2023
2024

COMPENSATION FUND
ANNUAL REPORT

employment & labour
Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

Compensation Fund
WORKING FOR YOU

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PART A: GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

Registered Name:	COMPENSATION FUND
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External Auditors Information:	Auditor General of South Africa (AGSA)
Bankers:	ABSA

LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
APP	Annual Performance Plan
CF	Compensation Fund
CFO	Chief Financial Officer
COIDA	Compensation of Occupational Injuries and Diseases Act
CPI	Consumer Price Index
CRMP	Compliance Risk Management Plan
DG	Director-General
DEL	Department of Employment and Labour
EXCO	Executive Committee
FEM	Federated Employers Mutual
GRAP	Generally Recognised Accounting Principles
HRM	Human Resource Management
IES	Inspections and Enforcement Services
KRA	Key Results Area
MANCO	Management Committee
MSP	Medical Service Provider
MTSF	Medium- Term Strategic Framework
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PWDs	Persons with Disabilities
POE	Portfolio of Evidence
RMC	Risk Management Committee
RFI's	Requests for Information
SAP	Systems Application and Products in Data Processing
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SCSF	Strengthening Civil Society Fund
SHEQ	Safety, Health, Environmental and Quality
SMS	Senior Management System
TR	Treasury Regulations
UIF	Unemployment Insurance Fund

FOREWORD BY THE DIRECTOR-GENERAL

Introduction

The Compensation Fund is a Schedule 3A Public Entity of the Department of Employment and Labour and one of the key social security institutions that play a crucial role in the provision of a social safety net to workers in the event of a workplace injury or occupational disease. In our execution of the mandate given through the Constitution of the Republic of South Africa and the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993, as amended by Act No. 61 of 1997. The Fund ensured that there was expanded and inclusive coverage under the COID Act through the COID Amendment Act No. 10 of 2022. The significant amendments relate to the inclusion of domestic workers under the category of employees, the inclusion of a chapter dealing with rehabilitation of and a re-integration framework for employees who are injured or have contracted occupational diseases, and a review of the benefit structure to improve benefits payments to employees and their beneficiaries.

The Fund, during the financial year 2023/24, started with the development of regulations in consultations with all stakeholders. Regulations will enable full implementation of the COID Amendment Act 10 of 2022.

The work by the Fund contributes significantly to Priorities 1, 2 and 4 of the Medium-Term Strategic Framework (MTSF) 2019-2024 and the Minister's Performance Agreement. Priority 1: Capable, Ethical and Developmental State, Priority 2: Economic Transformation and Job Creation, and Priority 4: Consolidating the Social Wage through Reliable and Basic Services. To define its contribution, the Fund developed and implemented the Annual Performance Plan (APP) 2023/24. This Annual Report 2023/24 provides progress made on the implementation of the APP 2023/24.

High-level overview of the Compensation Fund's strategy and the performance

The Compensation Fund achieved **57%** of the set APP targets for the year under review. The following are the service delivery performance targets that the Fund performed during the financial year:

- **86%** of claims were adjudicated within 25 working days of receipt, against a target of **90%**.
- **75%** of approved benefits were paid within 10 working days, against a target of **90%**
- **87%** of accepted medical invoices were finalized within 30 working days of receipt, against a target of **85%**.
- **99%** of requests for pre-authorization of specialized medical interventions were finalized within 10 working days of receipt, against a target of **95%**.
- **96%** of requests for assistive devices were finalized within 15 working days, against a target of **95%**.

The financial year 2023/24 saw the Fund develop regulations that would ensure the implementation of COID Amendment Act No. 10 of 2022. Amendments to the COID Act were done to ensure that there is expanded and inclusive coverage that would include domestic workers under the category of employees, the inclusion of a chapter dealing with rehabilitation of and a re-integration framework for employees who are injured or have contracted occupational diseases, and a review of the benefit structure to improve benefits payments to employees and their beneficiaries.

I am pleased to announce that the online integrated employer portal is fully implemented and functional. The portal enables employers to register, submit (Return on Earnings) RoEs, pay their annual assessments, and obtain Letters of Good Standing in a seamless process. To date, the submission and assessment of the ROE process are automated, and more than 99% of the received ROEs are processed online. During the financial year 2023/24 a total of 352,931 return on earnings were received, and 99% (347,651) were assessed.

Strategic Relationships

The Fund partnered with the South African Institute of Chartered Accountants (SAICA) as it continues to implement the Skills Program, which will see the capacitation of the Fund's capacity with skills in the areas of Finance, Medical and Actuarial. The Fund partnered with PricewaterhouseCoopers (PWC) to conduct the organizational architecture review project with the intention of addressing the structure of the Fund to be customer-centric.

Challenges faced by the Director General with respect to the Fund

The continuing Disclaimer Audit opinion received by the Fund over a number of financial years is outside the tolerance level. I have duly informed the Senior Executive Management of the Fund to address this matter and put controls in place. I am putting measures in place to remedy the situation. I have appointed capacity in my office to take overall responsibility for implementing the recommendations of the organizational re-engineering project affecting both the Compensation Fund and the Unemployment Insurance Fund (UIF).

The ICT environment of the Compensation Fund is not sustainable to support the Fund's implementation of its mandate and priorities. I am fully behind the work done by the Senior Executives of the Fund to fast-track the finalization of procurement processes for ICT projects and the completion thereof.

The strategic focus over the medium to long-term period

As we look to the medium to long-term future, it's important to maintain our strategic focus and work towards improvement and growth. Our main priorities during this time will include:

(i) Addressing inefficiencies in the control environment to improve processes and governance, and aiming for an improved Audit opinion.
(ii) Reviewing operations and operating models, including processes, to ensure better service delivery and performance.
(iii) Continuing the implementation of Rehabilitation and Return to Work Programs.
(iv) Continuing the recruitment of skills specifically needed in Finance, Medical, Actuarial, and Compensation for Occupational Injuries and Diseases. We will also continue with the Skills Program in partnership with the private sector and the South African Institute of Chartered Accountants (SAICA).
(v) Continuing the implementation of the organizational architecture review project to make the Fund more customer-centric, with the help of PricewaterhouseCoopers (PWC).
(vi) Finalizing regulations in consultation with all stakeholders in the 2024/25 financial year, enabling the full implementation of the COID Amendment Act 10 of 2022.

Acknowledgements /Appreciation

I wish to express my gratitude to the following:

- Minister and the Deputy Ministers of Employment and Labour;
- The Portfolio Committee on Employment and Labour;
- The Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour;
- The Advisory Board of the Compensation Fund; and
- Management and staff of the Compensation Fund

Conclusion

The Compensation Fund has made significant progress in implementing the COID Amendment Act and improving its service delivery performance, despite challenges such as the continuing Disclaimer Audit opinion and the need for sustainable ICT infrastructure. Partnerships with organizations like the South African Institute of Chartered Accountants and PricewaterhouseCoopers demonstrate the Fund's commitment to capacity building and organizational improvement. Overall, the Fund plays a crucial role in supporting the social safety net for workers, and its commitment to addressing shortcomings and improving services is commendable.

Acting Director General: Onke Mjo
Accounting Authority of the Compensation Fund
Date: 31/08/24

COMPENSATION COMMISSIONER'S OVERVIEW

General financial review

During the financial year ending 31 March 2024, the Compensation Fund ("the Fund") generated **R13.5 billion** (2022/23: R11.88 billion) in revenue from employers in the form of assessments, interest, and penalties. This represents a 13% year-on-year increase. The increase is attributable to the Fund's efforts to verify assessments, undertake awareness campaigns, and trace unregistered employers.

In the same period, the total benefits expense recorded was **R4.60 billion** (2022/23: R7.4 billion), which amounts to a 39% decrease compared to the previous financial year. This is due to estimates of outstanding claims and pension benefits not yet concluded at year-end.

The total surplus for the year, after incorporation of the non-operating items (fair value adjustments, actuarial gains and losses, and shares of surpluses or deficits from associates), was down to **R5.9 billion** as compared to **R11.9 billion** in the previous financial year. The overall reduction in the surplus was due to the absence of the fair value gain in the actuarial valuations in 2024. The Fund recorded a **R9.5 billion** actuarial gain in 2023.

The Fund's investment portfolio increased from R98 billion in 2022/23 to **R107 billion** in 2023/24.

Spending trends

The total operating expenses have remained steady at **R13 billion** in both financial years presented. The Fund anticipates an increased operating expense when the effect of the actuarial gains is recognised subsequent to valuation of provisions. The Fund anticipates the effect of the valuation of provisions to also impact on the benefits expenditure when the actuarial valuations are recognised. The spending on compensation of employees has remained steady at around **R1.4 billion** year on year. This is demonstration of the vacancies that the Fund has been unable to fill during the year and the Minister's decision to freeze recognition and payment of senior managers' pay progression.

Capacity constraints and challenges facing the Compensation Fund

There are capacity constraints in the ability of the Fund to correctly take on the employer's debt and its subsequent collectability. This realisation is the result of an intense interrogation conducted by the Fund on the interdependency between the capacity of the Fund to raise revenue through the estimation process and the capacity to timeously collect the debt book raised. A number of interventions are being designed, which will include effective debt collection and write-offs as well as verification of employers.

Discontinued activities / activities to be discontinued

There were no discontinued activities in the year under review.

New or proposed activities

In its effort to build the control environment and improve the financial administration, the Fund will consider revisiting the Action Plan so that it deals with new developments that have taken place since the CF Action Plans were conceptualized and implemented.

Requests for roll over of funds

The Fund has made a declaration and application to retain its annual surplus of **R12 billion** as per the requirements of National Treasury Instruction No. 12 of 2020/2021, "Retention of surpluses by constitutional institutions and public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA).".

Supply Chain Management

The Fund has established a fully functional Supply Chain Management (SCM) unit. The SCM administers the procurement governance structures such as the Bid Adjudication, Bid Evaluation and Bid Specification Committees. Procurement of goods and services is centralised at Supply Chain Management unit within the Office of the Chief Financial Officer. This enables the unit to ensure that procurement is done in accordance with the legislative framework. The procurement unit also regularly meets with end users to advice on procurement matters to ensure that SCM processes and procedures which are in place are adhered to and to prevent irregular expenditure.

Concluded unsolicited bid proposals for the year under review

There are no unsolicited bid proposals concluded for the year under review. The Fund did not conclude any unsolicited bids during the 2023/2024 financial year.

Whether SCM processes and systems are in place

The Fund has developed and implemented an effective SCM system for the acquisition of goods and services and the disposal and letting of state assets, including the disposal of goods no longer required in line with applicable Supply Chain Management (SCM) prescripts. The procurement of goods and services is centralized in the Supply Chain Management unit within the Office of the Chief Financial Officer. This enables the unit to ensure that procurement is done following the legislative framework. The procurement unit also regularly meets with end-users to advise on procurement matters to ensure that SCM processes and procedures that are in place are adhered to and to prevent irregular expenditure. These include the following:

- The Fund regularly reviews the SCM Policy to incorporate any changes as published through the National Treasury. The policy has been reviewed during the year under review to include the changes as per the new PPR 2022, and officials have been trained in advocacy sessions conducted to inform and interact with the officials on SCM-related processes, practices, and regulations.
- The checklist to ensure compliance with all prescribed Supply Chain Management (SCM) prescripts was re-designed to include special goal considerations and implemented within the Fund.
- The Fund has appointed Bid Committees to ensure transparency, fairness, and compliance within SCM and tender processes.
- All SCM officials have signed a Code of Conduct and declaration of interest. Furthermore, SCM officials disclosed their financial interests through the e-disclosure system during the year under review.

Challenges experienced and how they were resolved

During the 2023/24 financial year, the Fund received a total of 107,713 claims, of which 86% (92,502) were adjudicated within 25 working days of receipt. These claims have resulted in a payment of **R4.9 billion** in medical, pension, and compensation benefits. Notwithstanding this performance, there are a number of challenges slowing the effective processing of claims. Amongst such, the claims processing by the Fund has been affected by slow systems and power outages. To address this, additional server capacity has been implemented to strengthen system performance, and plans are in place to implement a cloud storage solution that will equally benefit overall system performance. Planned improvements in system functionality will equally benefit the turnaround times for adjudication of claims. The department is in the process of improving data line capacity across all Labour Centers which will improve efficiencies in service delivery.

The Fund strives to ensure adequacy in the registration of employers and assessments of the employers' return of earnings (ROEs). Process and system challenges often resulted in the registration of employers taking longer than anticipated, in some instances up to 90 days. This impacts negatively on employers. Similarly, there have been challenges with the payment of assessments. There has been the use of incorrect reference numbers, leading to the misallocation of funds. Faster turnaround time for company registration at the Fund, efficiency of submission of Return on Earnings, and improved reconciliation of payments are some of the benefits the Compensation Fund's (CF) CF- filing modernisation journey has produced. Through the introduction of the e-COID project, the Fund has realized improved validation of user information, i.e., a faster turnaround time for the registration of companies at the fund as well as efficiency in the submission of Return on Earnings.

The Fund faced the challenge of verifying medical service providers' banking details. To improve the situation, the Fund implemented a system to verify different medical service providers' banking details with the banks. This aims to ensure that payments are made to the correct beneficiaries. The Fund is looking to improve this service further.

Current inefficiencies in system workflow make identifying severely injured workers eligible for return to work challenging and lead to considerable delays in providing clinical and vocational rehabilitation and the return to work. Further enhancements to the rehabilitation sub-claim on the CompEasy system are being made to alert Provincial Disability Managers to complex cases. These managers will subsequently monitor clinically rehabilitated clients eligible to return to work and assist them. Additionally, they will refer unemployed COID beneficiaries to CF Vocational Rehabilitation. Furthermore, the Fund has developed the Rehabilitation, Reintegration, and Return to Work protocols, a comprehensive set of guidelines and procedures to identify workers who have sustained severe injuries, ensure a safe and successful rehabilitation process, and provide thorough case management for their return to work. The protocols are presently being implemented.

The lack of a comprehensive database of all COID pensioners with contacts impacts the Fund's ability to track and trace unemployed COID beneficiaries with disabilities, their dependents, and the dependents of fatally injuredworkers to benefit from the Compensation Fund's Vocational Rehabilitation Programme in the form of upskilling and reskilling, as well as bursaries.

The Fund is committed to overcoming this limitation through stakeholder engagement and identifying areas for system improvements. Moreover, the Fund experienced a significant dropout rate due to the challenges faced by COID beneficiaries with disabilities who are also adults. However, the Fund has considered the decentralisation of training into respective provinces to ensure that clients are within a reasonable radius of their homes by identifying institutions that can cater for the different needs, functional limitations, and capabilities of COID beneficiaries with disabilities.

The challenges experienced by the Compensation Fund for Human Resources are the inability to attract or keep the required critical skills in the areas of Finance, Medical and Actuarial. This is worsened by competition for these skills in the private sector. The Fund will see the continued implementation of the Skills Program, which is done in partnership with the private sector, including the South African Institute of Chartered Accountants (SAICA). In addition, the Fund will continue with the implementation of the intervention embarked upon with regard to the implementation of the organizational architecture review project to address the structure of the Fund to be customer-centric. This is through the work done by PricewaterhouseCoopers (PWC).

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

The Compensation Fund management has undertaken a rigorous process of developing the audit action plan. The Fund's Executive Committee resolved to prioritise the deeply entrenched root causes of financial administration failures and audit findings. The 2024/25 procurement plan is being amended to include key projects that would enhance the quality of benefits data, employer files, and investment reporting. The Internal Control sub-directorate will be capacitated to enable detailed oversight for the implementation of the audit action plan and the design and testing of internal controls, which will inculcate a culture of self-audit and full training on all financial systems.

Outlook/ Plans for the future to address financial challenges

The Fund's financial position in terms of the growth in investment values. The biggest management concern is the uncertainty with regard to the valuation of benefits obligations and provisions due to a lack of integrity, the loss of revenue due to incomplete employer files and payroll verification, and the largely uncollected debt raised against employers.

Management maintains a positive outlook on resolving these challenges through capacity building, which will initially commence with the pilot project to track and trace beneficiaries, the implementation of innovative debt collection services, and the employer verification strategy. These interventions, when successfully implemented, will enhance not only the internal control environment but also the financial position of the Fund beyond the current levels and result in an improved audit outcome, which can bring confidence to the public in the Fund's quality of services rendered.

Events after the reporting date

The Fund has not recorded any events after the reporting date.

Economic Viability

The Compensation Fund maintained a gross investment value of **R107 billion** as at 31 March 2024 (2023: R90.8 billion). This represents an **18% increase** from the previous year. Management maintains the view that the Fund is still a going concern, as there is no indication that the Fund will be unable to meet both the short-term and long-term financial plans, commitments, and obligations as and when they fall due.

Acknowledgement/s or Appreciation

I wish to express my gratitude to the following:

- Minister and Deputy Minister of Employment and Labour,
- The Director General of Employment and Labour as the Accounting Authority of the Fund
- The Portfolio Committee on Employment and Labour, the Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour.
- The Advisory Board of the Compensation Fund
- Management and staff of the Compensation Fund
- All Stakeholders who have partnered with the Compensation Fund to ensure that it fulfils its mandate.

Other (information that needs to be communicated to users of AFS)

There is no other information to be communicated to users of the AFS.

Acting Compensation Commissioner: Farzana Fakir
Compensation Fund
Date: 31/08/24

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part F) have been prepared in accordance with the standards applicable to the public entity.

The Compensation Fund Commissioner is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Compensation Fund Commissioner is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully

Compensation Commissioner: Farzana Fakir
Date: 31/08/24

Director-General: Onke Mjo
Date: 31/08/24

STRATEGIC OVERVIEW

Vision

To be a world class provider of sustainable compensation for occupational injuries and diseases, rehabilitation and reintegration services.

Mission

- To provide efficient, quality, client-centric and accessible COID services.
- To sustain financial viability.
- To ensure an organisation which takes care of the needs of its staff for effective service delivery.

Values

We shall adhere to the following values:

- **Respect:** We will treat our customers and colleagues with respect.
- **Excellence:** We execute our duties with dedication and fortitude.
- **Sinobuntu:** Treat each other and clients with dignity and care.
- **Pride:** We model highest standards of personal and professional behaviour.
- **Integrity:** Communicate openly and honestly with relationship based on trust.
- **Client-centric** by Providing excellent & world class service to all.

LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

The mandate of the Compensation Fund is derived from Section 27 (1) (c) of the Constitution of the Republic of South Africa. In terms of this Act, specifically the mentioned Section, all South Africans have a right to social security. The Compensation Fund is mandated to provide social security to the injured-on duty employees and those who contracted diseases at workplace.

Legislative Mandate

The Compensation Fund is a Schedule 3A Public Entity of the Department of Employment and Labour. The Fund administers the Compensation for Occupational Injuries and Diseases Act No 130/1993 as amended by the Compensation for Occupational Injuries and Diseases Act No 61/1997. The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from injuries or diseases, and provide for matters connected therewith.

The Fund generates its revenue from levies paid by employers and this consists of annual assessments paid by registered employers on a basis of a percentage or fixed rate of the annual earnings of their employees. The COID Act, however, makes provision for a minimum assessment to ensure the assessment is not less than the administration costs incurred.

The operations of the Compensation Fund are also informed by the following legislations:

- Constitution of the Republic of South Africa, 1996, as amended;
- Protection of Personal Information Act, 2013
- Occupational Health and Safety Act, 1993;
- National Economic Development and Labour Council Act (NEDLAC), 1994;
- Labour Relations Act, 1995, as amended;
- Basic Conditions of Employment Act, 1997, as amended
- Employment Equity Act, 1998, as amended;
- Skills Development Act, 1998, as amended;
- Unemployment Insurance Act, 2001, as amended;
- Unemployment Insurance Contributions Act, 2002;
- Employment Services Act, 2014;
- Public Finance Management Act, 1999, as amended;
- Public Service Act, 1994, as amended;
- Broad Based Black Economic Empowerment Act, 2003;
- Preferential Procurement Policy Framework Act, 2000;
- Prevention and Combating of Corrupt Activities Act, 2004;
- Promotion of Access to Information Act, 2000;
- Promotion of Administrative Justice Act, 2000;
- Promotion of Equality and Elimination of Unfair Discrimination Act, 2000.
- Protected Disclosure Act, 2000; and
- Prevention of Organised Crime, 2004, as amended

ACTING COMPENSATION COMMISSIONER:

F. FAKIR

Director
Anti Corruption and Integrity Management:

Adv. M. Ntleki

Director
Risk Management:

K. Nkabinde

Director
Executive Support:

M. Khosa

Director
ICT:

N. Mabanga

Acting Director
Internal Audit:

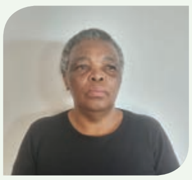
S. Zwane

Chief Director,
COID Services:

J. Soupen

Acting Chief Director,
Orthotic & Rehabilitation:

N. Magonono



Acting Chief Director
Medical Benefits:

D. Nkabinde

Chief Director Financial Management:

M. Mokoena

Acting Chief Director
Corporate Services:

S. Mhlungu

Chief Operations Officer:

J. Modiba

PART B
PERFORMANCE INFORMATION

AUDITOR GENERAL'S REPORT:

PREDETERMINED OBJECTIVES

The Auditor-General of South Africa currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report. Refer to the report by the Auditor-General, published as Part F: Financial Information.

OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

Table 1: Amounts paid towards benefits between the financial years

Benefits	2021/22	2022/23	2023/24
MEDICAL	R 3 090 582 736	R 2 956 795 535	R 3 014 610 999
COMPENSATION	R 152 648 860	R 175 325 596	R 260 152 848
PENSION	R 1 192 843 451	R 1 256 617 939	R 1 412 457 529
TOTAL	**R 4 315 263 342**	**R4 388 739 070**	**R 4 687 221 376**

NB: the figures are as per Annual Financial Statements from the various financial years.

ORGANISATIONAL ENVIRONMENT

The Fund has initiated the development and implementation of Rehabilitation, Reintegration, and Return-to-Work Protocols to identify severely injured workers, providing support through Rehabilitation for successful integration back into the workforce or society. This proactive approach addresses challenges in identifying candidates for the diverse rehabilitation programme and comprehensive case management. As it has evolved since its inception, the Vocational Rehabilitation Programme has now introduced an essential element in enterprise development, including job placement to aid unemployed injured workers. However, this has led to immense human resource constraints due to increased administration, responsibilities, client demand, the need for individualised innovative integration solutions, and the repositioning of human resources. To mitigate this, the Fund placed contractual employees through internships to alleviate resource constraints and look for more resources.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The unconstitutionality of the express exclusion of domestic workers as employees as defined in the Compensation for Occupational Injuries and Diseases Act.

The High Court, in an order handed down on 28 May 2019, declared that Section 1(xix)(v) of COIDA was unconstitutional and invalid to the extent that it excluded domestic workers in private households from the definition of "employee" and directed that the offending section be severed from Section 1 of COIDA.

The question of whether the High Court ought to make any order that is just and equitable in terms of s172(2)(b)(i) and (ii) of the Constitution was postponed to a future date.

The domestic employees' case was finalised. This means that they were immediately covered from the date of the Constitutional Court ruling confirming all of the North Gauteng High Court orders on the matter. The coverage is retrospective to April 1994. The Bill that is currently before Parliament, when passed into law, will simply confirm this position.

SCHEDULE OF REGULATIONS

Table 2: Status of Regulations

REG No	REGULATION ITEM	RESPONSIBILITY/BU	STATUS	PROGRESS/ DATE OF APPROVAL
1	Mesothelioma due to Occupational Asbestos Exposure	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
2	Irritant-induced Asthma	Medical Services	Approved/Gazetted	Gazette date 07 June 2024
3	Pulmonary Tubercolosis associated with Silica Dust Exposure	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
4	Work-Related Chronic Obstructive Pulmonary Diseases	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
5	Work-related Upper Limb Disor-ders	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
6	Work-related Upper Respiratory Tract Disorder	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
7	Lung Cancer	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
8	Contact Dermatitis	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
9	Pulmonary Tubercolosis in Health Workers	Medical Services	Approved/Gazetted	Gazette date 05 May 2023
10	Occupational Acquired HIV/AID	Medical services	Approved/Gazetted	Gazette date 05 May 2023
11	Post Traumatic Disorder	Medical Services	Approved/Gazetted	Gazette date 07 June 2024
12	Work Aggravated Asthma	Medical Services	Appproved/Gazetted	Gazette date 07 June 2024
13	Appointment of Assessors, Presid-ing Officers and interpreters	Legal Services	Approved for public com-ments/ due to be gazetted	Still to be determined
14	Rehabilitation, Reintegration and Return to Work	Rehabilitation	Approved for public Com-ments/ due to be gazetted	Still to be determined
15	Variation of tariff on Rehabilita-tion-S85	Employer Services	Finalised	Withdrawn by Acting Com-missioner
16	Section 73(4), registration of third parties	Medical Payments	Approved for public com-ments	Gazette date 17 May 202
17.	Licensee s30	Legal Services	Finalised	Withdrawn by the office of the Commissioner for further considerations
18.	Prescription s44	Compensation Benefits	Approved for public com-ments	Gazette date 17 May 2024
19	Chapter XA, Inspection and En-forcement	Employer Services	Approved for public com-ments	Gazette date 17 May 2024

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The Fund has made satisfactory progress towards improvements in assessments of revenue with improvements in system functionality to increase the number of returns received electronically and thereby reduce the number of manual returns received. The number of manual returns has reduced significantly from 20% in the financial year 2019/20 to only 1% during the 2023/24 financial year.

The challenge remains for the Fund to effectively verify all revenue declared to the Fund. In this regard, further improvements completed in 2023/24 will allow employers to load additional supporting information in support of their returns and service requests.

Standard Operating Procedures have been updated, and resources have been trained, which supports the effective and efficient processing of service requests.

Migration to the Fund's new claims processing system, CompEasy, commenced in October 2019 and was completed in early 2023. It features improved controls for the processing of claims. While ongoing improvements are identified, the CompEasy system allows for the authentication of claimant details against the national population register, with built-in functionality to verify banking details. The volume of claims registered in 2019/20 of 82 526 has steadily increased to 130 813 in 2023/24 with an overall average adjudication achievement of 86% within 25 working days. The registration of claims with incomplete information remains a challenge to efficiently adjudicate claims, much of which is dependent on the finalisation of medical treatment.

The Fund consistently implements continuous improvement in its processes and systems to improve service delivery. The number of invoices received and finalised is increasing on an annual basis. For 2022/23, the Fund received 750,133 medical invoices and finalised 664 507 within 30 working days. In 2023/2024, the Fund received 925,434 medical invoices and 808 315 were finalised within 30 working days.

To ensure that injured workers receive appropriate medical interventions, the Fund has implemented additional medical disciplines and medical tariffs that medical service providers claim when treating employees who were either injured or contracted occupational diseases in their employment. The Fund continues to improve the number of medical disciplines that serve injured employees. This will enable employees to receive appropriate treatment and return to work early.

The Fund has made significant strides in pursuing its strategic objectives and initiatives. Over the years, the funding allocated to post-school education and training institutions for young students has consistently increased. This increase suggests a dedication to improving educational opportunities for missing-middle students, including those with disabilities. Furthermore, the increasing enrollment of beneficiaries in rehabilitation and reintegration programs for injured workers with disabilities highlights the importance of these initiatives. It illustrates advocating for vulnerable groups' inclusion in economic participation. This is consistent with MTSF CF Priorities 2 and 3. The institution has effectively contributed to economic transformation, employment creation, and social welfare by providing basic services and benefits to the intended beneficiaries.

The Fund has made substantial progress towards its 5-year target of 4000 youth, with an aggregate performance of 81.15% over the years, funding 3246 young students. While this is a significant achievement, the Fund acknowledges the need for further improvement in reaching the established targets for students with disabilities, currently at 28.7% of the 1000 target. Despite the national issue of unemployment, the Fund's efforts in reskilling and upskilling general and COID PWDs to empower them for economic participation remain evident. The Fund remains committed to enhancing its overall performance and support, with notable advancements in self-employment and enterprise development achieved through collaboration with the private sector and licensees. Furthermore, the successful development and approval of the Rehabilitation, Reintegration, and Return to Work (RRRTW) Protocol in financial year 2024/25 demonstrates the Fund's commitment to providing efficient, effective, and reliable rehabilitation services for injured workers with disabilities, promoting their rights, and improving access to the RRRTW Programme.

The Fund significantly advanced the objectives of the Rehabilitation and Reintegration Programme by achieving the 95% target for finalising requests for assistive devices within 15 working days in financial year 2023/24. Over the past five years, there has been a positive trend in enhancing service delivery, with each year demonstrating progress towards the Fund's priorities. The cumulative comparison demonstrates a consistent commitment to improving operational efficiency and ensuring timely support for injured workers.

Table 3: Progress towards MTSF Outcomes (Priority 1 and 4)

MTSF PRIORITY 1: CAPABLE, ETHICAL AND DEVELOPMENTAL STATE					
MTSF PRIORITY 4: CONSOLIDATING THE SOCIAL WAGE THROUGH RELIABLE AND BASIC SERVICES					
CF PRIORITY 1: TO IMPROVE THE SYSTEM OF INTERNAL CONTROL AND TO MAINTAIN FINANCIAL SOUNDNESS					
CF Impact Statement	**CF Outcome**	**CF Outcome Indicator**	**Baseline**	**Five Year Target**	**Progress Towards MTSF**
2. Sustainable Compensation Fund based on ethical principles	Revenue generation increased	Improved assessment on the return of earnings	55% (219 050/401 536) of active registered employers assessed	95% of received return of earnings assessed	2020/2021: 99% [220 382 (ROE's assessed) / 223 644 (ROE's received)] 2021/2022: 99% [324 176 (ROE's assessed)/327 701 (ROE's received)] 2022/2023: 99% [353 930 (ROE's assessed)/354 192 (ROE's received)] 2023/2024: 99% [347 651 (ROE's assessed) / 352 931 (ROE's received)].
	Organisational financial viability maintained	Increased assets	R70, 4 billion	10% increase in assets per annum	2020/2021: 22.2% 2021/2022: 13.3% 2022/2023: 8% 2023/2024: 13%
		Improved audit outcome through stringent controls and implementation by all Programme Heads	Disclaimer	Unqualified audit opinion obtained by 31 March 2024	2020/2021: 4.35% 2021/2022: Overall progress for the Action Plan 2.0 is at 59%. 2022/2023: No audit conducted for 2021/2022 financial year. 2023/2024: Disclaimer audit opinion outcome for 2022-23 financial year, audit report issued 28 February 2024.
		Wasteful and fruitless expenditure eliminated	R488, 875 million	100% elimination of wasteful and fruitless expenditure by 31 March 2024	2020/2021: 18.5% Increase 2021/2022: Decrease by 0.01% (182-183/183) 2022/2023: 12.39% Increase (wasteful 127-113/113) 7.87% increase (fruit-less 137-127/127) 2023/2024: 7.317% decrease (132-123/123)
		Reduced irregular expen-diture	R769, 878 million	75% reduction of irregular expenditure by 31 March 2024	2020/2021: 0.65% Increase 2021/2022: 0% (110-110/110) reduction 2022/2023: 0.97% Decrease (102-103/103) 2023/2024: 3.19% (97-94/94)
	Programme to prevent and fight corruption in the Fund implemented	Percentage resolution of reported incidents of corruption in the Fund	New Indicator	80% resolution of reported incidents of corruption by 31 March 2025	2020/2021: 61% 2021/2022: 60% Cumulatively (27 cases finalised/45 received multiply by 100) 2022/2023: 31% (8 finalised /26 received X 100) 2023/2024: 49% (19 cases achieved of 49 received as at 31 March 2024)
		Improved ethical culture within the Fund	Draft terms of reference	Established ethics committees and adhere to terms of reference	2020/2021: Social and ethics steering Committee has been established. Quarterly ethics. Committee meetings have been convened 2021/2022: 15 Ethics Risk Assessments conducted and finalised during the 2021/2022 FY. 2022/2023: Ethics strategy was not developed. 2023/2024: 68% (22/32 X 100) of activities from the ethics implementation plan

Table 4: Progress towards MTSF Outcomes (Priority 2 and 4)

MTSF PRIORITY 2: ECONOMIC TRANSFORMATION AND JOB CREATION					
MTSF PRIORITY 4: CONSOLIDATING THE SOCIAL WAGE THROUGH RELIABLE AND QUALITY BASIC SERVICES					
CF PRIORITY 2: TO ENSURE THAT APPROPRIATE BENEFITS ARE DELIVERED TO INTENDED BENEFICIARIES, EFFICIENTLY AND AT A REASONABLE COST					
CF PRIORITY 3: CONTRIBUTE TO EMPLOYMENT AND ECONOMIC GROWTH THROUGH REHABILITATION AND RE-INTEGRATION.					
CF Impact Statement	**Outcome**	**Outcome Indicator**	**Baseline**	**Five Year Target**	**Progress Towards MTSF**
1. Sound and sustainable control environment, transformed financial sector, enhanced institutional capacity to deliver and improved accessibility and visibility of COID services.	Black Asset Managers supported	Improved support of assets managed by Black Asset Managers	Reviewed PIC Mandate for the empowerment of Black Asset managers	20% of Assets managed by Black Asset Manages supported	The indicator will only be measured in on the APP as from 2022/2023 financial year. Revised PIC Investment mandate which include the SME target was not completed as at 31 March 2022. 2022/2023: The target has not been achieved as the initiative to appoint Black Asset Managers was still going through PIC's governance approval processes. 2023/2024: The target has not been achieved due to PIC's incomplete procurement processes.
	Strengthened institutional capacity of the Fund	Improved Human Resource Capacity	16,43%	8% vacancy rate by March 2025	2020/2021: 16.52% 2021/2022: 14.73% 2022/2023: 7.91% 2023/2024: 8.28%
	Improved monitoring and evaluation oversight of the Mutuals	Performance by Mutuals monitored and evaluated	License issued by the Minister	Licenses with the Mutuals fully implemented.	2020/2021: 4 Quarterly reports and 1 Annual Report were received 2021/2022: 4 Quarterly reports and 1 Annual Report were received 2022/2023: 4 Quarterly reports and 1 Annual Report were received 2023/2024: 4 Quarterly reports and 1 Annual Report were received
	More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Number of jobs created through the Presidential Comprehensive Youth Employment interventions	0	300 by 31 March 2025	2020/2021: 65 jobs created as at 31 March 2021 2021/2022: the indicator was not in the APP 2022/2023: 300 as at 31 March 2023. 2023/2024: 144 jobs created as at 31 March 2024
		Number of decent jobs created through job summit initiatives (Investment activities)	9 314	7000 by March 2025	2020/2021: 119 decent jobs created as at 31 March 2022 2021/2022: 352 decent jobs created as at 31 March 2022 2022/2023: 0% The target has was not been achieved as the initiative to appoint Black Asset Managers was still going through PIC's governance approval processes as at 31 March 2023. This affected the achievement of this target. 2023/2024: 226 jobs were lost as at end of September 2023.
3. Ethical, effective, efficient, accessible and cost-effective compensation of beneficiaries.	Claim registration requirements reviewed and turnaround times for payment of benefits reduced	Integrated claims management System (ICMS) implemented.	0	Support the implementation of the integrated claims management system by 31 March 2023	The KPI and Target was were not measured for the 2020/2021, 2021/2022 and 2022/2023 financial years. 2023/2024: 100% Compensation Fund's Participation in the National Social Protection Information System.

MTSF PRIORITY 2: ECONOMIC TRANSFORMATION AND JOB CREATION

MTSF PRIORITY 4: CONSOLIDATING THE SOCIAL WAGE THROUGH RELIABLE AND QUALITY BASIC SERVICES

CF PRIORITY 2: TO ENSURE THAT APPROPRIATE BENEFITS ARE DELIVERED TO INTENDED BENEFICIARIES, EFFICIENTLY AND AT A REASONABLE COST

CF PRIORITY 3: CONTRIBUTE TO EMPLOYMENT AND ECONOMIC GROWTH THROUGH REHABILITATION AND RE-INTEGRATION.

CF Impact Statement	Outcome	Outcome Indicator	Baseline	Five Year Target	Progress Towards MTSF
	Claim registration requirements reviewed and turnaround times for payment of benefits reduced	Improved finalisation of compensation benefits	98%	95% of compensation claims adjudicated	2020/2021: 79% (78 385 of 99 175) compensation claims were adjudicated within 30 working days. 2021/2022: 79% (79 291 of 100 427) compensation claims were adjudicated within 30 working days. 2022/2023: 80% (87906 of 109 757 compensation claims were adjudicated within 30 working days) 2023/2024: 86% (92502 out of 107713 claims were adjudicated within 25 working days)
			100% compensation benefits paid within 5 working day	95% of compensation benefits finalised	2020/2021: 86.2%. R3 694 130 767.10 of R4 284 681 931.60 of benefits were paid within 5 workings days. 2021/2022: 87.5% R3 797 701 353,03 of R4 339 986 096,11 benefits were paid within 5 workings days. 2022/2023: 71% Manual SAP ECC Payments and 63% Comp easy Payments (71%) R20 439 487. 07 of R28 643 957.13 benefits were Ppaid within 5 working Days. (63%) R624 961 598.29 of R986 599 968.00 benefits were paid within 5 working Dayspaid. 2023/2024: 75% R 4 660 439 305.58 of R 6 217 901 206.60 benefits were paid within 10 working days in Rand –value.
	Improved accessibility and visibility of COID services	Percentage implementation of the accessibility and visibility programme.	Draft Visibility and Accessibility Strategy for the Fund	100% implementation of the visibility and accessibility programme by 31 March 2025.	2020/2021:31% 31% implementation of the visibility and accessibility programme by 31 March 2021. 2021/2022: 31% implementation of the visibility and accessibility programme by 31 March 2022. 2022/2023: 22% implementation of the visibility and accessibility programme by 31 March 2023. 2023/2024: 22% Target was 30% leaving only leaving 10% in the final year. 84% achieved for the for years with only 16% left for the final year

MTSF PRIORITY 2: ECONOMIC TRANSFORMATION AND JOB CREATION					
MTSF PRIORITY 4: CONSOLIDATING THE SOCIAL WAGE THROUGH RELIABLE AND QUALITY BASIC SERVICES					
CF PRIORITY 2: TO ENSURE THAT APPROPRIATE BENEFITS ARE DELIVERED TO INTENDED BENEFICIARIES, EFFICIENTLY AND AT A REASONABLE COST					
CF PRIORITY 3: CONTRIBUTE TO EMPLOYMENT AND ECONOMIC GROWTH THROUGH REHABILITATION AND RE-INTEGRATION.					
CF Impact Statement	**Outcome**	**Outcome Indicator**	**Baseline**	**Five Year Target**	**Progress Towards MTSF**
4. Reliable, efficient and cost-effective medical benefits system	Access to medical services increased	Improved medical benefits	85%	95% of medical benefits finalised	2020/2021: 95% (9 918/10 429) were authorised within 10 working days 2021/2022: 96% (10 505/10 961) were authorised within 10 working days 2022/2023: 89% (664 507/ 570 133) were authorised within 10 working days 2023/2024: 99% (461/466) requests for reopening received, were finalised within 10 working days
	Access to medical services increased	Improved medical benefits	85%	95% of medical benefits finalised	2020/2021: 87% (689 192/791 580) medical invoices finalised within 40 working days of receipt medical invoices were finalised within 30 workings days 2021/2022: 87% (619 534/709 678) medical invoices finalised within 40 working days of receipt. medical invoices were finalised within 40 workings days 2022/2023: 89% (664 507/ 750 133) medical invoices finalised within 30 working days of receipt. medical invoices were finalised within 30 workings days 2023/2024: 87% (808 315/ 925 434) medical invoices finalised within 30 working days of receipt.medical invoices received were finalised within 30 working days
5. Efficient, effective and reliable rehabilitation and return to work services for the promotion of rights of injured workers with disabilities	Rehabilitation and re-integration Programmers implemented which promote the rights of injured workers with disabilities	Improved rehabilitation and reintegration of injured workers	0%	90% of severely injured workers enrolled into rehabilitation programmes	MTSF target:4000 2020/2021: 473 of students were enrolled at Post School Education and training institutions 2021/2022: 846 of students were enrolled at Post School Education and training institutions 2022/2023: 915 of students were enrolled at Post School Education and training institutions 2023/2024: 846 of students were enrolled at Post School Education and training institutions
	Rehabilitation and re-integration Programmers implemented which promote the rights of injured workers with disabilities	Improved rehabilitation and reintegration of injured workers	0%	90% of severely injured workers en-rolled into rehabilita-tion programmes	MTSF target:1000 2020/2021: 52 Persons with Disabilities were funded for Vocational Rehabili-tationPersons with disabilities were enrolled 2021/2022: 41 Persons with Disabilities were funded for Vocational Rehabili-tationPersons with disabilities were enrolled 2022/2023: 107 Persons with Disabilities were funded for Vocational Reha-bilitationPersons with disabilities were enrolled 2023/2024: 52 87 Persons with Disabilities were funded for Vocational Reha-bilitationPersons with disabilities were enrolled.

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Institutional Programme Performance Information
Office of the Compensation Commissioner
Purpose: To oversee the administration of the Fund in line with COID

PROGRAMME 1: ADMINISTRATION

Purpose: The purpose of the programme is to provide an effective and efficient client-oriented support services through the strengthening of the institutional capacity of the Organisation

Sub Programmes

Sub Programme: Information and Communication Technology
Purpose: To provide Information and communication technology management Services

Sub Programme: Executive Support
Purpose: To provide strategic support services in the office of the Commissioner

Sub Programme: Internal Audit
Purpose: To provide an independent and objective assurance service in the Fund.

Sub Programme: Risk Management
Purpose: To provide risk management services.

Sub Programme: Anti-Corruption and integrity management
Purpose: To provide anti-corruption and integrity management services.

Sub Programme: Office of the Chief Operations Officer
Purpose: To strategically oversee the management of operations services.

Sub Programme: Financial Management
Purpose: To provide sound and compliant financial management services to the Fund.

Sub Programme: Corporate Services
Purpose: To provide corporate services and strengthen the institutional capacity to the Fund.

Performance on the initially tabled APP:

This is a report against the originally tabled Annual Performance Plan until date of revision. This covers all performance for programme 1 until the APP was revised in quarter 2. The performance displayed is up to quarter 2 of the 2023/24 financial year.

Table 5: Programme 1 Performance on the APP before revision.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the date of revision APP	Deviation from planned target to Actual Achievement	Reasons of Deviations	Reason for revision to the Output/Output indicator/Annual target
Claim registration requirements reviewed and turnaround times for payment of benefits reduced	Implemented ICMS project plan through the participation in the National Social Protection Information System	Compensation Fund's Participation in the National Social Protection Information System.	N/A	N/A	100% Compensation Fund's Participation in the National Social Protection Information System.	8.4% Not Achieved	There was a meeting between the member departments and entities. CF provided a presentation as was requested.		There were no revisions implemented
Black Asset Managers supported	Black Asset Manager Programme developed	Percentage of assets under Management allocated to Black Asset Managers annually	N/A	Not Achieved 0%	13% of assets under Management allocated to Black Asset Managers annually	Not Achieved 0%			There were no revisions implemented
More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Small and Medium Enterprises supported	Funds allocated to Small and Medium Enterprises annually	Not Achieved R93 million was allocated to SME as at 31 March 2022.	Not Achieved R 0.00	R700 million	Not Achieved R 0.00			There were no revisions implemented
	Decent jobs created	Number of decent jobs created through job summit initiatives annually (Investment activities)	Not Achieved. 352	Not Achieved 0	2000	Not Achieved 0			There were no revisions implemented

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the date of revision APP	Deviation from planned target to Actual Achievement	Reasons of Deviations	Reason for revision to the Output/Output indicator/Annual target
		Number of jobs created through the Presidential Comprehensive Youth Employment interventions annually (Human Resources Management)	N/A	Achieved 300 117 Developmental Workers were appointed 183 Permanent Youth Appointed from 01 April 2022	135	Achieved 154 (74 participants into Developmental Programmes were appointed. 80 Youth were appointed on permanent basis).	154 Youth were appointed as at September 2023	none	There were no revisions implemented
Organisational financial viability maintained	Assets increased	Percentage increase in total assets per annum	Achieved 13.3%	Not Achieved 8% Sum (R106 798 542 – R99 280 688)/ R99 280 68)	10%	Not Achieved 9% The total assets increased by 9% from R107 billion in March 2023 to R117 billion in Aug 2023.	-1%		There were no revisions implemented
	Improved audit outcome through stringent controls and implementation by all Programme Heads.	Audit opinion received on audit matters	Not Achieved As at 31 March 2021, overall progress for the Action Plan version 2.0 is at 59%.	Not Reported The audit for 2021/22 financial year still to be finalised	Unqualified	AGSA was busy auditing the Fund			There were no revisions implemented

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the date of revision APP	Deviation from planned target to Actual Achievement	Reasons of Deviations	Reason for revision to the Output/Output indicator/Annual target
	Wasteful and fruitless expenditure reduced	Percentage of wasteful and fruitless expenditure reduced annually	Not Achieved 0.01% (182-183/183)	Not Achieved 12.39% (127-113/113%) increase 0% of fruitless and wasteful expenditure eliminated	100%	Not achieved -0.806% (123- 124/124) decreased	Determination of cases are not yet finalised due to capacity constraints.	The dependency on other directorates to provide information of the cases also impacts negatively on the amount of time spent to finalised the cases.	There were no revisions implemented
	Reduced irregular expenditure	Percentage of irregular expenditure reduced annually	Not Achieved 0% (110-110/110)	Not Achieved 0.97% (102-103/103) % decrease	75%	Not achieved 0% (94-94/94)	Determination of cases are not yet finalised due to capacity constraints.	The dependency on other directorates to provide information of the cases also impacts negatively on the amount of time spent to finalised the cases.	There were no revisions implemented

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the date of revision APP	Deviation from planned target to Actual Achievement	Reasons of Deviations	Reason for revision to the Output/Output indicator/Annual target
Improved accessibility and visibility of COID services	Implementation of Visibility and Accessibility Strategy for the Fund	Percentage implementation of programmers in the approved visibility and accessibility strategy.	Achieved 31% For the implementation of projects in the VAS approved Strategy, out of 77 projects/ initiatives a total of 24 were completed in the 2021/2022 financial year. out of a total of 77 projects/ initiatives)	Achieved 22% Q1: Achievements Organized labour empowerment training on COIDA and OHS in (Gauteng, Mpumalanga, EC, WC, KZN, NW and FS) Q2: Achievements 1.Customer care uploaded new posters on all Delta house floors and place booklets at the walk-in centre for public consumption. 2. The posters were also uploaded on the website in July 2022. Q3: Achievements 4 seminars completed in NC, Limpopo, FS and NW The campaigns were combined with Mall activations held in Soweto, Tembisa and Soshanguve Q4: Achievement For the month of March 2 sessions were undertaken in Mpumalanga and NW. 1. The definition of Excellence defined using the customer survey feedback and suggestions 2. 9 sessions were held in NW, Plan Mpumalanga NC, WC, KZN, Gauteng, FS and EC.	30% Implementation of programmers in the approved visibility and accessibility strategy.	Not achieved 8.4%	-1.6% variance	3 projects could not be completed on time due to unforeseen technical and operational challenges.	**The DPME Circular 04 of 2023 (Revision and Re-tabling of the 202324 APPs) provided guidance to, amongst others, address the implications of the National Treasury's Cost Containment for the 2024/25 Annual Performance Plans. The Compensation Fund performed a review of the Key Performance Indicators (KPIs) and Targets. This resulted in the removal, as of Q3 of 2023/24, of the KPI: The Implementation of Visibility and Accessibility Strategy for the Fund as approved by the Minister.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the date of revision APP	Deviation from planned target to Actual Achievement	Reasons of Deviations	Reason for revision to the Output/Output indicator/Annual target
Programme to prevent and fight corruption in the Fund implemented	Reported fraud cases reduced	Percentage of cases recorded in the case register investigated in the current financial year	Not Achieved 60% Cumulatively (27 cases finalised/45 received multiply by 100).	Not Achieved 31% (8/26) reported cases investigated	75%	Not achieved 40% (10 Cases)	Determination of cases are not yet finalised due to capacity constraints.	The dependency on other directorates to provide information of the cases also impacts negatively on the amount of time spent to finalised the cases.	There were no revisions implemented
	Improved ethical culture in the Fund	Implement ethics management Programme	Achieved 15 Ethics Risk Assessments conducted and finalised during the 2021/22 FY.	Not Achieved Draft strategy developed	65% of activities from the ethics implementation plan due in the current financial year implemented	Not Achieved 0%	Delay in compiling financial disclosure compliance report.	No access to financial disclosure system	There were no revisions implemented
Strengthened institutional capacity of the Fund	Vacancies reduced	Percentage reduction in vacancy rate	Not Achieved 14.73%	Achieved 7.91% 84 (Vacant Posts)/1062 (Total Number of Posts)	8.9%	7.37% Achieved	+5.93%		There were no revisions implemented
Improved monitoring and evaluation oversight of the Mutuals	The Mutuals performance monitored	Number of quarterly and annual reports on monitored performance of Mutuals reporting to the Fund	Achieved 4 Quarterly reports 1 Annual Report	Achieved 4 Quarterly Reports and 1 Annual Report	4 quarterly reports and 1 annual report	Achieved 1 Quarterly	none		There were no revisions implemented

N/A (Not Applicable) implies that the Audited/Actual Performance could not be provided because the Output Indicator was not set for being measured during the Reporting Period (Financial Year)

Strategy to overcome areas of under performance

To address the under-achievement for indicators on ***Percentage of assets under Management allocated to Black Asset Managers annually,*** the proposal for the allocation of assets to black asset manager was shared with the Fund.

To address the under-achievement for indicators on Funds allocated to ***Small and Medium Enterprises annually,*** Engagements were held with PIC. PIC is currently busy with the due diligence process.

To address the under-achievement for indicators on ***Number of decent jobs created through job summit initiatives annually (Investment activities),*** Engagements were held with PIC. PIC is currently busy with the due diligence process.

To address the under-achievement for indicators on ***Audit opinion received on audit matters,*** design and monitor the effective internal controls based on the approved audit action plan of 2024/25.

To address the under-achievement for indicators on ***Percentage of wasteful and fruitless expenditure reduced annually,*** Additional resources in the form of procurement of services to capacitate the Internal Control sub-directorate on a short-term basis specifically for this project will be sought through the Supply Chain Management processes.

To address the under-achievement for indicators on ***Percentage of irregular expenditure reduced annually,*** Additional resources in the form of procurement of services to capacitate the Internal Control sub-directorate on a short-term basis specifically for this project will be sought through the Supply Chain Management processes.

To address the under-achievement for indicators on ***Percentage of cases recorded in the case register investigated in the current financial year,*** Additional resources in the form of procurement of services to capacitate the Internal Control sub- directorate on a short-term basis specifically for this project will be sought through the Supply Chain Management processes.

To address the under-achievement for indicators on ***Percentage implementation of programmes in the approved visibility and accessibility strategy,*** Action plan for each project put in place to fast track completion and implementation. Automation of complaints process and the model to calculated cost of services to be completed by the 30th October. FAQ booklet printing.

**The DPME Circular 04 of 2023 (Revision and Re-tabling of the 2023/24 APPs) provided guidance to, amongst others, address the implications of the National Treasury's Cost Containment for the 2024/25 Annual Performance Plans. The Compensation Fund performed a review of the Key Performance Indicators (KPIs) and Targets. This resulted in the removal, as of Q3 of 2023/24, of the KPI: The Implementation of Visibility and Accessibility Strategy for the Fund as approved by the Minister.

Performance on the revised APP:

This is a report against the revised Annual Performance Plan for the indicators captured and reported for the financial year. all Programme 1 performance until end of the financial year.

Table 6: Programme 1 Performance on the revised APP.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the end of the financial year	Deviation from planned target to Actual Achievement	Reasons of Deviations
Claim registration requirements reviewed and turnaround times for payment of benefits reduced	Implemented ICMS project plan through the participation in the National Social Protection Information System	Compensation Fund's Participation in the National Social Protection Information System.	N/A	N/A	100% Compensation Fund's Participation in the National Social Protection Information System.	Achieved 100% NISPIS approved project concept note NISPIS appointment letter. NISPIS Integration Specification – this articulates the requirements of phase 1. NISPIS BRD – this articulates the requirements for phase 1. CF_BRD_NISPIS – this articulates CF requirements of NISPIS for phase 2. NISPIS Project Plan – draft timelines for phase 1 attached.	None.	None.
Black Asset Managers supported	Black Asset Manager Programme developed	Percentage of assets under Management allocated to Black Asset Managers annually	N/A	Not Achieved 0%	13% of assets under Management allocated to Black Asset Managers annually	Not Achieved No Allocation	-13%	This 13% increase in total asset was based on January 2024 management accounts. The revised achievement is 5% (based on draft AFS). The under achievement is largely attributed to decrease in statutory receivable in comparison with prior year. There is an increase impairment of debtors amounting R3.1 billion. This increase impairment is as a result of estimated employers who did not pay assessments in 2022/23 financial year.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the end of the financial year	Deviation from planned target to Actual Achievement	Reasons of Deviations
More decent jobs created and sustained, with youth, women and persons with disabilities prioritised	Small and Medium Enterprises supported	Funds allocated to Small and Medium Enterprises annually	Not Achieved R93 million was allocated to SME as at 31 March 2022.	Not Achieved R 0.00	R700 million	Not Achieved No Allocation	-R700 million	The procurement of the Black Asset Manager follows the process as per the Compensation Fund Mandate Letter. This process follows a 12 steps approach which includes preparation of documents for selection process, completion of Non-disclosure agreements, sharing due diligence questionnaire, receiving of valid bids, technical evaluation, invitation to on-site/online due diligence with Risk and ESG, final evaluation, portfolio construction, recommendation to the Fund, Investment Committee resolution plus on-boarding of the manager, KYC checks based on regulatory requirements, Investment admin and disbursement. The PIC procurement plan is lengthy. The Fund also revised the mandate for PIC to relook at the previously disadvantaged Black Managers.
	Decent jobs created	Number of decent jobs created through job summit initiatives annually (Investment activities)	Not Achieved. 352	Not Achieved 0	2000	Not Achieved 226 jobs were lost as at end of September 2023.	-226	The investment activities in unlisted investments were not completed.
		Number of jobs created through the Presidential Comprehensive Youth Employment interventions annually (Human Resources Management)	N/A	Achieved 300 117 Developmental Workers were appointed 183 Permanent Youth Appointed from 01 April 2022	135	Achieved 144 (65) Participants were appointed into the Developmental Programme from 01 April 2022 to-date). (79 youth were appointed permanent on the establishment from 01 April 2022 to date)	+9	The scheduled shortlisting and interview sittings were honoured without postponement by the Selection Committee Members

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the end of the financial year	Deviation from planned target to Actual Achievement	Reasons of Deviations
Organisational financial viability maintained	Assets increased	Percentage increase in total assets per annum	Achieved 13.3%	Not Achieved 8% Sum (R106 798 542 – R99 280 688)/ R99 280 68)	10%	Achieved 13% The total assets increased by 13% from R107 Billion in March 2023 to R121 Billion in January 2024.	+3	
	Improved audit outcome through stringent controls and implementation by all Programme Heads.	Audit opinion received on audit matters	Not Achieved As at 31 March 2021, overall progress for the Action Plan version 2.0 is at 59%.	Not Reported The audit for 2021/22 financial year still to be finalised	Unqualified	Not Achieved Disclaimer audit opinion outcome for 2022-23 financial year, audit report issued 28 February 2024.	Disclaimer audit opinion outcome for 2022-23 financial year.	Weakness in internal controls and lack of sufficient supporting documents at transaction level.
	Wasteful and fruitless expenditure reduced	Percentage of wasteful and fruitless expenditure reduced annually	Not Achieved 0.01% (182-183/183)	Not Achieved 12.39% (127-113/113%) increase 0% of fruitless and wasteful expenditure eliminated	100%	Not Achieved 7.3% (132-123/123)	-92,68% Determination of cases are not yet finalised due to capacity constraints.	Capacity constraints in terms of human resources to perform all duties in the unit by existing staff. The Internal Control sub-directorate's approved organizational structure only has 6 permanent positions. There have been efforts to obtain approval from DPSA to expand the organizational structure to enable the appointment of suitably qualified individuals.
	Reduced irregular expenditure	Percentage of irregular expenditure reduced annually	Not Achieved 0% (110-110/110)	Not Achieved 0.97% (102-103/103) % decrease	75%	Not Achieved 3.19% (97-94/94)	-71,81% Determination of cases are not yet finalised due to capacity constraints.	Capacity constraints in terms of human resources to perform all duties in the unit by existing staff. The Internal Control sub-directorate's approved organizational structure only has 6 permanent positions. There has been efforts to obtain approval from DPSA to expand the organizational structure to enable the appointment of suitably qualified individuals.
Programme to prevent and fight corruption in the Fund implemented	Reported fraud cases reduced	Percentage of cases recorded in the case register investigated in the current financial year	Not Achieved 60% Cumulatively (27 cases finalised/45 received multiply by 100).	Not Achieved 31% (8/26) reported cases investigated	75%	Not Achieved 49% 19 cases 49% achieved cumulatively as at 31 March 2024.	-20 cases	Inadequate capacity. Inadequate skill to deal with complexity of CF cases resulting in investigation report with many reviews to be attended to prior to sign off. Resignation of Director and Acting Deputy Director.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target 2023/24	Actual Achievement 2023/24 until the end of the financial year	Deviation from planned target to Actual Achievement	Reasons of Deviations
	Improved ethical culture in the Fund	Implement ethics management Programme	Achieved 15 Ethics Risk Assessments conducted and finalised during the 2021/22 FY.	Not Achieved Draft strategy developed	65% of activities from the ethics implementation plan due in the current financial year implemented	Achieved 68% (22/32 X 100) (5/32 X 100 = 15% monthly target achieved)	+1.20%	Fraud and Ethics Awareness orientation conducted Reminder for SMS members Financial disclosure circular compiled and communicated through CF comms. ORW Circular on officials who want to work for IEC was compiled and communicated through CF comms. Surprise visit conducted on 26 March to verify employees conducting ORW within CF premises. Monthly monitoring of Employees approved for ORW and employees with deemed approval.
Strengthened institutional capacity of the Fund	Vacancies reduced	Percentage reduction in vacancy rate	Not Achieved 14.73%	Achieved 7.91% 84 (Vacant Posts)/1062 (Total Number of Posts)	8.9%	Achieved 8.28% 84 vacant posts/1015 total posts	+0.62%	The focus was on the achievement of the annual target (8.9%) as stipulated in the APP
Improved monitoring and evaluation oversight of the Mutuals	The Mutuals performance monitored	Number of quarterly and annual reports on monitored performance of Mutuals reporting to the Fund	Achieved 4 Quarterly reports 1 Annual Report	Achieved 4 Quarterly Reports and 1 Annual Report	4 quarterly reports and 1 annual report	Achieved Four (4) quarterly report and one (1) annual report produced for RMA and FEMA.	None.	None.

Strategy to overcome areas of under performance

To address the under-achievement for indicators on ***Percentage of assets under Management allocated to Black Asset Managers annually,*** the Fund will apply the monthly monitoring of the PIC's procurement process. The CF will also invoke the consequence management clause within the Investment Mandate/Agreement when the performance targets are not achieved. The Fund and Investment Committee are exploring the invoking of clause 13.2 of the Investment Management agreement to withdraw from the PIC a portion of unlisted entities/SRI.

To address the under-achievement for indicators on ***Funds allocated to Small and Medium Enterprises annually,*** the Fund will apply the quarterly monitoring of the PIC's contracting process. The Fund and Investment Committee are exploring the invoking of clause 13.2 of the Investment Management agreement to withdraw from the PIC a portion of unlisted entities/SRI and implement this part through capacity building within the Fund.

To address the under-achievement for indicators on ***Number of decent jobs created through job summit initiatives annually (Investment activities),*** the engagements are being held with PIC to expedite investments in due diligence process. The Fund and Investment Committee are exploring the invoking of clause 13.2 of the Investment Management agreement to withdraw from the PIC a portion of unlisted entities/SRI implement this part through capacity building within the Fund

To address the under-achievement for indicators on ***Audit opinion received on audit matters,*** design and monitor the effective internal controls based on the approved audit action plan of 2024/25.

To address the under-achievement for indicators on ***Percentage of wasteful and fruitless expenditure reduced annually,*** make submissions for approval to capacitate the Internal Control Unit (DPSA structure, contracting of skilled personnel and procurement process for consultants' services). This will assist with finalisation of determination processes of all cases.

To address the under-achievement for indicators on ***Percentage of irregular expenditure reduced annually,*** make submissions for approval to capacitate the Internal Control Unit (DPSA structure, contracting of skilled personnel and procurement process for consultants' services). This will assist with finalisation of determination processes of all cases.

To address the under-achievement for indicators on ***Percentage of cases recorded in the case register investigated in the current financial year,*** the new Assistant Director: Fraud Investigations has been appointed and will resume duty in April 2024. The interviews for Deputy Director were held in March 2024.

LINKING PERFORMANCE WITH BUDGETS

Table 7: Linking Programme 1 performance with budgets

	2023/2024			2022/2023		
Programme / Activity/ Objective	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Approved Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Programme 1: Administration	5 077 975	7 920 325	(2 842 350)	6 428 232	6 245 679	182 553
Total	**5 077 975**	**7 920 325**	**(2 842 350)**	**6 428 232**	**6 245 679**	**182 553**

A variance of **R2.8 billion** is due to the Fund recognising a movement of **R5.77 billion** as a movement in the provision for impairment allowances in the statutory receivables. The high impairment movement is due to **R28 billion** worth of debtors ageing beyond the 180 days and becoming doubtful for recovery.

PROGRAMME 2: COID SERVICES

Purpose: To administer compensation claims, medical adjudication and accounts and customer care

Sub Programmes

Sub Programme: Compensation Benefits
Purpose: To monitor compensation benefits services

Sub Programme: Employer Services
Purpose: To provide registration and assessment services of employers within the Fund.

Sub Programme: Treasury, Investment and Actuarial Services
Purpose: To provide strategic management of the Funds treasury, investment and actuarial services

Table 8: Programme 2 Performance on the Annual Performance Plan.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons of Deviations
Revenue generation increased	Assessment of the Return of Earning received	Percentage of received return of earnings assessed annually.	Achieved 99% [324 176 (ROE's assessed / 327 701 (ROE's received)]	Achieved 99% [353 930 (ROE's assessed / 354 192 (ROE's received)]	90% of received return of earnings assessed annually.	Achieved 99% [347 651 (ROE's assessed) / 352 931 (ROE's received)].	+9	The assessment of the return of earnings has been achieved. The number of employers who prefer online submission of ROEs far exceeds those who submit their returns manually. 343 774 (99%) employers out of the 347 651 assessed ROEs were submitted online compared with only 3 877 (1%) received manually.
Claim registration requirements reviewed and turnaround times for payment of benefits reduced	Claims adjudicated	Percentage of claims received adjudicated within 25 working days	Not Achieved 79% Of the 100, 427 received, 79, 291 were adjudicated within 30 working days	Not Achieved 80% 87 906 claims adjudicated within 30 days out of 109 757 received	90% of claims received adjudicated within 25 working days	Not Achieved 86% 92502 out of 107713 claims adjudicated with 25 working days. EC - 87% FS - 92% GP - 80% KZN - 92% LP - 93% MP - 97% NC - 91% NW - 81% WC - 84%	-4%	The adjudication turnaround times are affected by the registration of claims with incomplete claim information. The adjudication of 13 991 (11%) claims was not successful timeously due to incomplete supporting information. The current TID definition of a claim does not distinguish claims with complete and incomplete information.
	Benefits paid	Percentage of approved benefits paid within 10 working days	Not Achieved 87.5% Of the R4 339 986 096,11 Benefits approved, R3 797 701 353,03 was paid within 5 workings days.	Not Achieved 71% Manual SAP ECC Payments (71%) R20 439 487. 07 of R28 643 957.13 Paid within 5 working Days Not Achieved 63% Comp easy (63%) R 624 961 598.29 of R 986 599 968.00 paid	90% of approved benefits paid within 10 working days.	Not Achieved 75% R 4 660 439 305.58 of R 6 217 901 206.60 paid within 10 working days in Rand –value.	-15% R 1 557 461 901,02	The under-achievement is due to challenges in the internal processes' deficiencies where the population of approved benefits submitted for payment includes transactions for business partners or medical service providers with block status (Central Block/Account Verification block). The manual processing of payments has caused some delays between the Financial Control and Business.

Strategy to overcome areas of under-performance

To address the under-achievement for indicators on ***Percentage of claims received adjudicated within 25 working days,*** Provinces continue to engage employers for outstanding claim information. There are planned actions to reconfigure the claims systems to improve the quality of registrations of claims with complete information which is planned for end of quarter two 2025/26.

To address the under-achievement for indicators on ***Percentage of approved benefits paid within 10 working days,*** Finance and medical services to develop a procedure that separate transactions that are not ready for payment due to block status.

LINKING PERFORMANCE WITH BUDGETS

Table 9: Linking Programme 2 performance with budgets

	2023/2024			2022/2023		
Programme / Activity/ Objective	Budget	Actual Expenditure	(Over)/ Under Expenditure	Approved Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 2: COID Services	1 772 915	1 962 774	(189 859)	1 944 820	3 980 247	(2 035 427)
Total	**1 772 915**	**1 962 774**	**(189 859)**	**1 944 820**	**3 980 247**	**(2 035 427)**

The overspending is attributable to processing of backlog of unprocessed claims which were not sufficiently provided for in the budget.

PROGRAMME 3: MEDICAL BENEFITS

Purpose: To provide strategic support and medical expertise to claims processing.

Sub Programmes

Sub Programme: Medical Services
Purpose: To provide best practice standards regarding occupational diseases and injuries to support the Fund's claims process

Sub Programme: Medical Claims
Purpose: To manage the processing of medical claims and the administration of medical tariffs

Table 10: Programme 3 Performance on the Annual Performance Plan.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons of Deviations
Access to medical services increased	Medical Interventions pre-authorised	** Percentage of request for pre-authorisation for re-openings finalised within 10 working days of receipt of accepted claims	Achieved 96% (10 961 of pre-authorisation requests received, 10 505 Were finalised within 10 working days	Achieved 98% Of the 4905-pre-authorization request received, 4808 were finalised within 10 working days	95% of requests for pre-authorisation for re-openings finalised within 10 working days of receipt of accepted claims	Achieved 99% Of 466 requests for reopening received, 461 were finalised within 10 working days EC - 93% FS - 100% GP - 100% KZN - 100% LP - 100% MP - 100% NC - 89% NW - 100% WC - 99%	+4%	The majority of requests were submitted online and have a shorter turnaround times. The 6 requests had longer turnaround times due to manual submission and system error.
	Medical Invoices Finalised	Percentage of medical invoices finalised within 30 working days of receipt	Achieved 87% Of the 709 678 medical invoices received, 619 534 were finalised within 40 workings days	Achieved 89% Of the 750 133 medical invoices received, 664 507 were finalised within 30 working days.	85% of medical invoices finalised within 30 working days of receipt	Achieved 87% Of the 925 434 medical invoices received, 808 315 were finalised within 30 working days EC - 89% FS - 94% GP - 78% KZN - 91% LP - 89% MP - 95% NC - 91% NW - 92% WC - 92%	+2%	Head office assisted with processing the invoices for provinces.

** The indicator revised from 'Percentage of requests for pre-authorisation of Specialised Medical Interventions finalised within 10 working days of receipt of accepted claims' to 'Percentage of requests for pre-authorisation for re-openings within 10 working days of receipt of accepted claims'

Strategy to overcome areas of under performance

None.

LINKING PERFORMANCE WITH BUDGETS

Table 11: Linking Programme 3 performance with budgets

	2023/2024			2022/2023		
Programme / Activity/ Objective	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Approved Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Programme 3: Medical Benefits	5 469 170	3 047 441	2 421 729	4 661 073	3 606 185	1 054 888
Total	**5 469 170**	**3 047 441**	**2 421 729**	**4 661 073**	**3 606 185**	**1 054 888**

The underspending of **R2.4 billion** is due to delay in payments of benefits that was caused by management's precautionary measures and intervention when the fraudulent claims were experienced by the Fund. These measures include the blocking of payments to medical service providers due to unauthorised changes to banking details. Another contributing factor was the lack of integrity of the master data which affected the submission of medical payments. Therefore, more validation procedures were carried out and the turnaround time for payment was longer as a result.

PROGRAMME 4: ORTHOTIC AND REHABILITATION SERVICES

Purpose: To provide support in the Orthotic and Rehabilitation services for the Fund, which aims to promote the rights of injured workers with disabilities, their dependents and all beneficiaries of a COIDA system.

Sub Programmes

Sub Programme: Vocational Rehabilitation
Purpose: To implement vocational rehabilitation programmes for injured workers, their dependents and all beneficiaries of a COIDA system in order to promote and improve their access to skills and employment

Sub Programme: Orthotics and Prosthetic
Purpose: To manage the process of aiding clinical/medical rehabilitation through the provision of Orthotic and Prosthetic devices and services to injured workers in order to promote their integration into the home, community and work environment.

Sub Programme: Rehabilitation and re-integration
Purpose: To implement and monitor medical/clinical as well social rehabilitation programmes for injured workers and their dependents in order to:

- provide socio-economic support;
- aid efficient and cost-effective the recovery,
- return to work and integration to community, family and work life.
- to advise the Compensation Fund on all matters pertaining to healthcare, rehabilitation, and promotion and access to opportunities for injured workers and their dependents.

Table 12: Programme 4 Performance on the Annual Performance Plan.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Annual Target	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for Deviation
Rehabilitation and reintegration Programmes implemented which promote the rights of injured workers with disabilities	Requests for assistive devices finalised to promote accessibility of home, community and work environments	Percentage of requests for assistive devices finalised within 15 working days	Achieved 94% Of the 1 365 requests received, 1 279 were finalised within 15 workings days	Achieved 90% of the 1785 requests received in the month of March 1600 were finalised within 15 working days	95%	Achieved 96% Of the 2 073 requests received cumulatively until the end of March 1 992 were finalised within 15 working days. EC - 99% FS - 100% GP - 96% KZN - 96% LP - 100% MP - 98% NC - 88% NW - 85% WC - 99%	+1%	Implementation of end of financial year cut-off date for submission of pre-authorization requests by MSPs. Monitoring of all requests received with weekly feedback from provincial DMs.
	Eligible Post-School Education and Training (PSET) learners funded to improve the prospect of employment	Number of learners funded annually at Post School Education and training institutions	Achieved 846 new learners funded annually at Post School Education and training institutions	Achieved 915 new students, including dependents (47) and general young persons (868), were funded	920	Achieved 1012 of learners funded annually at Post School Education and training institutions.	+92	The variance is attributed to the slight margin excess as a buffer strategy to mitigate the deregistration of students, students funded by other funders, and closely monitoring the funding process to ensure that resources are used optimally to make an impact.
	Persons with Disabilities funded to promote access to education and prospects of employment	Number of Persons with Disabilities funded annually for Vocational Rehabilitation Programme	Not Achieved 41 new COID Persons with Disabilities funded annually for Vocational Rehabilitation	Not Achieved 107 new students with disabilities were funded	300	Not Achieved 87 of Persons with Disabilities funded annually for Vocational Rehabilitation Programme.	-213	The major challenges are lack of accessibility to information about Vocational Rehabilitation as well as the accessibility to the Training Providers catering for the functional limitations of the Persons with Disabilities.
	Developed Protocol document to identify severely injured employees for rehabilitation programmes	Protocol document developed to identify severely injured employees for rehabilitation programmes	N/A	N/A	Approved protocol document to identify severely injured employees for rehabilitation programmes	Achieved The RRR-TW protocol document was approved by the DG.	None. On target.	None.

Strategy to overcome areas of under performance

To address the under-achievement for indicators on ***Number of Persons with Disabilities funded annually for Vocational Rehabilitation Programme,*** Physical follow-ups with applicants who lack resources, continuously advise clients to utilise labour centers' resources, advocacies, and stakeholder engagements.

LINKING PERFORMANCE WITH BUDGETS

Table 13: Linking Programme 4 performance with budgets

	2023/2024			2022/2023		
Programme / Activity/ Objective	**Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**	**Approved Budget**	**Actual Expenditure**	**(Over)/ Under Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Programme 4: Orthotic and Rehabilitation Services	372 415	265 559	106 856	486 415	191 064	295 351
Total	**372 415**	**265 559**	**106 856**	**486 415**	**191 064**	**295 351**

The total expenditure for programme 4 amounted to **R266 million** against approved budget of **R372 million** which represent 71% underspending for the period under review. Low spending attributed to the late processing of the new cohort bursary applications and the determination of the actual costs of the continuing students. Furthermore, the directorate is still experiencing challenges in conducting accessibility assessment at the training institutions for COID Pensioners due to resource constrains. This has resulted in low intake of COID Pensioners.

REVENUE COLLECTION

Table 14: Revenue collection

	2023/2024			2022/2023		
Sources of Revenue	**Estimate**	**Actual Amount Collected**	**(Over)/ Under Collection**	**Estimate**	**Actual Amount Collected**	**(Over)/ Under Collection**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Total Revenue from Employer Assessments	8,950,413	11,179,022	(2, 228,609)	10,219,068	10,361,545	(142,477)
Total Revenue from Interest and Penalties	1, 511,147	2,328,785	(817,638)	260,947	1,491,444	1,230,497
Interest received from Investments	6,569,510	7,419,532	(850,022)	4 313 467	6,714,233	2,400,766
Dividends received	1,268,211	1,005,815	262,396	501,063	1,080,919	(579,856)
Other investment income	1,080	49,963	(48,883)	30	946	(916)
Administrative contributions by employers (S88)	8,239	20,166	(11,927)	36,966	36,871	125
Interest earned from the bank	124,374	-	(245,388)	170,914	179,227	(8,313)
Rental Received Building	1,763	1,713	50	1,503	1,487	16
Revenue from exempted Employers	-	-	-	7,011	19,938	(12,927)
Public contribution and donations	0	(185)	(185)	0	0	0
Total	**18,434737**	**22,374,943**	**(3,940,206)**	**15,510,999**	**19,886,610**	**4,375,611**

The Compensation Fund generated a total revenue of **R22.374 billion** which constitutes 121.37% of the approves budgeted total revenue of **R18.434 billion**.

CAPITAL INVESTMENT

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The guideline section on capital investment does not fully fit the CF business structure, i.e., the Fund does not have capital infrastructure projects. The table and commentary were therefore adapted to allow CF to respond to most of the listed pointers. The Fund is currently implementing the following three projects at early stages of development.

Table 15: CF investment projects

PROPERTY NAME	LOCATION	PURCHASE DATE	CF INTEREST	PURCHASE PRICE
Baobab Manor	Polokwane	29 March 2019	5%	R 36 million
Bendor Park	Polokwane	20 May 2019	5%	R 14 million
Mankweng UNILIM	Polokwane	03 September 2020	5%	R 22.4 million
				R 72.4 million

The Fund assets are generally in a GOOD condition and still in use.

PIC is responsible for the management of the Fund's property investment portfolio. The PIC internal capital expenditure and procurement approval process is followed in rendering this service to the Fund.

◊ **Compensation House Building in Pretoria.**

The PIC concluded the structural assessment of the building as well as the market research study. The estimated cost to redevelop and refurbish the property is estimated at **R354,207,604**. The refurbishment of the building has started and the expenditure is amounting to **R20,163,000** in 2023/24. The Fund intends to relocate from Delta Heights Building to the Compensation Fund in 2025 as owner occupied and no longer investment property.

◊ **252 Phalo, Bisho Building.**

Property is leased and tenanted by the Eastern Cape Provincial Department of Public Works and Transport.

◊ **Kleentech Joint Operation Properties.**

The table below indicates investment properties for student accommodation. The portfolio consists of a R100 million capital commitment to "For Generations" Joint Venture for the roll out of 10 000 beds in student accommodation in Limpopo

Progress made on the maintenance of infrastructure.

The Fund has appointed PIC to manage and maintain its properties, and minor operating maintenance were made to the current infrastructure and the properties are currently well maintained.

PART C
GOVERNANCE

PART C: GOVERNANCE

INTRODUCTION

Covered within this Section of the Report are matters pertaining to the work by oversight structures in accordance to the Public Finance Management Act (PFMA) and the principles contained in the King's Report on Corporate Governance. Indicated, amongst others, are the two (2) reports provided to the Minister of Employment and Labour by the CF Board and five (5) Portfolio Committee meetings held during the Financial Year.

PORTFOLIO COMMITTEES

Table 16: Portfolio Committee

No	Date of Meeting	Committee	Information Requested & Agenda (Subject)
1	21 June 2023	Portfolio Committee	Inability of the CF to submit Annual Reports
2	20 September 2023	Portfolio Committee	2nd and 3rd Quarter Performance Reports 2022/23
3	11 October 2023	Portfolio Committee	Briefing by the Office of the Auditor-General of South Africa (AGSA) on Audit Outcomes for the Department of Employment and Labour and entities Briefing by DEL Internal Audit Committee on Audit Outcomes for the Department of Employment and Labour and entities
4	28 November 2023	Select Committee	Briefing from Unemployment Insurance Fund (UIF), Compensation Fund (CF) and Supported Employee Enterprise (SEE) on the 1st and 2nd Quarter Progress report for the 2023/24 financial year
5	28 February 2024	Portfolio Committee	Briefing on the restructuring of the two Funds

EXECUTIVE AUTHORITY

The following reports were submitted by the CF Board to the executive Authority

Table 17: The CF Board has provided the following reports to the Minister

No.	Advise to the Minister (subject and issues raised)	Dates submitted
	2023-2024 Annual Benefits increases	The Board approved the Benefits increases on 06 December 2023
	2023-2024 Medical Tariffs	The Board approved the Benefits increases on 06 December 2023

THE COMPENSATION BOARD

INTRODUCTION

The Compensation Board is established in terms of section 10 of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No 130 of 1993) as amended; which is an advisory Board to the Minister.

THE ROLE OF THE BOARD IS AS FOLLOWS:

To advise the minister on matters of policy arising out of or in connection with the application of compensation for Occupational Injuries and Diseases Act, 1993 (Act no 130 of 1993) as amended;

The Board may advise on the nature and extent of the benefits that can be payable to employees or dependents of employees, including the adjustments of existing pensions;

- The Board may advice the Minister on the amendment of the Act;
- The Board may at the request of the Director General advice the minister regarding the performance of particular functions.

BOARD CHARTER

The Board has made the following progress in complying with the charter:

- The Board deliberated on the CF quarterly reports and provided inputs.
- Annual medical tariffs increase was recommended to the minister
- Annual benefits increase was recommended to the minister.
- Portfolio committee briefing

COMPOSITION OF THE BOARD

The CF Board was constituted by the following members with their meeting and appointment details in table_18_below.

Table 18: Composition of the Board

Name	Designation *(In Terms of The Public Entity Board Structure)*	Date Appointed	Date Resigned	Qualifications	Board Directorships (list the entities)	Other Committees or Task Teams (E.g. Audit Committee/ Ministerial Task Team)	No. Of Meetings Attended
*Mr Paul Serote	Chairperson	01 Jan 2022		B. Compt (UNISA) Dip. Accounting (Univ of Natal) PDBA (GIBS) Nexus 1 (GIBS) Nexus2 (GIBS) M.Phil (GIBS)	Government Representative		5
Mr Fani Xaba	Principal Board Member	01 Jan 2022		BA Hons in Psychology Advanced Labour Law Business Leadership Management Programme for Labour Law	Organised Business		5
Dr Hilko Johannsmeier	Alternate Member	01 Jan 2022		MBCHB MBA Diploma Occ Health	Organised Business		0
Dr Dumisani Bomela	Principal Board Member	04 Jan 2022		MBA Master of Public Health	Organised Business		2
Mr Jan Mahlangu	Principal Board Member	01 Jan 2022		Certificate on Principle of Economics. Certificate on Principle of Finance and Investment Management. Certificate on Introduction to Investment and Finance. Experience in Conflict and Dispute Resolution Trusteeship in Retirement Funds	Organised Labour	Member of NEDLAC Chamber of Public Finance Monetary Policy Chamber, Management (MANCO) & Executive Committee member. Financial Sector Transformation Sector (FSTC), Principal Officer & Trustee	4
Mr Edward Thobejane	Principal Board Member	01 Jan 2022		Grade 11	Organised Labour		4
Ms Desugee Pillai	Principal Board Member	01 Jan 2022		Dip in Economics	Organised Labour		5
Ms Naledi Tsipane	Principal Board Member	01 Jan 2022		BTech in Safety Mngt	Organised labour		5
Mr J Wilimiec	Principal Board Member	01 Jan 2022		Advanced Extracurricular Diploma: Labour Law	Organised Labour	CF Risk Committee	5
Mr Gerald Mokgoro	Principal Board Member	01 Jan 2022		Bachelor of Commerce	Ministerial Appointee	RMA Board Representative	4
Ms Valerie Rennie	Principal Board Member	01 Jan 2022	July 2023	B.A Public Admin B.P.A (Honours) Public Admin	Department of Health		0
Ms N Manyonga	Principal Board Member	01 Jan 2022		Bachelor of Business Science Diploma in Actuarial	FEM		2
Mr G McIntosh	Alternate Board Member	01 Jan 2022		MBA Diploma in IT	FEM		2

Name	Designation *(In Terms of The Public Entity Board Structure)*	Date Appointed	Date Resigned	Qualifications	Board Directorships (list the entities)	Other Committees or Task Teams (E.g. Audit Committee/ Ministerial Task Team)	No. Of Meetings Attended
Mr M Shezi	Principal Board Member	01 Jan 2022		MBA; Bachelor of Science	RMA		3
Mr A Letshele	Alternate Board Member	01 Jan 2022		ND: Safety Mngt III not fully completed SHEMTRAC HASLAC train the Trainer	RMA		2
Dr R Legoabe	Principal Board Member	01 Jan 2022		D.Tech; MBA Post Grad Diploma	Health Professional Council of South Africa		5
Ms E Burger	Principal Board Member	01 Jan 2022	Oct 2023	Bacher of Occ Therapy Post Grad Diploma in Health Services mngt	Health Professional Council of South Africa		0
Dr D Mathye	Principal Board Member	01 March 2024		PhD; MBA; Master of Early Childhood Intervention (MECI); BSc Physio; LLB	Health Professional Council of South Africa		0
Rev. Madyibi	Alternate Board Member	01 Jan 2022		MBA; Bachelor of Commerce ; Diploma in Law; Bachelor of Theology	Health Professional Council of South Africa	CF Audit Committee FEMA Board Representative	4
Mr K Cowley	Alternate Board Member	01 Jan 2018		Master's Degree in Labour Law; BA Law	Business Unity of South Africa		2
Dr T Balfour	Principal Board member	01 May 2023		MBChB; Dip in Tropical Medicine and Hygiene; Dip in Public Health; Dip in Health Service Mangt; Dip in Occ Health; MBA	Business Unity of South Africa		0
Ms M Ruiters	Principal Board Member	01 June 2023		MBA; MSc in Occ Hygiene; BSc Hons Physiology; BSc Health and Biological; Post Grad Dip in Ergonomics; Post Grad Cert in Project Mangt	Government		0

*Chairperson

COMMITTEES

Since a Board cannot attend to all the matters effectively the following committees were established:

Technical Committee on Occupational Injuries and Diseases (TCOID):

The main objectives of the committee are to advise and make recommendations to the Board on matters relating to:

- Establish the functioning of Medical Advisory Panels: COIDA Section 70
- Policy formulation with regard to assessment and diagnosis of occupational diseases and injuries in terms of COIDA
- Policy formulation with regard to collaboration of COIDA and ODMWA activities as well as other relevant institutions on matters of occupational injurie and diseases
- The implementation and monitoring of quarterly reports.
- Other matters relating to Occupational Injuries and Diseases.

Investment Committee (IC):

- The main purpose of the Investment Committee is to assist the Board in discharging its statutory obligations and oversight role in terms of the Compensation Fund investments. This effective oversight function is to be exercised in the interest of efficient, effective, and agile development of the investment mandate to best meet the service, strategic, custodial, and advisory goals of the Fund. This is to be achieved through:
- Monitoring with effective oversight and making recommendations on the Policy and Investment strategy implementation of the Compensation Fund.
- Monitoring with effective oversight and making recommendations on the investment mandate in line with achieving the sustainability and the scalability of the Fund's custodial monies.
- Monitoring, with effective oversight and making recommendations on the investment performance of the Compensation Fund, in line with maintaining sustainability, improving scalability, and preserving the Fund's custodial monies to meet the needs of its service goals.

Assessment & Benefits Committee (ABC):

The main objectives of the committee, in line with the Board Charter's overarching goals on impactful service, good governance and best practice for the Compensation Fund aims, are to advise and recommend to the Board on matters relating to:

- Assessment of employers and the applicable rates/levies/tariffs/scale as may be applicable to such assessments,
- Benefits payable in terms of the Act, to employees and dependents.
- The implementation and monitoring of quarterly service delivery

Strategic & Operations Committee (StratOps):

The main objectives of the Committee, in line with the Board Charter's overarching goals on impactful service, good governance and best practice for the Compensation Fund aims, are to advise and make recommendations to the Board on matters relating to:

- Service delivery practices of the Fund in line with the goals of efficient, effective, and sustainable delivery.
- The implementation and monitoring of quarterly performance.
- Safeguarding the integrity of the image and reputation of the Fund.
- The implementation and adherence to "Batho Pele" Principles.
- The implementation of the Fund goals of assisting the injured worker to recover, rehabilitate and return to functionality wherever possible.
- Marketing, uplifting, and re-branding of the Fund activities in line with COIDA.
- To analyse statistical information and reporting mechanisms to enhance the efficient and effective service goals of the Board strategy.
- To provide a sounding board to the Board to get feedback on policy proposals and/or existing policies to optimise its role in enhancing the goals of transparency, agility, integrity, and accountability in its recommendations.

Risk Committee

The objective of the Risk Committee is to assist the Compensation Commissioner to fulfil his/her risk management responsibilities in accordance with Public Finance Management Act (PFMA), Treasury Regulations, the principles and best practices of the King Report and Code of Governance in South Africa 2016 (King IV). Its responsibilities are:

- to advice the Audit Committee and the Advisory Board on all risk related matters that affect the Compensation Fund through an independent report to make recommendations to the DG and the Commissioner that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required;
- to provide oversight on all fraud cases investigated;
- to oversee the implementation of ethics risk management aspect of the Fund;
- to evaluate the effectiveness of the implementation of the Anti-fraud and corruption;
- to evaluate management's response to any recommendations made by anticorruption and integrity management unit on any fraudulent or illegal acts, deficiencies in internal control including reviewing the results of management's investigation and follow-up on reported fraudulent acts;
- to review the Fund's procedures concerning the prevention and detection of fraud and financial crime;
- to review the adequacy of the Fund's procedures for handling allegations from whistle blowers;
- to review any material findings and recommendations by assurance providers on the system of risk management and monitor that appropriate action is instituted to address the identified weaknesses.

Table 19: Technical Committee on Occupational Injuries and Diseases (TCOID)

Committee	No. of Meetings Attended per member	No. of Committee Members	Name of members
TCOID	5	13	*Mr F Xaba
	4		Dr H Johannesmeier
	4		Mr G McIntosh
	5		Mr J Wilimiec
	3		Dr D Bomela
	5		Ms D Pillai
	5		Ms N Tsipane
	0		Ms V Rennie
	1		Ms E Burger
	5		Mr A Letshele
	0		Dr D Mathye
	1		Ms M Ruiters
	3		Dr T Balfour

*Chairperson

Table 20: Investment Committee (IC)

Committee	No. of Meetings Attended per member	No. of committee members	Name of members
Investment Committee	5	8	*Mr J Mahlangu
	1		Mr P Serote
	5		Mr F Xaba
	1		Mr C Mokgoro
	4		Mr E Thobejane
	5		Mr M Shezi
	5		Rev. Madyibi
	1		Ms M Ruiters

*Chairperson

Table 21: Assessments and Benefits Committee (ABC)

Committee	No. of Meetings attended per member	No. of Committee members	Name of members
ABC	7	9	*Mr F Xaba
	1		Mr K Cowley
	7		Mr G McIntosh
	7		Ms D Pillai
	7		Ms N Tsipane
	6		Mr E Thobejane
	7		Dr R Legoabe
	7		Mr A Letshele
	2		Dr D Bomela

Table 22: Strategic & Operations Committee (StratOps)

Committee	No. of Meetings attended per member	No. of Committee members	Name of members
StratOps	5	11	*Mr P Serote
	4		Ms N Manyonga
	6		Mr J Wilimiec
	6		Mr F Xaba
	5		Mr C Mokgoro
	2		Dr Johannesmeier
	5		Mr J Mahlangu
	6		Ms D Pillai
	6		Dr Legoabe
	6		Mr M Shezi
	5		Rev. Madyibi

Table 23: Risk Committee

Committee	No. of Meetings attended per member	No. of Committee members	Name of members
Risk Committee	05	02	Mr Charl de Kock
	05		Mr. Janek Wilimiec (Board Member)

REMUNERATION OF BOARD MEMBERS

The Board remuneration is determined by National Treasury Regulation (Category Classification C1)

Table 24: Board members not remunerated

Name	Remuneration date	Reason for Non-Remuneration
Mr M Shezi	Not paid	Mutuals members are not paid as they are doing CF work as per the licence agreement.
MR A Letshele	Not paid	Mutuals members are not paid as they are doing CF work as per the licence agreement.
Ms N Manyonga	Not paid	Mutuals members are not paid as they are doing CF work as per the licence agreement.
Mr G McIntosh	Not paid	Mutuals members are not paid as they are doing CF work as per the licence agreement.
Dr T Balfour	Not paid	Her organisation is paying her for meeting attendance.
Ms Valerie Rennie	Not paid	Government employees are not paid for meeting attendance.
Ms M Ruiters	Not paid	Government employees are not paid for meeting attendance.

Table 25: Board members' remuneration

Name	Remuneration	Other Allowance	Other Re-Imbursements	Total
Mr P Serote	R89027	None	None	R89,027.00
Mr F Xaba	R160 733,85	None	None	R160,733,85
Mr K Cowley	R9285,07	None	None	R9,285,07
Mr J Wilimiec	R120 770,03	None	None	R120,770,03
Dr D Bomela	R23 764,85	None	None	R23,764,85
Ms E Burger	R6040,79	None	None	R6,040,79
Dr R Legoabe	R62 820,97	None	None	R62,820,97
Rev. N Madyibi	R61 773,75	None	None	R61,773,75
Ms D Pillai	R83 619,57	None	None	R83,619,57
Mr E Thobejane	R69 560,04	None	None	R69,560,04
Ms N Tsipane	R87 298,33	None	None	R87,298,33
Mr Mokgoro	R45 325,94	None	None	R45,325,94
Mr J Mahlangu	R88 531,74	None	None	R88,531,74
Dr H Johannsmeier	R11 397,03	None	None	R11,397,03
TOTAL				**R919,948,96**

RISK MANAGEMENT

Risk Management Policy and Strategy

The Compensation Fund has an approved Enterprise Risk Management (ERM) Policy and Enterprise Risk Management Framework (inclusive of the strategy) in line with Public Finance Management Act (PFMA), Act 1 of 1999, Section 51(1) (a) (i) and Treasury Regulation 27.2.1 as well as Principles of the King IV Report on Corporate Governance and other best practice standards. The documents articulate the Fund's risk management philosophy and the Fund's approach to managing risks.

Risk Appetite and Tolerance Framework

The Compensation Fund has a Risk Appetite and Tolerance Framework which indicates the type and level of risks the Fund is willing/ not willing to take in pursuit of its Priorities and Strategic Outcomes. During the 2023/24 financial year, the Fund reviewed its Risk Appetite and Tolerance Statements as part of continuous improvement and to ensure applicability to the current operating environment.

Risk Assessment

The Compensation Fund adopted a Principal Risk Assessment Approach in its Risk Management Framework. During the Financial year it conducted the review of its risk registers in line with the approach. The following was the outcome of the risk assessments:

Table 28: Risk Assessment outcome

Principal risk type	Definition	No. of risks
Strategic risks	Events both internal and external that could impact an organization's ability to achieve its strategic objectives. This could be poor business decisions, substandard execution of decisions, inadequate allocation of resources etc.	6
Operational risks (Transversal)	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Under this category, we have put transversal risks (risks that cut across the Fund's operations).	14
Operational risks (Core Business) and Actuarial risks	Operational risks and Actuarial risks specific to the core business of the Fund	29
Regulatory Compliance and Legal risks	Risk of loss as a result of legal actions / regulatory non-compliance	03
Technology risks	Risk of loss due to technology failures	13
Investment risks	Probability that an actual return on an investment will be lower than the investor's expectations	09
TOTAL Number of risks identified and Monitored in 2023/24 FY		**74**

The above risks and action plans to mitigate the risks were continuously monitored as well as key risk indicators to determine the performance against the risk tolerance levels.

Governance

The Fund has clear five lines of defence and is in the process of improving the comprehensive process for providing combined assurance across all the lines of defence to ensure effective management of all major risks facing the entity.

The Director-General (DG), as the Accounting Authority of the Fund, continues to set the tone for sound risk management practices. The Acting Compensation Commissioner (Commissioner) has also continued to fulfil her risk management responsibilities together with her Executive Committee, through integrating risk management principles and systems across the Fund.

The Risk Committee (RC) provides independent oversight and advice regarding the risk management processes and makes recommendations to the DG and Commissioner for their consideration and authorisation on the significant and imminent risks and fraud related issues affecting the Fund. The Audit Committee also receives regular risk reports that enable it to provide oversight on the effectiveness of the entire system and process of risk management in the Fund.

Progress on management of risks

INTERNAL CONTROL UNIT

The Internal Control sub-directorate is responsible for :

- Audit coordination,
- Reviewing and coordinating responses to audit communication of findings,
- The CF Clean Audit action plan which is linked to audit findings,
- Financial misconduct assessments and determinations,
- Compliance management.

Audit Coordination

A request for an information register is in place and implemented to monitor and track all incoming requests for information from the AGSA and the submissions made by management.

All outstanding requests for information were followed up with management and submitted to the AGSA. Weekly statistics of the status of Requests for Information (RFI's) versus the submissions were prepared and reported to the Audit Steering Committee. Engagements between Management and the AGSA were facilitated regularly to resolve any disagreements.

Audit Communication of Findings

A total number of 154 Communication of findings from AGSA. Under the Regularity Audit there were 146 and under the Information Systems Audit there were 8. These were coordinated accordingly for the audit cycle 2024.

Engagements between Management and the AGSA were facilitated through the Audit Steering Committee meetings prior the issuing of any Management Reports.

Fruitless and wasteful expenditure relates to the fund and does not include any subsidiary.

Fruitless and wasteful expenditure relates to the Fund and does not include any subsidiary. The Fund had a total of 129 cases in the fruitless and wasteful expenditure register that were accumulated over the past few years. During the current financial year, 15 additional cases were identified and recorded in the fruitless and wasteful expenditure.

During the current year 0 cases were written off and 3 cases was fully recovered. A total of 141 cases are still under assessment/determination as at the end of the financial year 31 March 2024.

Irregular expenditure relates to the fund and does not include any subsidiary.

Irregular expenditure relates to the Fund and does not include any subsidiary. The Fund had a total of 106 cases recorded in the irregular expenditure register as at the beginning of the current year financial year and are still under assessment/determination as at the end of the financial year. During the current financial year, 1 case was identified and recorded as irregular expenditure register as a result of the Irregular expenditure process; 1 case condoned; 7 cases removed; and 2 cases derecognised. A total of 97 cases are still under assessment/determination as at the end of the financial year 31 March 2024.

Compliance Management

The Compliance register were developed during the financial year. The register incorporates Public Finance Management Act (PFMA) and Treasury Regulations (TRs). During the financial year, the PFMA, Treasury Regulations compliance registers were monitored for implementation.

The Compensation for Occupational Injuries and Diseases Act (COIDA) compliance register was developed during the financial year and incorporates delegation of authority. During the financial year the COIDA compliance registers were monitored for implementation.

INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit is established in terms of section 51(1)(ii) of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, read with the Treasury Regulations 27.1 and 27.2.

The section states that "the Accounting Authority must ensure that the entity has and maintains a system of Internal Audit under the control and direction of the Audit Committee, complying with and operating in accordance with regulations and instructions prescribed in terms of section 76 and 77 of the PFMA.

KEY OBJECTIVES OF INTERNAL AUDIT

The Internal Audit unit exists to assist the Compensation Fund to accomplish its established objectives by providing reasonable assurance on whether:

- Governance process is effective in establishing and preserving values, setting goals, monitoring activities, performance, and defining measures of accountability;
- Risk management system is adequate, effective and efficient;
- System of internal control is adequate, effective and efficient;
- Integrity and reliability of financial information is maintained;
- Resources are utilised economically, effectively and efficiently; and
- Rules, regulations, policies, procedures, and laws are complied with.

KEY ACTIVITIES OF THE INTERNAL AUDIT ARE AS FOLLOWS:

- Development of the Three Year Rolling and Annual Plans and the Operational Plan which is supported by the Commissioner and approved by the Audit Committee;
- Execution of the approved internal audit plan;
- Reporting Quarterly to Management and the Audit Committee;
- Performing secretarial functions to the Audit Committee;
- Reviewing the internal audit and Audit Committee Charters;
- Reviewing the internal audit policies and procedures;
- Monitoring compliance to the procedures, standards and the code of ethics;
- Staff training and development to ensure that the internal audit officials are competent and proficient.

SUMMARY OF AUDIT WORK DONE

The details of executed projects are tabulated below with the number of findings and their conclusion regarding risk exposure.

Table 29: Internal Audit Reports, number of findings and conclusion regarding risk exposures.

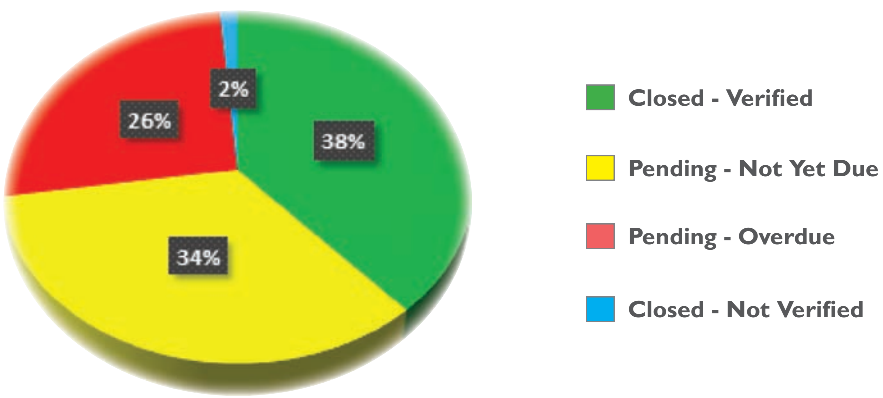
No	Internal Audit Area	Number of Findings	Report Rating	Report Opinion Rating
1.	Quarterly Performance Information – Q4	1	Requires Improvement	Partially adequate and ineffective
2.	Annual Financial Statements 2021/22	43 Observations 29 Resolved 14 Unresolved	Requires Improvement	Observations: Errors, differences in account balances, disclosures and supporting documents
3.	Annual Performance Report / Annual Report Review 2021/22	1	Requires Improvement	Partially adequate and ineffective
4.	Clean Audit Action Plan 2022/23 Q4	Advisory	Advisory	Partially adequate and ineffective
5.	Quarterly Performance Information Verification and Data Analytics Q1	0	Requires Improvement	Partially Adequate
6.	Annual Financial Statements 2022/23	17 Observations 9 Resolved 08 Unresolved	Significant	Observations: Errors, differences in account balances, disclosures and supporting documents
7.	CompEasy Fit Gap Phase 2	24	Significant	Partially adequate and ineffective
8.	Revenue Management and Accounts Receivable	10	Significant	Partially adequate and ineffective
9.	Quarterly Performance Information Verification and Data Analytics Q2	5	Requires Improvement	Partially adequate and ineffective
10.	CF Clean Audit Action Plan 2023/24 Q1	Advisory	Advisory	Partially adequate and Ineffective
11.	Corporate Governance and Ethics	13	Requires Improvement	Partially adequate and Ineffective
12.	Travelling Process and Expenditure TWF Credit Card Financial Management Bank Reconciliation*)	6	Significant	Partially adequate and Ineffective
13.	Financial Management Bank Reconciliation			
14.	Records Management	4	Significant	Partially adequate and partially effective
15.	Project Management Office	7	Significant	Partially adequate and ineffective
16.	ICT Governance Review	8	Significant	Partially adequate and ineffective
17.	Incidents and Problem Management	3	Significant	Partially adequate and ineffective
18.	Quarterly Performance Information Verification and Data Analytics Q3	5	Requires Improvement	Partially adequate and ineffective
19.	Business Continuity and Disaster Recovery	6	Significant	Partially adequate and ineffective

No	Internal Audit Area	Number of Findings	Report Rating	Report Opinion Rating
20.	North West Provincial Office	14	Requires Improvement	Partially adequate and partially effective
21.	Quality Assurance/ Adequacy Review on CF Clean Audit Action Plan 2021/22 Q2	Advisory	Advisory	Advisory
22.	Quality Assurance/ Adequacy Review on CF Clean Audit Action Plan 2022/23 Q3	Advisory	Advisory	Advisory
23.	Annual Performance Plan Review 2024/25	0	Satisfactory	Adequate
24.	Ad-hoc: Probity Audit – Biometric Contract	2	Requires Improvement	Partially Adequate
25	Ad-hoc: Probity Audit – ICT SAP Resources	0	Satisfactory	Adequate
Total number of findings		**109**		

The IAA continuously uses Team Central for tracking of Internal Audit findings. The status of the tracking report during the reporting period, up to and including 31 March 2024 is as follows:

	TRACKING REPORT	
STATUS		**Mar-24**
Closed - Verified		56
Pending - Not Yet Due		50
Pending - Overdue		38 (26%)
Closed - Not Verified		2
Total number of findings		**146**

Findings as at 31 March 2024



AGEING	**OF PENDING AND OVERDUE FINDINGS**		
1-59 DAYS	60-90 DAYS	90-120 DAYS	120 AND OVER
15 (33%)	0 (0%)	4 (9%)	24 (53%)

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT COMMITTEE

The Audit Committee was established in terms of the PFMA and Treasury Regulations to assist the Executive Authority in fulfilling its oversight responsibility. The duties of the Audit Committee are broadly defined in Section 27.1 of the Treasury Regulations.

The objective of the Audit Committee is to assist the Executive and Accounting Authority in fulfilling their oversight responsibilities for:

- The integrity of the Fund's financial statements
- The Fund's compliance with legislation, legal and regulatory requirements
- The auditor's qualifications and independence; and
- The performance of the Fund's internal audit function and external auditors.

AUDIT COMMITTEE ACTIVITIES

The responsibilities of the Audit Committee include the financial reporting process, the system of internal control, risk management, the audit process, monitoring compliance with laws and regulations, the Fund's own code of business conduct, and standard operating procedures. The Audit Committee performs the following activities;

Internal Audit

The work performed by the internal audit function plays a crucial role in ensuring the effectiveness of the CF organisational governance, risk management, and internal controls through executing these activities. The Audit Committee performs the following activities;

- Review the effectiveness of the internal audit function.
- Review the charter, plans, activities, staffing, and organisational structure of the internal audit.
- Approve the risk-based three-year rolling plan and annual audit plan.
- Review the capacity-building and training strategies with the internal audit function.
- Monitor the work of internal audits against the annual audit plan.
- Review and evaluate the reports and results of the work undertaken by the internal audit and the implementation of the follow-up action required.
- Ensure that duplication of efforts is avoided through an effective partnership or combined assurance between the internal audit and the office of the Auditor-General.
- Review compliance with International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.

External Audit (Auditor-General)

The Audit Committee reviewed the effectiveness of the external audit function through the following:

- Review the audit plan of the Auditor-General (AG) and comment on the scope and approach and their co-ordination with internal audit.
- Review any accounting and auditing concerns arising from internal and external audit.
- Make recommendations regarding follow up work, arising out of reports and queries raised by the AG.
- Discuss the extent of the external auditor's proposed audit coverage.
- Discuss concerns about the nature extent and frequency of management's assessment of the accounting and control systems in place to prevent and detect fraud, with external auditors.
- Review the extent of the external auditor's planned reliance on the work of Internal Auditors.

Risk Management

On CF Risk Management, the Audit Committee responsibilities were to:

- Review the Fund's risk profile on an annual basis.
- Ensure that an enterprise risk management system in place and that Internal Audit evaluates and reports on the effectiveness of the process,
- Review that the Fraud Prevention Plan is implemented to prevent and detect fraud.

Compliance

On Compliance Management, the Internal Audit responsibilities were to:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's
- Investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the process for communicating the code of conduct to the Fund's personnel and for monitoring compliance therewith.

Management Accounts and Annual Financial Statements

On CF Management Accounts and Annual Financial Statements, the Audit Committee responsibilities were to:

- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information and annually review the Annual Financial Statements and recommend its approval to the Director-General.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and
- Recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles.
- Review other sections of the Annual Report and related regulatory matters before release and consider the accuracy and the completeness of the information.

Reporting

The Audit Committee reporting responsibilities included:

- Regularly reporting to the Accounting/Executive Authority about committee activities and issues that arise with respect to the quality or integrity of the Fund's financial statements, the compliance with legal or regulatory requirements, and the performance of the internal audit function.
- Providing an open avenue of communication between internal audit, the external auditors, management and the Accounting Authority.
- Reporting annually to the Executive Authority, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rules.
- Reviewing any other reports, the Fund issues that relate to committee responsibilities.

Ethics

To contribute to improved Ethical culture with the CF, Audit Committee performs these duties:

- Monitor the ethical conduct of the Fund, its executives and senior officials.
- Review any statements on ethical standards or requirements for the Fund and assist in developing such standards and requirements.
- Identify any violations of ethical conduct.
- Make recommendations on any potential conflict of interest or

questionable situations of a material nature.

Other Responsibilities

Other responsibilities performed by the Audit Committee were:

- Review and assess the adequacy of the audit committee charter annually.
- Evaluate the committee's and individual members' performance on a regular basis.
- Institute and oversee special investigations as needed.

- Confirm annually that all responsibilities outlined in this charter have been carried

The tabled below discloses relevant information on the audit committee members

Table 30: Audit committee members

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	No. of Audit Committee Meetings Attended	No. of Other/ Special meeting Meetings Attended*	Remuneration
Mr L Mangquku	CA(SA) Master of Business Leadership; Advanced Company Law I&II; Honours Bachelor of Accounting Sciences; Bachelor in Commerce Honours (Accounting)	External	N/A	18-May-2021	N/A	4	8	R358,548.00
Ms P Mzizi	CA(SA) BCom Hons in Transport Economics; BCom Hons in Accounting (CTA)	External	N/A	18-May-2021	N/A	3	5	R165,850.00
Mr Mathabathe	Post Graduate Diploma in Internal Auditing; Advanced Diploma in Accounting Sciences; B-Tech Internal Auditing; National Diploma Internal Auditing; Certified Internal Auditor (CIA); Certified Information Systems Auditor (CISA); Certified Information Security Manager (CISM)	External	N/A	18-May-2021	N/A	3	6	R196,699.00
Mr C de Kock	Masters in Computer Auditing; BCompt (Hons) Acc.; BCom (Acc) CISA, CIA	External	N/A	07-Aug-2020	N/A	3	7	R212,972.00
Ms N Madyibi	Master of Business Administration; Honours Bachelor of Commerce; Bachelor of Commerce; Diploma in Labour Law (Cum Laude); Bachelor of Theology	External	N/A	1 January 2023	N/A	4	8	R258,059.00

COMPLIANCE WITH LAWS AND REGULATIONS

The Compensation Fund strives to promote a risk-aware culture that is in full compliance with applicable laws and regulations. As such, the Compensation Fund has adopted a zero-tolerance policy for non-compliance with laws and regulations. In its endeavour to ensure compliance is embedded into its activities, functions, and processes, the Fund executed the following compliance activities, which are aligned to the principles of the Generally Accepted Compliance Practice Framework and King IV Code on Corporate Governance best practices.

During the 2023/24 financial year, the Fund performed the following compliance management activities:

- Review of the Compliance Manual
- Review of the Regulatory Universe for the Fund
- Compiled compliance risk management plans for high risk legislation;
- Quarterly monitoring of compliance risk action plans by the 1st line of assurance;
- Continuous monitoring of the regulatory environment for identification of emerging legislation and detailing the COIDA amendments readiness plan;
- Embedding of compliance culture through awareness and inclusion of compliance as part of management's Performance Agreements; and
- Continuous oversight provided by the Risk Committee, Audit Committee and the Board.

FRAUD AND CORRUPTION

During the 2023/24 financial year, the Fund performed the following Fraud and Corruption management activities:

Significant progress was made in implementing the Fraud Prevention Plan.

Fraud risk assessments were conducted during quarter 1 of the financial year. Fraud risk mitigation plans were put in place, and the ACIM directorate conducted follow-ups on the implementation of the proposed actions by management on a quarterly basis to ensure residual risks are managed to a manageable level. This was done through the monitoring of proposed action plans on various fraud risk registers.

Follow-ups on the implementation of investigation recommendations were conducted, and the finalised investigation reports were shared with management. Recommendations derived from these reports were followed up monthly with the respective heads of the directorates and chief directors for implementation to ensure corrective action is taken and effective controls are put in place where controls are deemed insufficient.

Various forms of fraud and ethics awareness were made in the form of circulars circulated on CF Communications, posters, international fraud awareness week pamphlets, and interactive fraud awareness sessions with core business at an external venue.

The ethics management plan was executed, which includes, but is not limited to, conducting ethics risk assessments, coordination of financial declarations for both SMS members and MMS and ASD members during the two respective disclosure periods, administration of the gift declaration processes, and facilitation of applications for remunerative work outside public service (RWOPS).

Mechanisms put in place to report fraud and corruption included reporting fraud to the directorate through the use of the DEL Whistleblowing Line as a compensating control for a hotline that is currently underway. Further allegations were received through walk-ins, e-mail allegations, and various management requests wherein the occurrence of fraud was suspected.

The cases were reported through various mechanisms; thereafter, investigations were instituted. Upon finalisation, various reports were distributed to heads of various directorates for implementation of recommendations, including the institution of disciplinary action by Employee Relations (ER).

The process was further expanded to the referral of cases to various law enforcement agencies, such as the SAPS, the Directorate for Priority Crimes Investigations (DPCI), and the National Prosecutions Authority (NPA) for criminal investigations.

MINIMISING CONFLICT OF INTEREST

To minimise conflict of interest not only in Supply Chain Management but in the Fund as a whole, the ACIM directorate utilised the Financial Disclosure results to identify anomalies that could indicate possible conflict of interest. This refers to interest in companies declared against the CIPC. This exercise was conducted in conjunction with Abacus Forensics investigation firm.

CODE OF CONDUCT

The code of conduct serves as a departmental guide for employees on their relationships with the Legislature, political office bearers, and their respective relationships with other employees within the Fund, as well as with the public at large. It serves as a guide on what should be done to avoid potential conflicts of rights and interests and their personal conduct in public and private lives. Failure to adhere to the directives of the code of conduct constitutes an offence, and serious consequences may follow for any breach as stipulated in the code.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Occupational Health and Safety is integral to the definition, evaluation, and management of occupational safety risks within the Fund in accordance with the 1993 OHS Act, which is enforced by the Department of Employment and Labour, Corporate Governance, and other relevant legislation.

The training of personnel, including the Fire Marshal, SHE REP, and First Aid, has been ensured by the Fund. Floors in the Delta Heights complex have been allocated to Safety, Health, and Environment representatives. The evacuation drill has been conducted in order to ensure that the following objectives were met:

- Employees are familiar with the evacuation process.
- Educate employees on the fire response plan.
- Ensure that fire equipment is in good working condition.

There was identification and discussion of environmental concerns. In order to guarantee that the rates are in accordance with ASHRAE standards 62.1-2004, air quality monitoring has been implemented to monitor temperature, carbon dioxide, and relative humidity within the Fund. The appropriate ventilation for the specific purpose of constructed spaces is outlined in ASHRAE standards 62.1-2004. A water quality test was conducted in the Fund to guarantee that the water is safe and complies with local and international water standards.

SOCIAL RESPONSIBILITY

The Compensation Fund continues to integrate Economic, Social, and Governance (ESG) principles into the investment process in order to promote the long-term value of the Fund's investments. The Compensation Fund has invested a total of **R3.0 billion** in Socially Responsible Investments (SRI) through the Public Investment Corporation, covering these areas: finance, agriculture, healthcare, small and medium enterprises, transport, and renewable energy.

The investments are aimed at generating financial returns for the Compensation Fund's beneficiaries while stimulating economic growth through job creation and job preservation, as well as addressing the economic imbalance of the past through the inclusion of black people in economic activities in South Africa.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2024.

Audit Committee Responsibility

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

Effectiveness of Internal Control

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their adequacy, effectiveness and efficiency, and by making recommendations for improvement which management has a responsibility to implement.

Our review of the findings of the Internal Audit work, which was based on the risk assessment conducted in the Fund, revealed significant weaknesses which were then raised with management.

The Internal Auditors reported numerous deficiencies in the system of internal control in the Fund and based on their reports, the Audit Committee is of the opinion that the internal control system was inadequate and ineffective throughout the year.

Audit Committee Activities

- Reviewed the Quarterly Management Reports
- Considered the effectiveness of the Risk Management process
- Considered the Internal Audit Plans and Reports and made recommendations as appropriate
- Monitored progress with the Internal Audit coverage plans as well as management's follow-up on matters requiring attention
- Monitored compliance with relevant Policies and applicable Legislation
- Considered the effectiveness of the Fraud Prevention measures
- Conducted separate informal meetings with Management, Internal and External Auditors
- Reviewed External Audit Engagement Letter, Audit Strategy and Audit Reports
- Considered the effectiveness of management action plans in response to key audit findings raised by internal and external auditors
- Provided guidance on ICT governance issues and alignment to applicable legislations

Below are details about the Audit Committee members:

Members Name	Qualifications	Date of Appointment/ Contract End Date	Number of AC Meetings Attended
Mr LM Mangquku (Chairperson)	CA(SA) Master of Business Leadership; Advanced Company Law I&II; Honours Bachelor of Accounting Sciences; Bachelor in Commerce Honours (Accounting)	May, 2021	12
Ms P Mzizi (Member)	CA(SA) BCom Hons in Transport Economics BCom Hons in Accounting (CTA)	May, 2021	8
Mr M Mathabathe (Member)	Post Graduate Diploma in Internal Auditing Advanced Diploma in Accounting Sciences B-Tech Internal Auditing National Diploma Internal Auditing Certified Internal Auditor (CIA) Certified Information Systems Auditor (CISA) Certified Information Security Manager (CISM)	May, 2021	9
Mr C de Kock (Member)	Masters in Computer Auditing BCompt (Hons) Acc. BCom (Acc) CISA, CIA	August, 2020	10
Mrs N Madyibi (Member)	Master of Business Administration Honours Bachelor of Commerce Bachelor of Commerce Diploma in Labour Law (Cum Laude) Bachelor of Theology	February, 2023	12

Internal Audit

Internal Audit completed 68% (23/34) of its approved plan. The unit suffered some setbacks during the year due to insufficient capacity to execute the approved audit plan, specifically Information Technology and Finance auditors.

The Internal Audit function continues to operate without a Chief Audit Executive (CAE), following a resignation over eighteen months ago. The Fund embarked on efforts to fill the vacancy however failed to attract a suitable candidate. The CAE position has once again been advertised and the Audit Committee will be involved in the recruitment process as required by its Charter.

Some of the audits conducted by Internal Audit during the year include:

- Quarterly Performance Information
- Clean Audit Action Plan
- Annual Financial Statements
- CompEasy Fit Gap Phase 2
- Revenue Management and Accounts Receivable
- Corporate Governance and Ethics
- Travelling Process and Expenditure TWF Credit Card Financial Management Bank Reconciliation
- Financial Management Bank Reconciliation
- Records Management
- Project Management Office
- ICT Governance
- Incidents and Problem Management
- Business Continuity and Disaster Recovery
- Ad-hoc: Probity Audit – Biometric Contract
- Ad-hoc: Probity Audit – ICT SAP Resources

Follow up audits revealed that a significant number of internal audit and external audit findings were not resolved by year end, contributing to a sustained weak control environment.

However, the Audit Committee acknowledges that following late finalisation of the External Audits of the past two years due to late submission of Annual Financial Statements, the 2022/23 Audit Action Plan was only approved in June 2024, meaning management did not have time to implement it before this year's audit.

Despite challenges, the Audit Committee is of the view that Internal Audit operated objectively and independently throughout the year but its effectiveness remains compromised, mainly due to management not implementing Internal Audit recommendations.

In-Year Management and Monthly/Quarterly Report

The Fund submitted monthly and quarterly reports to the relevant Treasury as required.

Evaluation of Annual Financial Statements

- The Audit Committee discussed the audited annual financial statements to be included in the annual report;
- Considered the Auditor-General's management report and management responses thereto;
- Raised with management whether there were any changes to accounting policies and practices, and considered whether such were consistently and appropriately applied;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual report;
- Reviewed and considered significant adjustments resulting from the audit;
- Requested quality and timely submission of financial information to the audit committee for oversight purposes during the year, e.g. Interim Financial Statements, but management failed in this regard.

In considering the Annual Financial Statements submitted for the audit, the Audit Committee accepted that significant work was still in progress to improve the quality of the financial statements, with management having procured additional resources to address the underlying root causes to the disclaimer. In other words, the financial statements submitted for the audit were unfortunately prepared in an internal control environment which had the same control weaknesses that had resulted in the disclaimer opinions in previous years.

Risk Management

The Fund has a Risk Management Committee headed by an Independent Chairperson. The Audit Committee obtained assurance on the overall effectiveness of the system of risk management in the Fund, noting with concern the slow implementation of risk mitigation plans.

Some of the materialised risks in the Fund which require immediate intervention include:

- The Fund's dependance on the Department of Employment and Labour for all its IT infrastructure and IT security, a process which gave rise to serious service delivery failures during the year;
- Material financial losses suffered from fraudulent activities, resulting mainly from cyber security breaches perpetuated by organized groups and syndicates;
- The prevailing legislation and organizational structure of the Fund which places it under the control and supervision of the Department of Employment and Labour. This imposes significant limitations and constraints to the Fund, including:
    - In-ability to offer market related remuneration for the specialists needed for its core business operations;
    - Being obligated to utilize the inefficient SITA services and network;
    - Forfeiting the ability to determine the most appropriate ICT Strategy for efficient service delivery for the Fund as it is compelled to adopt an ICT Strategy which supports and fits into the technology choices already made by the principal department.

This calls for urgent implementation of the plans to decouple the Fund from the Department of Employment and Labour.

Auditor's Report

During the year, the Audit Committee convened a workshop to identify root causes that lead to persisting disclaimers. From this workshop, the Audit Committee made practical recommendations however as at year end, limited progress had been made in implementing them.

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

LM Mangquku CA(SA)
Chairperson of the Audit Committee
Compensation Fund
31 July 2024

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The table below has been completed to ensure compliance with BBBEE requirements, as mandated by the BBBEE Act and determined by the Department of Trade, Industry, and Competition. Where there has been no or only partial compliance with the criteria, CF provides a discussion indicating the measures taken to comply.

Table 31: BBBEE compliance information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** ***(include a discussion on your response and indicate what measures have been taken to comply)***
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	**Yes**	The Fund has issued licenses to FEM (Federated Employers Mutual Assurance Company (Pty) Ltd) and RMA (Rand Mutual Assurance Limited. The two entities are monitored on the achievement of key performance+ indicators which were pre-defined and agreed upon.
Developing and implementing a preferential procurement policy?	**Yes**	The Fund has developed and implemented its own Preferential Procurement Policy for the period under review
Determining qualification criteria for the sale of state-owned enterprises?	**No**	There are currently no state entities that fall under the Compensation Fund and therefore it is not envisaged that there will be a sale of state-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	**Yes**	Where there is a need, the Fund does enter into Public Private Partnerships when embarking on complex projects in an effort to tap into the skills available in the private sector. CF does not have such projects for the period under review.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	**Yes**	Investments through the PIC: - The Compensation Fund invests its surplus funds with the Public Investment Corporation (PIC). According to the investment mandate, one of the investment portfolios is investments in SRI's. These investments are done with the sole purpose of creating employment and advancing the purpose of Broad Based Black Economic Empowerment. The Compensation Fund has resolved to set aside 20% of the investment portfolio assets (listed equities and fixed income) to establish a comprehensive Fund Manager Transformation Strategy ("Strategy") aimed at empowering qualifying black-owned and managed fund management ("BEE") firms. The allocations were actively managed to consider the Fund's approved strategic asset allocation guidelines. The objective of the Strategy Policy is to promote inclusion of BEE firms to ensure adherence to the Preferential Procurement Regulations 2022, issued in terms of section 5 of the Preferential Procurement Policy Framework Act No. 5 of 2000, herein referred to as the PPPFA and the Broad-Based Black Economic Empowerment (BBBEE) Act No. 53, 2003 and its Codes of Good Practice promulgated during February 2007, as amended. The minimum criteria used to assign BEE status to fund managers is a combination of the stage of the business as well as the transformation status. It should be noted that the PIC criteria will be used in instances where it is stricter than of the Compensation Fund. BEE status: - The BEE status was assigned to various categories of managers based on the following factors: • Minimum 51% black African shareholding; • Lead investment professionals must be owners of the business; • Minimum 51% black African representation at board level; • Lead portfolio managers must have at least 7 years' direct product experience as a portfolio manager. Furthermore, firms who met the following additional criteria had an added advantage: Large firms: • Minimum 30% black African female ownership and/or people with physical disabilities; • Minimum 30% black African female representation in management and/ or people with physical disabilities; Developing and incubator firms: • Minimum 15% black African female ownership and/or people with physical disabilities; • Minimum 15% black African female representation in management and/or people with physical disabilities. The intention of Compensation Fund was to phase in the implementation of the manager strategy over a four-year period (5% per annum). The implementation will initially be on the Compensation Commissioner portfolio followed by the Compensation Pension portfolio at a later stage. Grants awarded to NPO's and CBO's: - The Chief Directorate COID Services conducts monitoring function on all grants awarded to NPO's and CBO's by the Department of Employment and Labour, in an effort to empower these communities-based organisations.

PART D

HUMAN RESOURCE MANAGEMENT

PART D: HUMAN RESOURCE MANAGEMENT

INTRODUCTION

During the year under review, the Human Capital (HC) Directorate achieved significant progress against its strategic objectives. The directorate evolved and adapted its service offerings and structure to meet ongoing business demands. The following is a summary of the most notable achievements against the HC APP targets

Human Capital Priorities and Outcomes

OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE PUBLIC ENTITY

Human resource management is a strategic and comprehensive approach to managing people and the workplace culture and environment. When done well, it enables employees to contribute effectively and productively to the overall direction of the direction of the company and the accomplishment of the organisation's goals and objectives.

The department provides the knowledge, necessary tools, training, administrative services, coaching, legal and management advice, and talent management oversight that the rest of the organisation needs for successful operation.

Table 32: Human Capital Priorities and Outcomes

No.	PRIORITY	OUTCOMES FOR THE 2023/24 FINANCIAL YEAR	ACHIEVEMENT
1.	Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce	Achieve 8.9% vacancy rate	• 8.28% vacancy rate was achieved against the annual vacancy rate of 8.9%
2.	performance management framework	Management of 95% of online performance agreements	• An average of 99.6 % (828/831*100) of performance agreements were submitted which was an over achievement by 4.6%.
3.	Human Resource Development	Achieve 70% of training programmes in the Workplace Skills Plan (WSP)	• 73% of WSP was achieved. • Induction of new employees took place. • New employees were encouraged to attend Compulsory Induction Programme (CIP).
4.	Employee Health and Wellness, Gender, Disability and Youth Programmes	24 EHWP and GDY Programmes Implemented as per strategy of DPSA 2017 -2022 and as per the new NSP on HIV/AIDS 2023 – 2028 as per NSP on Gender – based Violence & Femicide 2020	**1 HIV/AIDS & TB pillar program implemented (candle lighting memorial)** Candle light Memorial Day commemorated on 18 May 2023 Candle light Memorial Day was commemorated on the 13 December 2023 during World Day commemorated. **1 Health and productivity management Pillar program implemented (mental health awareness)** • Health screening was conducted on 13 and 14 June 2023 • Services Provided: Optometrist; Dentist; Audiologist; Dietician/nutritionist; Podiatrist; Cancer tests/HIV and pre-counselling services; Blood pressure checks& BMI; Psychologist;) • Shout-It Now Organization also provided health-screening services during the Youth Day commemoration event on 30 June 2023. • Cervical cancer awareness campaign was conducted in the Delta Heights Building from 13-29 September 2023. • SANCA provided substance abuse awareness on the 27 August 2023 • Eye care week awareness was conducted on the 17 October 2023 • Breast cancer awareness month was commemorated through displays of balloons, posters, ribbons and wearing of pink on 20 October 2023 at the Delta Heights. • 144 Blood Drive promotional materials were distributed to CF employees, to market the blood drive initiative on 24 October 2023. • Health screening was conducted by GEMS on the 13 December 2023 and 38 employees participated • Candle light Memorial Day commemorated on 18 May 2023. • Five (5) GEMS membership services were conducted • 02 reasonable accommodation query was attended on 23/01/2024 • On 2 February 2024, cancer awareness posters were displayed on the lifts of Delta Heights in commemorating the World Cancer Day. • EHWP services were presented during Departmental orientation • Health screenings were conducted on 22 March 2024 and the following services was rendered by the relevant Health professionals:

No.	PRIORITY	OUTCOMES FOR THE 2023/24 FINANCIAL YEAR	ACHIEVEMENT
			• Blood Glucose (Screening for Diabetes) • Blood Cholesterol (Screening for high fat content in the blood) • Blood Pressure • Height & Weight • Body Mass Index Calculation • Waist circumference • Optometrist - Eye screenings where X10 employees participated • Physiotherapist - Body reset for optimum health and X5 employees was participated • Dentist - Oral hygiene and dental screenings • Audiologist - Ear assessments where X8 employees participated • Podiatrist - Foot specialist consultations • Orthotist - Joints and bones evaluation where X7 employees reached • Pathologist – Blood testing X5 employees participated **1. Wellness management Pillar programme implemented (Financial wellness)** • Old Mutual provided financial wellness awareness during the Youth Day commemoration on 30 June 2023. • On 13 December 2023, a financial awareness was conducted by external stakeholders such as Old –Mutual and Capital Legacy. • **2. SHERQ (safety health Environment Risk and quality) programme implemented (Indoor Air Quality assessment & Emergency Evacuation Drill)** • During this reporting period 18 building inspection were conducted at CF Delta Heights Building. • 4 (four) deep cleaning for carpets, kitchen and bathrooms were done at Delta Heights building and 1 (one) fumigation was done. • SHE Waste was collected and certificates were submitted by the service provider. • SHE bins were collected and waste was disposed into relevant disposals, disposal certificates were sent. • Four (4) injuries on duty reported and investigated during this reporting period. • First Aid items for sports (Soccer and netball) delivered • There were four (4) incidents of unbearable smell within Delta Heights building; EHWP/OHS team attended to the complaint and the building was closed on the 28-30 June 2023 to 3 July 2023 • The water filters were installed in Delta Heights to mitigate the water quality. • SHERQ POE up loaded on Y-drive • Legal appointments: SHE Reps, Fire Marshalls and First Aiders were appointed for the three-year period (2023 to 2025). • 04 ill-health incidents were reported to EHWP • A presentation on Emergency Response was conducted on the 05 December 2023 to EXCO • HIRA was completed during the reporting period. **1 Gender, Disability and youth programme implemented (Youth day Commemoration)** • Two (2) EHWP officials attended international day against Homophobia, Biphobia, and transphobia commemoration/ workshop remarks. • Conducted a disability sensitization session with HRD. • Youth Day Commemoration was held on 30 June 2023. • Partnered with Filadelfia Special School on 26 July 2023. This was to support them as a school for learners with special needs • Conducted "take a girl child to work and man in the making" programme on 27 July 2023. • Women's Day Commemoration and Men's Health programme event was held on 25 August 2023.

No.	PRIORITY	OUTCOMES FOR THE 2023/24 FINANCIAL YEAR	ACHIEVEMENT
			• During this reporting period one employee was provided with the following assistive devices - ergonomic office chair, a laptop stands and keyboard. • Heritage Day Commemoration event was held on 29 September 2023. • During this reporting period 16 employees with disabilities managed to complete their disability assessment forms. • One employee with a physical disability and one person in their last trimester of pregnancy were allocated parking in the Delta Heights Building. • A combination of 16 days of activism against women and children, International day for people with disabilities and World Aids day were commemorated on 13 December 2023 and 257 employees participated • The International women's day programme was held on 22 March 2024. • Six (6) GDY awareness articles (Mother's Day, youth day, men's health, women's day, heritage's day and the international day for persons with disabilities articles) were circulated on CF comms during this reporting period.
5.	Management of misconduct and grievances in CF	Manage 80% misconduct cases Manage 100% grievances Conduct advocacy session on ER prescripts and processes	70% was achieved in terms of the management of misconduct cases as at 31 March 2024. 83% was achieved in terms of the management of grievance cases as at 31 March 2024. Articles were shared through various platforms as well as advocacy session on applying consequence management.

Highlight achievements

Achievements highlighted for the financial year 2023/24 include:

- The vacancy rate was reduced to 8.28% against the annual target of 8.9%, with an overachievement of 0.62%.
- Training of provinces on the Medical Tariffs CRM tool took place during this reporting period. More than the target of implementation of the WSP, the Client Relationship Management (CRM) Tool and Employer Online Registration were rolled out to all provinces.
- Compliance with HRM policies, processes, and procedures.
- Employee Health and Wellness programmes were implemented throughout the year.

Effective communication on HRM programmers through various CF Platforms on the following issues:

- DPSA Circulars on employee benefits.
- Gender-based violence, youth month, women's month, heritage month messages, International Day for Persons with Disabilities, 16 days of activism for No Violence Against Women and Children, World Aids Day, International Women's Month, TB awareness, and Internal Women's Day took place.
- Articles on consequence management were shared through CF Communications.
- Articles on Employee Health and Wellness Programmes, Gender, Disability and Youth were shared through CF Communications.
- Circulars on the submission of 2023/24 performance agreements and performance assessments were communicated through CF Communications.
- Advertisement for 2023 bursary applications and the allocation of bursaries to applicants.
- Challenges faced by the public entity on Challenges faced by the public entity

Future HR plans /goals

In looking to the future, CF HR plans and goals revolve around implementing a robust Talent Retention Strategy and a comprehensive Succession Plan. These initiatives are vital for the long-term success and growth of the Fund.

HUMAN RESOURCES OVERSIGHT STATISTICS

The following tables will display important information about human resources to ensure consistency between financial amounts and the figures disclosed in the annual financial statements. In cases of any discrepancies, detailed explanations will be provided.

Table 33: Personnel Cost by programme/activities/objectives

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Administration	7,920,325	1,456,296	18%	569	2,559
Programme 2: COID Services	1,962,774	-	0%	201	-
Programme 3: Medical Benefits	3,047,441	-	0%	50	-
Programme 4: Orthotics and Rehabilitation Services	265,559	-	0%	23	-
Additional on permanent basis	-	-	-	14	-
Additional on contract	-	-	-	2	-
Developmental programme	-	-	-	71	-
Total	**13,196,099**	**1,456,296**	**11%**	**930**	**1,566**

NB: All personnel cost are centralised within programme 1.

Table 34: Personnel cost by salary band as at 31 March 2024

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	3 876	0	0	0
Senior Management	83 424	5.7%	24	3 476
Professional Qualified	1 158,970	80%	186	6 231
Skilled	41 935	2.9%	510	82
Semi-skilled	156,088	10.7%	137	1 139
Additional on Contractual Basis	4 421	0.3%	2	2 211
Developmental Programmes	7 582	0.5%	71	107
TOTAL	**1 456 296**	**100%**	**930**	**13 246**

Table 35: Performance Rewards as at 31 March 2024

Programme/ activity/ objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional qualified	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
TOTAL	**0**	**0**	**0**

NB: To be confirmed after the sitting of the National Performance Management Review Board for 23/24 FY 2nd semester assessments.

Table 36: Training Costs as at 31 March 2024

Programme / activity / objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employeestrained	Avg training cost per employee (R'000)
Top Management*	3 876	414	11%	10	41
Senior Management	83 424	120	0.14%	14	9
Professional Qualified	1 158 970	2 659	0.20%	183	15
Skilled	41 935	2 504	6%	234	11
Semi-skilled	156 088	454	0.29%	63	7
Unskilled	4 421	135	3%	32	4
Developmental Programme	7 582	1 820	24%	100	18
TOTAL	**1 456 296**	**8 106**	**0.6%**	**636**	**13**
		Other Training Costs			
Employee bursaries related expenses	-	9148	-	-	-
Vocational rehab training	-	262 408	-	-	-
TOTAL	**1 456 296**	**279 662**	**0.6%**	**636**	**13**

*NB: The number of top management trained is inclusive of board members. The total training expenditure as per AFS is R 279 million consistent with the above breakdown (8 106+9 148+262 408).

Table 37: Employment and vacancies as at 31 March 2024

Programme / activity / objective	2023/24 No. of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of vacancies
Programme 1: Administration	569	628	569	59	9.39%
Programme 2: Compensation for Occupational Injuries and Diseases Act (1993) Operations	206	219	201	18	8.21%
Programme 3: Medical Benefits	44	55	50	5	9.09%
Programme 4: Orthotic and Rehabilitation	24	25	23	2	8%
Additional on Permanent Basis	15	14	14	0	0%
Additional on Contractual Basis	4	2	2	0	0%
Developmental Programmes	114	71	71	0	0%
Totals	**976**	**1014**	**930**	**84**	**8.28%**

Table 38: Employment and vacancies by salary band as at 31 March 2024

Programme / activity / objective	2023/24 No. of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of vacancies
Top Management (15 – 16)	0	1	0	1	100%
Senior Management (13-14)	27	33	24	9	27.27%
Professional qualified (9 – 12)	187	214	186	28	13.08%
Skilled (6-8)	512	544	510	34	6.25%
Semi-skilled (3 – 5)	132	149	137	12	8.05%
Additional on Contractual Basis	4	2	2	0	0%
Developmental Programmes	114	71	71	0	0%
TOTAL	**976**	**1014**	**930**	**84**	**8.28%**

*Unskilled is one of the occupational categories designed by the DPSA and utilised for Human Resource planning

EMPLOYMENT CHANGES

As at 31 March 2024 there were 101 Exits. Out of 101, 56 is permanent employees, 2 contract employees and 43 Intern. In accordance to the below table, 10.86% (101 officials who exited Department divide by 930 number of filled permanent posts as March 2024 multiply by 100).

Table 39: Employment changes as at 31 March 2024

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management (15 – 16)	0	0	0	0
Senior Management (13-14)	27	2	5	24
Professional qualified (9 – 12)	187	17	19	186
Skilled (6-8)	512	29	26	510
Semi-skilled (3 – 5)	132	7	6	137
Additional on Contractual Basis	4	0	2	2
Developmental Programme	114	0	43	71
TOTAL	**976**	**55**	**101**	**930**

The changes in employment has been influenced by the decision taken by individuals to secure employment elsewhere either on the same or higher level with the intension to withdraw pension benefits to improve on their standard of living. This was evident in the unwillingness in the to accept the counter offers made by the Employer.

Table 40: Reason for staff leaving as at 31 March 2024

Reason	Number	% of total no. of staff leaving
Death	2	0.21%
Resignation	38	4.08%
Retirement	7	0.75%
Expiry of contract	38	4.08%
Transfer-out	16	1.72%
Total	**101**	**10.86%**

The staff were leaving for better job offers and to access their pension benefits in order to improve their standard of living. The recruitment process to replace them was initiated upon receipt of their resignation notices, particularly when the counter offers had been declined. Lateral transfer requests were given priority in order to quickly fill the vacant positions.

Table 41: Labour Relations: Misconduct and disciplinary action as at 31 March 2024

Nature of disciplinary Action	Number
Verbal Warning	00
Written Warning	03
Final Written warning	02
Dismissal	01
Suspension without pay	01

Table 42: Equity Target and Employment Equity Status: Males as at 31 March 2024

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0.5%	46.0%	0.0%	1.5%	0.0%	1.9%	0.1%	7.2%
Senior Management	34.8%	46.0%	0.0%	1.5%	8.7%	1.9%	0.0%	4.8%
Professional qualified	55.9%	46.0%	1.5%	1.5%	0.0%	1.9%	1.5%	4.8%
Skilled	44.1%	46.0%	0.0%	1.5%	0.0%	1.9%	0.8%	4.8%
Semi-skilled	39.0%	46.0%	0.8%	1.5%	1.0%	1.9%	1.6%	5.3%
Unskilled	35.0%	46.0%	2.2%	1.5%	0.7%	1.5%	2.2%	4.8%
TOTAL	**209.3%**	**276.0%**	**4.5%**	**9.0%**	**10.4%**	**11.0%**	**6.2%**	**31.7%**

Table 43: Equity Target and Employment Equity Status: Females as at 31 March 2024

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0.3%	34.8%	0.0%	1.5%	0.0%	1.3%	0.1%	5.7%
Senior Management	47.8%	34.8%	0.0%	1.5%	4.3%	1.3%	4.3%	5.0%
Professional qualified	44.1%	34.8%	0.0%	1.5%	0.0%	1.3%	0.0%	3.8%
Skilled	48.3%	34.8%	2.5%	1.5%	1.7%	1.3%	2.5%	4.8%
Semi-skilled	50.8%	34.8%	3.7%	1.5%	0.4%	1.3%	2.7%	5.2%
Unskilled	54.7%	34.8%	2.2%	1.5%	0.7%	0.9%	2.2%	3.8%
TOTAL	**246.0%**	**208.8%**	**8.4%**	**9.0%**	**7.1%**	**7.4%**	**11.8%**	**28.3%**

Table 44: Employment equity: People with disability (Disabled Staff) at 31 March 2024

Levels	DISABLED STAFF			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	2	0	0	0
Professional qualified	3	0	0	0
Skilled	1	0	0	0
Semi-skilled	7	0	5	0
Unskilled	5	0	8	0
TOTAL	**18**	**0**	**13**	**0**

There has been significant progress in employing people with disabilities. As of the end of the 2023/24 fiscal year, the representation of people with disabilities in the workforce was at 3.62%. However, there is still work to be done to address underrepresentation of other racial groups, such as Indians and Whites.

PART E

PFMA COMPLIANCE REPORT

PART E: PFMA COMPLIANCE REPORT

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	479,227	473,100
Prior Period Errors	3,900	0
As Restated	483,128	473,100
Add: Irregular expenditure confirmed	12,998	9,710
Less: Irregular expenditure condoned	-3	-13
Less: Irregular expenditure not condoned and removed	-8,640	-3,545
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	-2,696	-25
Closing balance	**484,787**	**479,227**

Reconciling notes

Description	2023/2024	2022/2023 (amounts re-corded in the year in which they were incurred)
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23		
Irregular expenditure that relates to 2022/23 and identified in 2021/22		3,634
Irregular expenditure for the current year	12,998	9,710
Total	**12,998**	**13,344**

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

Description (Group similar items)	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment		
Irregular expenditure under determination	12,998	9,710
Irregular expenditure under investigation		
Total (Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)	**12,998**	**9,710**

Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	3	13
Total	**3**	**13**

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	8,640	3,545
Total	**8,640**	**3,545**

Details of current and previous year irregular expenditure recovered

Description	2023/2024	2022/2023
	R'000	**R'000**
Irregular expenditure recovered	0	0
Total		

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

Description	2023/2024	2022/2023
	R'000	**R'000**
Irregular expenditure written off / derecognised	2,696	25
Total	**2,696**	**25**

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
There were no of non-compliance cases where CF was involved in an inter-institutional arrangement incurred during the financial year
Total

Details of non-compliance cases where CF was involved in an inter-institutional arrangement (where CF is responsible for the non-compliance)

Description	2023/2024	2022/2023
	R'000	**R'000**
There were no of non-compliance cases where CF was involved in an inter-institutional arrangement incurred during the financial year		
Total		

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

Disciplinary steps taken
There were no disciplinary or criminal steps taken from the incurred fruitless and wasteful expenditure for 2023-24 financial year.

FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Description	2023/24	2022/23
	R'000	R'000
Opening balance	567,259	625,834
Prior Year Errors	83,214	-48,783
As Restated	650,473	577,052
Add: Fruitless and wasteful expenditure confirmed	1,060	3,272
Less: Fruitless and wasteful expenditure written off	0	13,054
Less: Fruitless and wasteful expenditure recoverable	9	11
Closing balance	**651 542**	**567,259**

Reconciling notes

Description	2023/24	2022/23 (amounts recorded in the year in which it was incurred)
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	0	0
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	0	0
Fruitless and wasteful expenditure for the current year	1,060	3,272
Total	**1,060**	**3,272**

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description (Group similar items)	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	1,060	3,272
Fruitless and wasteful expenditure under investigation	0	0
Total (Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)	**1,060**	**3,272**

Details of current and previous year irregular expenditure recovered

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure recovered	9	11
Total	**9**	**11**

Details of current and previous year irregular expenditure not recovered and written off

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure written off	0	13,054
Total	**0**	**13,054**

Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
were no disciplinary or criminal steps taken from the incurred fruitless and wasteful expenditure for 2023-24 financial year.

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))

Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2023/24	2022/23
	R'000	R'000
Theft	R22,438	R10,857
Other material losses		-R50
Less: Recovered		
Less: Not recovered and written off	R22,438	R10,537
Total	**R22,438**	**R10,587**

Details of other material losses

Nature of other material losses	2023/24	2022/23
	R'000	R'000
Intercepted payments	R3,550	
Fraudulent Invoice/s		R2,900
Fraudulent Claim/s		R5,299
Change of banking details	R93	R1,570
Breach of business processes		R817
Bribery		
Total	**R3,547**	**R10,587**

Criminal or disciplinary steps taken by CF: Material Losses include confirmed financial loss to an amount of (R41 105 331) as a result of a CF employee involved in suspicious activities together with other employees reporting to him (review of Employer assessment)

Other material losses recovered

Nature of losses	2023/24	2022/23
	R'000	R'000
Fraudulent Invoice/s	R6,783	
Fraudulent Claim/s		R50
Total	**R6,783**	**R50**

Other material losses written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(Group major categories, but list material items)		
Total		

INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	11 094	R2,531,734
Invoices paid within 30 days or agreed period	9 758	R2,342,422
Invoices paid after 30 days or agreed period	1 336	R189,312
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

INFORMATION ON SUPPLY CHAIN MANAGEMENT

PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Water Dispenser Containers	Oasis Midrand Water	Emergency Case	Not applicable	R12
Renewal of Caseware Software license	Adapt IT (Pty) Ltd	Sole Supplier Case	Not applicable	R480
Total including all applicable Taxes				**R492**

CONTRACT VARIATIONS AND EXPANSIONS

No Contract variations and expansions concluded for the period under review.

Project description	Name of supplier Contract modification type (Expansion or Variation) Contract number			Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	**R'000**	**R'000**
No Contract variations and expansions concluded for the period under review.	0	0	0			
Total						

PART F

FINANCIAL INFORMATION

Report of the auditor-general to Parliament on the Compensation Fund

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Compensation Fund set out on pages **94** to **177**, which comprise statement of financial position as at 31 March 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Compensation benefits

3. I was unable to obtain sufficient appropriate audit evidence that compensation benefits were properly accounted for in the current and prior year. The public entity did not keep adequate records to substantiate compensation benefits recorded in the financial statements. I was unable to confirm benefits paid by alternative means due to the status of the accounting records.

4. In addition, compensation benefits were not accounted for in accordance with the requirements of GRAP 1, *Presentation of Financial Statement,* as the recorded amounts differed from the supporting evidence. I was unable to determine the full extent of the misstatement of compensations benefits as it was impractical to do so. There was an impact on the surplus for the period and on the accumulated surplus.

5. Consequently, I was unable to determine whether any adjustment was necessary to compensation benefits stated at R4 585 million (2022-23: R7 362 million) in the financial statements.

Revenue from non-exchange transactions and statutory receivables

6. I was unable to obtain sufficient appropriate audit evidence that the revenue from non-exchange transactions and statutory receivables for the current and prior year had been properly accounted for, as the public entity had inadequate processes in place to ensure that employers were accurately assessed in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). Furthermore, where section 85(1) of COIDA was applied, the public entity did not submit supporting evidence for the assessment performed in order to qualify for the reduction rate. I was unable to confirm revenue from non-exchange

transactions and statutory receivables by alternative means due to the status of the accounting records.

7. Additionally, the public entity did not correctly account for revenue from non-exchange transactions in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 23, *Revenue from non-exchange transactions*. The public entity did not raise the revenue estimate for some of the employers who met the criteria to be assessed in the current year and notices of assessments were not issued to such employers. Furthermore, there were instances where amounts were incorrectly included as revenue from non-exchange transactions and in other instances revenue was inaccurately calculated and recognised in an incorrect period. I was unable to determine the full extent of the misstatement of revenue from non-exchange transactions and statutory receivables as it was impracticable to do so. There was an impact on the surplus for the period and on the accumulated surplus.

8. Consequently, I was unable to determine whether any adjustment was necessary to the following financial statement items:

   - Revenue from non-exchange transactions stated at R13 508 million (2022-23: R11 884 million) in the financial statements.

   - Statutory receivables relating to the following as disclosed in note 6 to the financial statements:
     - Assessments raised stated at R30 259 million (2022-23: R27 508 million)
     - Allowance for impairment and doubtful debts stated at R28 523 million (2022-23: R22 749 million)

9. The misstatements indicated above also impacted the impairment of statutory receivables stated at R5 776 million (2022-23: R1 855 million) in note 28 to the financial statements.

Receivables from non-exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence that receivables from non-exchange transactions for the current and previous year had been properly accounted for, as evidence to support the reported amounts was not provided. I was unable to confirm receivables from non-exchange transactions by alternative means, due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from non-exchange transactions stated at R66 million (2022-23: R76 million) in note 5 to the financial statements and the impairment of receivables from non-exchange transactions of R0,6 million (2022-23: R1,2 million) in note 28 to the financial statements.

Investments

11. Investments were not properly accounted for in accordance with GRAP 104, *Financial Instruments*. The public entity did not account for all the unlisted investments, resulting in understatement of investments. In addition, the public entity did not disclose the classification and measurement basis for investments in unlisted shares and the disclosure note 7 to the financial statements was not in accordance with GRAP 104. I was unable to determine the full

extent of the misstatement of investments stated at R107 434 million (2022-23: R98 082) in note 7 to the financial statements as it was impractical to do so.

Investments in associates

12. I was unable to obtain sufficient appropriate audit evidence to confirm the data used to perform the valuations of investments in associates for the current and prior year as the entity did not maintain proper accounting records and supporting information. In addition, the public entity did not disclose investments in associates in accordance with GRAP 36, *Investments in associates and joint ventures*. I was unable to confirm investments in associates by alternative means due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to investments in associates stated at R1 435 million (2022-23: R1 476 million) in the statement of financial position.

13. The limitations indicated above also impacted the following financial statement items:

    - Share of surpluses or deficits from associates stated at R13 million (2022-23: R123 million) in the statement of financial performance.

    - Impairment of investments in associates stated at R50 million and the previous year's reversal of impairment on investments in associates stated at R35 million in note 13 to the financial statements.

Investments in unlisted loans

14. I was unable to obtain sufficient appropriate audit evidence to confirm the data used to perform the valuations of unlisted investments for the current and prior year as the entity did not maintain proper accounting records and supporting information. In addition, the public entity did not disclose investments in unlisted loans in accordance with GRAP 104, *Financial Instruments*. I was unable to confirm investments in unlisted loans by alternative means due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to the investment in unlisted loans stated at R349 million (2022-23: R505 million) in the statement of financial position.

15. The limitations indicated above also have an impact on impairment of investments of R23 million (2022-23: R5 million) as disclosed in note 14 and 25 to the financial statements respectively.

Payables from non-exchange transactions

16. I was unable to obtain sufficient appropriate audit evidence for the payables from non-exchange transactions in the prior year, as the public entity did not implement adequate internal control systems to maintain proper accounting records and supporting information. I was unable to confirm payables from non-exchange transactions by alternative means due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to payables from non-exchange transactions stated at R2 155 million in note 18 to the financial statements. My opinion on the current year financial statements is modified because of the effect of this matter on the payables from non-exchange transactions for the current period and corresponding figures.

Provisions for outstanding claims

17. I was unable to obtain sufficient appropriate audit evidence that the provisions for outstanding claims for both the current and prior year were properly accounted for, due to the status of the accounting records. The public entity did not implement adequate internal control systems to maintain proper accounting records and information relating to the movement in the provision for outstanding claims resulting from payments and to measure estimates in accordance with GRAP 19, *Provisions, contingent liabilities, and contingent assets*. I was unable to confirm the provisions for outstanding claims by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the following:

    - Provisions for outstanding claims: current liabilities stated at R2 496 million (2022-23: R2 527 million) in the statement of financial position.
    - Provisions for outstanding claims: non-current liabilities stated at R10 108 million (2022-23: R10 117 million) in the statement of financial position.

18. The limitations indicated above also have an impact on the unwinding of discount for outstanding claims which was not determined by the entity in the current year stated at Rnil (2022-23: R1 015 million) in note 26 to the financial statements.

Capitalised value of pensions

19. I was unable to obtain sufficient appropriate audit evidence that the capitalised value of pensions for both the current and prior year had been properly accounted for, due to the status of the accounting records. The public entity did not implement adequate internal control systems to maintain proper accounting records and information for the movement in the provision for capitalised value of pensions, resulting from payments and the measurement of estimates in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets*. I was unable to confirm the capitalised value of pensions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the following:

    - Capitalised value of pensions: current liabilities stated at R1 762 million (2022-23: R1 855 million) in the financial statements.
    - Capitalised value: non-current liabilities stated at R21 922 million (2022-23: R21 922 million) in the financial statements.

20. The limitations indicated above also have an impact on the unwinding of discount for capitalised value of pensions which was not determined by the entity in the current year stated at Rnil (2022-23: R1 305 million) in note 26 to the financial statements.

Statement of changes in net assets

21. During 2022-23, the public entity did not account for the statement of changes in net assets in terms of GRAP 1, *Presentation of financial statements*. The public entity did not accurately include the net effect of the prior year adjustments in the statements of changes in net assets. Consequently, the closing balance as disclosed on the statements of changes in net assets was overstated by R348 million.

22. My audit opinion on the financial statements for the period ended 31 March 2023 was modified accordingly. My audit opinion on the current year financial statements is also modified because of the possible effect of this matter on the statement of changes in net assets for the current period.

Prior-year adjustments

23. The public entity did not disclose various previous period errors in note 36 to the financial statements, as required by *GRAP* 3, *Accounting policies, estimates and errors*. In addition, I was unable to obtain sufficient appropriate audit evidence for the previous period errors disclosed, as the supporting information was not provided for the current and previous year. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the prior period adjustments disclosed in note 36 to the financial statements.

Commitments

24. I was unable to obtain sufficient appropriate audit evidence that commitments were properly accounted for in the current and prior year, as the entity did not maintain accurate and complete records of the contractual information used to determine the commitments balance. I could not confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R 1 648 million (2022-23: R 1 700 million) in note 37 to the financial statements.

Contingencies

25. I was unable to obtain sufficient appropriate audit evidence that contingent assets were properly accounted for. The public entity did not keep adequate records to substantiate contingent assets disclosed in the financial statements. I was unable to confirm contingent assets by alternative means due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to contingent assets disclosed in note 38 of the financial statements.

Fruitless and wasteful expenditure

26. The public entity did not record all instances of fruitless and wasteful expenditure incurred due to delays in investigations of material losses incurred in the current and previous years as disclosed in note 43 to the financial statements. I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to the fruitless and wasteful expenditure stated at R1 million (2022-23: R3 million) in note 42 to the financial statements.

Other matter

27. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Withdrawal from the audit engagement

28. Due to the limitations imposed on the scope of the audit by the public entity, I have disclaimed my opinion on the financial statements. Had it not been for the legislated requirement to perform the audit of the public entity, I would have withdrawn from the engagement in terms of the International Standards on Auditing (ISAs).

Responsibilities of the accounting authority for the financial statements

29. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and COIDA; 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.

30. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

31. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

32. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

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

34. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: COID services	31-33	To administer compensation claims, medical adjudication and accounts and customer care.
Programme 3: Medical benefits	34-36	To provide strategic support and medical expertise to claims processing.
Programme 4: Orthotic and rehabilitation services	37-39	To provide support in the Orthotic and Rehabilitation services for the Fund.

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

36. I performed procedures to test whether:

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

37. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

38. The material findings on the reported performance information for the selected programmes are as follows:

Programme 2: COID services

Percentage of received return of earnings assessed annually

39. An achievement of 99% was reported against a target of 90%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. This was due to the lack of accurate and complete records for the manual return on earnings. I was unable to confirm the reported achievements by alternative means. Consequently, the achievements might be more or less than reported and were not reliable for determining if the target had been achieved.

Percentage of approved benefits paid within 10 working days

40. An achievement of 75% was reported against a target of 90%. I could not determine whether the reported achievement was correct, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Programme 3: Medical benefits

Percentage of request for pre-authorisation for re-openings finalised within 10 working days of receipt of accepted claims

41. An achievement of 99% was reported against a target of 95%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, the achievement might be more or less than reported and were not reliable for determining if the target had been achieved.

Percentage of medical invoices finalised within 30 working days of receipt

42. An achievement of 87% was reported against a target of 85%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Programme 4: Orthotic and rehabilitation services

Number of Persons with Disabilities funded annually for Vocational Rehabilitation Programme

43. The indicator was not clearly defined during the planning process. The source of data is not specific to indicate the method of collection to enable consistent measurement and reporting of the performance indicator. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Other matters

44. I draw attention to the matters below.

Achievement of planned targets

45. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements / measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

46. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages 31 to 39.

Programme 2: COID Services

Targets achieved: 33,33% *Budget spent: 111%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage of claims received adjudicated within 25 working days	90%	86%
Percentage of approved benefits paid within 10 working days	90%	75%

Programme 4: Orthotic and Rehabilitation services

Targets achieved: 75% *Budget spent 71%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of persons with disabilities funded annually for vocational rehabilitation programme	300	87

Material misstatements

47. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2: COID services, programme 3: medical benefits and programme 4: orthotic and rehabilitation services. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

48. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

49. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

50. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

51. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual reports

52. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by sections 55(1) (a) and (b) of the PFMA.

53. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer of opinion.

Expenditure management

54. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R12 998 million as disclosed in note 42 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by not following Treasury Regulations and prescripts on procurement processes.

55. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the qualification paragraph, the value disclosed in note 42 of the financial statements does- not reflect the full extent of the fruitless and wasteful expenditure incurred. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by interest charges on late payments, sheriff costs and legal fees. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.

56. Resources of the Compensation Fund were not utilised economically, as required by section 57(b) of the PFMA. Material losses as disclosed in note 43 to the financial statements were

incurred. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.

57. Prepayments were made before services were received, in contravention of treasury regulation 31.1.2(c).

Revenue management

58. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA. This was primarily because some employers were not invoiced for assessment raised and there were also duplicate payments made that were not yet recovered.

Consequence management

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

60. Disciplinary steps were not taken against the officials who had incurred and/or permitted irregular expenditure as required by section 51(1)(e)(iii) of the PFMA.

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

62. Disciplinary hearings were not held for confirmed cases of financial misconduct committed by officials, as required by treasury regulation 33.1.1.

Procurement and contract management

63. I was unable to obtain sufficient appropriate audit evidence that all contracts were awarded in accordance with the legislative requirements as the entity could not provide the supporting evidence.

Internal control deficiencies

64. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

65. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

66. The risk management processes of the entity are not adequate and effective to ensure overall effective risk responses and fraud prevention measures.

67. The entity does not have adequate financial and performance management systems to facilitate credible reporting.

68. Management did not implement the resolutions and decisions taken by the audit committee, this impeded the effectiveness of the governance structure in enabling a strong internal control environment and accountability processes.

69. The level on non-compliance with applicable laws and regulations within the entity raises concerns about the adequacy of oversight over the related controls. Repeat non-compliance was not prevented due to the ineffective processes to prevent non-adherence to legal and regulatory requirements.

70. An effective records management system to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting has still not been implemented, even though the matter has continuously been reported on.

71. There is slow response by management and the accounting authority in addressing the significant deficiencies that have been repeatedly reported in relation to financial and performance reporting and compliance as well as related internal controls, including the information technology controls.

Material irregularities

72. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

73. The material irregularities identified are as follows:

Loss of revenue

74. The entity received a notification that an official created a duplicate account, which the service provider used to remit contributions to the fund. The duplicate account was created in July 2018. An investigation was commissioned by the Compensation Fund and it confirmed the allegations.

75. The service provider's original account showed assessment and payments, including a significant assessment up until 08 June 20218, after which further transactions occurred, resulting in the original account accruing interest. As of 02 April 2022, this account carried a balance R1,6 million due to the fund. Contrary to the original account, the duplicate account displayed a lower assessment amounts, all of which were marked as paid resulting in a balance of zero.

76. The public entity did not comply with section 51(1)(a)(i) of the PFMA, which states that an accounting authority of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.

77. The non-compliance is likely to result in a material financial loss of R1,6 million and further material financial losses for the Compensation Fund.

78. The accounting authority was notified of the material irregularity on 03 April 2024 and invited to make a written submission on the actions taken or to be taken to address the matter, but did not respond.

79. I notified the accounting authority on 25 July 2024 of the following recommendations, which should have been implemented by 26 January 2025:

    (a)I recommend that the accounting authority take the following further actions to address the material irregularity, which should be implemented within six (6) months from date of notification, with a progress report after three (3) months:

    (i) Appropriate action should be taken to recover the financial loss suffered by the entity from the responsible party. The recovery process should not be unduly delayed.

(ii) Appropriate action should be taken to develop an implementation plan to enhance the internal controls around employer registrations on the entity's systems. The plan should as a minimum include:

- Effective internal controls to prevent creation of duplicate accounts;
- Regular verification checks for any duplicate employer accounts; and
- Controls to address the deficiencies outlined in the investigation report to prevent fraudulent transactions.

(iii) The implementation of the plan should commence without delay.

(i) If it appears that the entity suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service.

Changing of banking details without authorisation

80. The entity received a notification on an alleged interception of payments to service providers. An investigation was commissioned by the Compensation Fund and it confirmed the allegations. The banking details were changed in April and June 2022. A total of 259 invoices were paid by the Fund into an account which was changed prior to the payment being made and the service provider which is registered with the Fund confirmed that they did not request these changes.

81. The public entity did not comply with section 51(1)(a)(i) of the PFMA, which states that an accounting authority of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. The entity's controls did not prevent the changing of banking details without authorisation resulting in payments being made into fraudulent bank accounts.

82. The non-compliance is likely to result in a material financial loss of R1,6 million and further material financial losses for the Compensation Fund.

83. The accounting authority was notified of the material irregularity on 03 April 2024 and invited to make a written submission on the actions taken or to be taken to address the matter, but did not respond.

84. I notified the accounting authority on 25 July 2024 of the following recommendations, which should have been implemented by 26 January 2025:

(a) I recommend that the Accounting Authority take the following further actions to address the material irregularity, which should be implemented within six (6) months from date of notification, with a progress report after three (3) months:

(i) Appropriate action should be taken to recover the financial loss suffered by the entity from the responsible party(s). The recovery process should not be unduly delayed.

(ii) Appropriate action should be taken to develop an implementation plan to enhance the internal controls and system controls within the entity. The plan should as a minimum include:

- Effective internal controls and system to prevent and detect changes in banking details; and
- Controls to address the deficiencies identified in the investigation report in relation to unauthorised changes to banking details.

(iii) The implementation of the plan should commence without delay.

Payments of medical invoices to unauthorised medical service providers

85. The entity received a notification on alleged irregularities in the authorisation of medical service invoices. An investigation was commissioned by the Compensation Fund. The investigation identified numerous invoices that were processed without following due process and paid into deceptive bank accounts which do not relate to the legitimate medical service provider in 2021.

86. The public entity did not comply with section 51(1)(a)(i) of the PFMA, which states that an accounting authority of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.

87. The non-compliance is likely to result in a material financial loss of R2,9 million and further material financial losses for the Compensation Fund.

88. The accounting authority was notified of the material irregularity on 03 April 2024 and invited to make a written submission on the actions taken or to be taken to address the matter.

89. The written submission by the accounting authority was received on 15 May 2024. However, sufficient evidence could not be provided of the actions taken or to be taken by the accounting authority.

90. I determined that the accounting authority is not taking appropriation to resolve the MI. I am in the process of making a decision on further actions to be taken.

Status of previously reported material irregularities

Interest on late payment of the medical invoices

91. The public entity did not comply with section 51(1)(a)(i) of the PFMA, which states that an accounting authority of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. The public entity entered into an agreement with a third party in 2009, which was made an order of the court on 31 July of 2009, as the public entity was unable to pay medical invoices on time.

92. The court order stipulated that the public entity must pay the invoices within 75 days of acceptance of a claim, or where this occurs after acceptance of the claim, the date of submission of such accounts. Subsequent to the above order of the court, the public entity failed to make payments of the medical invoices within the 75 days. Consequently, the third party instituted further legal action against the public entity in an attempt to obtain settlement of its medial invoices.

93. The public entity was granted 20 days by the court to reconcile and make payments before the matter could be heard in court. The public entity did not reconcile and pay the medical invoices within the stipulated timeframe; consequently, the public entity incurred additional costs in the form of interest on late payments of the medical invoices. The public entity paid the interest on late payment of the medical invoices during the 2019-20 and 2020-21 financial years.

94. The non-compliance resulted in a material financial loss of R14 million and is likely to result in further material financial losses for the Compensation Fund if the medical invoices are not processed within the stipulated timeframe.

95. The accounting authority was notified of the material irregularity on 10 September 2021 and invited to make a written submission on the actions taken or to be taken to address the matter.

96. After receiving the notification, the public entity petitioned the high court to adjudicate the 2009 agreement, resulting in a favourable ruling for the Compensation Fund. The case was subsequently appealed, but the Supreme Court of Appeal also ruled in favour of the public entity.

97. The fund is currently following legal process to resolve this matter.

98. I will follow up on the implementation of the planned actions during my next audit.

Other reports

99. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

100. The public entity has tasked a team of investigators to investigate a series of alleged fraudulent claims and instances of maladministration, with a particular focus on uncovering financial misconduct. These investigations were in progress at the date of this auditor's report.

Auditor General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor’s report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA)	Section 85 (1) Section 83 Section 82
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
Nnational Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9

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

ANNUAL FINANCIAL STATEMENTS

Compensation Fund

Index

The reports and statements set out below comprise of the Annual Financial Statements presented to the Parliament:

Abbreviations used:

AFS	Annual Financial Statements
ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act, 1999 (Act no. 1 of 1999)
PIC	Public Investment Corporation
SARS	South African Revenue Service
The Fund	Compensation Fund

Compensation Fund

Accounting Authority's Report

The Accounting Authority is required by the Public Finance Management Act, 1999 (Act no. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

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

The annual financial statements set out on pages 4 to 84, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2024.

Acting Director General
Ms. Onke Mjo

Compensation Fund

Statement of Financial Position as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated* R '000
Assets			
Current Assets			
Operating lease asset	3	145	261
Prepayments	4	40 708	53 058
Receivables from non-exchange transactions	5	65 829	76 388
Statutory receivables	6	1 796 275	4 803 844
Investments	7	12 310 567	17 867 774
Receivables from exchange transactions	8	640 168	201 379
Cash and cash equivalents	9	690 984	1 403 666
		15 544 676	**24 406 370**
Non-Current Assets			
Investments	7	95 123 311	80 214 606
Investment property	10	87 654	65 676
Property, plant and equipment	11	90 816	54 423
Intangible assets	12	74 183	77 327
Investments in associates	13	1 434 740	1 475 893
Investments in unlisted loans	14	348 873	504 955
		97 159 577	**82 392 880**
Total Assets		**112 704 253**	**106 799 250**
Liabilities			
Current Liabilities			
Finance lease obligation	15	2 765	771
Payables from exchange transactions	16	199 449	312 510
Accruals	17	101 644	131 260
Payable from non-exchange transactions	18	2 476 854	2 154 515
Provisions for outstanding claims	19	2 496 389	2 527 316
Capitalised value of pensions	20	1 762 093	1 855 407
		7 039 194	**6 981 779**
Non-Current Liabilities			
Finance lease obligation	15	5 309	-
Provisions for outstanding claims	19	10 107 556	10 116 674
Capitalised value of pensions	20	21 922 015	21 921 796
		32 034 880	**32 038 470**
Total Liabilities		**39 074 074**	**39 020 249**
Net Assets		**73 630 179**	**67 779 001**
Accumulated surplus		73 630 179	67 779 001
Total Net Assets		**73 630 179**	**67 779 001**

Compensation Fund

Statement of Financial Performance as at 31 March 2024

	Note	2024 R '000	2023 Restated* R '000
Revenue			
Revenue from exchange transactions			
Administrative contributions by employers (S88)		20 166	19 938
Dividends		1 005 815	1 080 919
Interest received - investment	21	7 789 294	6 893 966
Other investment income		49 907	975
Rental of facilities and equipment		1 713	1 487
Total revenue		**8 866 895**	**7 997 285**
Revenue from non-exchange transactions			
Administrative contributions (s88): FEM and RMA		-	36 871
Contribution by employer		11 179 078	10 355 945
Interest and penalties		2 328 785	1 491 444
Public contributions and donations		185	-
Total revenue from non-exchange transactions		**13 508 048**	**11 884 260**
Total revenue		**22 374 943**	**19 881 545**
Expenditure			
Compensation benefits	22	(4 584 846)	(7 362 385)
Employee related costs	23	(1 456 296)	(1 360 422)
Depreciation and amortisation	24	(19 629)	(27 645)
(Reversal of impairments) Impairment loss	25	(73 178)	30 415
Finance costs and interest paid	26	(1 034)	(2 323 111)
Lease rentals on operating lease	27	(78 753)	(86 605)
Impairment of receivables	28	(5 776 704)	(1 855 711)
General expenses	29	(1 205 659)	(1 007 886)
Total operating expenditure		**(13 196 099)**	**(13 993 350)**
Operating surplus		9 178 844	5 888 195
Loss on disposal of assets	30	(514)	(242)
Fair value adjustments	31	(3 433 314)	(3 171 024)
Actuarial gains/losses	32	-	9 497 466
Share of surpluses or deficits from associates	13	12 572	(122 619)
Profit or loss on sale of investments	33	93 590	(166 252)
Loss on sale on investments in associates	13	-	-
Surplus for the year		**5 851 178**	**11 925 524**

Compensation Fund

Statement of Changes in Net Assets

	Accumulated surplus / deficit R '000	Total net assets R '000
Opening balance as previously reported	55 853 236	55 853 236
Prior year adjustments (Note 36)	243	243
Balance at 1 April 2022 as restated*	**55 853 479**	**55 853 479**
Changes in net assets		
Surplus for the year (previously disclosed)	12 045 711	12 045 711
Surplus for the year (prior year adjustments)	(120 189)	(120 189)
Balance at 31 March 2023 as restated*	**67 779 001**	**67 779 001**
Changes in net assets		
Surplus for the year	5 851 178	5 851 178
Balance at 31 March 2024	**73 630 179**	**73 630 179**

Compensation Fund

Cash Flow Statement as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated* R '000
Cash flows from operating activities			
Receipts			
Receipts from operations		11 011 745	10 049 243
Interest income received from operations		372 564	175 455
		11 384 309	10 224 698
Payments			
Payment to employees and suppliers		(2 852 749)	(2 577 901)
Finance costs and interest paid		(1 034)	(3 402)
Benefits paid		(4 595 016)	(4 542 886)
		(7 448 799)	(7 124 189)
Net cash flows from operating activities	34	**3 935 510**	**3 100 509**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(44 157)	(2 789)
Proceeds from sale of property, plant and equipment	11	25	612
Purchase of intangible assets	12	(11 817)	(5 239)
Purchase of investment property	10	(35 053)	(14 513)
Purchase of investments		(48 952 748)	(31 017 406)
Maturity and sale of investments		37 875 092	22 634 855
Interest received on investments		5 371 198	4 390 694
Interest received on unlisted loans		54 558	79 056
Dividends received		1 014 323	1 134 391
Addition of investments in unlisted loans		19 926	(37 428)
Repayments received from unlisted loans		81 598	85 745
Addition of investments in associates and joint ventures		(19 454)	(16 172)
Net cash flows from investing activities		**(4 646 511)**	**(2 768 194)**
Cash flows from financing activities			
Finance lease payments		(1 681)	(2 195)
Net increase/(decrease) in cash and cash equivalents		**(712 682)**	**330 120**
Cash and cash equivalents at the beginning of the year		1 403 666	1 073 546
Cash and cash equivalents at the end of the year	9	**690 984**	**1 403 666**

Compensation Fund

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance				
Revenue				
Revenue from exchange transactions				
Administrative contributions (s88)	8 239	20 166	**11 927**	1
Dividends	1 268 211	1 005 815	**(262 396)**	2
Interest earned from bank accounts	124 374	369 762	**245 388**	3
Interest received from investments	6 569 510	7 419 532	**850 022**	4
Other investment income	1 080	49 963	**48 883**	5
Rental income	1 763	1 713	**(50)**	6
Total revenue from exchange transactions	**7 973 177**	**8 866 951**	**893 774**	
Revenue from non-exchange transactions				
Contributions by employers	8 950 413	11 179 022	**2 228 609**	7
Interest and penalties	1 511 147	2 328 785	**817 638**	8
Public contributions and donations	-	185	**185**	9
Total revenue from non-exchange transactions	**10 461 560**	**13 507 992**	**3 046 432**	
Total revenue	**18 434 737**	**22 374 943**	**3 940 206**	
Expenditure				
Compensation benefits	(6 861 795)	(4 584 846)	**2 276 949**	10
Employee related costs	(1 282 285)	(1 456 296)	**(174 011)**	11
Depreciation and amortisation	(23 000)	(19 629)	**3 371**	12
Impairment of investments	-	(73 178)	**(73 178)**	13
Finance costs	(1 666 183)	(1 034)	**1 665 149**	14
Operating lease rentals	(72 000)	(78 753)	**(6 753)**	15
Impairment of receivables	(2 010)	(5 776 704)	**(5 774 694)**	16
General expenses	(2 461 024)	(1 205 659)	**1 255 365**	17
Total expenditure	**(12 368 297)**	**(13 196 099)**	**(827 802)**	
Operating surplus	**6 066 440**	**9 178 844**	**3 112 404**	
(Loss)/gain on disposal of assets	-	(514)	**(514)**	18
Profit or loss on sale of investments	-	93 590	**93 590**	19
Fair value adjustments	3 339 942	(3 433 314)	**(6 773 256)**	20
Share of surpluses or deficits from associates	-	12 572	**12 572**	21
	3 339 942	**(3 327 666)**	**(6 667 608)**	
Surplus for the year	**9 406 382**	**5 851 178**	**(3 555 204)**	

Compensation Fund

Statement of Comparison of Budget and Actual Amounts

Statement of Financial Position

Assets				
Current Assets				
Operating lease asset	600	145	**(455)**	22
Prepayments	4 506	40 708	**36 202**	23
Receivables from non-exchange transactions	13 280 757	65 829	**(13 214 928)**	24
Statutory receivables	13 280 757	1 796 275	**(11 484 482)**	25
Investments	13 280 757	12 310 567	**(970 190)**	26
Receivables from exchange transactions	19 781 185	640 168	**(19 141 017)**	27
Cash and cash equivalents	10 685 430	690 984	**(9 994 446)**	28
	70 313 992	**15 544 676**	**(54 769 316)**	
Non-Current Assets				
Investments	30 464 280	95 123 311	**64 659 031**	29
Investment property	8 927	87 654	**78 727**	30
Property, plant and equipment	275 759	90 816	**(184 943)**	31
Intangible assets	150 657	74 183	**(76 474)**	32
Investment in associates	72 853	1 434 740	**1 361 887**	33
Investments in unlisted loans	11 456 021	348 873	**(11 107 148)**	34
	42 428 497	**97 159 577**	**54 731 080**	
Total Assets	**112 742 489**	**112 704 253**	**(38 236)**	
Liabilities				
Current Liabilities				
Finance lease obligation	(876)	(2 765)	**(1 889)**	35
Payables from exchange transactions	(618 489)	(199 447)	**419 042**	36
Accruals	(80 008)	(101 644)	**(21 636)**	37
Payables from non-exchange transactions	(1 178 183)	(2 476 854)	**(1 298 671)**	38
Provisions for outstanding claims	(15 339 063)	(2 496 389)	**12 842 674**	39
Capitalised value of pensions	(1 083 324)	(1 762 093)	**(678 769)**	40
	(18 299 943)	**(7 039 192)**	**11 260 751**	
Non-Current Liabilities				
Finance lease obligation	(828)	(5 309)	**(4 481)**	41
Provisions for outstanding claims	(120 953)	(10 107 556)	**(9 986 603)**	42
Capitalised value of pensions	(35 664 031)	(21 922 015)	**13 742 016**	43
	(35 785 812)	**(32 034 880)**	**3 750 932**	
Total Liabilities	**(54 085 755)**	**(39 074 072)**	**15 011 683**	
Net Assets	**58 656 734**	**73 630 181**	**14 973 447**	
Net Assets				
Reserves				
Accumulated surplus	**58 656 734**	73 630 181	**14 973 447**	

Compensation Fund

Statement of Comparison of Budget and Actual Amounts

Budget explanations:

Notes on basis of comparison

The annual budget figures have been prepared in accordance with the GRAP standards and are consistent with the accounting policies adopted by the Fund for the preparation of these financial statements. Explanatory notes are provided below giving reasons for over or under spending on line items where it is found to be material. The annual budget figures included in the financial statements are for the Fund and do not include information relating to the subsidiaries or associates.

These figures were approved by the Minister of Labour on 22 November 2021 and there were no adjustments to the budget. In general, a variance of 10% or more is considered material, other circumstances are taken into account in determining whether a variance is material and could therefore influence the decisions of the users of the financial statements.

1. Administrative contributions (s88)

R8 239 000 budget amount for administrative contribution by employers (S88) also includes administrative contributions (s88): FEM and RMA. The provision provided in the absence of the actual amount since the process is a year end exercise, and by the 31 March 2024 the actual amount will be provided through the actaul invoice or the journal to provide for the administration costs.

2. Dividends

Due to reduction in dividend declared by companies.

3. Interest received from bank accounts

Due to increase in interest earned on bank account as a result of increases in the repo rate by the Reserve bank. Less payments were done, which led to bank accounts having favourable balances for a longer period and earn more interest

4. Interest received from investmenst

Due to increase in interest earned on investments and cash holdings as a result of increases in the repo rate by the Reserve bank.

5. Other investment income

Due to income earned on settllement of steinhoff fraud case and income earned on return of capital on investment.

6**. Rental incom**e

The actual is more that the budgeted amount due to annual rental increase in line with the lease agreement.

7. Contributions by employer

In 2023/2024 the Fund registered 65 122 additional employers. 7,5% increase in maximum amount of earnings between 2022 (R529 264) and 2023 (R568 959) assessment year and increase in minimum assessment for both private and domestic employers. An increase in number of return of earnings submitted and assessed.

8. Interest and penalties

The Increase is due non paying contributions debtors on their overdue accounts. Estimations done on employers who didn’t submit ROE's also added to the increase in interest and penalties charged on late payments. The penalty for late submission of the return of earnings as at 31 March 2024 amounts to R80 542 758.72 and budgeted at amount of R105 212 000. The difference percentage between the actual and budget is 23%. In 2023/24 the submission open period of the returns was for 3 months (1st April 2023 to 30 June 2023) and not the usual two months as was approved in prior years. The extended period for submission of the returs improved level of employer's compliance with the submission of returns during the open period. In 2023/2024 employer's outstanding return of earnings were not considered for estimation or provided for in terms of section Sec 82(5) and 83(6).

9. Public contributions and donations

No donations were expected for the current year.

10. Compensation benefits

- Master data issues affecting submission of medical invoices. Practice numbers were incorrectly mapped to wrong MSPs and system validations rejected those invoices as there was no alignment between the MSPs and the medical disciplines. As a result, the Fund received fewer invoices to be processing for payment.
- Unauthorised changing of banking details caused delays in payments as the Fund had to block those MSPs for payments.
- Blocking of business partners due to unauthorised banking details issues. Blocking means that the Fund cannot release payments until the Fund receives banking details from MSPs for corrections by the Provinces.
- Possible fraudulent medical invoices that are blocked for payment.
- AVS errors that caused delays in releasing payments to MSP's.
- Blocked MSP’s that have submitted invoices but can't be paid as they are Inactive on BHF.
- Manual Invoices awaiting confirmation from provinces also causes delays in payments.
- Bank rejections due to different reasons .
- Payments are released incrementally once medical claims finalise relevant validations.

11. Employee related costs

Allowances were not paid due to 100 employees exiting the Fund in 2023/24 FY, (e.g GEPF employer contribution, Medical Aid employer contribution, Performance incentives, Basic salaries, service bonuses, housing alloawnces etc)

12. Depreciation and amortisation

Decrease in depreciation and amortisation due to reassesment of useful lives with a devreased depreciation values.

13. Impairment of investments

The variance on the Operating lease Rental was caused by the fact there was period recently whereby payments were held by AP due to Fraudulent Investigations taking place. Payments were released later and we are up to date on all Rental lease payments.

14. Finance costs

Actuarial report not yet finalised.Less interest charged was paid.

15. Operating leases

The variance on the Operating lease Rental was caused by the fact there was period recently whereby payments were held by AP due to Fraudulent Investigations taking place. Payments were released later and we are up to date on all Rental lease payments.

16. Impairment on receivables

Due to the economic financial crisis not all debtors are able to pay their debt. Therefor the actual amount is material.

17.General expenses

The variance is attributed to higher management fees paid by the Fund to the asset manager for investment management services. The management fees are based on the portfolio value which is inherently susceptible to market fluctuations.
Overspending is due to the submission attached for conversion of all OHS inspectors to be 100% CF, this had an impact on our travel costs and most of the time the inspectors are out of the office.
The majority of estimated debtors didn’t make payments on overdue accounts which increased the debtor's expense account

18. Loss on disposal of assets

The Fund did not anticipate for any loss on disposal of assets therefor not budgeted for.

19. Profit or loss on sale of investments

This attributed to the sale transactions for the rebalancing of investment portfolios

20. Fair value adjustments

Due to increase in unrealised fair value losses on investments.

21. Share of deficits or surpluses drom associates

Investments for Associate Accounting is performed at year-end

22. Operating lease asset

The current year staight lining of operating lease was recorded subsequent to the issuing of this report.

23. Prepayments

The reason for the decrease in prepayments expenditure was caused by the delays in the GCIS space. These delays led to the campaign not being conducted by GCIS through the scheduling that CF was quoted on. As a result of those delays and the fact that the campaign was conducted through the promised platform, GCIS had to refund CF of those monies. The proof of payment is attached for ease of reference.

24. Receivables from non-exchange transactions

Transactions that were processed in 2022/23 and 2023/24 periods in GL account 1000673 were reversed in order to account for the amex account correctly.

25. Statutory receivables

The decrease is result estimations were no estiamtions were not performed during 2023/24 and improved collection effort on the current year employer assessment balance .

26. Investments (current)

Due to increase in investments held with maturity less than a year compared to budget.

27. Receivables from exchange transactions

The significant fluctuation is as a result of cumulative debtors balance for non-payment of rent by tenants occupying the Bisho building. The decrease is the due to income outstanding at year-end which was treated as received in the cash account by PIC report but these appear in the April bank statement not March

28. Cash and cash equivalents

Due to decrease in trading cash held at end February than budget.

29. Investments (non-current)

Due to incease in investments with maturity greater than one year hedl at end February.

30. Investment property

Investment property are financed through PIC and the Fund process the expenditure as spent.

31. Property, plant and equipment

The correct budget figure is R284 685 000 and the over budget variance is due to delayed finalisation of the planned asset procurement during the current year

32. Intangible assets

The correct budget figure is R150 657 000 and the over budget variance is due to delayed finalisation of the planned asset procurement during the current year

33. Investments in associates

Investments for Associate Accounting is performed at year-end

34. Investments in unlisted loans

Please confirm the budget figure for investment in unlisted loans(highlighted in yellow?)

35. Finance lease obligation (current)

Decrease in liability due to lease term ending in the current year with fully paid R771 while R126 represented the expenditure allocation for the new leases entered in the current year

36. Payables from non-exchange transactions

Expenses increased for 2023-2024 due to exeptions occurred in 2022-2023 on payments that were not able to be paid. Payments rejected from the bank. Exeption and rejections were only rectified in period 2023-2024. Pensions annual increase.

37. Accruals

Comp Easy project is 100% complete there is no outstanding payment under this project. Allowance were not paid due to 100 employees exiting the Fund in 2023/24 officials were using leave credit because resignation.

38. Payables from exchange transactions

Department of Employment and Labour claims has increased.

39. Provision for outstanding claims (current)

The annual Actuarial valuation report for 2023/24 was not yet finalised, due to the data challenges.

40. Capitaised value of pensions (current)

The annual Actuarial valuation report for 2023/24 was not yet finalised, due to the data challenges.

41. Finance lease obligation (non-current)

The correct budget figure is R828 000 and the budget variance is due to under estimation of the monthly rentals and present values for the new lease

42. Provisions for outstanding claims (non-current)

The annual Actuarial valuation report for 2023/24 was not yet finalised, due to the data challenges.

43. Capitalised value of pensions (non-current)

The annual Actuarial valuation report for 2023/24 was not yet finalised, due to the data challenges.

1. Presentation of Annual Financial Statements

The Compensation Fund (herein referred to as “the Fund”) was established in terms of Section 15 (1) of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act no. 130 of 1993), herein referred to as the Act, as amended and is listed as a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act no. 1 of 1999), herein referred to as the PMFA.

Section 55(1)(b) of the PMFA requires the Fund to prepare its financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).

The AFS have been prepared in accordance with the Standards of GRAP, issued by the ASB according to Section 55(1)(b)(c) of the Public Finance Management Act, 1999 (Act no. 1 of 1999).

The financial statements are presented in South African Rands, which is the functional currency of the Fund and the amounts presented herein are rounded to the nearest thousand except for those in the narrative information which are either presented as absolute numbers or in written text.

The accounting policies contained herein are in compliance with the applicable and relevant GRAP standards and legislation. In the absence of a Standard of GRAP that specifically applies to a transaction, event or condition, management uses judgment in developing and applying accounting policies with reference to and in consideration of the applicability of the following sources, in descending order:

a) the requirements in Standards of GRAP or Interpretations of Standards of GRAP dealing with similar and related issues;

b) the definitions, recognition criteria and measurement concepts for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements; and

c) the most recent pronouncements of other standard-setting bodies and accepted public or private sector practices to the extent that they do not conflict with (a) and (b) above, in the following sequence:

   i. the International Public Sector Accounting Standards Board (IPSAS), including the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities;

   ii. the International Accounting Standards Board (IASB®), including the Conceptual Framework for Financial Reporting;

   iii. Pronunciations by the International Financial Reporting Standards (IFRS®) Interpretations Committee or the former Standing Interpretations Committee of the IASB; and

   iv. the Financial Reporting Standards Council.

Assets, liabilities, revenue and expenditure are not offset, except where offsetting is required or permitted by a GRAP standard. Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.1 Basis of Presentation

These AFS have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. The principal accounting policies, applied in the preparation of the AFS, are set out below.

The principal accounting policies applied in the preparation of these AFS are set out below. These accounting policies are consistent with those applied in the preparation of the prior year AFS, unless specified otherwise.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Fund will continue to operate as a going concern and meet its statutory obligations for the foreseeable future. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The outcome of the assessment of this assumption is disclosed in the notes to these annual financial statements.

1.3 Comparative information

Comparative information in respect of the previous reporting period is presented for all amounts reported in the annual financial statements, both on the face of the components of annual financial statements and the notes thereto.

When the recognition, measurement, classification or presentation of elements of financial statements resulting from either a change in accounting policy or correction of prior period errors in the current year, adjustments are made retrospectively as far as practicable, and previous year comparative amounts are restated accordingly unless a GRAP standard or transitional provisions thereof allows a prospective application.

Budgeted amounts have been included in the Statement of comparison of budget and actual amounts for the current financial year only.

1.4 Key sources of estimation uncertainty, significant judgments and assumptions

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the amounts presented in these financial statements and related disclosures. Use of available information and the application of judgemental is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgments include:

1.4.1 Provision for outstanding claims

Benefits expenditure comprise the total estimated cost of claims using actuarial estimates that include long term trend of previous annual claim payments. Inflation is also made to project the likely incidence of future claim payments.

1.4.2 Capitalised value of pensions

Annually, the Fund, through its actuaries determines the technical liability reflecting monies that should be kept aside for a lifetime in respect of all existing pensioners, including their beneficiaries (spouses and children) in order to ensure that there will be adequate reserves invested with the Public Investment Corporation (PIC) for their remaining natural lives.

1.4.3 Liability adequacy test in respect of claims benefits

The adequacy of the accumulated surplus (also referred to as the Reserve Account) against the Minimum Reserve Fund (MRF) at year-end as per actuarial valuation. To the extent that the Reserve Fund is believed to be inadequate/excessive relative to the MRF, the Fund re-assesses and adopts or reviews assessment tariffs, benefit levels, strategic investments and investment philosophy.

1.4.4 Impairments tests and provision for impairment of assets

In determining whether impairment losses should be recognised at each reporting date, the Fund makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows or economic benefits as well as the discount rates used where applicable. The actual cash flows may be different to those estimated during the assessment.

1.4.5 Accrued revenue: assessments not raised

In instances where not all employer assessments are finalised in a reporting period and employer’s Return of earnings (ROEs) remains open, a process to verify the existence of the employer with third party sources is conducted. For positive verification, an estimate due from the respective employers is made. The estimate is based on the most recent actual assessments made in the previous two years with the third year being used as a base. For negative verification, the employers are considered to be disclosed as a contingent asset as described in the accounting policy of a contingent asset.

1.4 Key sources of estimation uncertainty, significant judgments and assumptions (continued)

1.4.6 Accrual for leave, service and performance bonus

Short-term employee benefits incurred and not paid at the reporting period as well as termination benefits for current employees are subject to estimates and assumptions.

1.4.7 Impairment testing

A cash generating or non-cash generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount.

Management uses the higher of the fair value less cost to sell and value in use to determine the recoverable amount of assets with an indefinite useful life and identifying assets that may have been impaired. Where there is no active market to calculate the fair value less cost to sell, the recoverable amount is based on the value in use.

These calculations require the use of estimates and assumptions. The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities.

If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

The accounting policies on impairment of cash and non-cash generating assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the Fund.

Significant estimates and judgments are made relating to the impairment of property, plant and equipment and intangible assets . In making the above-mentioned estimates and judgemental, management considers the subsequent measurement criteria and indicators of potential impairment losses asset out in GRAP 21: Impairment of non-cash generating asset.

1.4.8 Useful lives, residual values and depreciation or amortisation rates of property, plant and equipment and intangible assets

The useful lives and residual values of assets are based on estimates made by management taking into account the composition, condition and nature of the assets, their susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the assets are deployed, availability of funding to replace the assets and changes in the market in relation to the respective assets, as well as planned repairs and maintenance including refurbishments.

The ability of intangible assets to generate sufficient future economic benefits or service potential to recover its carrying amount is usually subject to greater uncertainty before the asset is available for use than after it is available for use.

1.4.9 Valuation of land and buildings and fair value estimations of investment property

Judgment and assumptions are applied in determining fair values of land, buildings and investment property reference is made to market data and assumptions to adjust such data to the specific nature, location and condition of the property.

1.4.10 Joint arrangements

Judgment is made when assessing whether a joint arrangement is a joint operation or a joint venture.

1.4.11 Provisions and contingent liabilities

Management judgment is required when recognising and measuring provisions, and when measuring contingent liabilities.

1.4 Key sources of estimation uncertainty, significant judgments and assumptions (continued)

1.4.12 Changes in accounting policies, changes in accounting estimates and prior period errors

Changes in accounting policies

The Fund changes an accounting policy if the change is required by a Standard of GRAP or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Fund's financial position, financial performance or cash flows.

The Fund accounts for a change in accounting policy resulting from the initial application of a Standard of GRAP in accordance with the specific transitional provisions, if any, in that Standard, in the absence of which applies the change retrospectively.

When a change in accounting policy is applied retrospectively the Fund adjusts the opening balance of each affected component of net assets for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change.

When it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for one or more prior periods presented, the Fund applies the new accounting policy to the carrying amounts of assets and liabilities as at the beginning of the earliest period for which retrospective application is practicable, which may be the current period, and makes a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of a reporting period of applying a new accounting policy to all prior periods, the Fund adjusts the comparative information to apply the new accounting policy prospectively from the earliest reporting date practicable.

Prior period errors

Prior period errors are omissions from, and misstatements in, the Fund's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and cinsidered in the preparation and presentation of those financial statements.

The Fund corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Fund restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the Fund restates the comparative information to correct the error prospectively from the earliest date practicable.

Changes in accounting estimates

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities.

1.4 Key sources of estimation uncertainty, significant judgments and assumptions (continued)

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

The effect of a change in an accounting estimate, other than those give rise to changes in assets and liabilities or relate to an item of net assets are recognised (prospectively) by including it in surplus or deficit in:

a) the period of the change, if the change affects that period only; or
b) the period of the change and future periods, if the change affects both.

The effect of a change in an accounting estimate that gives rise to changes in assets and liabilities, or relates to an item of net assets, is recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

1.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases are classified as a finance leases or operating leases at inception of the lease and the classification is not changed, unless both parties agree to change the provisions of the initial lease (other than by renewing it) and these changes would have resulted in a different classification of the lease at its inception

The Fund conveys the right to use of assets it controls to other entities (lessees) as a lessor under operating leases and has also acquired rights of use of assets controlled by other entities (lessors) as a lessee under operating leases.

1.5.1. Finance lease - lessee

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

At the commencement of the lease term assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the statement of financial position. A finance lease is regarded as a financial instrument

Assets and liabilities under finance leases are initially recognised at amounts equal to the fair value of the leased property or if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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 if that rate is practicable to determine. If the rate implicit in the lease is not practicable to determine the Fund uses South Africa Reserve Bank prime lending interest rate. Any initial direct costs are added to the amount recognised as an asset.

Subsequent to initial measurement, minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability recognised and initially measured. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance costs for each accounting period. Depreciation recognised is calculated in accordance with the accounting policy on Property plant and equipment for that class of assets. If there is no reasonable certainty that the Fund will obtain ownership of the leased asset by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

1.5.2. Operating leases - lessor

Lease revenue from operating leases is recognised as revenue in the statement of financial performance on a straight-line basis over the lease term and an asset is recognised when the straight-lined revenue amounts exceed the actual amounts received during the reporting period. In the contrary a liability is recognised.

All incentives for entering into an agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the nature or form of the incentive or the timing of payments.

1.5 Leases (continued)

Operating lease assets and liabilities are measured at the undiscounted amount of the excess payments over the straight-lined expense amount or the excess of the straight-lined revenue amount over the actual revenue received in a reporting period. The operating lease asset or liability is increased or decreased at each reporting date over the lease period.

Operating lease are not regarded as financial instruments, except individual receipts currently due and receivable.

1.5.3. Operating leases - lessee

At inception of the lease, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and emphasis is placed on the substance of the transaction rather than the form of the contract.

Lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term and an asset is recognised when amounts paid in respect of operating leases exceed the straight-lined amounts during for the reporting period.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Operating leases are not regarded as financial instruments except individual payments currently due and payable.

1.6 Prepayments

For services including, but not limited to bookings, advertising, communication, postage and insurance suppliers require the Fund to make advance payments for services to be provided at a future date.

Prepayment also includes prepaid leave where employees take leave not yet earned in advance.

When payments for goods and services to be received on a future date, a prepayment asset is recognised.

Prepayments are initially measured at cost. Subsequent to initial measurement prepayments are expensed as the goods or services are delivered or rendered to the Fund.

Prepayments that remain at each reporting period are carried at amortised cost.

1.7 Revenue and receivable from non-exchange transactions

Receivables from non-exchange transactions are assets that arise from recognition of revenue from non-exchange transactions, where the Fund has received value from another entity without directly giving approximately equal value in exchange.

Recognition of revenue from non-exchange transactions is in relation with advance to or on behalf of an employee amounts deemed equitable in the interests of or to alleviate pressing needs of an employee. Consequently, the Fund, from time to time, makes advance payments to medical service providers. In some instances excess payments in respect of compensation benefits may be made or erroneous compensation benefits paid to individuals who do not meet the conditions for payment.

Receivables are initially measured at the transaction amount of the advance, excess or erroneous payments of compensation benefits which represent the fair value of the consideration.

Subsequent to initial measurement, receivables are measured using the amortised cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any interest or other charges that may have accrued on the receivable (where applicable), impairment losses and amounts derecognised as well as any additional charges on overdue or unpaid amounts required or entitled to be levied in terms of legislation, supporting regulations, by-laws or similar means.

At each reporting date, the Fund assesses whether there is any indication that the receivables may be impaired.

1.7 Revenue and receivable from non-exchange transactions (continued)

As a minimum, the Fund considers the following indicators:

a) significant financial difficulty of the debtor, which may be evidenced by, amongst others, an application for debt counselling, business rescue or an equivalent,

b) the probability that the debtor will enter sequestration, liquidation or other financial re-organisation, breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied) and

c) adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a receivable may be impaired, the Fund measures the impairment loss as the difference between the estimated future cash flows and the carrying amount.

Where the carrying amount is higher than the estimated future cash flows, the carrying amount of such receivable is reduced through the Fund impairment process. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the Fund considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the Fund discounts the estimated future cash flows using a rate that reflects the current risk free rate.

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

Previously recognised impairment loss is adjusted, the adjustment may not result in the carrying amount of a debtor exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

The receivables are derecognised in full or in part when the rights to the cash flows are settled, expire or waived.

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset and may arise from both revenue from exchange transactions and revenue from non-exchange transactions.

The Fund's statutory receivables mainly arise from revenue from non-exchange transactions and include monies due from assessments raised, accruals for assessments not raised, and contributions from exempted employers.

The receivables are recognised in accordance with the accounting policy of revenue from non-exchange transactions.

The receivables are initially measured in accordance with the accounting policy of revenue from non-exchange transactions together with the tariffs set out in the Act and its supporting regulations.

Subsequent to initial measurement the receivables are measured using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any interest or other charges that may have accrued on the receivable (where applicable), impairment losses and amounts derecognised as well as additional charges (for example penalties and fines) on overdue or unpaid amounts required or entitled to be levied in terms of legislation, supporting regulations, by-laws or similar means.

Accrued interest is calculated using a standard interest rate levied on debts owing to the State as gazetted by National Treasury in terms of Section 80 of the PMFA. The interest is recognised as revenue and measured in accordance with the accounting policy on revenue from non-exchange transactions.

1.8 Statutory receivables (continued)

At each reporting date statutory receivables are assessed for any indications of impairment, including:

a) significant financial difficulty of the debtor/s, which may be evidenced by an application for debt counselling, business rescue or an equivalent,

b) the probability that the debtor/s will enter sequestration, liquidation or other financial re-organisation, breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied) and

c) adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a receivable may be impaired, the Fund measures the impairment loss as the difference between the estimated future cash flows and its carrying amount.

Where the carrying amount is higher than the estimated future cash flows, the carrying amount of such receivable is reduced through the Fund impairment process. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the Fund considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Fund discounts the estimated future cash flows using a rate that reflects the current risk free rate.

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

Previously recognised impairment loss is adjusted by adjusment may not result in the carrying amount of a debtor exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

The receivables are derecognised in full or in part when the rights to the cash flows from the receivable are settled, expire or are waived.

1.9 Financial assets and liabilities

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.

Financial assets

Financial assets are cash, residual interests in another entity or 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 Fund.

Assets arising out of non-contractual arrangements such as those arising from provision of social benefits to beneficiaries as a result of legislation are not financial assets as they do not meet the requirements for contractual agreements. Assets (such as prepaid expenses) for which the future economic benefit is the receipt of goods or services, rather than the right to receive cash or another financial asset, are not financial assets.

Section 19 of the Act establishes a Fund consisting of cash and investments or both. Consequently, the Fund invests excess funds in several financial instruments including:

a) Residual interests in listed and unlisted shares;

b) Bonds and loans receivable, bills, negotiable certificates of deposits and promissory notes;

c) Fixed deposits, cash and cash equivalents; and

d) Receivables from exchange transactions.

Financial assets are initially recognised in the statement of financial position when the Fund becomes party to the contractual provisions of an arrangement using trade date accounting.

1.9 Financial assets and liabilities (continued)

Financial assets are categorised at initial recognition to be subsequently measured at either cost, amortised cost or fair value as follows:

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

b) Non-derivative financial assets or assets that have fixed or determinable payments are subsequently measured at amortised cost unless, at initial recognition, they have been designated to be subsequently measured at fair value.

Financial assets are initially measured at fair value. 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 (normally the transaction price).

Financial assets that are categorised to be subsequently measured at amortised cost or at cost are initially measured at fair value plus transaction costs (incremental costs) that are directly attributable to the acquisition of such financial assets.

Financial assets that are categorised to be subsequently measured at fair value are initially measured at fair value excluding transaction costs. Gains or losses arising from a change in the fair value of a financial asset are recognised in surplus or deficit.

(a) Non-derivative instruments with fixed or determinable payments

All financial assets instrument that are non-derivative instruments with fixed or determinable payments are subsequently measured at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability. Financial assets that are subsequently measured at amortised cost.

(b) Investments in residual interests of other entities

Investments in residual interests of other entities are subsequently measured at fair value unless their fair values cannot be reliably measured because no active market for them exists and using valuation techniques do not provide a reliable measure of fair value (this includes investments in entities whose main objective is to deliver a service rather than to generate a profit or economic benefits). Where fair value cannot be reliably measured, investments in residual interest of other entities are measured at cost, however, the Standard of GRAP on Financial Instruments (GRAP 104) does not apply to interests in associates and joint ventures that are accounted for using the equity method.

(c) Investments that are neither non-derivative instruments with fixed or determinable payments nor investments in residual interests of other entities

Financial instruments that are nether derivative instruments, combined instrument designated at fair value, instruments held for trading, non-derivative instruments with fixed or determinable payments or investments in residual interests of other entities are subsequently measured at fair value.

Section 17 of the Act prescribes that the assets of the Fund shall be valued by an actuary at intervals of not more than three years to determine the sufficiency of the fund. Furthermore, the Fund’s investment strategy provides for periodic balancing of its investments in certain instruments and thus sells different instruments to achieve the appropriate balance of its investments and short-term profit taking. As a result of the investment strategy and the legislated periodic valuation of its assets and liabilities, the Fund designates non derivative financial assets with fixed or determinable payments at fair value at initial recognition.

The Fund has financial assets and financial liabilities listed in below.

1.9 Financial assets and liabilities (continued)

1.9.1. Classification of financial assets and liabilities

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

- Bonds (Designated at fair value)
- Listed shares (Fair value through surplus or deficit)
- Bills, certificate of deposits and promissory notes (Fair value through surplus or deficit)
- Investment in unlisted loans (Amortised costs)
- Fixed deposits (Amortised costs)
- Cash and cash equivalents (Amortised costs
- Receivable (Amortised costs)
- Payables (Amortised costs)
- Investment income receivable (Amortised costs)
- Accrued interest on bank accounts (Amortised costs)
- Accruals (Amortised costs)
- Prepayments (Amortised costs)

1.9.2. Measurement

Financial assets subsequently measured at cost or amortised cost are annually assessed for any objective evidence impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence includes:

a) Significant financial difficulty of the issuer;

b) Breach of contract, such as a default or delinquency in interest or principal payments;

c) The Fund. other investors, creditors or lenders, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that it would not otherwise consider;

d) It is probable that the investments will enter sequestration or other financial reorganisation;

e) Disappearance of an active market for that financial asset because of financial difficulties; or

f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or

   ii. national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

If there is evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed either directly or by adjusting an allowance account.

The reversal may not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

1.9 Financial assets and liabilities (continued)

If there is evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The Fund derecognised a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived and when the Fund transfers to another party substantially all of the risks and rewards of ownership of the financial asset using trade date accounting.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the surplus or deficit.

Financial liabilities

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

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

In its operations the Fund acquires goods and services on credit and thus incurs financial liabilities including trade payables, debtors with credit balances, unsettled investments and operating lease payments due.

Financial liabilities are recognised in the statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial liabilities are measured at their fair value which is the quoted prices in an active market or transaction amount plus transaction costs that are directly attributable to the acquisition or issue.

Financial liabilities are subsequently measured at amortised cost and are subject to impairment review.

Financial liabilities are de-recognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled, expires or waived.

1.10 Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

The Fund’s cash and cash equivalents include cash on hand, bank balances and short term call deposits with maturities of three months or less.

1.11 Investment property

Investment property is property (land or a building - or part of a building - or both) held by the Fund as the sole owner or through participation in joint operations, to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Fund, and the cost or fair value of the investment property can be measured reliably.

Investment property is measured initially at its cost and the cost comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure including but not limited to professional fees for legal services, property transfer taxes and other transaction costs. If payment for investment property is deferred, its cost is the cash price equivalent and the difference between this amount and the total payments is recognised as interest expense over the period of credit.

1.11 Investment property (continued)

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction and specifically excludes an estimated price inflated or deflated by special terms or circumstances granted by anyone associated with the sale.

After initial recognition, the Fund has opted to measure its investment property using the fair value model and measures all of its investment property at fair value, except in cases where the fair value cannot be reliably determined on a continuing basis. Gains or losses arising from a change in the fair value of investment property are included in surplus or deficit for the period in which it arises.

Subsequent to initial measurement investment property is measured at fair value, the fair value of investment property reflects market conditions at the reporting date and determined annually by an independent property valuator. A gain or loss arising from a change in fair value is included in surplus or deficit for the period in which it arises.

Investment property is derecognised on disposal (including disposal through a non-exchange transaction) or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when it becomes virtually certain that the compensation becomes receivable.

1.12 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Fund and the cost or fair value of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost and where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After initial recognition, property, plant and equipment is measured using either the cost model or the revaluation model, the Fund applies that policy model to an entire class of property, plant and equipment.

Cost model

Under the cost model, subsequent to initial recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Useful life is the period over which an asset is expected to be available for use by an entity while residual value is the estimated amount that the Fund would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

1.12 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Buildings	Straight line	12 - 50 years
Plant and machinery	Straight line	15 years
Furniture and fixtures	Straight line	6 - 15 years
Motor vehicles	Straight line	5 - 15 years
IT equipment	Straight line	3 - 15 years
Leasehold improvements	Straight line	Over the lease term
Finance lease for office equipment	Straight line	1 - 5 years or lease term

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 shall be changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

At each reporting date the Fund assesses whether there is any indication that the Fund’s expectations about the residual value and the useful life of an asset have changed since the preceding reporting date.

The depreciable amount allocated on a systematic basis over its useful life and the depreciation method/s used reflect the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the Fund.

If any such indication exists, the Fund revises the expected useful life and/or residual value accordingly and the change(s) are accounted for as a change in accounting estimate. In assessing whether there is any indication that the expected useful life of an asset has changed, the Fund considers the indications that the composition of the asset changed during the reporting period, i.e. the significant components of the asset changed and whether the use of the asset has changed because the Fund has either:

a) changed the manner in which the asset is used.
b) changed the utilisation rate of the asset.
c) decided to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
d) concluded that due to technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset
e) identified that legal or similar limits placed on the use of the asset have changed.
f) has observed that the asset was idle or retired from use during the reporting period.

In assessing whether there is any indication that the expected residual value of an asset has changed, the Fund considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators from the list in the foregoing paragraph.

An 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.

At each reporting date the Fund assesses whether there is any indication that an asset may be impaired in accordance with the accounting policy note on Impairment of cash-generating assets and impairment of non-cash-generating assets.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up shall be included in surplus or deficit when the compensation becomes receivable.

The carrying amount of an item of property, plant and equipment is derecognised on disposal (including disposal through a non-exchange transaction) or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses arising from de-recognition 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 and is included in surplus or deficit when the item is derecognised unless specifically required otherwise by another GRAP standard.

1.13 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Fund and the cost or fair value of the asset can be measured reliably.

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

Expenditure on intangible items is recognised as an expense when it is incurred unless it forms part of the cost of intangible assets that meet the recognition criteria of an intangible asset and if expenditure was initially recognised as an expense because it did not meet the recognition criteria of an asset, it is not recognised as part of the cost of an intangible asset at a later date.

Intangible assets are initially measured at cost which comprises of its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable costs of preparing the asset for its intended use. If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent and the difference between this amount and the total payments is recognised as interest expense over the period of credit.

Where intangible assets are acquired through a non-exchange transaction, the initial costs at the date of acquisition are measured at fair value as at that date.

Subsequent to initial measurement, the Fund measures intangible assets using the cost model by carrying intangible assets at cost less accumulated amortisation and accumulated impairment losses.

If based on an analysis of all of the relevant factors (including but not limited to technical, technological and other types of obsolescence) there is foreseeable limit to the period over which the Fund's intangible assets are expected to provide service potential, such intangible assets are accounted for as having finite useful lives and are amortised.

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life. The depreciable amount of intangible assets with finite useful lives are allocated on a systematic basis over their useful lives.

The residual value of intangible assets with a finite useful life is assumed to be zero unless:

a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
b) there is an active market for the asset and:
    i. residual value can be determined by reference to that market; and
    ii. it is probable that such a market will exist at the end of the asset's useful life.

Amortisation begins when the asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation method used reflects the pattern in which the asset's future service potential are expected to be consumed by the Fund. If that pattern cannot be determined reliably, the straight line method is used as below.

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

Item	Useful life
Intangible assets	2 - 15 years or indefinite

The amortisation charge for each period is recognised in surplus or deficit.

The amortisation period and the amortisation method is reviewed at least at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for as changes in accounting estimates.

Amortisation ceases at the date that the asset is de-recognised.

Impairments of intangible assets are recognised in accordance with the accounting policies on impairment of non-cash-generating assets.

1.13 Intangible assets (continued)

Intangible assets are derecognised on disposal (including disposal through a non-exchange transaction) or when no future economic benefits or service potential are expected from their use. Gains or losses arising from de-recognition is included in surplus or deficit.

1.14 Investments in residual interests of investees

Investments in associates and joint ventures

An associate is an entity over which the Fund has significant influence and a joint venture is a joint arrangement whereby the Fund and other parties that have joint control of the arrangement and have rights to the net assets of the arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies. Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Fund accounts for its investment in an associate or a joint venture using the equity method. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Fund's share of the investments's net assets.

The Fund's surplus or deficit includes its share of the investments's surplus or deficit and the Fund's net assets includes its share of changes in the investments's net assets that have not been recognised in the investments's surplus or deficit (including but not limited to revaluation of property, plant and equipment).

Distributions received from investments reduce the carrying amount of the investment and adjustments to the carrying amount may also arise from changes in the Fund's proportionate interest in the investments arising from changes in the investments's equity that have not been recognised in the investments's surplus or deficit.

The most recent available financial statements of an associate or joint venture are used in applying the equity method. When the end of the reporting period of the Fund is different from that of an associate or a joint venture the Fund either:

a) obtains, for the purpose of applying the equity method, management accounts as of the same date as its financial statements; or

b) uses the most recent financial statements of the associate or joint venture adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the Fund's financial statements.

The Fund's financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and where the investments accounting policies differ, appropriate adjustments to give effect to uniform accounting policies are made.

Investments in associate or joint ventures accounted for using the equity method are classified as a non-current asset.

The Fund discontinues the use of the equity method from the date when its investment ceases to be an associate or a joint venture and accounts for all amounts previously recognised directly in its net assets in relation to that investment on the same basis as would have been required if the investments had directly disposed of the related assets

1.15 Joint operations

A joint operation is a joint arrangement whereby parties that have joint control of an arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. In a joint arrangement the parties are bound by a binding arrangement and the binding arrangement gives two or more of those parties joint control of the arrangement.

Joint control is the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The sharing of control is agreed by way of a binding arrangement.

The Fund participates in joint operations with business interests in various investment properties, amongst others.

The Fund recognises in relation to its interest in a joint operation, the Fund's:

a) assets including its share of any assets held jointly,
b) liabilities including its share of any liabilities incurred jointly,
c) revenue from the sale of its share of the output arising from the joint operation,
d) share of the revenue from the sale of the output by the joint operation, and
e) expenses, including its share of any expenses incurred jointly.

The Fund recognises and measures the assets, liabilities, revenues and expenses relating to its interest in a joint operation by applying the Fund's applicable accounting policies.

1.16 Impairment of non-cash generating assets

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

All items of property, plant and equipment and intangible assets are designated as non-cash-generating assets at initial recognition as the Fund acquires them with the objective not to generate a commercial return but are used to deliver services.

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. It reflects a decline in the utility of an asset to the Fund.

At each reporting date the Fund assesses whether there is any indication that an asset may be impaired. In assessing whether there is any indication that an asset may be impaired, the Fund considers both internal sources of information and external sources of information and considers, as a minimum the following indications:

External sources of information, including:

a) Cessation or near cessation of the need for services provided by the asset.

b) Significant long-term changes with an adverse effect on the Fund that have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which Fund operates.

Internal sources of information

c) Available evidence of obsolescence or physical damage of an asset.

d) (Significant long-term changes with an adverse effect on the Fund that have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is or is expected to be used including:
   i. An asset that has become idle,
   ii. Plans to discontinue or restructure the operation to which an asset belongs,
   iii. Plans to dispose of an asset before the previously expected date,and

e) Decision to halt the construction of the asset before it is complete or in a usable condition.

f) Evidence is available from internal reporting that indicates that the service performance of an asset is or will be significantly worse than expected.

If any such indication exists, the Fund estimates the recoverable service amount of the asset which is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use (the present value of the asset's remaining service potential).

Fair value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, determinable from the outcome of recent transactions for similar assets within the same industry.

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

1.16 Impairment of non-cash generating assets (continued)

Only if the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. If one of asset's fair value less costs to sell or its value in use exceeds the asset's carrying amount, the asset is not impaired and the other amount is not estimated.

Impairment losses are recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Impairment loss of a revalued asset are treated as revaluation surpluses or deficits.

After recognition of impairment losses, depreciation (amortisation) charges for an asset are adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Irrespective of whether there is any indication of impairment, the Fund tests intangible assets not yet available for use for impairment at each reporting date by comparing its carrying amount with its recoverable service amount.

At each reporting date the Fund assesses (using as a minimum, the indicators stated above) whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable service amount of that asset.

Impairment losses recognised in prior periods are reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

If this is the case, the carrying amount of the asset is increased to its recoverable service amount. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset is recognised immediately in surplus or deficit unless the asset is carried at revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase in accordance with that accounting policy on revaluation of assets.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.17 Impairment of cash-generating assets

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

The Fund's cash-generating assets include investments associates, joint ventures and joint arrangements that are not subsequently measured at fair value.

An 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.

The same principles applied to impairment of non-cash generating assets are applied.

In identifying whether the recoverable amount of an asset needs to be estimated the Fund applies the concept of materiality and if previous assessments show that an asset's recoverable amount is significantly greater than its carrying amount or if no events have occurred that would eliminate that difference.

Similarly, if previous analysis show that an asset's recoverable amount is not sensitive to one (or more) of the impairment indications the Fund does not re-estimate the asset's recoverable amount.

The best evidence of an asset's fair value less costs to sell is a price in a binding sale agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset. If there is no binding sale agreement but an asset is traded in an active market, fair value less costs to sell is the asset's market price less the costs of disposal.

If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that the Fund could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs to sell such as legal costs, stamp duty and similar transaction taxes, costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale.

Value in use of an asset is estimated by estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

Estimates of future cash flows include:

a) projections of cash inflows from the continuing use of the asset;
b) projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on reasonable and consistent basis, to the asset; and
c) net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Future cash flows are estimated for the asset in its current condition. Estimates of future cash flows do not include estimated future cash inflows or outflows that are expected to arise from:

a) a future restructuring to which an entity is not yet committed;
b) improving or enhancing the asset's performance; or
c) cash inflows or outflows from financing activities, orincome tax receipts or payments (where applicable).

Estimates of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Fund expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

As the Fund is a public entity, the discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest.

When the amount estimated for an impairment loss is greater than the carrying amount of the asset to which it relates, the Fund recognises a liability if, and only if, that is required by a Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

In reversing of impairment losses and re-designation of assets the Fund applies principles similar to those related to impairment of non-cash-generating assets.

1.18 Payables from non-exchange transactions

Payables from non-exchange transactions are liabilities that consist of debtors with credit balances, compensation, medical and pension benefits and unclaimed monies and unallocated receipts which are disclosed as a line-item in the Statement of Financial Position.

Compensation and Pension benefits are liabilities that arise from the recognition of compensation benefits for employees (e.g., claimants) who sustained an injury or contracted occupational diseases while on duty that resulted in their temporal or permanent disablement or death per Section 22 of the Act.

The run-off triangles in respect of TTD, PD, Death LS, Funeral, Medical benefits utilises the provision of outstanding claim amounts as per relevant sections of COID Act whereas the Capitalised Pension Benefits and CAA Benefits utilise capitalised amounts. Capitalised amounts are derived from annuity factors.

Unclaimed monies are a sum of money legally payable to beneficiaries for Medical, Compensation and Pension benefits which remain unpaid for at least 12 months due to rejections from the bank per Regulation 9(2) of the Act. Unpaid claims occur because of unsuccessful EFT payments to beneficiaries due to unknown or incorrect banking details of the beneficiary; or the beneficiary' bank account being closed and with no available means of contacting the beneficiary.

Unallocated receipts from debtors occur when there is an EFT payment made to the Fund by employers for their annual returns using incorrect or unknown reference numbers per Regulation 9(1) of the Act. The use of an incorrect reference number can result in a payment being unallocated. Amounts that remain unallocated after 90 days or 3 months will be transferred to unclaimed monies.

Debtors with credit balances occur when the actual payment made to the Fund by an employer exceeds the annual estimated ROE assessment amount. If the debtors fail to request a refund it can result in a payment being classified as an unallocated receipt.

Payables from non-exchange transactions are initially measured at the transaction amount of compensation benefits which represent a fair value of the consideration that is payable.

Subsequently payables are measured at amortised cost.

The payables from non-exchange transactions are derecognized from the Statement of Financial Position upon payment to the claimants.

1.19 Revenue and receivables from exchange transactions

The accounting policies on revenue from exchange transactions describes the conditions under which revenue will be recorded by the management of the Fund.

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Funds activities.

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

Exchange transactions are transactions in which the Fund 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.

Revenue from exchange transactions comprises of interest received from bank accounts and investments, dividends received, rental income and administrative contributions by employers in terms of Section 88 of the Act.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

Interest, royalties and dividends or similar distributions

Revenue arising from the use by others of Fund’s assets yielding interest, royalties and dividends or similar distributions is recognised when:

a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
b) the amount of the revenue can be measured reliably.

Interest is recognised using the effective interest method in respect of financial instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income 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.

1.19 Revenue and receivables from exchange transactions (continued)

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but not 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, the Fund uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Royalties are recognised as they are earned in accordance with the substance of the relevant agreement.

Dividends or similar distributions are recognised when the Fund's right to receive payment is established through a declaration by the investments.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue arising on a transaction which is contractual in nature is determined by agreement between the Fund and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Fund.

When the arrangement effectively constitutes a financing transaction (inflow of cash or cash equivalents is deferred or interest free credit or interest below-market interest rate), the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

a) the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
b) a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

Revenue arising on a transaction which is statutory (non-contractual) in nature is measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue to be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable.

Administrative contributions by employers (S88)

Administrative contributions by employers are contributions paid by the employers who are exempted for paying assessment to the Fund and are individually liable for payment of compensation for occupational injuries or diseases. The contributions are charged for the administration of the provisions of COIDA as per Section 88 of the Act. The Fund charges the individual employers a standard rate that represent an equal value for handling claims for exempted employers.

1.20 Revenue from non-exchange transactions

Revenue from non-exchange transaction arises when the Fund 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.

Revenue from non-exchange transactions primarily comes from the following sources.

a) Contributions by employers
b) Interest and penalties
c) Administration contributions by mutual associations (S88)

(a) Contributions by employers

Section 80(1) of the Act provides that an employer carrying on business in the Republic must register with the Fund and Section 82(1) prescribes that registered employers must submit a return of earnings by not later than 31 March each year.

Section 83(l) provides that an employer shall be assessed or provisionally assessed according to a tariff of assessment that is set and reviewed annually by the Fund for an entire industry subclass.

Section 83(6)(a) prescribes that if an employer fails to furnish a return within the prescribed period the Fund may assess the employer on the basis of estimated earnings.

Contributions by employers are amount paid by the employer to the Fund for the benefit of providing protection against the loss of income of their employees/worker due to occupational injuries or diseases. According to S83 of COIDA, an employer shall be assessed by the commissioner according to the tariff of assessment calculated on the basis of such percentage of the annual earnings of his employees as the commissioner with due regard to the requirements of the compensation fund for the year of assessment may deem necessary.

The tariff is allocated to industry classification based on the assessment risk associated with occupation injuries and diseases as a result of activities of the employer. Therefore, the tariff involves application of judgements. An employees may claim for occupational injuries or diseases according to the provisions of COIDA regardless of the amount of assessment paid by the employer.

For all registered employers, assessment revenue (contributions by employers) is recognised at the earlier of submission of return of earnings by a registered employer, provisional assessment (for newly registered employers) or 31 March each year in terms of the Act.

The legislative requirement for employers to register with the Fund and once registered, submit a return of earnings or upon failure to submit a return, the legal right of the Fund to assess employers based on estimated earnings, results in a probability that future economic benefits will flow to the Fund.

The fair value of the asset (the amount employer's debt) can be measured reliably using the earnings declared or estimates thereof as the case may be together with the tariffs.

Assessment revenue receivable from each registered employer is measured as the earnings declared or estimated as the case may be, divided by 100 and multiplied by the assessment tariff rate applicable to each employer.

The Fund adjusts the assessments in respect of:

a) provisional assessments previously raised in respect of newly registered employers;
b) assessments based on estimation and it later appears that the actual earnings were more than the earnings estimated or vice versa, and
c) where it is subsequently ascertained that the amount declared by an employers as its annual earnings is less than the amount actually paid to its employees during the relevant year of assessment.

Such adjustments are accounted for as a change in estimate.

(b) Interest and penalties

Section 86 of the Act provides that an assessment shall be paid by an employer to the Fund within 30 days after the date of the notice of assessment or, with the approval of the commissioner, in such installments and at such times and on such conditions as the commissioner may determine.

Interest and penalties are charged to employers for the late submission and the late payment of Contributions.

(i) Interest

Section 86 of the Act empowers the Fund to levy interest on overdue assessment (those not paid within 30 days after the issue of the notice of assessment) at standard interest rate levied on debts owing to the states gazetted by the Minister of Finance from time to time. The fund uses simple interest to determine the interest levied however for employers who are under Instalment plans the Fund uses compound interest.

Interest is recognised on expiry of 30 days after the issue of the assessment and is measured as a simple interest or compound interest for employers under instalment plans, calculated monthly on the overdue amount for as the long as the debt remains unpaid. The interest rate applied is the rate used is the prevailing interest rate in the month the amount remains overdue.

Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction. If the underlying transaction is a non-exchange transaction then any interest levied is also classified as non-exchange, while any interest levied on an exchange transaction is classified as exchange.

(ii) Penalties

Sections 15(2) and 87(2) of the Act provides for thee Fund and or courts of law to impose penalties circumstances when an employer fails register with the Fund and on employer who deduct from the earnings of an employee any amount or receives any amount from an employee to compensate the employer directly or indirectly for any amount which the employer is liable to pay in terms of the Act.

Revenue from penalties is recognised when the Director-General or his/her delegate approves the recommendation from the Fund to impose the penalty.

The penalty measured as the actual amount of the penalty imposed, should the Director-General or his/her delegate decline the Fund’s recommendation for the imposition thereof penalties are not recognised.

Similar to interest, penalties levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction with penalties levied on non-exchange transactions classified as transactions from non-exchange transactions.

Previously imposed fines are waived and thus written of when the Director-General approves the waiver or write-off thereof.

(c) Administration contributions by Mutual Associations (S88)

Administrative contributions by employers are contributions paid by the Mutual Association who are issued with a licence to carry on the business of insurance of employers against their liabilities to employees in terms of COIDA, the Mutual Associations are individually liable for payment of compensation for occupational injuries or diseases.

The contributions are charged for the administration of the provisions of COIDA as per Section 88 of the act. Mutual Association pays a licence fee of 1% of their revenue to the Fund, and therefore does not get equal value for the licence fees.

1.21 Compensation benefits

Section 22 and 66 of the Act provides for the compensation of employees who meet with accidents or contract occupational diseases that result in their temporal or permanent disablement or death.

Compensation benefits include the following as set out in the following sections of the Act:

a) Compensation for Temporal Total Disablement (TTD) in terms of Section 47.
b) Compensation for Permanent Disablement (PD) in terms of Section 49.
c) Compensation for Fatalities in terms of Section 54.
d) Constant attendance allowance (CAA) in terms of Section 28.
e) Medical expenses in term of Section 73 and medical aid in terms of Section 76.

Section 39 of the Act mandates employers to report injuries on duty within 7 days of receiving notice thereof or occupational diseases, within 14 days of having learned that an employee contracted a disease arising out of and in the course of his/her employment.

The Fund considers and adjudicates on claims for compensation and where necessary carries out such investigations as it may deem to approve the claim for, amongst other expenses.

Benefits arise from either a claim or medical invoice submitted to the Fund. The Fund receives claims from the employer in the form of an accident report together with the required supporting documents as per the provisions of COIDA and adjudicate the claim. Upon the adjudication process being finalised, the claim may be approved or repudiated. Where the claim is approved, a liability will be accepted and a determination of the accrued value of benefits will be made. In the case of a medical claim, the invoice is received from the medical service provider and the Fund will confirm if a liability has been accepted for the claim. Upon validation, the invoice is approved for payment and a creditor and the medical expense are recognised in payables from non-exchange transactions.

Compensation benefit expenses due and payable in a reporting period are recognised when the claim is approved by the Director-General or his/her delegate irrespective of the date of loss event.

On an annual basis the Fund appoints actuaries to estimate a provision for outstanding claims that includes claims that reported by the reporting date but not yet approved and claims that occurred before the reporting date but were yet to be reported to the Fund. Movements in the provision are recognised in the profit or loss.

The measurement amount/s of compensation benefits is regulated in terms of Schedule 4 to the Act and amended from time to time in the Act or a government gazette.

1.22 Employee benefits

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

The Fund provides short term benefits and post-employment benefits to its employees.

Short-term employee benefits

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

Short-term employee benefits provided by the Fund mainly comprise of wages, salaries and pension contributions, paid annual leave and paid sick leave, bonus, incentives and performance related payments.

When an employee has rendered services to the Fund during a reporting period, the undiscounted amount of short-term employee benefits expected to be paid in exchange for the services is recognised as follows:

a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, that excess is recognised as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
b) As an expense, unless a Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The Fund pays employees for accumulating and non-accumulating absences including holidays, sickness and short-term disability and maternity or paternity leave.

Accumulating paid absences include annual leave and are carried forward and they lapse within the first three months after each reporting period and do not entitle employees to a cash payment for unused entitlement unless an employee leaves the employment of the Fund prior to the lapse period.

The Fund's previous policy did not provide for annual leave to lapse and upon the change to annual leave to lapse three months subsequent to each reporting, accumulated leave for some employees was capped. Employees with capped annual leave are entitled to cash payment on termination of employment by the Fund or by the employees themselves.

Non-accumulating paid absences do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Fund. This includes sick leave, maternity or paternity leave.

The Fund recognises the expected cost of paid absences as follows:

a) in the case of accumulating paid absences, when the employees render the service that increases their entitlement to future paid absences; and
b) in the case of non-accumulating paid absences (including sick leave, maternity or paternity leave), when the absences occur. No liability or expense is recognised until the time of the absence, because employee service does not increase the amount of the benefit.

The expected cost of accumulating paid absences is measured as the additional undiscounted amount that the Fund expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The Fund has a performance management policy that recognises employee's contribution to service delivery objectives or aspects of financial performance. Employees receive specified amounts, dependent on an assessment of each employee's contribution to the achievement of the objectives of the Fund.

1.22 Employee benefits (continued)

The expected cost of bonus, incentive and performance related payments is recognised when, and only when:

a) the Fund has a present legal or constructive obligation and no realistic alternative but to make such payments as a result of past events; and
b) a reliable estimate of the obligation can be made.

The expense and related liability are measured as an undiscounted expected cost or reliable estimated amount of the bonus, incentive and performance related payments.

Post-employment benefits

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

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

Post-employment benefits mainly comprise of pension benefits arising from the Fund and each employee's contributions to the Government Employees Pension Fund (GEPF), a state plan established by legislation that operate as a multi-employer plan for government entities and operated by a national government agency created specifically for this purpose.

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.

The Fund has no legal or constructive obligation to pay future benefits except for the payment of the contributions as they fall due. The Fund therefore accounts for the state plan as a defined contribution plan.

The Fund recognises the contributions payable to the state plan (which it accounts for as a defined contribution plan) when employees have rendered services to the Fund during the reporting period:

a) As a liability (accrued expense), after deducting any contribution already paid.
b) If the contributions already paid exceed the contributions due for services rendered before the end of the reporting period, the Fund recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund; and
c) As an expense.

The liability and the related expense is measured as an undiscounted amount of the contributions to be paid to the GEPF and when contributions are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, the liability is discounted using the market yields at the end of the reporting period on government bonds.

1.23 Provisions, contingent liabilities and contingent assets

1.23.1 Provisions

A provision is a liability of uncertain timing or amount.

A liability is a present obligation of the Fund arising from past events, the settlement of which is expected to result in an outflow from the Fund of resources embodying economic benefits or service potential.

A past event that leads to a present obligation is an obligating event which creates either a legal or constructive obligation resulting in the Fund having no realistic alternative to settling that obligation arising from that event.

Legal obligations derive from a contract (through its explicit or implicit terms), legislation; or other operation of law while constructive obligations derive from the Fund's actions where:

a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Fund has indicated to other parties that it will accept certain responsibilities; and
b) as a result, the Fund has created a valid expectation on the part of those other parties that it will discharge those responsibilities

In instances where it is not clear whether there is a present obligation, a past event is deemed to give rise to a present obligation after, taking account of all available evidence, it is more likely than not that a present obligation exists at the reporting date.

A provision is recognised when:

a) the Fund has a present obligation (legal or constructive) as a result of a past event;
b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised for costs that need to be incurred to continue the Fund's on-going activities in the future (including deficits from future operating activities). Only those obligations arising from past events existing independently of the Fund's future actions (that is, the future conduct of its activities) are recognised as provisions.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate is ascertained after weighting all possible outcomes by their associated probabilities and quantifying the expected value.

Where the effect of the 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 used to discount provisions is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) do not reflect risks for which future cash flow estimates have been adjusted.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when it is virtually certain that reimbursement will be received if the Fund settles the obligation.

The reimbursement is treated as a separate asset. The amount recognised for the reimbursement my not exceed the amount of the provision.

In the statement of financial performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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

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

1.23 Provisions, contingent liabilities and contingent assets (continued)

1.23.2 Provision for outstanding claims

Outstanding claims are liabilities incurred but not settled at the reporting date which involves several sources of uncertainty that needs to be considered in the estimation of the amount that the Fund will ultimately pay. Benefits expenditure comprise the total estimated cost of claims using actuarial estimates that include long term trend of previous annual claim payments. Inflation is used to project the likely incidence of future claim payments.

The disclosure is in respect of the following segments:

- Temporary Disability Payments (TTD)
- Permanent Disability Lump Sum (PD)
- Fatal Accident (Death LS)
- Funeral
- Medical Claims
- Capitalised Pension Benefits
- Capitalised CAA Benefits

The run-off triangles in respect of TTD, PD, Death Lumpsum, Funeral, Medical benefits utilises the provision of outstanding claim amounts as per relevant sections of COID Act whereas the Capitalised Pension Benefits and Capitalised CAA Benefits utilise capitalised amounts. Capitalised amounts are derived from annuity factors.

Recognition and measurement

Provisions for outstanding claims are initially recognised in the statement of financial position, when the Fund deems that a present obligation exists as a result of claims that had been reported but not yet approved, and claims that occurred before the reporting date but not yet reported to the fund resulting from compensation benefits provisions of Section 22 and 66 of the Act.

The provisions for outstanding claims are reviewed annually as part of the annual actuarial valuation of the Fund’s assets and liabilities as prescribed in Section 17 of the Act. Semi-annual valuation is considered if circumstances dictate.

The provisions for outstanding claims are determined using the Bornheutter Ferguson (BF) run off triangle method.

Due to considerable uncertainty concerning the eventual costs of claims, the provisions are based on best estimates with an allowance for margins and expenses. The actuarial margins applied are based on the Standard of Actuarial Practice (SAP) 104 guidelines as per Actuarial Society of South Africa (ASSA) and in accordance with insurance industry norms.

The assumptions made in the valuation are as follows:

- Discount rate: Future investment returns and CPI as derived from the bond yield curve issued by the Prudential Authority.
- Claims inflation: Historic claims are inflated in line with salary inflation (i.e CPI+1%). Future inflation is similarly assumed to be CPI+1%.
- Standard Actuarial Practice (SAP) 104 margins.
    - Expenses: 10%
    - Mortality exposure: 7.5%
    - Disability exposure: 10%
    - Medical expense exposure: 15%
    - Capitalised pension: 10%
- Discretionary margins are modelled on different benefit types based on available information and circumstances.

Change in assumptions and modelling changes

In line with applicable actuarial standards, assumptions are reviewed as standard industry practice recommends. Modelling or methodology changes are disclosed in the valuation report. The unwinding of the discount rate is disclosed as part of finance costs and interest paid on the face of the statement of financial performance.

Actuarial gains or losses for the year are disclosed separately on the face of the statement of financial performance.

The net resultant movement in provisions of outstanding claims are disclosed as part of the compensation benefits expense line item in the statement of financial performance.

1.23 Provisions, contingent liabilities and contingent assets (continued)

Derecognition

The liability will be derecognised in the statement of financial position on full and final settlement of the liability raised.

1.23.3 Capitalised value of pensions (pensions in payment or annuities)

Annually, the Fund, through its actuaries determines the technical liability reflecting monies that should be kept aside for a lifetime in respect of all existing pensioners, including their beneficiaries (spouses and children) in order to ensure that there will be adequate reserves invested with the Public Investment Corporation (PIC) for their remaining natural lives.

Recognition and measurement

The Capitalised value of pensions provision (annuity reserve) is initially recognised in the statement of financial position, when the Fund deems that a present obligation exists as a result of a pension in running claim accepted by the fund resulting from compensation benefits provisions of Section 22 and 66 of the Act. This is updated annually as part of the annual actuarial valuation of the Fund's assets and liabilities as prescribed in Section 17 of the Act. Semi annual valuation is considered as and when circumstances dictate. This includes the liabilities in respect of present value of all future expected cash flows of pensions in payments, constant attendance allowance in payment, associated expenses and *discretionary reserves.

***Discretionary reserves**

As and when organizational circumstances dictate and based on actuarial justification, discretionary reserves are established to set aside adequate funds to meet current and future obligations.

Discretionary reserves are predominantly determined based on expert actuarial judgements. This expert actuarial judgements is however, still expected to be consistent with applicable actuarial standards.

The following assumptions are made in the valuation:

- Discount rate: Derived from the risk free bond curve published by the Prudential Authority.
- Inflation: The implied inflation is derived from the real bond curve issued by the Prudential Authority.
- Pension and CAA payment increases: Expected change in CPI*1,05.
- Mortality rate: Mortality rate adjustment as per mortality investigation. Mortality Table developed by the actuary.
- Further demographic assumption: Determined as and when circumstances dictate.
- Expense: Previous assumption adjusted for CPI inflation.

The actuarial margins applied are based on Standard of Actuarial Practice (SAP) 104 guidelines as prescribed by the Actuarial Society of South Africa (ASSA).

- Investment Return: Expected future cash flows are discounted using an investment return assumption lower than the best estimate by 0.25%.
- Mortality: Mortality assumptions used in the provision calculations are reduced by 7.5% (implying improving longevity).
- Expenses: Allowance was made for a 10% loading on the expected expenses and the inflation assumption was increased by 10%.

Discretionary margins are modelled based on available information and circumstances.

The unwinding of the discount rate is disclosed as part of finance costs and interest paid on the face of the statement of financial performance.

Resultant actuarial gains or losses for the year are disclosed separately on the face of the statement of financial performance.

The net resultant movement in capitalised value of pensions is disclosed as part of the compensation benefits expense line item in the statement of financial performance.

Derecognition

The liability for an existing pensioner, including their beneficiaries (spouses and children) is derecognised to the extent that Section 49 and 54 of the COID Act is adequately satisfied. This is derecognized as part of the annual actuarial valuation of the Fund's assets and liabilities as prescribed in Section 17 of the Act.

1.23 Provisions, contingent liabilities and contingent assets (continued)

1.23.4 Contingent liabilities

A contingent liability is:

a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund, or
b) a present obligation that arises from past events but is not recognised because:
   i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
   ii. the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised but a brief description of the nature of contingent liabilities at the reporting date, and, where practicable, an estimate of their financial effect. is disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

Licenses in terms of Section 30 of the Act to carry out the business of the fund in certain industries have been granted by the Minister of Labour to two Mutual Associations. These mutual associations must deposit securities with the fund to cover its liabilities. Furthermore, certain local authorities have been granted exemption from paying annual assessments and are liable to pay compensation benefits to employees who get injured while on duty. In terms of Section 31 of the Act, the exempted employers are required to deposit securities/cede securities to the Fund which are equivalent to the capitalized value of the pension of their employees.

If a mutual association or an exempted employer fails to meet its liabilities in full in terms of the Act, the Accounting Authorities may apply such securities to pay the liabilities and the balances of any liabilities not paid from such securities will have to be paid from reserves from the fund which creates a contingent liability to the fund.

The Fund also receives notices of court motions and summons with a potential, litigations are mainly due to delays in adjudication and paying benefits for occupational injuries and diseases. Liabilities for occupational injuries and diseases have already been accounted for under provision for outstanding claims and capitalised value for pension.

The value of claims against the department comprises management’s estimate of merit and quantum of claims against the department as well as legal costs. Management makes use of the legal cost estimates provided by the state attorney taking into account the nature of the case and the current tariffs.

Contingent liabilities have been based on the best estimate available at the time of preparing the financial statements. Contingent liabilities relating to litigations have been based on the assessment of the estimated claim against the Fund as at the end of the reporting period.

1.23.5 Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund.

Contingent asset are not recognised, however where an inflow of economic benefits or service potential is probable, the Fund discloses a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

1.24 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All amount presented in the financial statements are rounded off to the nearest thousand.

1.25 Revaluation reserves

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as re-valued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on re-valued amounts are credited or charged to the statement of financial performance.

1.26 Finance costs

Finance costs are interest on late payment. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method and other expenses incurred by an entity.

Finance costs comprise of:

- interest on late payments.
- interest expense on finance lease payments is calculated based on effective interest rate using time value of money for the period of lease term.
- the unwinding of discount on provisions.

1.27 Budget information

The Fund is subject to budgetary limits in the form of budget authorisation (or equivalent), which is given effect through authorising legislation.

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

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.28 Commitments

Commitments arise when the Fund has irrevocably bound itself to a future transaction(s) that will result in the outflow of economic benefits or service potential in future reporting periods.

Items are classified as commitments when the Fund has irrevocably bound itself to future transactions that will normally result in the outflow of economic benefits or service potential in future reporting periods. This represents the contractual balance committed to the capital projects and Operational projects on reporting date that will be incurred in the period subsequent to the specific reporting date

Commitments are not recognised in the elements of financial statements but are disclosed in the notes to the annual financial statements.

1.29 Related party transactions

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

An entity controls another entity when the entity is exposed or has rights to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

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

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

1.29 Related party transactions (continued)

The following are regarded as related parties to the Fund:

a) A person is related to the Fund if that person:
   i. has control or joint control over the Fund;
   ii. has significant influence over the Fund; or
   iii. is a member of the management of the Fund or Department of Employment and Labour (DEL).

b) An entity is related to the Fund if any of the following conditions apply:
   i. the entity is a member of the same economic entity (DEL);
   ii. associates or joint venture of the Fund;
   iii. entities that are in joint ventures with the Fund in the same investments;
   iv. the entity is a post-employment benefit plan for the benefit of employees of the Fund; or
   v. a person identified in (a)(i) is a member of the management of that entity (or its controlling entity).

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

Where an entity is subject to the oversight of an elected or appointed representative of the governing body of the government to which the entity belongs, that person is a member of the management if, and only if, the oversight function includes the authority and responsibility for planning, directing and controlling the activities of the entity.

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

The Fund does not separately recognise related party transactions in the elements of financial statements but discloses information regarding related parties and transactions that occurred in the reporting period in the notes to the annual financial statements.

1.30 Prior period error

Prior period comparative information has been presented in the current period financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current period’s financial statements.

1.31 Fruitless and wasteful expenditure

1.31.1 For determining whether fruitless and wasteful expenditure has been incurred, the following must be present.

a) expenditure must be made in vain; and
b) would have been avoided had reasonable care been exercised.

1.31.2 Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year's comparative analysis.

1.31.3 Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

1.31.4 Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives, and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report of the relevant institution.

1.32 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PMFA 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) this Act; or
b) the State Tender Board Act, 1968 (Act no. 86 of 1968), or any regulations made in terms of the Act; or
c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note no. 4 of 2022/2023, which was issued in terms of Sections 76(1) to 76(4) of the PMFA.

1.32.1 For determining whether irregular expenditure occurred, the following must be present:

a) expenditure incurred in contravention of, or not in accordance with legislation; and
b) expenditure must have been recognized in the statement of financial performance or liability recognized in the statement of financial position (where expenditure is not reflected in the statement of financial performance) in a case of institutions that are required to comply with Standards of Generally Recognized Accounting Practice (GRAP) or the International Financial Reporting Standards (IFRS). The earlier of an invoice or payment will trigger irregular expenditure for these transactions.

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements' disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

1.32.2 Irregular expenditure for the previous financial year (comparative amounts) must be recognized in the period in which they occurred as follows:

a) irregular expenditure incurred and confirmed in the previous financial year;
b) irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year;
c) irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year; and
d) irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

1.32.3 Additional information relating to irregular expenditure under assessment, determination, investigation, narratives, and the process of dealing with the irregular expenditure must be recorded in the annual report of the relevant institution as provided for in Chapter 8 of this Annexure.

Inter-institutional arrangements

1.32.4 For the institution to be accountable for irregular expenditure, the budget holder must have:

a) not complied with legislation; and
b) incurred expenditure.

1.32.5 If the budget holder was not involved in the non-compliance with legislation because:

a) it was not involved in the supply chain management (SCM) process even though it was required by legislation to make use of a mandated institution for the procurement of goods and services; or
b) it was excluded from participating in the bid specification, evaluation, and adjudication committee of the mandated institution even though required to be part of those bid committees; or
c) it could for justifiable reasons (such reasons must be in writing to the accounting officer/authority of the budget holder) not be represented in the specification, evaluation, and adjudication committee of the mandated institution even though required to be part of the bid committee of the mandated institution.

1.32.6 In such instances referred to in paragraph 1.32.5 above, the budget holder must not record irregular expenditure in its annual financial statements disclosure and disclose only the non-compliance. that led to the irregular expenditure in the annual report.

1.32.7 Where no binding arrangement exist between the budget holder and the mandated institution or other organ of state procuring on behalf of the budget holder, it is assumed that the budget holder is acting for itself and will incur irregular expenditure emanating from non-compliance with legislation.

1.33 Events after reporting date

The Fund's reporting date is 31 March, the last day of the reporting period to which the financial statements relate.

Events (after the reporting date) are events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

The date of authorisation for issue is the date on which the financial statements have received approval from management to be issued to the executive authority, after the audit opinion has been provided on the financial statements and such a date and the official who gave the authorisation are disclosed.

The Fund adjusts the amounts recognised in its financial statements to reflect events identified after the reporting date where there is evidence that conditions that existed at the reporting date. Disclosures that relate to these conditions are also updated in the light of the new information.

The Fund does not adjust the amounts recognised in its financial statements in respect of conditions that arose after the reporting date but discloses its nature and estimated financial effect in the notes to the financial statements.

1.34 Material losses

Material losses is the loss of financial assets where the investigation by the Anti-Corruption and Integrity Management directorate of the Fund has confirmed that there was a financial loss that needs to be referred to law enforcement agencies.

The expenditure is incurred for service rendered or goods received on the basis of requisition or invalid claim for benefits due to fraud and/or any other reason not prescribed by the Fund. Invalid and/or fraudulent claims for benefit will be reported and investigated.

All expenditure relating to material losses 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 expenses, and where recovered, it is subsequently accounted for as income in the statement of financial performance.

If the expenditure is ruled upon with the legal route as recoverable it is treated as an asset until it is recovered or written off as irrecoverable. Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstance. The nature or size of the information item, or a combination of both, could be the determining factor.

Materiality

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

1.35 Taxation

In terms of Section 21 of the Income Tax Act, 1962 (Act no. 58 of 1962) the Fund and the reserve fund, including income from any investments are exempt from income tax.

1.36 Accounting by principals and agents

Principal-agent arrangement

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of the Fund (the principal) or vice versa.

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit while an agent is an entity that has been directed by another entity (a principal) through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

1.36 Accounting by principals and agents (continued)

The Fund assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties in binding arrangement it has entered into.

When the Fund is party to a principal-agent arrangement it assess whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

In conducting the assessment the Fund assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Fund recognises and measures revenue, expenses, assets and liabilities that arise from transactions with third parties in a principal-agent arrangement in accordance with its own accounting policies relating to the component of the financial statements.

	2024	2023 Restated*
	R '000	R '000

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact was not material
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact was not material
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact was not material
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact was not material

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2024	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2024	Unlikely there will be a material impact

3. Operating lease asset

	2024	2023
Current assets	145	261
Future minimum lease payment under operating leases		
Not later than one year	145	116
Later than one year and not later than five years	-	145
	145	**261**

The Fund has entered into an agreement to lease out Erf 252, Bhisho, Eastern Cape for office accommodation purposes. The lease was concluded for the period 1 January 2020 to 31 December 2024 at R 81.81 per square meter with an escalation rate of 7% per annum.

4. Prepayments

	2024	2023
Opening balance	53 058	45 495
Additions	89 459	61 243
Utilisation	(23 385)	(51 981)
Refunds	(78 424)	(1 699)
	40 708	**53 058**

Prepaid expenses consist of advertising, postage and employee leave. Advertising is a prepayment made to GCIS for media related expenses.

	2024 R '000	2023 Restated* R '000

5. Receivables from non-exchange transactions

Advance to medical service providers	198 181	198 181
Disallowances	99 349	99 298
Other receivables	12 692	12 886
Creditors with debit balance	-	10 433
Unallocated payments	64 180	60 304
Recoverable medical expenses	-	3 225
Allowance for impairment of doubtful debts	(308 573)	(307 939)
	65 829	**76 388**

The loss allowance for other receivables stratified according to ageing profile as at 31 March 2024 is as follows:

2024	**Gross**	**Impairment**	**Net**
Past due up to 30 days	64 732	-	64 732
Past due by 31 to 60 days	(6)	-	(6)
Past due by 61 to 90 days	44	-	44
Past due by 91 to 180 days	(63)	-	(63)
Past due by more than 180 days	309 695	(308 573)	1 122
	374 402	**(308 573)**	**65 829**

The loss allowance for other receivables stratified according to ageing profile as at 31 March 2023 is as follows:

2023	**Gross**	**Impairment**	**Net**
Past due up to 30 days	71 782	-	71 782
Past due by 31 to 60 days	(552)	-	(552)
Past due by 61 to 90 days	(3)	-	(3)
Past due by 91 to 180 days	106	-	106
Past due by more than 180 days	312 994	(307 939)	5 055
	384 327	**(307 939)**	**76 388**

Reconciliation of provision for impairment of receivables from non-exchange transactions:

Opening balance	307 939	309 162
Provision for impairment	634	(1 223)
	308 573	**307 939**

6. Statutory receivables

Assessments raised	30 259 235	27 507 832
Contributions from exempted employers	60 509	44 734
Allowance for Impairment and doubtful debts	(28 523 469)	(22 748 722)
	1 796 275	**4 803 844**

Statutory receivables general information

Basis used to assess and test whether a statutory receivable is impaired

The carrying amount of statutory receivables only comprises of other receivables and are not financial assets as they arise from revenue from non-exchange transaction regulated in terms of the following sections of the Act.

Receivables from assessments raised and accruals for assessments not raised is regulated in terms of Section 82(1) read together with 83(1) as well as Section 83(6)(a) of the Act as detailed in the accounting policy note on revenue from non-exchange transactions.

	2024	2023 Restated*
	R '000	R '000

6. Statutory receivables (continued)

Receivables relating to contributions from exempted employers arise from Section 84 of the Act which exempts certain employers from assessments, including national and provincial government departments, parliament, provincial legislatures, municipalities. Section 84(3) provides that such employers may be permitted to pay assessments and in instances where an exempt employer opts to pay the assessment their exemption falls away.

The amounts in respect of the above-mentioned debtors are determined with reference to the provisions of the Act as set out in the accounting policy on revenue from non-exchange transactions, being the annual earnings declared or estimated divided by 100 and multiplied by the assessment tariff rate applicable to that employer.

Interest, fines and penalties are charged in terms of Section 86 and 87 of the Act relating to assessments raised and the rate of interest is determined by the Director-General of the Department of Employment and Labour but may not exceed the rate prescribed in the PMFA.

The basis used to assess and test whether a statutory receivable is impaired is disclosed in the accounting policy note on statutory receivables.

The loss allowance for statutory receivables stratified according to ageing profile as at 31 March 2024 is as follows:

2024	**Gross**	**Impairment**	**Net**
Past due up to 30 days	593 992	-	593 992
Past due by 31 to 60 days	198 118	-	198 118
Past due by 61 to 90 days	223 901	-	223 901
Past due by 91 to 180 days	780 976	-	780 976
Past due by more than 180 days	28 522 757	(28 523 469)	(712)
	30 319 744	**(28 523 469)**	**1 796 275**

The loss allowance for statutory receivables stratified according to ageing profile as at 31 March 2023 is as follows:

2023	**Gross**	**Impairment**	**Net**
Past due up to 30 days	3 913 221	-	3 913 221
Past due by 31 to 60 days	182 513	-	182 513
Past due by 61 to 90 days	164 090	-	164 090
Past due by 91 to 180 days	545 427	-	545 427
Past due by more than 180 days	22 747 315	(22 748 722)	(1 407)
	27 552 566	**(22 748 722)**	**4 803 844**

Reconciliation of provision for impairment for statutory receivables:Reconciliation of provision for impairment for statutory receivables:

	2024	2023
Opening balance	22 748 722	20 893 267
Provision for impairment loss	5 774 747	1 855 455
	28 523 469	**22 748 722**

	2024 R '000	2023 Restated* R '000

7. Investments

	2024 R '000	2023 Restated* R '000
Designated at fair value		
Listed and unlisted shares	28 429 954	23 874 928
Bonds	67 343 007	60 847 261
Bills and promissory notes	912 940	405 905
	96 685 901	**85 128 094**
At amortised cost		
Fixed deposits	10 747 977	12 954 286
Total other financial assets	**107 433 878**	**98 082 380**
Non-current assets		
Listed shares	28 392 926	23 833 723
Bonds	66 693 357	56 339 678
Unlisted Investments	37 028	41 205
	95 123 311	**80 214 606**
Current assets		
Listed shares	649 650	4 507 583
Bills and promissory notes	912 940	405 905
Fixed deposits	10 747 977	12 954 286
	12 310 567	**17 867 774**

The Fund gave its asset manager (PIC) a discretionary mandate whereby PIC independently manages the funds and securities of the Fund in accordance with the need of the Fund.

Reconciliation of movement

	2024 R '000	2023 Restated* R '000
Opening balance	98 082 380	90 850 962
Interest earned from investment	7 357 945	6 650 056
Delisted instrument	(4 107)	41 135
Coupon interest	(5 757 454)	(4 461 631)
Fair value adjustment	(3 420 239)	(3 169 999)
Other	742	71
Profit or loss on sale of investments	93 590	(166 252)
Purchases of investments	48 952 006	30 969 266
Sales and maturities	(37 870 985)	(22 631 228)
	107 433 878	**98 082 380**

R '000

7. Investments (continued)

Compensation portfolio - 2024

	Fair value through surplus or deficit	Financial assets at amortised cost	Total
Capital market	34 388 576	-	34 388 576
Listed shares	15 289 742	-	15 289 742
Equity - Unlisted shares	20 627	-	20 627
Promissory notes	38 835	-	38 835
Certificate of deposit	422 489	-	422 489
Fixed deposit	-	6 384 298	6 384 298
	50 160 269	**6 384 298**	**56 544 567**

Compensation portfolio - 2023

	Fair value through surplus or deficit	Financial assets at amortised cost	Total
Capital market	32 861 146	-	32 861 146
Listed shares	13 186 171	-	13 186 171
Equity - Unlisted shares	22 915	-	22 915
Bills - Commercial paper	106 999	-	106 999
Promissory notes	53 110	-	53 110
Certificate of deposit	331 356	-	331 356
Fixed deposit	-	5 522 175	5 522 175
	46 561 697	**5 522 175**	**52 083 872**

Pension portfolio - 2024

	Fair value through surplus or deficit	Financial assets at amortised cost	Total
Capital market	32 954 431	-	32 954 431
Listed shares	13 103 183	-	13 103 183
Unlisted shares	16 401	-	16 401
Promissory notes	29 127	-	29 127
Certificate of deposit	422 489	-	422 489
Fixed deposit	-	4 363 679	4 363 679
	46 525 631	**4 363 679**	**50 889 310**

R '000

7. Investments (continued)

Pension portfolio - 2023

	Fair value through surplus or deficit	Financial assets at amortised cost	Total
Capital market	27 986 114	-	27 986 114
Listed shares	9 922 964	-	9 922 964
Unlisted shares	18 221	-	18 221
Promissory notes	39 833	-	39 833
Certificate of deposit	600 287	-	600 287
Fixed deposit	-	7 432 111	7 432 111
	38 567 419	**7 432 111**	**45 999 530**

Compensation portfolio: Maturity schedule - 2024

	Money market	Capital market - bonds	Listed equity	Unlisted equity	Total
Matured	38 835	-	-	-	38 835
0 - 3 months	3 785 565	-	-	-	3 785 565
3 - 6 months	1 880 292	36 345	-	-	1 916 637
6 - 9 months	739 029	99 944	-	-	838 973
9 - 12 months	401 900	179 622	-	-	581 522
1 - 3 years	-	4 047 593	-	-	4 047 593
3 - 7 years	-	7 294 014	-	-	7 294 014
7 - 12 years	-	9 162 523	-	-	9 162 523
12+ years	-	13 568 536	15 289 742	20 627	28 878 905
	6 845 621	**34 388 577**	**15 289 742**	**20 627**	**56 544 567**

Compensation portfolio: Maturity schedule - 2023

	Money market	Capital market - bonds	Listed equity	Cash	Total
Matured	57 145	-	-	-	57 145
0 - 3 months	3 150 151	-	-	383 977	3 534 128
3 - 6 months	2 172 429	-	-	-	2 172 429
6 - 9 months	229 893	2 441 944	-	-	2 671 837
9 - 12 months	126 183	132 278	-	-	258 461
1 - 3 years	-	2 413 816	-	-	2 413 816
3 - 7 years	-	7 745 073	-	-	7 745 073
7 - 12 years	-	8 133 241	-	-	8 133 241
12+ years	-	11 994 795	13 102 947	-	25 097 742
	5 735 801	**32 861 147**	**13 102 947**	**383 977**	**52 083 872**

	2024	2023 Restated*
	R '000	R '000

7. Investments (continued)

Pension portfolio: Maturity schedule - 2024

	Money market	Capital market - bonds	Listed equity	Unlisted equity	Total
Matured	29 127	-	-	-	29 127
0 - 3 months	2 898 657	-	-	-	2 898 657
3 - 6 months	1 376 302	36 345	-	-	1 412 647
6 - 9 months	435 248	-	-	-	435 248
9 - 12 months	75 961	297 393	-	-	373 354
1 - 3 years	-	3 748 008	-	-	3 748 008
3 - 7 years	-	7 267 314	-	-	7 267 314
7 - 12 years	-	8 621 933	-	-	8 621 933
12+ years	-	12 983 674	13 102 947	16 401	26 103 022
	4 815 295	**32 954 667**	**13 102 947**	**16 401**	**50 889 310**

Pension portfolio: Maturity schedule - 2023

	Money market	Capital market - bonds	Listed equity	Unlisted equity	Cash	Total
Matured	42 859	-	-	-	-	42 859
0 - 3 months	4 500 981	-	-	-	440 781	4 941 762
3 - 6 months	2 505 168	-	-	-	-	2 505 168
6 - 9 months	254 239	1 882 439	-	-	-	2 136 678
9 - 12 months	328 203	50 922	-	-	-	379 125
1 - 3 years	-	1 958 433	-	-	-	1 958 433
3 - 7 years	-	6 947 024	-	-	-	6 947 024
7 - 12 years	-	6 638 148	-	-	-	6 638 148
12+ years	-	9 784 561	10 647 551	18 221	-	20 450 333
	7 631 450	**27 261 527**	**10 647 551**	**18 221**	**440 781**	**45 999 530**

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2024	2023
Level 1		
Compensation portfolio - Equity listed shares	15 289 742	13 186 171
Pension portfolio - Equity listed shares	13 102 947	10 647 551
Compensation portfolio - Bonds	34 388 576	32 861 146
Pension portfolio - Bonds	32 954 431	27 986 114
	95 735 696	**84 680 982**
Level 2		
Compensation portfolio - Promissory notes	461 324	209 591
Pension portfolio - Promissory notes	451 615	196 314
	912 939	**405 905**

	2024 R '000	2023 Restated* R '000

7. Investments (continued)

Level 3

Compensation portfolio - Delisted investments	20 627	22 915
Pension portfolio - Delisted investments	16 401	18 221
	37 028	**41 136**

8. Receivables from exchange transactions

Investment income receivables	630 612	191 277
Other receivables	7 457	5 617
Accrued interest	1 860	4 662
Rent receivable	3 469	1 729
Provision for doubtful debts and impairment	(3 230)	(1 906)
	640 168	**201 379**

The loss allowance for trade and other receivables stratified according to ageing profile as at 31 March 2024 is as follows:

2024	**Gross**	**Impairment**	**Net**
Past due up to 30 days	640 108	-	640 108
Past due by 31 to 60 days	190	-	190
Past due by 91 to 180 days	491	-	491
Past due by more than 180 days	2 609	(3 230)	(621)
	643 398	**(3 230)**	**640 168**

The loss allowance for trade and other receivables stratified according to ageing profile as at 31 March 2023 is as follows:

2023	**Gross**	**Impairment**	**Net**
Past due up to 30 days	201 071	-	201 071
Past due by 31 to 60 days	(151)	-	(151)
Past due by 61 to 90 days	(44)	-	(44)
Past due by 91 to 180 days	115	-	115
Past due by more than 180 days	2 294	(1 906)	388
	203 285	**(1 906)**	**201 379**

Reconciliation of provision for impairment of receivables from exchange transactions:

Opening balance	1 906	427
Provision for impairment	1 324	1 479
	3 230	**1 906**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3	3
Bank balances	214 642	307 842
Short-term deposits	476 339	1 095 821
	690 984	**1 403 666**

Included in short-term deposits are cash balances held by the investment manager. The Fund invest its cash and cash balances with South African banks rated as B credit rating.

	2024	2023 Restated*
	R '000	R '000

10. Investment property

	2024			2023		
	Cost / Valuation	**Accumulated depreciation and impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and impairment**	**Carrying value**
Investment property	87 654	-	87 654	65 676	-	65 676

Reconciliation of investment property - 31 March 2024

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	65 676	35 053	(13 075)	87 654

Reconciliation of investment property - 31 March 2023

	Opening balance	**Additions**	**Fair value adjustment**	**Total**
Investment property	52 188	14 513	(1 025)	65 676

Expenditure incurred for repairs and maintenance	55	105

A register containing the information required by the PFMA and GRAP is available for inspection at the registered office of the Fund.

The investment property comprises of eight (8) properties located within the Republic of South Africa as disclosed below. The Fund applies the fair value model of subsequent measurement the following methods per category of investment property as at 31 March 2024.

Multi-tenanted investment properties with established rental history were valued using the Discounted Cash Flow Method and the Long Bond Rate as the discount rate. Additional adjustments for the functional and economic obsolescence of the improvements, the location, the perceived market rental growth and the covenants of the tenant's lease terms were made.

Properties under construction (marked above as WIP) that are intended to be put to use as a multi-tenanted investment property were valued Income method with the Long Bond Rate as the discount rate. Comparable market data has been used.

Untenanted properties were valued using the Direct Method of Comparison by considering prices paid for comparable type property in recent open market transactions in the vicinity of the Subject Property.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements beyond those depicted above.

Bhisho House and Compensation House was valued at adjusted market value less demolition costs by Mr. Arthur Lelosa of Manna Holdings (Pty) Ltd, a professional associated valuer in accordance with standards of the South African Council for the Property Valuer's Professional and International Valuation Standards (IVS).

SS Baobab Manor and Bendor Park from the joint venture were valued at market value by Mr. Arthur Lelosa of Manna Holdings (Pty) Ltd, a registered professional valuer in accordance with standards of the South African Council for the Property Valuer's Professional and International Valuation Standards (IVS).

- The investment property comprises of the following: Office building situated on ERF 252, Bhisho House, in Eastern Cape, building is currently being leased to the Department of Public Works and valued at R 9,7 million.
- Unoccupied Compensation House property at Portion 90 of the Farm Prinshof 349-JR, situated at the corner of Soutpansberg Road and Hamilton Street in Pretoria, valued at R 19,2 million.

R '000

10. Investment property (continued)

- Residential blocks used as student accommodation on SS Baobab Manor; Erf 222 Annadale, No 66 Pietersburg Street Polokwane, valued at R 24 million (5% interest of the Fund is R 1,2 million). The property is held in the name of KSL Coownership Unincorporated Joint Venture.

- Vacant land and building situated on Bendor Park; Erf 7339 Bendor Extension 86 at Conner Diemer Street and Hillary Drive in Polokwane, valued at R 120,3 million (5% interest of the Fund is R 6 million). The property is held in the name of KSL Coownership Unincorporated Joint Venture.

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Plant and machinery	1 027	(423)	604	1 027	(355)	672
Furniture and fixtures	38 687	(22 519)	16 168	36 205	(19 397)	16 808
Motor vehicles	3 064	(724)	2 340	3 243	(673)	2 570
IT equipment	89 130	(29 603)	59 527	49 522	(22 758)	26 764
Leasehold improvements	76 311	(72 066)	4 245	76 197	(69 699)	6 498
Finance leased office equipment	8 984	(1 052)	7 932	6 549	(5 438)	1 111
Total	**217 203**	**(126 387)**	**90 816**	**172 743**	**(118 320)**	**54 423**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers / written-off	Depreciation	Total
Plant and machinery	672	-	-	-	(68)	604
Furniture and fixtures	16 808	2 881	(1)	(10)	(3 510)	16 168
Motor vehicles	2 570	-	-	(85)	(145)	2 340
IT equipment	26 764	41 346	(3)	(440)	(8 140)	59 527
Leasehold improvements	6 498	114	-	-	(2 367)	4 245
Finance leased office equipment	1 111	8 985	-	-	(2 164)	7 932
	54 423	**53 326**	**(4)**	**(535)**	**(16 394)**	**90 816**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers / written-off	Depreciation	Total
Plant and machinery	741	-	-	-	(69)	672
Furniture and fixtures	19 891	351	-	-	(3 434)	16 808
Motor vehicles	974	2 246	(516)	-	(134)	2 570
IT equipment	31 901	-	-	(338)	(4 799)	26 764
Leasehold improvements	15 884	192	-	-	(9 578)	6 498
Finance leased office equipment	3 130	-	-	-	(2 019)	1 111
	72 521	**2 789**	**(516)**	**(338)**	**(20 033)**	**54 423**

The fund reclassified low value assets that were previously expensed on initial recognition to be capitalisation and subsequent depreciated over their useful lives.

No restrictions exist on title of any item of property, plant and equipment and no items have been pledged as securities for liabilities.

	2024 R '000	2023 Restated* R '000

11. Property, plant and equipment (continued)

There were no items of property, plant and equipment under construction or development.

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

Plant and machinery	19	-
Furniture and fixtures	682	319
Motor vehicles	553	596
	1 254	**915**

12. Intangible assets

	2024			2023		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	177 100	(103 889)	73 211	112 990	(100 690)	12 300
Intangible assets under development	-	-	-	64 019	-	64 019
Rights to use of assets	1 120	(148)	972	1 120	(112)	1 008
Total	**178 220**	**(104 037)**	**74 183**	**178 129**	**(100 802)**	**77 327**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Transfer	Amortisation	Total
Computer software	12 300	-	64 110	(3 199)	73 211
Intangible assets under development	64 019	91	(64 110)	-	-
Rights to use of assets	1 008	-	-	(36)	972
	77 327	**91**	**-**	**(3 235)**	**74 183**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	19 874	-	(7 574)	12 300
Intangible assets under development	63 967	52	-	64 019
Rights to use of assets	1 046	-	(38)	1 008
	84 887	**52**	**(7 612)**	**77 327**

Other information

Intangible assets under development are not amortised until they are in the location and condition necessary for it to be capable of operating in the manner intended by management and available for use.

	2024 R '000	2023 Restated* R '000

13. Interests in other entities

Investments in associates

Name of entity	Listed / Unlisted	Ownership interest as at 31 March 2024 (%)	Ownership interest as at 31 March 2023 (%)		
Busamed Proprietary (equity) - Year end February	Unlisted	3,16 %	3,16 %	21 449	32 239
Daybreak Farms - Year end March	Unlisted	33,33 %	33,33 %	138 755	182 478
Mpudulle Eye Centre CC - Year end March	Unlisted	19,00 %	19,00 %	-	-
Razorite Fund I - Year end March	Unlisted	52,20 %	52,50 %	677 719	665 237
Razorite Fund II - Year end March	Unlisted	29,04 %	29,03 %	506 779	506 530
SA SME - Year end February	Unlisted	7,31 %	7,21 %	87 971	87 391
TCI-TISO - Year end June	Unlisted	9,00 %	9,00 %	2 068	2 018
				1 434 741	1 475 893

The investment in associates were equity accounted using the latest financial information of the investees. Where audited financial statements were not available, management accounts and draft financial statements were utilised for equity accounting of the investees; sharing in the profit/loss and reserves according to the Funds shareholding.

The carrying amounts of associates are shown net of impairment losses.

Movement in carrying amount		
Opening balance	1 475 893	1 547 021
Acquisition of investments in associates	(3 481)	16 172
Impairment of investment in associates	(50 243)	35 319
Share of surplus from associates	12 572	(122 619)
	1 434 741	**1 475 893**

14. Investments in unlisted loans

Unlisted loans	348 873	504 955

Reconciliation of investment in unlisted loans

Opening balance	504 955	573 055
Effective interest	61 587	64 177
Coupon interest	(116 145)	(79 056)
Impairment of investments	(22 935)	(64 369)
Reversal of impairment	-	59 465
Increase in investment in unlisted loans	3 009	37 428
Repayment of unlisted loans	(81 598)	(85 745)
	348 873	**504 955**

Investment in unlisted loans are debt investment on Social Responsible Investment as per the Department of Employment and Labour, the investments are made by PIC on behalf of the Fund.

	2024 R '000	2023 Restated* R '000

15. Finance lease obligation

Minimum lease payments due		
- within one year	3 568	789
- in second to fifth year inclusive	5 882	-
	9 450	789
less: future finance charges	(1 376)	(18)
Present value of minimum lease payments	**8 074**	**771**

Present value of minimum lease payments due		
- within one year	2 765	-
- in second to fifth year inclusive	5 309	771
	8 074	**771**

Non-current liabilities	5 309	-
Current liabilities	2 765	771
	8 074	**771**

The lease liability relates to photocopy machines leased from service providers over an initial 3-year lease term with a mandatory free rental extension on a period not exceeding 24 months. The Fund has implemented the extension.

16. Payables from exchange transactions

Trade payables	170 255	280 714
Debtors with credit balances	104	104
Operating lease payables	1 144	3 676
Unsettled investments	27 946	28 016
	199 449	**312 510**

17. Accruals

Accumulated leave	53 707	70 117
Service and performance bonus	47 937	43 451
Accrued expenses	-	17 692
	101 644	**131 260**

18. Payable from non-exchange transaction

Debtors with credit balances	1 126 160	941 290
Compensation, medical and pension	1 317 401	1 197 605
Unallocated receipts	33 293	15 620
	2 476 854	**2 154 515**

	2024	2023 Restated*
	R '000	R '000

19. Provisions for outstanding claims

Reconciliation of provisions for outstanding claims - 2024

	Opening balance	Increase in provision	Claims paid	Total
Outstanding claims	12 643 990	1 227	(41 272)	12 603 945

Reconciliation of provisions for outstanding claims - 2023

	Opening balance	Actuarial (gains) / loss	Unwinding of discount	Increase in provision	Claims paid	Total
Outstanding claims	14 548 609	(4 226 726)	1 014 564	3 652 378	(2 344 835)	12 643 990

	2024	2023
Non-current liabilities	10 107 556	10 116 674
Current liabilities	2 496 389	2 527 316
	12 603 945	**12 643 990**

Provision for outstanding claims arise from actuarial valuation of the Fund's assets and liabilities as prescribed in Section 17 of the Act.

The Outstanding Provision is calculated separately for TTD, PD, Death Lump Sum, Medical Claims using the Bornheutter Ferguson (BF) method. The balance represents the ultimate claims expected for each of the accident semesters. The provision excludes payments that have already been requested (registered), awaiting payment.

The actuarial valuation was performed by True South Actuaries & Consultants who are registered with the Actuarial Society of South Africa. The actuarial value of the Fund's technical liabilities as determined by True South Actuaries & Consultants as at 31 March 2024 amounted to R 12,6 billion (2023: R 12,6 billion). This included the outstanding claims liabilities, liabilities in respect of pensions in payments, expenses, and margins.

The margin applied above on the "Annual Valuation" basis is based on Standard of Actuarial Practice (SAP) 104 guidelines as prescribed by the Actuarial Society of South Africa (ASSA).

Compensation benefits methodology:

The Bornheutter-Ferguson ("BF") method was used to calculate the Outstanding Claims Provisions for the Medical, Permanent Disability, Total Temporary Disability and Lumps Sum Death benefit types.

Due to uncertainties with the data, for the Capitalised Pensions, a Loss ratio method was adopted: an independent estimate of the expected ultimate claims in each accident semester was calculated, based on the claims ratio from periods assumed to be fully run-off multiplied by the latest assessments received. The Outstanding Claims Provision was then calculated as the ultimate claims less claims already paid for each accident semester.

The assumptions made in the valuation are as follows:

- Discount rate: As per risk-free curve issued by the Prudential Authority (PA)
- Benefit inflation: CPI + 1% (as implied by the PA curve)
- Margins applied to the best-estimate reserves are as follows:
    - Expense margin: 10%
    - Death benefit: 7.5%
    - Disability benefits: 10%
    - Medical benefits: 15%
    - Capitalised pension benefits: 15%
- Expenses: R 188.10 per claim (previously R 188.10)

	2024 R '000	2023 Restated* R '000

20. Capitalised value of pensions

	2024	2023
Capitalised value	23 684 108	23 777 203
Non-current liabilities	21 922 015	21 921 796
Current liabilities	1 762 093	1 855 407

Financial liabilities at fair value

Reconciliation of capitalised value of pension - 2024

	Opening balance	Increase in provision	Claims paid	Total
Capitalised value	23 777 203	9 114	(102 209)	23 684 108

Reconciliation of capitalised value for pension - 2023

	Opening balance	Actuarial (gains)/ losses	Unwinding of discount	Increase in provision	Claims paid	Total
Capitalised value	26 298 108	(5 270 740)	1 305 144	2 719 370	(1 274 679)	23 777 203

Capitalised value of pensions

Capitalised value of pensions also arise from actuarial valuation of the Fund's assets and liabilities as prescribed in Section 17 of the Act.

The Outstanding Provision is calculated Capitalised Pensions and CAA using the Bornheutter Ferguson (BF) method.

The provision excludes payments that have already been requested (registered), awaiting payment.

Section 88 of the Act requires mutual associations to pay expenditure incurred by the Fund in the administration of the Act as well as compensation that became payable by the Fund in respect of employers who failed to pay their assessments

The compensation benefits and medical claim offered by the Fund do not extend to contractors and military personnel. Furthermore, employees in the mining and construction sectors are excluded due to two mutual associations (FEMA and RMA) which are licensed to provide these services to them.

The actuarial value of the Fund's technical liabilities as determined by True South Actuaries and Consultants as at 31 March 2024 amounted to R 23,7 billion (2023: R 23,7 billion). This included the liabilities in respect of pensions in payments, expenses, and margins.

The margin applied above on the "Annual Valuation" basis is based on Standard of Actuarial Practice (SAP) 104 guidelines as prescribed by the Actuarial Society of South Africa (ASSA).

Capitalised value pensions is calculated using the Bornheutter Ferguson (BF) method and the pension commencement dates "back-populated" from the latest pension data set, with an adjustment for pensions that might have commenced and in the development period being considered.

Claims processed are grouped into a matrix according to:

- Accident semester: The financial year (and semester) of the accident or diagnosis of disease.
- Development semester: The number of semesters since the accident semester it took for the claim to get paid.

The claim payments are then adjusted for inflation (based on CPI figures) from date of payment till the valuation date, so that all the amounts in the matrix are in money terms as at this date.

In making inflationary adjustment, the actuaries assumed that claims are on average paid halfway through each financial year.

	2024	2023 Restated*
	R '000	R '000

20. Capitalised value of pensions (continued)

“Link ratios” (by how much the cumulative claim payments for a particular accident semester are expected to increase from one development semester to the next) are then calculated using a formula subsequent to which development factors are then applied to total claims paid to date for each accident semester to derive the total claims ultimately expected to be paid for that specific accident semester.

The formula for deriving the ultimate expected claims is heavily reliant on the claims reported to date. For the more recent semesters, the volume of claims already developed is typically small, and a large development factor is applied to the low amounts to estimate the ultimate claims.

The limitations of the Basic Chain Ladder method can be addressed by using an Independent Estimate (IE). An IE is calculated for each accident year to represent the ultimate expected claims. In most instances, the IE is derived by applying a long-term claims ratio (or a ratio from older periods that are assumed to have fully run off) to the total assessments received.

The Outstanding Claims for these periods can then be calculated by subtracting the claims paid to date from the IE for the corresponding accident semesters.

The Bornheutter-Ferguson method:

The Bornhuetter-Ferguson method combines the reserves calculated using the Basic Chain Ladder method with those calculated using an Independent Estimate.

For each accident semester, a weight is assigned to these two types of reserves.

The weights are determined based on the development factors, which are calculated from the complete matrix of claims data.

Pensions methodology:

The pensioner and constant attendance allowance provision is determined by calculating the present value of all expected future associated obligations, namely:

- Pension payments;
- Constant attendance allowance payments;
- Expenses associated with paying the provisions; and
- Investment returns.

The present value includes margins.

The assumptions made in the valuation are as follows:

- Discount rate: PA risk free curve less a 0.25% margin.
- Mortality: Based on a 2024 mortality investigation, with no allowance for past mortality improvement and 0,5% future mortality improvement. A margin of 7,5% is further applied by reducing expected mortality.
- Annuity increases: Inflation as derived from the PA curve, multiplied by 1,05 (allowing for a 5% multiplicative increase above CPI).
- Renewal expense: R 416.58 per annuity per annum (previously R 416.58) plus a margin of 10%.
- Expense increases: Inflation as derived from the PA curve, increased by a margin of 10%.

	2024 R '000	2023 Restated* R '000

20. Capitalised value of pensions (continued)

Data contingency provision:

The contingency reserve was set at 7.5% of the combined claims and expense reserve, rounded up to the nearest R 250 million. This 7.5% figure was calculated based on the difference between the pension amounts paid in the 2023/24 financial year per management accounts (an average of R 126 million per month) and those used to establish the provision (an average of R 117 million per month).

It is further believed that this amount will be sufficient to cover the following contingencies:

- Suspended pensioners: We cross-verified the available data on suspended pensioners and the list of foreigners who did not provide life verification documents against the pensioner valuation data. We found that 98% of these suspended pensioners were included in the valuation data. As a result, an allowance has been made in the pensioner liability calculations to account for most of the suspended pensioners.

- Age analysis report: The finance age analysis report contains 169 pensioners that are not included in the valuation data. There is a possibility that some of these pensioners will return to the active list of pensioners, but this, in our opinion is adequately allowed for in the contingency reserve.

21. Investment revenue

	2024 R '000	2023 Restated* R '000
Interest revenue		
Investment accounts	7 419 532	6 714 233
Bank	369 762	179 733
	7 789 294	**6 893 966**

22. Compensation benefits

	2024 R '000	2023 Restated* R '000
Constant attendance allowance	15 813	27 834
Funeral benefit	4 990	6 822
Medical aid	3 035 831	3 587 267
Pension	1 256 453	3 538 255
Total permanent disability	220 292	147 335
Total temporary disability	51 467	54 872
	4 584 846	**7 362 385**

23. Employee related costs

	2024 R '000	2023 Restated* R '000
Basic salaries	1 055 743	946 841
Performance bonus	1 196	1 656
Leave pay provision charge	(12 592)	(3 615)
Medical aid contributions	93 036	82 852
Overtime payments	17 428	15 259
Service bonusses (13th cheques)	88 108	76 754
Non pensionable allowances	76 605	118 434
Pension contributions (defined contribution plan)	136 002	121 581
Bargaining council contributions	770	660
	1 456 296	**1 360 422**

R '000

23. Employee related costs (continued)

Key management remuneration

31 March 2024

	Annual remuneration	Service bonus (13th cheque)	Contributions to pension funds	Short-term benefits (allowance)	Total
Compensation Commissioner	264	-	-	-	264
Chief Director: Financial Management	953	-	124	286	1 363
Chief Operating Officer	1 137	-	149	353	1 639
Chief Director: Corporate Services	624	-	74	272	970
Chief Director: COID Services	1 019	80	132	238	1 469
Chief Director: Medical Benefits	93	-	-	-	93
Chief Director: Orthotics and Rehabilitation	967	-	126	321	1 414
	5 057	**80**	**605**	**1 470**	**7 212**

31 March 2023

	Annual remuneration	Service bonus (13th cheque)	Contributions to pension funds	Short-term benefits (allowances)	Total
Compensation Commissioner	718	80	147	325	1 270
Chief Director: Financial Management	305	-	63	91	459
Chief Operating Officer	1 074	-	220	321	1 615
Chief Director: Corporate Services	925	86	190	205	1 406
Chief Director: COID Services	898	74	184	193	1 349
Chief Director: Medical Benefits	781	66	160	354	1 361
Chief Director: Orthotics and Rehabilitation	911	77	187	272	1 447
	5 612	**383**	**1 151**	**1 761**	**8 907**

Department of Employment and Labour offer its employees a total cost to company that is reflected in total remuneration, employees may structure their package as follows:

a) Remuneration includes amounts structured as basic salary and service bonus.

b) Other benefits include amounts structured as car allowance, non-pensionable allowance and housing allowance.

2024:

F Fakir - Chief Director: Orthotics and Rehabilitation acted in the position of Compensation Commissioner from 01 April 2023 to 31 March 2024 and received and acting allowance of R 265 350.

SBN Mahlungu – Director: Organisation Effectiveness acted in the position of Chief Director: Corporate Services from 9 January 2024 to 30 April 2024 and received an acting allowance of R 55 302.

JD Nkabinde - Director: Medical Claims CC acted in the position of Chief Director: Medical Benefits from 12 December 2023 to 30 April 2024 and received an acting allowance of R 46 365.

2023:

L Kotta – Director: Financial Control acted in the position of Chief Financial Officer from 19 February 2022 to 18 August 2022 and received an acting allowance of R 54 294.

F Fakir – Chief Director: Orthotics and Rehabilitation acted in the position of Compensation Commissioner from 01 January 2023 to 31 March 2023 and received and acting allowance of R 87 689.

	2024 R '000	2023 Restated* R '000

23. Employee related costs (continued)

SBN Mahlungu – Director: Organisation Effectiveness acted in the position of Chief Director: Corporate Services 01 March 2023 to 31 March 2023 and received an acting allowance of R 16 889.

MG Molotsi – Director: Income Management acted in the position of Chief Financial Officer from 03 October 2022 to 04 December 2022 and received and acting allowance of R 22 427.

24. Depreciation and amortisation

	2024 R '000	2023 Restated* R '000
Property, plant and equipment	16 394	20 033
Intangible assets	3 235	7 612
	19 629	**27 645**

25. Impairment of investments

	2024 R '000	2023 Restated* R '000
Impairments		
Investments in associates	73 178	(30 415)
Schedule of impairment		
Unlisted loans	-	4 904
Investment in associates	73 178	(35 319)
	73 178	**(30 415)**

Impairment losses or reversal relates to the investments in unlisted loans accounted for at amortised cost (refer to Notes 13 and 14).

26. Finance costs and interest paid

	2024 R '000	2023 Restated* R '000
Interest on finance leases	361	147
Interest on overdue accounts	673	3 255
Unwinding of discount	-	2 319 709
	1 034	**2 323 111**

Unwinding of discount of R 0 million (2023: R1 015 million) relates to the outstanding claims provision (refer to Note 19) and R 0 million (2023: R 1 305 million) for the capitalised value of pension (refer to Note 20) in order to build up the discounted liability to its future value.

27. Lease rentals on operating lease

	2024 R '000	2023 Restated* R '000
Premises		
Rental of facilities	78 025	82 200
Equipment		
Equipment	728	4 405
	78 753	**86 605**

28. Impairment of receivables

	2024 R '000	2023 Restated* R '000
Statutory receivables	5 774 747	1 855 455
Receivables from non-exchange transactions	633	(1 223)
Receivables from exchange transactions	1 324	1 479
	5 776 704	**1 855 711**

	2024 R '000	2023 Restated* R '000

29. General expenses

Assessor's fees	8 357	6 979
Auditors remuneration	42 447	4 631
Compensation board	2 849	2 164
Consulting and professional fees	180 726	129 639
ICT expenses	337 341	334 480
Investment fees	19 913	1 755
Investment management fees	92 003	57 654
Investment other expenses	9 761	6 634
Other expenses	93 285	119 268
Printing and stationery	10 186	6 594
Repairs and maintenance	1 329	1 141
Subsidies for accident prevention	15 430	23 203
Training expenses	279 662	204 552
Travel and subsistence	97 071	92 280
Venue expenses	15 299	16 912
	1 205 659	**1 007 886**

Illustrative analysis of other expenses:		
Bank charges	7 634	6 474
Building maintenance	12 142	10 793
Communication	12 210	12 514
Fuel and toll	7 645	7 746
Marketing	22 245	52 093
Municipal rates	7 394	18 258
Other	22 266	8 779
Printing and stationery	1 749	2 611
	93 285	**119 268**

30. Loss on disposal of assets

Loss with disposal of property, plant and equipment	517	242

31. Fair value adjustments

Financial assets at fair value through surplus/deficit (refer to Note 7)	(3 420 239)	(3 169 999)
Investment property (refer to Note 10)	(13 075)	(1 025)
	(3 433 314)	**(3 171 024)**

32. Actuarial gains

Actuarial (gains) / losses		
Outstanding claims (refer to Note 19)	-	(4 226 726)
Capitalised value of pensions (refer to Note 20)	-	(5 270 740)
	-	**(9 497 466)**

33. Profit / (loss) on disposal of investments

Disposal of investments (refer to Note 7)	93 590	(166 252)

	2024 R '000	2023 Restated* R '000

34. Cash generated from operations

Surplus	5 851 178	11 925 524
Adjustments for:		
Depreciation and amortisation	19 629	27 645
Loss on disposal of assets	514	242
Fair value adjustments	3 433 314	3 171 024
Interest income	(6 971 689)	(6 639 989)
Dividends received	(1 014 323)	(1 134 391)
Donations	(185)	-
Impairment of investments	73 178	(30 415)
Impairment of receivables	5 776 704	1 855 711
Unwinding of interest	-	2 319 709
Actuarial losses/(gains)	-	(9 497 466)
Share of profits from investments in associates	(12 572)	122 619
Profit on sale of investments	(93 590)	166 252
Non-cash additions to intangible assets	11 726	5 187
Increase in provision for outstanding claims	-	3 212 161
Increase in provision for capitalised value of pension	-	3 965 596
Changes in working capital:		
Receivables from non-exchange transactions	9 926	10 622
Operating lease assets	116	18
Receivables from exchange transactions	(440 113)	(30 165)
Prepayments	12 350	(7 563)
Statutory receivables	(2 767 178)	(1 934 772)
Payables from exchange transactions	(113 058)	(104 774)
Payables from non-exchange transactions	322 339	140 681
Accruals	(29 616)	(17 423)
Provision for outstanding claims	(40 045)	(1 904 619)
Capitalised value of pensions	(93 095)	(2 520 905)
	3 935 510	**3 100 509**

35. Change in estimate

Property, plant and equipment

Depreciation charges for the 2024 financial year includes the above changes in estimates of useful life made during the financial year. The asset classes reflected above include assets that were nearing the end of its useful life but are still in use.

The Fund established that these items of property, plant and equipment would continue to be utilised for further number of years and necessitated a review of the original useful life and residual values linked to it. The change in accounting estimates have been reflected above.

Changes have been made prospectively.

Furniture and fixtures	(6)	(261)
Motor vehicles	-	(94)
IT equipment	(923)	(148)
Leasehold improvements	(1 054)	-
	(1 983)	**(503)**

R '000

36. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

31 March 2023

	As previously reported	Correction of error	Re-classification	Restated
Prepayments	53 184	(126)	-	53 058
Receivables from non-exchange transactions	82 085	(454)	(5 243)	76 388
Receivables from exchange transactions	195 650	486	5 243	201 379
Cash and cash equivalents	1 401 640	2 026	-	1 403 666
Investments	80 214 535	-	71	80 214 606
Investment property	66 165	(490)	-	65 675
Payables from exchange transactions	(311 425)	(896)	(185)	(312 506)
Payables from non-exchange transactions	(2 154 629)	-	114	(2 154 515)
Accruals	(156 303)	25 043	-	(131 260)
Provision for outstanding claims	(2 381 784)	(145 532)	-	(2 527 316)
Accumulated surplus - opening balance as at 1 April	(67 898 947)	(246)	-	(67 899 193)
(Surplus) / deficit for the year	-	120 189	-	120 189
	9 110 171	**-**	**-**	**9 110 171**

Statement of financial performance

31 March 2023

	As previously reported	Correction of error	Restated
Interest earned from bank accounts	(179 227)	(506)	(179 733)
Other investment income	(946)	(29)	(975)
Employee related costs	1 385 466	(25 043)	1 360 423
Finance cost and interest paid	2 323 098	13	2 323 111
General expenses	1 007 080	806	1 007 886
Fair value adjustments	3 171 609	(585)	3 171 024
Actuarial (gains) / losses	(9 642 998)	145 532	(9 497 466)
Surplus for the year	**(1 935 918)**	**120 188**	**(1 815 730)**

Cash flow statement

31 March 2023

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Receipts from operations	10 044 258	4 985	10 049 243
Interest income received from operations	175 961	(506)	175 455
Other receipts and refunds	9 074	(9 074)	-
Payment to employees and suppliers	(2 585 384)	8 901	(2 576 483)
Finance costs and interest paid	(3 242)	(160)	(3 402)
Benefits paid	(4 546 781)	(2 710)	(4 549 491)
	3 093 886	**1 436**	**3 095 322**

	2024	2023 Restated*
	R '000	R '000

36. Prior-year adjustments (continued)

Cash flow from investing activities			
Purchase of investments	(31 010 399)	(7 007)	(31 017 406)
Maturity and sale of investments	22 631 228	3 627	22 634 855
Interest received on investments	4 452 490	(61 796)	4 390 694
Dividends received	1 059 635	74 756	1 134 391
MORA interest	9 138	(9 138)	-
	(2 857 908)	**442**	**(2 857 466)**

Cash flow from financing activities			
Finance lease payments	(2 342)	147	(2 195)
	(2 342)	**147**	**(2 195)**

Prior period errors

Accounting for payable and expenditure in the correct financial periods

During the financial year a number of transactions were identified that were accounted for in the incorrect period. The necessary corrections were made to ensure the transactions are recorded in the appropriate financial period. The adjustments were made retrospectively.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Prepayments	(126)	(126)
Payables from exchange transactions	(1 990)	(1 990)
Accumulated surplus as at 1 April	2 116	910
(Surplus) deficit for the year	-	1 206
	-	**-**

Statement of financial performance		
Finance cost and interest paid	-	400
General expenses	-	806
	-	**1 206**

Leave accrual adjustments

During the prior year audit a misstatement was identified in the Fund's leave accrual. Management investigated the difference and made the necessary adjustments prospectively to the provision.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Accruals	25 043	25 043
Accumulated surplus as at 1 April	(25 043)	-
(Surplus) / deficit for the year	-	(25 043)
	-	**-**

Statement of financial performance		
Employee related costs	-	(25 043)
	-	**(25 043)**

	2024 R '000	2023 Restated* R '000

36. Prior-year adjustments (continued)

Adjustment to the value of investment properties

During the current year review of the asset register, management identified adjustments required to ensure the investment property is accurately presented and disclosed. These adjustments were made retrospectively.

The correction of the error(s) results in adjustments as follows:

	2024 R '000	2023 Restated* R '000
Statement of financial position		
Investment property	(490)	(490)
Payables from exchange transactions	1 074	1 074
Accumulated surplus as at 1 April	(584)	-
(Surplus) / deficit for the year	-	(584)
	-	**-**

	2024 R '000	2023 Restated* R '000
Statement of financial performance		
Fair value adjustments	-	(584)
	-	**(584)**

Review of receivables

During the current year review of the Fund's receivables a number of misstatements were identified, which was the result of the incorrect recognition of transactions and transactions not recorded or recorded in the incorrect period. The necessary adjustments were made retrospectively.

The correction of the error(s) results in adjustments as follows:

	2024 R '000	2023 Restated* R '000
Statement of financial position		
Receivables from exchange transactions	486	486
Receivables from non-exchange transactions	(454)	(454)
Cash and cash equivalents	2 026	2 026
Payables from exchange transactions	20	20
Accumulated surplus as at 1 April	(2 078)	(1 156)
(Surplus) / deficit for the year	-	(922)
	-	**-**

	2024 R '000	2023 Restated* R '000
Statement of financial performance		
Interest earned from bank accounts	-	(506)
Other investment income	-	(29)
Finance cost and interest paid	-	(387)
	-	**(922)**

Adjustment to the actuarial (gains) / losses

Management identified a material misstatement in the provision for outstanding claims, with specific reference to the actuarial (gains) / losses that were calculated and recognised. The correction was made retrospectively.)

The correction of the error(s) results in adjustments as follows:

	2024 R '000	2023 Restated* R '000
Statement of financial position		
Provisions for outstanding claims	(145 532)	(145 532)
Accumulated surplus as at 1 April	145 532	-
(Surplus) / deficit for the year	-	145 532
	-	**-**

	2024 R '000	2023 Restated* R '000

36. Prior-year adjustments (continued)

Statement of financial performance		
Actuarial (gains) / losses	-	145 532
	-	**145 532**

Reclassifications

The following reclassifications adjustment occurred:

Statement of financial position		
Receivables from non-exchange transactions (Other receivables)	-	(5 242)
Receivables from exchange transactions (Other receivables)	-	5 242
Investments (current)	-	71
Payables from exchange transactions (Unsettled investments)	-	(71)
Payables from exchange transactions (Trade payables)	-	(114)
Payables from non-exchange transactions (Unallocated receipts)	-	114
	-	**-**

Statement of financial performance		
General expenses (Other expenses)	-	(436)
General expenses (Printing and stationary)	-	436
	-	**-**

37. Commitments

Authorised capital expenditure

Approved and contracted		
• Property, plant and equipment	1 222 163	1 221 000
• Intangible assets	93 730	178
	1 315 893	**1 221 178**

Total capital commitments		
Already contracted for but not provided for	1 315 893	1 221 178

Authorised operational expenditure

Approved and contracted commitments		
• Contracts: within one year	154 237	188 506
• Contracts: in second to fifth year inclusive	178 111	290 056
	332 348	**478 562**

Total operational commitments		
Already contracted for but not provided for	332 348	478 562

Total commitments

Authorised		
Capital expenditure	1 315 893	1 221 178
Operational expenditure	332 348	478 562
	1 648 241	**1 699 740**

	2024 R '000	2023 Restated* R '000
Not yet contracted for but authorised by member		
Capital expenditure	84 767	120 103
Operational expenditure	3 768	176 699
	88 535	**296 802**

This committed expenditure relates to goods and services and contracts related to service needed by the Fund to carry out its mandate. Capital commitments for intangible assets relates to the development of claims management system and for PPE relates to refurbishment of Compensation House and acquisition of a new office accommodation in collaboration with UIF through PIC property mandate.

Operating leases - as lessee (expense)

	2024 R '000	2023 Restated* R '000
Minimum lease payments due		
- within one year	10 086	39 268
- in second to fifth year inclusive	-	10 086
	10 086	**49 354**

Operating lease payments represent rentals payable by the department for lease of properties. The lease escalates on average between 5% and 7.5%.

The variances in the comparative amount and the prior year audited amounts are due to recalculated smoothing as per 5% annual escalation on Iron Mountain Contract which was initially calculated at variable escalation %.

38. Contingencies

Licenses in terms of Section 30 of the Act to carry out the business of the fund in certain industries have been granted by the Minister of Labour to two Mutual Associations. These mutual associations must deposit securities with the fund to cover its liabilities. Furthermore, certain local authorities have been granted exemption from paying annual assessments and are liable to pay compensation benefits to employees who get injured while on duty. In terms of Section 31 of the Act, the exempted employers are required to deposit securities/cede securities to the Fund which are equivalent to the capitalized value of pension of their employees.

If a mutual association or an exempted employer fails to meet its liabilities in full in terms of the Act, the Accounting Authorities may apply such securities to pay the liabilities and the balances of any liabilities not paid from such securities will have to be paid from reserves from the fund which creates a contingent liability to the fund.

The Fund also receives notices of court motions and summons with a potential, litigations are mainly due delays in adjudication and paying benefit for occupational injuries and diseases. Liabilities for occupational injuries and diseases has already been accounted under provision for outstanding claims (refer to Note 19) and capitalised value for pensions (refer to Note 20).

Contingent assets and liabilities

Contingent liabilities

The Fund has 7 notices of court motions and summons with a potential financial impact of R 70 thousand (2023: R 581 thousand).

Contingent assets

The extent of securities held/ceded to the fund exceeded the liabilities of the mutual association and exempted employer by R 15,1 billion (2023: R 15,1 billion).

The extent of securities held/ceded to the fund exceeded the liabilities of the exempted employer by R 213,3 million (2023: R 213,3 million).

The Fund has 1 interest recovery case against Compensation Solutions in the prior year with a potential financial impact of R 0 million (2023: R 51 million)

	2024	2023 Restated*
	R '000	R '000

38. Contingencies (continued)

On 1 May 2022, the CF commenced its COIDA compliance audits project wherein findings with possible financial impact on the employers selected have been raised, however the employers have communicated disagreements to the findings. The employers have the right to object and appeal in terms of Section 91 of the Act. The employer has 180 calendar days to object or appeal formally to the findings from the date of the close out report.

No revenue could be recognised because the inflow of resources is not virtually certain as it is dependent on the outcomes of the dispute resolution to the findings, therefore a contingent asset arose, and the financial impact cannot be estimated reliably.

39. Risk management

Financial risk management

The Funds's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Financial risk exposures are on the account of the Fund's strategic asset allocation percentages for the various asset classes, which are set to counter inflation risk that affect the Fund's liabilities and assets.

The nature and extent of financial instruments as at financial year-end and the risk management policies employed by the Fund and its investment administrator are discussed below.

Liquidity risk

Liquidity risk is the risk of being unable to close out open financial instrument positions quickly enough and in sufficient quantities at near-market prices to avoid adverse financial impacts as a result of there being insufficient volume in the market (or where the market is suspended or closed). Prudent liquidity risk management also implies maintaining sufficient cash and cash equivalents to meet our obligations as they become due. In the ordinary course of business, the Fund receives cash from assements of employers and is required to fund working capital and capital expenditure requirements. Management prepares a budget and ensures that surplus funds are invested in a manner to achieve market-related returns or the Funds objectives and to provide sufficient liquidity at the minimum risk.

The Fund's investment mandate stipulates the strategic asset allocation percentage of the total holdings that must comprise of liquid assets (cash and money markets). A significant portion of assets is held in cash and near-cash (money market).

Liquidity risk is also managed by investing a large portion of assets in instruments (money market, bonds and equities) that trade actively in efficient and liquid markets.

The maturity analysis for interest bearing assets at year-end is disclosed in Note 7. The Fund's exposure to liquidity risk is represented by the carrying amount of all financial liability determined to be exposed to liquidity risk, amounting to R 2,7 billion as at 31 March 2024 (2023: R 2,4 billion)

At financial year end 31 March 2024, the financial liabilities exposed to liquidity risk as follows.

At 31 March 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from non-exchange transactions	2 476 854	-	-	-
Payables from exchange transactions	199 447	-	-	-
Finance lease obligation	3 568	5 882	-	-

At 31 March 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from non-exchange transactions	2 154 629	-	-	-
Payables from exchange transactions	312 504	-	-	-
Finance lease obligation	789	-	-	-

	2024	2023 Restated*
	R '000	R '000

39. Risk management (continued)

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments, which subject the Fund to concentrations of credit risk, consist of trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from cash and cash equivalents is managed by ensuring amounts are only invested with financial institutions of good credit quality based on external credit ratings. The Fund has policies that limit the amount of credit exposure to any one financial institution.

Credit risk limits incorporate measures that account for both current and potential exposures and are set and monitored by broad risk type, product type and maturity. The Fund manages credit risk through the investment administrator by utilising internal models, as well as ratings from external credit rating agencies.

The Fund's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R 111 billion as at 31 March 2024 (2023: R 102 billion).

At financial year end 31 March 2024, the credit rating distribution on fixed income instruments - namely bonds, rate notes, money market instruments, listed equities, unlisted loans and receivables was as follows:

Credit Rating	**2024**		**2023**	
	R'000	**%**	**R'000**	**%**
AAA	64 147 842	57,62 %	58 330 386	57,16 %
AA+	32 509 463	29,20 %	27 170 406	26,62 %
AA	9 976 345	8,96 %	11 663 167	11,43 %
AA-	267 337	0,24 %	152 767	0,15 %
A+	194 584	0,18 %	172 873	0,17 %
BBB	2 130 829	1,91 %	-	- %
B	321 148	0,29 %	2 485 802	2,44 %
Non Rated - Capital market	-	- %	92 943	0,09 %
Non Rated - Unlisted loans	348 873	0,31 %	504 955	0,49 %
Non-rated - interest in other entities	1 434 741	1,29 %	1 475 893	1,00 %
	111 331 162	**100,00 %**	**102 049 192**	**100,00 %**

The rating categories are as follows:

National long-term rating definition:	National scale
	Rating symbol
Highest grade quality	AAA
Very high credit quality	AA+, AA, AA-
High credit quality	A+, A, A-
Possessing risk that obligations will not be met when due	B+, BBB, B, B-

Market risk

Market risk is the risk that the value of a financial instrument or investment will fluctuate due to adverse movements in market factors, irrespective of whether such fluctuations are caused by circumstances particular to the investment(s) or general market dynamics.

R '000

39. Risk management (continued)

Investment managers are required to diversify investments of the Fund and make investments within the specified asset allocation such that the performance of the asset classes are similar to the performance of corresponding sectors of the market as a whole and that exposure to a single investment is within an acceptable tolerance level.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or the income received from such instruments will fluctuate due to adverse movements in interest rates. Interest rate risk is managed and evaluated through scenario analysis and stress tests, which measures the sensitivity of the company's investment interest income and market value of the portfolio to extreme interest rate movements.

A change of basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

Bonds (Pension)

Spread in basis points	Profit / loss	% Change	Market value
-200	4 965 554	15,07 %	37 919 985
-150	3 599 132	10,92 %	36 553 563
-100	2 320 953	7,04 %	35 275 383
-50	1 123 529	3,41 %	34 077 959
0	-	- %	32 954 431
50	(1 055 945)	(3,20)%	31 898 486
100	(2 049 106)	(6,22)%	30 905 325
150	(2 985 098)	(9,06)%	29 969 333
200	(3 868 238)	(11,74)%	29 086 192

Bonds (Compensation)

Spread in basis points	Profit / loss	% Change	Market value
-200	6 764 394	19,67 %	41 152 971
-150	4 698 845	13,66 %	39 087 421
-100	2 808 025	8,17 %	37 196 601
-50	1 073 896	3,12 %	35 462 472
0	-	- %	34 388 576
50	(1 986 852)	(5,78)%	32 401 724
100	(3 339 851)	(9,71)%	31 048 725
150	(4 590 299)	(13,35)%	29 798 277
200	(5 747 997)	(16,71)%	28 640 579

Pension money market

Pension: Money market Spread in basis points	Profit/ loss	% Change	Market value
-200	29 665	0,62 %	4 847 629
-150	22 207	0,46 %	4 840 171
-100	14 777	0,31 %	4 832 741
-50	7 375	0,15 %	4 825 339
0	-	- %	4 817 965
50	(7 347)	(0,15)%	4 810 617
100	(14 667)	(0,30)%	4 803 298
150	(21 960)	(0,46)%	4 796 005
200	(29 226)	(0,61)%	4 788 739

R '000

39. Risk management (continued)

Compensation: Money market Spread in basis points	Profit/ loss	% Change	Market value
-200	45 484	0,66 %	6 895 141
-150	34 038	0,50 %	6 883 695
-100	22 642	0,33 %	6 872 300
-50	11 296	0,16 %	6 860 954
0	-	- %	6 849 657
50	(11 248)	(0,16)%	6 838 410
100	(22 446)	(0,33)%	6 827 211
150	(33 597)	(0,49)%	6 816 060
200	(44 700)	(0,65)%	6 804 957

Bonds excludes R 1,094 billion in floating rate note exposure.

The money market pension includes R 1,094 billion in floating rate note.

The money market compensation includes R 1,094 billion in floating rate note .

Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of financial position either as available-for-sale or at fair value through surplus or deficit. The Funds not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund. The Fund’s investments in equity of other entities that are publicly traded and are included in the SWIX All Share Index.

Sensitivity testing highlights the key risks or touch points of the portfolio to the market. In this case, we perform sensitivity testing of the portfolio to the equity indices. Sensitivity testing typically involves an incremental change in a risk factor (or a limited number of risk factors). Our analysis will be conducted over a shorter time horizon, for example as an instantaneous shock. Using a historical beta, for any instantaneous shock on our risk factor, we can estimate the impact on our portfolio.

Pension Price change (%)	Profit/loss	% change profit/loss	Market value fund in Rand
-1%	(126 637)	(0,97)%	12 976 310
0%	-	- %	13 102 947
1%	126 637	0,97 %	13 229 583

Compensation Price change (%)	Profit/loss	% change profit/loss	Market value fund in Rand
-1%	(147 439)	(0,96)%	15 142 304
0%	-	- %	15 289 742
1%	147 439	0,96 %	15 437 181

Price change (%)	Profit/loss	% change profit/loss	Market value fund in Rand
-1%	(274 076)	(1,00)%	28 118 613
0%	-	- %	28 392 689
1%	274 076	1,00 %	28 666 767

	2024	2023 Restated*
	R '000	R '000

39. Risk management (continued)

Concentration risk

Czoncentration risk is the risk of losses arising due to poor diversification within funds. This relates to both credit and market risk as excessive concentrations in a particular or correlated sector, issuer, asset class, term structure or financial instrument type can result in undesirable risk exposures. This risk is managed in accordance with investment mandates and approved policies, which dictate the level of acceptable concentration.

Asset classes	Minimum range	SAA	Maximum range
Bonds (nominal and inflation linked)	55,00 %	59,50 %	62,00 %
Equities	20,00 %	23,00 %	27,00 %
SRI	5,00 %	10,00 %	10,00 %
Unlisted properties	2,50 %	2,50 %	5,00 %
Cash and money market	3,00 %	5,00 %	10,00 %

40. Related parties

Relationships	
Board, audit and risk committee members	Refer to the remuneration of board members
Key senior management	Refer to Note 22
All national government	Common control of parliament
Investment in unlisted loans	The unlisted loans disclosed are those for which management has equity. Please refer to Note 14
Investment in associates	Refer to Note 13
Investment in joint operation(s)	Klentech Joint Operations
Entity under common control of Department of Employment and Labour (DEL)	Supported Employment Enterprises (SEE)
	Commission for Conciliation mediation and Arbitration (CCMA)
	Commission for Employment Equity (CEE)
	Compensation Board
	National Economic Development and Labour Council (NEDLAC)
	National Minimum Wage Commission
	Productivity SA
	Employment Service Board
	Unemployment Insurance Fund (UIF)
The Fund under control	Department of Employment and Labour
Cross sharing board members	Rand Mutual Assurance (RMA)
	Federal Employers' Mutual Company (FEM)
General Partner in Razorite Healthcare and Rehabilitation Fund 1	ACP General (Pty) Ltd

Related party balances

	2024	2023
Payable from exchange transactions		
Department of Employment and Labour	174 108	238 748
Unlisted loans		
Gurb Investments	-	59 926
TCI-TISO	-	64 472
Mpudulle Eye Centre CC	-	56 502

	2024 R '000	2023 Restated* R '000

40. Related parties (continued)

Related party transactions

	2024	2023
Employee related costs		
Department of Employment and Labour	1 469 319	1 366 882
Goods and other services		
Department of Employment and Labour		
Operating lease rental	-	43 702
Other goods and services	537 015	396 642
Subsidies for accident prevention	-	23 348
Capital and finance lease expenditure	-	36 276
Administration contributions		
Rand Mutual Assurance	27 765	27 765
Federal Employers' Mutual Assurance Company	9 150	9 150
Joint operations		
Klentech Joint Operations	-	13 665
Day Break	-	(59 115)
Razorite Fund I	-	(73 124)
Razorite Fund II	-	14 799
SME Fund	-	(208)
TCI-Tiso Equity	-	405
Busamed	-	(5 376)
	-	**(122 619)**

Employee related costs as presented in the statement of financial performance is R 1 456 million (2023: R 1 360 million) and therefore differ from the amounts presented above. This is caused by different accounting method used by the Fund (accrual basis of accounting) and Department of Employment and Labour (modified cash basis) to prepare and present financial statements.

2024 R '000
2023 Restated* R '000

40. Related parties (continued)

Remuneration of management

Management class: Board members

2024 (meeting attendance fees)

Name	Board Committee	Audit Committee	Risk Committee	Finance Committee	Total
B Mahlangu	120	-	-	-	120
K Cowley	12	-	-	-	12
K Serote	120	-	-	-	120
F A Xaba	214	-	-	-	214
G Mokgoro	60	-	-	-	60
J Wilimiec	96	-	112	-	208
R Legoabe	83	-	-	-	83
E Burger	8	-	-	-	8
N V Madyibi	92	257	-	-	349
G M Mpaku	-	251	-	-	251
E M Thobejane	93	-	-	-	93
D N Tsipane	116	-	-	-	116
D Pillai	115	-	-	-	115
W Johannsmeier	15	-	-	-	15
SB Dumisani	32	-	-	-	32
C de Kock	-	234	109	-	343
L Mangquku	-	469	-	-	469
S P Mzizi	-	193	-	-	193
C Appel	-	-	-	23	23
L Masungayi	-	-	-	11	11
J Mashilo	-	-	-	14	14
	1 176	**1 404**	**221**	**48**	**2 849**

R '000

40. Related parties (continued)

2023 (meeting attendance fees)

Name	Board Committee	Audit Committee	Risk Committee	Finance Committee	Total
B Mahlangu	104	-	-	-	104
K Cowley	26	-	-	-	26
K Serote	143	-	-	-	143
FA Xaba	154	96	-	-	250
G Mokgoro	82	-	-	-	82
J Wilimiec	76	52	16	-	144
R Legoabe	65	-	-	-	65
E Burger	26	-	-	-	26
NV Madyibi	30	47	-	-	77
EM Thobejane	80	-	-	-	80
DN Tsipane	86	-	-	-	86
D Pillai	89	-	-	-	89
V Mokwana	34	-	-	-	34
W Johannsmeier	32	-	-	-	32
SB Dumisani	24	-	-	-	24
C Appel	-	-	-	55	55
L Masungayi	-	-	-	69	69
J Mashilo	-	-	-	41	41
	1 051	**195**	**16**	**165**	**1 427**

The above excludes independent board members: L Mangquku; SP Mzizi; C de Kock; and MG Mathabathe.

41. Principal-agent arrangements

Details of the arrangement is as follows:

In terms of Section 18(2) of the Act, the Public Investment Corporation (PIC) was appointed as the Fund's investment manager.

Entity as principal

Description of the arrangement, including the transactions undertaken;

In determining whether there is a principal-agent relationship the Fund took the agreement, terms and condition into consideration. The Fund transfers surplus cash to the PIC to invest in terms of the Fund's investment strategy and the investment policy of the PIC. The PIC is expected to maximise the returns of the Portfolios. Based on the arrangement between the Fund and the PIC, the Fund is a principal and with the PIC being the agent.

Description of the arrangement, including the transactions undertaken:

PIC invests cash received from the Fund. All investments and deposits are registered and or held by the PIC in the Fund's portfolio account.

Significant terms and conditions of the arrangements:

The PIC is required to implement the Funds Investment Strategy and Investment Policy by acquiring, holding, realising and/or reinvesting assets comprising the Investment Portfolio as well as assess the risks of the Investments.

Purpose of the principal-agent relationship, significant risks and benefits:

The purpose of the relationship is for the PIC to maximise returns on excess cash the Fund has. Significant risks include financial losses. The Fund has a Credit Risk Policy to mitigate any losses. The portfolios are also diversified to limit risks.

	2024 R '000	2023 Restated* R '000

41. Principal-agent arrangements (continued)

Transactions undertaken		
Management fees	68 257	52 916

Assets under the custodianship of an agent at year end		
Listed shares	28 392 926	23 833 794
Bonds	67 343 007	60 847 261
Bills, certificates of deposit and promissory notes	912 940	405 905
Fixed deposit	10 747 977	12 954 286
Unlisted investments	37 028	41 134
	107 433 878	**98 082 380**

42. Irregular - and fruitless and wasteful expenditure

Irregular expenditure	12 998	13 344
Fruitless and wasteful expenditure	1 087	3 272
Closing balance	**14 085**	**16 616**

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure.

Irregular expenditure

Irregular expenditure relates to the Fund and does not include any subsidiary.

The Fund had a total of 106 cases recorded in the irregular expenditure register as at the beginning of the current year financial year and ar still under assessment/determination as at the end of the financial year.

During the current financial year, 1 case was identified and recorded as irregular expenditure register as a result of the Irregular expenditure process; 1 case condoned; 7 cases removed; and 2 cases derecognised.

A total of 97 cases are still uder assessment/determination as at the end of the financial year 31 March 2024.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure relates to the Fund and does not include any subsidiary.

The Fund had a total of 129 cases in the fruitless and wasteful expenditure register that were accumulated over the past few years.

During the current financial year, 15 additional cases were identified and recorded in the fruitless and wasteful expenditure.

During the current year 0 cases were written off and 3 cases was fully recovered.

A total of 141 cases are still under assessment/determination as at the end of the financial year 31 March 2024.

	2024 R '000	2023 Restated* R '000

43. Material losses

Amounts of material losses through criminal conduct
Incident description

Fraudulent bank accounts were identified wherein payments were made by the Fund, a criminal case was registered with South African Police Service.	-	2 900
Three fraudulent claims were detected during a review of transactions and the payments were processed by Compensation fund users that cannot be identified on the Compensation Fund directory.	-	5 299
Irregular change of banking details for a certain hospital which might be fraudulent because hospital confirmed that there was no request for change in banking details.	-	1 570
Allegation about 2 Legal Services employees involved in corrupt activities. The two employees are alleged to bein total disregard of their seniors. They allegedly captured the Legal Services and they unilaterally decide when, how and where tribunals will take place.	-	817
Intercepted payment: The vendor's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account.	20 990	-
Intercepted payment: The vendor's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	1 448	-
	22 438	**10 586**

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure
Incident description

The complainant reported fraud taking place in a Directorate. A Claim was prepared and was authorised on the same day which is unusual, as invoices are only processed once authorisation from the medical professionals is obtained.	-	2 900
115/12/2019 - The complainant alleges that an employee is involved in suspicious activities because of his association with other employees reporting to him, the exchange of envelopes that takes place at the parking and the sudden change of lifestyle with regards to the expensive clothes and car he drives.	-	41 105
12/08/2021 - SAPS HRM(BETHAL) reported through Vuvuzela Hotline that a former employee of was injured on duty in 2011, June ,14 whilst fetching a suspect in Durban. There was an accident which the car he was in collided with a cow and he sustained injuries and was taken to the hospital. The employer states that all relevant documents relating to the injury were sent to Compensation Fund and the Commissioner did not grant any compensation at the time. Later in 21 February 2021 the employer receives a letter from the Commissioner which states that the employee will be compensated for the loss of movement of his left elbow. The employer is suspicious because they are not aware if there is a re-opening of the file and that employee had no problem with either of his elbow and there were no new medical reports submitted nor sick leave taken .	-	45
01/04/2017 - It is alleged that unknown people are defrauding the fund by colluding with (22) Medical Service Providers .	-	175 848
02/05/2023 - Intercepted payment: The vendor's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	20 990	-
02/06/2023 - Fraudulent claims: Three fraudulent claims were detected during a review of transactions and the payments were processed by Compensation fund users that cannot be identified on the Compensation Fund directory.	5 469	-

	2024 R '000	2023 Restated* R '000
08/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	1	-
04/06/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	2 362	-
07/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	8	-
20/10/2023 - Fraudulent Bank Accounts: Fraudulent bank accounts were identified wherein payments were made by the Fund, a criminal case was registered with South African Police Service	85	-
21/10/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	231	-
01/12/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	92	-
07/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	864	-
	30 102	**219 898**

Additional Narratives
(a) Details of current and previous year disciplinary or criminal steps taken as a result of losses, fruitless and wasteful expenditure
Incident description

	2024 R '000	2023 Restated* R '000
The complainant reported fraud taking place in a Directorate. A Claim was prepared and was authorised on the same day which is unusual, as invoices are only processed once authorisation from the medical professionals is obtained.	-	2 900
15/12/2019 - The complainant alleges that an employee is involved in suspicious activities because of his association with other employees reporting to him, the exchange of envelopes that takes place at the parking and the sudden change of lifestyle with regards to the expensive clothes and car he drives.	-	41 105
12/08/2021 - SAPS HRM(BETHAL) reported through Vuvuzela Hotline that a former employee of was injured on duty in 2011, June ,14 whilst fetching a suspect in Durban. There was an accident which the car he was in collided with a cow and he sustained injuries and was taken to the hospital. The employer states that all relevant documents relating to the injury were sent to Compensation Fund and the Commissioner did not grant any compensation at the time. Later in 21 February 2021 the employer receives a letter from the Commissioner which states that the employee will be compensated for the loss of movement of his left elbow. The employer is suspicious because they are not aware if there is a re-opening of the file and that employee had no problem with either of his elbow and there were no new medical reports submitted nor sick leave taken .	-	45
01/04/2017 - It is alleged that unknown people are defrauding the fund by colluding with (22) Medical Service Providers .	-	175 848
02/05/2023 - Intercepted payment: The vendor's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	20 990	-
02/06/2023 - Fraudulent claims: Three fraudulent claims were detected during a review of transactions and the payments were processed by Compensation fund users that cannot be identified on the Compensation Fund directory.	5 469	-

	2024 R '000	2023 Restated* R '000
08/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	1	-
04/06/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	2 362	-
07/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	8	-
20/10/2023 - Fraudulent Bank Accounts: Fraudulent bank accounts were identified wherein payments were made by the Fund, a criminal case was registered with South African Police Service	85	-
21/10/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	231	-
01/12/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	92	-
07/07/2023 - Intercepted payment: The claimant's banking details were changed unlawfully which resulted in the Fund paying money into a fraudulent bank account	864	-
	30 102	**219 898**

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(I) &(iii))
(a) Details of current and previous year material losses through criminal conduct

Other material losses	22 438	10 586
Less: Recovered	-	(50)
	22 438	**10 536**

(b) Details of other material losses
Nature of other material losses

Fraudulent claim(s)	-	9 016
Intercepted payment	22 438	1 570
	22 438	**10 586**

(c) Other material losses recovered
Nature of losses

Fraudulent invoice(s)	-	50
	-	**50**

Section 85:

This is a variation of tariff of assessment where Director-General is costing the employers at a lower rate when they have demonstrated in their operation a conduct that aim to prevent COID related accidents.

The fund is currently assessing the financial impact resulting from the implementation of Section 85(1) of the Act on the revenue previously reported.

Section 83:

Employer, who is required in terms of Section 83 of COIDA to annually submit an assessment of employer to the Fund, solicited an official's assistance to reassess their submitted documents with the purpose to obtain a more favorable assessment, for a fee (gratification). There was no actual outflow from the fund but rather under declaration to the fund which led to incorrect assessment of the employer.

	2024	2023 Restated*
	R '000	R '000

The 2021/2022 loss recovered exceed other material loss amount due to recoveries relating to prior years material loss cases.

Nature of account:

The fund suffers material losses due to fraud, criminal activities such as IT related fraud, interception of payments and payments being made into fraudulent bank accounts.

The fund established Anti-Corruption and Integrity Management (ACIM) to keep track of criminal allegations reported to it. ACIM investigates the allegations and recovers material losses caused by the criminal allegations.

Consequence management:

The Fund implements criminal and disciplinary steps taken as a consequence of the material losses that occurred, as required by Section 55 (2) of the PMFA.

The Fund implements the following to combat losses:

- Disciplinary action is implemented against employees of the fund proven guilty of the allegations, as per the Human Resource policies of the Fund, as a result of the investigation and legal proceedings
- The Fund institutes criminal procedures to non-employees of the fund whom are proven guilty of the reported allegations as a result of the investigations and legal proceedings.

ACIM recommends internal control improvements to the respective directorates to ensure the incidents do not repeat and to minimize or eliminate the existing risk identified as a result of the reported allegations.

Reclassification of the material loss disclosure:

The reclassification of the material losses is due to the corrections made to the material loss balance.

In the prior years, the material loss inaccurately balance included potential losses and potential recoveries.

44. Events after the reporting date

No events having financial implications, requiring disclosure, occurred subsequent to yearend.

45. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 73 630 179 and that the entity's total assets exceed its liabilities by R 73 630 179.

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

When considering all of the above, the Fund does not expect significant increase in claims and pension as a result of Coronavirus claims. The Fund has adequate reserves to cover unforeseen liabilities, and therefore, there will be no impact on the going concern of the Fund.

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