4,196,097
*N Essop, DPFA	1,824,657	182,326	195,680	120,822	2,323,485
B Makunga, CFO	2,065,430	500,642	219,258	173,043	2,958,373
S Mothupi, SAA-Team Leader	1,706,842	-	130,797	69,715	1,907,354
T Dooka-Rampedi, SAA-Team Leader (Resigned-30 September 2023)	649,887	-	75,769	245,839	971,495
NG Kutama, SAA-Team Leader	1,446,806	150,797	156,218	58,385	1,812,206
L Jadoonandan, ERM	1,521,698	153,538	-	-	1,675,236
W Groenewald, NCUS	1,132,498	74,402	-	42,806	1,249,706
S Ntsimane, ITSM (Resigned-31 December 2023)	1,384,255	228,609	-	206,004	1,818,868
LL Rabotapi, SAA-Team Leader (Appointed-01 December 2023)	467,555	-	50,512	-	518,067
PT Sithole, HHC (Appointed-01 August 2023)	1,025,132	-	-	-	1,025,132
NP Ntshangase, SLA (Appointed-01 January 2024)	293,312	-	31,688	-	325,000
	16,622,071	1,847,509	1,191,403	1,120,036	20,781,019

Notes to the Annual Financial Statements

22. Related parties (continued)

2023

Name	Emoluments	Incentive Bonus	Post-employment benefits	Commutations	Total
M Lukhaimane, PFA	2,845,541	259,050	303,657	249,196	3,657,444
B Makunga, CFO	1,847,489	225,852	197,791	77,442	2,348,574
N Essop, SLA	1,503,862	115,604	160,806	62,961	1,843,233
S Mothupi, SAA-Team Leader	1,628,451	89,299	124,877	39,837	1,882,464
*T Dooka-Rampedi, SAA-Team Leader	1,408,411	-	151,539	59,615	1,619,565
NG Kutama, SAA-Team Leader	1,287,338	15,222	139,003	55,341	1,496,904
L Jadoonandan, ERM	1,436,379	29,810	-	-	1,466,189
W Groenewald, NCUS	1,044,090	60,043	-	40,768	1,144,901
S Ntsimane, ITSM	1,681,228	116,694	-	58,133	1,856,055
I K Kotu, HRBP (Resigned December 2022)	667,336	-	68,900	56,921	793,157
	15,350,125	911,574	1,146,573	700,214	18,108,486

Employees of the OPFA are paid on a total cost to company basis, where applicable, salaries include retirement fund contributions, medical aid contributions and travel allowance. Total cost to company used for key management's total emoluments is the most reliable estimate as the total cost of direct and indirect benefits received are not always determinable. The OPFA benefit structure is both retirement fund and defined contribution pension fund. The OPFA also provides a comprehensive death benefit for all its staff including key management. The amounts are disclosed under Post employment and other benefits. Other short term and post-employment benefit payable by employer for a member of key management are not considered material.

*N Essop was a Senior Legal Advisor and was promoted to the position of Deputy Adjudicator on 01 August 2023. the earnings reflected include total earnings for the 2023/24 financial year, both as SLA and Deputy Adjudicator. In addition, Ms S Dooka-Rampedi's 13th cheque was reallocated from incentive bonus to basic salary for comparability purposes.

PFA – Pension Funds Adjudicator

DPFA – Deputy Adjudicator

SAA – Senior Assistant Adjudicator

HR – Human Resources

CFO – Chief Financial Officer

SLA – Senior Legal Advisor

HRBP – Human Resources Business Partner

NCUS – New Complaints Unit Supervisor

ERM – Early Resolution Manager

ITSM – Information Technology Senior Manager

Prior year post employment benefits for management was adjusted to align to the output of the new system and for comparability purposes.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

23. Risk management

Financial risk management

In the course of its day-to-day operations the OPFA is exposed to credit, liquidity and market risk. The OPFA has developed a comprehensive risk strategy in order to monitor and control these risks. The Internal audit function reports on a quarterly basis to the Audit and Risk Committees, independent governance committees that monitor risks and policies implemented by management to mitigate risk exposure. The risk management process relating to each of these risks is discussed under the headings below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, other liquid financial instruments and the ability to settle debts as they become due. The entity endeavours to maintain adequate resources by monitoring rolling cash flow forecasts of the cash and cash equivalents on the basis of expected cash flow movements during the year.

The entity's financial liabilities mainly consist of Trade and Sundry payables which are presented in the statement of financial position for the year ended 31 March 2024 as part of payables from exchange transaction at R2 008 543 (2023: R1 083 442).

The entity's financial assets mainly consist of cash and cash equivalents and receivables from exchange at R34 141 683 (2023: R25 920 451) and R938 074 (2023: R1 270 393) respectively. All the identified financial assets and liabilities matured or will mature in less than 12 months and the impact of discounting is considered insignificant and immaterial. The entity has sufficient liquid resources to settle its creditors as and when they fall due. Leave accrual has been included to take into account maximum possible exposure, though management sees the risk as less likely. Consistency was maintained with prior year reporting for users to be able to compare year on year.

The table below analyses the OPFA's financial liabilities at reporting date:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2024				
Trade and other payables	2,008,543	-	-	-
At 31 March 2023				
Trade and other payables	1,083,442	-	-	-

Credit risk

Credit risk consists mainly of cash at bank, statutory receivables and receivables from exchange transactions. The OPFA only deposits cash with major banks with high quality credit standing and that are approved by the National Treasury. The OPFA investment policy limits the entity to invest with the Reserve Bank's Corporation for Public Act s (CPD). Management does not expect the credit risk exposure to materialise in the medium term, if conditions change, then the risk will be mitigated at such a time. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Statutory receivables from non-exchange transactions amounting to R25 830 (2023: R3 380 230) consist of funds owed to the OPFA. The credit risk is reviewed regularly and where there is evidence that the debtor may default impairment is then considered.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

Receivables consist mainly of study assistance which is payable by means of a work back arrangement amortised on a monthly basis over a maximum period of 24 months. Due to this arrangement, the credit exposure is limited and mitigated to an acceptable level.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Standard Bank Limited	4,049,479	7,248,440
Corporation for Public Deposits	29,991,542	18,672,011
Receivables from exchange	938,074	1,270,393
Standard Bank Limited- Payroll Account	100,662	-

24. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R45 356 921 and that the entity's total assets exceed its liabilities by 45 356 921. A positive cash and cash equivalents balance of R34 141 683 to fund short- term obligations as they fall due.

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.

25. Irregular expenditure

Add: Irregular Expenditure - current	37,492	-
--------------------------------------	--------	---

The irregular expenditure relates to expenditure that was identified in the current year which was incurred without prior approval. Irregular expenditure is presented inclusive of VAT. Consequence management processes are currently underway.

26. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of its core mandate as set out in the Pension Funds Act. Due to the nature and design of the services provided by the entity, management reviews and evaluates the entity's risks as a whole, as all risks, resources and financial matters of the entity are directed to the delivery of its mandate.

The entity's operations are located in Pretoria, its only office in the country. Although the office services the public throughout the country, its operational risks and financial costs are limited to a single location. It is on this basis that management views the entity as a single segment to which adequate disclosure has been made in these annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

27. Budget differences

Material differences between budget and actual amounts

Interest received

Interest received is actual cash earned from the savings deposited with the South African Reserve Bank as part of cash management. Due to increased interest rates and active cash management, the OPFA has received more interest income than anticipated.

Revenue from non exchange transactions

Revenue expected lower than revenue collected due to member numbers adjustment from pension funds

Personnel costs

The underspending on personnel costs is due to vacancies during the financial year in key positions, management has made some strides in filling most of the posts that were vacant for the year.

Property, plant and equipment

The underspending in PPE is due to management's decision to put on hold procurement of certain furniture and fittings items until a new office accommodation lease agreement is finalised as well as the outstanding equipment that was procured but not yet delivered as disclosed under commitments as capital commitments in the notes.

Depreciation and amortisation

The over-allocation relates to budgeted acquisitions of assets which commenced in the prior years being finalised just before the beginning of the current year contributing to higher than budgeted depreciation and amortisation expense.

Operating lease rentals

The aggregate underspending is mainly due to straightlining adjustment in compliance with GRAP and additional operating costs like water & electricity being allocated and disclosed under other operating costs.

Consulting and Professional fees

The underspending relates to the HR consulting services contract discontinuation due to the appointment of the Head of Human Capital.

Information technology maintenance and support

Computer support and maintenance relates to ICT services provided by FSCA and other service providers. The over-expenditure is due to the post implementation maintenance and support services costs that are part of capital projects that have been implemented but were initially budgeted for under capital expenditure.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
28. Reconciliation between budget and statement of financial performance		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	617,090	-
Adjusted for:		
Over recovery of Revenue	(846,823)	-
Overspending on expenditure	(9,345,500)	-
Loss/(Gain) on the sale of assets	32,737	-
Loss/(Gain) on foreign exchange	1,690	-
Acquisition of Intangible assets	(725,843)	-
Acquisition of Property plant and equipment	(1,782,583)	-
Provision for incentive scheme	2,629,000	-
Provision for bad debts	28,006	-
Net deficit per approved budget	(9,392,226)	-

29. Service in-kind

During the period under review the OPFA received services in kind from the FSCA at no charge which include payroll services, levy collection and other admin related services.

30. Events after the reporting date

The OPFA signed a lease extension on 14 May 2024 with its current landlord for a further 11 months which commenced on 01 May 2024 and will end on 31 March 2025: The extension was provided at discounted rates below the initial original contract by at least 50%. The extension was necessitated by the OPFA failing to agree on contractual terms with the service provider that had been awarded a tender for these services.

31. Accounting by principals and agents

The OPFA is a party to a principal-agent arrangement with the FSCA. The OPFA is the principal in this arrangement.

The Financial Sector Conduct Authority (FSCA) is responsible for the collection and administration of the financial sector levy and the special levy to provide for the funding of the OPFA.

The OPFA is the principal as the the Levies Act provides for the imposition of financial sector levies on supervised entities for the funding of the OPFA as per newly amended section 30R of the Pension Funds Act whilst The Financial Sector and Deposit Insurance Levies Act 11 of 2022, still imposes the responsibility for collecting levy amounts on the FSCA and allocating to the OPFA the amount determined in accordance with section 4, in respect of Schedule 5 of the Act.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

31. Accounting by principals and agents (continued)

Details of the arrangement is as follows:

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no resources that have been recognised by the agent in its financial statements.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

There is no risk for resource and/or cost implications for the entity if the principal-agent arrangement is terminated as the arrangement is anchored by legislation.



RP273/2024
ISBN: 978-1-77997-238-5
www.pfa.org.za