

*Our service is for people
from all backgrounds*



ANNUAL REPORT | 2016/2017

Embracing **DIVERSITY**

*"Diversity is about all of us, and about us having to figure out how to walk through this world together." - **Jacqueline Woodson***



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The FAIS Ombud was established in terms of section 20 of the Financial Advisory and Intermediary Services Act, (Act 37 of 2002) (FAIS Act). The FAIS Ombud is a schedule 3A entity in terms of the Public Finance Management Act, (Act 1 of 1999) (PFMA) and reports to the Minister of Finance through the Board of the Financial Services Board (FSB), the Executive Authority. From time to time as may be required, the FAIS Ombud reports to the Select Committee on Finance and Public Service, by invitation. The report to this committee includes reporting on its work and finance.

a) FAIS Act

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated thereunder.

b) FSOS Act

A further function of the FAIS Ombud is to resolve complaints in terms of the Financial Services Ombud Schemes Act, (Act No. 37 of 2004) (FSOS Act), which is not covered by any of the other voluntary Ombud schemes or where there is uncertainty over jurisdiction.



VISION

The vision of the FAIS Ombud is to be a preferred and world-class dispute resolution forum providing an accessible, impartial, efficient and professional services, respected by all stakeholders, provided by committed and passionate staff.

MISSION

The mission of the FAIS Ombud is to promote consumer protection and enhance the integrity of the financial services industry through resolving complaints impartially, expeditiously and economically.

OUR CREDO

We believe our first responsibility is to the Constitution of the Republic of South Africa and to the statutory mandate which created our organisation. We are completely independent and deal with all disputes fairly and impartially.

Our service is for people from all backgrounds. We will look at the facts of each complaint, not at how well the case is presented. No one should need any special expertise or professional help in order to bring their complaint to us.

We aim to give clear, sound and logical reasons for our decisions- any fair-minded person will understand why we reached a particular conclusion.

We are not bound by formal and rigid procedures to resolve complaints and we aim to be flexible in our approach.

We will engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. Our ultimate aim is to reduce the level of complaints and improve confidence in the financial services industry.

We must constantly strive to educate both ourselves and those we serve about our services and make our services easily accessible. We will ensure all parties in a dispute have an opportunity to present their case.

In doing so, we will ensure the dignity of those we serve, by treating each with the utmost respect and courtesy.

We must at all times build a collegiate base that is diverse and equitable, and encourage contributions to our core business. We are responsible to ensure that each of our colleagues is regarded as an individual and experiences an affirming and empowering learning environment.

We must be mindful of the ways in which we help our colleagues fulfil their family responsibilities. We must encourage each other to communicate our opinions, feelings and indeed, our grievances in an environment conducive to amicable resolutions, not recriminations. We will support each other, to be innovative, to exercise reasonable initiative, and to share our learning.

We are responsible to the communities in which we live and work, and to the larger international community. We must be good citizens and support civic initiatives.

We believe our final responsibility is to the industry. Business must make a sound profit, underpinned by good corporate governance and moral values. We must explore and suggest fresh approaches to consumer services in the course of our enterprise.

We believe when we operate according to these principles, we will all realise a significant improvement.



Our **STAKEHOLDERS**

*"If you want to go quickly, go alone. If you want to go far,
go together." - African Proverb*



The FAIS Ombud's service is for people from all backgrounds

The ideals of the National Development Plan (NDP) require building the state to be both developmental and transformative. A developmental state enables people to improve their own lives and intervenes to correct historical inequalities. Neither government nor the market can, on its own, shoulder the burden of uplifting the state and the country's population.

To build the capability of the state requires public entities to reinforce the work done by government. These entities have to deliver the services they were established to deliver, observe good governance, and comply with their statutory mandates. I am pleased to learn from the Office of the FAIS Ombud that it has yet again met its business goals and has kept on the path of striving for good governance. Clean audit results are evidence of this success.

The increased number of complaints received point to the increased number of consumers participating in the financial services industry. This increased participation is a strong signal that more consumers, regardless of their background, wish to improve their lives by making their own financial arrangements for the betterment of their families. Such a positive trend is to be encouraged.

Much is to be said about the added value of educating the consumer which the Ombud and her staff have accepted as one of their roles. Without education on financial products, our people would forever remain vulnerable to unscrupulous providers.

The determinations indicate that some providers still fail their clients. Whether this failure stems from human mistakes or a disregard for legislation that is meant to protect consumers is not the issue. The fact remains that large numbers of consumers (as can be seen from the FAIS Ombud's determinations) still suffer as a result of the inappropriate advice handed to them by the very professionals who are meant to assist them¹.

Offices such as the Office of the FAIS Ombud assist us as a country in giving meaning to the ideals set out in our Constitution and in strengthening our young democracy.

I congratulate the Ombud and her team of professionals in their pursuit of fulfilling the FAIS Ombud's statutory mandate.

Malusi Gigaba, MP
Minister of Finance

¹For more determinations, visit the FAIS Ombud's website on www.faisombud.co.za

UMBIKO

KANGQONGQOSHE

Usizo loMlamuli we-FAIS lenzelwe bonke abantu

Umiqondo yoHlelo Lukazwelonke Lwentuthuko (i-NDP) idinga ukwakhiwa kombuso wentuthuko nonezinguquko. Umbuso wentuthuko uvumela abantu ukuba benze ngcono izimpilo zabo futhi uyangenelela ekulungiseni ukungalingani okusemlandweni. Uhulumeni noma imakethe ngeke, ngokwabo, bathwale umthwalo wokuphakamisa umbuso kanye nabantu bezwe.

Ukwakha amandla okukhona kombuso kudinga izinhlaka zombuso ukuba ziqinise umsebenzi owenziwa nguhulumeni. Lezi zinhlaka zifanele zethule izinsizakalo ezazakhelwe ukuba zizethule, ziqhaphe ukwengamela okuhle, futhi zihloniphe ukugunyazwa kwazo komthetho. Ngijabula ukwazi ukuthi iHhovisi Lomlamuli we-FAIS likwazile futhi ukufeza izinhloso zalo futhi likwazile ukuhlala emzileni wokulwela ukwengamela okuhle. Imiphumela yocwaningomabhuku ingubufakazi bale mpumelelo.

Inani elikhulayo lezikhhalazo elithokele likhomba inani elikhulayo labathengi ababamba iqhaza embonini yezinsizakalo zezimali. Lokhu kubamba iqhaza okukhulayo kuwuphawu olunamandla lokuthi abasebenzisi abanengi, kungayi ngokuthi bavelaphi, bafisa ukwenza ngcono izimpilo zabo ngokuzenzela amalungiselelo abo ezimali ukuze imindeni yabo ithuthuke. Lo mkhuba omuhle kufanele ukhuthazwe.

Kuningi okuzoshiwo ngokubaluleka okwengeziwe kokufundisa umthengi owamukelwe nguMlamuli noma abasebenzi bakhe njengeminye yemisebenzi yabo. Ngaphandle kokufundisa ngemikhiqizo yezezimali, abantu bethu bayohlala njalo besengozini yabahlinzeki abangenazinhloni.

Izibalo zikhomba ukuthi abanye babahlinzeki basehluleka ukusiza amaklayenti abo. Noma ngabe lokhu kwehluleka kuvela emaphutheni abantu noma ekungahloniphini umthetho owenzelwe ukuvikela abathengi akulona udaba. Iqiniso ukuthi inani elukhulu labathengi (njengoba kungabonakala ezibalweni zoMlamuli we-FAIS) lisahlupheka ngesizathu sezeluleko ezingafanele elinikwe zona ngabasebenzi abanolwazi abafanele ukuba babasize.

Amahhovisi afana neHhovisi Lomlamuli we-FAIS asisiza njengezwe ukunikeza incazelo kumiqondo echazwe kuMthetho-sisekelo kanye nokuqinisa intando yeningi esencane yethu.

Ngihalalisela uMlamuli neqembu lakhe labasebenzi abanolwazi ngemizamo yabo yokufeza ukugunyazwa komthetho koMlamuli we-FAIS.

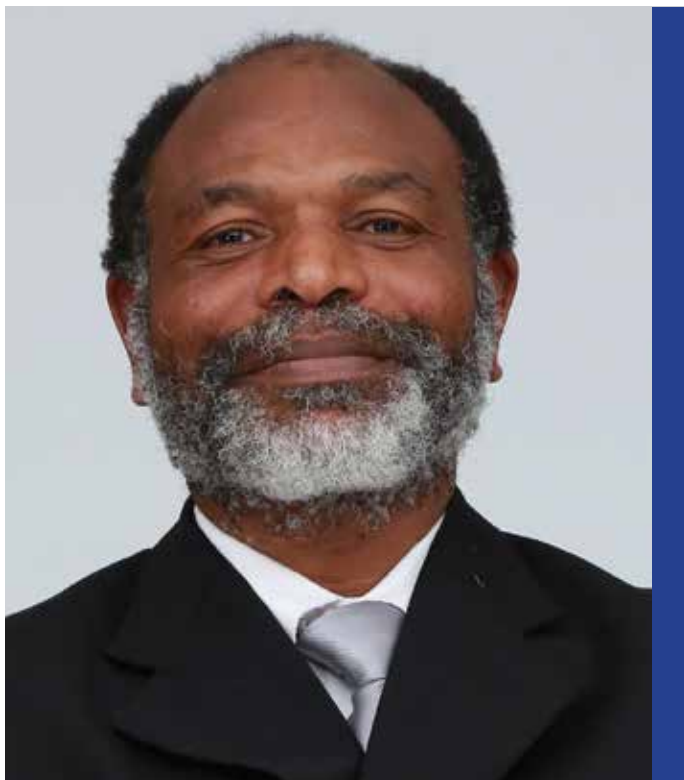
Malusi Gigaba, MP

Minister of Finance



WISDOM

"Wisdom is like a baobab tree, no one individual can embrace it."
- Ewe proverb



Soon after the FAIS Ombud had opened its doors to the public, it was recognised that some complaints would fall outside the jurisdiction of the Office without there being an alternative office that they could be referred to. To prevent this situation from occurring, legal provision was clearly needed. The Financial Services Ombuds Schemes Act of 2004 (FSOS Act) (Act 37 of 2004), which came into operation in 2005, partially resolved this problem. The FSOS Act empowers the FAIS Ombud to act as a statutory Ombud in certain cases.

One such case is that of Mr Mkhohlwa, which would have presented problems for consumers regarding the type of product involved in the event of a dispute with the financial services provider (FSP). The FSOS Act enables the FAIS Ombud to act as Statutory Ombud and resolve such complaints. A large proportion of the South African public purchases a significant number of funeral cover policies (also known as “assistance business”). For some, funeral cover may be the only financial arrangement they have and, for this reason, may be a fundamental component of their family security. Without funeral cover they would be forced to obtain expensive loans that they can hardly afford, as was the case in the Mkhohlwa matter.

The Harten determination highlights the pivotal role that FSPs are meant to play if South Africa is to realise the full meaning of “inclusiveness” in financial services. Unless providers act according to the law and in an ethical manner, their advice, if inappropriate, will result in casualties and deter several consumers from participating in the financial services industry.

The number of complaints received by the FAIS Ombud has, for the first time, exceeded the 10 000 mark in this financial year. It seems that the South African public is becoming aware of the services offered by the Office. In the previous year, complaints received were 9 891, which number also suggests the public's growing awareness of the FAIS Ombud's services.

Even with the increased number of complaints, the Office has delivered on its goals. Such an achievement reflects the culture that the Ombud and her staff have established over the years. That culture puts the mandate of the Office as their number one goal and demands focus and a disciplined resolve to deliver on these commitments. Aside from resolving complaints, the FAIS Ombud strives for more in the area of governance for the good of the public service, the consumers and other stakeholders. Success in this area is evident from the FAIS Ombud's clean audit report.

In anticipation of the much awaited Financial Services Regulatory Bill, the FAIS Ombud has been preparing itself for the changes. We hope that the changes will strengthen the public's confidence and trust in the Office.

Appreciation

I thank the Ombud and her staff for the sterling results they have delivered in the past financial year. I trust this trend will continue as the Office grows.

Abel Sithole

Chairperson of the Board of the FSB

UMBIKO
KASIHLO

Ngemuva nje kokuba uMlamuli we-FAIS evulele umphakathi iminyango yakhe, kwabonwa ukuthi ezinye zezikhalazo ziwela ngaphandle kwendawo yokusebenza yeHhovisi ngaphandle kokuba khona kwelinye ihhovisi ezingasiwa kulo. Ukunqanda lesi simo ukuba senzeke, umbandela womthetho ngokucacile wabe udingeka. UMthetho Wezinhlalo Zezinsizakalo Zomlamuli wonyaka we-2004 (uMthetho we-FSOS) (uMthetho wama-37 wonyaka we-2004), kancane wayixazulula le nkinga. UMthetho we-FSOS uhlomisa uMlamuli we-FAIS ukuba asebenze njengoMaluleki womthetho kwezinye izimo.

Esinye isimo esinjengalesi esoMnu. Mkhokhwa, ebesizodala izinkinga sizidalele abathengi maqondana nohlobo lomkhinqizo othintekayo esimweni sokukhalaza ngomhlinzeki wezinsizakalo zezimali (i-FSP). UMthetho we-FSOS uvumela uMlamuli we-FAIS ukuba asebenze njengoMaluleki Womthetho futhi aphinde axazulule izikhalazo. Ingxenye enkulu yomphakathi waseNingizimu Afrika ithenga inani elibonakalayo lamapholisi omshwalense omasingcwabisane (aphinde aziwe “njengebhizinisi lokusiza”). Kwabanye, umshwalense kamasingcwabisane ungaba amalungiselelo ezezimali abanawo kuphela, futhi ngalesi sizathu, ungaba ingxenye ebalulekile yokuvikeleka kwemindeni yabo. Ngaphandle komshwalense kamasingcwabisane bangaphoqeleka ukuba bathole izimalimboleko ezibizayo abangazikhoni ukuzikhokhela, njengoba kwaba isimo odabeni lukaMkhohlwa.

Izibalo zika-Harten zigqamisa indima ebalulekile ama-FSP afanele ayidlale uma iNingizimu Afrika izokwenza kubonakale incazelo ephelele “yokubandakanywa” kuzinsizakalo zezezimali. Ngaphandle uma abahlinzeki benza ngokuhambelana nomthetho futhi ngendlela yenkambiso enhle, uma kungafanele, bazodala ukulimala kwabantu futhi bavimbe ukuba abathengi babambe iqhaza embonini yezinsizakalo zezezimali.

Inani lezikhalazo elitholwe nguMlamuli we-FAIS, okokuqala, ledlule inani le-10 000 kulo nyakazimali. Kuyabonakala ukuthi umphakathi waseNingizimu Afrika uba nolwazi lwezinsizakalo ezitholakala kuleli Hhovisi. Onyakeni odlule, izikhalazo ezitholakale beziyi-9 891, okungukuthi leli nani lisho ukukhula kokuba nolwazi komphakathi ngezinsizakalo zoMlamuli we-FAIS.

Ngisho ekukhuleni kwenani lezikhalazo, iHhovisi lizethulile izinhloso zalo. Lokhu kuphumelela kukhombisa isiko uMlamuli kanye nabasebenzi bakhe abakwazile ukulakha eminyakeni. Lelo siko libeka ukugunyazwa kweHhovisi njengenhloso yalo enkulu, futhi lifuna ukugxila kanye nokuxazulula kahle ukuze kufezwe lezi zibopho. Ngaphandle kokuxazululwa kwezikhalazo, uMlamuli we-FAIS ulwela okuningi enkundleni yokwengamela okuhle kosizo lomphakathi, kwabathengi kanye nabanye okusetshenziswana nabo. Impumelelo kule nkundla ibonakala embikweni omuhle wocwaningomabhuku loMlamuli we-FAIS.

Ekulangazeleleni koMthethosivivinyo Wezinsizakalo Zezezimali olindelwe kakhulu, uMlamuli we-FAIS ubelungiselela izinguquko. Sethemba ukuthi izinguquko zizoqinisa ukwethembela nokuthemba komphakathi kuleli Hhovisi.

Ukubonga

Ngibonga uMlamuli nabasebenzi bakhe ngemiphumela emihle abayetholile kunyakazimali owedlule. Ngiyethemba lo mkhuba uzoqhubeka njengoba iHhovisi likhula.

Abel Sithole

Chairperson of the Board of the FSB

A close-up photograph of a hand holding a piece of white chalk, drawing a sketch on a chalkboard. The sketch appears to be a profile of a person's head and shoulders. The background is a soft, out-of-focus light blue and white. The hand is positioned on the right side of the frame, and the chalk is in the process of drawing a line.

SERVING

"Service to others is the rent you pay for your room here on earth."
- **Muhammad Ali**



As fast as it arrived, 2016 raced off. We were left to reflect on our efforts to build up the FAIS Ombud during the 2016/2017 financial year. We exist as an organisation to resolve complaints but we have long since established that our work includes educating our customers about both the nature of the service we provide and the financial products they consume. We ascribe this additional element of our work to our diverse backgrounds and the varying levels of exposure to financial products that accompany such diversity.

The statutory mandate of the FAIS Ombud remains, however, to resolve complaints informally, expeditiously and economically. Where a complaint cannot be resolved by informal means, the Ombud must either issue a recommendation or determine the complaint. The idea of the possibility of a determination helps us resolve many complaints informally. A significant number of financial services providers (FSPs) would rather have the complaint resolved informally wherever possible.

In this report, we present our stakeholders with the material information necessary for assessing our work for the financial year under review.

Through hard work and commitment, we have once again managed to achieve all our business goals for the year under review. (The full details of our performance against the annual performance plan can be gleaned from pages 100 to 106 of this report.) Although we had our fair share of challenges, we resolved to get past those challenges one day at a time in pursuit of the FAIS Ombud's mandate. We are proud of our achievements but we have also identified several opportunities to build on what has been achieved.

Resolving complaints: the numbers

Beginning with the main business of resolving complaints, we will first deal with those complaints that were received for the period 1 April 2016 to 31 March 2017. This record number of complaints was 10 846. For the first time the Office received in excess of 10 000 complaints in one financial year. Last year the Office received 9 891 complaints for the corresponding period.

A total of 3 794 of the 10 846 complaints were dismissed, which was just over 1 000 more than last year's 2 704.

This increase can be attributed to the introduction of activity journals in the case management division. The introduction of activity journals saw a major improvement in the way the division works and created a credible way of eliminating complaints that do not have merit.

How were other complaints closed?

- A total of 4 639 complaints were referred to alternative fora, which compares favourably with last year's 4 624.
- A number of complaints (592) were settled, which represents a decrease from the 753 of the 2015/2016 financial year.
- The number of complaints received during the 2016/2017 period that were carried over was just higher than last year's total.

The number of justiciable² complaints received during the year under review went up to 5 630 from 4 263 complaints in the previous year. This is the first time in the history of

²Refers to complaints that fall within the ambit of the FAIS Ombud.

this Office that there were more justiciable complaints than non-justiciable complaints. For the 2015/2016 financial year the number of justiciable complaints was 4 263, while the non-justiciable matters reached 5 628.

Overall, the total number of complaints resolved during the 2016/2017 financial year was 11 025³ and represents the first time that this Office had resolved in excess of 10 000 complaints for any one financial year. While a decrease was seen in the number of settlements overall, from 1150⁴ to 1005, the settlement value increased from R50 215 518 during 2015/2016 to R58 343 824 during the 2016/2017 financial year. This increase in settlement value is attributable to the 68 determinations that were issued, the second highest number of determinations ever issued by this Office. Last year the office issued 24 determinations.

Fairness to all through diligence of processes

Lest our efforts are misinterpreted as inadequate because of the increased number of dismissals and referrals to other fora, we should look at the process that underpinned the 3 794 dismissed complaints and the 4 639 referred elsewhere. The 3 794 complaints were dismissed after applying the legal rigour that the circumstances of each case warranted. To minimise the chance of dismissing a complaint in error, decisions to dismiss must be approved by senior managers and must be accompanied by submission of extensive supporting documentation. Similarly, if complainants are not satisfied with the decision to dismiss their complaint, they have the right to lodge an informal appeal for a review by a more senior person, who is likely to be an Assistant Ombud or Team Resolution Manager.

Dismissals and referrals to other fora are never done out of hand

Very often, we receive a complaint of one or two paragraphs that does not permit us to make a decision. In order to arrive at a position where we can make a decision about the complaint, we have to probe. Right from the first day of receiving the complaint at the case management division, we build an activity journal. An activity journal records personal details of complainants, their financial circumstances at the time of advice, the questions used to probe, and information given about the financial product. Once the case manager has built the story, the next stage involves an elucidation of the issues followed by application of the law. Only after completion of all these stages is a decision taken.

The process for informal appeals mirrors that of lodging complaints in that it is simple, informal and flexible. People from all backgrounds can be accommodated, therefore. All

we require is a letter in which complainants highlight their concerns. There are no costs involved and no one should require a lawyer to lodge a complaint or an appeal. The substance of the story and not the way it has been told is what we pay attention to. In rare instances where complainants are still not satisfied with the decision of the FAIS Ombud, we refer them to the Appeals Board of the Financial Services Board. The decision of the Appeals Board is final.

With regard to the 4 639 complaints that were referred to other fora, the decision to refer follows strict legal scrutiny and the decision of the case manager is subject to confirmation by a senior person. Where a decision is made to refer the complainant to court as provided for in the Rules on Proceedings of the FAIS Ombud (Rules), that decision is not appealable.

Determinations

Despite the efforts of this Office to resolve complaints informally there are complaints that require a formal resolution by way of a determination, as illustrated by the complaints outlined in the sections that follow.

M Mkhohlwa v Workers Life Assurance Company Limited, (Workers' Life) (FAIS 03315/14-15/ EC 2)

It's all about advice

The complainant in this matter sought assistance from the respondent in connection with funeral cover. The complainant's intention was to cover himself, his mother and his cousin, who the complainant described as having a history of tuberculosis. Two representatives from the respondent assisted the complainant. In the process of advising the complainant, one of the representatives informed him that the mother was ineligible as she was too old but the cousin could be covered as long as he survived the three months that followed the date the policy came into effect. The significance of the disclosure by the complainant of the cousin's illness is that both parties understood from the start that the cousin had a pre-existing condition.

Notwithstanding the representative's statement, the complainant's mother was 76 years at that stage and was, in fact, eligible for funeral cover, as the maximum entry age for extended family members was 80.

On 6 May 2013, the complainant insured himself and his cousin.

³The number includes complaints received in previous financial years.

⁴Number of settlements overall, including those complaints received in previous years.

On 23 March 2014, the cousin passed on and the complainant lodged a claim with the respondent. In assessing the claim, the respondent issued a medical form that had to be completed by the medical doctor who had treated the cousin. A doctor in Nkqubela Hospital in the Eastern Cape confirmed that the cousin had been treated for tuberculosis in May 2012, with the last day of treatment being 26 June 2012. On that day the patient absconded. It was also recorded that the cousin had sought advice in connection with HIV-related infections or AIDS. The patient had also received antiretroviral treatment but the date treatment had started and its duration remained unknown.

The respondent, relying on two exclusion clauses, rejected the claim.

The complainant had to obtain an expensive loan to see the family through the funeral arrangements. The complainant claimed to still be paying off the loan at the time of lodging his complaint with our Office.

The first exclusion, argued the respondent, called for a waiting period of 12 months. This exclusion had been placed and appeared prominently on the application form completed by the complainant when he applied for cover. The second exclusion, a permanent one, which applied only to claims pertaining to the extended family members, was contained in the policy document. The complainant received this document only after he had concluded the contract. The second exclusion was so wide that it would have been almost impossible for any person to successfully lodge a claim under the policy.

The contention by the complainant was that he had been told that as long as the cousin survived the first three months from the inception of the policy, things would be fine. No further details were disclosed nor was the complainant advised of the inappropriateness of the cover offered under the extended family members' benefit, given the cousin's pre-existing condition and the extent of the second exclusion. The respondent argued, relying on what it termed the "prominent position of the first exclusion", that since there was a dispute of fact, the Ombud should find in its favour. The respondent finally argued that since the Ombudsman for Long-Term Insurance (OLTI) had ruled in its favour the Ombud should find in similar fashion. The Ombud dismissed the claim regarding the prominence of the first exclusion and instead found that the first exclusion was far from being prominent as it had been mixed with personal information in a small space. Similarly, the Ombud dismissed the statement regarding the OLTI's ruling as irrelevant to deciding the complaint before the Ombud.

Ombud's findings

In upholding the complaint and ordering the respondent to pay the complainant the amount of cover of R10 000, the Ombud

found that the dispute of fact had been manufactured by the respondent by it having ignored the requirement prescribed in law to record the advice given. The respondent provided the Office with an ex post facto account of what had happened and relied on the application form as a record of advice. The application form relied on by the respondent could not be a record of advice, as it was a generic form that was not applicable to the complainant's circumstances.

Other findings were that:

- Advice on suitability cannot be abstract; it must be relative to the client's circumstances.
- The respondent failed to draw the complainant's attention to the exclusions in their proper form.
- The respondent's conduct undermined the provisions of the FAIS Act and the Code.
- As a result of the respondent's operating in a captive market – members of POPCRU – the respondent had to take more care and explain to its clients the limitations of its product, lest its captive market believe that the product is suitable for them because of the way the respondent positions its offering.
- The respondent did not draw the complainant's attention to exclusions that would affect him as the main holder of the policy; for example, the benefit offered by the respondent ceased at 70 years.

Customer service

As we grow in the business of resolving complaints, we realise that technical abilities on their own are not sufficient and that unless our service is underscored by transparency, accountability and sharing, we are not going to be successful in delivering an effective service to our customers. Our service has to mirror the values of the organisation.

Consider in this regard the complaint brought by **Peter J Harten v Walter Kranz Insurance Brokers CC and Walter Kranz (FAIS 05402/09-10/ GP 2)**

The complainant was a director of Harten and Associates, which offered a financial planning service. The history of the complainant and respondent pointed to a relationship in which the complainant had sold his business book as a short-term insurance broker to the respondent in October 2006. Harten and Associates then ceased doing business as short-term insurance brokers.

The complainant was covered for permanent disability by a contract of insurance between Harten and Associates (Pty) Ltd and Mutual & Federal Insurance; the policy number being 7040032 (the policy). This was a short-term contract that was subject to annual renewal. This particular policy was included in the book sold by the complainant.

In September 2006 Harten and Associates, in writing,

instructed Mutual & Federal to renew the policy. The stated benefit cover for death and permanent disability of the complainant, at that time, was three times the declared earnings of R200 000. The policy benefit, therefore, was R600 000.

On 25 September 2007, the complainant and respondent met to discuss the renewal of the policy. The cover in question was provided in the policy under “Stated Benefits” (SB). The respondent pointed out at this meeting that a disadvantage of this type of cover was that it was subject to payments made by Workman’s Compensation (Compensation Commissioner) and might take a long time to process. The respondent recommended that the basis of the cover be changed to “Group Personal Accident” (GPA). The complainant accepted this advice and also instructed the respondent to increase his declared earnings from R200 000 per annum to R300 000. This meant that three times the declared earnings (3 x R300 000) would result in an increased cover of R900 000.

The respondent amended the policy to GPA but failed to adjust the benefit cover. In fact, the respondent caused the benefit to reduce from R600 000 to R300 000. At the time, the complainant was unaware that this reduction had taken place. Although this information was not tendered by respondent, the possibility exists that the respondent or someone in his office failed to see that the cover was expressed in multiples of 3.

On 9 October 2007 the respondent sent the complainant an e-mail confirming that the changes to the policy had been made. However, no indication was given that the sum insured had been reduced from R600 000 to R300 000. Nor was any indication given that the instruction to increase cover to R900 000 had not been carried out.

On 3 August 2008 the complainant had a bicycle accident that rendered him a paraplegic. In May 2009, a neurologist certified that he was permanently disabled. Mutual & Federal accepted the complainant’s claim and paid an amount of R300 000. The complainant was expecting R900 000.

On 3 July 2009 the parties met and the complainant pointed out that an error must have occurred, as the payment benefit was much lower than the benefit he had expected from the policy. The respondent refused to take any responsibility and said that complainant should take whatever steps necessary to resolve this issue.

It was the complainant’s case that the insurance benefit was significantly reduced as a result of the negligence of the respondent. Accordingly, the complainant looked to the respondent to compensate him for the shortfall of R600 000: the difference between what he should have received (R900 000) and the reduced benefit paid in terms of the

policy (R300 000).

Our mistake

When the complainant initially filed his complaint, the matter had not been fully investigated and had not been determined in terms of section 28 (1) of the Act. The complaint was summarily dismissed on the basis that there was no reasonable prospect of success and both parties were informed of the dismissal.

The complainant was dissatisfied with this outcome and made representations urging this Office to investigate the complaint and make a determination. The complaint was again dismissed.

The complainant thereafter approached the Board of Appeal (the Board). The complainant also applied for condonation for the late filing of his appeal to the Board. The Board, having considered the complainant’s written submissions, agreed that it would be appropriate for the complaint to be referred back to this Office for reconsideration.

Ombud’s findings

The Ombud found that:

- No record existed of the complainant’s instruction for the respondent to reduce his permanent disability cover from R600 000 to R300 000.
- Neither was there a record that the reduction in cover was motivated by a desire to reduce premiums.
- No record existed that the disability cover under the GPA section of the policy was calculated differently from that in the SB section; neither was it recorded that the cover under the GPA was the equivalent of the complainant’s declared annual income.
- There was no record that this calculation had been explained to the complainant nor that the complainant acknowledged that he understood the calculation and agreed to it.
- There was no record that the respondent explained the consequences of reducing cover.

Another of the Ombud’s findings was that it was not in dispute that the complete Mutual and Federal policy schedule was delivered to the complainant by the respondent on 29 March 2009 – after the bicycle accident. The inevitable conclusion was that the respondent’s own documentation did not support his version of the disputed facts. On a proper interpretation of the Act and the Code, it was not intended that the record of advice be an option. Actual compliance is required and FSPs must keep a proper record. Failure to do so exposes these providers to risk.

OPERATIONAL EFFECTIVENESS

Financial matters

On the fiscal side, we started the year with a clean slate after having achieved a clean audit in the previous financial year. As a result of the value added by our internal auditors, our attention was drawn to areas that required improvement to further strengthen our internal control environment. For example, the internal auditors focused our attention on the regular review of policies, as well as highlighted areas where additional policies and procedures were required.

A deficit of R5.7 million was budgeted for the 2016/17 financial year in an effort to utilise the accumulated surplus from previous years. The retention of the surplus was approved by National Treasury. This approval resulted in a lower funding requirement for the year. The actual deficit for the year amounted to R7.4 million as a result of higher-than-budgeted operating expenses. This was due mainly to a lower vacancy rate than budgeted for, as well as higher legal expenses. The legal expenses relate to various legal proceedings regarding review applications, as well as a disciplinary matter.

ICT governance

One of the key risks that entities face these days is a lack of cyber security awareness and measures to mitigate such risks. To ensure that the IT environment and information system risks are managed and mitigated effectively, a number of compensating measures are in place, including vulnerability assessments that are conducted on an annual basis. Deficiencies identified are addressed so that related risks can be minimised.

During the year under review, the FAIS Ombud carried out a study to improve its complaints handling system, which speaks to our core business. In order to improve communication with complainants, during the last quarter of the financial year under review, the Office spent a considerable amount of time investigating the setting up of a short message system (SMS). The risk assessment has since been concluded and the service should commence towards the end of the first quarter of the 2017/18 financial year.

Human resources

We have a young workforce with lots of energy and zeal and we are forever inundated with requests for further development and training, to which we have always responded positively. Year after year we boast significant numbers of employees who have completed training that is aimed at improving our skills base so that we can better our service to customers. Or so we thought. Our pride was tested this year when our Risk Management Committee asked us to provide a record of complaints that had been levelled against our service.

The exercise was a humbling experience. We now realise the importance of having employees who appreciate that serving people requires much more than a qualification and that the value of the qualification is felt only when it translates into helping a customer. Thus, throughout the 2016/17 year our training targeted the culture of rendering quality services to the point where customer service became our war cry. We view this area as work in progress. We do, however, hold the view that both the technical- and customer-service training will go to waste if our employees are not sensitised to the importance of acting in line with the FAIS Ombud's values and the values of the public service.

Risk management

The sustainability of businesses in today's evolving business environment places greater demands on not only the pursuit and attainment of business goals but also on the sustainability of a robust and effective system for business resilience. This is an imperative, even for a business of our size.

The FAIS Ombud reports to the Board of the Financial Services Board (the Board).

In discharging its oversight responsibility in terms of Chapter 4 and 5 of King III and the Public Sector Risk Management Framework, the Board adopts a combined assurance approach with the over-riding purpose of: assuring its stakeholders about the effectiveness of governance systems; and instilling confidence in the delivery of business value.

The FAIS Ombud's strategic goals are prioritised in the following manner: 1) to resolve complaints in a fair, expeditious, and economical manner; 2) to achieve operational excellence; and 3) to engage with stakeholders. These goals are monitored and progress reported quarterly to performance information consolidation structures, being the Risk and Compliance Sub-Committee (a management oversight committee), the Risk Management Committee (a committee of the Board) and the Board itself. A full report on the events of 2016/17, and the strategic risks confronting the FAIS Ombud can be found on pages 57-61 of this report.

TRENDS

Short-term insurance

This Office espouses the importance of short-term insurance in financial inclusion and knows the financial stability short-term insurance brings to households that need protection against unexpected losses. However, despite the importance that short-term insurance plays in an individual's financial planning, financial service providers (FSPs) who operate in the short-term insurance space still violate provisions of the FAIS Act and the Code. They do so by providing the most affordable premium possible regardless of the implications

for the client, who might only in the event of a claim find out what the true cost of the lower premium is. This true cost could include a reduction or exclusion in the cover provided or the numerous additional excesses payable.

It is therefore no surprise that the number of complaints that relate to short-term insurance policies far exceed those from any other product category of complaints received by the FAIS Ombud in the period under review and in previous financial years.

The main concern with regard to the provision of short-term insurance is the persistent refusal by FSPs operating in this area to obtain all relevant and available information from the prospective client, in violation of section 8 (1) (a-c) of the Code. These FSPs also have a preference for what they call “a single need” which, more often than not, short changes clients. The term “single need” is used by FSPs as a way to circumvent the requirements of section 8(1) (a-c) of the Code. By claiming that the client requires assistance only for a specific need, such as insurance for his new motor vehicle, FSPs argue that there is no need to obtain all relevant and available information and by extension, no need to conduct a needs analysis for the client.

A disconnect exists between the client's understanding of comprehensive cover and the FSP's understanding. When a client requests such cover, the expectation is that the entire value of the vehicle (including extras) will be covered in the event of theft or a total loss. For an FSP, comprehensive cover often means that the vehicle is insured for any eventuality up to the retail value of the vehicle, with extras not taken into account. There is a failure to determine whether the vehicle has any extras that would need to be specified. For example, canopies on bakkies are not covered unless specifically noted in the policy.

FSPs might ask clients whether or not a vehicle is financed but very rarely offer or recommend top-up cover, which often compromises clients if they make a claim in the early stages of the credit agreement.

With homeowners' insurance, FSPs tend to fail to disclose to clients the exclusions that exist in terms of their homeowners' policy. This is especially true for new homeowners who, in the absence of these disclosures, are unable to take any steps to mitigate their losses. It is devastating when, for example, one's roof collapses during a heavy storm and the claim is rejected for wear and tear. With insurance on household contents there is failure to provide for accidental damage, which is not automatically covered. FSPs also fail to advise clients about items such as jewellery, laptops and cell phones, which are required to be specified.

Retirement planning

The decisions that clients make at retirement are probably the most important financial planning decisions they will ever have to make. The consequences of these decisions are in most cases permanent. For this reason inappropriate advice can have disastrous effects on a client who is no longer economically active and is unable to make up any losses sustained. This situation is aggravated by the fact that South Africans do not adequately provide for their retirement and many still rely solely on the benefits provided by their pension and / or provident funds. Even then FSPs do not always adequately advise clients about the consequences and implications of withdrawing funds from their retirement benefits during their working life.

In addition to this, FSPs fail to advise clients on the use of these funds – whether it be to reduce debt, create an emergency fund, or simply how to invest the funds to supplement the income from the compulsory annuity.

It is becoming more common for FSPs to admit to shortcomings in the advice they provide. However, they then claim that it is not possible to reverse the transaction. The impossibility of a reversal stems from the FSP having no power to place the client in the position he would have been in prior to the advice provided. Clients are told that reversing the transaction is impossible because of SARS' unwillingness to cancel the tax directive. This explanation undermines the Financial Advisory and Intermediary Services (FAIS) Act and the principle of Treating Customers Fairly.

Disability, critical and or severe illness

We have over the years pointed to the inadequate and therefore inappropriate advice that is fuelling the sale of products aimed to serve clients in the event of disability or critical and / or severe illness. We have also identified the practice of over-selling these products. Overselling often leads to complaints, as most people have no appreciation of how disability, critical and or severe illness benefits work. It also does not help that the circumstances in which benefits will either be provided or not be provided are always couched in complex legalese and medical terms. FSPs who sell such products take the easy route of pointing to the convenience of, for example, a small savings in premiums to encourage switching from an existing product to the one being offered. Another ruse is to refer to the disease by name only, without stating the point in the progression of the disease at which the benefit becomes applicable. Take, for example, the case of Mr M v Z bank. Mr M was advised to switch from an existing policy offering cover for several critical illnesses to another policy, which appeared convenient because it was R800 cheaper per month. Mr M was advised that the new policy offered the exact terms as the old one had. When Mr M lodged a claim three years later,

following a diagnosis of cancer, his claim was denied. As it turned out, the latter policy would respond only to advanced stages of cancer. It was Mr M's claim that he was told that the latter policy covered cancer and no statement was made regarding the stage to which the cancer must have advanced for a claim to be accepted.

It is our experience that appropriate advice is indispensable.

Appreciation

A heartfelt 'thank you' goes to our staff, for we could not have achieved our goals without their collective effort. Our staff find joy and valuable experience in the work we do at the FAIS Ombud, as well as discover an affirming learning environment to work in. It takes a special person to carry out the type of work we are entrusted with and still enjoy doing.

A special 'thank you' goes to the team of professionals who make up our Board. Our Board has over the years stood firm, held us accountable, and made sure that it never interferes with our resolution of complaints. These smart individuals who respect and promote good governance (and, therefore, respect our independence) hold us to account for the quality of service we provide when we resolve complaints.

We appreciate the guidance we receive from National Treasury staff from time to time.

Although we pride ourselves on being independent in executing our respective mandates, we benefit immensely from our sister organisations: the Office of the Pension Funds Adjudicator (OPFA) and the Financial Services Board (FSB). Special mention must be made of the FSB team that walks the demanding and tough IT governance road with us and never tires. We will always have great respect for those men and women.

We continually learn from other public entities how best to improve our service. Some of the lessons should soon be mirrored in our service offering, including our new website, which will be up and running during the new financial year.

We cannot forget to mention the assistance of organisations like LEAD, the Law Society of South Africa and the legal fraternity at large. We thank the various firms of FSPs. Together with FSPs we argue and in the end what is right and fair in terms of the law must prevail. We cannot forget the media for its special role of informing the public about the FAIS Ombud.

There are many individuals who assist the FAIS Ombud in carrying out its business. They are too many to mention by name but they know who they are. To those individuals, we say a big 'thank you' for aiding the work of the Office.

Noluntu Bam
Ombud

UMBIKO **WOMLAMULI**

Usizo loMlamuli we-FAIS lenzelwe bonke abantu

Njengoba ufike ngokuphuthuma, unyaka we-2016 uphuthu-mile. Sisale sifanele sibukeze imizamo yethu yokwakha uMlamuli we-FAIS maphakathi nonyakazimali we-2016/2017. Sikhona njengenhlangano yokuxazulula izikhalazo kodwa sikwazile esikhathi eside ukuthola ukuthi umsebenzi wethu ubandakanya ukufundisa kwethu amakhasimende ngohlobo losizo esiluhlinzekayo kanye nangemikhiqizo ayithengayo yezezimali. Sizibophezela kulesi sici esingeziwe somsebenzi wethu emilandweni yethu ehlukenene kanye nasemazingeni ahlukene okubeka obala imikhiqizo yezezimali ephelekezela ukwahlukahluhana okunjengalokhu.

Ukugunyazwa komthetho koMlamuli we-FAIS kuhlala, kodwa-ke, kungukuxazulula izikhalazo ngokungahlelekile, ngokusheshayo nangokungabizi. Lapho isikhalazo singeke saxazululeka ngezindlela ezingahlelekile, uMlamuli ufanele enze isincomo noma anqume ngesikhalazo. Umqondo wokungahle kube nokunqunywa usisiza ukuxazulula izikhalazo eziningi ngokungahlelekile. Inani elibonakalayo labahlinzeki bezinsizakalo zezezimali (ama-FSP) lingahle lithande ukuba izikhalazo sixazululwe ngokuhlelekile uma kukhoneka.

Kulo mbiko, sethulela esisebenzisana nabo ulwazi olubonakalayo oludingekayo ekuhloleni umsebenzi wethu wonyakazimali obukezwayo.

Ngokusebenza kanzima nokuzibophezela, siphindile futhi sakhona ukufeza zonke izinhloso zomsebenzi wethu wonyaka obukezwayo. (Imininingwane ephelele yensebenzo yethu iqhathaniswa nohlelo lonyaka lokusebenza ingabhekwa emakhasini 100 ukuya ku-106 alo mbiko.) Yize sibe nezinsalelo ezibonakalayo esibhekene nazo, sikhonile ukuba nezixazululo sedlula kulezo zinselelo usuku nosuku ngalunye ukuze sifeze ukugunyazwa kwethu. Siyazigqaja ngesikuphumelele kodwa siphinde saphawula amanye amathuba okwakha kulokho esiphumelele ukukwenza.

Ukuxazulula izikhalazo: amanani

Ukuqalisa ngomsebenzi omkhulu wokuxazulula izikhalazo, sizogale sibheke lezo zikhalazo ezitholakele phakathi komhla zi-1 Aphreli 2016 ukuya mhla zi-31 Mashi 2017. Leli nani elirekhodiwe lezikhalazo labe liyi-10 846. Okokuqala ukuba iHhovisi lithole izikhalazo ezedlula i-10 000 ngonyakazimali owodwa. Ngonyaka odlule iHhovisi lathola izikhalazo eziyi-9 891 ngesikhathi esifanayo.

Isamba sezikhalazo ezi-3 794 kwezi-10 846 esichithiwe, esabe singaphezulu nge-1 000 kunonyaka odlule se-2 704. Lokhu kukhula kungahlotshaniswa nokwethulwa kwamajenali okwenzekayo ophikweni lokuphathwa kwamacala. Ukwethulwa kwamajenali okwenzakalayo kuholele ekwenziweni ngcono okukhulu ngendlela uphiko olusebenza ngayo futhi kwakhe indlela engcono yokuqeda izikhalazo ezingafanele.

Zaphethwa kanjani ezinye izikhalazo?

- Isamba sezikhalazo ezi-4 639 ezadluliselwa kwenye inkundla, esiqhathaniseka kahle nesenani eledlule le-4 624.
- Inani lezikhalazo elasonjululwa (ama-592), elimele ukwehla okusuka kuma-753 konyakazimali we-2015/2016.
- Inani lezikhalazo ezitholakele ngonyakazimali we-2016/2017 eledluliselwe onyakeni omusha okungukuthi liphezulu kunelelo lonyakazimali odlule.

Inani lezikhalazo ezizwakalayo ezitholakele maphakathi nonyaka obukezwayo liye phezulu nge-5 630 lisuka ku-4 263 zezikhalazo onyakeni odlule. Lokhu okokuqala emilandweni waleli Hhovisi ukuthi kube nezikhalazo ezizwakalayo eziningi kunezikhalazo ezingazwakali kahle. Konyakazimali we-2015/2016 inani lezikhalazo ezizwakalayo labe liyi-4 263, ngenkathi imidanti engazwakali ifike ku-5 628.²

Kukho konke, isamba esiyinani lezikhalazo ezixazulwe ngonyakazimali we-2016/2017 labe liyi-11 025 futhi limele okokuqala leli Hhovisi elixazululwe ledlula i-10 000 zezikhalazo nganoma imuphi unyakazimali owodwa. Ngenkathi ukwehla kubonakala enanini eliphelele lokuxazululwa, kusuka kwi-1 150 kuya kwi-1 005, ukubizwa kokuxazululwa kusuka kuma-R50 215 518 maphakathi konyakazimali we-2015/2016 kuya kuma-R 58 343 824 maphakathi konyakazimali we-2016/2017. Lokhu kukhula emalini yokuxazulula kuhlotshaniswa nezinqumo ezingama-68 ezakhishwa, okuyinani lesibili ngobukhulu lokunqunywa elabe likhishwe yiHhovisi. Ngonyaka odlule iHhovisi lakhipha izinqumo ezingama-24.³⁴

²Kukhulunywa ngezikhalazo ezingena ngaphansi kwesandla soMlamuli We-FAIS.

³Inani libandakanya izikhalazo ezitholwe eminyakeni yezimali edlule.

⁴Inani lezixazululo jikelele, libandakanya lezo zikhalazo ezitholwe eminyakeni edlule.

Ukungenzeleli kubo bonke ngenkathalelo yezinqubo

Esimweni lapho imizamo yethu ingahunyushwanga ngokuyikho njengokunganele ngenxa yenani elikhuphukile lokuchithwa nokudluliselwa kwenye inkundla, sifanele sibheke inqubo esekele ukuchithwa kwezikhalazo eziyi-3 794 kanye nokudluliselwa kwezinye izindawo izikhalazo eziyi-4 639. Izikhalazo ezi-3 794 zachithwa ngemuva kokufakwa kwesicelo sokunaka komthetho isimo nesimo ngasinye ezazikudinga. Ukunciphisa ithuba lokuchitha isikhalazo ngephutha, izinqumo zokuchitha zifanele zamukelwe ngabaphathi abakhulu futhi zifanele ziphelekezelwe yisethulo semibhalo eminingi esekelayo. Ngokufanayo, uma abakhalayo benganelisekile ngesinqumo sokuchitha isikhalazo sabo, banelungelo lokufaka ukubuyekizwa kwesikhalazo kumuntu ophethe omkhulu, ongahle abe uMsizi Womlamuli noma uMphathi Weqembu Lokuxazulula.

Ukuchithwa nokudluliselwa kwenye indawo akwenziwa kungalandeli indlela

Njalo nje uma, sithola isikhalazo sezigaba ezimbili noma esisodwa esingasivumeli ukuba sithathe isinqumo. Ukuze kufikwe ephuzwini lapho singathatha isinqumo ngesikhalazo, sifanele siphenye. Kusukela ngosuku lokuqala kutholwe isikhalazo ophikweni lokuphathwa kwecala, kwakhiwa ijenali yokwenzekayo. Ijenali yokwenzekayo irekhoda imininingwane yabakhalazayo, izimo zabo zezimali ngesikhathi sokweluleka, imibuzo esetshenziselwa ukuphenya, kanye nolwazi olunikiwe maqondana nomkhigizwe wezemimali. Uma ophethe icala esakhe udaba, izinga elilandelayo lifaka ukuhlaziywa kwemidanti elandelwa ukusetshenziswa komthetho. Kukuphela ngemuva kwalawa mazinga lapho kuthathwa isinqumo.

Inqubo yezikhalazo ezingahleliwe ibheka ukuthi ukufakwa kwezikhalazo kulula kangako, ihlelekile futhi inobulula. Abantu abavela kuyo yonke indawo bangabhekelwa, ngakho-ke, konke esikudingayo incwadi lapho abafaka izingcinga begqamisa izikhalazo. Azikho izindleko ezikhona futhi akekho ofanele afune ummeli ukuba amfakile isikhalazo noma amkhalazele. Ummongo wendaba futhi hhayi indlela indaba exoxwa ngayo ilokho esikufunakayo. Ezimweni ezimbalwa lapho abafaka izingcinga bengakaneliswa yisinqumo soMlamuli we-FAIS, sizidlulisela kwiBhodi Lezikhalazo leBhodi Lezinsizakalo Zezemimali. Isinqumo seBhodi Lezikhalazo singumqala juqu.

Maqondana nezikhalazo ezi-4 639 ezedluliselwe kwenye inkundla, isinqumo sokuba zidluliswe silandela ikakhulu ukuhlaziywa okukhulu komthetho, futhi isinqumo somphathi wecala silele ekuqinisekiseni komuntu omkhulu. Lapho isinqumo sithethwe ukuba kudluliselwe ofaka isikhalazo enkantolo njengoba kuhlizekelwe eMithethweni Ngezinkambiso Zomlamuli we-FAIS (Imithetho), isinqumo asikwazi ukukhalazelwa.

Izibophelelo

Ngaphandle kwemizamo yaleli Hhovisi yokuxazulula izikhalazo ngokungahlelekile kukhona izikhalazo ezidinga izixazululo ezihlelekile ngendlela yezibophezelo, njengoba kukhonjisiwe kuzahluko ezilandelayo.

M Mkhohlwa ebhekene ne-Workers Life Assurance Company Limited, (Workers' Life) (FAIS 03315/14-15/EC 2)

KONKE KUMAYELANA NOKWELULEKA

Ofaka isikhalazo kulolu daba ufuna usizo kophendulayo maqondana nomshwalense kamasingcwabisane. Inhloso yofaka isikhalazo ngukuzithathela yena umshwalense, unina nomzala wakhe, lapho ofaka izikhalazo ezichaza njengonomlando wesifo sofuba. Abamele ababili abavela kophendulayo basize ofake isicelo. Enqutsheni yokweluleka ofaka isikhalazo, omunye wabamele wamazisa ukuthi unina wayengafaneleki njengoba wayemdala kakhulu, kodwa umzala wakhe angafakwa kumshwalense inkani nje esaphila ezinyangeni ezintathu ezilandela usuku ipholisi eyaqala ngalo ukusebenza. Ukubaluleka kokudalulwa kofaka isikhalazo ngokugula komzala ngukuthi zombili izingxenye ziyaqonda kusukela ekuqaleni ukuthi umzala unesimo anaso phambilini.

Kungashaywa ndiva isitatimende sommele, umama wofaka isikhalazo wabe eneminyaka yobudala engama-76 ngaleso sikhathi futhi, empeleni, wabe efaneleka ukuba afakwe kushwalense kamasingcwabisane, njengoba unyaka wokugcina wokufakwa kwamalungu ayizihlobo zomndeni kungama-80.

Mhla zi-6 Meyi 2013, ofake isicelo wathatha umshwalense ewuthathela yena nomzala wakhe.

Mhla zi-23 Mashi 2014, umzala wakhe washona futhi ofake isikhalazo wafaka isicelo sokukhokhelwa ophendulayo. Ekucutshungulweni kwesicelo sakhe sokuba akhokhelwe, ophendulayo wakhapha ifomu lokwelashwa ukuba ligcwaliswe ngudokotela wezempilo owayelapha umzala. Udokotela wesiBhedlela iNkqubela esiseMpumalanga-Kapa waqinisekisa ukuthi umzala wabe elashelwa isifo sofuba ngoMeyi 2012, futhi usuku lokugcina lokwelashwa kungumhla zi-26 Juni 2012. Ngalo suku isigulane asizange siye kolashwa. Kwaphinde kwarekhodwa ukuthi umzala wayefune ukwelulekwa maqondana nokugula okuhlotshaniswa ne-HIV noma ne-AIDS. Isigulane futhi siphinde sathola ukwelashwa kwemishanguzo kodwa usuku lokwelashwa lwabe seluqalile futhi isikhathi sokwelashwa asizange saziwe.

Ophendulayo encike emishwaneni emibili yokushiywa ngaphandle, wasichitha isicelo sokukhokhelwa. Ofaka isikhalazo kwafanele ukuba athole imalimboleko ebizayo ukuze asize umndeni wabo ngokwenza amalungiselelo omngcwabo. Ofake isikhalazo uthi wabe esakhokhela imalimboleko ngesikhathi sokufakwa kwesikhalazo sakhe eHhovisi lethu.

Ukukhishelwa ngaphandle kokuqala, kwathi ophendulayo, wafuna isikhathi esiyizinyanga eziyi-12 zokulinda. Lokhu kunqatshwa kwakubekwe futhi kubonakala ngokucacile efomini lesicelo eligcwaliswe ngofaka isikhalazo lapho efaka isicelo sokuthatha umshwalense. Ukukhishelwa ngaphandle kwesibili, okuzinzile, okusebenza kuphela kuzicelo zokukhokhelwa ezimayelana namalungu ayizihlobo zomndeni, kukhona emibhalweni yepholisi. Okhalazayo wathola lo mbhalo kuphela ngemuva kokuba esenze lesi sivumelwano. Ukukhishelwa ngaphandle kwesibili kwabe kwenebe ngendlela yokuthi kucishe kungenzeki kunanoma ubani ofake isicelo sokukhokhelwa ngempumelelo ngokwepholisi.

Ukushayisana nofake isikhalazo kwabe kungukuthi wabe etshelwe ukuthi yinkani nje umzala wakhe esaphila emuva kwezinyanga ezintathu kusukela ngosuku lokuqala ukusebenza kwepholisi, izinto zizolunga. Ayikho eminye imininingwane eyadalulwa futhi okhalazayo akazange elulekwe ngokungafaneleki komshwalense onikwa ngomhlomulo wamalungu ayizihlobo zomndeni, ngesimo saphambilini somzala futhi nangobukhulu bokukhishelwa ngaphandle kwesibili. Ophendulayo wakusho lokhu, encike kulokho akubiza ngokuthi “iphuzu lokubonakala ekukhishweni ngaphandle kokuqala”, ngokuthi njengoba kwabe kunokuphikiswa kwephuzu, uMlamuli kwakufanele avune yena. Ophendulayo okokugcina uphendule ngokuthi njengoba uMlamuli Womshwalense Wesikhathi Eside (u-OLTI) wayemvunile uMlamuli ufanele enqume ngendlela efanayo. UMlamuli wachitha iphuzu lokubonakala lokukhishelwa ngaphandle kokuqala futhi kunalokho wathola ukuthi ukukhishelwa ngaphandle kokuqala kwabe kukude kunokubonakala njengoba kwabe kuxutshwe nemininingwane yomuntu endaweni encane. Ngokufanayo, uMlamuli wachitha isitatimende esimayelana nokwehlulela kuka-OLTI njengokungafanele ekunqumeni isikhalazo esingaphambi koMlamuli.

Okutholwe uMlamuli

Ekuqiniseni isikhalazo kanye nokuyala ophendulayo ukuba akhokhele ofake isikhalazo imali yomshwalense engama-R10 000, uMlamuli wathola ukuthi ukushayisana kwephuzu kwakwakhiwe ngophendulayo ngokuthi akushaye indiva okumiswe ngumthetho ukuba arekhode iseluleko esinikeziwe. Ophendulayo wanika ihhovisi ngokushiwo phambilini kwalokho okwenzekile futhi weyama efomini lesicelo njengerekhodi leseluleko. Ifomu lesicelo elabe kuncike kulo ophendulayo belingeke libe irekhodi leseluleko, njengoba kwabe kuyifomu elejwayelekile elabe lingasebenzi esimweni sofake isikhalazo.

Okunye okutholakele ukuthi:

- Iseluleko ngokufaneleka asikwazi ukuba esisenqondweni; sifanele sibe sifanele izimo zeklayenti.
- Ophendulayo wehlulekile ukwenza ukuthi ofake isikhalazo anake ukunqatshwa efomini lakhe elifanele.
- Ukuziphatha kophendulayo kudelele imibandela yoMthetho we-FAIS kanye neKhodi.
- Ngenxa yophendulayo osebenza emakethe yokuheha - amalungu e-POPCRU - ophendulayo bekufanele anakelele kakhulu futhi achazele amaklayenti akhe ngemikhawulo yomkhiqizo wakhe; uma imakethe ehehayo ikholelwa ukuthi umkhiqizo ungofanele ngenxa yendlela yezimo ophendulayo azethulayo.
- Ophendulayo akenzanga ukwenza ukuthi ofake isikhalazo anake ukwenqatshwa okuzoba nomthelela kuye njen-gomnikazi wepholisi omkhulu.

Usizo lwamakhasimende

Njengoba umsebenzi wokuxazulula izikhalazo ukhula, siyabona ukuthi amakhono okusebenza ngokwawo awanele futhi nokuthi ngaphandle kosizo lwethu kubekwa phansi ubusobala, ukuziphendulela kanye nokwabelana, angeke sibe nempumelelo ekwethuleleni amakhasimende ethu usizo oluyimpumelelo. Usizo lwethu lufanele luveze amagugu enhlangano.

Kulokhu ake sibheke isikhalazo esafakwa u-Peter J Harten ebhekene ne-Walter Kranz Insurance Brokers CC kanye no-Walter Kranz (FAIS 05402/09-10/ GP 2)

Ofake isikhalazo kwabe kungumqondisi we-Harten and Associates, eyabe inikeza usizo lokuhlelela izimali. UMlando wofake isikhalazo kanye nowophendulayo wabe ukhomba ubudlelwano lapho ofake isicelo ethengisele ophendulayo ibhuku lebhizinisi lakhe njengomthengisi womshwalense wesikhathi esifushane ngo-Okhtoba 2006. I-Harten and Associates yabe isiyekela ukwenza ibhizinisi njengomthengisi womshwalense wesikhathi esifushane.

Ofake isikhalazo wabe ethathe umshwalense wokuba nokukhubazeka okungunomphela ngesivumelwano esiphakathi kwe-Harten and Associates (Pty) Ltd kanye ne-Mutual & Federal Insurance; inombolo yepholisi kuyilena 7040032 (ipholisi). Lona kwabe kungumshwalense wesikhathi esifushane owabe ufanele uvuselelwe. Le pholisi ekhethekile yayifakiwe encwadini ethengiselwe ofake isikhalazo.

NgoSeptemba 2006 i-Harten and Associates, ngokubhalwe phansi, yayala i-Mutual & Federal ukuba ivuselele ipholisi. Kumhlomulo womshalwense wokushona kanye nokukhubazeka okungunomphela wofake isikhalazo, ngaleso sikhathi, zazikathathu izimali ezitholakele ezingama-R200 000. Umhlomulo wepholisi, ngakho-ke, ama-R600 000.

Mhla zi-25 Septhema 2007, ofake isikhalazo nophendulayo bahlangana ukuzoxoxisana ngokuvuselelwa kwepholisi. Umshwalense okukhulunywa ngawo wabe unikenzwe ngaphansi kwe”Mihlomulo Eshiwo “ (“Stated Benefits”) (i-SB). Ophendulayo washo kulo mhlango ukuthi okubi ngalolu hlobo lomshwalense kwaba ukuthi uya ngokukhokha okwenziwe iSikhwama Sokunxeshelwa Kwabasebenzi (iKhomishane Yezinxephezelo) futhi ungathatha isikhalathi eside usasetshenzwa. Ophendulayo wancoma ukuthi isisekelo somshwalense siguqulelwe ku-“Group Personal Accident” (i-GPA). Ofake isikhalazo wamukela lesi seluleko futhi waphinda wayala ophendulayo ukuba akhuphule izimali ezitholakalayo ukusuka kuma-R200 000 ukuya kuma-R300 000. Lokhu kwasho ukuthi izimali eziqinisekisiwe ezitholakalayo ziphindeke kathathu (3 x R300 000) okudala umphumela wokukhula komshwalense kwama-R900 000.

Ophendulayo wachibiyela ipholisi ukuba ibe i-GPA kodwa wehluleka ukulungisa umhlomulo womshwalense. Empeleni, ophendulayo wenza umhlomulo ukuba wehle usuke kuma-R600 000 uye kuma-R300 000. Ngaleso sikhathi, ofake isikhalazo wabe engazi ukuthi lokhu kwehliswa sekwenzekile. Yize lolu lwazi lwabe lungavezwanga ngophendulayo, ithuba likhona lokuthi ophendulayo noma omunye umuntu ehhovisini lakhe wehlulekile ukubona ukusho ukuthi umshwalense wethulwa ngokuphindaphindeka ka-3.

Mhla zi-9 Okthoba 2007 ophendulayo wathumela ofake isikhalazo i-imeyili eqinisekisa ukuthi izinguquko epholisini sezenziwe. Kodwa-ke, akukho okukhombisayo okunikiwe kokuthi isamba esifakiwe sama-R600 000 sehliwise saya kuma-R300 000 kumshwalense. Futhi akuzange kube nenkomba enikiwe yokuthi umyalo wokukhulisa ukukhula komshwalense uya kuma-R900 000 awulandelwanga.

Mhla zi-3 Agasti 2008 ofake isikhalazo waba nengozi yebhayisikili eyamenza wangabe esakwazi ukuzenzela izinto. NgoMeyi 2009, udokotela wemizwa waqinisekisa ukuthi wabe enokukhubazeka okungunomphela. I-Mutual & Federal yamukela isicelo sokukhokhelwa kofake isikhalazo futhi yakhoka inani elingama-R300 000. Ofake isikhalazo wabe elindele ama-R900 000.

Mhla zi-3 Julayi 2009 izingxenye zahlangana futhi ofake isikhalazo wakhomba ukuthi iphutha lenzekile, njengoba inkokhelo engumhlomulo yabe incane kakhulu konomhlomulo owabe ulindelekile kupholisi. Ophendulayo wenqaba ukuzibophezela futhi wathi ofake isikhalazo ufanele athathe nanoma iziphi izinyathelo ezifanele ukuxazululula lolu daba.

Futhi wathi kwabe kudalwe ngofake isikhalazo ukuthi umhlomulo womshwalense wehliswe ngokubonakalayo ngenxa yobudedengu bakhe. Ngokwemfanelo, ofake isikhalazo

wayebheke ukuba ophendulayo amxephezele ngokunganeli kwama-R600 000: okungumahluko phakathi kwalokho obekufanele akuthole (ama-R900 000) kanye nomhlomulo owehlisiwe okhokhwe ngokwepholisi (ama-R300 000).

Iphutha lethu

Uma ofake isikhalazo efake isikhalazo sakhe kuqala, udaba aluphenyangwa ngokuphelele futhi alunqunyanga ngesahluko sama-28(1) soMthetho. Isikhalazo sachithwa sonke ngesizathu sokuthi kwabe kungekho amathuba anele okuphumelela futhi zombili izingxenye zaziswa ngokuchithwa.

Ofake isikhalazo wabe enganelisiwe ngalo mphumela futhi wenza izethulo ecela leli Hhovisi ukuba liphenye lesi sikhalazo futhi lithathe isinqumo. Isikhalazo sachithwa futhi.

Ofake isikhalazo ngakho-ke wabe eseya kwiBhodi Lokukhalaza (iBhodi). Ofake isicelo waphinda futhi wafaka isicelo sokuxolelwa ngokufaka kamuva isikhalazo sakhe kuBhodi. IBhodi ngemuva kokubheka izethulo ezibhalwe phansi zofake isikhalazo, lavuma ukuthi kuzofanela ukuba isikhalazo sidluliselwe kuleli Hhovisi ukuze sicutshungulwe.

Okutholwe uMlamuli

UMlamuli wathola ukuthi:

- Alikho irekhodi elikhona lomyalo wofake isikhalazo wokuthi ophendulayo ehlise umshwalense wokuba nokukhubazeka okungunomphela usuka kuma-R600 000 uye kuma-R300 000.
- Futhi kwabe kunerekhodi lokuthi ukwehliswa komshwalense kwabe kusekelwe yisifiso sokwehlisa amaphrimuyamu.
- Alikho irekhodi elikhona lokuthi emshwalenseni wokuba nokukhubazeka ngaphansi kwesahluka se-GPA sepholisi kwabe kubalwe ngokuhlukile kusukela kulokho okukusahluko se-SB; futhi akuzange kurekhodwe ukuthi umshwalense ngaphansi kwe-GP wabe ulingana nengeniso eqinisekisiwe yofake isikhalazo.
- Kwabe kungenarekhodi lokuthi lokhu kubalwa kuchazelwe ofake isikhalazo kanye nobokuthi ofake isikhalazo uvumile ukuthi uyakuqonda ukubala futhi ukuvumile.
- Kwabe kungenarekhodi lokuthi ophendulayo uchazile ngemiphumela yokwehliswa komshwalense.

Okunye okutholwe uMlamuli kwaba ukuthi kwabe kungekhona ukushayisana ukuthi isheduli ephelile yepholisi ye-Mutual and Federal inikezwe ofake isikhalazo ngophendulayo mhla zi-29 Mashi 2009 - ngemuva kwengozi yebhayisikili. Isiphetho esingenakubalekelwa kwaba ukuthi imibhalo yophendulayo ayisekelanga umbono wakhe wamaphuzu aphikiswayo. Ekuhunyushweni okufanele koMthetho neKhodi, kwabe kungahlosiwe ukuba irekhodi leseluleko sibe ilokho. Empeleni ukuhlonishwa kuyadingeka futhi i-TSP ifanele igcine irekhodi

elifanele. Ukwehluleka ukwenza lokhu kubeka laba bahlinzeki engozini.

UKUPHUMELELA KOKUSEBENZA

Imidanti yezimali

Ngasecaleni lezimali, siqale unyaka kahle ngemuva kokuba sithole ucwaningomabhuku olumsulwa kunyakazimali owedlule. Ngenxa yokubaluleka okwengeziwe ngabacwanin-gimabhuku ethu, ukunaka kwethu ezindaweni ezidinga ukwenziwa ngcono ukuze ziqinisekise indawo yangaphakathi yethu. Isibonelo, abacwaningimabhuku bangaphakathi bagxilise ukunaka kwethu ekubukezweni kwezinqubomgomo, futhi nasezindaweni ezigqanyisiwe lapho izinqubomgomo nezinkambiso zabe zidingeka khona.

Ukunganeli kwezigididi ezingama-R5.7 kwakufakwe kusabelozimali zonyakazimali we-2016/17 ngomzamo yokwakha inselelo eyakhiwe eminyakeni edlule. Ukugcinwa kwensalelo kwamukelwa yiHhovisi Lomgcinisikhwama. Lokhu kwamukela kuholele ekudingeni okuncane kwezimali zonyaka. Ukunganeli empeleni konyaka kwabe kuyizigididi ezingama-R7.4, ngesizathu salokhu kube nesabelozimali sokusebenza ezingaphezulu kwesibekiwe. Lokhu kube ngenxa ikakhulukazi yezinga lesikhala esincane kunaleso esibekelwe kusabelozimali, kanye nezindleko zomthetho ezinkulu. Izindleko zomthetho zimayelana nezinkambiso ezahlukeneyo zomthetho maqondana nokubukezwa kwezisetshenziswa, kanye nodaba lokuqondiswa kwezigwegwe.

Ukwenganyelwa kwe-ICT

Enye yezingoz eziphekana nezinhloko kulezi zinsuku ngukunganeli kokuqashiswa nezinyathelo zokuvikeleka kwe-cyber ukuze kwehliswe izingozi ezifana nalezi. Ukuqinisekisa ukuthi izingozi zendawo ye-ICT kanye nohlelo lolwazi ziphethwe futhi zehliswa ngempumelelo, inani lezinyathelo zokunxephezela likhona, kubandakanya nokuhlolwa kobuthakathaka okungenziwa njalo ngonyaka. Ukunganeli okuphawuliwe kuyalungiswa ukuze izingozi ezihlobene nakho zehliswe.

Maphakathi nonyaka obuyekwezwayo, uMlawuli we-FAIS wenze ucwaningo ukuze enze ngcono uhlelo lokuphathwa kwezikhazazo, okukhuluma nomsebenzi wethu omkhulu. Ukuze kwenziwe ngcono ukuxhumana nabafaka izikhazazo, maphakathi nekota yokugcina yonyakazimali obuyekwezwayo, iHhovisi lisebenzise inani elanele lesikhathi liphenya ngokhwakhiwa kohlelo lwemilayezo emifushane (i-SMS). Ingozi yokuhlola isiphethiwe futhi usizo luzoqala cishe ngasekupheleni kwekota yokuqala yonyakazimali we-2017/18.

Ezabasebenzi

Sinabasebenzi abasebancane abanamandla nentshisekelo enkulu futhi sihlala sinezicelo eziningi zokuthuthukiswa nokuqeqeshwa, lapho sihlale sisabela kahle. Unyaka nonyaka

siyaziqhenya ngenani elibonakalayo labasebenzi lapho sesiqede khona ukuqeqesha okuhloswe ngakho ukwenza ngcono isizinda samakhono sethu ukuze senze ngcono usizo lwethu lwamakhosimende. Noma besicabanga kanjalo. Ukuzigqaja kwethu kuhloliwe kulo nyaka lapho iKomidi Lokuphathwa Kwengozi lilele ukuba silinikeze irekhodi lezikhazazo ezibhekiswe osizweni lwethu.

Lokhu kwenza kwaba isenzo sokuzehlisa. Manje sesiyabona ukubaluleka kokuba nabasebenzi abazisa ukuthi ukusebenzela abantu kudinga okukhulu kunokufaneleka kwezemfundo kanye nokuthi ukubaluleka kokufaneleka kwezemfundo kuzwakala kuphela uma kuhunyushelwa ekusizeni amakhosimende. Ngakho-ke, kuwo wonke unyaka we-2016/17 ukuqeqesha kwethu kubhekiswe esikweni lokwethula izinsizakalo ezibalulekile kuze kufike lapho usizo lamakhosimende luba indawo lapho abantu bekhazazo kakhulu khona. Sibona le ndawo njengomsebenzi oqhubekayo kodwa-ke, sinombono wokuthi kokubili ukuqeqeshelwa umsebenzi nosizo lamakhosimende kuzoba okulahlile uma abasebenzi bethu bengaqashiswa ngokubaluleka kokwenza izinto ngokuhambelana namagugu oMlamuli we-FAIS kanye namagugu omphakathi.

Ukuphathwa kwengozi

Ukusimama kwebhizinisi ezindaweni zanamuhla eziguqukayo zebhizinisi akudingi kuphela ukufezwa okukhulu kwezinhloso zebhizinisi kodwa kudinga ukusimama okunamandla kohlelo oluyimpumelelo ukuze ibhizinisi liqine. Lokhu kuyinto ebalulekile, ngisho nasebhizinisini lobukhulu bethu.

Imibiko yoMlamuli we-FAIS eya kwiBhodi leBhodi Lezinsizakalo Zezezimali (iBhodi).

Ekwenzeni umsebenzi walo wokuqapha ngokwesiQephu sesi-4 nsesi-5 se-King III kanye noHlaka Lokuphathwa Kwengozi Emkhakheni Kahulumeni, iBhodi lamukela indlela yokuqinisekiswa okuhlanganisile okunenhloso edlulelayo: yokuqinisekisa okusetshenziswana nabo ngempumelelo yezinhloso zokwengamela; kanye nokwethembeka ekwethulweni kokubaluleka kwemisebenzi.

Izinhloso ezibalulekile zoMlamuli we-FAIS zibekwa phambili ngendlela elandelayo: 1) ukuxazulula izikhazazo ngendlela engenzeleli, esheshayo nengabizi; 2) ngakho ifeze ubuhle bokusebenza; ukubandakanya nabasebenzayo. Lezi zinhloso ziyaqashwa futhi inqubekela ibikiwe njalo ngekota kuzinhloso zokuhlanganiswa kolwazi lwensebenzo, okuyiKomijana Lengozi Nokuhlonishwa Kwemithetho (ikomidi lokuqapha ukuphatha), iKomidi Lokuphathwa Kwengozi (ikomidi lebhodi) kanye neBhodi uqobo lwalo. Umbiko ophela ngezigameko zonyaka we-2016/17, kanye nokubheka izingozi ezibalulekile uMlamuli we-FAIS kungatholwa emakhasini 57 - 61 alo mbiko.

Umshwalense wesikhathi esifushane

Leli Hhovisi lisekela ukubaluleka komshwalense wesikhathi esifushane ekubandakanyweni kwezezimali futhi liyazi ukuthi ukusimama komshwalense wesikhathi esifushane kuletha emindenini isidingo sokuvikeleka ekulahlekelweni okungalingekile. Kodwa-ke, ngaphandle kokubaluleka okudlalwa umshwalense wesikhathi esifushane ekuhloleni komuntu ngayedwana kwezimali, abahlinzeki bosizo lwezezimali (ama-PSF) abasebenza endaweni yemishwalense yesikhathi esifushane bazokwephula imibandela yoMthetho we-FAIS neKhodi. Bakwenza lokhu ngokuhlinzeka amaphrimuyamu akhoneka kakhulu ngaphandle kwemithelela kuklayenti, engahle esimweni sokufaka izicelo sokukhokhelwa ithole ukuthi kuyini ukubiza kwangempela kwamaphrimuyamu aphantsi. Ukubiza kwangempela kungabandakanya ukwehliswa noma ukushiwa ngaphandle komshwalense ohlinzekiwe noma ezinye izimali ezikhokhwayo zomshwalense ezehlukene.

Ngakho akumangazi ukuthi inani lezikhazazo ezimayelana namapholisi omshwalense wesikhathi esifushane ledlula kakhulu lelo elanoma iluphi uhlaka lezikhazazo zomkhinqizo ezitholwe nguMlamuli we-FAIS ngesikhathi esibukezwayo futhi nangeminyakazimali edlule.

Ukukhathazeka okukhulu maqondana nokuhlinzekwa komshwalense wesikhathi esifushane ukwaliwa okuqhubekayo kwama-FSP asebenza kule ndawo ukuze athole lonke ulwazi olufanele nolutholalalayo kwabangahle babe amaklayenti, ekwephulweni kwesahluko sesi-8(1) seKhodi. La ma-FSP aphinde athande lokho akubiza “ngesidingo esisodwa”, kaningi kunokuvamile, okunezinguquko ezimfushane kumaklayenti. Igama “isidingo esisodwa” lisetshenziswa ama-FSP ngendlela yokunqanda izidingo zesahluko sesi-8(1)(a-c) seKhodi. Ngokuthi amaklayenti adinga usizo kuphela lwe-sidingo esithile, esifana nomshwalense wemoto yakhe entsha, ama-FSP athi akunasidingo sokuthola lonke ulwazi olufanele nolukhona futhi nangokulandayo, asikho isidingo sokuhlaziya kwezingo zamaklayenti.

Kukhona okungahlangani okukhona phakathi kokuqonda kwamaklayenti omshwalense ophелеle kanye nokuqonda kwama-FSP lapho iklayenti icela umshwalense ofana nalona, okulindlekile ngokuthi konke ukubiza kwemoto (kubandakanya nokwengeziwe) kuzofakwa kumshwalense esimweni sokwebiwa noma sokulahlekelwa okuphelele. Ku-FSP, umshwalense ophелеle uvame ukusho ukuthi imoto ifakwe kumshalense wanoma isiphi isenzeko ezingesihle kuze kufike ekubizeni kwemoto, okungeziwe akubhekewanga. Kunokwehluleka ukunquma ukuthi ingabe imoto inanoma ikuphi okwengeziwe okudinga ukuba kubalulwe. Isibonelo, amatende amaveni awafakiwe kumshwalense ngaphandle uma eshiwo kupholisi.

Ama-FSP angahle abuze ukuthi imoto inoxhasozimali noma cha, kodwa awavamile ukunikeza umshwalense ongeziwe, okuvame ukuba kubeke amaklayenti esimweni esingasihle uma enza isicelo sokukhokhelwa emazingeni okuqala esivumelwano sesikweletu.

Ngomshwalense wabaninizindlu, ama-FSP avama ukwehluleka ukudalulela amaklayenti okushiywe ngaphandle okukhona ngokwepholisi yabaninizindlu. Lokhu kuyiqiniso elikhethekile kubaninizindlu abasebasha, ekungabini khona kwalokhu kudalula, abakwazi ukuthatha izinyathelo zokunciphisa ukulahlekelwa kwabo. Kuyalimaza lapho, isibonelo, uphahla lomunye luwa ngesiphepho esikhulu futhi isicelo sokukhokhelwa senqatshelwa ngokuguga. Ngomshwalense wokuqokethwe ngaphakathi endlini kunokwehluleka ukuhlinzeka umononakalo wengozi, engafakiwe ngokuzenzakalelayo kumshwalense. Ama-FSP aphinde ehluleke ukweluleka amaklayenti ngezinto ezifana nobucwebecwebwe, ama-laptop kanye nomakhalekhukhwini, okudingeka ukuba kubalulwe.

Ukuhlelela umhlalaphansi

Izinqumo ezenziwa amaklayenti esikhathini sokuthatha umhlalaphansi ziyizinqumo ezibalulekile ekuhleleni ezezimali amaklayenti azofanele azenze. Imiphumela yalezi zinqumo ezimweni eziningi ingunomphela. Ngalesi sizathu iseluleko esingafanele singaba nemithelela eyingozi kwiklayenti engesenakho ukwenza izimali futhi engakhoni ukwenza nanoma ikuphi ukulahlekelwa kusimame. Lesi simo senziwa nzima yiphuzu lokuthi iNingizimu Afrika ayihlinzekeli ngokwanele imihlalaphansi yayo futhi iningi lisancike kumihlomulo ehlinzekwe yizikhwama zempesheni kanye/noma zokuzihlinzekela. Ngisho nalapho ama-PFS aweluleki ngokwanele njalo amaklayenti ngemiphumela kanye nemithelela yokukhipha izimali kumihlomulo yawo yomhlalaphansi ngesikhathi sokusebenza kwawo.

Ukwengeza kulokhu, ama-FSP ayehluleka ukweluleka amaklayenti ngokusebenzisa lezi zimali - noma ngabe zisetshenziselwa ukwehlisa isikweletu, noma kalula nje ukuthi zitshalwa kanjani izimali ukuze zisekele ingeniso evela ku-anuwithi eyimpoqo.

Kuya kujwayeleka ukuthi ama-FSP avume amaphutha ezilulekweni azinikezayo. Kodwa-ke, abe esethi akulula ukuhlehlisa ithransekhshini. Ukungakhoneki ukuhlehlisa kuqhamuka ekutheni i-FSP ayinawo amandla okubeka iklayeti esimweni ebikade izoba kuso ngaphambili kweseluleko esinikeziwe. Amaklayenti atshelwa ukuthi ithransekhshini ayenzeki ngenxa yokuthi i-SARS ayifuni ukukhansela umyalo wentela. Le ncazelo idelela uMthetho Wezeluleko Zezezimali Nezinsizakalo Ezihlobene Nazo (i-FAIS) kanye nomgomo wokuPhatha Amakhasimende Kahle.

Ukuba nokukhubazeka, ukugula kabi noma kakhulu

Eminyakeni edlule siphawule ukunganeli futhi ngakho-ke nokungafaneleki kweseluleko okubhebhethekisa ukuthengiswa kwemikhiqizo okuhloswe ngayo ukubhekela amaklayenti ezimweni zokuba nokukhubazeka, ukugula kabi kanye/noma kakhulu. Siphinde saphawula umkhuba wokuthengisa kakhulu le mikhiqizo. Ukuthengisa kakhulu kuvame ukuholela ekukhalazeni, njengoba abantu abaningi bengenakho ukujabulela imihlomulo yasemsebenzini yokuba nokukhubazeka, ukugula kabi noma kakhulu. Kuphinde futhi kungasizi ekutheni izimo imihlomulo enikezwa noma inganikezwa phezu kwazo njalo zakhiwa ngamagama anzima namagama ezokwelashwa. Ama-FSP athengisa imikhiqizo efana nalena asebenzisa indlela elula ekhomba ubugcono, isibonelo, ukonga okuncane kumaphrimuyamu kukhuthaza ukuguqulwa kumikhiqizo okhona ukuya kulewo onikezwayo. Elinye lamaqhinga ngokubiza ukugula ngegama kuphela, ngaphandle kokusho izinga lokuqhubeka kokugula lapho umhlomulo uqala usebenza khona. Ake ubheke, isibonelo, kusimo soMnu. M ebhekene ne-Z bank. UMnu. M welulekwa ukuba ashintshe ipholisi yakhe ekhona enikeza umshwalense wokugula kabi aye kwenye ipholisi, ebonakala ingcono ngenxa yokuthi yokuthi ibikade ibiza kangcono ngama-R800 ngenyanga. UMnu. M welulekwa ngokuthi ipholisi entsha inikeza izimo ezifana ncimishi nalezo zepholisi yakudala enayo. Uma uMnu. M efaka isicelo sokukhokhelwa nge-muva kweminyaka emithathu, kulandela ukuhlolwa atholakale enomdlavuzi, isicelo sakhe senqatshwa. Kwatholakala ukuthi, ipholisi yakamva isabela kuphela ezingeni elibi lomdlavuzi. Isicelo soMnu. M sasithi watshelwa ukuthi ipholisi yakamva ingeyomdlavuzi futhi akukho okushoyo ukuthi yathathwa maqondana nezinga umdlavuzi osukhule waba kulo ukuze isicelo samukelwe.

Kungulwazi lwethu ukuthi iseluleko esifanele sibalulekile.

Ukubonga

Ukubonga ngokungananazi sikubhekisa kubasebenzi bethu, njengoba besingekile sakwazi ukufeza izinhloso zethu ngaphandle kokuhlanyela. Abasebenzi bathola injabulo nolwazi olubalulekile emsebenzini abawenza kuMlamuli we-FAIS, futhi bathole indawo yokufunda abasebenza kuyo. Kuthatha umuntu okhethekile ukwenza uhlobo lomsebenzi awunikiwe futhi aphinde akujabulele ukuwenza.

“Ukubonga” okukhethekile sikubhekisa eqenjini labasebenzi abanolwazi abakhe iBhodi lethu. IBhodi lethu eminyakeni edlule liye lama laqina, lasigcina sinokuziphendulela, futhi laqinisekisa ukuthi alingeneleli ekuxazululeni kwethu izikhalazo. Laba bantu abahlakaniphile

abahlonipha baphinde bakhuthaze ukwengamela okuhle (futhi, ngakho-ke, abahlonipha ukuzimela kwethu) basigcine siphendula ngekhwalithi yosizo esiluhlinzekayo lapho sixazulula izikhalazo.

Sibonga ukuboniswa esikuthola kubasebenzi beHhovisi Likazwelonke Lomgcinisikhwama njalo.

Yize sizigqaja ngokuzimela ekufezeni ukugunyazwa kwethu, sihlomula kakhulu kuzinhlangano esisebenzisana nazo: iHhovisi Lomlamuli Wezimali Zempesheni (i-OPFA) kanye neBhodi Lezinsizakalo Zezezimali (i-FSB). Ukukhuluma okukhethekile kufanele kubhekiswe eqenjini le-FSB elihamba kanye nathi indlela yokwengamela efuna okuningi nenzima ngaphandle kokukhathala. Sohlala njalo sihlonipha kakhulu lawo madoda nabesimame.

Siyaqhubeka nokufunda kwezinye izinhlobo ukuthi singalwenza kanjani ngcono usizo lwethu. Ezinye zezifundo zifanele zibonakale ekunikezeni usizo kwethu, kubandakanya iwebhusayithi yethu entsha, ezoqala ukusebenza maphakathi nonyakazimali omusha.

Singekile sikhohlwe ukukhuluma ngosizo lwenhlangano efana ne-LEAD, iNhlangothi Yezomthetho YaseNingizimu Afrika kanye nomkhakha wezomthetho uwonke. Sibonga amafemu ahlukene ama-FSP. Sisonke sinama-FSP siyaphikisana futhi ekugcineni lokho okufanele nokungenzeleli ngokomthetho yikhona okusebenzayo. Singekile sikhohlwe abezokusakaza ngendima ekhethekile yokwazisa umphakathi ngoMlamuli we-FAIS.

Baningi abanye abantu abasiza uMlamuli we-FAIS ekwenzeni umsebenzi wakhe. Baningi kakhulu ukuba sibasho ngamagama kodwa bayazazi bona. Labo bantu, sithi kubo “siyabonga” ngokusiza emsebenzini weHhovisi

Noluntu Bam

Ombud



ACCOUNTABILITY

"Don't look where you fall, but where you slipped."
- African proverb

SETTLEMENTS

1. COMPLAINT: M v N

Failure to disclose pre-existing condition clause

The complainant applied for a life cover policy that included an income protector and a disability benefit. The complainant was later declared to be medically unfit to work. When he submitted a claim with the respondent in terms of the income-protection benefit the claim was rejected on the basis that the claim had been submitted during the waiting period. The respondent relied on the policy's terms and conditions, which provided for a 24-month waiting period on pre-existing conditions. The illness that had rendered the complainant unfit to perform his duties had arisen directly from such a pre-existing condition. Despite correspondence from this Office requesting documentation to supply evidence that the relevant disclosures had been made, the respondent was unwilling to settle the matter and insisted that the product sold to the complainant was suitable, as it catered for the need that had been identified. The complainant knew of the exclusions, according to the respondent, as these had been disclosed in both the application form and the policy schedule.

In officially accepting the matter for investigation this Office drew the respondent's attention to the fact that it had failed to advise the complainant of the blanket exclusion that was applicable to the policy with regard to pre-existing conditions. In addition, the respondent had failed to elicit information from the complainant pertaining to his medical information. This information was both relevant and available and, had it been requested, the unsuitability of the product would have become evident to the respondent. The respondent responded by providing an offer that settled the matter in full.

Settlement: R563 581

2. COMPLAINT: DB v S

Failure to provide appropriate advice

This Office received a complaint from a father acting in his capacity as the guardian of his 47-year-old daughter who lacked the mental capacity to represent herself. Owing to the daughter's mental illness she had never been employed and was dependent on the support provided by her husband. The daughter and her husband subsequently divorced. As

part of the settlement, the daughter received a house, which was later sold for R2 100 000. The proceeds were placed in a family trust, where the intention of the deceased had been to invest the monies in a vehicle that would protect the capital and provide monthly income payments to sustain the daughter. Upon meeting with the respondent, it recommended an investment in a guaranteed income plan that guaranteed her an income for a period of five years. The complainant, representing the daughter, accepted the recommendation, only to find that at maturity the original capital amount was not guaranteed and that payment would be less than the amount originally invested.

In its response to this Office the respondent argued that the complainant had signed the application and the quotation in acceptance of the recommendation made. The respondent was of the view that the matter related to the performance of the funds into which the capital had been invested. The respondent was also of the view that the complainant had in fact not suffered a loss, as when one added the total of all the instalments paid to the complainant to the capital paid at maturity, it was more than the original investment. This Office was not convinced and was of the view that the respondent had failed to adequately consider the complainant's financial needs and circumstances at that time and had, therefore, failed to provide her with a product that was appropriate. Furthermore, this Office held the opinion that the respondent had failed to render the financial services in line with the terms of the agreement with the client. This Office made a recommendation to the respondent to resolve the matter with the complainant, which the respondent agreed to.

Settlement: R187 240

3. COMPLAINT: M v N

Failure to timeously action a claim

The complainant's husband had applied for an accidental death and disability policy with the respondent. The policy had inceptioned on 28 August 2013, with the first premium of R82.50 debited on 15 September 2013. The complainant's husband passed away in an accident on 21 September 2013, and the complainant lodged a claim on 26 November 2013. The complainant had initially been told to wait for the results

of a blood alcohol test. The result was obtained during June 2015 and, despite the fact that it confirmed that the deceased was not intoxicated, the claim remained outstanding. During December 2015 the complainant was informed that no claim had been lodged and that the policy had been cancelled. The complainant disputed this and approached this Office for assistance with her claim. Upon receipt of this Office's initial correspondence that sought reasons for the delay in settling the claim, the respondent confirmed that the matter had been reassessed and that payment had been approved in respect of the benefits provided.

Settlement: R200 000

4. COMPLAINT: L v S

Failure to act on the instructions of client

During 2015, the complainant sought the respondent's assistance in order to invest the proceeds awarded to her by the Road Accident Fund (RAF). The claim with the RAF was as a result of an accident that had left the complainant paralysed. The complainant claimed to have specifically requested an investment product that would provide her with a monthly income without eroding her investment capital. The complainant alleged that she was advised by the respondent to place her funds into a unit trust, which would provide her with the required monthly income from the product's accumulated interest. The respondent also promised that there would be no fees charged should the investment be cancelled. The complainant, however, did not receive the promised monthly interest for a period of approximately six months, resulting in the respondent recommending that the complainant move her funds to another investment in an effort to meet her income needs. When the second investment also failed to provide the required income, the complainant decided to cancel the investment with the respondent only to discover that her funds had been invested in a five-year endowment that she could not cancel without sustaining significant penalties due to early cancellation.

In responding to the complaint the respondent indicated (without evidence) that the complainant was aware that her funds were moved from a unit trust to an endowment policy. The respondent advised that all terms and conditions of the endowment policy were provided for in the policy schedule and that that was sufficient disclosure of all relevant information with regard to the product. The respondent also stated that the complainant's signature on the documents demonstrated that the complainant had been aware of the terms and conditions applicable to an endowment policy and had still proceeded with the transaction. This Office was, however, of

the view that regardless of the documentation signed by the complainant a consideration of her personal circumstances provided evidence that the product recommended was not appropriate to her financial needs and circumstances. This Office therefore requested that the respondent reconsider its stance and look to resolve the matter with the complainant. Upon receipt of this Office's recommendation, the respondent made an offer of settlement which the complainant accepted.

Settlement: R80 386

5. COMPLAINT: B v A

Failure to disclose fees and charges

The complainant, an elderly gentleman in retirement, submits that he had invested an amount of R1 000 000 in a fixed deposit on the advice of the respondent's representative. When the fixed deposit matured, the complainant was referred to another representative of the respondent, who asked for details with regard to the income he was receiving from his fixed deposit. When the complainant revealed he was earning 9.8%, the representative advised him that if the complainant moved his portfolio to her, it would be invested in a basket of unit trust funds and he would be able to take home a 10% monthly income – together with a 5% growth on his investment. The complainant contends that he made it clear to the representative that the investment had to last him for the rest of his life, as it was his only source of income. He was assured that his money would be safe.

The complainant, who was not too familiar with investments, requested a weekly statement in order that he could see how the investment was doing. The complainant became weary of losses being sustained on the portfolio. Even though he approached the representative on a number of occasions to express his concerns about the depreciating value of his investment, there appeared to be no appreciation for his concerns. The complainant submits that as a result of his portfolio having reduced by around R70 000 – due in part to the representative's commission, which had been in excess of R11 000 – he was worse off than before, and decided to withdraw all his money, and once again invested his funds in a fixed deposit.

The respondent alleged that the complainant had been advised of the depreciation that would occur as a result of the high income drawdown required by the complainant. It was further alleged that the complainant had been made aware that the investment would start to show significant gains only after a period of three to four years. The respondent further submitted that the complainant had not incurred

any loss; one needed to consider that the monthly income already received together with the capital amount the complainant withdrew had exceeded the funds initially invested. This Office was, however, of the view that the respondent's representative should have exercised greater caution and ensured that the complainant's capital was at the very least preserved. Many factors should have been considered: the complainant's age; the lump sum involved; the fact that this was the complainant's only source of income; and his inability to recoup any losses sustained. Furthermore, the duty of an FSP is to provide advice and not simply accede to the complainant's wishes, especially when these 'wishes' are in conflict with his circumstances. This was true for this matter, as the respondent had allowed the complainant to draw an income of his choosing without ever cautioning him about the risks involved. The respondent there and then made an offer in full and final settlement of the matter and the complainant accepted the offer.

Settlement: R15 168

6. COMPLAINT: R v S

Failure to disclose the inherent risks

The complainant, 59 years of age, approached the respondent's representative to discuss a possible switch of her funds held in a money market account into a portfolio that would potentially provide a higher return. The complainant informed the representative that, as a result of her age, she could not afford to lose any money and that she was dependent on these funds to provide an income for retirement. The respondent's representative then conducted a risk profile and a needs analysis, which profiled the complainant as a moderate risk investor. On the basis of this result the respondent recommended that the funds be placed into the respondent's bond fund, with the assurance that she would receive returns on her investment. The complainant accepted the recommendation, only to later find that her capital had decreased as a result of fluctuations in the market. She requested that the financial planner switch her funds back into the money market fund.

The complainant approached the Office of the FAIS Ombud to request the respondent to place her in the financial position she would have been in had she been advised of the risks involved in placing her money in the bond fund. This Office directed the complaint to the respondent in accordance with the Rules on the Proceedings of the FAIS Ombud and, in reply, the respondent offered the complainant a settlement that the complainant then accepted.

Settlement: R6 841

7. COMPLAINT: Z v M

Failure to disclose the material terms of a policy

The complainant, a 51-year-old married man and father, was previously employed as a general worker and had been retrenched during late 2014, at the age of 49. The complainant's total retrenchment benefit from his provident fund of R543 000 had been placed into a provident preservation fund, from which he had withdrawn a lump sum equal to 1/3rd of the amount invested, amounting to R181 000. The complainant had also received R105 000 as a severance package. The complainant claims that upon approaching the respondent he was not advised of the material terms of the policy and that he did not consent to his funds being, what he referred to as, "reinvested". The complainant was not receiving any income from his investment and he was in distress as a result of being unable to pay for his child's tertiary education, to pay his monthly rent, and to take care of his family as the sole breadwinner. The complainant was unable to access the remaining funds from the preservation fund. The proceeds of this fund came from the complainant's provident fund, but he had already made use of the one withdrawal available to him.

The respondent was required to provide documentation that could act as evidence of the financial planning that had been conducted for the complainant and of the recommendation that was to match the complainant's needs and circumstances. The respondent, however, responded that the 'advice' that was rendered had been in the form of a mass presentation to all retrenched staff, presented by a representative of the product provider. This Office informed the respondent that there were serious concerns with regard to the manner in which the transaction had been concluded. Not least of these concerns was that the tax benefits of a retrenchment benefit had been negatively affected by the funds having been transferred to a preservation fund. Another concern was the respondent's failure to disclose this to the complainant. A recommendation was made that the respondent reconsider its stance and look to resolve the matter with the complainant, which resulted in the respondent reaching a settlement with the complainant in full and final settlement of the complaint.

Settlement: R10 000

8. COMPLAINT: S v L

Failure to provide appropriate advice

The complainant retired as a member of his employer's pension fund. The complainant was the sole provider, supporting his wife and dependent child, who was a student at the time the transaction was concluded. The complainant had at the time sustained significant debt, which he had consolidated

by applying for a loan shortly before his retirement. This had been done in the knowledge that he would have access to one third of his pension benefit, with which he could settle the loan. Upon consulting the respondent a recommendation was made to apply for an annuity, which saw the entire pension benefit transferred into the annuity. When the complainant enquired as to the possibility of commuting one third of the pension benefit in the form of a lump sum, he was informed that he was unable to access any part of his pension benefit. The complainant, aggrieved by the respondent's conduct, approached this Office for assistance.

The respondent was requested to provide documentation showing that he had obtained all relevant and available information with regard to the complainant's financial situation at that time that the respondent had seen it appropriate to invest the entire pension benefit. An alternative action for the respondent would have been to reduce any outstanding obligations that may have allowed the complainant to budget in accordance with the income provided by the annuity. It was subsequently established that the respondent had not maintained a record of the advice, that it had failed to take the complainant's circumstances into account, and that this failure had resulted in a recommendation that was inappropriate to the needs of the complainant. Following a recommendation from this Office the respondent paid out an amount equal to one third of complainant's retirement benefit in full and final settlement.

Settlement: R570 994

9. COMPLAINT: D v I

Failure to provide appropriate advice

The complainant, a 48-year-old engineer, accepted a voluntary retrenchment package during July 2012. The complainant approached the respondent for advice on his options and he claims to have given strict instructions to the respondent that the full pension benefit of R965 476.73 be withdrawn and placed in an "investment account", where he would have access to the funds. The Complainant was starting his own engineering business and needed to purchase equipment to set up the business. During November 2012, the complainant received an amount of R426 772.84, with the remaining R538 703.46 transferred into a retirement annuity (RA). When the complainant had contacted the respondent to make a withdrawal he was told that he could not access the funds until he reached the age of 55.

In its response the respondent alleged that he was informed by a consultant from the pension fund that the complainant

could not take the full amount in cash. The respondent had taken that information at face value and did not do his own investigation. As it turned out, the fund rules allowed the complainant to take the full benefit in cash, with the remainder transferred to an approved fund. This Office was of the view that the respondent had also failed to make allowance for the complainant's needs and recommended that the matter be resolved. The respondent conceded that it had failed to render appropriate advice and made an offer that was accepted by the complainant in full and final settlement.

Settlement: R24 564

10. COMPLAINT: M v O

Failure to disclose material aspects of the policy

The complainant, a 56-year-old single parent of four minor children resigned from the Department of Correctional Services in 2015 with a pension benefit of R2 363 489. The complainant had resigned to start business as a mechanic. The complainant claimed to have informed the respondent that he wanted to withdraw a lump sum from the total pension benefit and to invest the remainder of the funds to provide an income, as well as to allow him access when required. The complainant knew that he would not be receiving an income until the business showed a profit. The complainant received an after-tax lump sum of R787 000 and the remainder of the funds were invested in an annuity. After requesting a withdrawal the complainant was advised that he could access the funds only when he turned 55. At 55 the complainant received only a further R8 000 lump sum, the rest having been utilised to purchase an annuity.

The respondent was requested to provide documentation evidencing what information had been obtained from the complainant that saw the recommendation made as having been appropriate. From the response it became evident that the respondent had not included details of the nature of the product that the complainant's pension benefits had been paid into. This Office recommended that the respondent settle the matter by paying to the complainant the commission that the advisor had earned as well as an ex gratia amount. The respondent in response to the recommendation made an offer to the complainant in full and final settlement, which the complainant accepted.

Settlement: R37 768

11. COMPLAINT: N v O

Failure to provide correct information

The complainant resigned as a teacher from the Government Employee Pension Fund ('GEPF') during 2015 at the age of 53. The complainant informed the respondent's representative that she wanted to take a portion of her pension benefit to pay off all her debts and to start a business, with the remaining funds to be preserved in a retirement annuity. The complainant confirmed that despite her instructions the full pension benefit of R997 6211.21 was transferred into a pension preservation fund. When the complainant requested a withdrawal she received only R200 000, which was further reduced by tax. The rules of the GEPF provide that, unlike other pension fund benefits, when a pension benefit is transferred to a pension preservation fund from the GEPF, the member has access through only one withdrawal, which itself is limited to only one third of the total pension benefit. In correspondence between the complainant and the respondent it became clear that the respondent had been unaware of this provision and had been unable to adequately advise the complainant as a result. The respondent subsequently made an offer to settle the matter with the respondent.

Settlement: R120 000

12. COMPLAINT: M v S

Failure to disclose the risk of underinsurance

The complainant had applied for a home owner's insurance policy with the respondent and after a fire in June 2015 he had duly lodged a claim against the policy. The damage caused by the fire was assessed to have been R261 000. The insurer offered to settle the claim to the value of R141 000, stating that the complainant had been underinsured and that, as a result, it had applied the rule of average in determining the quantum of the claim. The complainant, outraged by what he believed had been the respondent's failure to adequately provide for his needs, claimed not to have been informed of the requirement to have the building insured for its replacement value. Aggrieved by the respondent's continued failure to honour his total claim, the complainant approached this Office.

The respondent was requested to show its compliance with the provisions of the General Code of Conduct for Authorised Financial Services Providers and Representatives (Code). More specifically, the respondent had to show proof that its representative had obtained all relevant and available information to ensure that the product and indeed the benefits recommended were appropriate.

The respondent was unable to provide any documentation showing compliance with the Code, and could only point to having sent the complainant the policy schedules on an annual basis. The respondent further maintained that it was the complainant's responsibility to ensure that he was adequately provided for. After this Office had confirmed its stance with regard to the respondent's failure to adequately provide for the needs of the complainant, the respondent reconsidered its decision and made an offer to settle the claim to the value of the assessed quantum.

Settlement: R120 000

13. COMPLAINT: V v A

Failure to disclose minimum security requirements

The complainant, a 77-year-old pensioner, had a short-term insurance policy facilitated by the respondent that provided cover for his household contents. On 14 June 2014 at around 16:30 there was a burglary at his home and a claim was duly submitted on 29 June 2014. Following the submission of the claim, the complainant received correspondence from the insurer that the claim had been rejected on the basis that the minimum security measure required – security gates fitted to all doors leading outside – had not been complied with. The complainant claimed that this requirement had never been brought to his attention, and was adamant that the loss was as a result of the actions of the respondent.

In response to correspondence received from this Office, the respondent claimed that even though its representative had visited the complainant's residence on an annual basis, she was not a security expert and could not have been expected to comment on the complainant's failure to adhere to the minimum security requirements. The respondent further advised that a policy schedule was sent to the complainant and that the complainant ought to have been aware of the minimum requirements. This Office informed the respondent that policy documents do not show compliance with the requirements of the Code and that its representative had a duty to obtain all relevant and available information from the complainant. The respondent thereafter made an offer to settle the matter as though the required security measures had been in place.

Settlement: R56 823

14. COMPLAINT: M v I

Failure to provide appropriate and adequate disclosures

Subsequent to the purchase of a new motor vehicle in 2014 the complainant approached the respondent to obtain cover for the vehicle. The complainant had an existing insurance policy and the new vehicle was to have replaced the existing vehicle on the policy. The respondent, however, recommended that the complainant apply for a new policy with another insurer. When the complainant's 25-year-old son, noted as the regular driver on the policy, was in an accident, the complainant was shocked at the excesses payable for a driver of a vehicle who is under the age of 30 and who incurs a loss within six months of the policy having incepted. It is noted that the replacement policy did not have such excesses. The respondent was asked to show that its representative had clearly disclosed the implications and consequences of the proposed replacement to the complainant. Upon receipt of the correspondence from this Office, the respondent approached the complainant and offered to compensate her for the additional excesses charged, which offer was accepted by the complainant.

Settlement: R20 000

15. COMPLAINT: S v L

Failure to obtain material information during the application

The complainant, after having been involved in a motor vehicle accident, had seen his claim rejected on the basis that he had, during the application stage, failed to disclose that he had been in two motor vehicle accidents in the previous five years. The complainant, however, claimed that he had never lodged a claim in respect of either of the two accidents and that during the application stage he had been asked only about the number of claims submitted in the preceding five years. The complainant was adamant that he had never been asked how many accidents he had had and that if asked he would have disclosed this information. The complainant was therefore of the view that he had been financially prejudiced as a result of the respondent's actions and he submitted a complaint to this Office. The respondent was requested to show compliance with the Code and, specifically, that all relevant and available information with regard to any and all claims or losses had been obtained. Such information would have permitted an accurate assessment of the complainant's risk profile. The respondent was also asked to provide a copy of the recorded conversation to determine whether or not the complainant had been informed as to the importance of disclosing not only any and all claims submitted but, in addition, any and all losses sustained as well. In response

to correspondence received from this Office, the respondent made an offer to the complainant to settle the claim in full. The offer was accepted by the complainant as full and final settlement of the complaint.

Settlement: R56 921

16. COMPLAINT: S v A

Failure to disclose policy exclusions

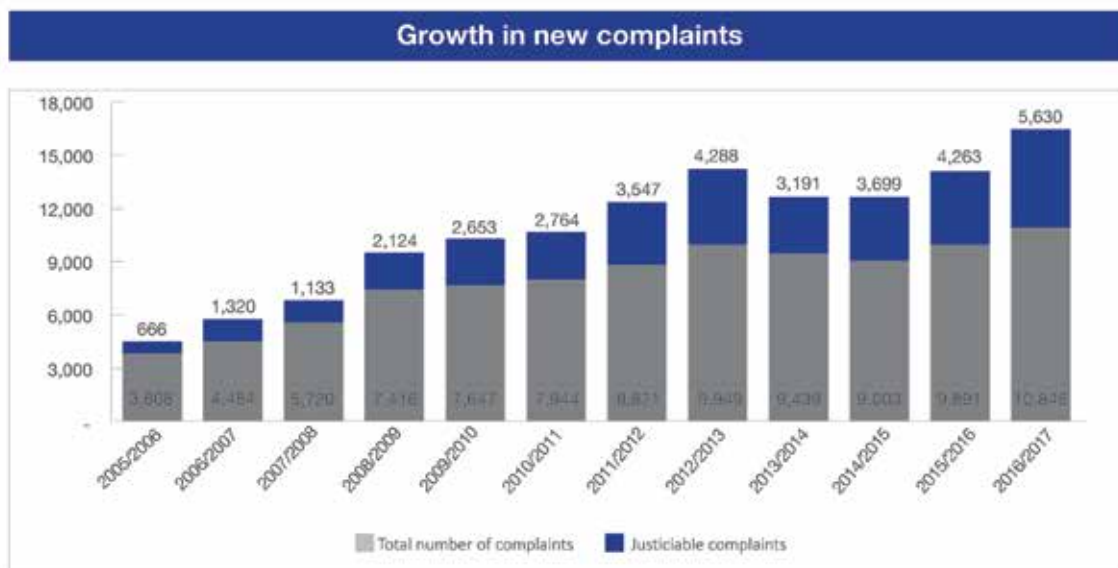
The complainant, who was the owner of a funeral policy recommended by the respondent, claimed that the respondent had failed to inform him that there was an age limit of 21 years for individuals covered as dependants on the policy. The complainant had been paying a premium in respect of himself and his younger brother, who was covered as a dependant on the policy. At the inception of the policy the complainant's brother was 18 years of age, and at the time of his passing he was 24 years old. The claim submitted by the complainant was rejected on the basis that the deceased's cover had lapsed when he turned 21. The complainant was adamant that this was never explained to him at point of sale or during any of the annual renewal letters he received and he approached this Office for the respondent to pay the full benefit of R10 000. The respondent was requested to furnish this Office with a record of the disclosures made with respect to the exclusions applicable to dependents covered on the policy. The respondent was unable to do so and had merely referred to the policy documents that contained this clause, insisting all the while that this limitation was an industry standard that the client ought to have been aware of. The respondent was, however, prepared to make an ex gratia offer of R5 000. The complainant initially rejected the offer, but subsequently accepted it as full and final settlement of the complaint.

Settlement: R5 000



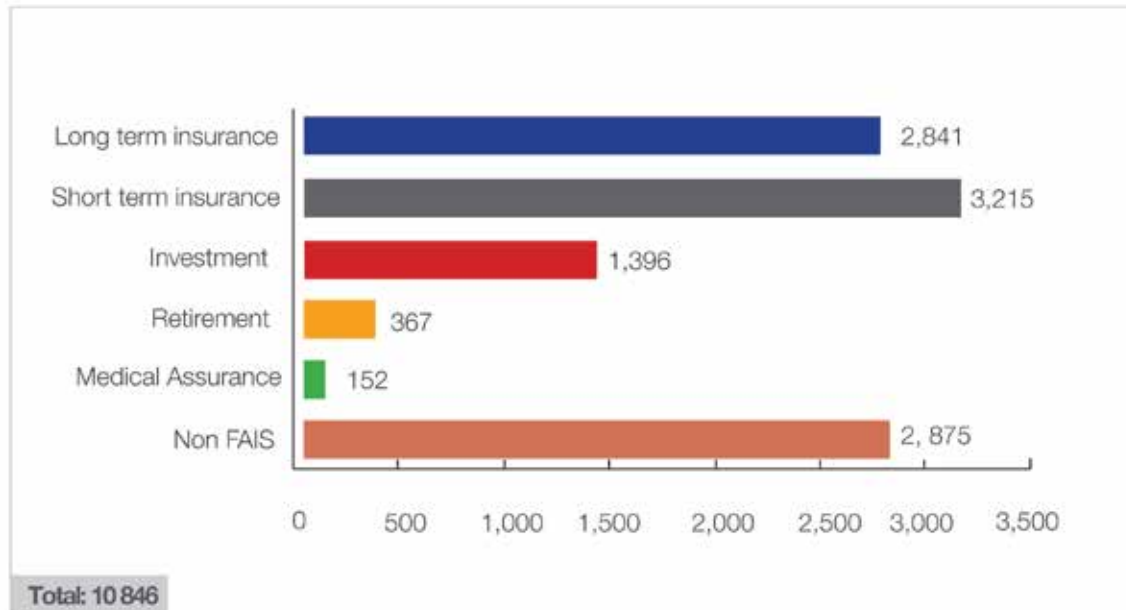
STATISTICS

"Numbers rule the universe." - Pythagoras

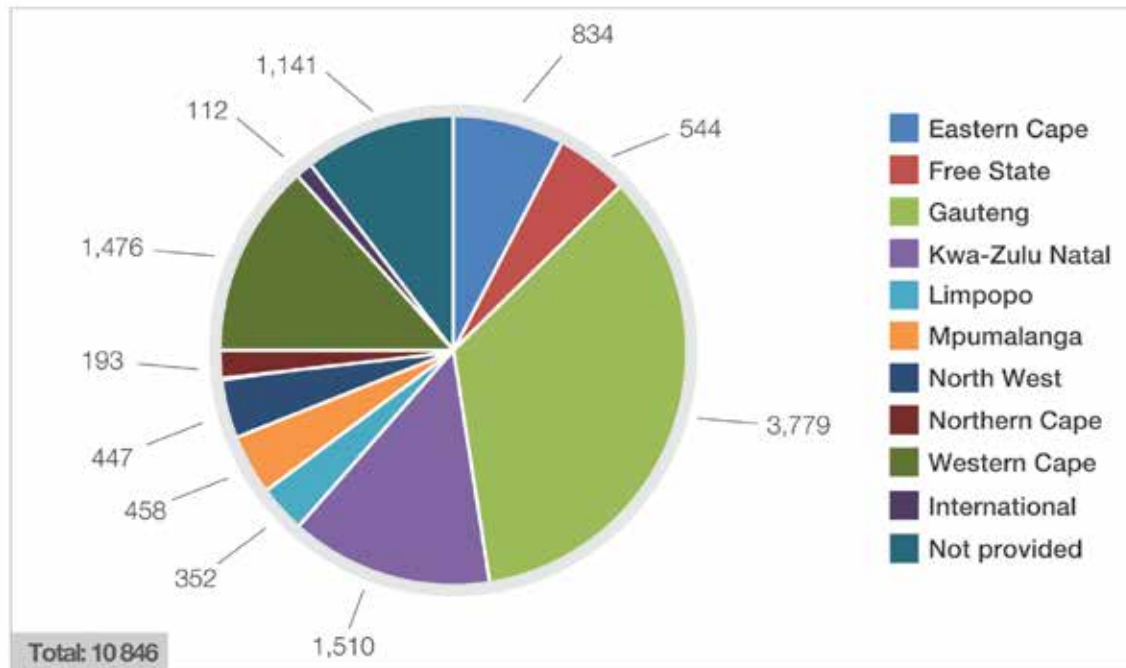


Financial year	Total no of new complaints	Justiciable complaints
2005/2006	3,808	666
2006/2007	4,484	1,320
2007/2008	5,720	1,133
2008/2009	7,416	2,124
2009/2010	7,647	2,653
2010/2011	7,944	2,764
2011/2012	8,821	3,547
2012/2013	9,949	4,288
2013/2014	9,439	3,191
2014/2015	9,003	3,699
2015/2016	9,891	4,263
2016/2017	10,846	5,630

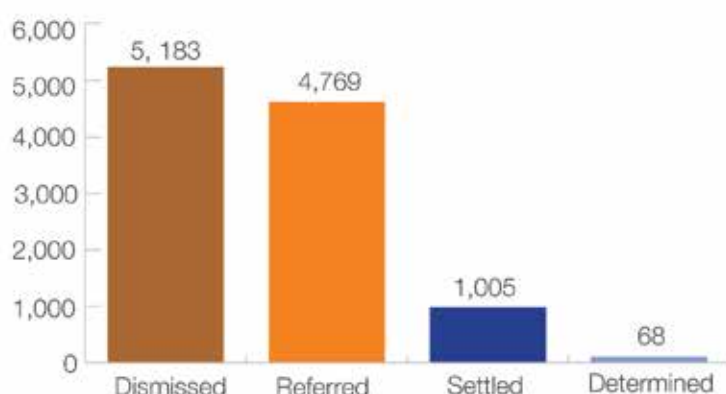
What products do people complain about



Where do our complaints come from

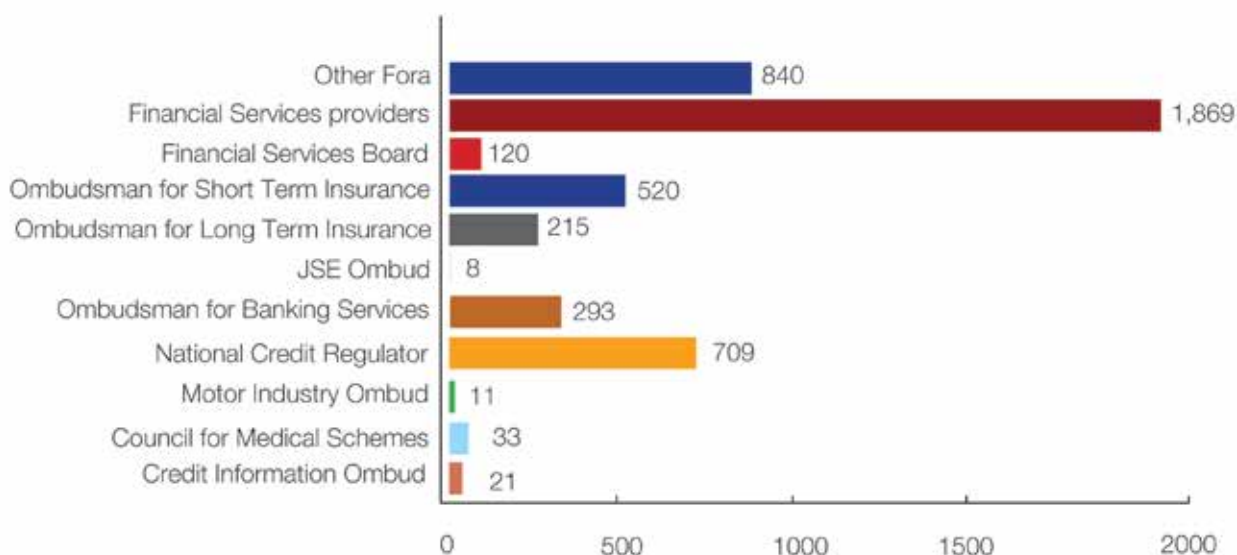


All resolutions in 2016/2017 for cases from all years



Total: 11 025

Referrals to other Fora



Total: 4 639

How new complaints were dealt with



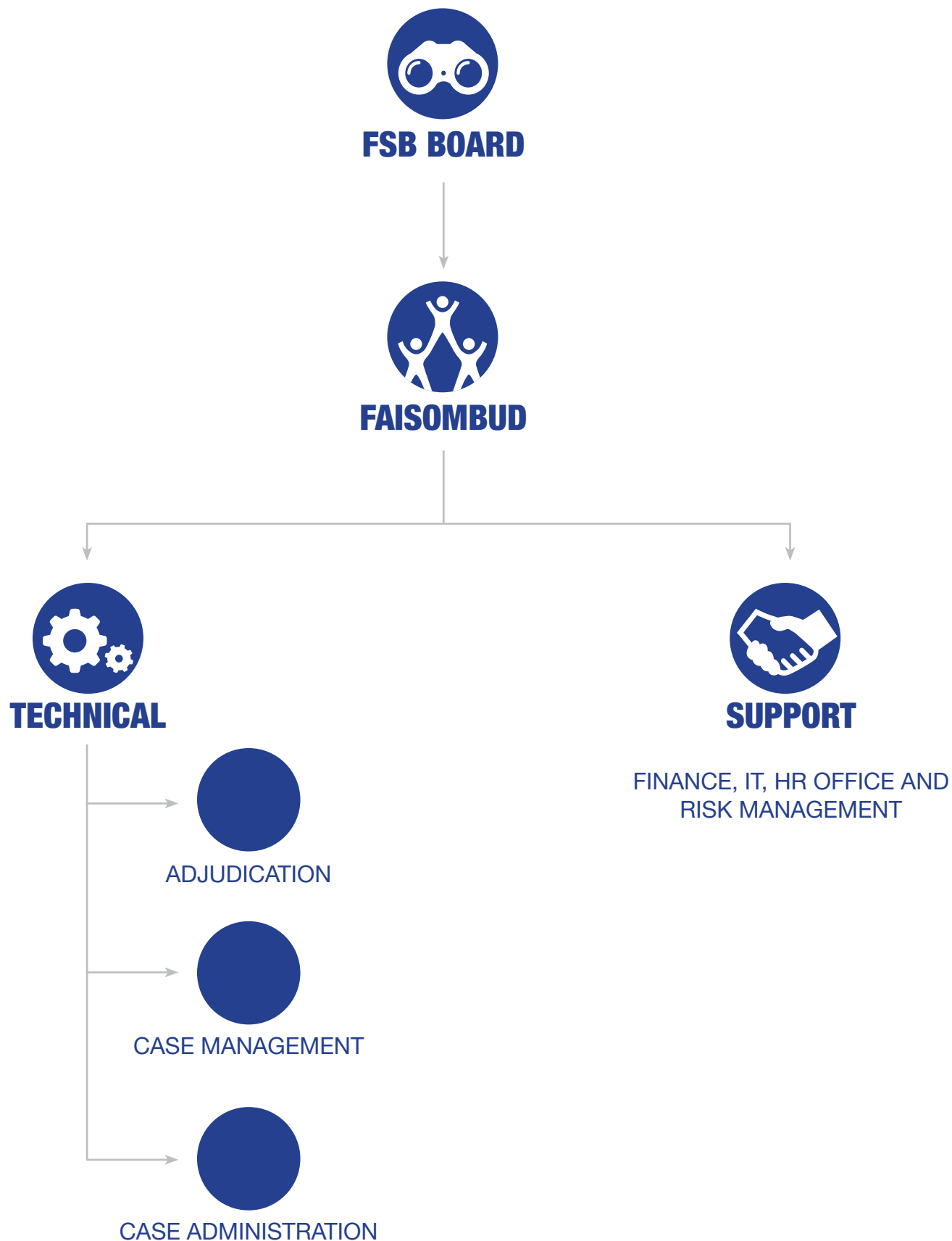
Total: 10 846



COMRADE

"When spider webs unite they can tie up a lion." - **Ethiopian Proverb**

ORGANISATIONAL STRUCTURE



STAFFING

EXCO



From left to right: Noluntu Bam, Jean Goodey, Sithabile Sabela **Absent:** Bridgette Sehlapelo

Adjudication



Melani Winkler
Assistant Ombud



Marc Alves
Team Resolution Manager



Sithabile Sabela
Assistant Ombud

Absent: Bridgette Sehlapelo
Deputy Ombud

Technical Teams - Case Management



Front row: Nikita Gumede, Thobile Masina, Marc Alves, Thandekile Chiliza, Rita-Mari van der Westhuizen

Second row: Cebisa Mkiwane, Banele Ncube, Yanga Ntantiso, Violet Ricketts, Sthando Kunene, Busisiwe Kolweni, Thabang Madibane, Zizipo Mazitshana, Sesethu Memese, Ndivhuwo Tshubwana, Sinenthemba Majova, Oyama Mayedwa, Sifundo Tiki.

Third row: Nokwanda Dube, Nhlanhla Ncube, Mbalenhle Njoko, Samuel Setjie, Thango Bomela, Ilne Potgieter, Londiwe Ntobongwana, **Back row:** Sinehlanhla Hlubi, Nokubonga Zuma, Zine Mahlaka, Lungelwa Mpapela, Mashite Makgoo, Yandani Bashman, Siyanda Sindikolo, **Absent:** Vuyo Magadla and Tshamaano Mphaphuli

Case Administration



From left to right: Kelebogile Sesoko, Mpho Koloko, Nhlanhla Mngomezulu, Hector Gumede, Brian Nyide Ncebakazi Giqwa, Rebotile Manakana **Absent:** Tshepiso Mabaso

Risk, IT, Finance and Support



From left to right: Lusanda Chili, Charmaine Mosalo, Cebisa Mkiwane, Yvonne Shili, Petronnell Sehlola, Thandi Jali, Hestie Teessen, Florence Mokgonyana, Tumelo Malete, Ayanda Mntonintshi, Tokozile Memela, Alicia Fynn, Chantel Teessen, Jabulile Zwane, Tshebeletso Hlapane, Nomvula Mtolo, Julia Montoedi, Julie Malan, Sithabile Sabela, Jean Goodey, Tebogo Vhuromu



SKILL TRANSFER

"You cannot push anyone up the ladder unless he is willing to climb."
- **Andrew Carnegie**

The FAIS Ombud Graduate Trainee Programme

We are unreservedly proud that the Graduate Trainee Programme is in its seventh year. As the programme and this Office have evolved together, we continue to strike a balance between the business needs and the social responsibility objectives that the programme answers to.

The Graduate Trainee Programme represents a sobering litmus test of the socio-economic challenges that our society continues to face. Our continuous efforts to advance the lives of previously disadvantaged law graduates by means of the programme are propelled by the National Development Plan (NDP). These efforts have seen a total of 52 graduate trainees enter the programme since its inception and gain exposure to employment opportunities. The offering has grown to include IT graduates.

To be eligible for the programme, graduate trainees must have attained their degree and undergone their compulsory legal practice training at Law School. At the recruitment stage we consider factors such as candidates' drafting skills, their background, and the kind of opportunities candidates have had access to in the past. Also considered are: presumed ability to act as ambassadors of the FAIS Ombud; the potential to become change agents and advocate for healthy financial practices to those they can influence; the personal needs based on the roles they play in their family support structure; and the candidates' level of appreciation for a rare opportunity to be a part of this programme.

Overall, our Annual Performance Plan commits to secure nine graduate trainees annually. There are two intakes – one in January and one in July each year. At the time of reporting, the most recent intake was in July 2017, when a total of four graduate trainees relocated from their respective homes to launch their careers. These young, bright hopefuls stem from Polokwane, East London, Kokstad and Brits.

To ensure we play our part in creating a rewarding experience, we ensure new graduate trainees undergo extensive training on various topics relating to the financial services industry – just as all permanent employees have to. Trainees are orientated on: the unique experience of working in the public service; the entity's reporting lines and contribution to executing government policy; and business ethics, including

the FAIS Ombud Code of Ethics. With additional training in soft skills the graduates are properly assimilated into the culture of the FAIS Ombud. They are also provided with practical training on the types of complaints received by the FAIS Ombud, and are sensitised to the unique positioning of the FAIS Ombud in the delivery of its service.

We recruit graduates who are anchored in and propelled by their own desires to achieve their personal ambitions. These ambitions can be in part achieved through aiding the FAIS Ombud in pushing its business objectives. We have no intention of holding onto the graduates beyond the programme, as we believe that we have executed our responsibilities in shaping people from which future leaders can be drawn. We also believe that the Graduate Trainee Programme acts as additional formal training that strengthens the likelihood of graduates being accepted as candidate attorneys. The programme translates that longed-for career as a law practitioner in a desirable field – including financial services – into achievable reality.

This empowerment enables graduates to spread to their own families and communities the knowledge of the workings of financial products, the financial services industry, and first-hand evidence of the public sector environment. The experience also complements our stakeholder-relationship business goal in a way that has no end, because deep in the communities from which the graduates come stands a beacon of hope for accessible justice through our graduate trainees.

The FAIS Ombud is for this reason dedicated to instilling a sound work ethic, good corporate governance principles, and invaluable social skills to enable the graduates to make good of an opportunity to assume positions of influence in the near future.

Through this programme, the FAIS Ombud is the architect of its own future.

Remuneration and retention report

In our aim to recognise talent within our staff complement, the Board of the Financial Services Board adopts a reward strategy consisting of financial- and non-financial rewards. The financial rewards are aimed at incentivising the top 20 percentile of the FAIS Ombud who are fully engaged in driving the mission of the FAIS Ombud.

As the financial rewards are not accessible to all staff members, the non-cash-based incentives are an invaluable addition to the reward strategy, as they are based on peer recognition framed around the following areas of serving the FAIS Ombud:

- Ambassador of Good Corporate Culture
- Superior Customer Service
- Outstanding Individual Performance
- Unsung Hero
- Rookie of the Year
- Mentor/Role Model of the Year; and
- the Charles Pillai Award.

Although this part of the reward strategy is based on peer recognition, the system of nomination and award is guided by an oversight body that assures the integrity of the process. An additional layer of assurance is provided by the internal- and external-audit functions.

What matters most for our staff members, however, is not only the rewards that are handed out to the successful nominees on the public recognition by members of staff, but also the boost that this award ceremony brings to the morale of the FAIS Ombud.

Retention is a much broader topic than rewards and incentives. Our Annual Performance Plan places the opportunity for formal development as a necessary part of realising a return on investment for the shareholders, being the government of South Africa on behalf of members of the public. The FAIS Ombud, as a public entity and a relatively young entity with limited resources, has to face up to the challenges of a high demand for services. Like many institutions it is faced with similar people-related risks, including a mobile, young staff complement. This type of staff complement is more likely than older established employees to look for alternative opportunities in their quest to change careers.

I could not conclude this section without addressing workforce-planning- and succession-planning issues. Through the creative people that have bought into the brand of the FAIS Ombud, a different layer of workforce planning has been born through the Team Leader Development Programme. This programme is designed to enable the shared carrying of risk between the incumbents of the position and the FAIS Ombud. If successfully enlisted for this programme after a competitive

recruitment process, the incumbents of this position get first-hand experience in how to run a team, coach and mentor other junior case managers, and serve as stewards of the values of the FAIS Ombud.

Through this programme the FAIS Ombud has been able to cultivate four candidates that have since been able to compete for and fill leadership positions within our core business division. This programme and the trainee assistant ombud programme result in incumbents who are engaged and walk the journey with us. In such a way our Career Path Framework is brought to life.

The FAIS Ombud Employment Equity Forum (FOEFF Report) and the Employment Equity Report

The Employment Equity Amendment Act, 47 of 2013 (the Act) seeks to achieve equity in the workplace by promoting equal opportunity and fair treatment for all in the workplace. The Act applies to all employers and workers and protects employees and job seekers from unfair discrimination. The Act further provides a framework for implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups. This provision ensures equitable representation in all occupational categories and levels in the workforce. The FAIS Ombud recognises, from a business and legislative perspective, that it is important to entrench employment equity in the workplace.

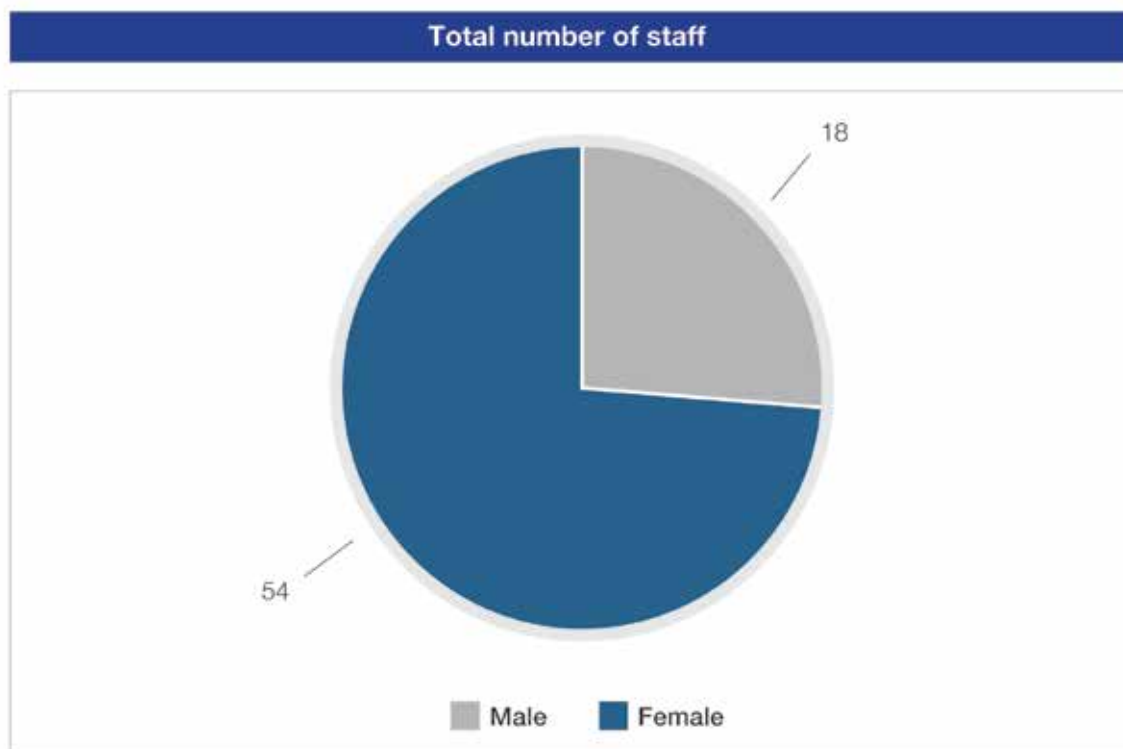
To ensure compliance with the legislation, the Office established a forum to address various issues as they relate to The FAIS Ombud Employment Equity Forum (FOEFF). The forum is responsible, inter alia, for collating data derived from the FAIS Ombud's employment-equity-barrier analysis, which aims to identify employment barriers. Further, the forum is responsible for the implementation and monitoring of an Employment Equity Plan within the FAIS Ombud. The forum also compiles and submits annual reports to the Department of Labour.

On 13 January 2017, the forum successfully filed its third Employment Equity Report electronically, via the Department of Labour's online reporting system.

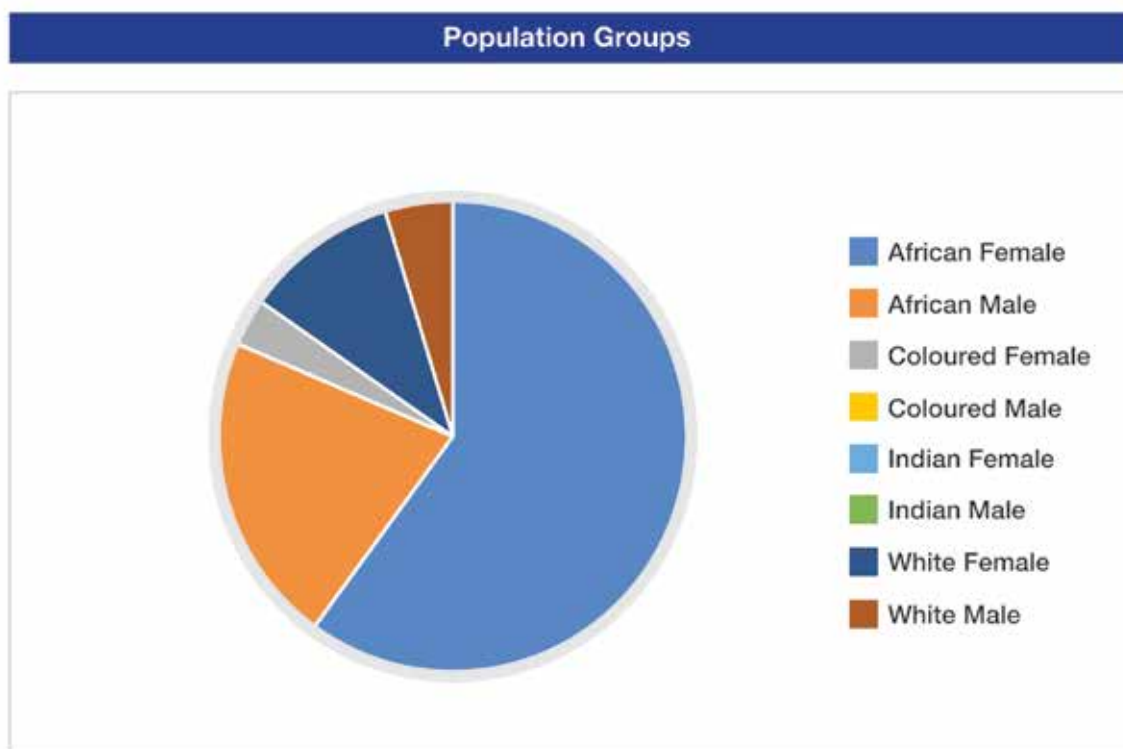
As a result of its continued efforts to ensure gender equality in the Graduate Trainee Programme, we are proud to announce that the programme has to date employed and trained 13 male graduate trainees. In this way we have afforded equal and fair opportunity for both young men and women who stem from previously disadvantaged backgrounds.

We are also proud to announce the progress of the Golden Age Translation Initiative during the 2016/17 financial year, in recognition of the fact that senior members of our society experience unique socio-economic challenges that require the same empathy afforded to young people.

The diagram below represents our male / female split as at 31 March 2017.



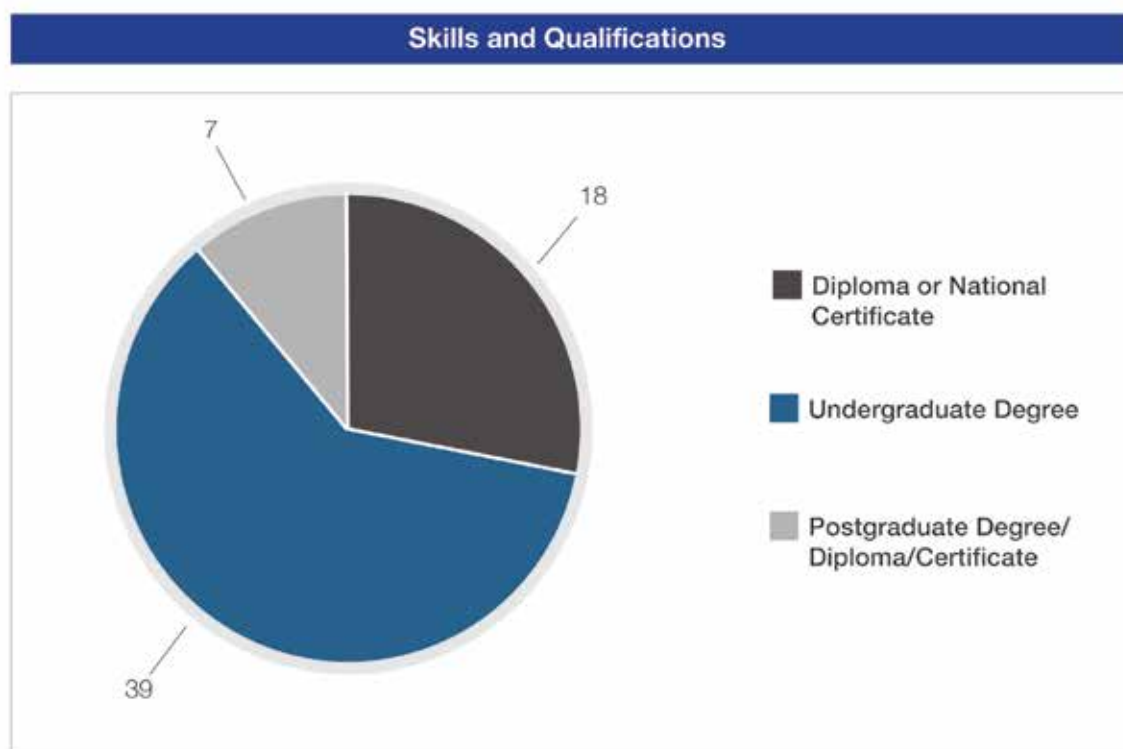
The diagram below represents our population group split as at 31 March 2017.



Population Group	Female		Male	
African	45	62%	15	21%
Coloured	2	3%	-	0%
Indian		0%	-	0%
White	7	10%	3	4%
Foreign	-	0%	-	0%
Total	54	75%	18	25%

Representation at management levels				
Level	Executive management		Senior and middle management	
	Female	Male	Female	Male
African	3	-	4	-
Coloured	-	-	-	-
Indian	-	-	-	-
White	-	1	2	1
Foreign	-	-	-	-
Total	3	1	6	1

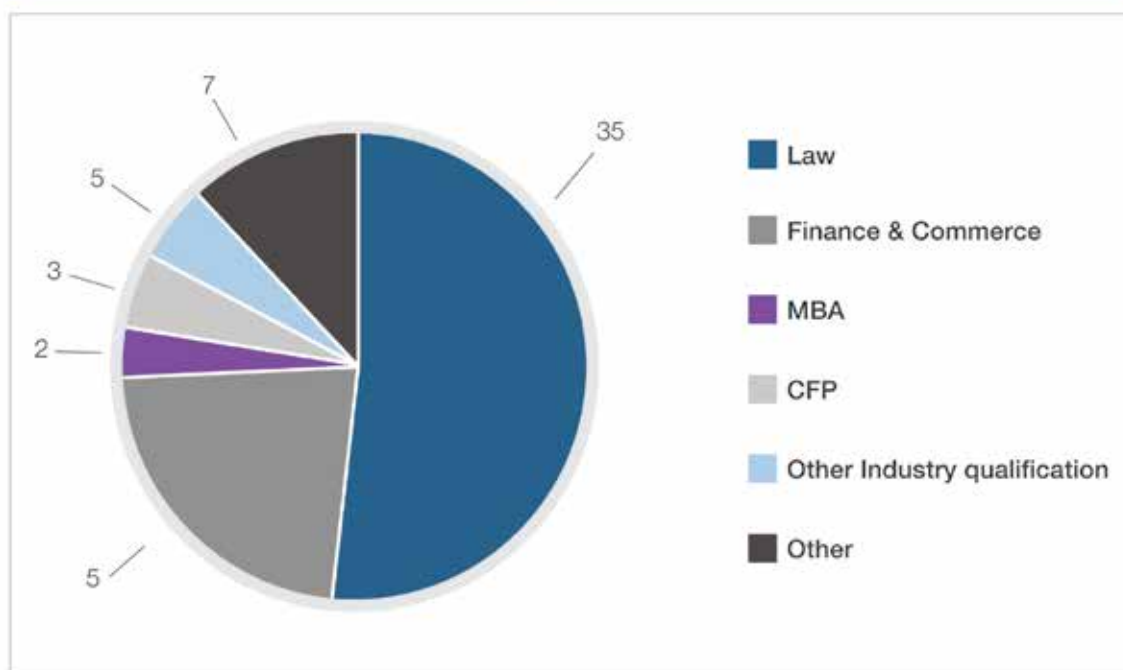
The diagrams below represent skills and qualification levels, as well as the areas of specialisation, as at 31 March 2017.



Employees with highest qualification

Qualification	Number of employees
Diploma or national certificate	18
Undergraduate degree	39
Postgraduate degree/diploma/certificate	7
Total	64

Areas of Specialisation



Specialisation

Law	35
Finance & commerce	5
MBA/MBL	2
CFP and/or Advanced CFP	3
Other industry qualification	5
Other areas	7

Personnel cost by objective

Objective	Total expenditure for the FAIS Ombud (R'000)	Personnel expenditure (R'000)	Personnel expenditure as % of total expenditure	Average no. of employees	Average personnel cost per employee (R'000)
Satisfied customers (complaints resolution)	24 569	21 462	88%	49	438
Operational excellence	19 742	6 050	31%	18	336
Stakeholder management	2 243	1 752	79%	5	350

Performance rewards

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top management	708	6 403	11.1%
Senior management	151	5 487	2.8%
Skilled	90	13 750	0.7%
Semi-skilled	18	3 058	0.6%
Unskilled	18	566	3.2%
Total	985	29 264	3.4%

Training costs 2016/17

Objective	Training Expenditure (R'000)	No. of employees trained	Avg training cost per employee (R'000)
Financial planning studies	196	36	5.4
Legal studies	30	6	5.0
Other commercial studies	110	8	13.8
Other skills-training costs	170	36	4.7

Employment and vacancies

Level	2015/2016 Avg No. of Employees	2016/2017 Approved posts	2016/2017 Avg No. of Employees	2016/2017 Avg No. of vacancies	% of vacancies
Top management	5	5	4	1	20%
Senior- and middle management	5	7	7	-	-
Skilled	36	44	42	2	5%
Semi-skilled	15	15	15	-	-
Unskilled	3	4	4	-	-
Total	64	75	72	3	4%

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	10	43%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of Contract	13	57%
Other	-	-
Total	23	100%

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	Nil
Written warning	Nil
Final written warning	Nil
Dismissal	Nil



ETHICAL

*“Governance is the process whereby people in power make decisions that create, destroy or maintain social systems.” - **Maria Ramos***

Compliance

Good corporate governance involves the establishment of structures and processes with appropriate checks and balances that enable the Board to discharge on its legal responsibilities and promote accountability, transparency and fairness.

Good governance considers and is based on ethical leadership, attitude, mind-set and behaviour. The FAIS Ombud is committed to effective corporate governance and to the need for high ethical standards in driving the organisation's objectives.

Accountability

We account to the Board of the Financial Services Board (the Board), which exercises responsibility over its operations in line with the principles set out in the King Report on Governance for South Africa 2009 (King III). The Board has adopted and fully endorses the principles of King III. The Board provides strategic direction to the FAIS Ombud within the bounds of the Board Charter, and fulfils its responsibilities with the contribution of the Audit Committee, the Risk Management Committee, the Human Resources Committee and the Remuneration Committee.

Audit Committee

The Audit Committee is responsible for overseeing the internal and external audit functions, maintaining effective and efficient internal controls, reviewing the financial information and overseeing the preparation of the annual financial statements. This committee assists the Board in its responsibility for safeguarding assets, operating control systems, combined assurance, finance functions, internal and external audit services.

Risk Management Committee

The Risk Management Committee's role is to evaluate and advise the Board on the adequacy of risk management processes and strategies. The committee assists the Board in ensuring the organisation implements effective policies and plans for risk management that will enhance its ability to achieve strategic objectives. The committee also advises the Board on the adequacy of risk management processes and strategies.

Human Resources Committee

The Human Resources Committee's function is to ensure that the FAIS Ombud's Human Resources strategy and policies are reviewed on an ongoing basis and are implemented.

Remuneration Committee

The role of the Remuneration Committee is to assist the Board in ensuring that the senior management and staff of the Office of the FAIS Ombud are appropriately rewarded for their work in a manner that will ensure, as far as possible, the recruitment, retention and motivation of people with skills that the organisation requires.

The terms of reference for the sub-committees of the Board are reviewed annually, in line with best practice.

Board member appointments

The Board is appointed by the Minister of Finance and is made up of 11 non-executive members from diverse backgrounds. Their appointment considers experience, technical skills and the interests of users and providers of financial services, including financial intermediaries and public interest.

Board meetings are held at least once every quarter and special meetings are convened when necessary.

COMPOSITION OF THE BOARD					
BOARD MEMBER	BOARD	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	HR COMMITTEE	REMUNERATION COMMITTEE
Total number of meetings	4	6	4	4	4
A Sithole	4	N/A	N/A	2	2
H Wilton	3	1	2	4	4
Z Bassa	3	N/A	3	4	4
O Makhubela	2	N/A	N/A	N/A	N/A
J Mogadime	3	6	2	N/A	N/A
F Groepe	2	N/A	N/A	N/A	N/A
J Momoniat	1	N/A	N/A	N/A	N/A
D Msomi	2	6	N/A	N/A	N/A
H Ratshefola	3	N/A	4	N/A	N/A
PJ Sutherland	3	6	N/A	N/A	N/A
D Turpin	4	N/A	4	N/A	N/A

Delegation of Board authority

The Ombud is the Accounting Officer in terms of the FAIS Act and the Public Finance Management Act (PFMA). The Ombud, through the delegation of authority, assumes further authority and responsibility arising under the PFMA, enabling the Ombud to run the day-to-day operations of the FAIS Ombud efficiently.

Quarterly reports on organisational performance against the Annual Performance Plan are submitted to the Minister of Finance and National Treasury in accordance with Treasury Regulations.

We also report to Parliament, by invitation, usually on an annual basis.

Defined and separate roles: Chairman and Ombud

In line with King III, the roles of the Chairman of the Board and the Ombud are separate, with a clear division of responsibilities to ensure a balance of power and authority between them. The Chairman of the Board has non-executive functions.

Ethics

The Board provides ethical leadership to the FAIS Ombud. It has a Code of Ethics that it expects all its members to abide by. In so doing, the Board expects and holds all of its members to high ethical standards. The FAIS Ombud, likewise, has a Code of Ethics for its employees. All employees are held to the standards as set out in the Code of Ethics. Ethics is a standard topic in staff meetings.

Conflict of interest

The Board has a duty to protect the legitimate interests of all stakeholders. In discharging its duty, the Board has the necessary checks and balances to avoid conflict of interest when it comes to its members and expects the same of the employees of the FAIS Ombud.

Compliance with laws

The Board has oversight responsibility when it comes to the FAIS Ombud's compliance with the law. For this reason, the Board approves the FAIS Ombud's Compliance Framework. In turn, the FAIS Ombud applies and reports to the Board on the extent of compliance and the degree to which a compliance culture is embedded in the organisation. Overall, the

FAIS Ombud has a very low risk appetite in respect of top ranking strategic risks.

Risk management

Risk management is a key element of corporate governance in public sector organisations, in terms of their structures, processes, corporate values, culture and behaviour. It is a cornerstone of an organisation's architecture for strategic and operational success and needs to fit well as a management process within the governance framework.

Effective risk management is a strategic imperative, based on King III, rather than an option within high-performing organisations. As a PFMA-regulated entity, the Board has adopted the Public Sector Risk Management Framework (the framework). The framework incorporates the King III principles and assigns risk governance to the Board.

The Board achieves its responsibilities through the Risk Management Sub-Committee. Through the recommendation of the Risk Management Committee, the Board reviews and approves the framework and its implementation plans for risk management. The entity's risk appetite is reviewed on an annual basis. The implementation of the FAIS Ombud's framework for risk management is the responsibility of management. The effectiveness of the plans is monitored jointly by internal risk governance structures and the internal and external audit function, which collectively provide assurance to the risk management systems of the FAIS Ombud.

The FAIS Ombud has three lines of defence that act as assurance providers to the Board. To give effect to this function, risk management responsibility is cascaded in the performance contracts of all the role players and their subordinates whose function it is to manage risks.

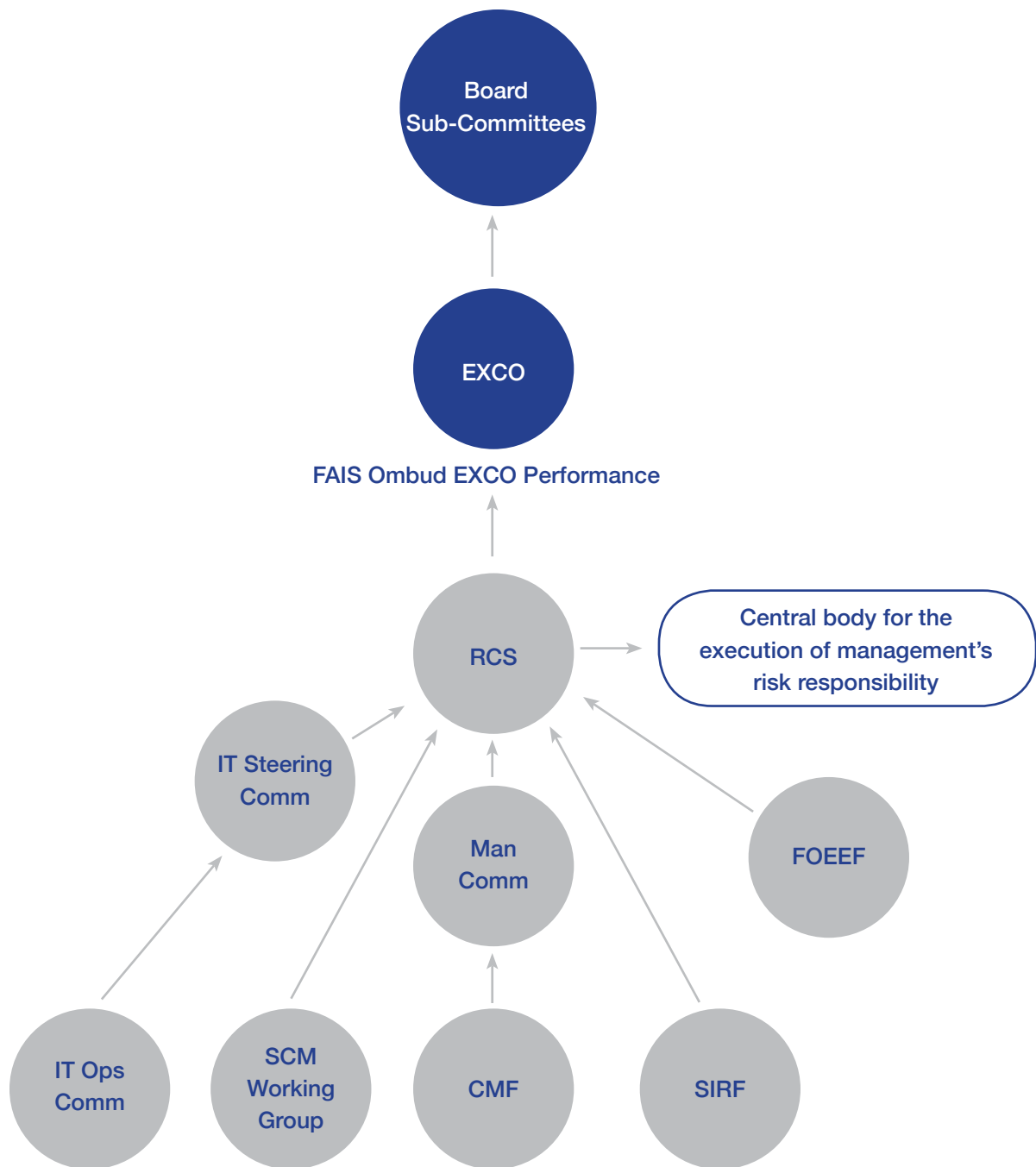
Diagram 1: FAIS Ombud defence structure



The Risk and Compliance Sub-Committee ("RCS") is the point of consolidation for the Office's reporting and the central body for the execution of management's risk responsibility. A number of smaller support bodies act as ground defence in between the structured quarterly governance meeting. The Case Management Forum (CMF) and the Support, IT, Risk and Finance Forum (SIRF) are examples.

The FAIS Ombud RCS meets on a quarterly basis and reports to EXCO. The RCS discharges its functions by reviewing the adequacy of controls against enterprise-wide emerging risks.

Diagram 2: FAIS Ombud governance structure



Legend:

EXCO: Executive Committee

RCS: Risk and Compliance Sub-Committee

IT Steering Comm: IT Steering Committee

IT Ops Comm: IT Operations Committee

SCM Working Group: Supply Chain Management Working Group

Man Comm: Management Committee

CMF: Case Management Forum

SIRF: Support, IT, Risk and Finance Forum

FOEEF: FAIS Ombud Employment Equity Forum

The FAIS Ombud's philosophy, as set out in the FAIS Ombud's Risk Management Framework, is that risk management is everyone's business. As such, although the Accounting Officer is considered the Chief Risk Officer in terms of the Public Sector Risk Management Framework, this responsibility is cascaded to members of the internal risk governance structures, all the way into the individual performance contracts of each employee.

Awareness of each employee's responsibility for managing risk in the area that employees perform their technical duties is re-enforced through the rolling out of risk management activities, such as during the Annual Risk Workshop and during staff meetings. Over the years, we have learnt that the sustenance of risk management practices will not be effective unless members of the Office can relate to the risks confronting the Office in their day-to-day activities.

Much focus is placed on the risk of fraud and corruption in the Public Sector Management Framework, as one of the major risks faced by public entities. We believe, to that end, that no entity is immune to fraud. Accordingly, this is one of the risks that the entity manages relentlessly. We achieve this by ensuring that newly appointed employees are made aware (during induction) about the FAIS Ombud's zero tolerance attitude to fraud. During these sessions, cases of how fraud can manifest in our environment are discussed with parallels being drawn to the FAIS Ombud's Code of Ethics. Throughout their journey at the FAIS Ombud, employees are sensitised to the Office's stance on fraud during monthly staff meetings, where once again case studies are used and during our annual risk workshop. As such, work in this area is a never-ending exercise.

The FAIS Ombud's strategic risks are listed below.

No.	Risk
1.	Cyber security
2.	Ineffective complaints handling process
3.	Poor succession planning
4.	Inadequate stakeholder relationship management
5.	Ineffective and inefficient complaints handling process
6.	Inconsistent decisions on cases
7.	Non achievement of business unit objectives
8.	Negative media coverage.
9.	Inadequately qualified and trained resources to address consumer complaints
10.	Threat to the existence and independence of the Office.
11.	Fraud, corruption and unethical behaviour
12.	Inadequate linkage/reporting in support of NDP objectives
13.	FAIS Ombud may become irrelevant if % of dissatisfied customers increase.



Mr Nic Swart

Law Society of South Africa

The Office of the FAIS Ombud is an asset to our country. Its special care for providing a high standard of training to law graduates emphasises its vision of leadership, contribution to transformation and it serves as outstanding example to other government institutions.

"Shortly after recording this message, the FAIS Ombud learnt of the tragic news of Mr Nic Swart's passing while attending a conference in Botswana. The FAIS Ombud has lost a friend and a true son of Africa in Nic. We, the FAIS Ombud family extend our sincere condolences to his family."



Mr Jeff van Rooyen

Uranus Investment Holdings (Pty) Ltd

During my tenure as head of FSB more than a decade ago, both the Consumer Education Department and the FAIS Ombud Office were established. This was a great achievement given the lack of sufficient knowledge of financial products and services on the part of consumers. The sad truth though is we are not spending enough on consumer education - not then and certainly not today when risks to hard earned savings are continually escalating. In this challenging environment, the FAIS Ombud is doing an admirable job in trying to protect consumers from negligent and unscrupulous financial advisors.



Ms Nondumiso Simelane

Swaziland Ombudsman

During the month of October 2016 we undertook a systems familiarisation tour to the FAIS Ombud in their offices in Pretoria. We were welcomed with open arms by Ombudsman Noluntu Bam, Team Resolution Manager Marc Alves, Deputy Ombudsman Bridgette Sehlapelo, Secretary Hestie Teessen, as well as the rest of the FAIS team who kindly took us through their operations and processes in an effort to extend our understanding of their resolution process and case management system. What stood out was FAIS' commitment to resolving complaints across all corners of South Africa, their professionalism and their overwhelming spirit of Ubuntu that makes them an exceptional organisation dedicated to helping people through fairness and sound business principles.



Piet Fourie

CA(SA) and Registered Auditor

THE FAIS OMBUD DELIVERING ON ITS MANDATE

Since January 2005 I have been professionally involved with the FAIS OMBUD, the public entity established to informally and economically resolve investment related claims by members of the public. This is exactly what I experienced from my very first interaction with the then FAIS OMBUD the late Charles Pillay till my recent interaction with Noluntu Bam the incumbent FAIS OMBUD. I saw the entity effectively delivering on its mandate from a humble beginning to the R 46,1 million entity of today. Indeed, an awarding experience.



Mr Bala Naidoo

Futuristic Financial Services

The Office of the Fais Ombud has made a significant contribution to the ordinary person who prior to the inception of this office had no one to turn to when faced with receiving bad advice or being sold a product that did not match their needs. At the same time, having such an office has also assisted the entire financial services industry as all complaints are adjudicated fairly and the Fais act has improved the level and quality of advice being given. The work of your office has seen a steady decline in the number of complaints and is indicative of the

excellent work being done. I am currently serving on the FSB Licencing sub Committee and have seen a decline in licence withdrawals and suspensions which again bears testimony to the sterling work being done by the Fais office.

The internship program implemented by your office is a first and many other institutions are following your fine example.



Mr Godfrey Nti

Financial Planning Institute

On behalf of the Financial Planning Institute, I'd like to extend a warm congratulatory message to the FAIS Ombud's Office for the incredibly important function that you perform for the benefit of thousands of individuals, communities and our country as a whole. Over the years it has been my pleasure to watch you perform your job with honour, dignity, competence and the utmost professionalism and in the process achieve so much. We certainly cherish the great relationship that FPI has shared with the FAIS Ombud's Office over the years and look forward to working closely with you in furtherance of our shared mission of benefiting and protecting South Africans.



Ms Prem Govender

Mosswick Investments (Pty) Ltd

The theme of helping people from all walks of life is indeed apt as this office has been assisting the public, irrespective of who they are from day one. There can be no doubt that they continue to fulfil the mandate of bringing relief to those prejudiced by non-compliance with the FAIS Act. Their work breathes new life into those that see their cases as hopeless, regardless of whether it's an individual or a large corporation. So well done to Noluntu and her amazing team and may you continue to be that pillar of strength to all of society for many years to come.



Ms Sindi Zilwa

Nkonki

'I have observed the strides made by the FAIS Ombud from its early stages up to now in both my personal capacity and as a retired business partner having provided assurance in the capacity of external and internal auditor. I can confidently say the FAIS Ombud is an example of a public institution that dispels the myth about lackluster work ethic that is often associated with public institutions. Resolving more than 11 000 cases in one year, which translates to about 41 cases per day with lean capacity is no mean task. It does this effortlessly through

the quality of the work that it produces, which is evidence of its commitment to serving the public and discharging its mandate. FAIS has provided relief of more than R58 million to needy South Africans of all races across all the nine provinces, this can only be a reflection of the public institutions we aim to create, that work for and within the communities they are meant to serve. I take my hat off for the Fais Ombud Ms Noluntu Bam and her entire FAIS professional team. May you keep up the excellent professional strides and remain a shining example of what it means "to be of service and to make a difference to the lives of ordinary South Africans".



FINANCIALS

"Money won't create success, the freedom to make it will."
- **Nelson Mandela**

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Jean Goodey
Financial Manager

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ABBREVIATIONS

AGSA

Auditor-General South Africa

ASB

Accounting Standard Board

FSB

Financial Services Board

GRAP

Generally Recognised Accounting Practice

PFMA

Public Finance Management Act, 1999 (Act No 1 of 1999)

The Board of the Financial Services Board ("The Board"), as the Accounting Authority, is required by the Public Finance Management Act, 1999 (Act No 1 of 1999) ("PFMA"), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the 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 Auditor-General South Africa ("AGSA") is engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

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

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error 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 pre-determined procedures and constraints.

The Board 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors, the AGSA.

The AGSA is responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the AGSA and their report is presented on page 69.

The financial statements set out on pages 72 to 99, which have been prepared on the going concern basis, were approved by the Board on 26 July 2017 and were signed on its behalf by:



Abel Sithole
Chairperson



Noluntu Bam
FAIS Ombud

We are pleased to present our report for the financial year ended 31 March 2017.

Audit Committee members and attendance

The Audit Committee is a sub-committee of the Board and consists of only non-executive Board members.

During the current year 6 meetings were held. The Audit Committee consists of the members listed hereunder.

Name of member	Number of meetings attended
J Mogadime (Chairperson)	6
D Msomi	6
PJ Sutherland	6
H Wilton	1

Audit Committee's responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) and section 77 of the PFMA and Treasury Regulations 3.1 and 27.1.

The Audit Committee 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 Board has established a Risk Management Committee to oversee the risks associated with the entity. The chairperson of the Audit Committee is a member of the Risk Management Committee and vice versa to ensure that relevant information is transferred effectively. The Risk Management Committee fulfils an oversight role on financial reporting risks, internal financial controls, compliance risks, fraud risk as it relates to financial reporting, and information technology risks as these relate to financial reporting.

The effectiveness of internal financial controls

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of a risk based internal audit plan,

internal audit assessing the adequacy of controls mitigating the risks, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General South Africa and the Board;
- reviewed the Auditor-General South Africa's management report and management's response thereto;
- reviewed the entity's compliance with legal and regulatory provisions;

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

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively in compliance with Treasury Regulation 3.2 and that it has addressed the risks pertinent to the entity.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues. The Audit Committee recommended, at its meeting held on 14 July 2017, the approval of the annual financial statements to the Board.



J Mogadime

Effective risk management is imperative to the FAIS Ombud to fulfil its mandate. Risk management efforts are focused on supporting the FAIS Ombud's strategic objectives.

Governance of Risk

The Board has committed the FAIS Ombud to a process of risk management that is aligned to the principles of good corporate governance, as supported by the PFMA, and supported by King III principles.

The Board has delegated certain aspects of its authority as it pertains to risk management to the Risk Management Committee.

The committee consists only of non-executive Board members. The committee's overall objective is to assist the Board in fulfilling its responsibility of risk management by ensuring that management identifies significant risks associated with the environment within which the FAIS Ombud operates and develops a framework for managing these risks. The Risk Management Strategy, incorporating a Fraud Prevention Plan, has been developed accordingly.

The committee meets at least four times a year. The Ombud, Deputy Ombud and Finance Manager are permanent invitees of the Committee. Members of the FAIS Ombud Executive Committee or other members of senior management of the FAIS Ombud, assurance providers and other Board members may be required to attend committee meetings by invitation only.

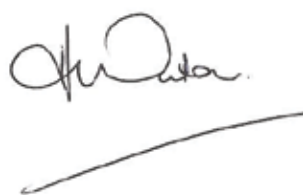
The committee is an advisory committee and not an executive committee and as such it does not perform any management functions or assume any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the Board for final approval.

The committee has complied with its responsibilities as stipulated in Section 51 of the PFMA. Furthermore, the Risk Management Committee has regulated its affairs and discharged its responsibilities in accordance with its formal terms of reference and provided objective oversight and advice.

Roles and Responsibilities

The Risk Management Committee has fulfilled its oversight responsibility for risk management by ensuring that:

- The risk management strategy, risk management policy and risk management plans were considered;
- The continual monitoring of risks was undertaken;
- The risk management plan is integrated into the daily activities of the FAIS Ombud;
- Management has identified significant risks associated with the environment within which the FAIS Ombud operates and has developed a framework for managing these risks;
- The risk management strategy covering strategic, operational and financial risks was reviewed and approved;
- The risk management strategy incorporates a Fraud Prevention Strategy, which in turn incorporates the Fraud Prevention Policy, the Fraud Prevention Plan, the Fraud Response Plan and the Whistle Blowing Policy; and
- The systems for risk management processes are effective.



Ms Hilary Wilton

Chairperson: Risk Management Committee

Report of the Auditor-General to the accounting authority on Office of the OMBUD FOR FINANCIAL SERVICES PROVIDERS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unqualified opinion

1. I have audited the financial statements of the Office of the Ombud for Financial Services Providers set out on pages 72 to 99, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as the 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 Ombud for Financial Services Providers as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999).

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 auditor-general's responsibilities 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' Code of ethics for professional accountants (IESBA code) together with the 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 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 Ombud for Financial Services Providers' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities 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.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives

presented in the annual performance report.

I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the public entity for the year ended 31 March 2017:

Objective	Pages in the annual performance report
Strategic objective 1 – to resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers	100 – 101

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:
 - Strategic objective 1 – to resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

15. In accordance with the PAA and the general notice

issued in terms thereof I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

16. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice in terms of the PAA.

OTHER INFORMATION

17. The public entity's accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.
18. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

20. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria

31 July 2017



Auditing to build public confidence

1. 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 objectives and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority’s 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 related to events or conditions that may cast significant doubt on the Office of the Ombud for Financial Services Providers ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the

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 whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Statement of Financial Position as at 31 MARCH 2017

		2017	2016
	Note(s)	R	R
Assets			
Current Assets			
Cash and cash equivalents	2	1 959 993	249 870
Receivables from exchange transactions	3	818 980	731 818
Receivables from non-exchange transactions	4	-	8 186 100
		2 778 973	9 167 788
Non-Current Assets			
Property, plant and equipment	5	1 648 452	1 738 330
Intangible assets	6	255 452	215 238
		1 903 904	1 953 568
Total Assets		4 682 877	11 121 356
Liabilities			
Current Liabilities			
Finance lease obligation	7	67 870	89 245
Trade and other payables from exchange transactions	8	2 854 870	1 829 885
Trade and other payables from non-exchange transactions	9	42 918	-
		2 965 658	1 919 130
Non-Current Liabilities			
Finance lease obligation	7	-	67 870
Total Liabilities		2 965 658	1 987 000
Net Assets		1 717 219	9 134 356
Accumulated surplus		1 717 219	9 134 356

Statement of Financial Performance

For the year ended 31 March 2017

		2017	2016
	Note(s)	R	R
Revenue	10	39 136 919	43 438 733
Operating expenses		(16 404 290)	(11 730 952)
Personnel costs	11	(29 264 029)	(24 536 205)
Depreciation and amortisation	5&6	(863 414)	(895 371)
Operating (deficit) / surplus	12	(7 394 814)	6 276 205
Finance costs	13	(22 323)	(34 526)
(Deficit) / surplus for the year		(7 417 137)	6 241 679

Statement of Changes in **NET ASSETS**

For the year ended 31 March 2017

	Accumulated surplus	Total net assets
	R	R
Balance at 01 April 2015	2 892 677	2 892 677
Surplus for the year	6 241 679	6 241 679
Total changes	6 241 679	6 241 679
Balance at 01 April 2016	9 134 356	9 134 356
Deficit for the year	(7 417 137)	(7 417 137)
Total changes	(7 417 137)	(7 417 137)
Balance at 31 March 2017	1 717 219	1 717 219

Cash Flow STATEMENT

For the year ended 31 March 2017

		2017	2016
	Note(s)	R	R
Cash flows from operating activities			
Cash received from entities		47 235 857	37 137 638
Cash paid to suppliers and employees		(44 590 386)	(36 312 865)
Net cash flows from operating activities	16	2 645 471	824 773
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(548 021)	(498 224)
Purchase of intangible assets	6	(275 759)	(177 283)
Net cash flows from investing activities		(823 780)	(675 507)
Cash flows from financing activities			
Finance lease payments		(111 568)	(110 688)
Net increase in cash and cash equivalents		1 710 123	38 578
Cash and cash equivalents at the beginning of the year		249 870	211 292
Cash and cash equivalents at the end of the year	2	1 959 993	249 870

Statement of Comparison of BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved budget	Adjust- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Statement of Financial Performance

Revenue

Levies	39 127 718	-	39 127 718	39 127 718	-	25
Recoveries	-	-	-	9 201	9 201	
Total revenue from non-exchange transactions	39 127 718	-	39 127 718	39 136 919	9 201	

Expenditure

Personnel cost	(28 255 004)	-	(28 255 004)	(29 264 029)	(1 009 025)	25
Depreciation and amortisation	(1 061 945)	-	(1 061 945)	(863 414)	198 531	25
Finance costs	(21 933)	-	(21 933)	(22 323)	(390)	
Lease rentals on operating lease	(3 502 738)	-	(3 502 738)	(3 353 002)	149 736	
General expenses	(11 950 714)	-	(11 950 714)	(13 041 258)	(1 090 544)	25
Total expenditure	(44 792 334)	-	(44 792 334)	(46 544 026)	(1 751 692)	
Operating deficit	(5 664 616)	-	(5 664 616)	(7 407 107)	(1 742 491)	
Loss on derecognition of assets	-	-	-	(10 030)	(10 030)	
Deficit for the year	(5 664 616)	-	(5 664 616)	(7 417 137)	(1 752 521)	
Actual amount on comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts	(5 664 616)	-	(5 664 616)	(7 417 137)	(1 752 521)	

1. Statement of Compliance

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice ("GRAP"), issued by the Accounting Standards Board ("ASB") in accordance with Section 91(1) of the Public Finance Management Act, 1999 (Act No 1 of 1999) ("PFMA").

These financial statements have been prepared on the going concern basis and on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands ("R").

Standards and amendments to standards issued but not effective:

GRAP 20	Related party disclosures	Issued June 2011
GRAP 32	Service concession arrangement: grantor	Issued August 2013
GRAP 34	Separate financial statements	Issued March 2017
GRAP 35	Consolidated financial statements	Issued March 2017
GRAP 36	Investments in associates and joint ventures	Issued March 2017
GRAP 37	Joint arrangements	Issued March 2017
GRAP 38	Disclosure of interests in other entities	Issued March 2017
GRAP 108	Statutory receivables	Issued September 2013
GRAP 109	Accounting by principals and agents	Issued July 2015
GRAP 110	Living and non living resources	Issued March 2017

The entity has not early adopted any of these standards or amendments thereto. The implementation of these standards will not have a material impact on the reporting requirements of the entity. A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous year.

1.1 Going concern assumption

These 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 Board is of the view that the pending changes related to the so-called Twin Peaks regulation model will not impact on the future funding of the entity or the future operations of the entity.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates, judgements and assumptions that affect the amounts represented in the financial statements and related disclosures. Management is also required to exercise judgement in the process of applying the entity's accounting policies. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected. Significant estimates, judgements and assumptions include:

Summary of Significant ACCOUNTING POLICIES

Impairment of financial assets

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

Useful lives and residual values

The entity reassesses the useful lives and residual values of property, plant and equipment and intangible assets on an annual basis. In reassessing the useful lives of these 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 residual values of these assets have been estimated as the amount that the entity would currently obtain from disposal of each significant asset, in its current location, if the asset were already of the age and in the condition expected at the end of its useful life.

1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Leased assets are depreciated in a consistent manner over the shorter of their expected useful life or the lease term.

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

Item	Average useful life
Furniture and fixtures	3 – 17 years
Motor vehicles	15 years
Office equipment	4 – 16 years
Computer equipment	3 – 15 years
Leasehold improvements	4 – 5 years
Office equipment under finance lease	5 years
Paintings	16 years

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 5).

1.4 Intangible assets

An intangible 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.

The cost of an item of intangible asset 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.

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.

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 entity does not have any intangible assets with an indefinite useful life.

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

Summary of Significant ACCOUNTING POLICIES

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

Item	Average useful life
Licences	1 – 5 years
Computer software	3 – 9 years
Data management system	3 years
Website	6 – 7 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Definitions

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the

relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting. The trade date is the date on which the entity commits to purchase or sell the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Summary of Significant ACCOUNTING POLICIES

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value – subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.
- Financial instruments at amortised cost – subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.
- Financial instruments at cost – subsequently measured at cost less accumulated impairment losses.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method less allowance for impairment. An allowance for impairment is established when there is objective evidence that not all amounts due will be collected in accordance with the original terms, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or delinquency in payments are considered indicators that the receivable is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflow, discounted at the effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment, which is recognised in the statement of financial performance. When the receivable is uncollectable, it is written off and subsequent recoveries of amounts previously written off are credited in operating expenses in the statement of financial performance.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at banks. Cash and cash equivalents are recognised at cost, which equates to their fair value.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities (or a part of a financial liability) are removed from its statement of financial position when, and only when, they are extinguished - i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as finance income or finance costs in surplus or deficit.

Offsetting financial instruments

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 Leases

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

Finance leases-lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases

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

1.7 Impairment of non cash generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash generating assets. The entity's non-financial assets only consist of non-cash-generating assets.

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

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-cash-generating assets are reviewed for possible reversal at each reporting date. The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for non-cash-generating assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of a non-cash-generating asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumu-

lated depreciation or accumulated amortisation is recognised immediately in surplus or deficit.

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

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

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

Depreciation or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

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

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short term employee benefits

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

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post employment benefits: Defined contribution plans

Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

1.10 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.

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.

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.

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.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity, which is based on the annual budget.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, using the effective interest rate method.

1.12 Unauthorised expenditure

Unauthorised expenditure means expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the PFMA.

All expenditure relating to unauthorised 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.

1.13 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.

1.14 Irregular expenditure

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

- (a) the PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) the entity's supply chain management policy.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required

with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.15 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The entity is organised and reports to management on the basis of only one functional area: the resolution of complaints. The existing operations do not warrant segmental reporting.

1.16 Budget information

The FAIS Ombud is subject to budgetary limits in the form of appropriations or budget authorisations, which is given effect through authorising legislation, appropriation or similar.

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

The approved budget covers the fiscal period from 1 April 2016 to 31 March 2017.

The statement of comparison of budget and actual amounts has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.17 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key 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. The entity regards all individuals at senior management as key management.

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed in accordance with IPSA20, Related Party Disclosures.

1.18 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7 000	5 000
Bank balances	1 952 993	244 870
	1 959 993	249 870

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings:

Credit rating

AA (Fitch)	1 952 993	244 870
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3. Receivables from exchange transactions

Prepayments	490 948	442 774
Sundry debtors	12 290	6 180
Study advances	283 051	289 044
Other receivables	32 691	-
Allowance for impairment of receivables	-	(6 180)
	818 980	731 818

Fair value of receivables from exchange transactions

The carrying amount of receivables from exchange transactions approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Receivables from exchange transactions impaired

As of 31 March 2017, trade and other receivables of Rnil (2016: R6 180) were impaired and provided for.

The amount of the allowance for impaired was Rnil as of 31 March 2017 (2016: R6 180).

Reconciliation of allowance for impairment of receivables from exchange transactions

Opening balance	6 180	-
Allowance for impairment	-	6 180
Amounts written off as uncollectible	(6 180)	-
	-	6 180

4. Receivables from non-exchange transactions

Receivable: Financial Services Board	-	8 186 100
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Fair value of receivables from non-exchange transactions

The carrying amount of receivables from non-exchange transactions approximates their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Notes to the FINANCIAL STATEMENTS

5. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 254 818	(921 384)	333 434	1 227 600	(842 766)	384 834
Motor vehicles	137 285	(133 454)	3 831	137 285	(131 538)	5 747
Office equipment	956 656	(553 112)	403 544	866 877	(453 360)	413 517
Computer equipment	1 637 314	(937 440)	699 874	1 407 848	(854 367)	553 481
Leasehold improvements	482 746	(328 329)	154 417	482 747	(230 655)	252 092
Office equipment under finance lease	375 333	(322 463)	52 870	375 333	(247 397)	127 936
Paintings	26 376	(25 894)	482	26 376	(25 653)	723
Total	4 870 528	(3 222 076)	1 648 452	4 524 066	(2 785 736)	1 738 330

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	384 834	37 609	(1)	(89 008)	333 434
Motor vehicles	5 747	-	-	(1 916)	3 831
Office equipment	413 517	125 932	(566)	(135 339)	403 544
Computer equipment	553 481	384 480	(9 463)	(228 624)	699 874
Leasehold improvements	252 092	-	-	(97 675)	154 417
Office equipment under finance lease	127 936	-	-	(75 066)	52 870
Paintings	723	-	-	(241)	482
	1 738 330	548 021	(10 030)	(627 869)	1 648 452

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	437 376	79 887	(114)	(132 315)	384 834
Motor vehicles	11 495	-	-	(5 748)	5 747
Office equipment	303 282	229 836	(383)	(119 218)	413 517
Computer equipment	602 632	188 501	(15 126)	(222 526)	553 481
Leasehold improvements	349 766	-	-	(97 674)	252 092
Office equipment under finance lease	203 002	-	-	(75 066)	127 936
Paintings	1 445	-	-	(722)	723
	1 908 998	498 224	(15 623)	(653 269)	1 738 330

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in statement of financial performance

General expenses

2017	2016
R	R
14 600	18 389

Notes to the FINANCIAL STATEMENTS

6. Intangible assets

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Licenses	190 427	(70 371)	120 056	96 130	(64 031)	32 099
Computer software	673 651	(540 078)	133 573	677 147	(499 466)	177 681
Data management system	485 843	(485 843)	-	485 843	(485 843)	-
Website	49 540	(47 717)	1 823	49 540	(44 082)	5 458
Total	1 399 461	(1 144 009)	255 452	1 308 660	(1 093 422)	215 238

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses	32 099	244 137	-	(156 180)	120 056
Computer software	177 681	31 622	-	(75 730)	133 573
Data management system	-	-	-	-	-
Website	5 458	-	-	(3 635)	1 823
	215 238	275 759	-	(235 545)	255 452

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Licenses	24 744	146 800	-	(139 445)	32 099
Computer software	244 397	30 483	-	(97 199)	177 681
Data management system	-	-	-	-	-
Website	10 916	-	-	(5 458)	5 458
	280 057	177 283	-	(242 102)	215 238

Other information

Fully amortised intangible assets still in use at cost

2017	2016
R	R
485 843	485 843

The data management system was budgeted to be replaced in previous financial years, resulting in the assets being fully amortised. The intention changed and it was no longer a priority to replace the system on the short term. The book value therefore remains at zero. It is budgeted to be replaced in the 2018 - 2019 financial years.

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
7. Finance lease obligation		
Minimum lease payments due		
- within one year	74 808	111 968
- in second to fifth year inclusive	-	74 645
	74 808	186 613
less: future finance charges	(6 938)	(29 498)
Present value of minimum lease payments	67 870	157 115
Present value of minimum lease payments due		
- within one year	67 870	89 245
- in second to fifth year inclusive	-	67 870
	67 870	157 115
Non-current liabilities	-	67 870
Current liabilities	67 870	89 245
	67 870	157 115

Some office equipment is leased under non-cancellable lease agreements. The lease terms are five years and are renewable on a month to month basis at the end of the lease period at market related rates. As the lease terms transfers substantially all the risks and rewards of ownership to the entity, these are classified as finance leases. Lease agreements have a fixed 60 month term, interest is fixed at an average of 15.7% with equal lease payments over the lease term.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

8. Trade and other payables from exchange transactions

Trade payables	747 699	213 321
Operating lease liability	765 671	900 901
Accrued leave pay	925 107	620 619
Other accrued expenses	416 393	95 044
	2 854 870	1 829 885

The carrying amount of trade and other payables from exchange transactions approximates their fair value.

9. Trade and other payables from non-exchange transactions

Payable: Financial Services Board	42 918	-
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The carrying amount of trade and other payables from non-exchange transactions approximates their fair value.

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
10. Revenue		
Levies	39 127 718	43 422 676
Recoveries	9 201	16 057
	39 136 919	43 438 733
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Levies	39 127 718	43 422 676
Recoveries	9 201	16 057
	39 136 919	43 438 733
11. Personnel costs		
Salaries	26 806 108	22 431 183
Bonus payments	1 012 694	1 124 248
Unemployment Insurance Fund contributions	119 196	100 888
Compensation Fund contributions	23 403	24 244
Skills development levies	255 887	220 417
Accrued leave pay charges	1 040 741	611 225
Long-service awards	6 000	24 000
	29 264 029	24 536 205

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
12. Operating (deficit) / surplus		
The operating (deficit) / surplus is stated after accounting for the following:		
Auditors' remuneration	1 571 317	1 237 456
Bank charges	24 849	19 865
Cleaning	83 301	61 680
Conferences and seminars	109 767	98 061
Consulting and professional fees	5 937 320	3 180 553
Impairment of receivables from exchange transactions	-	6 184
Electricity	404 394	387 238
Entertainment	45 142	39 968
Flowers and gifts	61 337	52 320
Insurance	102 620	104 225
IT expenses	266 767	239 870
Lease rentals on operating lease	3 022 393	3 022 393
Motor vehicle expenses	19 523	14 827
Non-executive board members' fees	223 775	-
Operating cost - office building lease	330 609	313 182
Postage and courier services	21 342	21 447
Printing and stationery	735 755	549 578
Promotions	333 785	224 533
Recruitment and advertising	298 211	62 782
Repairs and maintenance	811 833	569 256
Security	6 863	7 537
Staff welfare	110 264	101 977
Strategic planning and workshops	193 711	185 892
Subscriptions and membership fees	61 341	50 831
Telephone and fax	443 244	332 715
Text books or library books	267 891	207 841
Training	505 722	234 084
Travel - local	361 738	300 292
Travel - overseas	39 446	88 742
	16 394 260	11 715 329

13. Finance costs

Finance leases	22 323	34 526
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14. Taxation

No provision has been made for taxation as the entity is exempt from taxation in terms of section 10(1)(cA)(i)(bb) of the Income Tax Act, 1962 (Act No. 58 of 1962 as amended).

	2017	2016
	R	R
15. Auditors' remuneration		
External audit: prior year audit fees	1 153 131	873 980
External audit: current year interim fee	29 274	-
Internal audit: current year fees	388 912	363 476
	1 571 317	1 237 456
16. Cash generated from operations		
(Deficit) / surplus for the year	(7 417 137)	6 241 679
Adjustments for non-cash movements:		
Depreciation and amortisation	863 414	895 371
Loss on derecognition of assets	10 030	15 623
Finance costs - Finance leases	22 323	34 526
Changes in working capital:		
Receivables from exchange transactions	(87 162)	(44 298)
Receivables from non-exchange transactions	8 186 100	(6 256 797)
Trade and other payables from exchange transactions	1 024 985	(61 331)
Trade and other payables from non-exchange transactions	42 918	-
	2 645 471	824 773
17. Operating lease commitments		
Operating leases - as lessee		
Minimum lease payments due		
- within one year	3 468 227	3 197 254
- in second to fifth year inclusive	2 109 318	5 577 548
	5 577 545	8 774 802

Office accommodation is leased in terms of an operating lease. The entity is required to give six months notice for the renewal of the lease. The operating lease rentals include charges for rental, parking, operational costs, electricity, rates and levies. Escalations of 9% annually have been included in the lease agreement.

Office accommodation leases are negotiated for an average term of five years. No contingent rent is payable.

Office plants are leased in terms of an operating lease. The operating lease is for a term of three years and rentals include the installation, servicing and maintenance of the equipment. No contingent rent is payable.

18. Contingent liabilities

There are no known contingent liabilities or pending litigation that required disclosure that are known to management as at 31 March 2017 (2016: Rnil).

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
19. Related parties		
Related party balances		
Amounts included in (Trade and other payables from non-exchange transactions) / Receivables from non-exchange transactions regarding related parties		
Financial Services Board	(42 918)	8 186 100
Related party transactions		
Funding of the Office received in terms of section 22 (1) (a) of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002)		
Financial Services Board	39 127 718	43 422 676

The entity and the Financial Services Board both report to the Board of the Financial Services Board and the entity is funded by levies collected by the Financial Services Board.

20. Key management and non-executive board members' remuneration

Personnel costs include the cost to the Office for the following key staff members, as well as Board members' fees for non-executive Board members.

Key management

2017

	Emoluments	Travel allowance	Pension contribution	Performance bonus	Leave commutation paid	Total
NN Bam, FAIS Ombud	2 159 191	24 000	319 034	404 929	125 550	3 032 704
EB Sehlapelo, Deputy Ombud (Appointed 1 May 2016)	1 098 358	-	118 659	80 000	51 495	1 348 512
J Goodey, Finance Manager	952 961	-	102 952	145 000	-	1 200 913
SS Sabela, Assistant Ombud	652 627	-	74 766	78 483	14 750	820 626
	4 863 137	24 000	615 411	708 412	191 795	6 402 755

Notes to the FINANCIAL STATEMENTS

Key management (continued)

2016

	Emoluments	Travel allowance	Pension contribution	Performance bonus	Leave commutation paid	Total
NN Bam, FAIS Ombud	2 034 094	24 000	300 753	616 919	198 424	3 174 190
J Goodey, Finance Manager	881 006	-	95 178	120 000	-	1 096 184
AA Percival, Assistant Ombud (Ceased to be an employee 30 June 2015)	173 801	-	24 185	-	49 930	247 916
DE Davidson, Assistant Ombud (Ceased to be member of EXCO 31 July 2015)	340 638	-	36 800	-	-	377 438
SS Sabela, Assistant Ombud	606 904	-	65 566	65 000	13 683	751 153
	4 036 443	24 000	522 482	801 919	262 037	5 646 881

Non-executive board members

2017

	Human Resources and Remuneration Committee	Audit Committee	Risk Management Committee	Total
AM Sithole	8 243	-	-	8 243
H Wilton	16 148	5 608	10 878	32 634
ZBM Bassa	16 148	-	16 148	32 296
J Mogadime	-	32 296	10 878	43 174
D Msomi	-	32 296	-	32 296
MH Ratshefola	-	-	21 418	21 418
PJ Sutherland	-	32 296	-	32 296
DLD Turpin	-	-	21 418	21 418
	40 539	102 496	80 740	223 775

No non-executive board member remuneration was paid by the entity in the prior year.

Notes to the FINANCIAL STATEMENTS

21. Changes in estimates

Property, plant and equipment

The useful life of certain property, plant and equipment was reassessed and management have revised their estimates. The effect of this revision has decreased the depreciation charges for the current period by R102 066 (2016: R43 867). In future periods the depreciation charges will increase by R102 066 (2016: R43 867).

Intangible assets

The useful life of certain intangible assets was reassessed and management have revised their estimates. The effect of this revision has decreased the amortisation charges for the current period by R32 008 (2016: R9 174). In future periods, the amortisation charges will increase by R32 008 (2016: R9 174).

22. Risk management

Financial risk management

In the course of the entity's operations, it is exposed to credit, liquidity, and market risk (currency, interest rate and other price risk). The entity has developed a strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal audit reports are submitted quarterly to the Audit and Risk Management Committees, independent committees that monitor risks and policies implemented to mitigate risk exposures. The entity is not exposed to significant currency risk or other price risk. The risk management process relating to each of these risks are discussed under the headings below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid resources and the ability to settle debts as they become due. In the case of the entity, liquid resources consist mainly of cash and cash equivalents. The entity maintains adequate resources by monitoring rolling cashflow forecast of the cash and cash equivalents on the basis of expected cashflow.

The table below analyses the entity's financial liabilities at year end. The amounts disclosed in the tables are the contractual undiscounted cash flows.

At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	2 854 870	-	-	-
Trade and other payables from non-exchange transactions	42 918	-	-	-
Finance lease obligation	74 808	-	-	-
At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	1 829 885	-	-	-
Finance lease obligation	111 968	74 645	-	-

22. Risk management (continued)**Credit risk**

Credit risk is the risk of financial loss to the entity if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the entity's accounts receivable and cash and cash equivalents. Strict credit control is exercised and when necessary, provision is made for doubtful debts.

The entity is exposed to certain concentrations of credit risk relating to its cash balances. The entity only deposits cash with major banks with high quality credit standings. The counterparties that are used by the entity are evaluated on a continuous basis.

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

Financial instrument	2017	2016
	R	R
Bank balances	1 952 993	244 870
Receivables	328 032	8 475 144

Market risk**Interest rate risk**

The entity's interest rate risk arises from finance leases, refer note 7.

The entity's exposure to interest rate risk is reflected under the respective notes. As part of managing the entity's exposure to interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

The entity manages its cash flow interest rate risk by using fixed interest rates. As a result, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern order to provide services to the public. The entity has developed systems and internal controls that are efficient and effective in maintaining efficient levels of working capital which ensure that the entity has sufficient cash flow to fund its operations. As a Public Entity, the office has no desire to maintain a highly geared capital structure.

23. Events after the reporting date

The Board is not aware of any matter or circumstance arising since the end of the financial period and up to the date of signing these financial statements that warrants adjustment or disclosure.

Notes to the FINANCIAL STATEMENTS

	2017	2016
	R	R
24. Irregular expenditure		
Opening balance	-	-
Add: Irregular Expenditure - current year	3 292 640	3 029 002
Less: Amounts condoned	(3 292 640)	(3 029 002)
	-	-

Details of irregular expenditure condoned

Copiers were procured in the 2013 financial year by way of a finance lease agreement. Three quotations were obtained for the transaction. Due to the total value of the agreement being in excess of R500 000, a competitive bidding process should have been followed. The entity did not follow the competitive bidding process as the capital amount of the transaction was evaluated instead of the full rental payable. The capital amount was lower than R500 000.

The entity entered into a lease agreement for new office space in the 2014 financial year. The Office did not invite competitive bids as it was of the opinion that it was impractical to do so due to the Office being bound to an existing lease agreement, which only expired in September 2014. A deviation from supply chain policy was approved and a lease agreement signed with the existing landlord. It was, however, concluded that the competitive bidding process should have been followed.

Condoned by (condoning authority)

The irregular expenditure was condoned by the Accounting Authority 112 191

The irregular expenditure was condoned by the Accounting Authority 3 180 449

3 292 640

25. Actual operating expenditure versus budgeted operating expenditure

The budget is prepared on the accrual basis. A deficit of R5.7 million was budgeted for the financial year in an effort to utilise the accumulated surplus from previous years. The retention of the surplus was approved by National Treasury. This resulted in a lower funding requirement of the year.

The reasons for material differences between the budget and actual amounts are provided below:

Personnel cost

The overspending of personnel cost against budget (R1 009 025) is mainly due to a lower vacancy rate than budgeted for, as well as higher annual leave pay-outs and accrual than budgeted for.

Depreciation and amortisation

The savings (R198 531) is due to the timing of the actual capital expenditure, as well as lower than budgeted capital spending for the year. This was mainly as a result of the postponement of the replacement of the complaints handling system to the next financial years. The useful life review and adjustment also contributed to the saving against budget.

General expenses

The overspending in general expenses (R1 090 544) is mainly due to higher legal costs than budgeted for. The legal costs relate to various legal proceedings regarding review applications, as well as a disciplinary matter.

26. Segment information**General information****Identification of segments**

The entity is organised and reports to management on the basis of only one functional area: the resolution of complaints.

The existing operations does not warrant segmental reporting.

27. Employee benefits - Defined contribution plan

The entity pays contributions towards the pension fund established for its employees. Other than these monthly contributions, the entity has no other obligation to provide retirement benefits to its employees. The amounts recognised in the statement of financial performance are as follows

	2017	2016
	R	R
Pension fund contributions	2 582 371	2 156 675

STRATEGIC GOAL 1: To Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers.				
STRATEGIC OBJECTIVE		To increase the number of satisfied customers		
OUTPUTS		Customer satisfaction survey forms. Closed complaints files. Implemented Quality Control Plan.		
OUTCOMES		Satisfied customers		
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
1.1	% satisfied customers as measured on returned CSF's	80%	<p>On average, 96.83% of the customer satisfaction forms received rated our services positively.</p> <p>This goal has been achieved.</p>	The FAIS Ombud attributes the variance to this goal to its on-going commitment to strengthening internal controls, and improving efficiency. This yielded results in improving our customer service levels.
1.2	% closed complaints within 9 months of date of receipt of complaint	85%	<p>Quarter 1: Cases received in July 2015: 89.73% closed by 30 April 2016 Cases received in August 2015: 89.41% closed by 31 May 2016 Cases received in September 2015: 89.64% closed by 30 June 2016</p> <p>On average 89.59% of cases received were closed within 9 months of receipt</p> <p>Quarter 2: Cases received in October 2015: 90.03% closed by 31 July 2016 Cases received in November 2015: 91.54% closed by 31 August 2016 Cases received in December 2015: 91.98% closed by 30 September 2016</p> <p>On average 91.02% of cases received were closed within 9 months of receipt</p>	The FAIS Ombud puts in great effort in monitoring output on a regular basis against this goal. To measure its effectiveness, the output is cascaded into individual performance contracts, and monitored weekly, quarterly and annually.

STRATEGIC GOAL 1:

To Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers.

PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
1.2	% closed complaints within 9 months of date of receipt of complaint	85%	<p>Quarter 3: Cases received in January 2016: 91.16% closed by 31 October 2016 Cases received in February 2016: 92.98% closed by 30 November 2016 Cases received in March 2016: 87.64% closed by 31 December 2016</p> <p>On average 90.86% of cases received were closed within 9 months of receipt</p> <p>Quarter 4: Cases received in April 2016: 92.38% closed by 31 January 2017 Cases received in May 2016: 91.94 % closed by 28 February 2017 Cases received in June 2016: 93.36% closed by 31 March 2017</p> <p>On average 92.55% of cases received were closed within 9 months of receipt</p> <p>The overall achievement against the annual target was 91.01%</p> <p>This goal has been achieved.</p>	
1.3	% achievement of activities in quality control implementation plan	100%	<p>100% of the quality control implementation plan has been achieved.</p> <p>This goal has been achieved.</p>	

STRATEGIC GOAL 2: Achieve operational excellence				
STRATEGIC OBJECTIVE		To optimise internal capacity, business processes and systems to achieve operational excellence.		
OUTPUTS		Unqualified audit report. Approved Budget. Management accounts. Internship contracts. Revised Training plan. Executed training plan. Reviewed HR policies. Implemented performance management system. Approved succession plan. Updated Compliance and Risk Management Framework. Implemented IT plan.		
OUTCOMES		Operational excellence. Enhanced internal effectiveness and service delivery. Sufficient funds to deliver on mandate. Motivated staff to achieve FAIS Ombud's objectives. The FAIS Ombud is seen as a compliant entity.		
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
2.1	Type of audit opinion issued by AG in respect of Annual Financial Statements and Performance Information	Unqualified audit Opinion	The FAIS Ombud achieved an unqualified audit opinion of its 2015/2016 Annual Financial Statements and Performance Information. This goal has been achieved.	
2.2	Approved Budget	Complete and approved budget by 31 March 2017.	The budget for 2016/2017 financial year was approved by 31 March 2016. The budget for 2017/2018 financial year was approved by 31 March 2017. This goal has been achieved.	
2.3	Management accounts - % unexplained deviation from budget vs actual	Less than 10% unexplained deviation	Less than 10% unexplained deviations in the management accounts. This goal has been achieved.	

STRATEGIC GOAL 2: Achieve operational excellence				
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
2.4	Attracting suitably qualified talent that will fit in with the organization's culture.	Updated and disseminated recruitment and reward strategy 50% achievement of steps mentioned –HR Risk Management Plan by 31 March 2017.	The Recruitment and Selection Strategy and Reward Strategy were updated and approved by 31 March 2017. 100% of the steps mentioned in the HR Risk Management Plan were achieved. This goal has been achieved	This is a new goal, therefore a conservative target was set.
2.5	No. of internship contracts concluded	9 internship contracts concluded by 31 March 2017.	A total of 12 contracts were concluded in the financial year. This goal has been achieved.	11 contracts were concluded for law graduates and 1 contract was concluded for an IT graduate.
2.6	No. of Trainee Assistant Ombud contracts concluded	2 contracts concluded by 31 March 2017	2 Trainee Assistant Ombud contracts were concluded by 31 March 2017. This goal has been achieved.	
2.7	Date of Approval of Revised training plan	Updated training plan by March 2017	The updated training plan for the 2017/2018 financial year was approved by the FAIS Ombud EXCO by 31 March 2017 This goal has been achieved.	

STRATEGIC GOAL 2: Achieve operational excellence				
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
2.8	% execution of training plan	100% of training plan executed by 31 March 2017.	100% of the training plan was executed by 31 March 2017. This goal has been achieved	
2.9	No of policies reviewed	6 policies reviewed by 31 March 2017	17 policies were reviewed before 31 March 2017. This goal has been achieved.	More than 6 policies were reviewed so as to ensure that there is alignment between the evolving environment and the policies governing the environment.
2.10	% adherence to performance management system	100% of adherence to performance management system processes and deadlines by 31 March 2017	There was a 100% adherence to the performance management system processes and deadlines by 31 March 2017. This goal has been achieved.	
2.11	Date of Recommendation to Board by FAIS Exco of updated Succession Guideline / Career Path Framework	Recommendation to Board of updated Succession Guideline / Career Path Framework by 31 March 2017.	The succession guideline was approved by the Board of the FSB on 28 March 2017. This goal has been achieved.	

STRATEGIC GOAL 2: Achieve operational excellence				
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		Target 2016/2017	Progress as at 31 March 2017	Explanation/ Variance
2.12	Date of Approval of Updated Compliance and Risk Management Framework and the % achievement of steps mentioned in Compliance and Risk Management/ Implementation plan	Approved updated Compliance and Risk Management Framework by 31 March 2017 and 100% achievement of steps mentioned in Compliance and Risk Management/ Implementation plan	The Compliance and Risk Management framework was approved before 31 March 2017 and 100% of the steps mentioned in the Compliance and Risk Management plans were achieved. This goal has been achieved	
2.13	% achievement of activities in Approved IT implementation plan	98% achievement of milestones for the financial year within the IT plan	100% of the milestones in the IT plan were achieved. This goal has been achieved.	Focus and effort on achieving all of the activities in the IT implementation plan (ICT Roadmap). Regular ICT Steering Committee meetings were held, assisting with monitoring the progress.

STRATEGIC GOAL 3: Enhanced stakeholder management				
STRATEGIC OBJECTIVE		To manage stakeholder relationships		
OUTPUTS		Implemented Marketing and communication plan.		
OUTCOMES		Enhanced relationships (improved co-operation with stakeholders)		
PROGRAMME PERFORMANCE INDICATOR		Performance Targets		
		2016/2017	Progress as at 31 March 2017	Explanation/ Variance
3.1	% of marketing and communication plan implemented	100% implementation of activities in the marketing and communication plan by 31 March 2017.	100% of the activities in the marketing and communication plan were implemented by 31 March 2017. This goal has been achieved	



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