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The purpose of a pension plan is to provide retirement income security thereby eliminating the risk that the pensioner outlives his or her resources. I am a firm believer of the need for people to be encouraged to save for retirement so that they do not overburden the State or their relatives in old age. Indeed, the South African Government is committed towards ensuring that those who are no longer in active employment have adequate pension coverage by encouraging members to retain retirement savings until they reach retirement age. In the National Treasury’s policy discussion document titled “A safer financial sector to serve South Africa better”, Government has proposed the introduction of mandatory preservation. We want to ensure that South Africans who are currently working are able to look after themselves during retirement and do not rely excessively on Government.

It is estimated that up to 70 percent of fund members who leave their jobs do not preserve their retirement savings. This is collaborated by statistics from the OPFA highlighting that 58% of complaints finalised relate to withdrawal benefits. While Government will allow limited restricted withdrawals from the retirement savings, up to a certain amount and subject to the fulfilment of certain conditions, members will in the main be encouraged to preserve their funds until retirement date.

It is also worrying that an estimated six million employed South Africans are not members of an employer-sponsored retirement plan. We intend to move progressively towards a mandatory system of retirement cover for all employed workers. Of concern from the Adjudicator’s operational report is the number of complaints related to employers who do not pay contributions due to retirement funds on behalf of those employees that are fortunate enough to be members of employer-sponsored retirement plans. Government would also like to see a major portion of retirement savings converted into a regular annuity.

The Twin Peaks model of financial sector regulation, which traces its origins to the lessons learnt in the 2008 global financial crisis is close to implementation. The proposed legislation will help strengthen South Africa’s approach to consumer protection and market conduct in the financial services sector and create a more resilient and stable financial system. While the prudential regulator’s objective will be to maintain and enhance the safety and soundness of regulated financial institutions, in other words, the continued financial health of these institutions; the market conduct regulator will be tasked with protecting consumers of financial services and promoting confidence in the South African financial system.

I am pleased to note that the OPFA has not only cleared the historical backlog of complaints, but also dealt expeditiously with new complaints - progress which may be attributed to improved planning, governance, operational and management processes. There has been a 13,2% decrease in determinations and 3651 determinations were issued during the reporting period. It is important to note that the Tribunal has issued a negligible number of default determinations in cases where the Fund had failed to lodge a response. This is indeed indicative and a sign of maturity of the industry.

Finally, I wish to acknowledge the hard work and dedication of Ms Muvhango Lukhaimane, the Pension Funds Adjudicator and her team for establishing the OPFA as a strong institution on the pension funds regulatory landscape, and one which provides guidance and security for post-retirement financial well-being for the benefit of all South Africans.

Nhlanhla Nene
Minister of Finance
At the outset I must extend good wishes to Muvhango Lukhaimane who was appointed during the reporting period as South Africa’s fifth Pension Funds Adjudicator with effect from 1 June 2013. She served as Deputy Pension Funds Adjudicator from 1 June 2012.

She also has direct fund administration experience as a principal officer. She has broad and in-depth knowledge of the management and administration of public entities from the Ministry of State Security where she managed the human resource department and also chaired the Intelligent Services Council.

There is a legal maxim that “Justice delayed is justice denied”. When legal recourse is available but is not forthcoming in a timely fashion for somebody who has endured any kind of financial injury, then it is for all intents and purposes the same as having no redress at all. Ms Lukhaimane has reported that the backlog in processing of complaints lodged with her tribunal is now a thing of the past. I am pleased that the Office of the Pension Funds Adjudicator is not delaying justice and is in fact speeding up processes by wholeheartedly embracing the new mantra in financial services - Teating Customers Fairly (TCF) – which will be at the heart of oversight and regulation in South Africa. While a new complaints management system has helped to resolve new complaints with minimum delay, the reorganisation of the structure of the OPFA has also ensured that work and people processes are integrated and dependencies exploited to achieve greater efficiency. This has contributed to complaints being processed at the earliest possible time, thus upholding the mandate of the OPFA whilst giving true meaning to TCF which is a global phenomenon. In terms of TCF, the central outcome is that providers of financial services ensure that the fair treatment of customers is central to the culture of a firm. Other outcomes flow on from this and include that products and services are designed to meet the needs of identified customer groups and are targeted accordingly; that disclosures are clear and customers are kept appropriately informed at all stages of contracting; that advice is suitable and takes account of customer circumstances; that products perform as firms have led customers to expect; and lastly, that customers can reasonably change products, switch providers, claim or complain.

The OPFA is leading by example in ensuring that any delay in complaints handling is more an exception than a rule and that the quality of its correspondence, interaction with stakeholders and determinations is up to the mark. The efficient governance of the OPFA can only fortify the Financial Services Board’s mandate of promoting and maintaining a sound financial investment environment. Meanwhile it is worrying that despite TCF, there exists a less than cordial relationship between employers, funds and fund administrators on the one hand and members of pension funds on the other upon termination of service. This has resulted in complainants failing first to approach their funds about their dissatisfaction before approaching the OPFA. It, therefore, behoves funds and administrators to adopt a more cooperative stance when dealing with members, especially those who are unemployed and indigent.

Also disturbing is that the Private Security Sector Provident Fund (PSSPF) continues to be the source of a significant number of complaints received by the OPFA. Grievances in this regard concern employers who have been in arrears with contributions, the failure to pay, or the late payment of, withdrawal benefits and death benefits, and the absence of benefit statements. I am satisfied that Ms Lukhaimane is constructively engaging with the PSSPF’s legal representatives and its administrator to facilitate the complaints’ resolution process.

Finally, a leader is only as good as the team. Ms Lukhaimane must be credited for assembling a team best suited to bring the OPFA’s mission of resolving complaints fairly and expeditiously, to life. I wish the OPFA continued success in putting more and more effort into providing an efficient, consistent, flexible service to parties to complaints whilst at the same time working to reduce investigation timescales and build a base for a more modern service in future.

Abel Sithole
Chairman of FSB
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2014

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

All information and amounts disclosed in the annual report are 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 South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2014.

Yours faithfully

Mr AM Sithole
Chairperson - FSB

Ms MA Lukhaimane
Pension Funds Adjudicator
Muvhango Lukhaimane – Pension Funds Adjudicator
The 2013/2014 financial year will be considered a great milestone for the Office of the Pension Funds Adjudicator (OPFA) in its quest to provide services to the pension funds industry, its members, stakeholders and beneficiaries in line with what the legislature must have contemplated when establishing the Tribunal back in 1998.

It is in this period that the historical backlog was not only cleared, but new matters were dealt with in a time period more in line with what the mandate requires when referring to “expeditious”. At the same time, the quality of our correspondence, interaction with stakeholders and determinations was greatly improved.

Simultaneously, the Board of the Financial Services Board (FSB), which serves as the accounting authority for the OPFA, guided the office on human resources matters, risk management, financial management, substantive reporting, accountability and good governance at all times. It, therefore, gives me a great pleasure, on behalf of the staff of the OPFA, to present our Annual Report for 2013/2014. This report also serves as a reflection of the contribution that this office continues to make to the pension funds industry.

**Management of Complaints**

The 2013/2014 financial year marks the first full reporting period where all new complaints were captured and processed on our new complaints management system which was implemented half way through the previous financial year. During May 2013, the organisational structure of the OPFA was revised in line with our work processes to ensure that process informs structure and is more integrated.

The current structure has ensured that work and people processes are integrated and dependencies exploited to achieve greater efficiency. This has resulted in the workload being evenly spread, interventions within complaints resolution taking place at the earliest possible time, work teams being of a nature and size that supports the achievement of the office’s mandate while ensuring that leaders are able to identify high performing employees, assist those with difficulty and manage others for poor work performance in a timely manner.

**Office Statistics**

During the year, 5405 new complaints were received, representing an increase of 4.7% on the previous period. 6643 complaints were finalised, representing a decrease of 22.3% on the previous period. This decrease is understandable owing to the number of outstanding complaints that were finalised in the previous period.

![Case Activity](image_url)

*Some complaints as at 1 April 2013 were resolved but not yet administratively closed.

Whilst section 30A of the Pension Funds Act 24 of 1956 (“the Act”) prefers that complainants approach their funds with a complaint first before approaching the OPFA, it was deemed undesirable for this office to insist on compliance with the section as it would have resulted in unnecessary delays in resolving complaints, thereby, resulting in prejudice to complainants.

This conclusion is based on the evidence of the often fractious relationships between employers and members of pension funds upon termination of service, complainants often citing verbal responses received from uncooperative funds and administrators; and consideration for the financial circumstances of most of the complainants that approach our office (often unemployed and indigent).

The improved working relationship between funds/administrators and this office also assisted, in that responses were received timeously and in most instances copied to complainants upon submission to our office.

The Private Security Sector Provident Fund (PSSPF) continues to be the one fund with the most significant number of complaints although somewhat reduced from the prior period.

Meetings were held with both the fund’s legal representatives and the administrator, Absa Consultants...
and Actuaries, in order to facilitate the complaints’ resolution process.

Correspondence was also forwarded to the PSSPF Board of Management and in certain instances copied to the Registrar of Pension Funds to ensure follow-up on matters that may fall within her jurisdiction. We are, therefore, confident that from a complaints’ resolution point of view, these complaints are under control.

Resolution of complaints

During the reporting period, 3 651 determinations were issued, representing a decrease of 13.2% from the prior period.

It is heartening to note that the office has turned the corner and issued a negligible number of default determinations (where the fund has failed to lodge a response).

A total of 14 appeals were lodged against determinations in terms of section 30P of the Act; representing a 40% reduction from the prior period. As the office continues to function without an enforcement mandate, stakeholder management initiatives have been implemented to achieve compliance with our determinations.

1 719 complaints were closed as out of jurisdiction whilst 294 matters were either withdrawn or closed as reformulations and duplicates. Over 50% of matters that were closed as out of jurisdiction relate to complaints for withdrawal or death benefits where the matter has prescribed owing to late filing with our office. This should serve as an indicator of the likelihood of Unclaimed Benefits that remain within funds.

Whilst the office is not allowed to investigate matters that have prescribed in terms of section 30I of the Act, we refer these matters to the Financial Services Board for further intervention.

Call-in enquiries

A total of 14 681 call-in enquiries were handled as compared to 17 853 for the previous corresponding period, representing a reduction of 18%. This figure is attributable to the improved turnaround times, resulting in matters being resolved without complainants’ repeated enquiries and information on the progress being shared timeously. Responding to enquiries at the earliest possible point without escalation was one of our priorities for improving service delivery.

Walk-in complaints

Following the relocation of the office to Pretoria on 1 March 2013, it was crucial that we monitor the number of walk-in complaints received in order to assess our accessibility to members of the public at our new location.
A total of 1,288 walk-in complaints were recorded as compared with 1,386 in the previous period. It is clear that the relocation of the office did not have a negative impact on accessibility, although it might be for a different geographical area.

The nature of benefits being complained of remained the same as per the previous period, with withdrawal benefits and death benefits representing almost 70% of all complaints finalised.

Of concern regarding complaints relating to non-payment of withdrawal benefits or the quantum thereof is the number of instances relating to non-compliance with section 13A of the Act in respect of employers not timeously remitting contributions and contribution schedules whilst fund administrators are either involved in rebuild processes that are taking excessively longer than expected owing to non-compliance with section 7D of the Act relating to proper recordkeeping and accounting or have long periods where contributions have gone unallocated.

Of further concern is the number of industry sector funds, often representing vulnerable workers that are not complying with section 13A of the Act. Most of the issues would have been identified much earlier had the funds been fulfilling one of their basic tasks of providing benefit statements on an annual basis to fund members. By fulfilling this task, members would be timeously informed of any non-compliance with the Act.

The number of instances where death benefit allocations by boards of management have been set aside owing to misdirecting themselves by considering irrelevant information, thus fettering their discretion, is also of concern.

Whilst this is a secondary concern, the time it takes for boards of management to finalise section 37C allocations, leaves a lot to be desired especially as there is often no active involvement of the fund as required by the Act.

The overreliance on uncorroborated affidavits to establish legal relationships and factual dependency is of great concern and where challenged, most allocations have been set aside for lack of proper investigation. Funds and administrators are not to lose sight of the legislature’s intention in promulgating section 37C of the Act.

**Interaction with other Ombud offices**

It was my pleasure to interact with the Ombudsman for Long-term Insurance, the Ombudsman for Short term Insurance, the FAIS Ombud, the Banking Ombud and the Credit Ombud during the year.

The office also had a visit from the Swaziland Pension Funds Adjudicator, Ms Doris Tshabalala. We also liaised with Mr Gabriel Maotwanyane, Botswana’s Banking Adjudicator and Ms Gugu Makhanya from Swaziland’s Financial Services Regulatory Authority (FSRA) on matters of mutual interest especially on stakeholder management initiatives.

Their preparedness to share learnings and process improvements with my office ensured that we do not waste valuable time reinventing the wheel where tried and tested methods are available.

We also had meetings with the Public Protector South Africa’s office and the newly appointed Tax Ombud, Judge Bernard Ngoepe on matters of mutual interest.

**Stakeholder Interaction**

During the period under review, the OPFA also interacted with other stakeholders such as industry bodies by honouring invitations to speak at various seminars, conferences and other forums.

In this regard, much thanks and appreciation must be extended to the Pension Lawyer’s Association, the Institute of Retirement Funds, Financial Planning Institute and the Principal Officer’s Association.
The OPFA has also finalised a Stakeholder Engagement Strategy which will improve relationships with the industry and enable us to effectively carry out our mandate.

In this regard, the following funds and administrators held stakeholder relationship meetings with the office: Mineworkers Provident Fund, Liberty Group, Alexander Forbes, NBC, Dynamique & IF Umbrella Funds and the Private Security Sector Provident Fund.

**Human Resources**

During the period under review, various sessions facilitated by external organisational development specialists under the guidance and supervision of the Board, were held to redefine the values of the OPFA.

These sessions were successful in that we have now agreed on the nature of organisation that is required to achieve the OPFA’s mandate and put action plans in place for each employee and work team.

Individual employee performance was put under the microscope with individual interventions identified.

The complaints’ management system provided valuable information in the measurement of organisational performance and the performance management of individual employees. We are now comfortable that having committed ourselves to a high performing organisational culture, the OPFA can only improve further.

Succession planning was prioritised, with five professionals being enrolled in two management programmes. Bursaries were granted to 12 employees to develop their learning and skills in the following areas: pension funds law, first line management and office management.

The level of turnover experienced owing to the relocation and the focus in strategic thrust were less than expected, thereby achieving stability and maintaining satisfactory service levels at all times.

Employee wellness initiatives were prioritised with line managers encouraged to take interest in the wellbeing of their employees.

**Employment Equity Statistics**

![Racial Composition as at 31 March 2014](image1)

![Gender Profile as at 31 March 2014](image2)

![Structural Composition as at 31 March 2014](image3)
Note of Appreciation

My sincere gratitude goes to the Public Entity’s Oversight Unit at the National Treasury for their support and guidance with the strategic planning and reporting process; the Board of the FSB for guidance and support; and colleagues within the FSB’s ICT and Finance departments.

A note of appreciation also goes to the following media houses for their continued and sustained coverage of important decisions from our office for the benefit of the public; SABC 2 Morning Live, Power FM, Gagazi FM, Business Day TV, Lesedi FM, Classic FM, Moneyweb, Sowetan, Cover Magazine, Personal Finance, and Today’s Trustee.

Last, but not least, a heartfelt thank you to the staff and management of the OPFA that embraced the challenge to do better and deliver an improved service to all our complainants, stakeholders and service providers.

Muvhango Lukhaimane
Pension Funds Adjudicator
INTRODUCTION

One of the advantages of a specialist tribunal such as the Office of the Pension Funds Adjudicator (OPFA) is that parties can rest assured that there is a repository of specialist pensions law knowledge that understands the nuances of the retirement funds industry. It is this knowledge that enables the tribunal to resolve disputes in an expeditious and economical manner, whilst at the same time adhering to the rule of law. Below follows a selection of determinations by Pension Funds Adjudicator Muvhango Lukhaimane which settled important areas of the law around pension funds administration during the year under review.

ALLOCATION OF A DEATH BENEFIT AND DELAY IN PAYMENT

FUND MUST RE-EXERCISE ITS DISCRETION IN PAYMENT OF DEATH BENEFIT

TC Khadi was unhappy she had not received a death benefit from Univen Provident Fund (first respondent) and its administrator Sanlam Life Insurance Limited (second respondent) following the death of her spouse SM Mukoma on 15 July 2010.

The following were the deceased's nominated beneficiaries: his wife TE Mukoma (40%), his daughter RMF Mukoma (30%), another daughter Rolivhuwa Mukoma (25%) and his brother Fulufhelo Mukoma (5%).

Following the deceased’s death, a gross death benefit in the amount of R1 311 250.00 became available for distribution. An amount of R303 232.74 was deducted in respect of tax and an amount of R174 979.60 was deducted to settle the deceased’s outstanding housing loan.

Upon investigation, the board of the first respondent distributed the death benefit as follows: complainant TC Khadi (nil); wife TE Mukoma (50% - R441 518.83); daughter RMF Mukoma (2% - R17 660.74); daughter R Mukoma (3% - R26 491.11); daughter V Mukoma (14% - R123 625.27); daughter N Mukoma (14% - R123 625.27); daughter M Mukoma (15% - R132 455.65); father ZP Mukoma (1% - R8 830.38) and mother MF Mukoma (1% - R8 830.38).

Later the first respondent resolved to allocate 10% of the death benefit to the complainant, amounting to R88 771.66. However, she was not happy with the offer and did not accept it.

She said she had three children born from her relationship with the deceased. She and her children were staying together with the deceased at the time of his death and were financially dependent on him.

The complainant submitted that the 50% allocation made to Mrs TE Mukoma was too high and unfair considering that she was the sole heir of the deceased’s estate, which was allegedly worth over R2-million. She felt that the disparity between the allocations made to her (10%) as compared to that of Mrs TE Mukoma was unfair and unreasonable under the circumstances. She requested an allocation that was equivalent to that of Mrs TE Mukoma.

In her determination, Ms Lukhaimane said although the deceased may have expressed an intention to benefit a certain beneficiary in the nomination form, it did not necessarily imply that the nominee would in fact be awarded anything.

“"In terms of the Pension Fund Act whose primary purpose is to protect those who were dependent on the deceased during his lifetime, it is the board’s responsibility when dealing with the payment of death benefits to conduct a thorough investigation to determine the beneficiaries, decide on an equitable distribution and finally to decide on the most appropriate mode of payment of the benefit payable," said Ms Lukhaimane.

She said it was evident from both the submissions of the first respondent and of the complainant that the deceased and the complainant lived together as husband and wife in the house that was allocated to the deceased by his employer.

The complainant’s minor children born from her relationship with the deceased were financially dependent on the deceased until his death.

“What remains to be determined is whether or not the board acted equitably in the allocation of the death benefit to the identified dependants. Equity requires that the needs of all the dependants be considered.

“The complainant made submissions which the board appears not to have canvassed when exercising its discretion.

“The complainant’s objection on the 50% allocation made to Mrs TE Mukoma is based on the submission that Mrs TE Mukoma is the sole heir of the deceased’s estate, which is allegedly worth over R2-million.
“She submitted that the deceased’s estate includes a taxi business and a driving school.

“In support thereof the complainant provided this Tribunal with the deceased’s will or testament, which states Mrs TE Mukoma as the sole heir of the deceased’s estate.

“She also stated that Mrs TE Mukoma’s children also benefited from a group life cover which places her in a better financial position as compared to her children who only benefited from the death benefit.

“The board’s investigation revealed no investigation on the complainant’s submission in relation to the financial circumstances of Mrs TE Mukoma and her children.

“It appears that the board felt obliged to allocate 50% portion of the benefit to Mrs TE Mukoma because of the existence of marriage and that the marriage was in community of property.

“Death benefits are not allocated on the basis of the existence of marriage between a deceased member and a claimant.

“Even if no marriage relationship existed between the deceased and the claimant, it suffices if such a claimant shows to the board’s satisfaction that she was in fact financially dependent on the deceased.”

She said the first respondent’s board did not properly investigate the financial circumstances of the beneficiaries and did not seem to have considered the alleged inheritance that Mrs TE Mukoma received from the deceased’s estate in order to make an equitable distribution amongst the beneficiaries.

“It is not clear how the 10% allocation made to the complainant was arrived at, as well as the 50% allocation made to Mrs TE Mukoma.

“It is further not clear how the financial circumstances of Mrs TE Mukoma are far worse off as compared to those of the complainant to justify the huge disparity between allocations,” said Ms Lukhaimane.

She ordered the allocation of the death benefit by the board of the first respondent to be set aside. The first respondent was directed to re-exercise its discretion in respect of the death benefit that was paid to the deceased’s beneficiaries.

**LAST WILL HAS NO BEARING ON PENSION FUND DEATH BENEFIT**

A last will is not binding on a pension fund death benefit which is specifically excluded from forming part of the deceased estate.

This was the gist of a ruling by Ms Lukhaimane following a complaint concerning the distribution of a death benefit.

Mr F Templin was employed by eThekwini Municipality from 5 February 1982 until his death on 22 June 2013. He was a member of the KwaZulu-Natal Municipal Pension Fund (first respondent).

He was married from 22 June 1996 until he divorced on 11 February 2008. In terms of his will, Mr Templin equally bequeathed his estate to his nieces Ms Shannon Igesund and Ms Casey Leigh De Lange.

Furthermore, he concluded and signed a nomination of beneficiary form in terms of which he nominated his former wife (second respondent) to receive a 100% share of his benefits from the first respondent in the event of his death.

Upon the death of the deceased, a death benefit became payable to the deceased’s eligible dependants and beneficiaries in terms of section 37C of the Pension Funds Act. The board of the first respondent resolved to allocate 100% of the death benefit to the second respondent.

The two nieces (complainants) were dissatisfied with the board’s decision to allocate 100% of the death benefit to the second respondent. They submitted that the deceased bequeathed 50% of his estate to each of them and he also bequeathed all his insurance policies and retirement annuities to them as evidence of his intentions for all his funds to devolve upon them.

They submitted that they are not sure why the deceased nominated the second respondent as his beneficiary of the death benefit. However, the fact that he left everything else to them was evidence that he wanted them to receive the death benefit too.

A last will is not binding on a pension fund death benefit which is specifically excluded from forming part of the deceased estate.
Standing from left to right: Paul Mogashoa; Makhado Ramabulana Seated left to right: Thuleleni Mbhansa; Tshepo Dooka

Standing: Tando Mbono; Seated left to right: Seabi Mokgara; Gertrude Mothibe
The complainants submitted that the provisions of the will could be rejected in favour of the nomination of beneficiary form that was signed in 2008. They further submitted that while the death benefit was not an asset of the deceased estate and could be subjected to the provisions of the will, the contents of such a will were clear evidence of the deceased’s state of mind and intentions.

The complainants said the board had a discretion, despite what appeared in the nomination of beneficiary form, to distribute the death benefit in the manner they deemed appropriate.

They said the second respondent did not visit the deceased when he was in hospital as their relationship turned sour soon after the divorce. They further submitted that the board relied only on the nomination of beneficiary form in distributing the benefit, which they said was improper.

The first respondent submitted that it had not yet paid the death benefit because where there were no dependants but only nominees, the board had to wait for 12 months before paying the death benefit. The 12-month period would lapse on 22 June 2014.

It submitted that its view was that in the present circumstances, it did not have any discretion to distribute the death benefit.

The first respondent also submitted that the provision of the will relied upon by the complainants did not entitle them to the death benefit.

The second respondent said she and the deceased enjoyed a cordial relationship even after the divorce. The deceased also amended his nomination of beneficiary form shortly after the divorce in the second respondent's favour. This was an indication that it is not impossible that the deceased intended for the second respondent to receive benefits upon his death.

In her determination, Ms Lukhaimane said the payment of death benefits by a pension fund organisation was regulated by section 37C of the Pension Funds Act.

Therefore, the board must pay the benefit to the relevant nominee in accordance with the nomination form after the 12-month period lapses. However, this is provided that where the deceased estate’s liabilities exceed its assets, the difference between the amount of the estate’s assets and its liabilities shall first be deducted from the benefit before the remaining balance is paid to the nominee.

The complainants submitted that the board should not have blindly followed the nomination of beneficiary form and should have exercised its discretion.

"While it is true that the board has a discretion on the distribution of the death benefit, the provisions of section 37C of the Act are peremptory in instances where the deceased is survived by a nominee and the board does not become aware of dependants of the deceased within 12 months of his death.

"In such an instance, the Act requires the board to first reduce the benefit by the amount of the deficit of the deceased estate, after which the nominee shall be paid his or her share of the benefit.

"However, where the deceased is survived by dependants and nominees or by dependants only, it must exercise its discretion and not blindly follow the nomination form, which is not the case in this matter," Ms Lukhaimane said.

She also expressed concern about the first respondent’s relatively quick conclusion that the deceased was not survived by any dependants without explaining how it arrived at this conclusion.

"The first respondent has not provided evidence of steps taken to trace and ascertain the existence of such
dependants. Therefore, it cannot merely wait for the expiry of the 12-month period before paying the benefit to the second respondent.

"Before deciding to pay the benefit to the second respondent, it must take diligent and reasonable steps to trace and identify any surviving dependants of the deceased.

"If it becomes aware of such dependants, it must investigate their eligibility to receive the death benefit and exercise its discretion in that regard. If it does not become aware of such dependants, it may proceed to deal with the benefit in the manner provided in section 37C(1)(b)."

Ms Lukhaimane said while the complainants contended that the board of the first respondent should have followed the provisions of the will in distributing the benefit, section 37C (1) of the Act specifically excluded death benefits from the deceased estate.

"Because the death benefit that became payable upon the deceased’s death is specifically excluded from forming part of the deceased estate, and it being true that the deceased’s last will was meant to govern the disposition of his estate upon his death, it follows that the will does not apply to any assets that do not form part of the deceased estate, including the death benefit.

“Therefore, the provisions of the deceased’s last will are inapplicable in the distribution of the death benefit and are not binding on the board of the first respondent in this regard.

“The benefit must be distributed in terms of section 37C of the Act and not the provisions of the will,” said Ms Lukhaimane.

DEATH BENEFIT ALLOCATIONS SET ASIDE AFTER SONS COMPLAIN

Ms Lukhaimane ruled that death benefit allocations be set aside in two separate matters that came before her and ordered that thorough investigations be carried out into the circumstances of all potential beneficiaries.

This follows complaints by the sons of the two deceased provident fund members that their financial dependency on their fathers had not been properly considered.

In the first matter, KC of Ga-Rankuwa brought the action against Retirement Online Provident Fund (first respondent) and Sanlam Life Insurance Limited (second respondent) over the distribution of a death benefit allocation of his father who passed away on 15 July 2011.

The deceased was employed by CBI Electric from 4 September 2003 until his death. A gross death benefit of R867 507, 32 became payable to his eligible dependants and beneficiaries by the first respondent in terms of Section 37C of the Pension Funds Act.

The deceased was survived by his wife Mrs MV and three children from a previous relationship, viz. KN (31 years), K (28 years) and the complainant (26 years). At the time of his death, the deceased was staying with his wife and stepson, PM, a grade 10 learner.

The deceased did not complete a nomination form. Thus the first respondent’s board resolved to allocate R694 005 of the benefit to the deceased’s wife, R112 776 to PM and R60 725 to the complainant. No death benefit was allocated to KN and K.

The complainant was dissatisfied with the percentage of the death benefit he received from the first respondent. The complainant sought an order that the board should allocate 40% of the death benefit to him.

In its capacity as the administrator of the first respondent, the second respondent submitted that the investigations by the board of the first respondent revealed that the deceased was survived by his wife and three major children.

The board accordingly applied the basket of factors to be considered in the distribution of death benefits. At the date of his death, the deceased was staying with his wife and a stepson.

The deceased and his wife were financially dependent on each other and shared all the household expenses, including bond repayments towards two properties. The deceased wife was 39 years old when he passed away.

Furthermore, the investigations revealed that the deceased was providing financial support to PM and the complainant. The complainant was completing his final year in mining engineering and he received a monthly amount of R2 500.00 from the deceased to cover his study and living expenses.

The deceased’s two other children (KM and K) were working and were not financially dependent on the deceased. KM and K withdrew their claims and they were not considered by the board.

The board allocated seven percent of the death benefit to the complainant based on his age, dependency, and probability of future income as an engineer after completing his studies at the end of 2013.
In her determination, Ms Lukhaimane said the complainant submitted that he should be paid a benefit amounting to 40% of the death benefit. It needed to be determined whether or not the first respondent's board had acted reasonably and equitably in allocating seven percent of the benefit to the complainant.

She said the payment of death benefits by a pension fund organisation was regulated by Section 37C which gave the board discretion to be exercised fairly and reasonably insofar as the distribution of death benefits was concerned.

Section 37C imposed three primary duties on the board when it embarked on the distribution of a death benefit. They needed to first identify and trace all the dependents and nominated beneficiaries of the deceased. Secondly, the board must effect an equitable distribution of the death benefit, and finally the board must determine an appropriate mode of payment of the benefit.

Ms Lukhaimane said the board’s investigations revealed that the deceased left behind his wife and her son. The deceased also had three children prior to his marriage to his wife.

Only one of his children received financial support from him. Although the remaining two children submitted that they received financial support from him, they withdrew their claims for the death benefit. The board submitted that the deceased’s wife was 39 years old and employed.

However, the board did not disclose where she was employed and her salary.

“It is not clear which factors were taken into consideration by the board in allocating approximately seven percent of the death benefit to the complainant, 80% to the deceased’s wife and 13% to PM. The complainant is still studying and submitted that the death benefit awarded to him does not take into account his reasonable maintenance needs given the extent of his dependency on the deceased.

“Therefore, the board of trustees fettered its discretion by not taking into account all the relevant factors in the distribution of the death benefit,” said Ms Lukhaimane.

In the second matter, the complainants, Mr AJ, Mr SJ and Mr JL, all major sons of the late Mr A who passed away on 27 February 2012, were unhappy with the distribution of benefits by OVK Aftreefonds Number 2 (first respondent) and ABSA Consultants & Actuaries (second respondent).

Following the death of the deceased, a death benefit in the amount of R1 282 833.80 became available for distribution to his dependants in accordance with the provisions of section 37C of the Pension Funds Act by the board of the first respondent. The deceased’s beneficiary nomination form dated 10 January 2012 reflected the following beneficiaries:

- JF (surviving spouse) 60%
- AJ (complainant and major son) 10%
- SJ (complainant and major son) 10%
- JL (complainant and major son) 10%
- WC (minor son) 10%

The board of trustees of the first respondent identified the above persons to be considered for the death benefit.

However, the board decided to distribute the death benefit as follows:

- WC (minor son) 10% of the benefit
- The three complainants R50 000 each of the benefit
- Mrs JF (surviving spouse) the balance of the benefit

The board made payment of the full benefit allocated to the minor son of the deceased and a portion of the benefit allocated to the surviving spouse.

The complainants objected to the above mentioned board’s proposed distribution and requested it to allocate 10% of the benefit to each complainant.

Following a meeting that to discuss the complainants’ financial dependency, the board advised them that should they fail to provide it with evidence of their financial dependency on the deceased, it will distribute the death benefit in the following manner: WC (minor son) - 10% and JF (surviving spouse) - 90%.

The complainants said that not a single motivation was advanced by the board as to why the surviving spouse had been awarded a greater benefit. They submitted that the deceased’s nomination form of January 2012 was proof that all the beneficiaries nominated were dependent on him until his death in February 2012.

They added that since no circumstances existed to deviate from the nomination by the deceased, a proper execution of the board's discretion should have resulted in the board following the will of the deceased as expressed in his nomination form.
The complainants requested the Office of the Pension Funds Adjudicator to order that each complainant be awarded 10% of the benefit as intended by the deceased: alternatively to confirm that each one of them would receive R50 000.00 as per the initial decision of the board.

The second respondent in its capacity as the administrator of the first respondent said the board decided to validate its thought process and referred the matter to it to assist in its capacity as consultant to the first respondent.

It reviewed the case in totality to ensure that the decisions of the trustees were indeed correct. The board decided in the interim to revoke the original distribution decision taken on 28 November 2012 to avoid creating benefit expectations amongst some or all beneficiaries of payments.

The second respondent submitted that the information obtained from the deceased’s former spouse, the surviving spouse and minor son was at its disposal. It reviewed the information and was satisfied with what was presented. It then requested, on behalf of the board, that the complainants should also submit evidence of financial dependency, if applicable, through their legal representative.

The second respondent further submitted that given the fact that this information was not forthcoming, it then requested the complainants and their legal representative to attend a meeting during which the financial dependency of the complainants would be discussed.

The meeting was conducted and the complainants and their legal representative, the second respondent’s representative and the employer’s human resources manager were present.

The employer’s human resources manager was mandated by the board to investigate the financial dependency status of the complainants on its behalf. The discussions revealed that only one of the three complainants, viz. SJ, could potentially be financially dependent.

The human resources manager irrespectively requested all three complainants to provide the board with proof of financial dependency, should they be of the view that they were indeed financially dependent on the deceased.

The second respondent submitted further that it agreed with the employer’s human resources manager to inform the board that based on these discussions, no further payments should be made until such time as written proof quantifying the dependency status of the three complainants was obtained.

The board decided to withhold further benefit payments until the earliest of the date of delivery of such information or expiry of the 12-month period allowed in which to investigate death claims.

This had subsequently been followed up on a number of occasions with the complainants’ legal representative, without success.

The second respondent submitted that the board still awaited proof of financial dependency regarding the complainants.

The current information at the disposal of the board indicated that the only financial dependants on the deceased were the surviving spouse and minor son.

Should no evidence of financial dependency be provided by the complainants prior to the expiry of the 12-month waiting period, the board would distribute the death benefit as follows: WC (minor son) - 10% and JF (surviving spouse) - 90%.

In her determination, Ms Lukhaimane said the board accepted that the complainants were nominees in terms of the beneficiary nomination form.

She said that in the present matter, equity required that the needs of all the deceased’s dependants must be considered with reference to all the relevant considerations that have to be taken into account by the board.

In circumstances where the needs of one beneficiary are far greater than the needs of other beneficiaries, the board would be acting reasonably in allocating a greater portion of the death benefit or even allocating the entire death benefit to one beneficiary provided all the above mentioned relevant considerations are taken into account.

“The board initially decided to distribute 10% to the minor son, R50 000.00 to each complainant and the balance to the surviving spouse.

“The complainants objected to this proposed distribution and requested the board to allocate 10% of the benefits to each one of them.

“The board subsequently revoked its earlier distribution decision. The board then requested the complainants to furnish evidence of financial dependency on the deceased, failing which, it will allocate 10% of the benefit to the minor son and 90% to the surviving spouse.

“The board has not provided this Tribunal with critical factors it took into account in awarding the greater portion
Standing from left to right: Thuli Mogwale; Sibongile Mabatha
Seated left to right: Bussiwe Dhlamini; Yolandi Puwani

Standing from left to right: Pamela Mpofu; Dolly Sibanda; Evah Mokwape
Seated left to right: Tonny Kedikihwe; Given Maswanganyi
SUMMARY OF IMPORTANT DETERMINATIONS

of the death benefit to the surviving spouse. The board has also not explained what led to the change in its original decision.

“It appears that the board's decision was made without these critical factors. It follows that the board did not conduct a proper investigation regarding the level of dependency, the age of the dependants, the wishes of the deceased, current financial affairs and future earning capacity of the dependants,” said Ms Lukhaimane.

In both matters, she found that the respective boards had fettered their discretion by not taking into account all the relevant factors in the distribution of the death benefit allocations.

In both cases, she ordered that the death benefit allocations be set aside.

The boards of the respective funds were ordered to conduct thorough investigations into the circumstances of all potential beneficiaries and all other relevant factors that must be taken into account when distributing a death benefit, and re-exercise their discretion in terms of the Act.

The funds were also ordered by Ms Lukhaimane to inform the complainants in both matters as well her of their decisions.

TERMINATION AND CAUSAL EVENT CHARGES

PFA ORDERS FUNDS ADMINISTRATOR TO REFUND TERMINATION CHARGES

The “dishonest” underwriter and administrator of a retirement fund was ordered to pay into a complainant’s paid-up retirement annuity policy, all termination and causal event charges levied on the complainant’s fund value.

Ms CE McDonnell complained to Ms Lukhaimane that penalty charges were levied on her retirement annuity when she made her policy paid-up, despite Liberty Life Ltd (the second respondent) giving her a prior undertaking that no penalties were going to be charged if she terminated.

The complainant applied for and was admitted to the membership of Fedsure Retirement Annuity Fund on 1 October 1995 with the intention to remain a member until 1 October 2026, a period of 31 years. Fedsure was subsequently acquired by Capital Alliance which was also taken over by the second respondent. On 9 May 2011, the complainant, with the assistance of her financial advisor, approached Lifestyle Retirement Annuity Fund (the first respondent) and the second respondent to enquire whether or not there would be penalties if the complainant were to make her retirement annuity paid-up or if she were to transfer it to another fund. The respondents informed her there would be no penalties charged.

Relying on the second respondent’s response that no penalties were going to be charged, the complainant sent a letter indicating that she was making her retirement annuity policy paid-up and that the second respondent should cease deducting premiums from her account.

Penalty charges were levied on her retirement annuity despite Liberty Life Ltd undertaking that no penalties were going to be charged.

The respondents failed to cancel this policy and continued to receive premiums from the complainant’s bank via a stop order. The complainant discovered in January 2013 that her retirement annuity was not cancelled as per her instructions. On instructing the respondents to terminate the policy as initially instructed, the respondents effected termination penalties on the complainant’s fund value which reduced the complainant’s fund value.

Responding on behalf of both respondents, the second respondent said when the complainant instructed them to make her policy paid-up, her investment value was R80 112.32. It submitted that a causal event charge of R16 758.92 (20.92%) was to be imposed and her net fund value thereafter would be an amount of R63 353.40.

The second respondent submitted that in response to enquiries made by the complainant, it had confirmed that “there is no penalty for making the policy paid-up”. It admitted that due to an administrative error on its part, the policy was not made paid-up when the complainant initially requested, but was made paid-up only on the second instruction.

It submits that it was at this stage that the complainant raised a dispute with it, contesting the charging of the causal event charges as against its earlier statement that no penalties were going to be charged.

It submits that it made an offer for an amount of R2 000, “not as a concession to deducting the unrecouped expenses,
but for the poor service rendered” in failing to terminate the complainant’s retirement annuity when she initially instructed that this be done. However, this was rejected by the complainant as the penalties suffered were around R20 000.

The second respondent admitted that the response that was sent to the complainant’s advisor on 31 May 2011 reflected that there was no penalty for making the policy paid-up. It further submitted that prior to the query by the advisor and its response on 1 April 2011, it provided the advisor with a net paid-up value for the respondent which then was R60 009.00.

It submitted that this was the complainant’s net fund value after the unrecouped expenses were deducted. It submitted that what it meant when it indicated that there would be no penalty charges, was in reference to the surrender penalties and not to the deduction of unrecouped expenses. It submits that this was in line with its policy document.

“The administrator and underwriter had the necessary authority to inform the complainant on whether or not penalties were applicable.”

In her determination, Ms Lukhaimane said the second respondent was being “disingenuous” in its explanation of what was “an unequivocal statement” to the complainant that no penalties were payable.

“In its own response, the second respondent is at pains to try and distinguish the difference between penalty charges and unrecouped expenses.

“The reason why it is unable to do so is because there is none. This can also be observed from the second respondent’s conduct following the complainant’s complaint to it, namely, its offer of an amount of R2 000 as recognition of the fact that it had erred by providing the complainant with incorrect information contrary to the first respondent’s rules and regulations.

“The fact that the second respondent wrongly informed the complainant that there were no penalties charged for cessation of contributions, whereas in fact there were, is accepted by this Tribunal.”

Ms Lukhaimane said she was satisfied that charges sought to be levied by the respondents (including charges for marketing, distribution and acquisition costs), were within the law.

“However, regardless of the fact that the respondents were allowed to deduct these penalties from the complainant’s fund value, this did not address the negligent misrepresentation made to the complainant by the second respondent, to her detriment.

“The second respondent as the administrator and underwriter had the necessary authority to inform the complainant on whether or not penalties were applicable,

“The second respondent negligently represented to the complainant that no penalties were payable if the pamphlet was to cease paying contributions,

“The representation was relied upon by the complainant in deciding to cease paying contributions,

“The complainant’s reliance on the second respondent’s representation was to her detriment in that she committed to increasing her premiums in another retirement policy while she also incurred the penalties in regard to her policy with the first respondent.”

Ms Lukhaimane ordered the second respondent to pay into the complainant’s paid-up retirement annuity policy, all termination charges and/or causal event charges levied on the complainant’s fund value by the first respondent when she ceased paying premiums.

**FUND ORDERED TO REFUND EXCESSIVE CAUSAL EVENT CHARGES**

The Momentum Group Limited short paid a member of a retirement annuity fund almost R50 000 after imposing excessively high causal event charges following cessation of contributions.

After finding that the values attached to the prematurely terminated policy were not actuarially sound, Ms Lukhaimane ordered Momentum Group Limited to show proof that it had repaid R48 777.43 into a new fund that the member had joined.

Causal event charges are levied if the policy is made paid-up or if the premiums are reduced in order to recover unrecouped expenses incurred upfront.

Mr M Esterhuyze of Pretoria complained to the Office of the Pension Funds Adjudicator that the causal event...
Charges on a retirement annuity policy were too excessive and unfair.

He had become a member of the Momentum Retirement Annuity Fund (first respondent) on 1 December 2008. Momentum Group Limited (second respondent) was the underwriter of the policy that was issued.

The policy was to endure until the complainant’s chosen retirement date of 1 March 2041. The complainant undertook to pay initial monthly contributions of R6 600 per month, set to escalate at the rate of 10% on each policy anniversary.

On 11 February 2010, the complainant switched the investment portfolio applicable to the policy. His fund value immediately before his decision to switch the portfolio was R164 813.15. The second respondent levied a causal event charge of R412.03, resulting in the complainant’s fund value decreasing to R164 513.59.

On 16 May 2011, the complainant reduced his monthly contributions, which at this stage had increased to R12 402.50, to R6 000. His fund value before the reduction of contributions was R361 845.46. The second respondent imposed a causal event charge of R56 086.06, resulting in the complainant’s fund value decreasing to R305 759.41.

On 4 April 2012, the complainant ceased payment of contributions and the policy was converted to a paid-up status. As a result of the cessation of contributions, the second respondent levied a causal event charge of R58 773.65, resulting in the complainant’s fund value decreasing to R346 608.74.

On 13 June 2012, the complainant elected to have the policy terminated and the proceeds thereof transferred to Discovery Investment Retirement Annuity Fund (“Discovery fund”). As a result of the termination of the policy, the second respondent imposed a causal event charge of R56 824.11, resulting in a fund value of R291 171.76 being transferred to the Discovery fund.

In answering to the OPFA, the second respondent submitted that when there is a negative adjustment or alteration to the policy the commission or cost account is adjusted by calculating a sustainable balance for the new premium. The fund value at the time of the alteration, the outstanding term and the cost account are reduced accordingly.

The reduction of the commission or cost account is achieved by firstly recouping the maximum allowable commission from the financial advisor (if still allowed) and then the remaining amount by which the commission or cost account must be reduced is deducted from the relevant member’s fund value.

The complainant remains liable for the commission as well as the interest levied on it regardless of negative alterations. The second respondent recoups all the commission, VAT on commission and interest on the commission from the complainant’s fund value over the term of the policy.

“The second respondent admitted it had deducted R294.26 more than it should have when the complainant reduced his contributions.”

The commission or cost account amortisation from the complainant’s fund value when an alteration is done is, therefore, not an additional charge but the recouping of outstanding costs which would have been deducted over the term of the policy if no alteration was done.

The second respondent said the complainant made four alterations on the policy, i.e. switching of investment portfolio, premium reduction, conversion to paid-up status and transfer to the Discovery fund.

The second respondent admitted it had deducted R294.26 more than it should have when the complainant reduced his contributions.

When the complainant elected to transfer the policy to the Discovery fund, the second respondent imposed a causal event charge of R56 824.11 instead of R18 437.11.

Therefore, the causal event charges actually imposed exceeded those that should have been imposed by R38 386.91. This amount, the second respondent said, together with interest thereon, would be transferred to the Discovery fund in accordance with the complainant’s election.

In addition to the requirement that causal event charges must be computed using generally accepted actuarial principles that ensure the actuarial soundness of the insurer, on 1 December 2006 the Minister of Finance promulgated regulations in terms of the Long Term Insurance Act (LTI Act) that stipulate maximum causal event charges in respect of causal events that occurred on or after January 2001.
The second respondent has already conceded that the causal event charges initially imposed on the policy were excessive.

In this regard, it agreed to add an amount of R38 386.91 together with interest thereon to the complainant’s transfer value as a refund.

This Tribunal engaged the services of an independent actuary to assess the charges imposed and the refund of R38 386.91.

The actuary found that despite the refund of R38 386.91, the causal event charges were still excessive and that a further amount of R10 390.52 was still due to the complainant,” said Ms Lukhaimane.

On 27 February 2013, the second respondent conceded that a further refund of R10 390.52 was still due to the complainant.

Ms Lukhaimane ordered the second respondent to provide proof that the amounts of R38 386.91 together with interest and the further amount of R10 390.52 were transferred to the Discovery fund within two weeks.

SUPREMACY OF RULES

PENSION BOARD SLAMMED BY PFA FOR ACTING ON UNAPPROVED RULE

The board of a pension fund was slammed by the Pension Funds Adjudicator for ignoring registered rules when computing a withdrawal benefit.

Ms Lukhaimane condemned the conduct of the board of the Municipal Employees Pension Fund which paid a withdrawal benefit as per an amended rule that had been submitted to the Registrar of Pension Funds for approval instead of abiding by an existing approved rule.

TS Raboshakga of Pretoria complained that he was paid the amount of his contributions plus interest in respect of his pensionable salary multiplied by 1.5 - instead of it being multiplied by three.

“Notwithstanding two rulings from the Supreme Court of Appeal that the rules of the fund are supreme and only come into effect once they have been approved and registered by the Registrar, the board, in blatant disregard of these rulings and several determinations by this Tribunal, simply decided that it would not apply the registered rules of the first respondent.

“The law regarding pension fund rules as it currently stands is patently clear in terms of which the registered rules remain valid until amended and approved by the Registrar,” said Ms Lukhaimane.

Mr Raboshakga worked for the Aganang Local Municipality from 1 October 2005 until he left employment on 30 June 2013. He was a member of the Municipal Employees Pension Fund (first respondent), administered by Akani Retirement Fund Administrators (Pty) Ltd (second respondent).

He was paid the amount of his contributions plus interest in respect of his pensionable salary multiplied by 1.5 as per the rule amendment submitted to the Registrar of Pension Funds for approval.

The rule that existed as approved by the Registrar at the time of the complainant’s exit from the first respondent stated that a withdrawing member was entitled to the amount of his contributions plus interest in respect of his pensionable salary multiplied by three.

The respondents said an actuarial valuation as at 28 February 2011 had determined a shortfall of contributions for future funding. At a board meeting held on 21 June 2013, a resolution was passed to amend the withdrawal benefit and reduce it from three times to 1.5 times a member’s contributions as per the actuary’s recommendation. The rule amendment had been submitted to the Financial Services Board for registration.

In her determination, Ms Lukhaimane said in terms of Section 13 of the Pension Funds Act, the rules of a registered fund are binding on the fund, its members, shareholders and officers. The fund may only pay out to its members those benefits provided for in its rules.

She said the purported amendment to the existing withdrawal benefit rule of the first respondent had no legal validity until it had been approved and registered by the Registrar.

“The first respondent’s conduct of acting on an unregistered rule points to a lack of proper management by its board.

“The facts in the present matter indicate that the board was advised of the possible financial crisis in 2011 when its actuary made a report on the financial soundness of the first respondent.

“However, the board did not submit any rule amendment to change the method of computing a withdrawal value and waited until 2013 to submit the rule amendment. It also decided to start applying the proposed rule amendment before its approval by the Registrar.
“Thus, the conduct of the board of the first respondent indicates failure in its duty to protect the interests of the complainant and to execute its duties with due care and diligence.

“This Tribunal would like to indicate that presumably the funding from 1998 to 2013 could sustain the benefit as it stands now, it is therefore, patently unfair and a violation of the minimum benefit rules to adjust benefits retrospectively.

“Therefore, the appropriate remedy is to order the first respondent to pay the balance of the complainant’s withdrawal benefit in accordance with the rules as they stand with interest,” said Ms Lukhaimane.

EMPLOYEES MUST CONFIRM THEIR REGISTRATION WITH A PROVIDENT FUND

The illegal practice of employers failing to register with a provident fund whilst deducting employees’ contributions which are not paid over came under scrutiny in a determination by Ms Lukhaimane.

The ruling should also urge employees to ensure they are registered with a provident fund even though they may be paying provident fund contributions.

A provident fund was also rapped on the knuckles by Ms Lukhaimane for failing to compel a company to register as a participating employer.

ATD Security CC, trading as W R S Security Services (second respondent), deducted R187.50 monthly from the salary of JO Selebogo as a provident fund contribution.

However, Mr Selebogo who had commenced employment on 1 November 2007 complained to the Office of the Pension Funds Adjudicator (OPFA) that he had never received a benefit statement from the Private Security Sector Provident Fund (first respondent) confirming his membership and the amount of his fund credit. As a result, he did not know whether or not the money that had been deducted from his salary was remitted to the first respondent on his behalf.

The first respondent submitted to the OPFA that according to its records, the second respondent was not registered as its participating employer and, therefore, it had no record of the complainant. It further submitted that the second respondent had not applied for nor been granted an exemption from participating in the first respondent.

The first respondent added that since the complainant was not its member, no benefit payment was due to him. It requested that the complaint against it be dismissed.

Although the second respondent was granted an opportunity to comment on the allegations made against it, no response was received.

In her determination, Ms Lukhaimane said in terms of the first respondent’s rules, “all employers in the private security sector shall participate in the fund”. The first respondent’s rules also stipulated that “each eligible employee shall, as a condition of employment, become a member of the fund”.

Ms Lukhaimane said in terms of the first respondent’s rules, “all employers in the private security sector shall participate in the fund”.

“The complainant has provided this Tribunal with a copy of his payslip, which indicates that the second respondent indeed deducted provident fund contributions from his monthly salary.

“It is, however, apparent that the second respondent failed to register itself as a participating employer of the first respondent and the complainant as the member of the first respondent in violation of Rules 3.1 and 3.2 of the first respondent’s rules.

“The second respondent ought to have registered as a participating employer in the first respondent on 1 September 2002, as this is the commencement date of the first respondent.

“The complainant commenced employment with the second respondent on 1 November 2007. The second respondent ought to have registered the complainant as a member of the first respondent from May 2008 following the expiry of his six months of continuous employment in the private security sector.

“However, the second respondent failed to register the complainant from May 2008. Therefore, the first respondent’s failure is in contravention of Rule 3 of the rules of the first respondent.”

Ms Lukhaimane said the second respondent had a duty placed on it by the provisions of section 13A(1)(a) of the Pension Funds Act and the rules of the first respondent to pay contributions and submit schedules to the first respondent indicating on whose behalf payment is being made, and the first respondent in turn has a duty to pay out benefits to the members.
She also said the first respondent was a fund established in terms of the Sectoral Determination 6: Private Security Sector, South Africa.

“It is clear that it is compulsory for all employers in the private security sector to participate in the first respondent as prescribed in the sectoral determination.

“It is also compulsory for all employees in the private security sector to join membership of the first respondent.

“The first respondent is required to take all reasonable steps to ensure compliance with the sectoral determination by compelling all employers in the private security industry to participate in it and also to register their employees as its members.

“The first respondent is also required to ensure compliance with section 13A(1)(a) of the Pension Funds Act by compelling defaulting employers to pay outstanding contributions in respect of their employees.

“In the present case, the first respondent was equally required to compel the second respondent to register as a participating employer and also register its employees.

“It is the responsibility of the board of the first respondent to report non-compliance with the sectoral determination to the Registrar of Pension Funds whose mandate is to enforce non-compliance with the Act.

“However, the first respondent failed to comply with its responsibilities and as a result, the second respondent is not registered as a participating employer and also the complainant is not registered as a member,” said Ms Lukhaimane.

She was also scathing of the Private Security Industry Regulatory Authority (PSIRA) which in terms of the Private Security Industry Regulatory Act was required to ensure employers in the private security sector complied with the sectoral determination.

“It is also the responsibility of PSIRA to take legal action and/or report non-compliance with the sectoral determination regarding the employers’ participation in the first respondent and also registering their employees as members of the first respondent. However, PSIRA has also failed to comply with its responsibilities,” Ms Lukhaimane said.

Ms Lukhaimane requested that the first respondent and PSIRA forward the second respondent’s non-compliance with the sectoral determination and the rules of the first respondent to the Registrar of Pension Funds.

She ordered the second respondent to register with the first respondent as its participating employer from 1 September 2002 and to register the complainant as a member of the first respondent from May 2008 to date.

The second respondent was also ordered to submit all outstanding contribution schedules from May 2008 to date to the first respondent in order to facilitate the computation of the complainant’s arrear contributions.

The first respondent was also ordered to pay to the first respondent arrear contributions together with late payment interest.

The first respondent was ordered to provide the complainant with a copy of his latest benefit statement, within two weeks of receiving payment from the second respondent.

PENSION FUND HELD LIABLE BY PFA FOR FAILURE TO REGISTER A PARTICIPATING EMPLOYER

Yet another complaint received by Ms Lukhaimane highlights the need for employees to ensure they are registered with a provident fund even though they may be paying provident fund contributions.

“A complainant who attempted to claim a disability benefit found out that she had not been registered with a pension fund although provident fund contributions were deducted from her salary.

Ms MR Mochabane (complainant) was employed by Agriligna (Pty) Ltd (third respondent) from 15 September 2010 to 20 May 2013. In May 2013 the complainant was declared disabled and became entitled to a disability benefit.

When she approached the third respondent for claim forms in order to submit a disability benefit claim form to the Chemical Industries National Provident Fund (first respondent), the third respondent said that it did not have claim forms. She then contacted NBC Fund Administration Services (Pty) Ltd (second respondent) and was advised that it had no record of her in its system.
The complainant submitted further that the third respondent did not pay over the monthly provident fund contributions that were deducted from her salary and she did not receive benefit statements or any policy documents from it.

In a response submitted on behalf of the first respondent, the second respondent confirmed that the third respondent was not a participating employer in the first respondent and as a result, the complainant was not a member of the first respondent.

The second respondent concluded that the complaint against the first respondent should be dismissed as the first respondent had no record of contributions in respect of the complainant and the third respondent.

On 28 January 2014, a response comprising several e-mail messages was received from the third respondent. It may be summarised as follows:

On 16 July 2012 Victor Chaane, a Divisional Manager of the second respondent, sent an agreement to be signed to the third respondent for its participation in the first respondent.

He requested a colleague (Siza Dlikilili) to provide the third respondent with an electronic data template in order for it to provide its members’ data and also to provide the third respondent with the banking details of the first respondent.

On 27 July 2012 the third respondent sent the signed agreement to the second respondent and requested the electronic data template.

On 19 February 2013 the third respondent confirmed in an e-mail sent to the second respondent that it deducted contributions since the signing of the agreement but still awaited the banking details of the first respondent.

On 8 November 2013 the third respondent confirmed that the complainant was declared medically disabled. Contributions were deducted from the salary and benefits should be paid in terms of the rules of the first respondent. However it did not receive the electronic data template and banking details. Therefore, contributions could not be paid over.

The third respondent said it was prepared to refund the complainant all her contributions if the second respondent failed to respond.

The third respondent also attached a copy of the agreement signed by it, as well as a letter dated 19 February 2013, requesting the banking details of the first respondent, in support of its response.

In her determination Ms Lukhaimane said the rules of a fund were supreme and binding on its officials, members, shareholders and beneficiaries and anyone so claiming from the fund.

She said the third respondent received an agreement from the second respondent to participate in the first respondent. The agreement was signed by the third respondent on 27 July 2012 and sent to the second respondent on the same date.

The agreement provided that participation would commence on the first day after the month of signature. Therefore, the third respondent ought to have been registered as a participating employer in the first respondent from 1 August 2012.

With regard to the payment of contributions to the fund that were deducted from the complainant’s salary, the third respondent had requested the electronic data template as well as banking details from the first respondent in order to register the complainant as a member, to no avail.

She said from the submissions received from the third respondent, it was clear that it was its intention to be registered as a participating employer in the first respondent and also to register the complainant as a member thereof.

“This it demonstrated by signing the agreement and deducting contributions from the complainant and requesting the necessary registration from the first respondent.

“However, the first respondent failed to provide it with the necessary information in order to be registered. Therefore, the complainant is entitled to a disability benefit.”

The first respondent was ordered to provide the third
respondent with its banking details and electronic data template in order for it to transmit its contributions. The first respondent was ordered to register the third respondent.

The third respondent was ordered to register the complainant as a member of the first respondent from 1 August 2012 to 20 May 2013 and to submit contribution schedules to the first respondent for this period in order to facilitate the computation of the complainant’s benefit.

The third respondent was ordered to provide the first respondent with the necessary documentation in order to assess whether the complainant qualified for a disability benefit in terms of its rules.

If the complainant qualified for a disability benefit, then the first respondent was ordered to compute the complainant’s contributions owed by the third respondent.

The third respondent was ordered to pay the first respondent the complainant’s contributions as computed.

The first respondent was ordered to pay the complainant her disability benefit plus late payment interest.

If it was found that the complainant did not qualify for a disability benefit, then the first respondent was ordered to pay the complainant a withdrawal benefit.

**CURRENT MEMBER’S CONTRIBUTIONS CAN’T BE USED TO OFFSET EMPLOYER’S ARREARS**

A member must not be prejudiced in the event his monthly contribution is not paid to the provident fund and is instead used to offset the fund arrears of the employer.

Ms Lukhaimane reiterated that the duties of a fund’s board shall be to take all reasonable steps to ensure that contributions are paid timeously to the fund in accordance with the Pension Funds Act.

Ms Lukhaimane added the fund’s board can be held jointly and severally liable for the actions of their mandated agents.

Complainant MI Moloantoa was a member of the Private Security Sector Provident Fund (first respondent) while in the employ of Mjayeli Security Services (Pty) Ltd (third respondent) from 1 September 2011 until the termination of his services on 30 November 2012.

Following the termination of his services, a withdrawal benefit became payable to him. He said the first respondent had failed to pay a withdrawal benefit because of the third respondent’s alleged failure to pay all contributions to the first respondent on his behalf.

He was informed by Absa Consultants and Actuaries (second respondent) that he was never registered as a member of the first respondent.

The first respondent submitted that it had the third respondent on its records as a participating employer, having joined as such on 30 April 2007.

The first respondent further submitted that the third respondent was non-compliant with its obligations under the Act and its rules. As a result of the third respondent’s non-compliance, provident fund contributions were last received in March 2013 and its record has been updated by the second respondent up to March 2011.

The first respondent submitted that the complainant was not registered as its member as no contributions were received on his behalf. Accordingly, no withdrawal benefit was payable to him.

The third respondent submitted that the complainant was in its employ from September 2011. He became a member of the first respondent with effect from December 2011 until the termination of his services in December 2012. During this period the complainant paid provident fund contributions in the amount of R2 560.24. The third respondent further submitted that it paid employer contributions on behalf of the complainant totalling the same amount.

Ms Lukhaimane said in her determination the payment of any benefit due to a member of a fund is regulated by the fund’s rules. The third respondent was obliged in terms of the Pension Funds Act and the rules of the first respondent to pay contributions and submit schedules to the first respondent indicating on whose behalf payment is being made.

“Such contributions must be paid directly to the fund in such a manner as to have the fund receive the contributions not later than seven days after the end of that month for which such contributions are payable.
“On 31 May 2013, this Tribunal had a telephonic discussion with the first respondent wherein the latter set out to elaborate on this point.

“It appears that the second respondent’s membership data system is set up in such a manner as to prevent the upload of current provident fund contributions for any given month if the employer is in arrears for the preceding months or years, as the case may be.

“Such contributions must be paid directly to the fund as to have the fund receive the contributions not later than seven days after the end of that month.”

“To circumvent this, the second respondent uses the current contributions to offset the arrears in order to bring the employer up-to-date, as it were. Hence the submission that contributions from the third respondent were last received in March 2013 but its record has been updated up to March 2011. “

Ms Lukhaimane said owing to the high staff turnover in the private security industry, the foregoing practice was almost always to the prejudice of the new employees.

“The second respondent credits the current contributions towards the individual accounts of those employees in respect of whom the employer is in arrears and not necessarily those whose names appear on the contribution schedules.

“As a result, a new employee may not get registered as a member of the fund as there may be no contributions left to allocate after the offset.

“If the employee’s services are terminated before the employer’s record is fully updated, as was the case in this complaint, no benefit will be payable to him.

“This practice flies in the face of the very idea of retirement funding. It is a gross violation of section 13A of the Act and the rules of the first respondent, and must to be strongly discouraged. “

She urged the trustees of the first respondent, in pursuance of their statutory obligations, to prevent what appears to be a case of “expediency trumping the law”.

“The duties of a board shall be to take all reasonable steps to ensure that contributions are paid timeously to the fund in accordance with this Act;

“Furthermore, members of the board of the fund can be held jointly and severally liable for the actions of their mandated agents.”

Ms Lukhaimane said that barring the period September 2011 to November 2011, she was satisfied that the first respondent was in receipt of the complainant’s provident fund contributions.

She ruled that the complainant must be placed in the position he would have been in had the third respondent regularly paid all the contributions due and the first respondent had paid the benefit it is holding on his behalf.

She also forwarded her determination to the Registrar of Pension Funds to follow up on the second respondent’s manner of allocating contributions as the second respondent carried on business as an administrator of funds, other than the first respondent.

WITHHOLDING OF PENSION BENEFITS AT THE EMPLOYER’S BEHEST AND DEDUCTIONS THEREFROM

PFA BUSY WITH COMPLAINTS ABOUT RETENTION OF WITHDRAWAL BENEFITS

The Pension Funds Adjudicator started 2014 by ruling on a slew of complaints concerning the withholding of withdrawal benefits.

In the first matter, Mr Seme of Durban said he was employed by Davies Diagnostics (Pty) Ltd (third respondent) from 1 November 2006 to 28 February 2013. He was a member of Corporate Selection Retirement Fund (first respondent).

He complained that he did not receive his withdrawal benefit following his exit from the first respondent. He said he was advised that he owed the third respondent money and as a result, his withdrawal benefit would be withheld.

The third respondent submitted that it discovered that the complainant was employed by another employer whilst he was still gainfully employed by it, which was contrary to its policies. This, it submitted, resulted in loss and damage as it paid the complainant his salary plus benefits for the period that he was employed by another company.

The complainant denied having been employed by another company whilst still employed by the third respondent and submitted that the third respondent did not suffer any loss as the salaries paid to him during the months of January 2013 and February 2013 were for services that he rendered.
In this regard, the complainant submitted that the third respondent’s revenue was in excess of R700 000 during the months of January 2013 and February 2013 due to the sales he made during the period in question.

The second respondent, in its capacity as the administrator of the first respondent, submitted that the complainant’s withdrawal claim form was received on 22 February 2013. The complainant’s share of fund was R100 359.72. Payment of the withdrawal benefit was not made as the third respondent advised it that a case had been opened against the complainant.

In her determination, Ms Lukhaimane said that in terms of the Pension Funds Act, a registered fund may deduct any amount due by a member to his employer “in respect of compensation in respect of any damage caused to the employer by reason of any theft, dishonesty, fraud or misconduct by the member”.

She said by accepting employment with another company, the complainant’s conduct amounted to a breach of contract of employment and did not amount to theft, dishonesty, fraud or misconduct.

She said the third respondent had delayed in deciding what legal action to take against the complainant.

“Any further delay by the third respondent in deciding whether or which legal action to take against the complainant can only be to his prejudice.

She ordered the first respondent to pay the complainant his withdrawal benefit.

In the second matter, the complainant Mr Khan of Cape Town, was employed by Oasis Group Holdings (Pty) Ltd (third respondent) from March 2006 until 9 September 2010. He was a member of the Oasis Crescent Retirement Fund (first respondent).

In April 2008, the complainant was granted a conditional interest-free housing loan in the amount of R1 936 826 by the third respondent on condition that he remained in its employ for a period of not less than three years subsequent to the repayment of the housing loan in full.

In May 2010, the complainant paid the balance of the housing loan which stood in the amount of R1 809 826 at the time.

On 27 August 2010, the complainant tendered his letter of resignation to the third respondent and became eligible to receive a withdrawal benefit from the first respondent.

The third respondent requested the first respondent to withhold payment of the complainant’s withdrawal benefit on account of contingent interest in the amount of R445 682.00 having been added to the capital housing loan amount in accordance with the terms of the housing loan agreement, together with further interest that accrued since August 2010.

The complainant was aggrieved by the third respondent’s decision to charge interest to the housing loan amount retrospectively and calculated from the date of the commencement of the housing loan agreement, asserting that he should have been informed that interest would be charged on the capital amount from inception.

The complainant submitted that the housing loan agreement was entered into between himself and Eden Court Holdings (Pty) Ltd and not the third respondent. He further submitted that the applicable loan agreement stipulated that no interest would be charged on the capital loan amount.

The complainant was aggrieved by the third respondent’s decision to charge interest to the housing loan amount retrospectively.

She said accepting employment with another company, the complainant’s conduct amounted to a breach of contract of employment and did not amount to theft, dishonesty, fraud or misconduct.

She ordered the first respondent to pay the complainant his withdrawal benefit.

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The complainant submitted that the housing loan agreement was entered into between himself and Eden Court Holdings (Pty) Ltd and not the third respondent. He further submitted that the applicable loan agreement stipulated that no interest would be charged on the capital loan amount.

The complainant was aggrieved by the third respondent’s decision to charge interest to the housing loan amount retrospectively.

The complainant further submitted that he had not received any statements from the first respondent throughout the existence of his housing loan agreement with the third respondent.

The first respondent submitted that in May 2010, the complainant paid the capital balance in the amount of R1 809 836 to the third respondent, in settlement of the outstanding housing loan. At the time, the contingent liability was in the amount of R445 682.00 for the interest that had accrued up to that date. It further submitted that the accrued interest continued to increase on the aforementioned liability, with the interest rate applied being prime less 1.5%, which was a favourable rate to the complainant.

The first respondent submitted that the third respondent had instituted legal action against the complainant in the High Court of the Western Cape, to reclaim the amount owing.

In her determination, Ms Lukhaimane said the crux of the matter before the Tribunal fell squarely on the provisions
pertaining to a housing loan granted by some other person, other than the first respondent.

“The housing loan that was granted by the third respondent to the complainant was actually received from a wholly-owned subsidiary of the third respondent, namely Eden Court Holdings (Pty) Ltd and not the first respondent.

“The third respondent confirmed the nature of its relationship to Eden Court Holdings (Pty) Ltd in its response to the complaint.

“The Pension Funds Act requires the first respondent to provide a guarantee on the housing loan made to the complainant by some other person in order for the transaction to fall within Act.”

No such guarantee by the first respondent could be found on the information before this Tribunal during its investigations.

“If the requirement for the furnishing of guarantee by the fund had been met, the first respondent would have been authorised to withhold the amount that may be due by the member to Eden Court Holdings (Pty) Ltd, from the member’s withdrawal benefit.

“This Tribunal finds that the first respondent acted unlawfully in withholding the complainant’s withdrawal benefit pending the outcome of the civil matter.

“The civil matter is in respect of a dispute pertaining to a term in the complainant’s contract of employment with the third respondent and as a result, is irrelevant to the withholding of the complainant’s withdrawal benefit.

“Thus the first respondent is directed to pay the complainant his withdrawal benefit.” said Ms Lukhaimane.

**PFA ORDERS EMPLOYER TO RELEASE RETIREMENT BENEFIT**

Ms Lukhaimane ordered a retirement fund to pay a complainant his retirement benefit which had been withheld on the grounds that he had breached a clause in his contract relating to restraint of trade.

AME Balaes had complained to the Office of the Pension Funds Adjudicator that when his employment with Protea Technology (Pty) Ltd (third respondent) came to an end after almost a decade, he became entitled to a retirement benefit from Protea Technology Retirement Fund (first respondent), administered by NBC Fund Administration Services (Pty) Ltd (second respondent).

He submitted that following the termination of his service, he was advised that he had breached a clause in his contract relating to restraint of trade.

He responded that he had only offered technical support and not advise on financial matters nor information relating to projects run by his employer.

He believed he did not breach the restraint of trade clause as he only offered technical support to the competitor company after he had exited the first and third respondents.

He further submitted that he did not owe the third respondent nor had there been an admission of liability on his part.

R Beattie, group financial director of the third respondent and the principal officer of the first respondent, responding on behalf of both the first and third respondents, said on 30 September 2011, the complainant advised that he would be retiring on 1 November 2011 and his last day of work would be 31 October 2011.

He stated that he had been discussing this with his family for the last three months.

He said this was not true as the complainant intended to commence employment with a competitor in breach of his restraint of trade agreement.

He said the complainant had commenced employment with a competitor during his period of notice and whilst still in the third respondent’s employ. The complainant, he added, had provided the competitor with information relating to pricing, customer information and prospects.
The first and third respondents further submitted that the third respondent instituted legal action against the complainant, two other ex-employees and the competitor company.

The matter had been heard in the South Gauteng High Court and the Court had ruled in the third respondent’s favour in both the breach of restraint as well as the unlawful competition.

Costs had been awarded which still needed to be recovered against the complainant, two other employees and the competitor company. An application of intention to tax the bill of costs had been filed in Court.

Mr Beattie submitted that the first respondent was entitled to withhold the complainant’s retirement benefit in terms of section 37D of the Pension Funds Act as requested by the third respondent.

Ms Lukhaimane said that in terms of the Pension Funds Act, a registered fund may deduct any amount due by a member to his employer on the date of his retirement as compensation in respect of any damage caused to the employer by reason of any theft, dishonesty, fraud or misconduct by the member.

However, the member must have admitted liability to the employer in writing and judgement must have been obtained against the member in a court of law.

She said the restraint of trade agreement prohibited the complainant from competing or being concerned, associated, engaged or interested in any business similar to or competing with the business of the third respondent.

By accepting employment with another company whilst still serving his notice period, the third respondent had submitted that the complainant had breached the restraint of trade agreement and the terms and conditions of his employment and had, therefore, committed misconduct.

Ms Lukhaimane said a restraint of trade formed part of a contract of employment and was regulated by the law of contract.

“The concepts of misconduct and breach of restraint of trade agreement are too far apart in law. They have different remedies and are regulated by different laws.

“The remedy in the case of misconduct is contained under Labour Law and the remedy in restraint of trade is through the Law of Contract.

“Therefore, a breach of restraint of trade agreement does not amount to misconduct but amounts to a breach of contract.”

Ms Lukhaimane said the complainant’s conduct amounted to a breach of contract of employment and did not fall within the ambit of the Pension Funds Act as it did not amount to theft, dishonesty, fraud or misconduct.

Further, the third respondent did not allude to any damages or loss that it suffered. No damages were awarded by the Court as the third respondent did not make a case of loss as a result of the complainant’s breach of restraint of trade agreement.

As a result, Ms Lukhaimane said the first respondent could not withhold the complainant’s retirement benefit.

EMPLOYER WAS WRONG IN WITHHOLDING PENSION PAYOUT, SAYS PFA

A fund that withheld a member’s pension pay out upon the request of his employer on grounds that his mismanagement of stocks had caused losses of more than R2, 7-million was ordered by the Pension Funds Adjudicator to pay the withdrawal benefit.

The employee lodged a complaint with the Office of the Pension Funds Adjudicator, denying that his actions as a project manager for the second respondent were negligent and the direct cause of the losses as submitted by the respondents.

The complaint was employed by the Compass Group (Pty) Ltd (second respondent) from 1 October 2008 until 13 February 2013 when his services were terminated.

During his employment he was a member of the Compass Group Southern Africa Pension Fund (first respondent) which was administered by NMG Consultants and Actuaries (Pty) Ltd (third respondent).

The respondents submitted that the complainant’s duties as a project manager, among others, involved procuring, managing, securing and proper utilisation of the stock.
They said that in the execution of his duties, the complainant had, among others, failed or neglected to properly manage, record or accurately account for the stock.

The respondents submitted that as a result of the complainant’s mismanagement, the second respondent suffered loss of cash and/or stock. An investigation was conducted which revealed that the complainant was grossly negligent and concealed the loss of R2 726 794.25.

They said the complainant’s actions of dishonestly concealing the loss prevented the second respondent from taking action to improve profitability and prevent further losses. They further said this dishonest concealment constituted misconduct in terms of section 37D(1)(b)(ii)(bb) of the Pension Funds Act.

The respondents added that as a result, the second respondent instituted a civil claim against the complainant in the North Gauteng High Court and also laid a criminal charge, at the Secunda Police Station, to recover these losses.

“They said the complainant’s actions of dishonestly concealing the loss prevented the second respondent from taking action to improve profitability and prevent further losses. They further said this dishonest concealment constituted misconduct in terms of section 37D(1)(b)(ii)(bb) of the Pension Funds Act.

The respondents added that as a result, the second respondent instituted a civil claim against the complainant in the North Gauteng High Court and also laid a criminal charge, at the Secunda Police Station, to recover these losses.

In her determination, Ms Lukhaimane said Section 37D(1)(b) of the Act provided that a registered fund may deduct any amount due by a member to his employer “in respect of any damage caused to the employer by reason of any theft, dishonesty, fraud or misconduct by the member”.

In her analysis, the loss occurred because the employee had failed to meet certain managerial standards.

She said the respondents had submitted a detailed list of what the complainant was supposed to do in the course of his employment. They then submitted that he failed to carry out these duties which caused the loss.

“The respondents submit further that the complainant concealed this loss. They submit that as a result the first respondent is entitled to withhold the benefit pending the finalisation of the civil litigation.

“A simple interpretation of the subparagraph (ii) of section 37D(1)(b) does not lend itself to the respondents’ interpretation.

“On a simple reading, the malicious or unlawful act must result in the damage or loss to the employer. In terms of the respondent’s submissions, the loss resulted from an employer-employee contractual agreement, in which the complainant failed to meet the required managerial standards.

“According to the respondents only after the damage was done, did the complainant try to fraudulently conceal it.

“This Tribunal is not convinced that the legislature intended the provision of the Act to extend to contractual disputes, including those of which the failure is concealed as submitted by the respondents.

“In the event, it is this Tribunal’s finding that the damage suffered by the second respondent is not a damage as envisaged in section 37D(1)(b)(ii) of the Act and as a result, the first respondent can neither withhold nor deduct the complainant’s withdrawal benefit. Therefore, the complainant is entitled to payment of his withdrawal benefit,” said Ms Lukhaimane.

**EMPLOYER CANNOT RECOVER FUNERAL LOAN FROM DEATH BENEFIT, PFA RULES**

An employer failed in its attempt to be repaid from death benefits for the loans it granted to the families of three deceased members to pay for funeral expenses.

Ms Lukhaimane ruled that because a death benefit does not form part of the deceased estate, funeral expenses

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_SUMMARY OF IMPORTANT DETERMINATIONS_

They submitted that the second respondent had requested the first respondent to withhold the benefit pending the finalisation of the civil claim as well as the criminal case.

The complainant said some of the duties that the respondents had indicated as his duties in fact belonged to other personnel such as the store manager, the storeman and the bookkeeper.

He submitted that as most of these people reported to the general manager, the general manager would have been aware of any losses and it would also have been impossible to conceal the losses as claimed by the respondents.

He submitted that his record with the second respondent showed that he had been an honest employee and the second respondent had during his employment in several instances acknowledged that. He said he was not aware of any civil claim against him, and summons were never served on him.
which are obligations of the deceased estate cannot be paid from death benefits.

Ms Von Zeuner, a director of Two Ten Chemicals (Pty) Ltd, complained to the Office of the Pension Funds Adjudicator that the Chemical Industries National Provident Fund (first respondent) had not repaid the company for loans of R5 000 each granted to the families of Mr T Ngobeni, Ms N Bambeni and Mr J Ngobeni who passed away on 27 May 2012, 22 January 2012 and 22 August 2011 respectively.

The company had expected for the loans to be recovered from any death benefits that became payable by the first respondent.

Upon T Ngobeni’s death, a death benefit of R257 387.10 became payable to his dependants and beneficiaries. After identifying his dependants and beneficiaries, R47 884.23 was paid to P Ngobeni (his spouse) on 15 August 2013; R47 884.23 was paid to C Ngobeni (his daughter) on 2 July 2013; R47 884.23 was paid to B Ngobeni (his daughter) on 30 September 2013 and R12 601.11 was paid to the guardian of P Makhubela on her behalf.

A benefit of R50 590.68 was allocated to T Ngobeni and would be paid to her when she turns 18 on 5 December 2013. The benefit due in respect of P Ngobeni had not been paid as the first respondent awaited payment instructions in order for payment to be made.

In respect of N Bambeni, a death benefit of R81 058.65 became payable. The benefit was allocated and paid to her mother, stepmother, two siblings, two sons and two nephews. However, a benefit for one dependant, namely L Mtengwane in the amount of R5 412.60, had not yet been paid as the first respondent awaited payment instructions.

In respect of J Ngobeni, the claim was repudiated due to late notification. However, the employer advised that claim documentation was submitted on time.

In her determination, Ms Lukhaimane said in terms of Section 37C (1) of the Pension Funds Act, provides that a death benefit shall not form part of the deceased estate.

“Therefore, the employer is not permitted to deduct the outstanding balances of the funeral loans granted to the families of the deceased members from the death benefits.

“The funeral loans are debts of the deceased estates and should be recovered from the deceased estates,” said Ms Lukhaimane whilst dismissing the complaint.

PAYMENT TO THE CORRECT PERSON – DUTIES OF THE FUND AND MEMBER

PFA RESOLVES DISPUTE OVER IDENTITY FOR DEATH BENEFIT PAYMENT

A provident fund failed in its attempt to dispute the identity of the claimant of a death benefit.

Ms Lukhaimane ruled that the death benefit totalling R129 512.46 be paid to GJ Radebe, the complainant, who is the son of the late member of the Metal Industries Provident Fund.

The respondent, the Metal Industries Provident Fund, had declined to make payment to the complainant and had instead paid a woman by the name of GJ Radebe who had a different ID number.

When the deceased Mrs Radebe died in 1999, she had not nominated any beneficiaries. In 2002, Mrs BM Radebe, the aunt, notified the respondent of a child of the deceased, by the name of GJ Radebe. She asserted she was the child’s guardian.

The respondent duly paid the benefit to the aunt in monthly instalments for the child’s benefit. The benefit was to be made until it either got exhausted or if the child completed schooling or reached majority.

On 30 April 2010, the respondent sent a letter to the aunt advising her of its intention to pay the balance of the benefit to the child.

The respondent claimed it was subsequently contacted by a woman with the name GJ Radebe who identified herself as the daughter of the deceased and said she was, therefore, entitled to claim the benefit.
A fund may deduct any amount due by a member to his employer in respect of any damage caused by reason of any theft, dishonesty, fraud or misconduct by the member.

On 27 May 2010 the woman, GJ Radebe, was interviewed by two officials of the respondent and she also presented an original identity document with the ID numbers 810114 0747 088. She duly completed the application for the benefit to be paid to her.

The respondent also verified Ms GJ Radebe's banking details and paid the benefit of R129 512.46 to her.

The respondent said the complainant subsequently presented two original copies of his identity documents: a cancelled one with ID number 810114 0747 088 and an active one with ID number 810414 6005 085.

It submitted that the complainant did not provide any documentary proof of his family relations with the deceased. When the complainant was asked questions for purposes of verifying his identity, it submitted that he could not answer some of them adequately or some of his responses were unconvincing.

The respondent said it was not satisfied that the complainant was the deceased's son.

The respondent said it was satisfied that it paid the benefit to the correct person, the female GJ Radebe.

The complainant told the Office of the Pension Funds Adjudicator (OPFA) that he was entitled to a lump sum death benefit as indicated in the letter sent by the respondent on 24 August 2010 as he was the person identified therein.

He said the birth certificate in the respondent’s possession had the ID numbers 810114 0747 088 which was for a female person.

He submitted a copy of his ID document with the same numbers and indicated that this ID document had since been cancelled for the same reason that it had a number allocated for a female whereas he was actually male.

In support of this statement, the complainant had a letter from the Department of Home Affairs confirming the change of ID numbers for the complainant for the same reason that his first one had a number reserved for females. He submitted a copy his new ID document and birth certificate with male ID numbers and a copy of his aunt B Radebe’s death certificate.

The OPFA said a simple enquiry to the Department of Home Affairs confirmed that a male person with the name GJ Radebe was issued with an identity document with the following ID number 810114 0704 088.

It submitted that this was reserved for female persons. It further stated that this identity document had since been cancelled and the ID number was invalid.

On 5 May 2009, the same person was re-issued with a new ID document with the ID numbers 810114 6005 085.

Department of Home Affairs also confirmed the residential address of this person as 1537 Ntuli Street in Thokoza. In his complaint to the OPFA, the complainant attached a copy of the death certificate of his aunt who was receiving the benefit on his behalf prior to her death in 2007. This aunt also indicated her address as 1537 Ntuli Street in Thokoza. This was in contrast to the person who was paid the benefit, whose address was in Yeoville.

On the evidence submitted, the OPFA was convinced that the complainant was GJ Radebe who previously had ID number 810114 0704 088 which was subsequently changed by Home Affairs to 810114 6005 085.

In her ruling, Ms Lukhaimane said a criminal act was perpetrated by the person who claimed to be the deceased’s daughter and ordered the respondent to pay the complainant’s death benefit of R129 512.46.

Provident fund failed in its attempt to dispute the identity of the claimant of a death benefit.
CORPORATE GOVERNANCE REPORT 2014

Members of the Financial Services Board: Standing from left to right – Mr Hamilton Ratshfola, Prof Phillip Sutherland, Mr Abel Sithole (Chairperson), Ms Jabu Mogadime, Mr Olano Makhubela Seated from left to right – Ms Hilary Wilton (Deputy Chairperson), Ms Zarina Bassa, Ms Dudu Msomi, Ms Diana Turpin absent – Mr Ismail Momoni and Mr Francois Groepe
Commitment

The Board is responsible for monitoring standards of sound corporate governance and fully endorses the application of the recommendations of the King Report on Governance (King III). The Board is committed to governance processes that give assurance to stakeholders that the operations of the Office of the Pension Funds Adjudicator (OPFA) are conducted ethically within prudent risk parameters in pursuit of best practice.

To the best of the Board’s knowledge, information and belief, the OPFA complied with applicable legislation, policies and procedures, and codes of governance in the financial review period.

Composition of the Board and its role

The Board is the designated accounting authority and governs the OPFA in accordance with the provisions of the Pension Funds Act, No. 24 of 1956 (the Act), the Public Finance Management Act, 1999 (PFMA) and good corporate governance principles.

The Board comprises of 11 non-executive Board members from diverse backgrounds appointed by the Minister of Finance with due regard to experience, technical skills, and the interests of users and providers of financial services, including financial intermediaries and the public interest.

The Board remains primarily responsible for the leadership of the OPFA and for strategic direction and policy, operational performance, financial matters, risk management and compliance. The Board of the Financial Services Board (FSB) was, with effect from 1 April 2010, the accounting authority of the OPFA. The Board generally exercises leadership, integrity and judgement in directing the OPFA in a manner based on transparency, accountability and responsibility. The Board is also the focal point of the corporate governance system within the OPFA. Authority for the day-to-day management of the activities of the OPFA is delegated to the management team (the mandate, role and responsibilities of the Board are set out in the Board Charter).

Delegation of authority

The Board has the authority to lead, control and manage the business of the OPFA. The Board has developed a governance structure of Board committees and has delegated through a comprehensive delegation-of-authority framework some of its authority to the Adjudicator and to MANCO to manage the day-to-day business affairs of the OPFA. The delegation of authority assists decision-making and delivery of strategic objectives without exonerating the Board of its accountability and responsibilities for the OPFA.

Materiality and significant framework

The Board approved a framework of acceptable levels of materiality and significance in accordance with the Public Finance Management Act, 1999 as amended (PFMA).

Board meetings

Board meetings are held at least once a quarter and special Board meetings are convened whenever necessary. During the review period, four scheduled Board meetings were held and no extraordinary Board meetings were convened. Details of attendance by each Board member are set out in the table below.

<table>
<thead>
<tr>
<th>Name of Board member</th>
<th>26/07/2013</th>
<th>11/10/2013</th>
<th>06/12/2013</th>
<th>28/03/2014</th>
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<tr>
<td>A Sithole (Chairperson)</td>
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<td>H Wilton (Deputy Chairperson)</td>
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<tr>
<td>F Groepe</td>
<td>^</td>
<td>A</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>O Makhubela</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>J Mogadime</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>I Momoniat</td>
<td>A</td>
<td>^</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>D Msomi</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>A</td>
</tr>
<tr>
<td>H Ratshefola</td>
<td>^</td>
<td>A</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>PJ Sutherland</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>D Turpin</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>A</td>
</tr>
</tbody>
</table>

^ Attendance  A Apologies  # Resigned during the year
Board Secretary

All Board members have access to the advice and services of the Board Secretary, who is responsible for ensuring proper governance of the Board. The Board Secretary provides guidance to Board members on their responsibilities within the enabling legislative framework.

Committees of the Board

The Board exercises oversight over the OPFA’s operations through a governance structure comprising various subcommittees. The committees are responsible for ensuring that the OPFA complies with, inter alia, 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.

Audit Committee

The committee assists the Board with its responsibility of safeguarding assets, maintaining effective and efficient internal controls, reviewing the financial information and overseeing the preparation of the annual financial statements. The committee meets at least four times a year. Details of attendance of meetings by each committee member are set out in the table that follows.

<table>
<thead>
<tr>
<th>Name of member</th>
<th>13/05/2013</th>
<th>28/06/2013</th>
<th>19/07/2013</th>
<th>03/09/2013</th>
<th>04/03/2014</th>
<th>04/03/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>J Mogadime (Chairperson)</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>D Msomi</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>PJ Sutherland</td>
<td>^</td>
<td>^</td>
<td>A</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>H Wilton</td>
<td>A</td>
<td>A</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
</tbody>
</table>

^ Attendance A Apologies

Risk Management Committee

The committee’s function is to evaluate and advises the Board on the adequacy of risk-management processes and strategies. The committee ensures that identified risks are monitored and appropriate measures are put in place and implemented to manage such risks. The committee meets at least four times a year. Details of attendance of meetings by each committee member are set out in the table that follows.

<table>
<thead>
<tr>
<th>Name of member</th>
<th>03/06/2013</th>
<th>02/09/2013</th>
<th>18/11/2013</th>
<th>03/03/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>H Wilton (Chairperson)</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>Z Bassa</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>J Mogadime</td>
<td>^</td>
<td>^</td>
<td>A</td>
<td>^</td>
</tr>
<tr>
<td>H Ratshefola</td>
<td>A</td>
<td>^</td>
<td>A</td>
<td>^</td>
</tr>
<tr>
<td>D Turpin</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
</tbody>
</table>

^ Attendance A Apologies

Human Resources Committee

This committee’s function is to ensure that the OPFA’s human resources strategy and policies are implemented. It meets four times a year. The members of the committee and a record of attendance of meetings during the year are reflected in the table below.
CORPORATE GOVERNANCE REPORT

Remuneration Committee

The committee ensures that the OPFA’s remuneration strategy and policies are implemented. It reviews compensation matters, benchmarks salaries of staff and makes recommendations to the Board, and meets four times a year. The members of the committee and a record of attendance of meetings during the year are reflected in the table below.

<table>
<thead>
<tr>
<th>Name of member</th>
<th>03/06/2013</th>
<th>02/09/2013</th>
<th>18/11/2013</th>
<th>03/03/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z Bassa (Chairperson)</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>H Wilton</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
<tr>
<td>A Sithole</td>
<td>^</td>
<td>^</td>
<td>^</td>
<td>^</td>
</tr>
</tbody>
</table>

^ Attendance  A Apologies

Strategic plan and budget

Management of the OPFA prepares the strategic plan and budget of the OPFA for Board consideration and approval. The strategic plan and budget are duly submitted to National Treasury for consideration and approval. Quarterly reports are submitted to National Treasury as per the requirements of the PFMA and Treasury Regulations.
Effective risk management is imperative to the Office of the Pension Funds Adjudicator to fulfil its legislative mandate. Risk management efforts are focused on ensuring the achievement of the Office of the Pension Funds Adjudicator’s strategic objectives.

**Governance of Risk**

The Board of the Financial Services Board (Board) has committed the Office of the Pension Funds Adjudicator to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999.

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

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

The committee meets at least four times a year. The Pension Funds Adjudicator, Chief Financial Officer and Risk Officer are permanent invitees of the Committee. Members of the Office of the Pension Funds Adjudicator Management Committee, assurance providers and other Board members may be required to attend committee meetings by invitation.

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

The committee has complied with its responsibilities as stipulated in Section 51 of the Public Finance Management Act, Act No. 1 of 1999 as amended. Furthermore, the Risk Management Committee has regulated its affairs and discharged its responsibilities in accordance with its formal terms of reference and provided objective oversight and advice.

**Role and Responsibilities**

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

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

Ms H Wilton
Chairperson: Risk Management Committee
30 July 2014
OFFICE OF THE PENSION FUNDS ADJUDICATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

INDEX PAGE

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

Accounting Authority’s Responsibilities and Approval

Audit Committee Report

Report of the Auditor General

Statement of Financial Position

Statement of Financial Performance

Statement of Changes in Net Assets

Cash Flow Statement

Statement of Comparison of Budget and Actual Amounts

Accounting Policies

Notes to the Annual Financial Statements
OFFICE OF THE PENSION FUNDS ADJUDICATOR

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

ACCOUNTING AUTHORITY’S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (as amended by Act 29 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the OPFA as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Recognised Accounting Practice (GRAP). 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 South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the OPFA and place high importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the OPFA 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 OPFA and all employees are required to maintain the highest ethical standards in 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.

The Accounting Authority believes that the OPFA will be a going concern in the year ahead and has, for this reason, adopted the going concern basis in preparing the financial statements.

The Auditor-General is responsible for independently reviewing and reporting on the OPFA’s annual financial statements. The annual financial statements have been audited by the Auditor-General and their report is presented on page 47.

The annual financial statements set out on pages 49 to 68, which have been prepared on the going concern basis, were approved by the accounting authority on 30 July 2014 and were signed on its behalf by:

Mr AM Sithole
Chairperson

Ms MA Lukhaimane
Pension Funds Adjudicator
We are pleased to present our report for the financial year ended 31 March 2014. The committee is a sub-committee of the Board of the Financial Services Board formed in terms if section 77 (c) of the Public Finance Management Act, Act No.1 of 1999 and consists of only non-executive Board members. The committee held 7 meetings during the reporting period. (Refer to Corporate governance report for listing of its members and meeting attendance.)

The committee meets at least four times per annum as per its approved terms of reference. As the committee is an advisory committee, it does not perform any management functions or assume any management responsibilities. Its role is that of an independent and objective adviser, the committee assists the Board in its responsibility of safeguarding assets and operating control systems and also evaluates and advises the Board on the adequacy of risk management processes and strategies. The committee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA Management, internal auditors and Auditor-General attend these meetings by invitation.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

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

The effectiveness of internal control

The system of internal controls applied by the OPFA over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of 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 Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the OPFA during the year under review.

Evaluation of annual financial statements

The audit committee has:
• reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
• 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 adjustments resulting from the audit.

The audit committee concurs with and accepts the Auditor-General of South Africa’s report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the OPFA and its audits. The internal audit function is outsourced to an independent firm on contract renewable annually for three years.

Ms J Mogadime
Chairperson of the Audit Committee
30 July 2014
Introduction

1. I have audited the financial statements of the Office of the Pension Funds Adjudicator set out on pages 49 to 68, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority’s responsibility for the financial statements

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general’s responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Pension Funds Adjudicator as at 31 March 2014, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice, and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.
Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2014:

- Objective 1: To resolve complaints received on page 70
- Objective 2: Achieve operational excellence on pages 70 to 71

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury’s Framework for managing programme performance information (FMPPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matter

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

14. Refer to the annual performance report on pages 70 to 71 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

15. We identified material misstatements in the annual performance report submitted for auditing on the reported performance information of Achieve operational excellence. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

16. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. I did not identify any significant deficiencies in internal control.

Pretoria
31 July 2014
Statement of Financial Position as at 31 March 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from exchange transactions</td>
<td>6</td>
<td>145 306</td>
</tr>
<tr>
<td>Receivables from non-exchange transactions</td>
<td>5</td>
<td>2 796 203</td>
</tr>
<tr>
<td>Prepayments</td>
<td>231 306</td>
<td>348 351</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>1 881 993</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>5 054 808</td>
<td>4 353 285</td>
</tr>
</tbody>
</table>

| Non-Current Assets |          |          |
| Property, plant and equipment | 3 | 8 866 974 | 8 861 233 |
| Intangible assets     | 4 | 561 561  | 1 155 596  |
| **Total Assets**      | 9 428 535 | 10 016 829 |
| **Liabilities**       |          |          |
| Current Liabilities  |          |          |
| Trade and other payables from exchange transactions | 8 | 3 394 585 | 1 784 207 |
| Provisions           | 9 | - | 1 500 000 |
| **Total Liabilities**| 3 394 585 | 3 284 207 |
| **Net Assets**        |          |          |
| Accumulated funds    | 11 088 758 | 11 085 907 |

Office of the Pension Funds Adjudicator Annual Report

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
# Office of the Pension Funds Adjudicator

## Annual Financial Statements for the Year Ended 31 March 2014

### Statement of Financial Performance for the year ended 31 March 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange transactions</td>
<td>10 253</td>
<td>215 750</td>
</tr>
<tr>
<td>Non-Exchange transactions</td>
<td>42 198 025</td>
<td>40 967 862</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42 208 278</td>
<td>41 183 612</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors remuneration - External</td>
<td>(1 356 214)</td>
<td>(890 854)</td>
</tr>
<tr>
<td>Auditors remuneration - Internal</td>
<td>(449 095)</td>
<td>(146 275)</td>
</tr>
<tr>
<td>Irrecoverable debt</td>
<td>(28 500)</td>
<td></td>
</tr>
<tr>
<td>Consulting and professional fees</td>
<td>(1 511 050)</td>
<td>(2 432 154)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(2 827 782)</td>
<td>(1 466 841)</td>
</tr>
<tr>
<td>Employee costs</td>
<td>(24 873 472)</td>
<td>(24 349 935)</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(1 587)</td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>(1 632 588)</td>
<td>(1 206 919)</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>(131 193)</td>
<td>(198 419)</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>(5 454 387)</td>
<td>(5 403 354)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(4 039 560)</td>
<td>(4 254 927)</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>100 001</td>
<td>(2 048 758)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>(42 205 427)</td>
<td>(42 398 436)</td>
</tr>
<tr>
<td><strong>Surplus (deficit) for the year</strong></td>
<td>2 851</td>
<td>1 214 824</td>
</tr>
</tbody>
</table>

### Statement of Changes in Net Assets for the year ended 31 March 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Accumulated funds</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 01 April 2012</strong></td>
<td>12 300 731</td>
<td>12 300 731</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(1 214 824)</td>
<td>(1 214 824)</td>
</tr>
<tr>
<td><strong>Total changes</strong></td>
<td>(1 214 824)</td>
<td>(1 214 824)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2013</strong></td>
<td>11 085 907</td>
<td>11 085 907</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>2 851</td>
<td>2 851</td>
</tr>
<tr>
<td><strong>Total changes</strong></td>
<td>2 851</td>
<td>2 851</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2014</strong></td>
<td>11 088 758</td>
<td>11 088 758</td>
</tr>
</tbody>
</table>
Cash Flow Statement for the year ended 31 March 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Note(s)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>10 253</td>
<td>215 750</td>
<td></td>
</tr>
<tr>
<td>Cash received from Financial Services Board</td>
<td>41 806 633</td>
<td>44 534 662</td>
<td></td>
</tr>
<tr>
<td></td>
<td>41 816 886</td>
<td>44 750 412</td>
<td></td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(39 107 576)</td>
<td>(39 650 034)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>14</td>
<td>2 709 310</td>
<td>5 100 378</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>3</td>
<td>(2 361 311)</td>
<td>(7 666 413)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>4</td>
<td>(9 368)</td>
<td>(1 072 078)</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td></td>
<td>(2 370 679)</td>
<td>(8 738 491)</td>
</tr>
<tr>
<td><strong>Net increase / decrease in cash and cash equivalents</strong></td>
<td></td>
<td>338 631</td>
<td>(3 638 113)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>1 543 362</td>
<td>5 181 475</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>7</td>
<td>1 881 993</td>
<td>1 543 362</td>
</tr>
</tbody>
</table>
Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2014

**Budget on Cash Basis**

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Approved and final budget</th>
<th>Actual amounts on comparable basis</th>
<th>Difference between final budget and actual</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Financial Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from exchange transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>143 964</td>
<td>10 253</td>
<td>(133 711)</td>
<td>22</td>
</tr>
<tr>
<td><strong>Revenue from non-exchange transactions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer revenue</td>
<td>42 198 000</td>
<td>42 198 025</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>42 341 964</td>
<td>42 208 278</td>
<td>(133 686)</td>
<td></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee costs</td>
<td>(28 691 966)</td>
<td>(24 873 472)</td>
<td>3 818 494</td>
<td>22</td>
</tr>
<tr>
<td>Auditors remuneration - External</td>
<td>(1 200 885)</td>
<td>(1 356 214)</td>
<td>(155 329)</td>
<td>22</td>
</tr>
<tr>
<td>Auditors Remuneration - Internal</td>
<td>(400 000)</td>
<td>(449 095)</td>
<td>(49 095)</td>
<td>22</td>
</tr>
<tr>
<td>Consulting and professional fees</td>
<td>(1 800 000)</td>
<td>(1 511 050)</td>
<td>288 950</td>
<td>22</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(3 000 000)</td>
<td>(2 827 782)</td>
<td>172 218</td>
<td>22</td>
</tr>
<tr>
<td>Intangible asset acquisitions</td>
<td>(50 000)</td>
<td>(9 368)</td>
<td>40 632</td>
<td>22</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>(900 000)</td>
<td>(1 632 588)</td>
<td>(732 588)</td>
<td>22</td>
</tr>
<tr>
<td>Debt impairment</td>
<td>-</td>
<td>(28 500)</td>
<td>(28 500)</td>
<td>24</td>
</tr>
<tr>
<td>Operating Lease rentals</td>
<td>(4 663 210)</td>
<td>(4 757 740)</td>
<td>(94 530)</td>
<td>22</td>
</tr>
<tr>
<td>Property, Plant and Equipment acquisitions</td>
<td>(7 450 000)</td>
<td>(2 361 311)</td>
<td>5 088 689</td>
<td>22</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(5 882 839)</td>
<td>(4 272 452)</td>
<td>1 610 387</td>
<td>22</td>
</tr>
<tr>
<td>Relocation Costs</td>
<td>(1 575 000)</td>
<td>(1 437 499)</td>
<td>137 501</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>(55 613 900)</td>
<td>(45 517 071)</td>
<td>10 096 829</td>
<td></td>
</tr>
<tr>
<td><strong>Deficit</strong></td>
<td>(13 271 936)</td>
<td>(3 308 793)</td>
<td>9 963 143</td>
<td></td>
</tr>
<tr>
<td><strong>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</strong></td>
<td>(13 271 936)</td>
<td>(3 308 793)</td>
<td>9 963 143</td>
<td></td>
</tr>
</tbody>
</table>

**Reconciliation**

| Basis difference | | | | |
| Acquisition of Property, plant and equipment and Intangible assets | 2 370 679 | | | |
| Straight lining of lease rentals | (696 647) | | | |
| Loss on disposal of assets | (131 193) | | | |
| Relocation provision | 1 537 499 | | | |
| Prepayments | 231 306 | | | |
| **Actual Amount in the Statement of Financial Performance** | 2 851 | | | |
ACCOUNTING POLICIES

1. Basis of Preparation and Presentation

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55 and 89 of the Public Finance Management Act, Act No. 1 of 1999 (as amended by Act 29 of 1999).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, as detailed above, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

These annual financial statements have been prepared on the assumption that the OPFA will continue to operate as a going concern for at least the next 12 months and, on an accrual basis of accounting and in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

Use of Judgements and Estimates

In applying accounting policies, management is required to make various judgements, apart from those involving estimations, which may affect the amounts of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events that could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from estimates that may be material to the financial statements. Details of any significant judgements and estimates are explained in the relevant policy, where the impact on the financial statements may be material.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

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

Loans and receivables

The OPFA assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the statement of financial performance, the OPFA 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 loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing for non-financial assets

The OPFA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, OPFA determines the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

Depreciation - Useful lives and residual values

The OPFA reassesses the useful lives and residual values of property, plant and equipment and intangible assets on an annual basis. In reassessing the useful lives and residual values of property, plant and equipment and intangible assets, management considers the condition and the use of the individual assets to determine the remaining period over which the asset can and will be used.

1.2 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Depreciation is recognised in surplus or deficit on the straight line basis over their expected useful lives to their estimated residual values.

Depreciation commences when the asset is ready for its intended use. The annual depreciation rates are based on the following estimated average asset lives:

<table>
<thead>
<tr>
<th>Item</th>
<th>Average useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery</td>
<td>10 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 to 7 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Lease period</td>
</tr>
<tr>
<td>Library books</td>
<td>4 to 8 years</td>
</tr>
<tr>
<td>Paintings and sculptures</td>
<td>5 to 10 years</td>
</tr>
<tr>
<td>Signage</td>
<td>Lease period</td>
</tr>
</tbody>
</table>

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.
1.2 Property, plant and equipment (Continued)

Items of entity 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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such difference is recognised in the surplus or deficit when the item is derecognised.

1.3 Intangible assets

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

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:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>3 to 5 years</td>
</tr>
</tbody>
</table>

Computer software licenses and costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred.

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 is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:
- Financial assets measured at amortised cost which comprise of receivables from exchange and non-exchange transactions and cash and cash equivalents.
- Financial liabilities measured at amortised cost which comprise of trade and other payables from exchange transactions.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the OPFA becomes a party to the contractual provisions of the instruments.

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

Transaction costs are included in the initial measurement of the financial instrument.

Purchases of financial assets are accounted for at trade date.

Subsequent measurement

Receivables from exchange and non-exchange transactions

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

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

Cash and cash equivalents

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

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

Trade and other payables from exchange transactions

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

Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.
Impairment of financial assets

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

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

Impairment losses are recognised in surplus or deficit.

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

1.5 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.

Operating leases

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

1.6 Prepayments

Prepayments are measured at cost.

1.7 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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.

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.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

OPFA contributes to a retirement annuity fund on behalf of its employees. The retirement fund is a defined contribution plan. The extent of the OPFA’s relationship with the retirement annuity fund is purely administrative and contributions paid are expensed.

1.9 Provisions and contingencies

Provisions are recognised when:
• the OPFA has a present obligation as a result of a past event;
• it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
• a reliable estimate can be made of the obligation.

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.
1.9 Provisions and contingencies (Continued)

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 losses.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

1.10 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.

Measurement

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

Interest

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

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

Interest is recognised using the effective interest rate method.

1.11 Revenue from non-exchange transactions (continued)

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the OPFA, which represents an increase in net assets.

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

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.

Transfers are inflows of future economic benefits or service potential from non exchange transactions, other than taxes.

Recognition

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

As the OPFA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

When, as a result of a non-exchange transaction, the OPFA 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.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.
Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and 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.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand’s which is the OPFA’s functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:
- foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA (Act) 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 OPFA’s supply chain management policy.

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

1.15 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The annual financial statements are prepared on the accrual basis while the budget is prepared on a cash basis of accounting therefore a comparison and reconciliation with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts and a reconciliation between financial performance and the budgeted cash flows have been detailed in note 22.

The approved budget covers the fiscal period from 01/04/2013 to 31/03/2014.

The budget for the Office of the Pension Funds Adjudicator includes only the approved budget of the Office of the Pension Funds Adjudicator.

1.16 Related parties

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

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

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

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. All other improvements to Standards of GRAP effective from the 01 April 2013 that are applicable to the OPFA, have been adopted but are not significant to the financial statements.

<table>
<thead>
<tr>
<th>Standard/ Interpretation:</th>
<th>Effective date: Years beginning on or after</th>
<th>Expected impact:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• GRAP 25: Employee benefits</td>
<td>01 April 2013</td>
<td>The effect of the Standard on the financial statements is reflected in note 11. No changes were required for the comparative years as the OPFA's previous accounting policies on Employee Benefits were aligned to the requirements of the standard.</td>
</tr>
</tbody>
</table>

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity’s accounting periods beginning on or after 01 April 2014 or later periods:

<table>
<thead>
<tr>
<th>Standard/ Interpretation:</th>
<th>Effective date: Years beginning on or after</th>
<th>Expected impact:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• GRAP 32: Service Concession Arrangements (Grantor)</td>
<td>No effective date</td>
<td>It is expected that the requirements of the standard would not be applicable to the Office of the Pension Funds Adjudicator and the effect on the financial statements is not yet determinable.</td>
</tr>
<tr>
<td>• GRAP 108: Statutory Receivables</td>
<td>No effective date</td>
<td>It is expected that the requirements of the standard would not be applicable to the Office of the Pension Funds Adjudicator and the effect on the financial statements is not yet determinable.</td>
</tr>
<tr>
<td>• IGRAP17: Service Concession Arrangements where the Grantor Controls Significant Residual Interest in an Asset</td>
<td>No effective date</td>
<td>It is expected that the requirements of the standard would not be applicable to the Office of the Pension Funds Adjudicator and the effect on the financial statements is not yet determinable.</td>
</tr>
</tbody>
</table>
2. New standards and interpretations (continued)

<table>
<thead>
<tr>
<th>Standard/ Interpretation</th>
<th>Effective date: Years beginning on or after</th>
<th>Expected impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• GRAP 18: Segment Reporting</td>
<td>No effective date</td>
<td>Directive 5 does not allow the application of the standard at present although it may be applicable to the Office of the Pension Funds Adjudicator.</td>
</tr>
<tr>
<td>• GRAP 20: Related parties</td>
<td>No effective date</td>
<td>Application of the disclosure requirements are allowed through Directive 5 before its effective date is announced. Disclosure has been aligned to the requirements in note 18.</td>
</tr>
</tbody>
</table>

3. Property, plant and equipment

### Amounts in Rand

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated depreciation and accumulated impairment</td>
</tr>
<tr>
<td>Machinery</td>
<td>276 849</td>
<td>(29 992)</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1 446 387</td>
<td>(339 855)</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>195 849</td>
<td>(63 717)</td>
</tr>
<tr>
<td>Office equipment</td>
<td>633 799</td>
<td>(378 227)</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>3 802 283</td>
<td>(1 182 006)</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5 462 748</td>
<td>(1 178 864)</td>
</tr>
<tr>
<td>Library books</td>
<td>285 517</td>
<td>(98 714)</td>
</tr>
<tr>
<td>Paintings and sculptures</td>
<td>2 581</td>
<td>(1 633)</td>
</tr>
<tr>
<td>Signage</td>
<td>39 877</td>
<td>(5 908)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12 145 890</td>
<td>(3 278 916)</td>
</tr>
</tbody>
</table>
### 3. Property, plant and equipment (Continued)

#### Reconciliation of property, plant and equipment - 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals / Scrapping</th>
<th>Transfers</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery</td>
<td>274 542</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27 685)</td>
<td>246 857</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1 346 257</td>
<td>24 986</td>
<td></td>
<td>-</td>
<td>(264 711)</td>
<td>1 106 532</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>155 302</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23 170)</td>
<td>132 132</td>
</tr>
<tr>
<td>Office equipment</td>
<td>391 068</td>
<td>16 277</td>
<td>(23 798)</td>
<td>-</td>
<td>(127 975)</td>
<td>255 572</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>1 042 194</td>
<td>2 238 521</td>
<td>(6 049)</td>
<td>-</td>
<td>(654 389)</td>
<td>2 620 277</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5 345 371</td>
<td>26 778</td>
<td></td>
<td>-</td>
<td>(1 088 265)</td>
<td>4 283 884</td>
</tr>
<tr>
<td>Library books</td>
<td>302 821</td>
<td>14 872</td>
<td>(93 499)</td>
<td>(184)</td>
<td>(37 207)</td>
<td>186 803</td>
</tr>
<tr>
<td>Paintings and sculptures</td>
<td>3 678</td>
<td>-</td>
<td>(1 872)</td>
<td>184</td>
<td>(1 042)</td>
<td>948</td>
</tr>
<tr>
<td>Signage</td>
<td>-</td>
<td>39 877</td>
<td></td>
<td>-</td>
<td>(5 908)</td>
<td>33 969</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8 861 233</strong></td>
<td><strong>2 361 311</strong></td>
<td><strong>(125 218)</strong></td>
<td>-</td>
<td><strong>(2 230 352)</strong></td>
<td><strong>8 866 974</strong></td>
</tr>
</tbody>
</table>

#### Reconciliation of property, plant and equipment - 2013

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals / Scrapping</th>
<th>Transfers</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery</td>
<td>-</td>
<td>276 849</td>
<td>-</td>
<td>-</td>
<td>(2 307)</td>
<td>274 542</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>337 108</td>
<td>1 176 515</td>
<td>(93 515)</td>
<td>-</td>
<td>(73 851)</td>
<td>1 346 257</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>178 472</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(23 170)</td>
<td>155 302</td>
</tr>
<tr>
<td>Office equipment</td>
<td>441 982</td>
<td>150 158</td>
<td>(68 959)</td>
<td>(11 527)</td>
<td>(120 586)</td>
<td>391 068</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>930 685</td>
<td>601 841</td>
<td>(35 913)</td>
<td>(45 419)</td>
<td>1 042 194</td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>188 456</td>
<td>5 435 971</td>
<td></td>
<td>(279 056)</td>
<td>5 345 371</td>
<td></td>
</tr>
<tr>
<td>Library books</td>
<td>327 823</td>
<td>25 079</td>
<td></td>
<td>(50 081)</td>
<td>302 821</td>
<td></td>
</tr>
<tr>
<td>Paintings and sculptures</td>
<td>4 753</td>
<td>-</td>
<td>(31)</td>
<td>-</td>
<td>(1 044)</td>
<td>3 678</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 409 279</strong></td>
<td><strong>7 666 413</strong></td>
<td><strong>(198 418)</strong></td>
<td><strong>(1 004 514)</strong></td>
<td><strong>8 861 233</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 4. Intangible assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>1 704 022</td>
<td>1 762 101</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and accumulated impairment</strong></td>
<td>(1 142 461)</td>
<td>(606 505)</td>
</tr>
<tr>
<td><strong>Carrying value</strong></td>
<td>561 561</td>
<td>1 155 596</td>
</tr>
</tbody>
</table>

---

---
Reconciliation of intangible assets - 2014

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Disposals / Scrapping</th>
<th>Amortisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>1 155 596</td>
<td>9 368</td>
<td>(5 975)</td>
<td>(597 428)</td>
<td>561 561</td>
</tr>
</tbody>
</table>

Reconciliation of intangible assets - 2013

<table>
<thead>
<tr>
<th></th>
<th>Opening balance</th>
<th>Additions</th>
<th>Transfer</th>
<th>Amortisation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>534 320</td>
<td>1 072 078</td>
<td>11 527</td>
<td>(462 329)</td>
<td>1 155 596</td>
</tr>
</tbody>
</table>

5. Receivables from non-exchange transactions

Accounts receivable - Financial Services Board

2 796 203

All accounts receivable are due within twelve months from the reporting date. Receivables do not contain any items that need to be impaired at year end. 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.

6. Receivables from exchange transactions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study assistance</td>
<td>145 306</td>
<td>80 809</td>
</tr>
</tbody>
</table>

All accounts receivable are due within twelve months from the reporting date.

Receivables do not contain any items that need to be impaired at year end. 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.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>3 506</td>
<td>2 464</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>1 878 487</td>
<td>1 540 898</td>
</tr>
</tbody>
</table>

The cash and cash equivalents held by the OPFA may only be used in accordance with its mandate.

8. Trade and other payables from exchange transactions

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>192 305</td>
<td>-</td>
</tr>
<tr>
<td>Leave accrual</td>
<td>1 238 333</td>
<td>1 075 558</td>
</tr>
<tr>
<td>Operating lease accrual</td>
<td>757 023</td>
<td>60 376</td>
</tr>
<tr>
<td>Other payables</td>
<td>1 206 924</td>
<td>648 273</td>
</tr>
</tbody>
</table>

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The OPFA considers that the carrying amount of trade and other payables approximates the fair value. Included in trade and other payables is an accrual for leave pay. Employees entitlement to annual leave is recognised when it accrues to the employee. An accrual is recognised for the estimated liability for annual leave due as a result of services rendered by employees up to reporting date.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)


Reconciliation of provisions - 2014

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Opening Balance</th>
<th>Utilised during the year</th>
<th>Reversed during the year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff relocation provision</td>
<td>1 500 000</td>
<td>(1 399 999)</td>
<td>(100 001)</td>
<td>-</td>
</tr>
</tbody>
</table>

Reconciliation of provisions - 2013

<table>
<thead>
<tr>
<th></th>
<th>Opening Balance</th>
<th>Additions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff relocation provision</td>
<td>-</td>
<td>1 500 000</td>
<td>1 500 000</td>
</tr>
</tbody>
</table>

Staff relocation provision

The staff relocation provision relates to an undertaking to compensate employees for additional costs incurred resulting from the office premises being relocated to Pretoria in March 2013.

An uncertainty existed in the fact that future outflows were dependent on subsequent resignations or termination of staff with which compensation contracts were entered into. Management had based the provision on the expected number of staff who enter into the compensation contracts and that no staff would resign or be terminated over the vesting period.

10. Revenue

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange transactions</td>
<td>10 253</td>
<td>215 750</td>
</tr>
<tr>
<td>Non-exchange transactions</td>
<td>42 198 025</td>
<td>40 967 862</td>
</tr>
<tr>
<td>Total</td>
<td>42 208 278</td>
<td>41 183 612</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>10 253</td>
<td>215 750</td>
</tr>
</tbody>
</table>

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

Transfer Revenue

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from the Financial Service Board</td>
<td>42 198 025</td>
<td>40 967 387</td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>475</td>
</tr>
<tr>
<td>Total</td>
<td>42 198 025</td>
<td>40 967 862</td>
</tr>
</tbody>
</table>
11. Employee benefit obligations

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. The OPFA make use of the Allan Gray Retirement Annuity Fund which are subject to the Pensions Fund Act.

The entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 858 347</td>
<td>2 669 129</td>
</tr>
</tbody>
</table>

12. Key management remuneration

Executive management

### 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary</th>
<th>Incentive bonus</th>
<th>Leave commutation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>M Lukhaimane, PFA</td>
<td>1 741 000</td>
<td>478 580</td>
<td>198 071</td>
<td>2 417 651</td>
</tr>
<tr>
<td>C Raphadana, SAA</td>
<td>1 055 681</td>
<td>67 983</td>
<td>-</td>
<td>1 123 664</td>
</tr>
<tr>
<td>T Dooka, SAA (Transferred 31 December 2013)</td>
<td>717 621</td>
<td>47 588</td>
<td>-</td>
<td>765 209</td>
</tr>
<tr>
<td>C Seabela, SAA (Appointed 01 April 2013)</td>
<td>969 696</td>
<td>47 588</td>
<td>-</td>
<td>1 017 284</td>
</tr>
<tr>
<td>P Ngxiki, HR (Appointed 01 April 2013, resigned 30 September 2013)</td>
<td>335 000</td>
<td>-</td>
<td>23 129</td>
<td>358 129</td>
</tr>
<tr>
<td>R Segers, CFO (Appointed 15 April 2013)</td>
<td>704 248</td>
<td>30 000</td>
<td>-</td>
<td>734 248</td>
</tr>
<tr>
<td>S Mothupi, SAA (Appointed 01 January 2014)</td>
<td>262 513</td>
<td>-</td>
<td>-</td>
<td>262 513</td>
</tr>
<tr>
<td>T Ramara, HR (Appointed 01 January 2014)</td>
<td>137 500</td>
<td>-</td>
<td>-</td>
<td>137 500</td>
</tr>
</tbody>
</table>

Total | 5 923 259 | 671 739 | 221 200 | 6 816 198 |

### 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary</th>
<th>Incentive bonus</th>
<th>Leave commutation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>M Lukhaimane, Deputy PFA (Appointed 01 June 2012)</td>
<td>1 303 333</td>
<td>130 000</td>
<td>-</td>
<td>1 433 333</td>
</tr>
<tr>
<td>Dr EM de la Rey, Acting PFA (Contract Expired 30 April 2012)</td>
<td>275 833</td>
<td>-</td>
<td>90 213</td>
<td>366 046</td>
</tr>
<tr>
<td>R Maharaj, SAA (Resigned 30 June 2012)</td>
<td>267 654</td>
<td>-</td>
<td>173 621</td>
<td>441 275</td>
</tr>
<tr>
<td>Z Camroodien, SAA (Transferred 1 March 2013)</td>
<td>996 172</td>
<td>44 550</td>
<td>-</td>
<td>1 040 722</td>
</tr>
<tr>
<td>M Moga, CFO (Resigned 28 February 2013)</td>
<td>704 221</td>
<td>54 000</td>
<td>37 680</td>
<td>795 901</td>
</tr>
<tr>
<td>M Ramabulana, SAA (Transferred 1 March 2013)</td>
<td>924 354</td>
<td>59 400</td>
<td>52 396</td>
<td>1 036 150</td>
</tr>
<tr>
<td>C Raphadana, SAA (Appointed 1 September 2012)</td>
<td>586 366</td>
<td>-</td>
<td>-</td>
<td>586 366</td>
</tr>
<tr>
<td>T Dooka, SAA (Appointed 1 March 2013)</td>
<td>79 735</td>
<td>-</td>
<td>-</td>
<td>79 735</td>
</tr>
<tr>
<td>P Mhlanbi, HR (Resigned 31 December 2012)</td>
<td>497 870</td>
<td>40 500</td>
<td>30 172</td>
<td>568 542</td>
</tr>
</tbody>
</table>

Total | 5 635 538 | 328 450 | 384 082 | 6 348 070 |

Employees of the OPFA are paid on a total cost to company basis, where applicable, salaries include retirement fund contributions, medical aid contributions and travel allowances.

PFA - Pension Funds Adjudicator
SAA - Senior Assistant Adjudicator
CFO - Chief Financial Officer
HR - Human Resources
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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

14. Cash generated from operations
Surplus (deficit) for the year 2 851 (1 214 824)

Adjustments for:
- Depreciation and amortisation 2 827 782 1 466 841
- Loss on sale of assets and liabilities 131 193 198 419
- Debt impairment 28 500 -
- Movements in provisions (1 500 000) 1 500 000

Changes in working capital:
- Receivables from exchange transactions (61 146) (42 618)
- Receivables from non-exchange transactions (447 292) 3 914 989
- Prepayments 117 045 (348 351)
- Trade and other payables from exchange transactions 1 610 377 (374 078)

2 709 310 5 100 378

15. Financial risk management
In the course of the OPFA’s operations it is exposed to credit, liquidity and market risk. The OPFA has developed a comprehensive risk strategy in order to monitor and control these risks. Internal Audit reports quarterly to the Audit and Risk Management Committee, an independent committee that monitors risks and policies implemented to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

Credit risk
Credit risk consists mainly of cash and cash equivalents as well as accounts receivable. The OPFA only deposits cash with well established financial institutions approved by National Treasury.

Trade and other receivables consist of monies owed by the Financial Services Board. Credit risk is limited as the OPFA is a regulatory body and levies are charged in terms of legislation.

The OPFA investment policy limits investments to A1 rated banks and the Corporation for public Deposits (CPD). The table below shows the total cash invested with A1 rated banks and CPD. No investment limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counter parties.

Financial institutions
- Standard Bank Limited 1 687 947 1 359 918
- Corporation for Public Deposits 190 540 180 980

Interest rate risk
As the OPFA has no interest bearing borrowings or significant interest-bearing assets, the OPFA’s income and operating cash flows are substantially independent of changes in market interest rates. Should the balances held in cash and cash equivalents remain constant, the entities income would fluctuate R9 392 (2013: R7 704) per annum for every 50 basis point fluctuation in the prime interest rate.

Foreign exchange risk
The OPFA does not hedge foreign exchange fluctuations. The OPFA reviews its foreign currency exposure, including commitments on an ongoing basis.
Liquidity risk
Prudent liquidity risk management implies maintaining sufficient liquid resources and the ability to settle debts as they become due. In the case of the OPFA, liquid resources consist mainly cash and cash equivalents. The OPFA maintains adequate resources by monitoring rolling cash flow forecasts of the cash and cash equivalents on the basis of expected cash flow.

The table below analyses the OPFA's financial liabilities at year end.

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2014</th>
<th>Less than 1 year</th>
<th>Between 1 and 2 years</th>
<th>Between 2 and 5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>2 156 252</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2013</th>
<th>Less than 1 year</th>
<th>Between 1 and 2 years</th>
<th>Between 2 and 5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>2 208 649</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

16. Commitments
Operating leases - as lessee (expense)
Minimum lease payments due
- within one year
  4 961 550
- in second to fifth year inclusive
  14 411 080
  19 372 630

Operating lease payments represent rentals payable by the OPFA for its office properties and printers. Leases are negotiated for an average term of three to five years and escalations of 0% to 8% (2013: 0% to 8%) have been included in the lease agreement. No contingent rent is payable.

Authorised capital expenditure
Capital expenditure contracts for before the reporting date, but not yet incurred is as follows:
- Property plant and equipment
  73 082

17. Contingencies
The OPFA is currently involved in a Commission for Conciliation, Mediation and Arbitration (CCMA) arbitration with a former employee. The OPFA's legal representatives and management consider the action against the OPFA being successful as unlikely, and the case should be resolved within the next year.

18. Related parties
Funds provided from the FSB in terms of section 30R (1) (a) of the Pension Funds Act 24 of 1956 as amended.

Related party balances
Amounts included in Trade receivable regarding related parties
Financial Services Board
  2 796 203
  2 348 911

Related party transactions
Contributions from the Financial Services Board
  (42 198 025)
  (40 967 387)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Amounts in Rand

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>19. Auditor-General’s remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current year - interim fee</td>
<td>160 055</td>
<td>4 724</td>
</tr>
<tr>
<td>Prior year audit fees</td>
<td>1 196 159</td>
<td>886 130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 356 214</td>
<td>890 854</td>
</tr>
</tbody>
</table>

**20. Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below:

<table>
<thead>
<tr>
<th></th>
<th>Financial assets at amortised cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from exchange transactions</td>
<td>145 306</td>
<td>145 306</td>
</tr>
<tr>
<td>Receivables from non-exchange transactions</td>
<td>2 796 203</td>
<td>2 796 203</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1 881 993</td>
<td>1 881 993</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 823 502</td>
<td>4 823 502</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Financial assets at amortised cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from exchange transactions</td>
<td>112 661</td>
<td>112 661</td>
</tr>
<tr>
<td>Receivables from non-exchange transactions</td>
<td>2 348 911</td>
<td>2 348 911</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1 543 362</td>
<td>1 543 362</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 004 934</td>
<td>4 004 934</td>
</tr>
</tbody>
</table>

**21. Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below:

<table>
<thead>
<tr>
<th></th>
<th>Financial liabilities at amortised cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>3 380 968</td>
<td>3 380 968</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Financial liabilities at amortised cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>3 284 207</td>
<td>3 284 207</td>
</tr>
</tbody>
</table>
22. Budget differences

Material differences between budget and actual amounts

Interest Received

The shortfall stems from planned cash reserves been utilised by the fund to effect leasehold improvements at the end of the prior year.

Employee Costs

The shortfall relates to vacant posts being filled at lower than budgeted remuneration levels while still being competitive relative to the market, the internship program being moved out to the following year and not appointing Deputy Pension Fund Adjudicators owing to the workload.

External auditor remuneration

The overspend is a result of the interim fee for the current year’s audit.

Consulting and professional fees

Included in the professional fees are the fees paid to conciliators, actuarial fees, business continuity, change management consultant and workflow specialists fees. The shortfall is due to the nature of claims and that there is no longer a backlog in complaints which lessens the need for matters to be conciliated.

Depreciation

The shortfall relates to assets acquired at year end not being brought into use as well as the scrapping of certain assets during the year.

Intangible Assets acquisitions

The planned intangible asset was provided as a resource by the Financial Services Board through an established service level agreement for information technology services.

Legal Fees

Legal fees include costs for filing of determinations, section 30P and labour matters. The cost is dependent on the number and nature of complaints. The overspend results from the filing costs of backlog determinations for the period up to 31 March 2013 amounting to R623 808 and labour related expenses amounting to R682 439.

Property, plant and equipment

The shortfall relates to the following budgeted capital items;

- Leasehold improvements
  An amount of R3.9 million was budgeted for leasehold improvements to recover the cost incurred in the prior financial year that was funded out of accumulated reserves.

- Computer equipment
  An amount of R3.36 million had been budgeted for various information technology projects for the year. The underspend of R1.1 million on these projects relates to favourable procurement of equipment amounting to R600 000, and the roll over of a budgeted project for R500 000 into the next financial year.

Other operating expenses

The shortfall relates to the following budgeted items;

- Advertising and recruitment
  The underspend of R273 692 arises from recruitment advertising being limited to targeted positions, and a more focused head hunting approach adopted by the organisation for vacant positions.

- Computer support and maintenance
  A service level agreement was established during the year with the Information, Communication and Technology Department of the Financial Service Board. This agreement and the aligned shared resources resulted in cost savings of R815 000

- Staff training, conferences and foreign travel
  An underspend of R488 654 stems from the fact that no suitable senior staff member was identified to attend the WITS IEDP program during the year and the non attendance by the Adjudicator of the IPEBLA Conference in Rome during the month of April due to the relocation of the office from Johannesburg to Pretoria.

Relocation costs

The underspend stems from staff, with whom relocation compensation contracts were entered into, leaving the employment of the Office of the Pension Funds Adjudicator during the vesting period of the contracts.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. Reconciliation between budgeted and actual cash flows

<table>
<thead>
<tr>
<th>Amounts in Rand</th>
<th>Operating Activities</th>
<th>Financing Activities</th>
<th>Investing Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual amount on comparable basis as presented in the budget and actual comparative statement</td>
<td>(5 771 936)</td>
<td>-</td>
<td>(7 500 000)</td>
<td>(13 271 936)</td>
</tr>
<tr>
<td>Timing differences</td>
<td>8 481 246</td>
<td>-</td>
<td>5 129 321</td>
<td>13 610 567</td>
</tr>
<tr>
<td>Actual amount in the cash flow statement</td>
<td>2 709 310</td>
<td>-</td>
<td>(2 370 679)</td>
<td>338 631</td>
</tr>
</tbody>
</table>

2014 | 2013

24. Fruitless and wasteful expenditure

Irrecoverable debt
In 2009 the Office of the Pension Funds Adjudicator engaged the services of a legal firm to assist in a lease dispute. The legal firm in line with legal practice of South Africa engaged the services of an advocate to assist in the dispute. During the legal firm’s engagement, part of the advocate’s costs were settled with the legal firm. This amounted to R28 500. In July 2009 the legal firm withdrew itself from the dispute. Subsequently the Office of the Pension Funds Adjudicator was presented with a legal demand from the advocate to settle its full costs which it did in August 2009. This gave rise to an overpayment of R28 500 which had already been settled with the legal firm. The Office of the Pension Funds Adjudicator then sought to recover the overpayment from the legal firm. As the legal costs to recover the overpaid amount exceed the value of the overpayment, and the recovery of the amount appears unlikely, approval has been granted for the matter to be abandoned.

Legal fees incurred to recover the overpayment.
Legal fees incurred to recover the overpayment relating to prior year 2012 and 2011.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure as no evidence can be found as to parties responsible for the authorisation of the above payments and all staff associated with the payment are no longer employed by the Office of the Pension Funds Adjudicator.

25. Irregular expenditure

Irregular Expenditure - current year

Details of Irregular Expenditure

<table>
<thead>
<tr>
<th>Current year</th>
<th>Disciplinary steps taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure with a prohibited supplier</td>
<td>Under investigation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current year</th>
<th>Disciplinary steps taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure with a prohibited supplier</td>
<td>Under investigation</td>
</tr>
</tbody>
</table>

1 955 -
PERFORMANCE INFORMATION

Management Committee: Standing from left to right: Silas Mothupi (SAA); Christian Seabela (SAA); Richard Segers (CFO); Charlson Raphadana (SAA);
Seated: Muvhango Lukhaimane (Pension Funds Adjudicator)
## PERFORMANCE INFORMATION

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Measurable objective</th>
<th>Measurable Indicator</th>
<th>Strategic plan target</th>
<th>Annual target 2013/2014</th>
<th>Performance results 31 March 2014</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dispose of complaints received</td>
<td>To dispose of 418 complaints per month by the Adjudication teams through signature by the delegated official in accordance with applicable law.</td>
<td>1.1 To dispose of 209 complaints per month by the new complaints teams</td>
<td>418 complaints per month</td>
<td>2508 complaints</td>
<td>Exceeded. 2882 determinations signed off, 1047 matters settled</td>
<td>Resources were reallocated from the backlog team to deal with new complaints</td>
</tr>
<tr>
<td>1.2 To dispose of 209 complaints per month by the backlog team</td>
<td>2508 complaints</td>
<td>Not achieved. 769 determinations signed off, 53 matters settled</td>
<td>Insufficient files classified as backlog complaints remained for resolution. Some of the complaints that had been identified as open were already resolved, however the administrative procedures for designating them as closed not carried out. Hence the anomaly with the target set.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of determinations taken on review to the High Court</td>
<td>1.3 1% of determinations signed off</td>
<td>Maximum of 42 cases taken on review</td>
<td>1 percent</td>
<td>14 new applications were received</td>
<td>Achieved</td>
<td></td>
</tr>
<tr>
<td>To allocate and resolve complaints received by the OPFA</td>
<td>1.4 Complaints resolved under out of jurisdiction, reformulations, concilliation and allocated</td>
<td>Number of files resolved or allocated within the required timelines</td>
<td>Number of files resolved or allocated within the required timelines</td>
<td>2012 out of jurisdiction, 1 reformulation, 31 abandoned, 10 duplicates and 118 matters were conciliated</td>
<td>Continuous monitoring of adherence to workflow to ensure that matters are attended to at the earliest possible time</td>
<td></td>
</tr>
<tr>
<td>1.5 Administration of case management and adherence to the required timelines</td>
<td>Compliance, monitoring and review of cases within set timelines</td>
<td>Compliance, monitoring and review of cases within set timelines</td>
<td>Achieved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Achieve Operational Excellence</td>
<td>To comply with the requirements of the PFMA, Treasury regulations and other financial frameworks</td>
<td>Audit opinion</td>
<td>Unqualified audit opinion</td>
<td>Unqualified opinion</td>
<td>Achieved</td>
<td></td>
</tr>
<tr>
<td>Strategic Objective</td>
<td>Measurable objective</td>
<td>Measurable Indicator</td>
<td>Strategic plan target</td>
<td>Annual target 2013/2014</td>
<td>Performance results 31 March 2014</td>
<td>Comments</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------------------</td>
<td>--------------------------</td>
<td>----------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>To establish a proper Supply Chain Management system</td>
<td>Number of audit findings raised by AG/IA on SCM</td>
<td>Unqualified audit opinion</td>
<td>Unqualified opinion</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To ensure that appropriate talent is recruited, developed and retained to support the execution of the PFA’s mandate.</td>
<td>Recruitment of appropriate staff as and when required</td>
<td>Refer to strategic plan</td>
<td>All posts filled within 3 months</td>
<td>Not achieved. Due to efficiencies with the implementation of the new case management system, some positions were not filled and newly created positions required benchmarking first before recruitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wellness program implemented as per plan</td>
<td>Refer to strategic plan</td>
<td>Plan implemented</td>
<td>Achieved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>An approved HR strategy and implementation plan</td>
<td>Refer to strategic plan</td>
<td>Strategy and plan approved and implemented by 31 August 2014</td>
<td>Achieved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To maintain and align ICT systems to support business needs and overall objectives of the OPFA</td>
<td>An approved ICT strategy and implementation plan</td>
<td>Refer to strategic plan</td>
<td>90% achievement of milestones within the ICT plan</td>
<td>Not achieved. 77.7% milestones completed. The OPFA staff did not have the required skills and knowledge to identify the high level infrastructural requirements between OPFA and FSB IT in time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance to legislation and governance</td>
<td>Number of compliance reports submitted</td>
<td>Refer to strategic plan</td>
<td>4 compliance reports</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To ensure business continuity so that the overall objectives of the OPFA are met</td>
<td>An approved BCM Plan</td>
<td>Refer to strategic plan</td>
<td>Implementation of a fully functional BC plan</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Effective Stakeholder Relationship To collaborate and build relationships with stakeholders Conduct stakeholders survey</td>
<td>An approved stakeholder management strategy An approved stakeholders survey</td>
<td>Honour invitations, feedback from stakeholders and collaboration with regulatory bodies</td>
<td>Implementation of stakeholder management strategy</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ADMINISTRATION

Country of incorporation and domicile
South Africa

Registered office
Block A; 4th Floor, Riverwalk Office Park
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Bankers
Standard Bank

Auditors
Auditor General

Telephone
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Fax
086 693 7472

Email
www.pfa.org.za

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Sharecall: 0860 662 837
Fax: +27 21 674 0951
Email: info@ombud.co.za

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Sharecall: 086 032 4766
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Email: info@faisombud.co.za

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Sharecall: 086 080 0900
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Email: complaints@thencc.org.za

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Toll Free: 0800 112 040

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Fax: +27 11 805 4905
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