

BOSELE NATIONAL PROVIDENT FUND

REGISTRATION NUMBER: 12/8/37022

(UNDER CURATORSHIP)

**REPORT OF THE CURATORS TO THE FINANCIAL SECTOR CONDUCT
AUTHORITY (FORMERLY THE FINANCIAL SERVICES BOARD)**

PROGRESS REPORT ELEVEN – 28 February 2019

Introduction

1. Since our Tenth Progress Report for the period ended 31 January 2019 (“Tenth Progress Report”) submitted to the Financial Sector Conduct Authority (“the FSCA”) in respect of Bosele National Provident Fund (“the Fund”), we set out below the updates and/or changes made in respect of the control, management and administration of the Fund under the following headings:
 - 1.1 Status of the Curatorship;
 - 1.2 Financial status of the Fund; and
 - 1.3 Conclusion.

Status of the Curatorship

Management of the Fund

2. We continue with the day-to-day operations relating to the management of the Fund, i.e. reviewing and authorising all incoming payment requests against applicable documentation, liaising with Alexander Forbes as well as overseeing the investments of the Fund. We also assist with the management of the claims by members and continue to actively assist members and former members with updating their benefits schedules.
3. We continue to monitor expenses paid from the petty cash by the employees of the Front Office by conducting a weekly reconciliation between supporting documents and completed petty cash and Section 37 C investigation requisitions forms, to ensure that the expenses incurred are reasonable and justified.

Pension Fund Adjudicator - Complaints

4. We have scheduled and attended a meeting with the Pension Fund Adjudicator (“PFA”) on 21 February 2019. The aim of this meeting was to discuss progress made to date in terms of addressing members’ queries and complaints lodged at the PFA.
5. On 22 February 2019, Mr Thomas Maponya (PFA) provided us with a letter via an email. This letter (dated 22 February 2019) is from Charlson Raphadana (PFA) and titled “*Claims in terms of Section 30A of the Pension Funds Act No. 24 of 1956 (“the Act”): Bosele National Provident Fund*”.
6. The aforementioned letter advised that based on the two clauses quoted below, the PFA is not in a position to assist complainants and will refer all complaints lodged with them to the person/representative selected by us:

6.1 “*Clause 5 of the High Court order placing the Fund under curatorship states that:*

6.1.1. *‘whilst the curatorship exist, all claims, actions, proceedings, the execution of all writs, summons and other processes against the Fund are stayed and may not be instituted or proceeded with, without leave of the court’.*

6.2 *Section 5(5)(a) of the Financial Institutions (protection of Funds) Act, 2001 (Act No. 28 of 2001) further states that:*

6.2.1. *‘(5) The court may, for the purposes of a provisional appointment in terms of subsection (2)(a) or a final appointment in terms of subsection (4), make an order with regard to:*

6.2.1.1. *(a) the suspension of legal or foreclosure proceedings against the institution for the duration of the curatorship’.*

7. We will discuss this request with FSCA and revert to the PFA by no later than 15 March 2019.

Sun International - Queries

8. We have received eight (8) queries from FSCA mostly pertaining to employees of Sun International. We have checked the details provided for all eight (8) individuals against the data at the Front Office and Alexander Forbes. We note that none of these individuals appear to be current or former members of the Fund.
9. We have subsequently received an email from Ms Estelle Midgley (Independent Principal Officer of Sun International Provident Fund, “Ms Midgley”). Ms Midgley explained that a number of Sun

International Provident Fund's members used to belong to the old Bophutswana Fund (which transferred to SEBO and became the Bosele National Provident Fund), in the 1980s/1990s and requested our assistance to verify whether these individuals perhaps have any funds/claims with the Fund.

10. We have responded to Ms Midgley and requested her to provide us with the details of the claimants (i.e. name, identification number, etc.) as well as requesting the Front Office to assist with comparing the details of these individuals to the Front Office's data as well as the Alexander Forbes' data.
11. The Fund has joined an initiative by the Premier of the North West, including other retired government employees, pensioners who employed in the private sector, representatives of Government Pension Administration Agency and representatives of the Provincial Government of North West. The purpose of the initiative is to assist pensioners with claiming their benefits from pension and provident funds and to assist pension and provident funds to identify their beneficiaries. Regular meetings coordinated by the office of the Premier of the North West will be held and attended by these stakeholders. Representatives of the Fund attended the first meeting during January 2019.

Investment Strategy Feedback

12. Mr Marcus Rautenbach ("Mr Rautenbach") of Simeka has provided us with the revised Investment Policy Statement ("Investment Policy") for 2019 for the Fund. This Investment Policy takes into account for the new investment strategy of the Fund which we have previously communicated as well as additional information as required by Default Regulation 37.
13. We are currently in the process of reviewing the revised Investment Policy with the aim of implementing it during March 2019.
14. In terms of the progress of the revised investment strategy, we have submitted documents required in terms of the Financial Intelligence Centre Act, 38 of 2001 to Mr Rautenbach on 13 February 2019, as well as a letter required by Coronation Asset Managements for the Fund's Coronation Strategic Income Fund investment account, on 25 February 2019. Accordingly we are happy to report that the new investment strategy are now in action.

Rules of the Fund

15. As mentioned in the Tenth Progress Report, we have requested Mr Anton Nel (Simeka) ("Mr Nel") to assist with incorporating FSCA's "*Application of 'Default Regulations' contained in Regulations 37, 38, 39 and 40*" in the Fund's rules and to draft one set of rules for the Fund (including all amendments to date).

16. Mr Nel confirmed that they have made good progress and based on our discussions with him, we anticipate that the updated, current set of Fund rules will be available during the course of March 2019.

Front Office – Assets

17. Subsequent to our meeting with Mr Mostert on 31 January 2019, he provided us with an invoice (dated 27 October 2010) and corresponding proof of payment (dated 2 November 2010) confirming that all assets (i.e. furniture) in the Front Office belongs to Alexander Forbes.
18. We have requested and Mr Mostert confirmed in an email dated 15 February 2019 that all assets listed in the invoice can be retained by the Fund. The furniture listed in the invoice was purchased by Alexander Forbes from Kopano Employee Benefits for a total value of R 31,225.62.
19. These assets does not include the Front Office Staff's computers (i.e. laptops and desktop screens). Mr Mostert confirmed in an email dated 15 February 2019 that all Information Technology ("IT") related assets such as laptops and the server will remain Alexander Forbes' property.
20. The Front Office staff have experienced issues in terms of the IT related assets, i.e. no shared folder on the server, unable to use Google related tools, log in issues, etc. We have requested Alexander Forbes to provide us with a quote for sending one of their employees to resolve the issues experienced in this regard. In addition, we are in the process of comparing repairing all IT related assets to ensure to it is operational compared to the costs of purchasing IT equipment for the use by the Front Office Staff. We will compare the two quotes before making a decision in this regard.

Section 14 Transfers

21. Mr Nel has drafted the required forms for a Section 14 Transfer for the five employers listed below:
 - 21.1 Stoney Lime (Pty) Ltd;
 - 21.2 Rea-Aga Nosang;
 - 21.3 Rea-Aga Caltex;
 - 21.4 Mecca Panelbeaters (Pty) ltd.; and
 - 21.5 YMCA Maubane Pre-School.
22. We are currently in the process of obtaining the required information from Alexander Forbes, the abovementioned employers and the Transferee Funds. In addition, we have scheduled and attended a meeting with Mr Nel on 26 February 2019 to discuss the information received to date, as well as in preparation for our meeting with SA Quantum on 5 March 2019.
23. Our work in terms of the Section 14 Transfers remains ongoing.

Financial status of the Fund

2013 Financial Audit – Reportable Irregularities

24. Mr Vivian Cohen (valuator of the Fund) confirmed that he has drafted the HB schedule, i.e. report of the valuator and are in process of finalizing it, via an email on 25 February 2019. Once received, Alexander Forbes will upload the financial information for the 2013 year end on FSCA's website.
25. As mentioned in the Tenth Progress Report, we noted that two of the reportable irregularities as per the 2013 audited financial statements, involved Alexander Forbes and pertains to functions that they are contractually responsible for.
26. We have provided Alexander Forbes with an overview of what these reportable irregularities entails and requested a response as well as a propose plan of action to address these reportable irregularities going forward, via an email on 21 January 2019. However, we have not received a response.
27. In this regard, Mr Jacques Mostert (Alexander Forbes) responded via email on 1 February 2019 providing feedback. We are liaising with Alexander Forbes in this regard to identify the steps necessary to ensure that the reportable irregularities are addressed in the following financial years.
28. In terms of the first reportable irregularity, i.e. "*Participating employer schedules and unallocated contributions*", we have obtained a list of employers (active and inactive) from the Front Office Staff. We have conducted a reconciliation between the list obtained, the employers (active and inactive) as per the Fourth Quarterly Member Report and the Active Member data file provided to us by Alexander Forbes on 4 February 2019. We noted various inconsistencies pertaining to active and inactive contributing employers of the Fund between the different data sources.
29. In addition, we have arranged for dedicated employees to assist the Front Office staff between 18 February 2019 and 22 February 2019.
30. These individuals have conducted a reconciliation between the bank statements of the Fund (2010 to date), physical schedules at the Front office and an overview sheet of Unallocated Deposits provided to us by Alexander Forbes via email on 22 January 2019.
31. The next step will be to contact the employers (active and inactive) requesting the outstanding schedules (including nil schedules, if the employers ceased to contribute to the Fund), proof of payment and verifying their contact details. We anticipate to complete this exercise during March 2019 and will send all information/documents obtained from the employers to Alexander Forbes in order for them to update their system(s).

2014 – 2018 Financial Audits

32. As mentioned in the Tenth Progress Report, we have received a proposal from both SNG and BDO for the financial yearend audits of the 2014-, 2015-, 2016-, 2017- and 2018 financial statements of the Fund.
33. We have subsequently scheduled and attended meetings with SNG and BDO to discuss the proposals on 29 January 2019 and 30 January 2019, respectively.
34. We have evaluated the proposals and presentations delivered by SNG and BDO. Based on the evaluation conducted, we have appointed BDO as the new auditors of the Fund.
35. BDO have confirmed that their proposed approach will be to conduct the financial year end audits of the 2014-, 2015-, and 2016 financial statements simultaneously and will thus commence as soon as Alexander Forbes has managed to prepare the relevant financial statements.

Statutory Valuation

36. Subsequent to our meeting with SA Quantum, Mr Nel (Simeka) and Alexander Forbes on Wednesday 30 January 2019, we have been informed that Ms Sandra Makoni (Actuarial Manager of SA Quantum) (“Ms Makoni”) has resigned from SA Quantum.
37. An email from Ms Makoni on 31 January 2019 confirmed that SA Quantum has obtained the data pertaining to the 2007 valuation. She confirmed that SA Quantum commenced building up the information of the members who exited between 2004 and 2010. However, to test whether these members were paid the minimum benefits, SA Quantum still requires the amount of benefits paid and the date of payment, which Ms Makoni indicated is not in the current data records in SA Quantum’s possession.
38. After several attempts (via email and telephonically) we have obtained the data required to address the outstanding queries in terms of the 2010 valuation, from Mr Wouter Dercksen (Corris Capital). We note however that the data obtained only pertains to 2007 and 2008.
39. We have subsequently obtained the contact details of another individual at Metropolitan, namely Mr Ian Smith (“Mr Smith”). Mr Smith confirmed that they will try their best to assist and will revert as soon as possible.
40. Alexander Forbes informed us that they have provided the outstanding data to SA Quantum.
41. We have a meeting scheduled on 5 March 2019 with Mr Nel, SA Quantum and Mr Vivian Cohen to discuss the data at hand, the requirements to address the outstanding queries, progress made to date and the proposed timeline to complete the 2010 valuation.

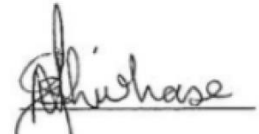
Conclusion

42. Our investigation into the Fund's affairs remains ongoing. The comments above are based on the information available at the date of compiling this report and may be revised as other information is obtained through the ongoing investigation.
43. The Curators have maintained regular contact with the FSCA and will report any matters of importance and major events with the FSCA as and when they arise.

Signed on 28 February 2019.



M CAMPBELL
CURATOR



NAM TSHIVHASE
CURATOR