FAISOmbud

Office of the Ombud for Financial Services Providers

Annual Report

2024/25


9.06
115.44
39.30
74.67
34.59
105.94
57.89
155.23
16.44
93.14
195.56
3.49
144.25

Contents

PART A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

FAIS Ombud	
REGISTERED NAME:	Office of the Ombud for Financial Services Providers
LEGAL FORM OF ENTITY	Schedule 3A Public Entity in terms of the Public Finance Management Act
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BANKERS:	Standard Bank
	South African Reserve Bank
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Mr Enoch Godongwana
Minister of Finance

FOREWORD BY THE MINISTER OF FINANCE

The Organisation for Economic Co-operation and Development (OECD) published its update on the 12 High-Level Principles on Financial Consumer Protection in 2022. These principles were originally endorsed by the G20 Leaders in 2011.

The 12 principles are –
Legal, Regulatory and Supervisory Framework, Role of Oversight Bodies, Access and Inclusion, Financial Literacy and Awareness, Competition, Equitable and Fair Treatment of Consumers, Disclosure and Transparency, Quality Financial Products, Responsible Business Conduct and Culture of Financial Services Providers and Intermediaries, Protection of Consumer Assets against Fraud, Scams and Misuse, Protection of Consumer Data and Privacy, Complaints Handling and Redress.

Major progress has been made within the regulatory framework in advancing many of the principles, such as the Role of Oversight Bodies and Financial Literacy and Awareness.

The financial ombud schemes also form a vital part of advancing all the principles, especially Financial literacy and Equitable and Fair Treatment of Consumers.

The ongoing development and introduction of the Conduct of Financial Institutions Bill (CoFI) will further this progress significantly. The Bill aims to consolidate various items of financial regulation legislation into a single Act. It further places particular emphasis on Treating Customers Fairly (TCF) principles.

The Bill will take the industry closer to the reformed financial ombud system proposed in the National Treasury's policy statement A simpler, stronger financial sector ombud system (February 2024). If the relevant sections are enacted, the Bill will have a significant impact on the jurisdiction of the FAIS Ombud. Where necessary, the Ombud Council has confirmed that it will issue appropriate designations to ensure that the FAIS Ombud continues with its admirable work and there is no disruption to consumers and the financial industry.

Mr Enoch Godongwana
Minister of Finance

THE OMBUD'S REPORT

Advocate John Simpson
Ombud

I am proud to report that the Office continued with its ongoing progress in providing consumers and the financial industry with the services they expect and deserve.

Key vacant positions were filled. Senior adjudicators were appointed to manage and oversee the case management department. Their extensive expertise and experience have resulted in consumers and stakeholders receiving high-quality assessments. The position of Deputy Ombud could not be filled, and the recruitment process was initiated again.

The Ombud Council published the new Rules for the Office on 28 June 2024. The most significant changes were the increased claim jurisdiction from R800 000 to R3 500 000, and that the Office no longer accepts complaints against unregistered financial services providers.

The increased claim jurisdiction did not result in any significant increase in complaints. The Office did receive large claims in the past and dealt with many of them. The increased jurisdiction made it unnecessary for the Financial Services Providers (Providers) to consent to the increased claim or for the consumer to abandon the portion of the claim exceeding the limit. No entity or person may provide financial services without being registered, and monitoring unregistered providers falls within the regulatory sphere, not the FAIS Ombud. This rule change also encourages consumers to only transact with registered service providers and not to respond to investment scams and false information on social media.

Only three determinations were necessary in the year. Two of them were against funeral policy providers that failed to pay claims, despite numerous undertakings to do so.

The numerous workflow and case management processes implemented in the previous years have continued to help process and close cases more quickly and efficiently.

The 'premature complaints process' was introduced in 2023 and continues to result in Providers settling clear and valid claims very quickly, without the need for a protracted investigation.

The Office received 3 382 complaints within its jurisdiction and resolved 3 543 cases for the year (resolved cases include active cases carried over from the previous financial year). In 41% of the closed cases (including premature complaints), an award was made, or a settlement was reached, and R31.7 m in compensation was awarded to the consumers. The formal cases were closed within an average of 59 working days.

Due to the closure of many very old cases in the previous year, the caseloads have now stabilised, and the organisation was able to improve its average time to close cases. It also noted a significant decrease in the number of complaints it received against the large Providers. With the guidance provided by the Office, the large Providers are settling more complaints without the need for them to be reported to the Office. We commend the Providers for this excellent progress.

The Office achieved 86.96% of its Annual Performance Targets (20 of 23). Two invoices out of 818 were paid outside the 30-day period, resulting in a missed target. Two employment equity targets were missed due to staff resignations, affecting the ratios at the time. The Office met or exceeded all its core mandate targets on case administration and resolution.

For the third year in a row, the Office has achieved a clean audit finding, which it is very proud of.

Although the Office has always published case summaries in its newsletters and media releases, the website does not contain a specific portal for summaries. The Office is embarking on a project to summarise most of the cases it deals with and provide direct access to them on its website. This will provide consumers and Providers with further guidance to understand the approach taken by the Office on various issues that arise. It will also further encourage the settlement of complaints before they need to be lodged with the Office. Over time, the portal will be developed to provide precise filtering and search options.

I thank the Ombud Council, the governance committees and stakeholders for their ongoing guidance and support.
I also thank the FAIS Ombud staff for their invaluable dedication to the Office's success.

Advocate John Simpson
Ombud

DETERMINATIONS

D v B Determination

Due to confidentiality – all the parties are identified by letters only

On 5 February 2016, the Complainant purchased a Toyota Land Cruiser 76 4.2D vehicle. The vehicle was added to her insurance policy, which she obtained through her Provider.

The vehicle was stolen from her place of employment on 30 July 2018, and she submitted a claim with the insurer for R312 400.00.

On 17 August 2018, the insurer rejected the claim because her stolen vehicle did not have a satellite early warning device. The Complainant submitted that she was unaware of the requirement.

The Provider submitted that it discussed the requirement with the Complainant and sent a letter to all its clients regarding tracking devices. However, it could not produce any evidence of the discussion, a record of advice, or any record of having followed up with the Complainant to confirm that the device was installed.

Section 7 of the General Code of Conduct for Authorised Financial Services Providers and Representatives (the Code) requires Financial Services Providers to disclose any material terms of the contract and provide concise details of special terms and conditions.

Section 2 of the Code requires Financial Services Providers to render services with due skill, care, and diligence.

Section 9 of the Code requires the Provider to keep records of all advice provided.

The Office held that an early warning satellite tracking device is not a standard or usual requirement in a policy for theft cover on all vehicles. It generally only applies to certain vehicles depending on value and exceptional risk factors. The Provider had a duty to specifically alert the complainant to the requirement and follow up to confirm that the device had been installed. A general letter sent to all its clients was not satisfactory compliance with its duties in terms of the Code.

The Provider did not comply with the recommendation to settle the claim.

A determination was issued ordering the Provider to pay the Complainant R301 466.00 (R312 400.00 less the excess payable) and interest on the said amount at a rate of 11.75% per annum.

The Provider did not file an application for a reconsideration of the determination with the Financial Services Tribunal, and the determination was subsequently filed as an order of the court.

The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/L-De-Beer-v-Badie-Jacobs-Insurance-Brokers-Determination_R.pdf

M v LF Determination

Due to confidentiality – all the parties are identified by letters only

The Complainant took out funeral cover in December 2018, with a benefit amount of R20 000.00.

He submitted a claim in November 2022 on the death of one of the assured lives, but the claim was not paid.

The Provider responded that it was involved in a dispute with the policies' underwriter and blamed the underwriter for the claim's non-payment.

The underwriter submitted that it had sent the Provider a notice of termination of services due to its non-payment of premiums and fees for a six-month period.

Confirmation of cover and policy inception could only be provided upon receipt of the first premium for that particular risk period. The Provider's failure to remit policyholder premiums from August to November 2022 resulted in no insurance risk cover for the same period. No coverage was confirmed for any policyholders as no risk was assumed over said period.

The underwriter submitted that the Provider was unlawfully sending claims and informing their clients that the underwriter was withholding payment.

The Provider appeared to be unlawfully issuing policies and accepting premiums without being underwritten. The Office found that the Provider is solely responsible and liable for paying the claim submitted by the Complainant.
The Provider's dispute with the underwriter regarding the payment of premiums and did not constitute a valid defence.

The Provider was still registered as a Financial Services Provider at the time the complaint was lodged with the Office.
The subsequent suspension of the license did not affect the Office's jurisdiction to adjudicate on the matter.
The determination ordered that the Provider pay the claim amount of R20 000 with interest.

The Provider did not file an application for a reconsideration of the determination with the Financial Services Tribunal, and the determination was subsequently filed as an order of the court.

The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/PJ-Moeti-v-Lebohang-Funeral-Home-Determination.pdf

M v L Determination

Due to confidentiality – all the parties are identified by letters only

The Complainant's funeral policy was incepted in October 2020 with a benefit amount of R10 000.00.

He submitted a claim in October 2023 on the death of one of the assured lives. This claim was not settled.

The Complainant was informed that the policy's monthly premium had increased from R200 to R400 and that he had not paid the increased premiums since early 2021. He disputed that he was informed of the premium increase.

The Provider was unable to provide any evidence that the Complainant was informed about the increase in premiums or that it complied with Rule 15A of the Policy Holder Protection Rules, applicable to increases in premiums.

The Office recommended that the Provider settle the claim. The Provider agreed but only paid R5 000.00 and not the full R10 000.00 due.

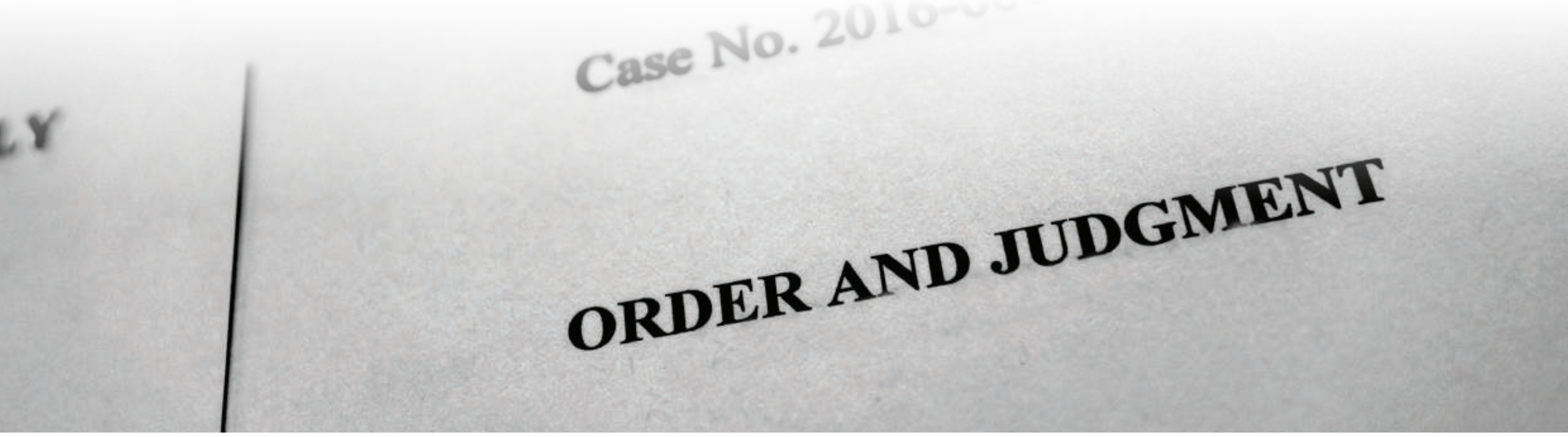
At the time, the Provider was still a registered Financial Services Provider (FSP) and appeared to be operating without an underwriter as required.

The determination ordered the Provider to pay the outstanding R5 000 plus interest.

The Provider did not file an application for a reconsideration of the determination with the Financial Services Tribunal, and the determination was subsequently filed as an order of the court.

The full determination is available on the FAIS Ombud website.

https://www.faisombud.co.za/wp-content/uploads/determinations/X-Matoti-v-Luvuyo-Burial-and-Consulting-Determination-22-January-2025-002_Redacted.pdf



SETTLEMENTS AND CASE SUMMARIES

The Office of the FAIS Ombud is committed to resolving complaints in a procedurally fair, informal, economical and expeditious manner with reference to what is equitable (where appropriate). In this regard, the FAIS Ombud always explores avenues to resolve a complaint between the parties on an informal basis, without the need for a formal determination.

Detailed below are complaints resolved by conciliated settlement or recommendation of settlement. Some summaries also reflect findings in favour of the Provider but provide valuable guidance to consumers.

S v I

Due to confidentiality – all the parties are identified by letters only

In July 2023, the Complainant instructed his Provider to change the debit order for his motorcycle insurance. The instruction wasn't processed, and the policy lapsed in August 2023, due to unpaid premiums.

Despite this, the Provider issued confirmation of cover in October 2023. The Provider received missed premium notices from the insurer but did not alert the Complainant.

The Complainant only discovered the problem after submitting a claim, which was subsequently declined by the insurer.

This Office found that the Provider failed to act on the Complainant's clear instructions and did not communicate critical information about the missed premiums. The confirmation of cover provided after the lapse was misleading.

Under Section 2 of the FAIS General Code of Conduct, Providers must act with due skill, care and diligence. Sections 3, 7 and 11 require prompt and accurate communication of material information, particularly when non-disclosure may prejudice the client. Treating Customers Fairly (TCF) Outcomes 3 and 6 also require fair treatment and honest communication.

The Provider accepted responsibility and agreed to assess the claim on the same terms that would have applied had the policy been active.

J v M

Due to confidentiality – all the parties are identified by letters only

The Complainant submitted that he told his Provider that he wanted to invest R3 000,000 and receive a monthly income of R20 000 without any loss of capital.

After the investment was made, the Complainant encountered numerous problems with the investment, such as a R70 000 discrepancy, R120 000 deducted from the capital and repaid with minimal interest and documents he denied signing. He submitted that he had suffered a capital loss of R400 000, contrary to his instructions.

The Provider contended that the Complainant signed a full discretionary mandate and agreed to investments aligned with a 7+ year horizon and moderate risk. It claimed that the Complainant withdrew approximately R480 000 as income and R900 000 for an offshore investment. The investments were within his stated risk tolerance and profile, all fees and changes were disclosed, and the capital loss was due to unsustainable income withdrawals of 8 to 9.5%.

The Office was of the view that the investment return required to sustain a withdrawal rate of 9.5% was not realistically achievable. The Provider should have warned the Complainant regarding excessive withdrawals at the outset and should have informed the Complainant that his capital was being eroded. The Provider could not provide any evidence of proper annual reviews being done as required by the Code.

This Office recommended that the Provider propose an overall settlement of the dispute. After extensive engagement, a final settlement of R75 000 was agreed upon and accepted by the Complainant.

S v M

Due to confidentiality – all the parties are identified by letters only

The Complainant bought a motor warranty product over a telephone call. The Provider explained the benefits and payment terms, but did not mention that engine repairs were excluded from cover.

The exclusions were only listed in documents sent to the Complainant after the sale, with a general suggestion to review them.

Later, when the Complainant submitted a claim for engine repairs, it was declined on the basis that engine damage was excluded.

According to the General Code of Conduct for Authorised Financial Services Providers and Representatives (the Code), a provider must disclose all material terms, including exclusions before concluding a transaction, especially in telephonic sales where the client cannot review documents during the interaction.

Under Treating Customers Fairly (TCF) principles, clients must be given clear and timely information at the point of sale.

The Office found that the Provider's reliance on post-sale documentation failed to meet the disclosure obligations under FAIS or TCF. The exclusions should have been explained during the initial call.

The Provider acknowledged the misrepresentation at the point of sale and apologised. In accordance with the Complainant's request, they cancelled the policy and refunded the premium payments.

J v M

Due to confidentiality – all the parties are identified by letters only

The Complainant replaced a living annuity with a life annuity, citing a need for income stability, protection from market volatility, and provision for beneficiaries.

Later, the Complainant experienced financial difficulties and requested a lump sum payment. When informed that this was not an option, he tried to cancel the life annuity. Neither request could be granted due to the legal and contractual structure of the product.

The funds had come from a compulsory retirement source, and the life annuity had been recommended with capital preservation and life cover to meet the stated goals.

Section 8 of the General Code of Conduct for Authorised Financial Services Providers and Representatives (the Code) requires that advisers recommend products that suit the client's needs. Section 7 requires disclosure of key terms such as the irrevocable nature of a life annuity. Section 3 requires recordkeeping of advice given and disclosures made.

The Financial Adviser had documented the advice process, explained the permanent nature of the product, and offered a solution consistent with the Complainant's expressed needs.

This Office found no evidence of misrepresentation, negligence, or unfair treatment.

M v G

Due to confidentiality – all the parties are identified by letters only

The Complainant accused her Financial Adviser of breaching the discretionary mandate by investing her funds in high-risk offshore portfolios without her consent, claiming this led to lower returns than expected.

She argued that if her funds had been placed elsewhere, she would have earned more.

However, the signed mandate allowed offshore investments with a balanced risk profile. The risks were explained, and the Complainant had accepted them in writing. The portfolio, while subject to capital fluctuations, showed an overall gain.

Under the General Code of Conduct for Authorised Financial Services Providers and Representatives ('the Code'), states that Advisers must act within the client's mandate, align investments to the client's risk profile, disclose key risks, and keep proper records of all transactions and advice.

The Adviser met these requirements. The claim was based on hypothetical lost returns, not actual loss or misconduct.

This Office found no evidence of a breach of mandate, FAIS non-compliance, or unfair treatment.

M v S

Due to confidentiality – all the parties are identified by letters only

The Complainant believed he had applied for life cover with disability and funeral benefits in 2018. In 2022, when he became disabled, his claim was declined as the policy did not include disability cover.

He submitted that the Provider failed to carry out his instructions.

The Provider conducted a needs analysis, identified gaps in death, disability, and dread disease cover, and recommended an income protection policy. The Complainant declined the disability and dread disease cover, citing his workplace benefits, and chose only life and funeral cover.

The quotation and Record of Advice reflected this decision, and the Complainant raised no objections during the cooling-off period.

Sections 3, 7, 8, and 9 of the General Code of Conduct for Authorised Financial Services Providers and Representatives ('the Code') require that advisers provide appropriate advice, disclose material terms, document the advice process, and base recommendations on a thorough needs analysis.

This Office found that the Provider fulfilled these obligations. The Complainant's policy matched his instructions, and there was no evidence of negligence or misconduct.

G v I

Due to confidentiality – all the parties are identified by letters only

Due to identity theft, a unit trust investment was opened in the Complainant's name with the Provider. Monthly debit orders for the investment were deducted from the Complainant's bank account without his consent or knowledge. The Provider also paid out funds from the investment account to the fraudster. The Complainant requested that the Provider refund the payments that were fraudulently withdrawn.

The Provider submitted that due diligence verification was conducted; however, it was unable to provide any evidence in this regard. It further offered to repay only the funds remaining in the investment account. As a licensed Financial Services Provider, the Provider must comply with the record-keeping provisions under the FAIS Act and FICA, including retaining and providing records of client onboarding processes.

The Office recommended that the Provider return all the funds to the account from which it was unlawfully debited, as it had no legal basis to retain or pay out any funds from the account.

The Provider agreed to refund all the debited funds and repay the R67 000.00 that was paid to the fraudster.

E v I

Due to confidentiality – all the parties are identified by letters only

The Complainant's Fortuner was stolen, and a claim was submitted to the Provider. The claim was rejected by the insurer, as a second tracking device had not been fitted to the vehicle. The Complainant submitted that he was not informed that he required a second tracking device.

The Provider submitted that it had sent a general email to all its clients, which referred to a second tracking device requirement.

The Office noted that upon receipt of the claim, the Provider's representative informed the Complainant via email that a tracker certificate was on file, and there was no need to provide further certification.

Section 7(1)(a)1 of the General Code of Conduct for Authorised Financial Services Providers and Representatives ('the

Code') places a duty on Financial Services Providers to disclose any material terms of the contract. The Code, therefore, places an obligation on the Financial Services Provider to put the client in a position to make an informed decision and take the appropriate action where necessary. This can only be done if the Complainant has the required information beforehand.

The Office found that the Provider had conveyed important and material information regarding a second tracker via a general email campaign. This was not sufficient compliance with the Code.

Based on the Office's experience with cases it adjudicates, a second tracking device is not a standard requirement in a policy for theft cover on all vehicles. It generally only applies to specific vehicles, depending on their value and exceptional risk factors. There is no record of advice reflecting any discussion with the Complainant regarding the second tracking device, nor any evidence of the Provider following up with the Complainant to confirm whether a second device was installed.

Had the Provider complied with its duties, there is a high probability that the Complainant would have installed the device, and the claim would have been successful. The Provider's failure to comply with the Code led to a situation where the Complainant was not reasonably aware of the requirement and did not take the necessary steps to comply.

This office recommended that the Provider settle the Complainant's claim. The Provider settled the sum insured, less excess, for the vehicle. In addition, the Provider settled the claimant's proven legal costs up to the date of submission of his complaint to our offices.

D v U

Due to confidentiality – all the parties are identified by letters only

The Complainant submitted an instruction to change her monthly funeral cover premium and cover amount. The Complainant received confirmation that it had been changed to R135.00 and R9 500, respectively.

After the change in premiums and cover, the Insurer changed its business operating name and informed its policyholders accordingly. The Policyholder submitted a claim, however she was only paid R3 937 instead of R9 500.

The Insurer argued that the Complainant was not paying the correct premium despite the Policyholder's membership certificate from the Insurer proving otherwise. Furthermore, the Insurer argued that it had sent the Policyholder an SMS confirmation that her premium had changed.

The Insurer could not provide proof of the communication sent to the Complainant regarding the correct or amended funeral premium amount, which led to a significantly reduced funeral claim payment to the Complainant.

Section 20 of the General Code of Conduct for Authorised Financial Services Providers and Representatives ('the Code') imposes a duty upon the Financial Services Provider ('the Provider') who ceases to operate to immediately notify affected clients accordingly.

Treating Customer Fairly (TCF) Outcome 3 mentions that customers should be provided with clear information and kept appropriately informed before, during, and after the point of sale. This means that businesses should ensure customers have a good understanding of the products or services being offered and are kept informed about any changes or important information related to their purchase.

TCF Outcome 6 states that customers do not face unreasonable post-sale barriers when they want to change a product, switch providers, submit a claim or make a complaint.

The Insurer failed to prove that it had complied with Section 20 of the Code TCF Outcome 3 and TCF Outcome 6, respectively.

The Insurer accepted the Office's finding and paid the outstanding claim amount of R5 563 (R9 500 minus R3 937).

T v P

Due to confidentiality – all the parties are identified by letters only

The Complainant purchased a motor vehicle insurance cover plan through the Provider.

After being involved in an accident, the Complainant submitted a claim to the Insurer. Following an assessment, the Insurer confirmed that the vehicle was uneconomic to repair and recommended that it be written off.

The Insurer then offered a settlement amount, less the standard excess, which the Complainant accepted. However, the Insurer imposed an additional excess amount, citing that the accident occurred within three months of the policy's inception. The Complainant referred the matter to the National Financial Ombud (NFO) Scheme for resolution and disputed that disclosures relating to the additional excess amount were made to him by the Provider. The NFO ruled in favour of the Insurer and referred the advice aspect of the complaint to the Office.

Section 7(1)(a) of the General Code of Conduct for Authorised Financial Services Providers and Representatives ('the Code') provides that a provider must offer a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision.

Section 7(1)(c)(vii) further states that a provider must, at the earliest reasonable opportunity, provide full and appropriate information regarding any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions, or circumstances in which benefits will not be provided.

The Office found that the Provider did not disclose the material terms related to the additional excess amount payable for incidents that occur within the first three months of the policy. The Provider accepted that the client was prejudiced by the additional compulsory excess, which was not properly disclosed to him. Accordingly, the Provider paid a settlement of R20 101.92 to the Complainant.

K v P

Due to confidentiality – all the parties are identified by letters only

The Complainant instructed the Provider to amend her insurance risk coverage, after a burglary at her business premises. Her premises were later burglarised again, and valuable items were stolen before the armed response company arrived. The Complainant submitted a claim for the stolen goods.

The Insurer processed the claim and paid out an amount less than the insured value requested by the Complainant. The Provider submitted that the claim was paid based on the principle of 'first loss basis' on theft and attempted to shift responsibility to the security company for failing to respond on time during the burglary.

A 'first loss basis' in insurance refers to a policy where the insured agrees to only insure a portion of the total value of the goods, recognising that a total loss is unlikely. The insurer agrees to pay claims up to the insured amount, without penalty for under-insurance. This approach can be used for valuable goods where a total loss is improbable, such as in a warehouse or store with bulky, high-value inventory.

The Office found that the 'first loss basis' principle had never been explicitly or expressly disclosed to the Complainant, as required by the Code. The policy documents did not contain any reference to a 'first loss basis' principle. There was no evidence that this principle was explained to the Complainant or that it applied to the policy. Section 2 of the Code states that the Provider must always render financial services honestly, fairly, with due care, skill, and diligence, and in the interests of clients and the integrity of the financial services industry.

In the context of the complaint, Section 3(1)(f) of the FAIS Code also applies. It requires that any representations or information provided to a client must align with the contractual relationship and that the Provider must execute reasonable requests or instructions from the client as soon as reasonably possible, giving appropriate priority to the client's interests over its own. The Office also found that the Provider failed to execute a lawful intermediary service instruction from the Complainant to amend her cover amount.

The Office recommended that the Provider settle the shortfall amount on the claim. The Provider agreed and paid a settlement of R212 605 to the Complainant.

OPERATIONAL EFFECTIVENESS

Information and Communication Technology Report

The Audit and Risk Committee plays a critical oversight role in monitoring Information and Communication Technology (ICT) governance by evaluating the efficiency and effectiveness of ICT Risks, Policies, Processes, and Controls. In addition, the Committee monitors ICT initiatives to identify risks, recommend mitigation strategies for potential threats to operational continuity, and ensure return on investment (ROI).

To address system availability risks, the FAIS Ombud has successfully migrated most of its business applications and systems to a cloud-hosted environment. This strategic initiative forms part of the broader ICT plan aimed at aligning technology with the organisation's evolving needs. One of the key projects undertaken during the year involved modifying the core Enterprise Resource Planning (ERP) Microsoft Dynamics 365 system to align it with the new reporting requirements of the Ombud Council.

Cybersecurity continues to evolve rapidly, with organisations facing increasingly sophisticated threats. In response, the FAIS Ombud has adopted a proactive cybersecurity posture. The organisation is transitioning towards a Zero Trust security model, which operates on the principle of 'never trust, always verify.' This approach ensures strict identity verification for every user and device accessing the network. Recognising that human error remains a significant vulnerability, the FAIS Ombud has also enhanced employee training initiatives. The KnowBe4 security awareness platform was implemented in the previous financial year to provide simulated phishing and cybersecurity training, thereby reducing the risk of social engineering attacks.

Looking ahead, the ICT department plans to investigate and implement AI-driven security solutions to enable predictive threat monitoring. Additionally, the organisation is considering the deployment of Managed Detection and Response (MDR) services. MDR provides continuous monitoring, advanced threat detection, and rapid incident response capabilities, which are essential for managing the growing complexity of cyber threats.

STATISTICS

Annual Report Statistics 2024/2025

In the interests of clarity and continued alignment with the National Financial Ombud Scheme (NFO), some descriptions have been amended to reflect the NFO description. Where applicable, the statistics are presented in such a way as to enable meaningful comparison with the NFO.
Justiciable complaints are now described as formal complaints.
Complaints received are now described as complaints opened.
Complaints resolved are now described as complaints closed.
Non-FAIS complaints are now described as enquiries.

Complaints opened

Executive summary

15 404
complaints were opened (10 574 in the previous year). (Inclusive of enquiries, premature complaints and formal complaints)

3 543
formal and premature complaints closed (5 046 in the previous year)

Average closure time for all formal complaints (Inclusive of premature complaints) was ***59.28 working days*** *(63.33 in the previous year)*

In **24.70%** *of closed formal complaints, an award or settlement in favour of the complainant was made.*

In **63.10%** *of closed premature complaints, the matter was resolved in favour of the complainant.*

Total amount settled or awarded to consumers was
R31 748.435
(R39 525.923 in the previous year).

3
determinations issued (2 in the previous year)

79
applications to the Tribunal for reconsideration (76 in the previous year)

Largest category of formal and premature complaints opened related to long-term insurance (mainly funeral policy-related),
52.84%
of all complaints.

Most complaints opened originated from Gauteng –
38.50%

Total complaints opened

Complaints received	No. 2024/25	Percentage 2024/25	No. 2023/24	Percentage 2023/24
Enquiries	12 022	78%	6 073	57%
Formal Complaints (Inclusive of premature complaints)	3 382	22%	4 501	43%
Total	**15 404**	**100.00%**	**10 574**	**100.00%**

Enquiries – These complaints do not fall within the jurisdiction of the FAIS Ombud or do not relate to a financial service. Non-FAIS complaints are referred to the appropriate forum, wherever possible.

Formal Complaints – These complaints fall within the mandate of the FAIS Ombud.

Premature Complaints – These complaints are processed through the Premature Complaints process in terms of Rule 4 (iv), which provides that for a complaint to be submitted to this Office: "The respondent must have failed to address the complaint satisfactorily within six weeks of its receipt."

Complaints opened

The Office opened a total of 3 382 complaints (including formal and premature complaints) (4 501 complaints in the previous year).

The Office has always encouraged and guided Financial Services Providers (Providers) to resolve complaints as soon as possible. It has an 'open door' policy that invites them to contact the Office at any stage for guidance in resolving complaints. This could involve general guidance on a principle or specific guidance on a reasonable settlement offer.

The Office evaluated the number of complaints (Formal complaints, including premature complaints) opened for the 10 largest Providers for the last three financial years, beginning in 2022. The results reflected an average yearly reduction of 31.5% in the number of complaints opened.

This indicates that, with the Office's guidance, Providers are becoming increasingly effective in resolving complaints directly with complainants, without the need to be escalated to this Office. The Providers confirmed that they were resolving more complaints directly and provided the Office's contact details to complainants if the matter was not resolved.

We are very encouraged by this significant progress and commend the Providers in this regard.

Formal complaints closed (Inclusive of Premature Complaints)

Total No. of Formal Complaints Closed	No. 2024/25	Percentage 2024/25	No. 2023/24	Percentage 2023/24
Dismissed	2 058 (338)	58%	3 083	61%
Referred	29	1%	189	4%
Settled	1 453 (578)	41%	1 772	35%
Determination issued	3	0%	2	0%
Total	**3 543**	**100%**	**5 046**	**100%**

* The number in brackets denotes Premature Complaints.

Closed complaints in favour of the complainant	2024/2025	2023/2024
Formal Complaints	783	1 079
Premature Complaints	670	693
Determinations	3	2
Total	**1 456**	**1 774**

The total number of complaints (Formal complaints, including premature complaints) closed during the 2024/2025 Financial Year was 3 543 (including cases carried over from the previous year and premature complaints). Due to the closure of all the very old cases in the previous year (property syndication matters, for example), the average caseloads and number of closed cases have now stabilised.

It took an average of 59.28 working days to finalise the 3 543 complaints.

The percentage of complaints (Formal complaints, including premature complaints) settled in favour of the consumer, or where an award was made, was 41%, compared to 35% in the previous year. The significant contribution made by the Providers in resolving complaints at the initial premature complaints stage continues to have a positive effect.

The percentage of 41% is made up of 24.70% of formal complaints, found in favour of the complainant, and 63.10% of premature complaints, being resolved in favour of the complainant.

Total amount settled or awarded to consumers	2024/2025	2023/2024
Total	R31 748 435	R39 525 923

The total amount settled or awarded to consumers was R31 748.435 (R39 525.923 in 2023/24). The closure of the very old cases in the previous year and the resulting stabilisation of the caseloads have resulted in the expected reduction in the total amount awarded.

Premature Complaints

The Premature Complaints process in terms of Rule 4(iv) provides that for a complaint to be submitted to this Office: *"The respondent must have failed to address the complaint satisfactorily within six weeks of its receipt."*

Where a complaint is received, and there is no indication that it was submitted to the Provider before receipt by this Office, it is designated as a Premature Complaint and sent to the Provider, who is provided with a period of six weeks to either resolve the complaint or to respond as per Rule 4(iv).

The Office opened 2708 premature complaints. 1557 of these remained unresolved after six weeks and were moved to the formal investigation phase.

916 premature complaints were closed without requiring a formal investigation. Of those, 578, or 63%, were resolved directly by the Provider in favour of the complainant.

The average time to resolve these matters was 28.51 working days.

Premature Complaints Opened	No.	Percentage
Dismissed	338	12.5%
Settled/Resolved	578	21%
Still Active as of 31 March 2025	235	9%
Converted to Formal Complaints	1 557	57.5%
	2 708	**100%**

Applications to The Financial Services Tribunal

Applications to the Tribunal	No.
Total applications	79
Leave to reconsider granted	1
Complaint referred back to the Office for reconsideration	4
Application for leave dismissed	70
Awaiting decision from Tribunal	2
Withdrawn	2

The Office provides detailed reasons for any decision it makes on a complaint. Any party to a complaint who is aggrieved by the final decision may apply to the Financial Services Tribunal (the Tribunal) for a reconsideration of the decision.

During the 2024/2025 Financial Year, the Tribunal received 79 applications for reconsideration (76 in the previous year).

Of the 79 applications filed with the Tribunal, as of 31 March 2025, 70 (94.59%) applications for leave were dismissed, and four complaints were referred back to the Office for further investigation.

Enquiries

Enquiries	2024/25	2024/25	2023/24	2023/24
Dismissed	1 652	14%	1 050	17%
Referred	10 177	85%	4 996	82%
Carried over	193	1%	27	1%
Total	**12 022**	**100%**	**6 073**	**100%**

In the Office's view, the significant increase in the total number of enquiries received indicates a growing knowledge of the Office, due to its ongoing marketing and consumer awareness campaigns. The Office was able to direct and refer the majority of complaints to the appropriate entity, such as the National Financial Ombud Scheme.

Complaints that fell within the jurisdiction of other Ombud schemes or appropriate forums were referred within 1-4 days of receipt.

Complaints Opened Per Channel

Origin	No.	Percentage
E-mail	14 210	92%
Phone	3	0%
Post	14	0%
FAIS Website Portal	1 073	7%
Walk-In	104	1%
	15 404	**100%**

Complaints Opened Per Province

Province	No.	Percentage
Gauteng	5 936	38.50%
Western Cape	2 160	14%
Kwa-Zulu Natal	2 005	13%
Eastern Cape	1 315	8.50%
Not provided	1 051	7%
Limpopo	543	3.50%
Free State	689	4.50%
North West	579	4%
Mpumalanga	510	3%
Northern Cape	384	2.50%
International	232	1.50%
	15 404	**100.00%**

Compared to the previous year, there was a small reduction in the number of complaints originating from Gauteng and a corresponding increase in complaints from the smaller provinces. The Office attributes this to the ongoing awareness campaigns being promoted in the more rural areas.

Complaints Opened Per Product

Product - Formal Complaints received	No.	Percentage
Long-term insurance	1 787	52.84%
Funeral Policy	1 358	
Life Cover	168	
Endowment Policy	127	
Credit Life Cover	106	
Disability Cover	12	
Income Replacement Policy	9	
Critical Illness	7	
Short-term insurance	**418**	12.36%
Vehicle Insurance Cover	105	
Household Contents Cover	83	
Commercial Insurance	68	
All Risks Cover	48	
Homeowners Cover (Building Insurance)	36	
Warranty Cover	29	
Cellphone Insurance	19	
Other	12	
Maintenance Cover	5	
Credit Protection Cover	3	
Pet Insurance	3	
Personal Accident Cover	2	
Credit Shortfall Cover	2	
Salary Protection Cover	2	
Retrenchment Cover	1	
Investment	**399**	11.80%
Collective Investment Schemes (Unit Trusts)	167	
Cash	91	
Shares/Equities	88	
Other	18	
Tax Fee Savings Accounts	12	
Property/Real Estate	7	
Fixed Deposits	5	
Contracts for Difference (CFD)	3	
Exchange Traded Funds (ETF)	3	
Money Market	1	
Commodities	1	
Debentures	1	
Derivatives	1	
Bonds	1	

Product - Formal Complaints received	No.	Percentage
Retirement	270	7.98%
Living Annuity	88	
Retirement Annuity	65	
Life Annuity	58	
Pension Fund	29	
Pension Preservation Fund	12	
Other	7	
Provident Fund	5	
Provident Preservation Fund	3	
Term Certain Annuity	2	
Voluntary Annuity	1	
Forex	259	7.66%
Non-FAIS	89	2.63%
Crypto Currency	77	2.28%
Medical Assurance	40	1.18%
Gap Cover	21	
Hospital Cash Plan	8	
Other	6	
Primary healthcare insurance policies	5	
Medical Aid	28	0.83%
Wills & Trusts	14	0.41%
Banking	1	0.03%
	3 382	**100.00%**

Complaints Opened Per Complaint Categories

Complaint Categories - Formal Complaints	No.
Non-Payment of Claims	701
Financial Service/Service Provided	216
Fraudulent Transaction	207
Advice Related Complaints	660
Treated Unfairly	810
Financial Product Accessibility	45
Investment/Premium Contribution Collection	186
Redemption of Investment	216
Premiums	55
Charges related to a financial product/service	8
Financial Product/Service Performance	55
Lapsing of a Financial Product	58
Information Provided	121
Fees and Charges	32
Design of Financial Product	4
Financial Product Change/Switch	3
Unregulated Product/S	3
Complaints Handling	2
	3 382

Complaints opened per TCF Outcome

TCF Outcome	
TCF 1 - Fairness culture	4 229
TCF 6 - Claim / Switching / Complaint processes.	2 520
TCF 5 - Product performance and service quality	693
TCF 4 - Appropriate advice	526
TCF 2 - Product / Service design	217
TCF 3 – Information/Disclosure	156

* Records collected since July 2024

TCF or Treating Customer Fairly is a regulatory framework set by the Financial Sector Conduct Authority ('FSCA'), that governs how a Financial Services Provider ('FSP') business conducts daily dealings with its clients, ensuring that all clients are treated fairly, during all stages of the product life-cycle and advice process.

The TCF framework is broken down into six TCF outcomes:

1. Confidence in Corporate Culture:
   Customers should feel confident that the financial institution has a culture where fair treatment of customers is central.
2. Product and Service Design: Products and services should be designed to meet the needs of specific customer groups and marketed accordingly.
3. Clear Information: Customers should receive clear, accurate, and timely information before, during, and after the point of sale.
4. Suitable Advice: Any financial advice provided should be suitable for the customer's individual circumstances.
5. Performance and Service: Products and services should perform as customers are led to expect, and service standards should be acceptable.
6. No Unreasonable Barriers: Customers should not face unreasonable barriers to switching products, submitting claims, or making complaints.

Complaints Referred to Other Forums

A total of 10 270 complaints were referred to other ombud schemes, an increase of 101.89% on the 5 087 referred during the 2023/2024 Financial Year.

Referred to other Forums	No.	Percentage
National Financial Ombud Scheme	6 075	59.15%
National Credit Regulator	1 369	13.33%
Financial Services Providers	454	4.42%
National Consumer Commission	1 247	12.14%
Pension Fund Adjudicator	337	3.28%
Financial Services Conduct Authority	132	1.29%
Other Forums	214	2.08%
Council for Medical Schemes	125	1.22%
Motor Industry Ombud	72	0.70%
Goods & Services Ombud	177	1.72%
Tax Ombud	62	0.60%
JSE Ombud	4	0.04%
Community Schemes Ombud	2	0.03%
	10 270	100.00%

Average Turnaround Times

The average turnaround time for all complaints opened (Inclusive of enquiries, premature complaints and formal complaints) was 17.27 working days. An improvement from 17.55 working days in 2023/2024.

The average turnaround time for formal complaints, excluding premature complaints, was 73.43 working days.

The average turnaround time for Premature Complaints of 28.51 working days correlates with the 6-week period afforded to Providers as per the Rules on Proceedings of this Office.

Average Turnaround All Complaints (Inclusive of enquiries, premature complaints and formal complaints)	No.	Days
No. of Days - Inclusive of Weekends	15 448	25.91
No. of Days - Excluding Weekends	15 448	17.27
	15 448	

Average Turnaround All Complaints (Excluding Premature Complaints)	No.	Days
No. of Days - Inclusive of Weekends	14 332	24.59
No. of Days - Excluding Weekends	14 332	16.39
	14 332	

Average Turnaround Formal Complaints (Including Premature Complaints)	No.	Days
No. of Days - Inclusive of Weekends	3 543	88.92
No. of Days - Excluding Weekends	3 543	59.28
	3 543	

Average Turnaround Formal Complaints (Excluding Premature Complaints)	No.	Days
No. of Days - Inclusive of Weekends	2 427	110.13
No. of Days - Excluding Weekends	2 427	73.42
	2 427	

Average Turnaround Premature Complaints	No.	Days
No. of Days - Inclusive of Weekends	1 116	42.77
No. of Days - Excluding Weekends	1 116	28.51
	1 116	

Formal complaints resolved within 3, 6 and 9 months	Percentage
Complaints closed within 3 Months	91.52%
Complaints closed within 6 Months	98.08%
Complaints closed within 9 Months	99.20%

Vulnerable Consumers

Vulnerable Complainants	Received	Closed
Main Category 1: Age (Older than 65)	964	854
Main Category 2: Communication and Understanding (Literacy challenges)	5	5
Main Category 3: Disability (sight or hearing impaired, etc.)	11	9
Main Category 4: General (loss of life or retirement savings, etc.)	7	7
	987	**875**

Vulnerable consumers are assisted by the prioritisation of complaints for the elderly. Complainants with literacy or mental challenges are contacted telephonically, assisted in their own language and assisted with submitting information wherever possible.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR 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 have been prepared in accordance with the GRAP standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human capital information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.
In my opinion, the annual report fairly reflects the operations, the performance information, the human capital information and the financial affairs of the entity for the financial year ended 31 March 2025.

Yours faithfully,

Adv. J. R. Simpson
Ombud/ Accounting Authority
Date: 31 July 2025

5. STRATEGIC OVERVIEW

Vision

To be an independent, effective and trusted alternative dispute resolution office for the resolution of complaints arising from the provision of financial services.

Mission

To promote consumer protection and enhance the integrity of the financial services industry by the fair and expeditious resolution of complaints reasonably, informally and free of charge.

Values

1. Respect.
2. Accountability.
3. Compliance.
4. Diversity.
5. Fairness.

The FAIS Ombud's credo states:

- We believe our first responsibility is to the Constitution of the Republic of South Africa and to the statutory mandate, which created our organisation. We are completely independent and deal with all disputes fairly and impartially.
- Our service is for people from all backgrounds. We will look at the facts of each complaint, not at how well the case is presented. No one should need any special expertise or professional help in order to bring their complaint to us.
- We aim to give clear, sound and logical reasons for our decisions – any fair-minded person should understand why we reached a particular conclusion.
- We are not bound by formal and rigid procedures to resolve complaints, and we aim to be flexible in our approach.
- We will engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. Our ultimate aim is to reduce the level of complaints and improve confidence in the financial services industry.
- We must constantly strive to educate both ourselves, and those we serve, about our services and make our services easily accessible. We will ensure all parties in a dispute have an opportunity to present their case. In doing so, we will ensure the dignity of those we serve by treating each with utmost respect and courtesy.
- We must at all times build a collegiate base that is diverse and equitable and encourages contributions to our core business. We are responsible to ensure that each of our colleagues is regarded as an individual and experiences an affirming and empowering learning environment.
- We must be mindful of the ways in which we help our colleagues fulfil their family responsibilities. We must encourage each other to communicate our opinions, feelings and, indeed, our grievances in an environment conducive to amicable resolution, not recrimination. We will support each other to be innovative, to exercise reasonable initiative, and to share our learning.
- We are responsible to the communities in which we live and work and to the larger international community. We must be good citizens and support civic initiatives.
- We believe our final responsibility is to industry. Business must make a sound profit, underpinned by good corporate governance and moral values. We must explore and suggest fresh approaches to consumer services in the course of our enterprise.
- We believe when we operate according to these principles, we will all realise a significant improvement.

6. LEGISLATIVE AND OTHER MANDATES

The FAIS Ombud was established in terms of section 20 of the Financial Advisory and Intermediary Services Act, (Act 37 of 2002) (FAIS Act). The FAIS Ombud is a schedule 3A entity in terms of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA) and National Treasury.

FAIS Act

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act, the Code of Conduct for Financial Institutions and the rules promulgated thereunder.

A complaint could arise where, in the rendering of a financial service by a Financial Services Provider or its representative, it is alleged that the financial services provider:

- Has contravened the provisions of the FAIS Act and that the complainant has suffered, or is likely to suffer, financial prejudice or damage.
- Has acted wilfully or negligently in rendering the financial service and has caused, or is likely to cause, prejudice or damage to the complainant.
- Has treated the complainant unfairly.

In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial.

Conduct of Financial Institutions Bill (COFI)

Once enacted, this legislation will repeal the various sectoral pieces of financial sector regulation and will cater for the implementation of singular legislation across all financial services sectors, with market conduct standards being set for each financial services sector. The COFI legislation will centralise the market conduct legislative framework thereby eliminating the silo approach that existed before.

Public Finance Management Act

The FAIS Ombud is a National Public entity and is listed under schedule 3A of the PFMA. Accordingly, it is bound by all the provisions of the PFMA. The PFMA regulates financial management in the national and provincial governments; ensures that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively, and it provides for the responsibilities of persons entrusted with financial management in those governments.

Government Priorities

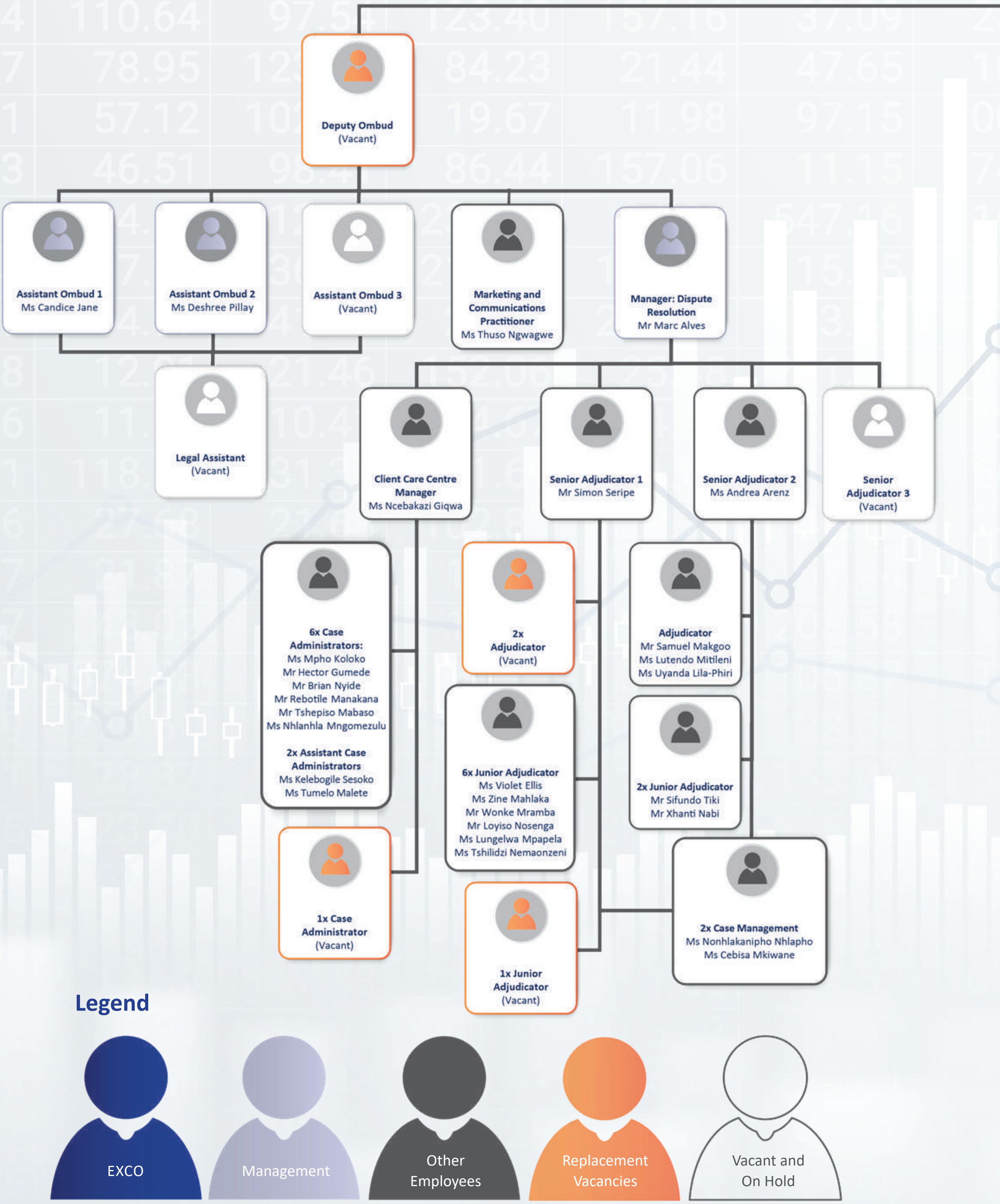
The sixth government administration has set itself the following seven priorities:

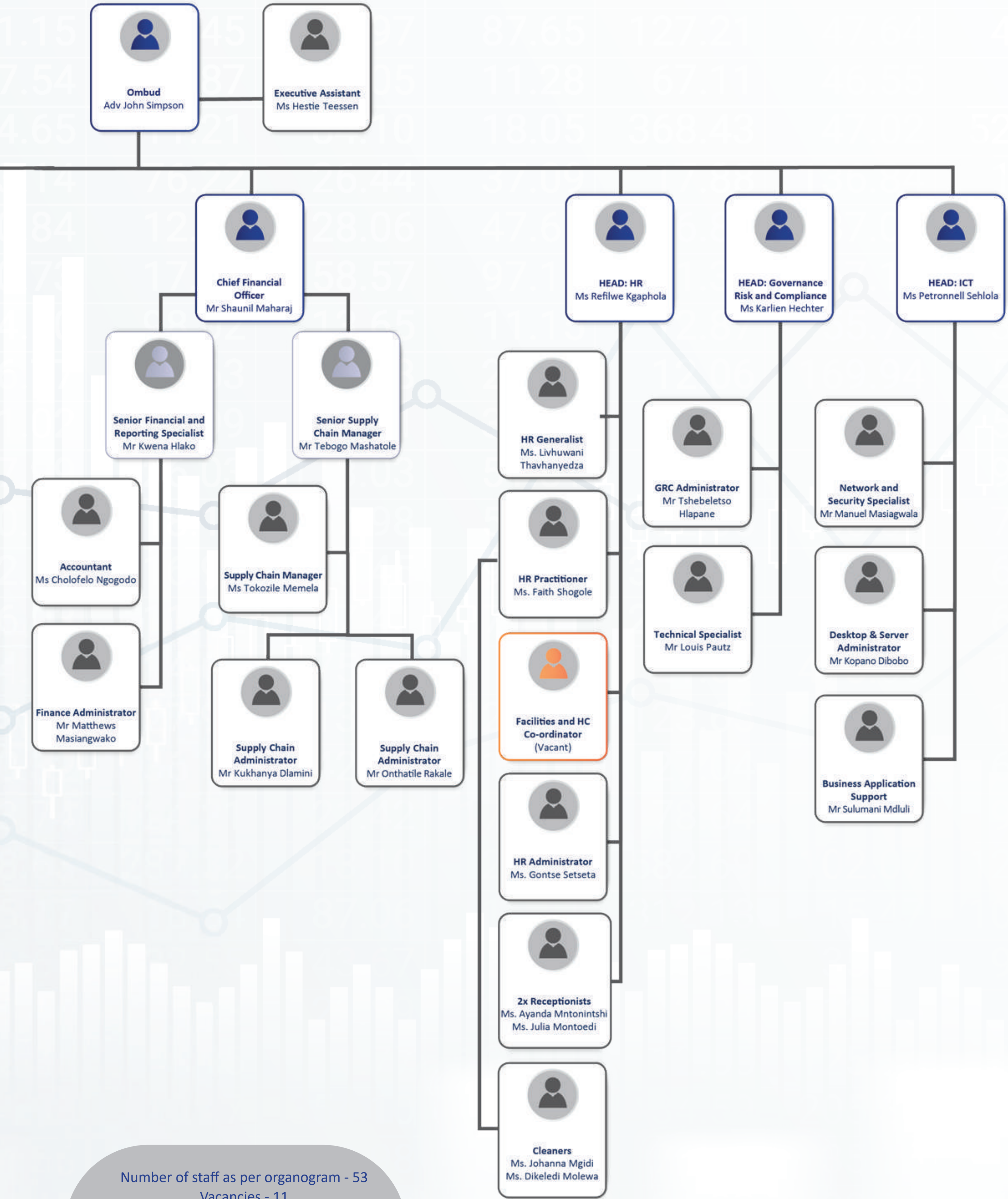
i. Economic transformation and job creation
ii. Education, skills and health
iii. Consolidating the social wage through reliable and quality basic services
iv. Spatial integration, human settlement, and local government
v. Social cohesion and safe communities
vi. Building a capable, ethical and developmental state
vii. A better Africa and world

The FAIS Ombud will seek to contribute generally to the achievement of the government priorities listed above, in particular, priorities (vi) and (vii), namely, Building a capable, ethical and developmental state and A better Africa and world.

8. ORGANISATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE
As of 31 March 2025





Number of staff as per organogram - 53
Vacancies - 11
Number of fixed term Graduate Trainees - 10
Graduate Trainee vacancies - 2

Total staff complement - 74

Executive Committee

Adv John Simpson
Ombud

Mr Shaunil Maharaj
Chief Financial Officer

Ms Petronnell Sehlola
Head of Information and Communications Technology

Ms Refilwe Kgaphola
Head of Human Capital

Ms Karlien Hechter
Head of Governance Risk and Compliance

Management

Adv John Simpson
Ombud

Mr Shaunil Maharaj
Chief Financial Officer

Ms Petronnell Sehlola
Head of Information and Communications Technology

Ms Refilwe Kgaphola
Head of Human Capital

Ms Karlien Hechter
Head of Governance Risk and Compliance

Mr Kwena Hlako
Senior Financial and Reporting Specialist

Mr Tebogo Mashatole
Senior Supply Chain Manager

Mr Marc Alves
Manager: Dispute Resolution

Ms Ncebakazi Giqwa
Client Care Centre Manager

Adjudication

Adv John Simpson
Ombud

Ms Hestie Teessen
Executive Assistant

Ms Candice Petersen
Assistant Ombud

Ms Deshree Pillay
Assistant Ombud

Adjudication

Ms Thuso Ngwagwe
Marketing and Communications Practitioner

Ms Portia Khampepe
Marketing and Communications Graduate Trainee

Case Management

Mr Marc Alves
Manager: Dispute Resolution

Mr Simon Seripe
Senior Adjudicator

Ms Andrea Arenz
Senior Adjudicator

Mr Mashite Makgoo
Adjudicator

Ms Lutendo Mitileni
Adjudicator

Ms Uyanda Lila-Phiri
Adjudicator

Ms Tshilidzi Nemaonzeni
Junior Adjudicator

Ms Violet Ellis
Junior Adjudicator

Ms Zine Mahlaka
Junior Adjudicator

Mr Wonke Mramba
Junior Adjudicator

Ms Lungelwa Mpapela
Junior Adjudicator

Mr Xhanti Nabi
Junior Adjudicator

Mr Loyiso Nosenga
Junior Adjudicator

Mr Sifundo Tiki
Junior Adjudicator

Ms Cebisa Mkiwane
Case Management Assistant

Case Management

Ms Nonhlakanipho Nhlapho
Case Management Assistant

Ms Olivia July
Adjudication Graduate Trainee

Mr Kgopotso Mogoale
Adjudication Graduate Trainee

Client Care Centre

Ms Ncebakazi Giqwa
Client Care Centre Manager

Ms Mpho Koloko
Case Administrator

Ms Tumelo Malete
Assistant Case Administrator

Ms Nhlanhla Mngomezulu
Case Administrator

Ms Rebotile Manakana
Case Administrator

Mr Brian Nyide
Case Administrator

Mr Tshepiso Mabaso
Case Administrator

Ms Kelebogile Sesoko
Assistant Case Administrator

Mr Gordan Morerwa
Client Care Graduate Trainee

ABSENT DURING PHOTOSHOOT

Mr Mpho Khoza
Client Care Graduate Trainee

Information and Communications Technology

Ms Petronnell Sehlola
Information and Communications Technology

ABSENT DURING PHOTOSHOOT

Mr Manuel Masiagwala
Network and Security Specialist

Mr Sulumani Mdluli
Business Application Support

Mr Kopano Dibobo
Desktop and Server Administrator

Information and Communications Technology

Ms Tshegofatso Sehata
Information and Communications Technology Graduate Trainee

Mr Sanele Nzimande
Information and Communications Technology Graduate Trainee

Finance

Mr Shaunil Maharaj
Chief Financial Officer

Mr Kwena Hlako
Senior Financial and Reporting Specialist

Mr Matthews Masiangwako
Finance Administrator

Ms Cholofelo Ngogodo
Accountant

Ms Reaobaka Panana
Finance Graduate Trainee

Supply Chain Management

Mr Tebogo Mashatole
Senior Supply Chain Manager

Ms Thokozile Memela
Supply Chain Manager

Mr Kukhanya Dlamini
Supply Chain Administrator

Mr Onthatile Rakale
Supply Chain Administrator

Human Capital

Ms Refilwe Kgaphola
Head of Human Capital

Ms Livhuwani Thavhanyedza
Human Capital Generalist

Ms Faith Shogole
Human Capital Practitioner

Ms Gontse Setseta
Human Capital Administrator

Human Capital

Ms Tlou Manenyena
Human Capital Graduate Trainee

Ms Orifha Nembudani
Human Capital Graduate Trainee

Support

Ms Ayanda Mntonintshi
Receptionist

Ms Julia Montoedi
Receptionist

Ms Johanna Mgidi
Cleaner

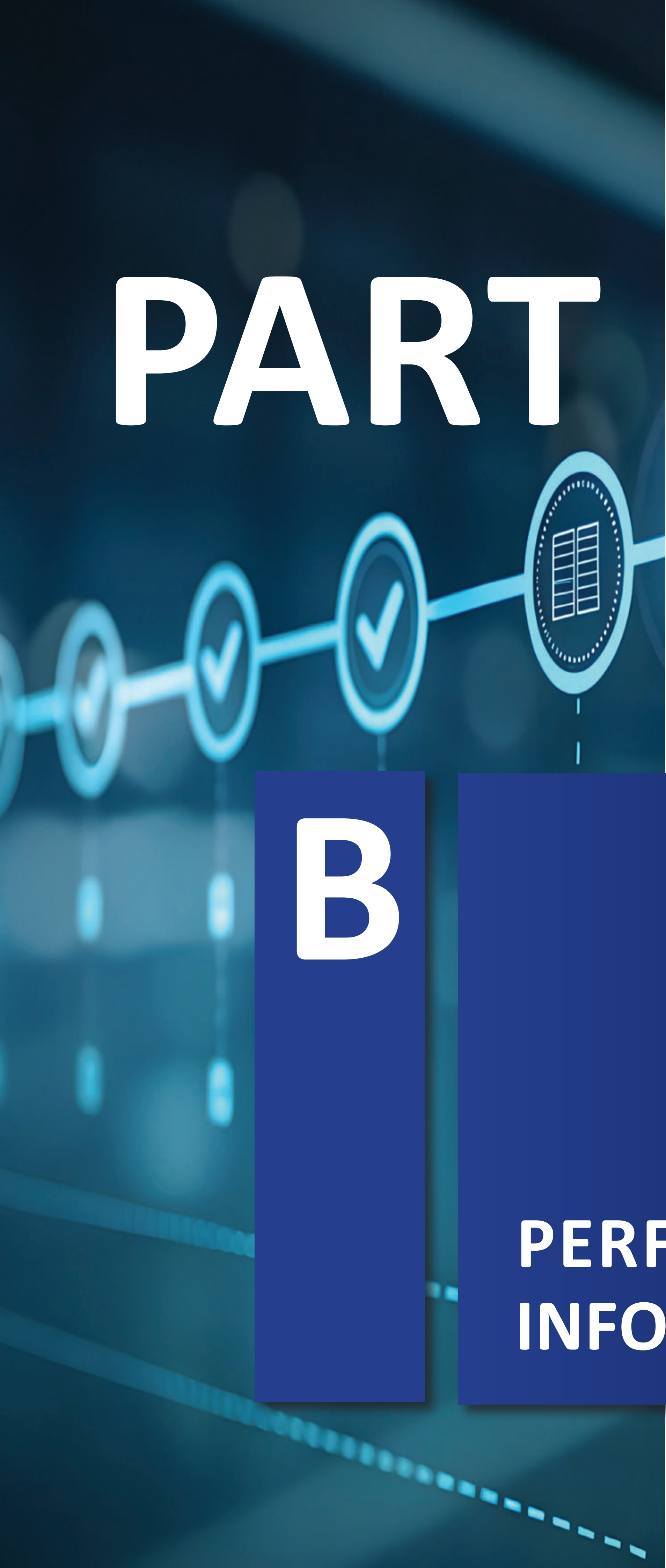
Ms Dikeledi Molewa
Cleaner

Governance Risk and Compliance

Ms Karlien Hechter
Head of Governance Risk and Compliance

Mr Louis Pautz
Governance Risk and Compliance Technical Specialist

Mr Tshebeletso Hlapane
Governance Risk and Compliance Administrator



PART B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor performed the necessary audit procedures on the performance information to report material findings only, and not to express an assurance opinion or conclusion. Material findings are being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 81 of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The Office of the FAIS Ombud has the mandate to review and resolve complaints made by clients against financial services providers. This process is conducted fairly, informally, economically, and efficiently, while considering what is equitable in each situation. The Office aims to be an independent, effective, and trusted alternative dispute resolution body for complaints related to financial services. Its goal is to provide a fair and honourable service, ensuring that financial customers have access to affordable alternative dispute resolution options for their complaints.

The FAIS Ombud's mission is to promote consumer protection and enhance the integrity of the financial services industry by the fair and expeditious resolution of complaints, informally and free of charge. In resolving complaints, the FAIS Act and the Rules on Proceedings of the Office of the Ombud for Financial Services Providers, require that the Office of the FAIS Ombud acts independently and impartially.

During the 2024/25 financial year, the FAIS Ombud operated in a service delivery environment that positively contributed to achieving its targets for the year. The processes and procedures within the Client Care Centre and the Case Management Department are designed to enhance the experience of all complainants. The Office has implemented various technologies to meet its business needs effectively, ensuring a streamlined complaints handling process and enabling prompt investigation and resolution of complaints.

The FAIS Ombud Office is dedicated to educating those it serves about its services and ensuring they are easily accessible. Additionally, the Office aims to engage all relevant parties to help both consumers and financial service providers understand their rights and responsibilities. The ultimate aim is to reduce the level of complaints and enhance confidence in the integrity of the financial services industry. To achieve targets related to consumer education and improve brand awareness, several consumer awareness initiatives have been conducted using various platforms.

2.2. Organisational environment

Advocate John Simpson, appointed by the Minister of Finance, Mr. Enoch Godongwana, continued his leadership as the Ombud for Financial Services Providers (FAIS Ombud) during the 2024/25 financial year. He has made significant contributions to the current financial and strategic performance of the entity, which maintains a positive outlook for achieving its long-term Strategic Impact Statement.

2.3. Key policy developments and legislative changes

The FAIS Ombud is a statutory entity established and authorised by the FAIS Act. The legislative environment is currently undergoing proposed amendments, including the repeal of the FAIS Act. These changes will impact the FAIS Ombud's operations. Additionally, ongoing developments in the Ombud Council, which has taken on the responsibility for the governance of Ombud schemes recognised under the FSR Act, will affect the overall governance and support structure of the Office.

The Ombud Council has formally recognised the National Financial Ombud Scheme (NFO) as an industry ombud scheme, effective from 1 March 2024, in accordance with the Financial Sector Regulation Act of 2017. This recognition represents a significant transformation in the landscape of financial ombud schemes. It culminates in the amalgamation of four predecessor schemes: the Credit Ombud Association, the Ombudsman for Banking Services, the Ombudsman for Long-term Insurance, and the Ombudsman for Short-term Insurance.

The NFO is established principally to conduct the business of an industry ombud scheme – to receive, investigate and resolve complaints against any participant to the NFO scheme rules – and in that way protect and promote financial customer rights in relation to financial institutions, products and services.

With the establishment and operation of the NFO, a Head Ombud for the NFO has also been appointed.

Additionally, there are specific legislative provisions that relate to the support functions of the FAIS Ombud. Changes in legislation, regulations, and policies implemented by the National Treasury and the Department of Public Service and Administration (DPSA), especially those concerning cost containment, can influence the entity's operations. These changes may affect procurement processes and could also have an impact on staff recruitment.

2.4. Progress towards achievement of institutional Impacts and Outcomes

In reflecting on the impact and outcomes set out below as per the Strategic Plan, the FAIS Ombud continues to make significant progress towards the achievement of its five-year targets. Guided by its impact statement — to promote consumer protection and enhance the integrity of the financial services industry in order to contribute to a robust economy — the FAIS Ombud remains committed to aligning its core activities with the National Development Agenda as articulated in the 2019–2024 Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP). Over the reporting period, it has strengthened its dispute resolution processes, improved accessibility for financial consumers, and enhanced industry awareness on compliance with the FAIS Act, thereby contributing to a more transparent and accountable financial services sector. These achievements directly support the MTSF's priorities relating to economic transformation and job creation, while fostering public confidence in the financial sector. No amendments were made to the Strategic Plan during the period under review

Impact statement

Promote consumer protection and enhance the integrity of the financial services industry in order to contribute to a robust economy.

Progress on the achievement of the impact statement

The FAIS Ombud is committed to aligning its core activities with the national development agenda, as articulated in the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP). As a reputable governance entity, it recognises its vital role in supporting the government's initiatives, particularly in advancing the transformation of South Africa's society and economy in the pursuit of a capable and developmental state.

In pursuit of the NDP's objectives, it has initiated and will continue to undertake various measures to deliver efficient services while simultaneously developing the skills of its workforce and enhancing its overall expertise and experience. Furthermore, the FAIS Ombud has established a comprehensive strategy to enhance its visibility and accessibility. It is dedicated to advancing its consumer education initiatives, which are integral to its commitment to 'Building a capable, ethical, and developmental state' and fostering 'A better Africa and world.' Through its consumer protection initiatives, it aims to bolster the integrity of the financial services industry, thereby contributing to the broader objectives of national development.

Outcomes and progress on the achievement

Enhanced customer experience through the achievement of the legislative mandate resulting in satisfied customers.

All processes and procedures within the Client Care Centre and the Case Management Department are designed to enhance the customer experience for all stakeholders involved in a complaint. This includes a deliberate approach to developing outputs aimed at achieving this outcome.

The outputs, detailed below, are designed to measure the effectiveness of the Office of the FAIS Ombud in executing its mandate concerning the expeditious investigation of complaints. Ensuring expeditious resolution of complaints is fundamental to the FAIS Ombud's responsibilities and is essential for achieving satisfaction among all individuals who utilise its services. The following outputs serve to measure the efficacy of the FAIS Ombud in conducting investigations expeditiously and to realise the enhancement of the customer experience and achieving the desired outcome:

- The percentage number of complaints resolved within a period of nine months from the date of receipt – The Office of the FAIS Ombud has committed to ensuring that 92% of all complaints received are resolved within a period of nine months.
- The percentage number of complaints resolved within a period of six months from date of receipt – The Office of the FAIS Ombud has committed to ensuring that 85% of all complaints received are resolved within a period of six months.
- The percentage number of complaints resolved within a period of three months from date of receipt – The Office of the FAIS Ombud has committed to ensuring that 75% of all complaints received are resolved within a period of three months.
- Maximum percentage of active complaints older than nine months of total active complaints The Office of the FAIS Ombud has committed to ensuring that, at any time, not more than 20% of all active complaints will be older than nine months from date of receipt.

- Efficiency ratio measuring the percentage of closed complaints received in a specific financial year – The Office of the FAIS Ombud has committed to ensuring that a minimum of 80% of all complaints received during the 2024/25 financial year are resolved within the financial year.

In addition to the outputs listed above, the Office of the FAIS Ombud has an additional output that is designed to measure the effectiveness of these outputs in enhancing the customer experience. At the conclusion of all investigations conducted by the Office of the FAIS Ombud, a Customer Satisfaction Form (CSF') is sent to all parties to a complaint to rate the service provided during the investigation and the effectiveness thereof. This output is detailed below:
The percentage number of satisfied customers as measured on returned CSFs for all resolved cases – The Office of the FAIS Ombud has committed to ensuring that 85% of all CSFs that are returned are positive.

Optimised internal capacity, business processes and systems to enhance operational excellence through support services

Operational excellence is achieved through compliance with applicable legislation/prescripts and is measured by:

- Achieving an unqualified external audit opinion

- Payment of valid invoices to suppliers within 30 days

The graduate trainee programme is a means by which the Office meets its resource requirements and creates a skilled workforce to achieve its strategic goals.

Employment equity statistics contribute to compliance with prevailing legislation.

Enhanced relationships (improved cooperation with stakeholders)

Given the nature of this Office's work, enhancing stakeholder relationships requires that it engages in several programmes if it is to achieve this objective or outcome. To this end, the Office identifies outreach programmes in various parts of the country, including rural and peri-urban areas, and engagements with industry members.

Consumer education can generally be split into two sub-sections or categories. The first is financial literacy, and the second is consumer literacy in a regulated environment. Financial literacy means an understanding of and ability to apply financial management skills. It will likely lead to consumers seeking financial advice or help to manage their finances adequately. Knowing that you need a financial product may not translate into knowing which one you need. Financial advisors provide a service to assist with the latter.

Consumer literacy in the regulated environment is, however, different. It speaks to knowing how financial products are regulated and that a consumer can identify the processes that must be followed if a dispute arises. Ideally, this should lead to fewer complaints being escalated to the FAIS Ombud, especially for those complaints based on misinformation. Where the collective literacy is not sufficient to afford such protection, this Office will continue to serve as a free resource to consumers to resolve such disputes. Especially for those who do not have access to our courts because of the prohibitive costs, lengthy delays and adversarial nature of the litigation process.

The FAIS Ombud regards itself as a vital cog in the financial industry machine. A successful industry allows businesses to make sound profits underpinned by good corporate governance and moral values. The FAIS Ombud contributes to the industry by constantly engaging with consumers, financial services providers, industry bodies, the Financial Services Conduct Authority and National Treasury.

Improved brand awareness, financial literacy, customer awareness and understanding of their rights and responsibilities when making financial decisions to improve the financial literacy and capability of all persons living in South Africa.

The FAIS Ombud must constantly strive to educate those it serves about its services and make its services easily accessible. In addition, the FAIS Ombud seeks to engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. The ultimate aim is to reduce the level of complaints and improve confidence in the financial services industry.

To achieve this and to give life to this Office's values as expressed in its Credo, it has committed to an outcome that seeks to measure the number of media interactions conducted on an annual basis. By effectively utilising the various media platforms, including social media platforms, the FAIS Ombud believes that it can increase its footprint to all areas of South Africa to ensure that all citizens are not only aware of the existence of this Office and the service that it provides but their rights as consumers of financial services, thereby enhancing access to justice.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. Programme 1: Administration

3.1.2 Purpose: Provide support to core operating divisions of the FAIS Ombud

3.1.2. Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
Optimised internal capacity, business processes and systems to enhance operational excellence through the support services	External Audit Report	Clean audit opinion (AGSA)	Achieved – Clean Audit opinion (Unqualified without findings)	Achieved – Clean audit opinion	Unqualified audit opinion	Achieved – Clean audit opinion	N/A	N/A
	Management Accounts on Supplier invoices paid	Percentage suppliers' invoices paid within 30 days	Not achieved – 99.81% of valid supplier's invoices paid within 30 days.	Not achieved – 99.83% of valid supplier invoices within 30 days	Pay 100% of valid supplier invoices within 30 days	Not achieved – 99.76% of valid supplier invoices within 30 days	- 0.24%	2 out of 818 payments were made after 30 days as a result of receiving an invoice late from the internal stakeholder resulting in payment outside the 30-day period. Awareness drives amongst Internal stakeholders on the importance of submitting invoices immediately to Finance for payment will be conducted.

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
	Quarterly report on Employment Equity Targets	Percentage achievement of FAIS Ombud EE targets	Achieved – 62% Female	Achieved – 64% female	51% female	Achieved – 61.74 % female	+ 10.74%	Target exceeded. This is driven by attrition rates. This is being addressed with future appointments where other EE targets are prioritised.
			Achieved – 92.25% black	Not achieved – 88% African	92% African	Not achieved – 90.43% African	- 1.57%	The resignation of staff has affected the current ratios. Future appointments will focus on the employment of suitable EE candidates.
			Not achieved – 7.75% white	N/A	8% White	Not Achieved – 9.55% white	+ 1.55%	The resignation of staff has affected the current ratios. Future appointments will focus on the employment of suitable EE candidates.
			Achieved – 5% employees with disabilities.	Achieved – 6% of employees with disabilities	2% of employees with disabilities	Achieved – 5.78% of employees with disabilities	+ 3.78%	Target exceeded due to an increase in the number of employees who declare disabilities.
Optimised internal capacity, business processes and systems to enhance operational excellence through the support services	Signed trainee contracts	Number of trainees appointed per annum	Not achieved – 8 trainees appointed by the 31 March 2023	Achieved – 12 trainees appointed as at 31 March 2024.	9 trainees appointed by 31 March 2025	Achieved – 10 trainees appointed as at 31 March 2025.	+ 1 trainees appointed as at 31 March 2025.	10 trainees were appointed as 31 March 2025 The target was exceeded as this drive is based on operational requirements and the need to equip the unemployed youth with work experience, making them eligible to enter the labour market and participate in the economy.

3.2. Programme: Complaints Resolution

3.2.1. Purpose: Achievement of the legislative mandate – Satisfied customers

3.2.2. Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
Achievement of legislative mandate -Satisfied Customers	Customer satisfaction forms	Percentage of satisfied customers as derived from the CSFs in 2024/25	Not achieved – 87.89 satisfaction rate as derived from the CSFs in the 2022/23 financial year	Achieved – 86.30% satisfaction rate as derived from the CSFs in the 2023/24 financial year	Achieve 85% satisfaction rate as derived from the CSFs in the 2024/25 financial year	Achieved – 85.93% satisfaction rate as derived from the CSFs in the 2024/25 financial year	+ 0.93%	Target exceeded as the number of complaints older than 9 months were reduced to below 5%. The introduction of Premature Complaints has improved efficiencies and caseloads in Case Management have been significantly reduced. Improved processes and controls in the Client Care Centre have reduced the number of dissatisfied individuals.
	Report Complaints responded to within 4 working days of date of receipt of complaint	Percentage of complaints responded to within 4 working days of date of receipt of complaint.	N/A	Achieved –responded to 100% of complaints within 4 days of date of receipt of complaint.	Respond to 100% of complaints within 4 days of date of receipt of complaint.	Achieved – Responded to 100% of complaints within 4 days of date of receipt of complaint.	N/A	N/A
	Report on complaints closed within 9 months of date of receipt	Percentage of complaints closed within 9 months of receipt	Achieved – 96.47% complaints closed within 9 months of of date of receipt	Achieved – 97.15% complaints closed within 9 months of date of receipt.	92% complaints closed within 9 months of date of receipt	Achieved – 99.19% complaints closed within 9 months of date of receipt	+ 7.19%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
	Report on complaints closed within 6 months of date of receipt	Percentage of complaints closed within 6 months of receipt	Achieved – 91.05% complaints closed within 6 months of date of receipt	Achieved – 90.06% complaints closed within 6 months of date of receipt.	85% of complaints closed within 6 months of receipt.	Achieved – 98.06% complaints closed within 6 months of receipt.	+ 13.06%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.
	Report on complaints closed within 3 months of date of receipt	Percentage of complaints closed within 3 months of receipt	Achieved – 84.04% complaints closed within 3 months of date of receipt	Achieved – 82.07% complaints closed within 3 months of date of receipt.	75% of complaints closed within 3 months of receipt.	Achieved – 91.41% complaints closed within 3 months of receipt.	+ 16.41%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.
	Report on Complaints older than 9 months	Percentage of active complaints that are older than 9 months (excluding property syndications)	Achieved – 15.20% complaints older than 9 months by 31 March 2023 (excluding property syndications)	Achieved – 8.1% of all active complaints are older than 9 months as at 31 March 2024	20% or less active complaints older than 9 months by 31 March 2025	Achieved – 3.69% of all active complaints are older than 9 months as at 31 March 2025	+ 16.31%	Target exceeded due to the improvement in skills with the appointment of two Assistant Ombuds to focus on the oldest complaints together with a targeted approach by Case Management to reduce the number of complaints becoming older than 9 months.
	Report on efficiency ratio (% closed complaints vs received complaints within the financial year)	Efficiency ratio	Achieved – 84.26% Efficiency ratio for the 2022/23 financial year	Achieved – 90.44% Efficiency ratio for the 2023/24 financial year	80% Efficiency ratio for the 2024/25 financial year	Achieved – 93.32% Efficiency ratio for the 2024/25 financial year	+ 13.32%	Target exceeded as a result of the introduction of Premature Complaints, which has improved efficiencies and significantly reduced caseloads in Case Management. There is greater emphasis on the expeditious investigation of complaints.

3.3. Programme: Stakeholder Management

3.3.1. Purpose: Achievement of the legislative mandate – Enhanced relationships (improved cooperation with stakeholders)

3.3.2. Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
Enhanced relationships with stakeholders	Exco reports on stakeholder engagements	Number of stakeholder engagements with key stakeholders, including NT, Governance Committees, Union and Auditors	Achieved – 16 National Treasury submissions	Achieved – 17 National Treasury submissions	13 National Treasury submissions	Achieved – 13 National Treasury submissions	N/A	All submissions required in terms of legal prescripts have been submitted to National Treasury in accordance with the legal prescripts.
			Achieved – 17 Governance committees	Not achieved – 13 Governance committees. (refer to comment)	8 Governance committees	Achieved – 10 Governance committees	+ 2 Governance committees	An additional Special Audit and Risk Committee was scheduled for January 2025 to oversee the 2025/26 Annual Performance Plan and budget as well as the 2025 – 2030 Strategic Plan prior to submission to National Treasury in accordance with legal prescripts.
			Achieved – 3 Union engagement meetings	Achieved – 11 Union engagement meetings	4 Union engagement meetings	Achieved – 12 Union engagement meetings	+ 8 Union engagement meetings	Exceeded. 4 Union meetings are required (one per quarter). Monthly Union meetings were conducted.
			Achieved – 7 Internal Audit Engagement meetings	Achieved – 6 Internal Audit Engagement meeting	4 Internal Audit Engagement meetings	Achieved – 5 Internal Audit Engagement meeting	+ 1 Internal Audit Engagement meeting	Target exceeded due to the need to conduct a forensic fraud investigation.

Outcomes	Outputs	Output Indicator	Actual Audited Performance 2022/23	Actual Audited Performance 2023/24	2024/25		Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
					Planned Annual Target	Actual Achievement		
Programme: Administration								
			Achieved – 6 External Audit Engagement meetings	Achieved – 4 External Audit Engagement meeting	4 External Audit Engagement meetings	Achieved – 4 External Audit Engagement meeting	N/A	N/A
Improved brand awareness, financial literacy and customer awareness	Exco reports on brand awareness, financial literacy and customer awareness activities.	Number of activities relating to brand awareness, financial literacy and customer awareness activities	Achieved – 1 MoneySmart week	Achieved – 1 MoneySmart week.	1 MoneySmart week	Achieved – 1 MoneySmart week during Q2.	N/A	N/A
			Achieved – 353 of posts on social media (Twitter, Facebook and LinkedIn) TBC	Achieved – 429 posts on social media (Twitter, Facebook and LinkedIn)	100 posts on social media (Twitter, Facebook and LinkedIn)	Achieved – 323 posts on social media (Twitter, Facebook and LinkedIn)	+ 223 posts on social media (Twitter, Facebook and LinkedIn)	Target exceeded due to newsworthy information that needed to be disseminated to the public and greater efficiencies.
			Achieved – 12 press releases	Achieved – 12 press releases	12 press releases	Achieved – 13 press releases	+ 1 press releases	Target exceeded due to newsworthy information that needed to be disseminated to the public.
			Achieved – 4 Newsletters	Achieved – 4 Newsletters	4 Newsletters	Achieved – 4 Newsletters	N/A	N/A

Linking performance with budgets

	2024/2025			2023/2024		
Programme/activity/objective	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	39 810	34 285	5 525	36 558	32 194	4 364
To Resolve Complaints	42 297	34 228	8 069	40 526	27 816	12 710
Enhance Stakeholder Management	5 056	3 459	1 597	4 523	2 610	1 913
Total	**87 163**	**71 972**	**15 191**	**81 606**	**62 620**	**18 986**

4. REVENUE COLLECTION

	2024/2025			2023/2024		
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
Levy - Income	84 611	86 281	1 670	82 485	84 219	1 734
Total	**84 611**	**86 281**	**1 670**	**82 485**	**84 219**	**1 734**

The over-recovery in the levy receivable is directly attributable to the number of service providers and key individuals registered with the (FSCA) as there was no increase in the levy for the 2024/25 financial period.

PART C

GOVERNANCE

1. INTRODUCTION

The King IV Report on Corporate Governance (2016) describes governance as the exercise of ethical and effective leadership by the governing body to achieve particular governance outcomes, such as ethical culture, good performance, effective control, and legitimacy.

The FAIS Ombud is committed to driving and maintaining a culture that is accountable and upholds values of integrity and honesty. Good corporate governance is not a set of rules but rather principles that organisations, such as the FAIS Ombud, choose to live by.

The governance committees were established in terms of the Financial Sector Regulation Act and PFMA to review, monitor, advise and make recommendations to the Accounting Authority for decision-making. These governance committees are responsible for ensuring the institution complies with relevant legislation, codes of good corporate governance and practices. Each committee has its own terms of reference, which are reviewed annually in line with best practice.

Due to its relatively small size and in the interests of cost savings, the Office constituted a combined Human Resources and Remuneration Committee and an Audit and Risk Committee (two governance committees only) as of 1 September 2023. These committees also monitored governance standards and assured stakeholders that its business operations were conducted ethically, within prudent risk parameters and in line with best practices.
Key activities, membership, and attendance are detailed below.

2. AUDIT AND RISK COMMITTEE

As prescribed by the PFMA, an independent Audit and Risk Committee was established, comprising five external members. The committee provides oversight over financial reporting, internal financial controls, internal and external audits, compliance with legislation, and financial risk management.

The Director-General appoints Risk Committee members for the Financial Sector Conduct Authority (FSCA) and the FSCA Commissioner appoints the FSCA's Audit Committee members. The Ombud, as the Accounting Authority, then appoints its members from the pool of FSCA committee members.

The Committee has a standard term of reference, approved by the Ombud, as Accounting Authority, detailing its roles and responsibilities.

Key activities in 2024/25

Reviewed the effectiveness of the entity's internal financial control systems, including receiving assurance from management and internal and external audits.

Evaluated the independence, effectiveness and performance of the finance department function and compliance with its mandate, including the internal and external auditors.

- Reviewed the effectiveness of the entity's internal financial control systems, including receiving assurance from management and internal and external audits.
- Evaluated the independence, effectiveness and performance of the finance department function and compliance with its mandate, including the internal and external auditors.
- Reviewed significant issues raised by the internal and external audit process, including how they were resolved.
- Noted management's actions in addressing identified control weaknesses.
- Reviewed the quarterly reports submitted to the National Treasury in terms of the PFMA and Treasury Regulations. No findings were noted.
- Reviewed the policies and procedures to ensure compliance with applicable laws and regulations.
- Reviewed the external audit report, indicating no instances of non-compliance.
- Reviewed and recommended the external and internal audit reports and charters for approval by the Ombud.
- Evaluated the internal and external audit function's independence, effectiveness, performance, and compliance with its mandate.

- Approved the internal audit plan.
- Reviewed and recommended the audit strategy and engagement letter for approval by the Ombud.
- The Committee has reviewed and accepted the external audit report.
- Reviewed and recommended the 2025-2026 Mid-Term Expenditure Framework, 2025-2026 Budget and Materiality & Significant Framework.
- Reviewed and recommended the annual financial statements and annual performance report for the year ended 31 March 2024.
- Reviewed the 2025-2026 Budget and Materiality & Significant Framework and recommended for approval by the Ombud.
- Reviewed and approved the Audit Committee Report for the year ended 31 March 2024.
- Reviewed the Internal Audit Three-Year Strategic Rolling Plan and Annual Coverage Plan and recommended for approval by the Ombud.
- Reviewed and advised on the risk management policies, framework, strategy and practices.
- Reviewed and advised opportunities or risks impacting its ability to achieve the organisational objectives and functions.
- Reviewed the design, implementation and monitoring of appropriate risk responses, including strategic risk reports, emerging risks, ICT security risk updates, litigation risks, compliance risk updates, the regulatory universe, whistleblowing reports, loss events, and insurance claims.
- Reviewed the business continuity framework.
- Reviewed the risk integration and embedding of risk management in business activities.
- Reviewed the management report about sustainability, litigation, ICT, licensing and retirement funds risks.
- Reviewed and recommended insurance policies of the organisation for approval by the Ombud.
- Reviewed and advised on the insurance portfolio renewal and how to address insufficient cover options.
- Reviewed and recommended the 2025-26 Risk Appetite Statement.

Membership and Attendance

The committee consists of independent members with relevant qualifications and experience in financial and risk matters to fulfil their duties. The Accounting Authority, the Head: Governance Risk and Compliance, Chief Financial Officer, Head: Information Communications and Technology, and Head: Human Capital are permanent invitees to committee meetings, while the external and internal auditors attend by invitation. The internal and external auditors have unrestricted access to the committee. The committee met six times during the year.

Member	Qualifications	Total meetings
Mr F N Esterhuizen Chairperson	MSc, MPhil, FCCA, CA(SA), ACA, CPFA, CIA	6/6
Prof T Ajam	B. Bus Sc., BA(Honours), MA, M. Bus Sc., PhD (Public Management).	5/6
Ms L J Senne	B Com (Honours) Accounting; CA; Diploma in General Management, MBA	3/6
Adv. V Jospeh	BA, LLB (Adv SA)	6/6
Mr L L Ntuane	B Com, PGDipMan, Adv Diploma, CISM, CGEIT, CRISC, M.Inst	5/6

3. HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Committee advises, oversees and monitors activities concerning social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationships, labour and employment matters. The Committee also reviews, monitors and advises EXCO on the FAIS Ombud remuneration policy.

The Commissioner appoints the FSCA's HR and Remuneration Committee members and the Social and Ethics Committee members. The FAIS Ombud then appoints its members from the pool of FSCA committee members.

The Committee has standard terms of reference, approved by the Ombud as Accounting Authority, detailing its roles and responsibilities. These are reviewed annually in line with best practices.

Key Activities in 2024/25

- Reviewed the human resources and social and ethics quarterly reports.
- Monitored employee wellness programmes.
- Monitored key appointments.
- Reviewed and advised on the changes to labour legislation.
- Reviewed the implementation of the corrective measures on findings of the climate/change readiness survey that was conducted in the prior year.
- Reviewed and approved the employment equity annual report (Department of Labour submission).
- Reviewed and advised on the HR Policies and Procedures.
- Reviewed the organisational strategic risk register.
- Reviewed and advised on the quarterly reports.
- Advised on the implementation of the whistleblowing report.
- Reviewed and advised on the fraud and corruption prevention plan.
- Reviewed and advised on the occupational health and safety policy.
- Reviewed BBBEE report and certificate.
- Reviewed and advised on the ethics management annual report – Declaration of interest report.
- Reviewed and advised on the remuneration aspects and discretionary incentives.
- Reviewed and recommended staff promotions and structural adjustments to EXCO, which were ultimately approved.
- Reviewed and advised on the Remuneration policies and procedures.
- Considered salary increases - market trends surveys.
- Considered the retirement benefit report and performance report (year-end).
- Reviewed and recommended salary increases and performance bonuses to EXCO for approval.
- Evaluated and recommended the budget provisions (salaries, bonus, incentives) to EXCO.
- Approved the remuneration statement for the annual report.

Membership and Attendance

The Committee consists of independent members with relevant qualifications and experience in human resources, ethics and remuneration practices to fulfil their duties. The Accounting Authority, the Head: Human Resources, Head: Governance Risk and Compliance, Chief Financial Officer, and Head: Information Communications and Technology, are permanent invitees to committee meetings. The Committee met four times during the year.

The members of the Committee, together with their qualifications and attendance record, are listed below.

Member	Qualifications	Total meetings
Ms H L Molebatsi (Chairperson)	BA (Psychology), Senior Executive Programme, Post Graduate Diploma: Rural Development & Management and Senior Management Development Programme	4/4
Adv. V Balgobind	BA (Honours) – Industrial Psychology; Masters (Industrial Psychology); MBL	3/4
Mr E T Kharametsane	LLB Degree, Certificate in Legislative Drafting, Regulatory Examination (1) Certificate.	4/4
Dr E P Mokgobu	PhD; MBA; MA; BA; BA (Honours); Diploma in Labour	4/4
Dr K V Mofuoa	PhD; M Applied Ethics, M MPSM, BA Public Admin, ICA PGDip (GRC), PGDip in Law	4/4

Remuneration of Committee members

Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr F N Esterhuizen (Audit & Risk Committee Chairperson)	R3 233.00 per hour	None	None	71 126.00
Prof T Ajam	R3 233.00 per hour	None	None	61 427.00
Ms L J Senne	R3 233.00 per hour	None	None	32 330.00
Adv. V Jospeh	R3 233.00 per hour	None	None	67 893.00
Mr L L Ntuane	R3 233.00 per hour	None	None	61 427.00
Ms H L Molebatsi (HR and REMCO Chairperson)	R3 233.00 per hour	None	None	95 373.50
Adv V Balgobind	R3 233.00 per hour	None	None	56 577.50
Mr E T Kharametsane	R3 233.00 per hour	None	None	77 592.00
Dr E P Mokgobu	R3 233.00 per hour	None	None	67 893.00
Dr K V Mofuoa	R3 233.00 per hour	None	None	77 592.00

4. FAIS OMBUD RISK MANAGEMENT PHILOSOPHY

The FAIS Ombud's philosophy is to ensure a safe working environment for employees, wherein risk is effectively managed and service delivery improved for the benefit of all stakeholders.

While the Accounting Authority is ultimately responsible for ensuring that effective, efficient, and transparent systems of financial and risk management and internal control are maintained, the reality is that every official in the Office of the FAIS Ombud has a part to play in risk management.

The Office is further committed to conducting risk management activities in a cost-effective manner that is commensurate with the principles of fairness, accountability, responsibility, and transparency.

To this end, the Executive Committee of the FAIS Ombud is committed to ensuring that:

- There is a sound and effective system of internal controls and an enterprise-wide risk management plan in place.
- The FAIS Ombud's risk management framework ensures risk ownership from line management to the Executive Committee of the FAIS Ombud.
- This framework is embedded in the operations of the FAIS Ombud and all measures are taken to ensure its effectiveness.
- The FAIS Ombud's risk management strategies are consistently reviewed.
- There is an effective system of monitoring and reporting.

5. RISK MANAGEMENT WITHIN THE FAIS OMBUD

The Exco exercises ongoing oversight of risk management and sets the direction for how risk should be approached and addressed in the organisation. In making decisions, risks are treated as integral. Exco sets the tone for the organisation through its commitment to risk management and its support of internal policies.

The Exco further exercises oversight over the operations of the FAIS Ombud through monthly reporting by the respective departments and/or sub-committees within the organisation. This ensures accountability, transparency, and fairness. The aforesaid function is supported by regular internal and external audits.

Risk management is the responsibility of every employee at the FAIS Ombud. Not only is risk management incorporated in the individual performance contracts of each employee, but the respective departments in the organisation are actively involved in managing their risk registers on a regular basis. It is imperative that all employees understand the risks confronting the FAIS Ombud in their day-to-day activities and how to manage these risks.

Below is a list of the nine strategic risks faced by the FAIS Ombud during the 2024/25 financial year. Detailed assessments of these risks are performed on a quarterly basis and at an annual strategic risk workshop.

No.	Risk
1	Cyber risk - the risk of unauthorised / illegal access to the FAIS Ombud infrastructure and systems
2	Fraud and corruption risk - exposure to fraud and corruption
3	Business Continuity risk - inability of the FAIS Ombud to continue functioning in the case of a disaster
4	Compliance risk - non-compliance with legislation, mandate and internal policies
5	Uncertainty with regards to the Amalgamation into the NFO (staff retention, recruitment etc.)
6	Change Management risk - how the uncertainty of the amalgamation into the NFO would affect staff
7	Funding risk - levies environment and impact on liquidity
8	Reputational risk - loss of reputation and credibility of the FAIS Ombud by stakeholders
9	Keyman dependency risk - Ombud

6. COMPLIANCE WITH LAWS AND REGULATIONS

In terms of the PFMA and Treasury Regulations, quarterly regulatory compliance reports were submitted to National Treasury, and reports were reviewed by the Risk and Audit Committee. No deviations were noted. Internal policies and procedures were reviewed to ensure compliance with applicable laws and regulations. The external audit report indicated that no instance of non-compliance was identified.

7. FRAUD AND CORRUPTION

Fraud and corruption in the public sector is a reality and is regarded as one of the major risks faced by public entities. No entity is immune to fraud and the FAIS Ombud, therefore, manages this risk relentlessly. Not only are newly-appointed employees made aware about the FAIS Ombud's zero tolerance to fraud but, throughout an employee's stay at the FAIS Ombud, they are reminded by means of training and information sessions.

The FAIS Ombud's fraud and corruption prevention strategy includes its Fraud and Corruption Prevention Policy, Fraud and Corruption Prevention Plan, Fraud and Corruption Response Plan, and Whistle-Blowing Policy. An independent service provider manages the whistle-blowing hotline. A register of tip-offs is maintained to ensure that all tip-offs received that fall within the mandate of the FAIS Ombud are followed up on. Tip-offs that fall within the mandate of other regulators are passed on to them. Ethical conduct and organisational integrity are key to preventing fraud and corruption in any organisation.

8. MINIMISING CONFLICT OF INTEREST

In line with section 72 of the FSR Act and section 50(3) (a) of the PFMA, all governance committee and EXCO members must disclose annually and at a meeting any direct or indirect interest in any matter being tabled. Where a conflict of interest is identified, it is resolved transparently and fairly. The Secretariat keeps a register of these declarations. There were no significant conflicts during the year.

9. CODE OF CONDUCT

The FAIS Ombud's code of conduct and ethics/credo statement establishes norms and standards related to integrity, ethics, professional conduct, and anti-corruption. It acts as a guideline to employees regarding their conduct from an ethical point of view, both in their individual conduct and in their relationship with others. It helps to uphold organisational integrity and build a value- driven workplace.

The code/credo statement spells out the spirit in which employees should perform their duties, what should be done to avoid conflicts of interest, and what is expected of them in terms of their personal conduct. Compliance with the code of conduct and ethics enhances professionalism and helps ensure confidence in the Office of the FAIS Ombud. The code/credo statement always places a duty and responsibility on the employees to behave ethically. Employees will be subject to disciplinary steps if they are in breach of the code of conduct and ethics.

10. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In terms of the Occupational Health and Safety Act No. 85 of 1993 (OHS Act) and Regulations, the Office must ensure and maintain a safe working environment for employees.

The FAIS Ombud remains committed to ensuring that the entity continues to operate while prioritising the health and safety of its employees. The FAIS Ombud has developed a hybrid working model, which is in adherence to the OHS Act.

11. SOCIAL RESPONSIBILITY

The Office remains committed to sustainable business operations.

11.1. Environment

As an office-based organisation, the Office of the FAIS Ombud has a limited impact on the environment. Its office buildings incorporate many green features, particularly elements of energy and water saving.

11.2. Electricity Consumption

Some of its sustainable initiatives include the auto detector for switching off of lights and basement fans when no movement is detected, or after-hours and during weekends. Light sensors were installed in the bathrooms, meeting rooms, and training rooms.

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The FAIS Ombud's status in respect of the year under review has been reviewed by a SANAS accredited verification agency and the overall B-BBEE contribution level received was a "level 8". The FAIS Ombud's report to the B-BBEE Commission has been submitted accordingly.

PART D

HUMAN CAPITAL MANAGEMENT

1. INTRODUCTION

Overview of HC matters at the public entity

The Human Capital (HC) Department is central to aligning HR practices and strategies with overall business objectives to create a competitive advantage through a skilled and engaged workforce. The degree to which it delivers on its mandate is linked to its ability to attract, develop, and retain competent employees. As part of its strategic intent to optimise internal capacity, business processes, and systems to enhance operational excellence, the office introduced several process optimisation drives within its core department, related to the resolution of complaints, which resulted in quicker and more efficient closures and settlements of complaints and further reduction in caseloads.

Following several adjustments to its organisational structure, its approved establishment was reduced from 76 in the 2023/24 financial year to 74 in the 2024/25 financial year. From a headcount perspective, the office recorded a 5% growth from 59 staff members (permanent and temporary) in 2024 to 63 in 2025. This growth indicates its commitment to the National Development Plan (NDP) as prioritised by government. Its graduate trainee programme is a proactive tool for the office to fill junior positions when they arise. Three (3) of its graduates have been appointed to Junior positions during the review period.

The office had a total of eleven (11) vacancies, translated into a total vacancy rate of 14.86%. These vacancies included three (3) non-active vacancies, which are vacancies that have remained unfilled because management has resolved to suspend the filling of those vacancies as part of our strategic workforce planning, and one (1) ministerial appointment vacancy. To provide a clear measure of actual workforce gaps that can be addressed through hiring, these four (4) vacancies are not included in the calculation of active vacancy rate for the office, which stood at 9.45%, represented by the seven (7) active vacancies for the review period. The turnover rate for 2024/25 decreased to 13.51% from the 24% turnover rate reported in the 2023/24 financial year.

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

The Human Capital department focused on the following priorities for the period under review.

- **Direct Hire Recruitment Solution**—Automation of HC recruitment functions. The solution allowed for the quick movement of applicants through the talent acquisition process by automating manual tasks, while ensuring a personalised candidate experience.
- **Talent Management Strategy**—The office approved its first Talent Management Strategy, which aims to build a capable workforce that drives the mandate of the FAIS Ombud, now and in the future, by enhancing employee performance, creating internal talent pools to ensure sustainability and reduce recruitment costs, and supporting employees performing below the required performance standards.
- **Employee engagement and development** – Skills development continues to be a priority for the office, enhancing its adjudication, client care, and leadership competencies. Although emphasis is placed on these competencies, the Human Capital department continues to support all other competency-related initiatives that support the fulfilment of its mandate.
- **Organisational Development** – Building the desired culture. In its continuous efforts to build its desired culture, the office defined organisational values based on its CREDO statements to guide all actions and strategies and create a unique identity. The aim is to ensure the application of uniform principles and beliefs that guide all actions and strategies, creating a unique identity and fostering internal cohesion. Various organisational development initiatives are continuing to embed these values into its practices.

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

The graduate trainee programme is a proactive tool for the office to fill junior positions when they arise. This strategy has proved very valuable to the office, as the office continues to absorb its graduates into junior positions, as and when they became available. Three such graduates have been absorbed into permanent employment. The office has adopted an on-the-job targeted training approach to enhance the quality of its adjudication on complaints received by the office and customer experience. This approach aims to ensure the availability of talent pools to address talent requirements at more senior levels. In addition, the office has embarked on an Executive Coaching Programme, to enhance its strategic oversight and decision making.

Employee performance management framework

Each employee's Performance indicators and targets are in line with the strategic objectives and goals contained in the office's Annual Performance Plan. The Performance Management policy links FAIS Ombud's mission and overall strategic business objectives and goals to the employees' key performance areas and further aims to instil a culture of accountability and performance excellence across the office. To promote a culture of collective accountability, the performance review outcomes are also linked to the Auditor General (AG) audit outcome. The performance management system was further enhanced through the review of the Performance Management and Remuneration Policies. The office continues to invest efforts to support underperforming employees through the implementation and monitoring of various Performance Improvement Plans.

Employee wellness programmes

The office adopted a proactive risk management approach to ensure that a safe and healthy work and social environment is created for employees to thrive and that the environment is responsive to employees' changing needs while encouraging its employees to commit to their well-being. In partnership with its Employee Wellbeing Provider (EWP), the office continues to provide wellness initiatives aimed at sustaining employee physical and psychological self-care and promoting proactive health management. This has been extended through several initiatives facilitated by the office, i.e., wellness talks (addressing mental, men's, and women's health), diversity and inclusion issues, administration of flu vaccines, team effectiveness sessions, and various health screens for employees.

Policy development

The office remains committed to high levels of HR governance, risk, and compliance management. Its internal policy register and internal regulatory universe always aim to achieve effective controls, trust, a good reputation, legitimacy, and an ethical culture. This is done through regular policy reviews, which involve input from staff members on recommended changes. These changes are then reviewed by EXCO and recommended by the governance committees for approval by the Accounting Authority.

Highlight achievements

The following highlights were recorded for the review period.

From a reward and remuneration perspective, the office was able to adopt the recommendations of a market benchmarking exercise. This exercise aimed to compare its compensation practices to the market to ensure competitive and equitable pay for its employees. In addition, the office also adopted an internal pay scale to ensure internal equity in its compensation practices. To enhance employee engagement and ensure uniformity in its practices, the office adopted a set of organisational values. Various organisational development initiatives, including an employee pledge commitment, are underway to embed these organisational values across the office. The office approved its first Talent Management Strategy, which aims to build a capable workforce that drives the mandate of the FAIS Ombud, now and in the future, by enhancing employee performance, creating internal talent pools to ensure sustainability and reduce recruitment costs, and supporting employees performing below the required performance standards. As part of its ongoing commitment to recognising and developing talent, the office managed to internally appoint two Junior Adjudicators to Adjudicator positions, with a targeted approach to their specific development. The office also managed to absorb 3 of its graduates into permanent junior positions across the different departments.

Challenges faced by the public entity

The upcoming amalgamation continues to threaten the office's ability to attract and retain top talent. The timelines for the amalgamation are also unclear, further complicating the issue. This further poses a sustainability challenge for the office that aims to change its culture to become more cohesive. Limited change management strategies pose additional challenges for the office, making it challenging to embed new initiatives to enhance operational excellence. Leadership continues to explore alternative measures to keep human capital motivated and engaged.

Future HC plans /goals

The following initiatives will be prioritised by the Human Capital Department:

- Align all HC practices to established People Practices and Standards, ensuring credibility and uniformity.
- Establish a Talent Forum to oversee the implementation of the Talent Management Strategy. The office remains committed to developing a capable workforce to meet its mandate.
- Build a Change Management Capability to ensure optimal employee engagement and resilience during transitional periods.
- Enhance employee engagement to improve overall performance and well-being.
- Fully roll out the Executive Coaching Leadership programme, aiming to improve leadership performance and boost employee engagement.

2. HUMAN CAPITAL OVERSIGHT STATISTICS

The following oversight statistics reflect the various personnel costs recorded for the review period.

2.1 Personnel related expenditure

Personnel Cost by programme/ activity/ objective

As part of the commitment to foster a positive work environment and create a thriving workforce that contributes to the success of the office, the office continues to prioritise the wellbeing of its employees. This involves fostering a culture of support, providing resources for physical and mental health and promoting work-life balance. Mental health is at the core of the wellness focus and this is driven through employee wellness talks and psychosocial support rendered by its Employee Wellness Programme (EWP), which is available to staff and their immediate family members 24/7. Amongst other topical wellness areas, its wellness talks centred on the importance of inclusion and diversity to emphasise the unique strengths and perspectives of all its employees to improve performance. The overall wellness spend for the review period was R497 889. The table below reflects the various wellness initiatives the office invested in over the review period.

Programme/activity/objective	Total Expenditure for the entity (R’000)	Personnel exp. as a % of total exp. (R’000)	No. of employees	Average personnel cost per employee (R’000)
Employee Wellness Programme	52 466	10%	62	846
Wellness Screenings	57 920	12%	39	1 485
Vaccination Drive	8 920	2%	17	524
General Wellness Events	328 236	65%	57	5 758
Wellness Talks	50 346	10%	47	1 071

The office’s wellness event initiatives, which also cater for health assessment screens, continues to be the main driver of its wellness budget.

The table below depicts Personnel cost by salary band

The FAIS Ombud is committed to a remuneration philosophy that supports the attraction, retention, and motivation of high-performing talent, while ensuring alignment with principles of fairness, transparency, and fiscal responsibility. To ensure internal equity and external competitiveness, the Office uses both market benchmarking and an internal pay scale to guide remuneration decisions. The personnel costs reflected below relate to all employees who have been remunerated by the office for the review period. The amounts further relate to employees who were remunerated and have since left employment with the FAIS Ombud.

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	2 526 931	6.31%	1	2 526 931
Senior Management	7 634 409	19.07%	4	1 908 602
Professional qualified	7 804 387	19.50%	7	1 114 912
Skilled	13 461 805	33.63%	20	673 090
Semi-skilled	6 783 731	16.95%	19	357 038
Unskilled	294 305	0.74%	2	147 153
Temporary	1 522 213	3.80%	10	152 221
TOTAL	**40 027 781**	**100%**	**63**	**635 362**

Performance Rewards

Performance-related incentives may be awarded at the end of the financial year, subject to a formal review and recommendation by HR and REMCO to the Accounting Authority. These incentives are designed to reinforce a culture of accountability and excellence, while remaining sensitive to budgetary constraints and governance expectations. The performance reward costs reflected below relate to all employees who have been rewarded by the office for the review period.

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	4	930 042	31.59%
Professional qualified	5	510 801	17.35%
Skilled	20	1 088 633	36.97%
Semi-skilled	14	397 148	13.49%
Unskilled	1	17 943	0.61%
TOTAL	44	2 944 567	100%

Training Costs

Investments in the development of employees as part of its Employee Value Proposition (EVP), demonstrates the commitment to the growth of its employees and enhances the office's appeal to both current and prospective employees. The Office supports the continuous development of its employees by granting financial assistance and study leave at the employer's sole discretion. Each case is considered based on its merits to ensure that the studies an employee wishes to pursue are in the organisation's best interest and support the aspirations of its employees. The combined training budget for the review period was R1 579 490 and the table below reflects the various training initiatives the office invested in for the review period, indicating a total spend of 91.16% for the review period.

Programme//activity/objective	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Short Studies	738 646	51.30%	57	12 959
Formal Studies	639 331	44.40%	17	37 608
Seminars and Conferences	61 820	4.29%	5	12 364

Employment and vacancies

The office had two Senior Adjudicator vacancies, which it intended to fill internally. After careful assessment and consideration, it was established that the current internal talent pool was not ready to fulfil the job requirements of the jobs at a senior level. To address this gap, the office has intensified its learning and development capacity by driving the development of its talent through targeted learning interventions and on-the-job training. To ensure operational continuity, the vacancies were filled by external resources. The Office's Service Level Agreements stipulate a turnaround period of 90 days to fill vacancies as and when they become activated. The average time to hire (i.e., from date of approved requisition to signed offer) was 80 days, which is within the 90-day Service Level Agreement period.

Programme/activity/ objective	2024/2025 No. of Employees	2024/2025 Approved Posts	2025/2026 No. of Employees	2025/2026 Vacancies	% of vacancies
Top Management	1	2	1	1	1.35%
Senior Management	4	4	4	0	0%
Professional qualified	7	9	7	2	2.7%
Skilled	20	24	20	4	5.4%
Semi-skilled	19	21	19	2	2.7%
Unskilled	2	2	2	0	0%
Temporary	10	12	10	2	2.7%
TOTAL	**63**	**74**	**63**	**11**	**14.86%**

Employment changes

Seven (7) permanent employees and three (3) graduates were terminated during the review period for various reasons, resulting in an annual turnover rate of 13.51% for the Office. The Office continues to be agile by adapting and responding to changing business requirements through sourcing of competent human capital to ensure it is positioned to fulfil its core mandate and maintain operational excellence in serving its clients. From the 6 graduates reflected as terminated in the table below, 3 were appointed into junior permanent positions, and are not included in the annual calculation of the turnover rate.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	4	0	0	4
Professional qualified	5	2	0	7
Skilled	20	3	3	20
Semi-skilled	18	4	3	19
Unskilled	2	1	1	2
Temporary	9	7	6	10
Total	59	17	13	63

Reasons for staff leaving

The Office recorded a 13.51% turnover rate for the review period. Whilst there are various reasons for turnover such as, resignations, retirement, contract expiry, and dismissal, the table below indicates that the leading reason employees terminated their employment with the Office, was due to resignations (60%), citing the need for career growth. The average tenure of these employees was 5 (five) years. As part of its business continuity efforts, to minimise the operational impact of these terminations, measures such as knowledge transfer, succession planning are in place. These ensure the continuity of its operations while recruitment processes to replace the departed employees are still underway. Rather than identifying specific employees to fill vacant roles, it aims to develop talent pools comprising of multiple employees that could readily step into future roles when the need arises. This has enabled the Office to fill some of these critical vacancies internally and subsequently reduce its recruitment costs.

Reason	**Number**	**% of total no. of staff leaving**
Death	0	0%
Resignation	6	60%
Dismissal	1	10%
Retirement	1	10%
Ill health	0	0%
Expiry of contract	2	20%
Total	10	100%

Labour Relations: Misconduct and disciplinary action

In its efforts to uphold good labour relations, the Office adopts a multifaceted approach focusing on fair treatment, open communication, and a commitment to resolving workplace conflicts expeditiously. This also includes fostering a culture of respect and trust between the Office and its employees and adhering to legal guidelines and industry best practices. During the review period, the following labour relations matters were recorded. All labour-related matters have been facilitated in line with its internal policies and procedures and legal requirements.

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	1
Final Written Warning	0
Suspension	1
Dismissal	1

Equity Target and Employment Equity Status

The Office strives to ensure equity in the workplace by promoting equal opportunities, fair treatment, and the elimination of unfair discrimination, particularly for previously disadvantaged designated groups. The period under review coincides with year two of the Office's current 3-year Employment Equity Plan (EEP). Limited availability of specialist skills have contributed to the Office’s inability to address the gaps indicated below. However, the Office continues to invest in efforts to address the gaps in its Employment Equity targets as and when vacancies arise. To sustain its operational efficiencies, the Office prioritises the filling of vacancies as and when they become vacant.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	1	1
Senior Management	0	0	0	0	1	1	0	0
Professional qualified	3	3	0	0	0	0	1	1
Skilled	6	5	0	0	0	0	1	2
Semi-skilled	9	7	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Temporary	4	6	0	0	0	0	0	0
TOTAL	22	21	0	0	1	1	3	4

Engagements are currently underway with the National Treasury to facilitate the filling of a vacancy at a Senior Management level. Limited availability of specialist skills and modifications to the organisational structure have led to some vacancies being reassigned to other departments, which has also contributed to differences between the current workforce and employment equity targets as indicated below.

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	1	0	0	0	0
Senior Management	2	2	0	0	0	0	1	1
Professional qualified	0	0	2	2	1	1	0	0
Skilled	12	12	0	0	0	0	1	1
Semi-skilled	10	10	0	1	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
Temporary	6	6	0	0	0	0	0	0
TOTAL	32	32	2	4	1	1	2	2

For the period under review, the Office reported against an employment target for people with disabilities of 2% for the entire workforce. At the end of the review period, the Office reported a 5.64% achievement of people with disabilities, above the 2% targeted for the review period. The Office continues to facilitate awareness interventions on matters of disability and inclusion to ensure the continuous integration of people with disabilities within all its practices.

Levels	Disabled Staff		Disability Target
	Male	Female	
	Current	Current	
Top Management	0%	0%	2%
Senior Management	0%	0%	
Professional qualified	1.88%	0%	
Skilled	0%	1.88%	
Semi-skilled	1.88%	0%	
Unskilled	0%	0%	
TOTAL	3.76%	1.88%	

PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	0	713 715.28
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	0	69 969.28
Less: Irregular expenditure not condoned and removed	0	501 789
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	0	141 957

No irregular expenditure was identified during the 2024/25 financial year.

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure brought forward	0	713 715.28
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0	0
Irregular expenditure for the current year	0	0
Less: Condoned and Written Off	0	571 758.28
Total	0	141 957

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

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	0	0

No irregular expenditure was identified during the 2024/25 financial year.

c) Details of current and previous year irregular expenditure condoned

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	0	69 969.28
Total	0	69 969.28

No irregular expenditure was identified during the 2024/25 financial year.

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

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	501 789
Total	0	501 789

[1]Group similar items

[2]Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

e) Details of current and previous year irregular expenditure recovered

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

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

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
N/A
Total

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

Description	2024/25	2023/24
	R'000	R'000
N/A		
Total		

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

Disciplinary steps taken
No irregular expenditure was identified during the 2024/25 financial year.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/25	2023/24
	R'000	R'000
Opening balance	0	0
Add: Fruitless and wasteful expenditure confirmed	0	0
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Closing balance	0	0

No fruitless and wasteful expenditure was experienced during the 2024/25 reporting year.

Reconciling notes

Description	2024/25	2023/24
	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	0	0
Total	0	0

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

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	0	0

[1] Group similar items

[2] Total unconfirmed fruit less and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Details of current and previous year irregular expenditure recovered

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recovered	0	0
Total		0

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

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total		**0**

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

Disciplinary steps taken
None

1.3. 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

Material losses through criminal conduct	2024/25	2023/24
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	0	0

No material losses were experienced during the 2023/24 reporting period.

b) Details of other material losses

Nature of other material losses	2024/25	2023/24
	R'000	R'000
None	0	0
Total	**0**	**0**

c) Other material losses recovered

Nature of losses	2024/25	2023/24
	R'000	R'000
None	0	0
Total	0	0

d) Other material losses written off

Nature of losses	2024/25	2023/24
	R'000	R'000
None	0	0
Total	0	0

2. SUPPLY CHAIN MANAGEMENT

2.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
N/A				
Total				

2.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
ICT Security Support Services	Lebelelang Mahlatse Trading (Pty) Ltd	Variation of contract to extend the period of the contract without changing the scope of work.	RFQ202324-R0135	527 994,90	Not applicable	263 997,45
Total				527 994,90	Not applicable	263 997,45

Disclosures in terms of Section 248(8) of the FSR Act:

The FSR Act, Act No.09 of 2017 requires the following disclosures for the Office as a Financial Sector body:

Sections of the Act	Requirement	Result
Section 248 (8)(a)	The total number of persons who paid fees determined by that finacial sector body in the financial year	Not applicable
Section 248(8)(b)	The total number of supervised entities who paid levies imposed in accordance with section 237(1)(b)	10 347
Section 248(8)(c)	The total fees collected by the financial sector body	Not applicable
Section 248(8)(d)	The total levies collected on behalf of and received by the financial sector body	89 115 652
Section 248(8)(d)	The total levies collected on behalf of and received by the financial sector body	88 297 872

PART F

FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS

Mr Shaunil Maharaj
Chief Financial Officer

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Abbreviations used:

PFMA	Public Finance Management Act
IAS	International Accounting Standards
AGSA	Auditor General South Africa
ASB	Accounting Standards Board
FSCA	Financial Sector Conduct Authority
SETA	Sector Education and Training Authority
SARB	South African Reserve Bank
CPD	Corporation for Public Deposits
FSP	Financial Service Provider
ICT	Information Communications and Technology

Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 80.

The annual financial statements set out on page 85, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2025 and were signed on its behalf by:

Adv. J. R. Simpson
Accounting Authority

Audit and Risk Committee Report

The Audit and Risk Committee is pleased to present its report for the financial year ending 31 March 2025.

Audit and Risk committee members and attendance

As prescribed by the PFMA, an independent Audit and Risk Committee was established, comprising five (5) external members. The committee provides oversight over financial reporting, internal financial controls, internal and external audits, compliance with legislation, and financial risk management.

The Committee is also responsible for reviewing, monitoring, and advising on the effectiveness of internal control to manage risks faced by the FAIS Ombud.

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

Name of member	Number of meetings attended
Mr. F.N. Esterhuizen (Chairperson)	6/6
Prof T. Ajam	5/6
Ms L.J. Senne (Resigned 30 November 2024)	3/6
Adv. V. Jospeh	6/6
Mr L.L Ntuane	5/6

The Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

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

Audit and Risk committee's responsibilities

The Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the Public Finance Management Act and Treasury Regulation 27.1.

The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

Risk Management

The Committee has been established in terms of the Financial Sector Regulation Act No. 9 of 2017 to oversee the risks associated with the entity. The Accounting Authority has committed the FAIS Ombud to a risk management process aligned with the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA).

The Accounting Authority has delegated certain aspects of its authority as it pertains to the assessment and evaluation of the internal controls' environment, annual financial statements, internal and external audit, and risk management to the Audit and Risk Committee.

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

The Committee fulfils an oversight role on financial reporting risks, internal financial controls, compliance risks, fraud risks as they relate to financial reporting, and information technology risks as these relate to financial reporting.

Audit and Risk Committee Report

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

- The risk management strategy, risk management policy, risk management framework and risk management plans and practices were considered;
- The risk management strategy covering strategic, operational and financial risks was reviewed and approved;
- The risk appetite statement for the 2025/26 financial year was reviewed and approved;
- The risk management strategy incorporates a Fraud Prevention Strategy, which in turn incorporates the Fraud Prevention Policy, the Fraud Prevention Plan, the Fraud Response Plan and the Whistle Blowing Policy;
- The continual monitoring of opportunities or risks impacting the ability to achieve the organisational objectives and functions was undertaken.
- The risk management plan is integrated into the daily activities of the FAIS Ombud;
- Management has identified significant risks associated with the environment within which the FAIS Ombud operates and has developed a framework for managing these risks;
- The risk framework is implemented, embedded in the business activities and that risk responses are monitored, including strategic risk reports, emerging risks, ICT security risk updates, litigation risks, compliance risk updates, the regulatory universe, whistleblowing reports, loss events, and insurance claims;
- The business continuity framework was reviewed and approved;
- The management report about sustainability, litigation, ICT, licensing and retirement funds risks was considered;
- The insurance policies of the organisation were reviewed and approved;
- The insurance portfolio was renewed and sufficient cover options was addressed; and
- The systems for risk management processes are effective.
- The independence, effectiveness and performance of the finance department function and compliance with its mandate, including the internal and external auditors are reviewed;
- Significant issues raised by the internal and external audit process, including how they were resolved are monitored;
- Quarterly reports submitted to the National Treasury in terms of the PFMA and Treasury Regulations were reviewed;
- Policies and procedures were reviewed to ensure compliance with applicable laws and regulations;
- Internal and external audit function's independence, effectiveness, performance, and compliance with its mandate were evaluated;
- The Internal Audit Three-Year Strategic Rolling Plan, Annual Coverage Plan and audit strategy were reviewed;
- The Committee has reviewed and accepted the external audit report;
- The 2024/25 Mid-Term Expenditure Framework, 2025/26 Budget and Materiality & Significant Framework were reviewed and recommended for approval by EXCO

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA requirements, Internal Audit and management provides the Committee with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Auditor-General of South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Audit and Risk Committee Report

Evaluation of annual financial statements

The Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor- General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The Committee has discussed and agreed on the conclusions of the Auditor-General of South Africa on the annual financial statements. The Committee has recommended the annual financial statements to the Accounting Authority for approval.

In-Year Management and Monthly/Quarterly Report

The Committee is satisfied with the quality of the in-year reports that were presented at the Audit Committee meetings.

Internal audit

The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The following internal audit work was completed during the year under review. Internal audit reports and feedback on the following subject matter were issued:

- Adequacy and Effectiveness review of the Business Continuity Management process
- Adequacy and Effectiveness review of the Compliance Management process.
- Audit of Pre-determined Objectives, including the 1st and 2nd quarter Performance information
- Reviewed the annual financial statements and annual performance report for the year ended 31 March 2024
- Reviewed and recommended the internal audit charter for approval by EXCO

Auditor-General of South Africa

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

F. N. Esterhuizen

Mr. Frans Nicolaas Esterhuizen
Chairperson: *Audit and Risk Committee*

Report of the Auditor General To the Parliament of THE OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Ombud for Financial Services Providers (FAIS Ombud) set out on pages 85 to 125, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the FAIS Ombud as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 83, forms part of my auditor's report.

Report on the annual performance report

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

11. I selected the following material performance indicators related to complaints resolution presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Percentage of satisfied customers as derived from the customer satisfaction forms in 2024-25.
    - Percentage of complaints responded to within four working days of the date of receipt of the complaint.
    - Percentage of complaints closed within nine months of receipt.
    - Percentage of complaints closed within six months of receipt.
    - Percentage of complaints closed within three months of receipt.
    - Percentage of active complaints that are older than nine months (excluding property syndications).
    - Efficiency ratio.

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

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

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

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

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for overachievement.

Report on compliance with legislation

18. 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.

19. 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.

20. 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.

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

Other information in the annual report

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

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

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

25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

26. 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.

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

Auditor-General

1 August 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance.

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

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

Compliance with legislation – selected legislative requirements.

Legislation	Section, regulation or paragraph
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	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; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position as at 31 March 2025

	Note(s)	2025 R	2024 R
Assets			
Current Assets			
Receivables from exchange transactions	2	1 098 928	600 741
Receivables from non-exchange transactions	3	817 780	7 173 531
Statutory receivables from non-exchange transactions	4	8 011 793	5 175 199
Prepayments	5	1 244 993	1 162 461
Cash and cash equivalents	6	94 855 153	72 363 772
Other financial assets	7	4 667	1 521
		106 033 314	**86 477 225**
Non-Current Assets			
Other financial assets	7	1 510 123	1 510 123
Property, plant and equipment	8	2 728 200	3 635 317
Intangible assets	9	1 962 424	3 035 216
		6 200 747	**8 180 656**
Total Assets		**112 234 061**	**94 657 881**
Liabilities			
Current Liabilities			
Finance lease obligation	10	56 512	39 060
Payables from exchange transactions	11	3 139 852	4 828 131
Short-term employee benefits	12	4 180 501	3 411 055
Levies received in advance	13	-	476 743
		7 376 865	**8 754 989**
Non-Current Liabilities			
Finance lease obligation	10	-	57 987
Total Liabilities		**7 376 865**	**8 812 976**
Net Assets		**104 857 196**	**85 844 905**
Accumulated surplus		104 857 196	85 844 905
Total Net Assets		**104 857 196**	**85 844 905**

Statement of Financial Performance

	Note(s)	2025 R	2024 R
Revenue			
Revenue from exchange transactions			
Interest received from financial institutions	14	4 709 843	3 024 642
Other income	14	569 766	75 714
Total revenue from exchange transactions		**5 279 609**	**3 100 356**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	78 799	60 435
Levies received from FSPs	16	87 022 709	84 535 413
Total revenue from non-exchange transactions		**87 101 508**	**84 595 848**
Total revenue	**14**	**92 381 117**	**87 696 204**
Expenditure			
Operating expenses	17	(19 878 301)	(15 522 389)
Loss on disposal of assets		(32 223)	(22 215)
Operating lease rentals	18	(4 545 403)	(4 558 704)
Employee related costs	19	(44 494 784)	(39 124 313)
Depreciation and amortisation	20	(2 534 101)	(2 649 794)
Finance costs	21	(106 762)	(68 442)
Impairment loss	22	(1 777 252)	(673 880)
Total expenditure		**(73 368 826)**	**(62 619 737)**
Surplus for the year		**19 012 291**	**25 076 467**

Statement of Changes in Net Assets

	Accumulated Surplus R	Total net assets R
Balance at 01 April 2023	**60 768 438**	**60 768 438**
Changes in net assets Surplus for the year	25 076 467	25 076 467
Total changes	25 076 467	25 076 467
Balance at 01 April 2024	**85 844 905**	**85 844 905**
Changes in net assets Surplus for the year	19 012 291	19 012 291
Total changes	19 012 291	19 012 291
Balance at 31 March 2025	**104 857 196**	**104 857 196**

Cash Flow Statement

	Note(s)	2025 R	2024 R
Cash flows from operating activities			
Receipts			
Levies received		88 542 668	77 566 216
Interest income		4 709 843	3 024 642
Other income		286 648	136 149
		93 539 159	80 727 007
Payments			
Suppliers		(26 829 594)	(18 861 010)
Employment costs		(43 484 474)	(36 401 253)
		(70 314 068)	(55 262 263)
Net cash flows from operating activities	**23**	**23 225 091**	**25 464 744**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(708 649)	(1 470 298)
Proceeds from sale of property, plant and equipment	8	122 235	57 652
Purchase of intangible assets	9	-	(21 450)
Net cash flows from investing activities		**(586 414)**	**(1 434 096)**
Cash flows from financing activities			
Finance lease payments		(40 534)	69 467
Finance costs		(106 762)	(68 443)
Net cash flows from financing activities		**(147 296)**	**1 024**
Net increase/(decrease) in cash and cash equivalents		**22 491 381**	**24 031 672**
Cash and cash equivalents at the beginning of the year		72 363 772	48 332 100
Cash and cash equivalents at the end of the year	**6**	**94 855 153**	**72 363 772**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Note Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received from financial institutions	3 600 000	-	3 600 000	4 709 843	1 109 843	33
Other income	-	-	-	569 766	569 766	33
Total revenue from exchange transactions	3 600 000	-	3 600 000	5 279 609	1 679 609	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	-	-	-	**78 799**	**78 799**	
Levies received from FSPs	84 611 294	-	84 611 294	87 022 709	2 411 415	33
Total revenue from non- exchange transactions	**84 611 294**	**-**	**84 611 294**	**87 101 508**	**2 490 214**	
Total revenue	**88 211 294**	**-**	**88 211 294**	**92 381 117**	**4 169 823**	
Expenditure						
Personnel	(54 163 795)	-	(54 163 795)	(44 494 784)	9 669 011	33
Depreciation and amortisation	(3 470 499)	-	(3 470 499)	(2 534 101)	936 398	33
Finance costs	(72 000)	(50 000)	(122 000)	(106 762)	15 238	
Operating lease rentals	(4 288 598)	(401 000)	(4 689 598)	(4 545 403)	144 195	
Debt Impairment	-	-	-	(1 777 252)	(1 777 252)	33
Other operating expenses	(25 169 402)	451 000	(24 718 402)	(19 878 301)	4 840 101	33
Total expenditure	**(87 164 294)**	**-**	**(87 164 294)**	**(73 336 603)**	**13 827 691**	
Operating surplus	**1 047 000**	**-**	**1 047 000**	**19 044 514**	**17 997 514**	
Loss on disposal of assets	-	-	-	(32 223)	(32 223)	
Amount allocated to capital expenditure	(1 047 000)	-	(1 047 000)	-	1 047 000	
	(1 047 000)	**-**	**(1 047 000)**	**(32 223)**	**1 014 777**	
Surplus before taxation	**-**	**-**	**-**	**19 012 291**	**19 012 291**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**19 012 291**	**19 012 291**	

*The Office did not budget for a surplus, the R1, 047 million surplus relates to the budgeted capital expenditure (CAPEX).

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance and are in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 91(1) of the Public Finance Management Act (PFMA) (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. Where applicable, the amounts are rounded off to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 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.

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

The FAIS Ombud Materiality and Significance Framework is used to assess whether an omission or misstatement is material and could influence the user's decision. The approved materiality amount for the 2024/25 financial year is R400 956.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the FAIS Ombud's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed below.

Impairment of financial assets

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

Indicators of impairment include significant financial difficulty of the debtor, default or delinquency in payments, restructuring of debt under less favourable terms, and adverse changes in economic conditions. The carrying amounts relating to the financial assets are disclosed in note 2.

Depreciation and amortisation

During each financial year, management reviews property, plant and equipment and intangible assets to assess whether the useful lives and residual values applicable to each asset are appropriate.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

At the end of each financial year management assesses whether there is any indication that the FAIS Ombud's expectations about the residual value and the useful life of assets included in property, plant and equipment have changed since the preceding reporting date.

Impairment testing of receivables from exchange and non-exchange transactions

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

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

Impairment testing for non-financial assets

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

In assessing whether there is any indication that a non-financial asset may be impaired, the entity considers, as a minimum, the following indicators:

- Observable physical damage to property, plant and equipment.
- Obsolescence of computer software or licenses due to technological advances.

The carrying amounts relating to the non-financial assets are disclosed in notes 8&9.

Provisions

Provisions are raised based on management's determined estimate using the information available. The accounting policy for provisions is disclosed under accounting policy note 1.13 and additional disclosure of these estimates of provisions are included in note 12.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting Policies

1.5 Impairment of non-cash-generating assets

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

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

Accounting Policies

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does 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 a non-cash-generating asset is recognised immediately in surplus or deficit.

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

1.6 Property, plant and equipment

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

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

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

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation of an asset ceases at the date that the asset is derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	Up to 10 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	3 to 10 years
Computer equipment	Straight-line	3 to 15 years
Leasehold improvements	Straight-line	Lease period
Equipment under finance lease	Straight-line	Lease period

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

Accounting Policies

Such a change is accounted for as a change in an accounting estimate.

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.7 Intangible assets

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

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

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

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

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the date that the asset is derecognised.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.
Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Licenses	Straight-line	2-5 years
Data management system	Straight-line	7 years
Website	Straight-line	6-7 years

Intangible assets are derecognised:

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

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

Accounting Policies

1.8 Financial instruments

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

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

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

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

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

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

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

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

Accounting Policies

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

Initial recognition

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

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

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
Financial instruments at amortised cost - subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Financial instruments at cost - subsequently measured at cost less accumulated impairment losses. All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

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

Receivables from exchange and non-exchange transactions

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

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

Trade and other payables from exchange from exchange and non-exchange

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash held at banks in the current account and in the SARB CPD account. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are recognised at amortised cost.

Accounting Policies

Derecognition

Financial assets

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

Financial liabilities

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

Presentation

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

Offsetting financial instruments

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

1.9 Statutory receivables

Identification

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

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

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

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

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

Recognition

The entity recognises statutory receivables as follows:

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

Accounting Policies

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

1.9 Statutory receivables (continued)

Subsequent measurement

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

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

Impairment losses

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

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

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

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

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

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

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

Accounting Policies

1.9 Statutory receivables (continued)

Derecognition

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

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

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

1.10 Leases

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.11 Receivables from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognised as an asset when, and only when:

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

Measurement of assets on initial recognition

An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees

Short-term paid absences

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Post-employment benefits: Defined contribution plans

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Accounting Policies

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity

settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating surplus.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments are not recognised in the statement of financial position but disclosed in the notes to the annual financial statements.

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

Accounting Policies

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Revenue arising from the use by others of entity assets yielding interest, or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.12 Revenue from non-exchange transactions

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions relates to the Levies received from industry as outlined in terms of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act No. 12 of 2022 and the Financial Sector Regulations Act No. 9 of 2017.

The Office is funded from levies from the financial sector industry where the various financial services providers are levied on an annual basis. These levies are collected on behalf of the office by the FSCA. Once collected, the levy is transferred over to the Office where it is utilised for its operational requirements. The full levy is recognised in October every year after the Office invoices the industry.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

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

Interest is recognised using the effective interest rate method, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Services in-kind

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

Accounting Policies

1.17 Accounting by principals and agents Identification

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.

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.

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, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses 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.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc.

1.20 Irregular expenditure

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

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

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

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

Accounting Policies

1.21 Segment information

A segment is an activity of an entity:

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

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

1.22 Budget information

The entity is typically subject to budgetary limits in the form of budgets authorised by the Accounting Authority, which is given effect through authorising legislation.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.23 Related parties

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

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

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

1.24 Accumulated Funds and Reserves

Accumulated Surplus

The accumulated surplus comprises funds available to support the organisation’s operations and is utilised to finance working capital requirements, capital expenditure, budgeted deficits (if any), and unforeseen events.

In accordance with applicable legislative requirements, approval is obtained from the National Treasury at the end of each financial year to retain the accumulated surplus.

The accumulated surplus includes both cash and non-cash components, such as revenue recognised but not yet collected. Consequently, the year-end accumulated surplus balance does not necessarily reflect the organisation’s cash position.

Accounting Policies

1.25 Prepayments

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

Prepayments are subsequently expensed when the goods and services are received in condition and location desired by management.

1.26 New Standards and Interpretation

Standards and amendments to standards issued and their expected impact on the entity:

Standard	Description	Impact / Effective Date
GRAP 1	Presentation on Financial Statements	Not material / To be determined
GRAP 103	Heritage Assets	Not Applicable / To be determined
GRAP 104	Financial Instruments	Minimal impact / 1 April 2025
GRAP 105	Transfer of Functions Between Entities Under Common Control	Not Applicable / To be determined
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Not Applicable / To be determined
GRAP 107	Mergers	Not Applicable / To be determined

Notes to the Annual Financial Statements

	2025 R	2024 R
2. Receivables from exchange transactions		
Study advances	718 483	552 131
Sundry debtors	380 445	69 380
Impairment loss	-	(20 770)
	1 098 928	**600 741**

Fair value of receivables from exchange transactions

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

Reconciliation of provision for impairment of trade and other receivables		
Opening balance	20 770	-
Amounts written off as uncollectible	(20 770)	-
Impairment of study advances	-	20 770
	-	**20 770**

A settlement agreement was reached with the employee regarding the outstanding study advance, resulting in the recognition of an impairment loss as the full amount was deemed irrecoverable due to substantiated concerns about repayment capability.

3. Receivables from non-exchange transactions

Financial Sector Conduct Authority	817 780	7 173 531

The funds held by the FSCA on behalf of the Office will be used for operational expenditure, including salary payments for the Office.

4. Statutory receivables from non-exchange transactions

Statutory Debtor - Levies Receivable	10 391 724	5 828 309
Less: Impairment loss	(2 379 931)	(653 110)
	8 011 793	**5 175 199**

Fair value of statutory receivables from non-exchange transactions

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

Notes to the Annual Financial Statements

	2025 R	2024 R
Reconciliation of provision for impairment of statutory receivables from non-exchange transactions		
Opening balance	(653 110)	-
Impairment loss: current year	(1 767 251)	(653 110)
Impairment loss utilised	40 430	-
	(2 379 931)	**(653 110)**

The maximum exposure to credit risk at the reporting date is the fair value of each statutory receivable mentioned above. The Office does not hold any collateral as security.

5. Prepayments

ICT services	160 299	671 601
Licenses	538 092	105 095
Other prepaid expenses	147 182	15 932
Rent	399 420	369 833
	1 244 993	1 162 461

6. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	2 798	4 381
Current account	12 054 766	44 612 644
Short term deposits	82 797 589	27 746 747
	94 855 153	**72 363 772**

Included in the cash and cash equivalents is an amount of R12 054 766 held at Standard Bank of SA for operations and short term deposits of R82 797 589 held at the South African Reserve Bank.

There are no restrictions on the use of cash and cash equivalents held by the entity.

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
F1+(zaf) (Fitch)	12 054 766	44 612 644

Notes to the Annual Financial Statements

	2025 R	2024 R
7. Other financial assets		
Rental deposit - Office premises Rental deposit on the office building is repayable at the end of the five-year lease and no interest is receivable per the agreement entered into with the lessor.	1 510 123	1 510 123
Other deposits Other deposits consist of deposits paid for water bottles delivered to the office, which is refunded when the bottles are returned to the supplier. Additionally, there is a deposit for the telephone management system, held as security to cover any outstanding amounts in the event of early contract termination. As both deposits are short-term in nature, no interest is accrued.	4 667	1 521
	1 514 790	**1 511 644**
Non-current Assets		
Designated at cost	1 510 123	1 510 123
Current assets		
Designated at cost	4 667	1 521

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	317 572	(214 559)	103 013	318 996	(162 650)	156 346
Motor vehicles	449 828	(307 361)	142 467	449 828	(276 676)	173 152
Office equipment	165 244	(123 952)	41 292	134 788	(110 859)	23 929
Computer equipment	3 922 589	(2 561 113)	1 361 476	4 756 699	(3 181 588)	1 575 111
Leasehold improvements	3 216 815	(2 162 934)	1 053 881	3 216 815	(1 584 220)	1 632 595
Equipment under finance lease	96 231	(70 160)	26 071	96 231	(22 047)	74 184
Total	**8 168 279**	**(5 440 079)**	**2 728 200**	**8 973 357**	**(5 338 040)**	**3 635 317**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	156 346	-	-	(53 333)	103 013
Motor vehicles	173 152	-	-	(30 685)	142 467
Office equipment	23 929	30 456	-	(13 093)	41 292
Computer equipment	1 575 111	678 193	(59 008)	(832 820)	1 361 476
Leasehold improvements	1 632 595	-	-	(578 714)	1 053 881
Equipment under finance lease	74 184	-	-	(48 113)	26 071
	3 635 317	**708 649**	**(59 008)**	**(1 556 758)**	**2 728 200**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	211 120	-	(38)	(54 736)	156 346
Motor vehicles	203 840	-	-	(30 688)	173 152
Office equipment	48 864	-	-	(24 935)	23 929
Computer equipment	1 118 745	1 374 067	(78 600)	(839 101)	1 575 111
Leasehold improvements	2 222 095	-	-	(589 500)	1 632 595
Equipment under finance lease	15 685	96 231	(1 229)	(36 503)	74 184
	3 820 349	**1 470 298**	**(79 867)**	**(1 575 463)**	**3 635 317**

Pledged as security

No assets have been pledged as security and there are no restrictions on the assets

Proceeds on disposal of property, plant and equipment

The Office disposed of fully depreciated items of property, plant and equipment for R122 235 (2024: R57 652).

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	-	-	-	318 586	(318 586)	-
Data management system	5 967 830	(4 020 294)	1 947 536	5 967 830	(3 046 527)	2 921 303
Website	130 950	(116 062)	14 888	226 400	(112 487)	113 913
Total	6 098 780	(4 136 356)	1 962 424	6 512 816	(3 477 600)	3 035 216

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Data management system*	2 921 303	-	(973 767)	1 947 536
Website*	113 913	(95 450)	(3 575)	14 888
	3 035 216	**(95 450)**	**(977 342)**	**1 962 424**

*These intangible assets were internally developed.

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Transfers	Total
Licenses	93 975	-	(93 975)	-
Data management system*	3 895 071	-	(973 768)	2 921 303
Website*	99 050	21 450	(6 587)	113 913
	4 088 096	**21 450**	**(1 074 330)**	**3 035 216**

*These intangible assets were internally developed.

Notes to the Annual Financial Statements

	2025 R	2024 R
10. Finance lease obligation		
Minimum lease payments due		
- within one year	88 101	145 822
- in second to fifth year inclusive	-	88 101
	88 101	233 923
less: future finance charges	(31 589)	(136 876)
	56 512	**97 047**
Present value of minimum lease payments due		
- within one year	56 512	39 060
- in second to fifth year inclusive	-	57 987
	56 512	**97 047**

The Office entered into a finance lease agreement for the procurement of computer equipment (tablets) for a period of two years. At the end of the lease ownership of the assets transfers to the Office.

	2025 R	2024 R
Non-current liabilities	-	57 987
Current liabilities	56 512	39 060
	56 512	97 047

11. Payables from exchange transactions

	2025 R	2024 R
Trade payables	460 837	2 022 160
Operating lease liability	986 081	1 018 923
Accrued leave pay	1 454 465	1 277 717
Other accrued expenses	238 469	509 331
	3 139 852	4 828 131

12. Short-term employee benefits

Reconciliation of short-term employee benefits - 2025

	Opening Balance	Additions	Utilised	Total
Staff bonuses	3 061 181	3 322 231	(2 944 569)	3 438 843
Ombud’s unpaid bonus pending approval	210 000	391 784	-	601 784
Ombud’s structural increase and annual increase	139 874	-	-	139 874
	3 411 055	**3 714 015**	**(2 944 569)**	**4 180 501**

Reconciliation of short-term employee benefits - 2024

	Opening Balance	Additions	Total
Staff bonuses	-	3 061 181	3 061 181
Ombud’s unpaid bonus pending approval	-	210 000	210 000
Ombud’s structural increase and annual increase	-	139 874	139 874
	-	**3 411 055**	**3 411 055**

Notes to the Annual Financial Statements

	2025 R	2024 R

12. Short-term employee benefits (continued)

Unpaid bonus pending approval

The Ombud, as the head of the organisation, satisfied the criteria for a performance bonus for the 2022/23 and 2023/24 financial periods based on the score achieved during his performance appraisals. The performance bonuses recommendations followed the applicable governance processes and were recommended by the Human Resources and Remuneration Committee for the Minister's approval. As at the reporting date, these matters are still open agenda items with the office of the Minister for approval.

13. Levies received in advance

Levies received in advance	-	476 743

14. Total revenue

Interest received from financial institutions	4 709 843	3 024 642
Levies received from FSPs	87 022 709	84 535 413
Other income	569 766	75 714
SETA Income	78 799	60 435
	92 381 117	**87 696 204**

Other income comprises of funds received from an insurance company as reimbursement for a disability claim for an employee and a cost order awarded to the Office in an employment matter.

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received from financial institutions	4 709 843	3 024 642
Other income	569 766	75 714
	5 279 609	**3 100 356**

The amount included in revenue arising from non-exchange transactions is as follows:

SETA Income	78 799	60 435
Levies received from FSPs	87 022 709	84 535 413
	87 101 508	**84 595 848**

15. Revenue from non-exchange transactions: Government grants

Operating grants

SETA Income	78 799	60 435

16. Revenue from non-exchange transactions: Financial Services Providers

Levies received from FSP	86 281 221	84 218 712
Interest received from FSP	741 488	316 701
	87 022 709	**84 535 413**

Notes to the Annual Financial Statements

	2025 R	2024 R
Operating expenses		
Assets costing less than R5 000	-	30 308
Auditors' remuneration	2 324 941	2 184 147
Bank charges	40 449	30 288
Cleaning	40 166	61 382
Committee members remuneration	678 930	593 578
Conferences and seminars	60 095	48 397
Consulting and professional fees	3 268 882	1 586 453
Entertainment	25 558	3 887
Flowers	3 898	3 330
ICT expenses	1 185 016	1 111 488
Insurance	323 681	192 014
Library costs	23 009	-
Litigation fees	370 348	808 673
Motor vehicle expenses	14 630	13 799
Operating cost - office building	755 568	699 600
Postage and courier	2 395	7 390
Printing and stationery	266 975	241 457
Promotions	181 909	55 220
Recruitment and advertising	666 089	652 620
Repairs, maintenance and support	4 646 210	3 664 918
Security	11 461	12 324
Staff welfare*	497 889	333 466
Subscriptions and membership fees	129 525	77 542
Telephone and fax*	670 971	468 129
Training	922 333	208 336
Travel - international	126 006	72 773
Travel - local	309 325	47 388
Water and electricity	2 332 042	2 313 482
	19 878 301	15 522 389

*In the prior year, cellphone expenses were grouped under staff wellness expenses. For improved cost allocation and more accurate classification, cellphone expenses have been reclassified under telephone and fax expenses in the current year. Comparative figures have been adjusted accordingly to ensure consistency with the current year's presentation.

Notes to the Annual Financial Statements

	2025 R	2024 R
18. Operating lease rentals		
Premises		
Contractual amounts	4 464 329	4 464 330
Equipment		
Contractual amounts	81 074	94 374
	4 545 403	**4 558 704**

These are payments effected towards the rental of the office premises, office printers and water coolers.

Office premises: An operating lease agreement was entered into in February 2022 for the lease of the new office premises. The lease term is for a period of five years with an annual escalation of 8%.

Office printers: The operating lease for the office printers is for a period of 3 years, the agreement was entered into in July 2024.

Water coolers: The operating lease for the water coolers is for a period of 3 years, the agreement was entered into in June 2022.

	2025 R	2024 R
19. Employee related costs		
Accrued leave pay charges	176 748	(687 985)
Basic salary	39 894 548	34 606 217
Bonus payments	2 962 569	1 170 987
Compensation Fund Contributions	64 116	25 699
Long-service awards	72 000	120 000
Provision for bonus	769 446	3 271 181
Provision for structural adjustment	-	139 874
Skills Development Levy	394 077	329 384
Travel allowances	37 883	33 310
Unemployment Insurance Fund	123 397	115 646
	44 494 784	**39 124 313**
20. Depreciation and amortisation		
Property, plant and equipment	1 556 758	1 575 463
Intangible assets	977 343	1 074 331
	2 534 101	**2 649 794**
21. Finance costs		
Finance leases	106 762	68 442
22. Impairment loss		
Impairment of receivables	1 777 252	673 880
The amount included in debt impairment are as follows:		
Financial Services Providers	1 767 252	653 110
Study advances	-	20 770
Fraudulent salary advance written off	10 000	-
	1 777 252	673 880

Notes to the Annual Financial Statements

	2025 R	2024 R
23. Cash generated from operations		
Surplus	19 012 291	25 076 467
Adjustments for:		
Depreciation and amortisation	2 534 101	2 649 794
Loss on sale of assets	32 223	22 215
Finance costs - Finance leases	106 762	68 442
Debt impairment	1 777 252	673 880
Movements in provisions	769 446	3 411 055
Changes in working capital:		
Receivables from exchange transactions	(498 187)	197 260
Debt impairment	(1 777 252)	(673 880)
Statutory receivables from non-exchange transactions	(2 836 594)	159 711
Prepayments	(82 532)	521 171
Receivables from non-exchange transactions	6 355 751	(7 173 531)
Payables from exchange transactions	(1 688 282)	55 345
Rental deposit	(3 145)	72
Levies received in advance	(476 743)	476 743
	23 225 091	**25 464 744**
24. Auditors' remuneration		
External audit	1 826 086	1 641 832
Internal audit	498 855	542 315
	2 324 941	**2 184 147**

25. Taxation

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

26. Contingent Liabilities

The High Court of South Africa ruled against the Office in a case relating to a determination that the Office issued in 2018. The judgment in favour of the applicant included a cost order which requires the Office to pay the applicant's legal costs. The costs will be determined by the Taxing Master of the High Court. At the reporting date, these costs could not be reasonably estimated due to their uncertainty.

The Office has decided to no longer participate in or oppose litigation matters. Certain cases were brought against the Office for cost orders and they were successful. The amount of the liability cannot be quantified at this stage.

Notes to the Annual Financial Statements

27. Related parties

Relationships	Financial Sector Conduct Authority
Public Entities in National Sphere of Government	Both entities report to the National Treasury
Key management	Refer to note 28

	2025 R	2024 R
Related party balances		
Amounts included in receivables from non-exchange transactions		
Financial Sector Conduct Authority	817 780	7 173 531
Related party transactions		
Administration fees paid to related parties		
Financial Sector Conduct Authority	-	15 640

Services in kind

The FSCA has provided the following services in kind to the Office for the financial year under review:

- The payroll function for the Office, which includes processing and paying of salaries and effecting the payment of employee-related taxes to the designated authorities.
- Governance committee secretariat function.

The payroll and secretariat services received are not deemed to be significant to the operations of the Office.

From a legislative perspective, the following services were rendered to the Office by the FSCA:

- The complete invoicing and collection of levy from industry process as required per the FSR Act.
- The above service included the function of levying interest on overdue debtor accounts as well as implementing the debt collection process on behalf of the Office.

Notes to the Annual Financial Statements

28. Members' emoluments

Executive

2025

	Emoluments	Other benefits	Pension paid	Performance bonus	Leave commutation	Total
JR Simpson, Ombud	2 415 000	27 453	-	-	84 479	2 526 932
S Maharaj, Chief Financial Officer	1 935 740	4 322	209 124	319 553	109 110	2 577 849
KE Hechter, Head: Governance, Risk and Compliance	1 871 394	-	273 470	192 938	-	2 337 802
R. Kgaphola, Head: Human Capital	1 403 684	2 631	151 645	198 252	55 875	1 812 087
PD Sehlola, Head: Information Communications and Technology	1 403 684	-	151 645	219 299	62 084	1 836 712
	9 029 502	**34 406**	**785 884**	**930 042**	**311 548**	**11 091 382**

2024

	Emoluments	Other benefits	Pension paid	Performance bonus	Leave commutation	Total
JR Simpson, Ombud	2 300 000	15 623	-	-	-	2 315 623
S Maharaj, Chief Financial Officer	1 819 971	6 000	196 617	99 098	202 882	2 324 568
KE Hechter, Head: Governance, Risk and Compliance	1 723 386	-	251 841	86 397	-	2 061 624
R. Kgaphola, Head: Human Capital	1 128 216	3 703	121 885	-	-	1 253 804
PD Sehlola, Head: Information Communications and Technology	1 218 842	-	131 676	63 476	147 118	1 561 112
	8 190 415	25 326	702 019	248 971	350 000	9 516 731

Notes to the Annual Financial Statements

Members' emoluments (continued)

Committee members

2025

	Human Resources and Remuneration Committee	Audit and Other Risk Committee	Meetings	Total
K Mofuoa	74 359	-	3 233	77 592
L Molebatsi	74 359	-	21 014	95 373
L Ntuane	-	61 427	-	61 427
L Senne (Resigned 30 November 2024)	-	32 330	-	32 330
N Esterhuizen	-	71 126	-	71 126
P Mokgobu	67 893	-	-	67 893
PJ Sutherland*	9 699	-	-	9 699
T Ajam	-	61 427	-	61 427
T Kharametsane	-	74 359	3 233	77 592
V Balgobind	51 728	-	4 850	56 578
V Barthus	-	67 893	-	67 893
	278 038	**368 562**	**32 330**	**678 930**

*Relates to services rendered by a former committee member.

2024

	Human Resources and Remuneration Committee	Audit and Other Risk Committee	Meetings	Total
D Msomi	26 025	-	26 026	52 051
J Mogadime	11 315	42 029	-	53 344
K Mofuoa	38 796	-	9 699	48 495
L Molebatsi	50 112	-	9 699	59 811
L Ntuane	-	29 096	-	29 096
L Senne	-	35 563	-	35 563
N Esterhuizen	-	48 495	-	48 495
P Koch	-	6 466	-	6 466
P Mokgobu	11 315	-	12 932	24 247
P Mvulane	-	32 330	-	32 330
PJ Sutherland	22 631	-	-	22 631
S Malatji	-	6 466	-	6 466
T Ajam	-	42 029	-	42 029
T Kharametsane	38 796	-	9 699	48 495
TL Randall	11 315	-	-	11 315
V Balgobind	50 112	-	-	50 112
V Barthus	-	12 932	9 699	22 631
	260 417	**255 406**	**77 754**	**593 577**

Notes to the Annual Financial Statements

	2025 R	2024 R

29. Risk management

Financial risk management

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

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

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

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	1 685 387	-	-	-

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	3 550 414	-	-	-

The prior year figure of R3 041 083 was understated, as it incorrectly excluded other financial liabilities related to other accrued expenses totalling R509 331.

Credit risk

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

The entity is exposed to certain concentrations of credit risk relating to its cash balances. The entity only deposits cash with major banks with high quality credit standings. The counterparties that are used by the entity are evaluated on a continuous basis. Financial assets that potentially subject the entity to concentrations of credit risk consist primarily of cash and cash equivalents as well as accounts receivables. The maximum exposure to credit risk relating to accounts receivable is the amount as shown in the statement of financial position.

Notes to the Annual Financial Statements

	2025 R	2024 R

Financial assets and statutory receivables at year end were as follows:

Financial instrument at amortised cost and statutory receivables		
Current account	12 054 766	44 612 644
Short term deposits	82 797 589	27 746 747
Receivables from exchange transactions*	981 258	504 430
Receivables from non-exchange transactions	817 780	7 173 531
Statutory receivables from non-exchange transactions	8 011 793	5 175 199

*Receivables from exchange transactions included the workback portion of study advances, which are not classified as financial instruments.

Market risk

Interest rate risk

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

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

Financial assets exposed to interest rate risk are as follows:

South African Reserve Bank	82 797 589	27 746 747

Capital risk management

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

30. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of its core mandate as set out in the Financial Advisory and Intermediary Services Act 37 of 2002. Due to the nature and design of the services provided by the entity, management reviews and evaluates the entity's risks as a whole, as all risks, resources and financial matters of the entity are directed to the delivery of its mandate.

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

Notes to the Annual Financial Statements

	2025 R	2024 R
31. Credit quality of statutory receivables from non-exchange transactions		
Statutory receivables and receivables from non-exchange transactions		
Group 1	1 353 059	7 517 736
Group 2	-	-
Group 3	9 856 444	5 484 105
	11 209 503	13 001 841

Group 1 - debtors outstanding for less than 90 days and with no defaults.
Group 2 - new debtors outstanding for more than 90 days and with no defaults.
Group 3 - existing debtors outstanding for more than 90 days and with some defaults.

The total gross carrying amount of the impaired receivables as at reporting date R11 209 503 (2024: R13 001 841) and the associated total impairment is R2 379 931 (2024: R653 110).

32. Events after the reporting date

There are no significant post balance sheet events to report.

33. Actual operating expenditure versus budgeted operating expenditure

The budget is prepared on the accrual basis. The reasons for differences between the budget and actual amounts are provided below where significant variances were identified. The internally approved Materiality and Significance Framework was used as a basis in determining the material variances to be explained. For the 2024/2025 financial period, the approved materiality level was R400 956.

Interest received from financial institutions

Higher than anticipated funds invested at the South African Reserve Bank have resulted in the higher interest yield disclosed at year end.

Other income

Other income comprises of amounts not originally budgeted for due to their uncertainties, including a cost order awarded to the Office in an employment matter, as well as SETA grant received for staff training and study related financial assistance.

Revenue from non-exchange transactions

Revenue from non-exchange transactions consists of levies from Financial Services Providers and interest on overdue debtor accounts. The Office budgeted the levy income expected for the year based on the number of registered Financial Services Provider and key representatives.

However, upon invoicing, it was noted that a higher amount than what had been budgeted for had been identified. The higher amount is due to the increase in the registered Financial Services Providers and key representatives.

Personnel costs

The variance identified for the period is as a result of the savings attributable to various vacant positions not being filled during the year resulting in lower salary expenses compared to what was originally budgeted.

Notes to the Annual Financial Statements

	2025 R	2024 R

Depreciation and amortisation

The variance is attributed to factors such as the timing difference between budget allocation and the occurrence of the amortisation expense on added assets. Additionally, ICT softwares are sold on a 12-month subscription basis resulting in software purchases not meeting the recognition criteria of an intangible asset, these factors, including the estimated useful life of the Office's assets that were extended in the previous year have contributed significantly towards the lower depreciation costs.

Other operating expenses

Saving results from effective management of overall expenses, and items under this classification have remained low due to the hybrid working environment and cost containment measures implemented by the Office resulting in savings in various expense times.

Debt impairment

The office recognised an impairment loss for statutory debtors (Levies receivable) still outstanding as at 9 May 2025 as their recoverability is in doubt.

Budget Adjustments

Budget adjustments were made to the line item in the case where it was identified that there were savings to line items that reached their budgeted limit.

34. Employee benefit obligations

Defined contribution plans

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

Pension fund contributions	3 497 392	2 963 855

35. Commitments

Authorised capital expenditure

The Office revised its accounting policy to disclose only capital commitments in accordance with GRAP. Under this policy, no capital commitments were entered into for the current or prior financial year, and therefore no amounts are disclosed.

General expenditure commitments of R9 462 372 disclosed in the prior year was thus removed to comply with the revised accounting policy. This change has no impact on the statement of financial position or the statement of financial performance.

It was also identified that the prior year general expenditure commitments were understated by R2 933 435; the correct amount was R12 395 807. The correction of this error impacts the prior year's commitments disclosure note only and does not impact the statement of financial position or the statement of financial performance.

Contracts for 2023/24 with variable terms (e.g., unit cost or hourly rates with uncertain quantities) were excluded, as their values could not be reliably measured.

Notes to the Annual Financial Statements

	2025 R	2024 R
Operating leases - as lessee		
Minimum lease payments due		
- within one year	4 951 598	4 508 829
- in second to fifth year inclusive	4 429 433	9 171 717
	9 381 031	**13 680 546**

Office premises lease: An operating lease agreement was entered into in February 2022 for the lease of the new office premises. The lease term is for a period of five years with an annual escalation of 8%.

Printer lease: The operating lease for the printers was entered into in July 2024. This lease has no escalation clause and it is for a period of three years.

Water coolers lease: The operating lease for the water coolers is for a period of 3 years; the agreement was entered into in June 2022.

36. Change in accounting policy

Management amended the accounting policy relating to the disclosure of commitments to ensure compliance with GRAP. In terms of the policy, the Office will no longer disclose commitments relating to matters other than capital commitments. The change does not impact the present or prior versions of the statements of financial position, statements of financial performance and the cash flow statement. Refer to note 35 for additional information in this regard.

37. Change in estimate Property, plant and equipment

The useful life of property, plant and equipment was reassessed and management have revised their estimates as these items are expected to be used for longer period than previously expected. The effect of this revision has decreased the depreciation charges for the current period by R33 525 (2024: R109 161). In future periods the depreciation charges will increase by R33 525.

The impact of the change in estimate per class of assets on the surplus/deficit is as follows:

Increase in property, plant and equipment due to change in estimate		
Computer equipment	13 634	26 288
Furniture and fittings	925	-
Leasehold improvements	11 047	22 093
Motor vehicles	-	59 278
Office equipment	7 919	1 502
	33 525	**109 161**

38. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R104 857 196 and that the entity's total assets exceed its liabilities by R104 857 196.

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 transition and implementation of the Financial Sector Regulation Act No. 9 of 2017 and The Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act No. 12 of 2022 will not materially impact the mandate or going concern of the FAIS Ombud. There is no indication that the Office will not be able to meet its commitment when it comes due.

Notes to the Annual Financial Statements

39. Fraud, Corruption and Theft

The Office has a zero tolerance towards fraud and corruption, and all fraud and corruption incidents will be reported. There were no new incidents that occurred during the 2024/25 financial period. The investigation relating to the payment made into a fraudulent account in the previous financial period was finalised. The relevant steps and corrective action as outlined in the investigation report have been implemented by the Office.

40. The Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act No. 12 of 2022

The Act was gazetted on 9 December 2022 and the implementation date was gazetted on 24 March 2023 as commencing on 1 April 2023. As from 1 April 2023 the FAIS Office receives its levies directly from the Financial Service Providers. The FSR Act allows for the Financial Sector Conduct Authority (FSCA) to collect the levy on behalf of the Office of the FAIS Ombud (Office). Once collected from industry, the FSCA will transfer the levy through to the Office where it will be managed by its internal structures.

41. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

Section (2)(1)(a) of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act, 2022 (Act No. 12 of 2022) provides that the FSCA is responsible for the collection and administration of the financial sector levy and the special levy referred to in sections 2 to 8 and 12 of the Levies Act read with Schedules 2 to 5 to that Act, to provide for the funding of the FAIS Ombud.

Furthermore, section (2)(1)(b) of the Levies (Administration) Act provides that the financial sector levy referred to in section 4(1)(a) of the Levies Act and the special levy referred to in section 8(2)(a) of that Act, must be collected and administered by the FSCA and paid to the financial sector bodies referred to in paragraph (a) under section 246 of the FSR Act.

On 1 April 2023, the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act, 2022 (Act No. 12 of 2022) (Levies (Administration Act)) came into effect. Based on the above legislation, the principal-agent agreement came into effect, whereby the FSCA invoices the financial services industry on behalf of the FAIS Ombud, the levy applicable for the 2024/25 financial period. The full invoicing and collection process was undertaken by the FSCA on behalf of the Office as the FSCA are the custodians of all the FSP information as all FSPs are required to be licensed with the FSCA.

The entity is the principal. More information relating to the services in kind received from the FSCA is disclosed in the related party note 27.

Entity as principal

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

The resources that have been recognised by the agent in its financial statements at year end amount to R817 780. The remittance of resources during the financial year amounted to R88 297 872.
The expected timing of remittance of the remaining resources by the agent to the entity is June 2025.

Fee paid

The principal-agent arrangement does not include a fee for the agent.

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

There will be no cost implications should the principal-agent arrangement be terminated as the arrangement is legislated.

42. Amalgamation into the National Financial Ombud Scheme South Africa (NFO)

On 1 March 2024, the Chief Ombud of the Ombud Council recognised the National Financial Ombud Scheme South Africa (NFO) as the industry ombud scheme in terms of section 194 of the Financial Sector Regulation Act, Act No. 9 of 2017. The NFO has seen the amalgamation of the various volunteer ombud schemes, which combine the:

- Ombud for Banking Schemes
- The Credit Ombud
- Ombud for Long-term Insurance and,
- Ombud for Short-term Insurance

into a single body. The FAIS Ombud, as the statutory ombud scheme, will also be amalgamated into the NFO.

At the reporting date, there was no indication when the amalgamation would occur as various pieces of legislations; such as the Conduct of Financial Institutions (COFI) Bill that is still to be finalised and promulgated.

Notes

Notes

FAISOmbud
Office of the Ombud for Financial Services Providers

GENERAL INFORMATION

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