Guide to being a Trustee/Director of a Community Scheme

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Do you have what it takes to be a Trustee or Director of a Community Scheme?

Are you equipped and ready for the role?

- So, you want to be a Trustee or Director?
- Are you perhaps already a serving as a Trustee/Director?
- Have you been elected as a Trustee or Director?
- Have you been nominated as a Trustee or Director?
- Have you been co-opted (unwillingly perhaps) as a Trustee or Director?

Whatever the situation or scenario, it is a daunting and challenging task for which you need to be prepared.

How then do you go about equipping yourself for your role?

Environment of Community Schemes – why the challenge?

The starting point is having a clear understanding of the broader environment in which Community Schemes operate. This requires familiarisation with a number of key areas and aspects:

- The industry is highly regulated and there are lots of compliance loops. These stretch from core registration requirements to registered conduct/house rules, AGM/meeting compliance, establishment of financial reserves, insurance and financial reporting.
- Community Schemes are largely big businesses, with annual revenues often in excess of R1 million - in the cases of big schemes and housing estates, this can be in the tens of millions. Managing "businesses" of this size requires resources, focus, attention to detail and extensive management skills.
- Community Schemes are complex and complicated to run. There are lots of moving parts and issues that require attention and close monitoring. The complexity extends from how difficult it is to manage the Community Scheme and includes the inherent complexities associated with the physical buildings and common property in question, tenant owner mix, co-operation of owners and tenants etc.
- Given the inherent complexity, there is always the need for skilled and committed Trustees/Directors in a Community Scheme, but these are not always readily available.
- Involvement as a Trustee/Director or office bearer are all voluntary roles. They will take up time and require commitment and dedication if done properly.
- It is equally important that all new or prospective Trustees/Directors familiarise themselves fully with the affairs and issues facing the Community Scheme as best they can (orientation and induction). This extends from the financial position, revenue and expense dynamics, budgets, level of compliance, legal and other disputes, operational challenges and issues and specific challenges associated with the Community Scheme.
- Trustees/Directors and the Body Corporate/HOA members need to have a shared value around their Community Scheme i.e in respect of financial goals, appearance and state of the complex/property, continuity, type of living environment desired, level of maintenance, state of the gardens, reputation, environmental issues etc
- Trustees/Directors need to ensure that there is continuity in the running of the Community Scheme.

Purpose of the Community Scheme

It needs to be understood that Trustees and Directors serve at the will of owners and lessees of the Community Scheme.

Owners of a Community Scheme can differ widely in their reasons for buying in a particular Community Scheme. For some it is strictly an investment on which they are looking for a rental return, for others it is a place of retirement, security and tranquillity. For others it is a place of residence in close proximity to work and business opportunities. Owners can range from young families to the elderly, to semi-grated individuals looking to retain a local South African base, to young working professionals.

Most owners buy into a Community Scheme blissfully unaware of the prevailing conduct rules and issues facing the Community Scheme e.g. its financial position, state of maintenance, alteration approval requirements, security challenges and the areas of conflict with and among residents or with Trustees/Directors. These owners or their "ill-informed tenants" immediately run into problems with neighbours, Trustees/Directors, Managing Agents or Estate Management.

In many instances the "collective" of owners have widely differing objectives and expectations around "living" in the Community Scheme. Closing these gaps to get everyone on a common path can be a daunting challenge.

Trustees and Directors are then required to perform a reconciliatory role, striking a balance between what is good for individual owners and what is in the best interests of the Community Scheme.

The Trustees or Directors need to continually ensure that the Community Scheme has a clear objective, values and clarity of purpose around what the Community Scheme stands for. This needs to be continually clearly communicated to all owners/lessees and residents.

Protection of the reputation and the retention of investment and resale values for owners needs to remain a core objective of every Community Scheme.

Directors and Trustees can make all the difference between a successful and a failed Community Scheme.

Roles and Responsibilities

As a Trustee/Director you will be required to wear many hats. It will be assumed that you have extensive knowledge of your Community Scheme.

The ideal "Anatomy" of a Trustee/Director requires a good head, a strong stomach and a good heart as well.

The skill set required will stretch from organisational to financial. People, communication and management skills will be extensively tested.

Given that the skills set required to manage a Community Scheme are very broad, it is likely that they will not all be found in single individuals. As such the appointment and selection of Trustees/Directors needs to try and strike a balance of individuals that collectively have the required skills and experience required. This is even more critical where a Community Scheme is self-managed, and the skills and knowledge of the managing agent can't be leveraged off.

Ideally responsibilities and accountability of Trustees/Directors should be matched/aligned with their respective skill sets e.g. financial/accounting skills, people skills, project management, building/ maintenance skills, legal knowledge, gardening, use of technology etc.

Given the turnover of Trustees/Directors due to parties selling/moving/death and resignation, it is preferable to have alternate Trustees/Directors in place from a continuity perspective until the next AGM, rather than have an under complement of representatives. The same applies to the appointment of non-owners/residents or third parties who can bring strength and add value to the governance of the Community Scheme. The size, complexity and specific requirements of the Community Scheme should also dictate the number of Trustees/Directors.

An alternate trustee will have the powers and be subject to the duties of a trustee. The alternate trustee will cease to hold office if the trustee they replace ceases to be a trustee or if their appointment as alternate is revoked (PMR 8).

Trustee continuity is a big issue and is an area of weakness facing many Community Schemes. The void left by the resignation of Trustees/Directors or a Chairperson standing down, can have a severe impact on a Community Scheme. The loss of "institutional memory" is a big challenge for Community Schemes. This extends to historic decisions by Trustees/Directors, historic contracts entered into, legal and other disputes, the retention of records and key documentation.

Trustees/Directors who are owners are not entitled to remuneration for their time and services, unless otherwise determined by special resolution of the members. However, the body corporate/board may agree (PMR 10), to remunerate trustees who are not owners. Trustees/Directors (owners and non-owners) are entitled to be reimbursed for all disbursements and expenses actually and reasonably incurred while carrying out their duties and exercising their powers.

Trustees are indemnified by the body corporate (PMR 12) against any costs, losses, expenses and claims they may incur or become liable to during their term as trustee, unless they are found to be fraudulent or grossly negligent. Trustees/Directors are however obliged to put indemnity insurance in place for their conduct or omission.

Who are the key Role Players in a Community Scheme?

One of the "challenges" facing Community Schemes is the number of parties who can all have an influential role in the running and success of a Community Scheme.

As such it is very important that there is clarity around roles and responsibilities, delegation of authority and accountability.

Managing Agents – while the service levels from Managing Agents vary widely and while many perform roles outside of their core mandate, it needs to be understood that Managing Agents are merely contracted service providers. They have no fiduciary responsibility and there is no regulatory requirement to make use of their services. They also do not fall under any professional regulated association.

The "value added" by Managing Agents varies widely from significant to minimal. Fee structures also vary widely, and often follow a simple formula of a monthly fee per unit under management. In some cases the value for money for owners is easy to measure and quantify. In other cases Managing Agents are not earning what they should for the time and effort spent on certain Community Schemes.

In some cases, a Community Scheme may enjoy the support of a dedicated portfolio manager, supported by an assistant and a back-up support team dealing with specific aspects e.g. accounts, collections, payments, emergencies etc and in other cases, a limited team of contact people.

So what can you expect from a Managing Agent/what services are they generally contracted to provide?

- Sending out of monthly statements (levy and recoverable utility accounts) and attending to collections.
- Sending out notices to owners/residents (includes transgressions/compliance with conduct and house rules and around operational issues that might impact them e.g. water/power outages and shut-downs/access procedures and controls/pandemic lockdown impacts/parking/maintenance impacts)
- Setting up/running Trustee Meetings/AGM's/SGM's/Quorums/Proxies and producing minutes (procedural and regulatory correctness).
- Paying of approved accounts/expenditure/employee salaries
- Operating/managing bank accounts and the Reserve bank account.
- Production of monthly management Accounts and financial reports – see below
- General liaison with the appointed independent Auditors to produce draft financial statements for signature by the Trustees/Directors
- Basic budget preparation/basic assistance with 10-year plan
- Basic general compliance oversight - CSOS registration and levy payment/reserve establishment/insurance valuation
- Attending to crisis on behalf of owners – burst geysers/water leaks/electrical faults and associated insurance claims
- Issuing of clearance certificates/maintenance of owner data base/contact details etc

Financial Reports

Monthly management reports should be circulated (preferably by email) to all trustees/directors for review and confirmation.

The reports should include the following:

- Financial Summary report
- Trust account bank statements
- Budget Comparison Report Administrative Fund – MOM and YTD
- Budget Comparison Report Reserve Fund – MOM and YTD
- Balance Sheet
- Creditors Roll including copies of Invoices
- Levy Roll
- Debtors age analysis
- Payroll report (where applicable)

Trustees/Directors need to scrutinise these documents thoroughly and to check the following:

- All debits to the bank accounts being legitimate and authorised (includes transfers to/from reserves, debit orders/bank charges/managing agent fees etc.)
- Arrears debtors and the trend in these, action being taken around arrears and results
- Budget variances and unbudgeted expenditure
- Value for money having been received from contractors/suppliers
- Utility accounts – charges versus usage levels (water/electricity)
- That all expenses and amounts have been correctly applied in the ledger
- Insurance claims submitted/claims paid and recovery of excesses
- Ancillary revenue – services rendered/recoveries and related disbursements

Owners – elect trustees/directors, responsible for levies and personal rates/taxes and utility bills, compliance with House/Conduct rules. Responsible for internal maintenance of units. Vote on resolutions proposed at AGM's and SGM's. Approve budget and annual accounts. Where property is tenanted, responsible for tenant compliance and transgressions.

Non-owning Residents – no voting rights or influence, compliance with House/Conduct rules is however required. Interface from Trustees/Directors remains with respective owner.

Developers – highly influential depending on extent of ownership held, sales of units, responsible for development compliance, responsible for portion of levies and common area rates and taxes/utility bills. Can retain extensive influence through voting power.

Trustees/Directors – formally elected/co-opted. Fiduciary responsibilities. Act in the interest of all owners and in the best interests of the Community Scheme. Only as good as their skills base and experience. Highly dependent on the effort and time invested in the Community Scheme.

Estate Management – delegated authority by Trustees/Directors, contractual arrangement with key deliverables and key performance areas.

Employees – job descriptions, contract of employment, key performance indicators.

Outsourced service providers/contractors – security companies, gardening services, pool company, maintenance contractors, suppliers etc. Subject to contractual agreements, deliverables, Service Level Agreements (SLA's)

Local Authority – water/sewerage and electricity supply, require payment of utility accounts/rates and taxes

Accountants/Auditors – appointed by Trustees/Directors, must be registered auditors.

Debt Collectors/Collection Lawyers – engaged services, best efforts for a fee.

Letting Agents/Estate Agents – engaged by owners but need to be managed in respect of expectations created with tenants/potential new owners. They need to be very familiar with House/Conduct Rules of the Community Scheme and the "culture" of the Community Scheme.

Fiduciary Responsibility of Trustees/Directors of Community Schemes

Fiduciary duties are imposed upon a person or an organisation who exercises some discretionary power in the interests of another person in circumstances that give rise to a relationship of trust and confidence.

Trustees and Directors have fiduciary responsibilities in respect of the Community Schemes they serve, irrespective of their roles being voluntary.

A fiduciary duty is a legal obligation of one party to act in the best interest of another. A fiduciary is therefore an individual in whom others have placed the utmost trust and confidence to manage and protect property, money or affairs. A fiduciary duty requires total trust, good faith and honesty. The Trustees/Directors of Community Schemes fall into this role.

The general characteristics of the fiduciary duty contain the following elements:

(A) Good faith:

This requires for the trustee/director to, at all times and in all circumstances, act with the utmost good faith and always in its best interest and to avoid any personal advantage or benefit. Trustees/Directors of a Community Scheme/Body Corporate must therefore act in good faith and in the interest of their members and avoid any personal conflict or benefit.

Good faith requires that a trustee acts honestly and without any ulterior motive and to disclose any conflict of interest.

(B) Exercise an independent discretion:

A trustee/director must exercise his discretion independently, which means that he should decide for himself and not accept or merely follow what is advanced by his co-trustees/co-directors.

A trustee/director must exercise his discretion in good faith and with due care and consideration of the matter under consideration and he must therefore consider the pros and cons when exercising his discretion on a matter. To exercise his own discretion may hold that a trustee needs to receive guidance from other professionals such as attorneys or auditors where the aspects under consideration do not fall within his own skills or knowledge.

A trustee/director would be negligent where he for example exercised his discretion on a legal matter, where he lacks knowledge on the legal position or any consequences of his decision.

(C) A trustee/director must act as a reasonable man:

This common law requirement requires from a trustee/director to act with due care and diligence i.e. as a reasonable man. A trustee is required to be more careful and prudent with the affairs of the Community Scheme/Body Corporate than he would be with his own affairs.
Where a trustee/director might take personal risks, he must take greater care when handling Community Schemes assets or affairs and should avoid any business risk.

Fiduciary duties of Body Corporate Trustees

The fiduciary position of trustees is established in terms of Section 40 of the STA, which stipulates that “each trustee of a Body Corporate shall stand in a fiduciary relationship to the Body Corporate”.

Section 40(2) of the STA stipulates that the “fiduciary relationship” implies that a trustee shall in relation to the Body Corporate:

i) Act honestly and in good faith (which holds that he shall exercise his powers to manage the affairs of the Body Corporate in the interest and for the benefit of the Body Corporate and shall not act without, or exceed, his powers);

ii) Avoid any material conflict between his own interests and those of the Body Corporate.

Directors’ Fiduciary Duties

The duties of directors, in addition to existing common law duties, include both a fiduciary duty and a duty of reasonable care.

Section 76(3) of the Companies Act, No. 71 of 2008, clearly defines the standards of directors' conduct and stipulates:

Section 76(3):
Subject to subsections (4) and (5), a director of a company, when acting in that capacity, must exercise the powers and perform the functions of director,
(a) in good faith and for a proper purpose;
(b) in the best interests of the company; and
(c) with the degree of care, skill and diligence that may reasonably be expected of a person
(i) carrying out the same functions in relation to the company as those carried out by that director; and
(ii) having the general knowledge, skill and experience of that director.

Section 76(4) stipulates that a director would have satisfied his obligations concerning "best interest" and "degree of care, skill and diligence", if the director has taken reasonably diligent steps to become informed about the matter.

In terms of Section 76(1), a "Director" includes a prescribed officer or a person who is a member of a committee of a Board of the company or of the Audit Committee of the company, irrespective of whether such person is a director of the company. Directors of Community Schemes are included in the definition.

While Trustees/Directors are indemnified, by the body corporate (PMR 12) against any costs, losses, expenses and claims they may incur or become liable to during their term as trustee, unless they are found to be fraudulent or grossly negligent. Trustees/Directors are however obliged to put indemnity insurance in place for their conduct or omission.

Any conflicts of interest and or vested interests which Trustees/Directors have or may have if elected, should be disclosed to the other Trustees/Directors.

Responsibilities of the Trustees/Directors for the Annual Financial Statements

The Trustees/Directors are responsible for the preparation and fair presentation of the annual financial statements of the "Community Scheme" in accordance with basis of accounting described in Notes to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).

The Trustees/Directors are also responsible for the internal control as they are required to determine what is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Trustees/Directors are responsible for assessing the "Community Scheme's" ability to continue as a going concern. They are required to disclose any matters related to it being a going concern. This will dictate the going concern basis of accounting unless the Trustees/Directors either intend to liquidate the "Community Scheme" or to cease operations or have no realistic alternative but to do so.

Trustees'/Director's Risk Responsibilities and Approval of the Financial Statements

The Trustees/Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in the annual financial report.

It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the “Community Scheme” 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 the basis of accounting described in Notes to the financial statements. The annual financial statements are prepared in accordance with the basis of accounting described in in Notes to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Trustees/Directors are required to acknowledge that they are ultimately responsible for the system of internal financial control established by the “Community Scheme”. They are required to place considerable importance on the maintaining of a strong control environment.

To enable the Trustees/Directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss 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 “Community Scheme” and all employees are required to maintain the highest ethical standards in ensuring the “Community Scheme’s” business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the “Community Scheme” is on identifying, assessing, managing and monitoring all known forms of risk across the “Community Scheme”. While operating risk cannot be fully eliminated, the “Community Scheme” must endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Trustees/Directors must be of the opinion, based on the information and explanations given by management (Estate Management/Managing Agents/Third Parties), 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.

The Trustees/Directors need to be aware that any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Trustees/Directors need to have reviewed the “Community Scheme’s” cash flow forecast for the year and, in the light of this review and the current financial position, they need to be satisfied that the Community Scheme has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Trustees/Directors need to be aware of the legislation that was introduced by the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) on 7 October 2016. This legislation requires that the Community Scheme maintain a reserve fund of not less than 25% of the previous year's operational levies. In order to achieve this, the trustees will include an adjustment in their budgets to comply with Regulation 2(a) and 2(c).

Risk Governance and Oversight required of Trustees/Directors

If the Community Scheme through its Trustees/Directors and Estate Management/Managing Agents is to effectively manage the risks facing it, it has to create and entrench a risk management and good governance culture. Risk management is a process and not an event. An effective risk management program requires wide acceptance of the importance of a risk management culture by all stakeholders in the Community Scheme.

A risk and good governance culture has to start from the top i.e. with the Trustees or Directors and transcend every dimension, area and facet of the Community Scheme's activities and operations. It must include all owners and residents, estate management, managing agents, developers, operators, employees and extend to the suppliers of services and contractors to the Community Scheme.

A risk culture requires the on-going identification and management of risks. This covers physical threats and includes engagement with contractors and suppliers. It must also incorporate financial control and expenditure management, it must form part of recruitment and the terms and conditions of employees, it must form part of job descriptions, be part of trustee/director/estate management/employee induction and training, encompass the conduct and house rules, form an integral part of the usage of IT systems and technology, requires a specific focus on safety and security and the minimising of risk in every operational process.

An inappropriate risk culture can result from certain Trustees/Directors/employees or office bearers acting negligently and ignoring their fiduciary responsibilities. As soon as inappropriate behaviour is condoned or accepted, or where parties conduct themselves in a way which is condoned or overlooked, notwithstanding laid down procedures, processes or rules, risks will manifest. These will inevitably result in damage to the Community Scheme's reputation and financial losses.

A Community Scheme should have a risk policy as well as best risk practices and controls that cover all areas of its operations. These need to be practical, implementable, measurable and effective.

A risk culture should be integrated into almost every aspect and area of the Community Scheme's operational processes.

Risk appetite and the ability to absorb losses may vary from one Community Scheme to the next. As potential risk and losses are very hard to quantify, many Community Schemes will not have the capital base, reserves or funding to carry an unexpected loss and be able to continue as a going concern.

With technology forming an ever-increasing part of operations, it is essential that you have robust Technology and IT controls and disciplines in the Community Scheme. Security and cyber-crime awareness need to form an integral part of the risk management focus and culture.

Skills Required of Trustees/Directors

1. Organisational – planning, organising, controlling, monitoring
2. Financial – understanding of core controls, budgeting, cash flow management, expenditure management, asset management, procurement and payment controls, liability management
3. Operational – administration, people/HR, operations, security, general IT skills, project management
4. Legal – contracting, compliance, record and documentation control
5. Communication – writing skills, use of social media

Induction and Familiarisation requirements for Trustees/Directors

1. Familiarisation with regulatory environment as it pertains to Community Schemes.
2. Familiarisation with the state of compliance of the Community Scheme – CSOS registration and related requirements, CSOS Act, Sectional Title Management Act, Labour, Health and

Safety, Disaster Management, POPI, Tax, Environmental laws, Estate Agency Affairs Act/Property Practitioners Act, municipal bye laws.

3. Familiarisation with the level of governance and oversight within and facing the Community Scheme - controls in place – particularly financial and procurement, delegation of authority to third parties/Trustees/Directors, adherence to controls and procedures.
4. Familiarisation with Developer involvement/influence/reliance if any.
5. Understanding of the fiduciary responsibilities of Directors/Trustees – accountability, acceptance of obligation to manage risks, ethical conduct, no conflicts of interest.
6. Understanding Trustees'/Director's Responsibilities and Approval of the Financial Statements.
7. Understanding the mix of roles and responsibility of the individual Trustees/Directors – oversight responsibility e.g. security, finance, gardens, maintenance, employees, house rules.
8. Understanding the election and appointment of Trustees/Directors – skills/knowledge level/fit for purpose/value add/energy, demographic mix/representation – race/age/sex, number, election/nomination, chairperson, resignation, continuity/stability, level of commitment.
9. Understanding the requirements for meetings of Trustees/Directors, notice of meetings, AGM's/SGM's, voting, proxies, minuting of meetings, approval of general or special resolutions.
10. Understanding of the inherent complexity in the Community Scheme – number of units, soil type, construction quality, parking limitations, size and state of the property, mix of owners/residents, annual revenue income, level of expenses, facilities provided.
11. Familiarisation with the state of the buildings, facilities, fixed and moveable assets (asset verification) and common property e.g. walls, gates, security infrastructure.
12. Familiarisation with any structural, latent or design defects, problems as a result of adjoining properties e.g. drainage.
13. Familiarisation with the financial dynamics of the Community Scheme – balance sheet (physical and other assets/reserves), income statement, current budget and latest management accounts. Level of monthly levy receipts and disbursements – regular creditors and payments – recurring and non-recurring expenses, debit orders, management fees, utility usage levels/billing. Ancillary revenues and other income. Trends in revenue and expenditure including variances. Monthly cash flow position – surplus/deficit, reserve levels.
14. Familiarisation with creditors, contingent liabilities and any outstanding debt/credit/loan arrangements. This includes the state of the Municipal utility accounts.
15. Familiarisation with financial controls - segregation of duties, procurement and dual payment controls.
16. Scrutiny of latest banking accounts (operating and reserve) and associated activity – balances, credits/collections, debit orders, bank charges, recurring payments, creditors.
17. Scrutiny of levy receipts/debtors outstanding – level of arrears, history of levy increases/special levies.
18. Appreciation of the impact of the socio-economic environment on the Community Scheme e.g. disposable incomes, affordability, inflation rate, level of employment, empty/unsold units.
19. Familiarisation with current House/Conduct rules and level of compliance by residents/owners.
20. Familiarisation with 10-year maintenance plan, projects and operational maintenance routines in tandem with the level of Reserves held by the Community Scheme.
21. Familiarisation with all contracts, agreements, service providers and any outsourcing arrangements eg. maintenance, security, gardening, swimming pool, access control systems.

22. Familiarisation with Insurance in place – valuations, nature of cover and excesses. Insurance claims history/claims outstanding.
23. Familiarisation with Operations Manuals – extent of documented processes and procedures, Service level agreements in place (SLA's) with service providers, employee deliverables, strategic objectives of the Community Scheme, controls/disciplines in place.
24. Familiarisation with any litigation or disputes. Awareness of "problem owners" and areas of unhappiness.
25. Familiarisation with any owner or tenant specific issues -disputes/ complaints/ litigation.
26. Familiarisation with employees - contracts, job descriptions, roles, responsibilities, key performance areas, disciplinary issues.
27. Familiarisation with the state of security, perimeter fences/walls, access controls, crime incidents, prevailing crime level.
28. Familiarisation with technology and IT systems being used – access control, IT systems, beams/cameras
29. Familiarisation with communication processes- use of social media, notices, circulars.
30. Responsibilities and accountability of Trustees/Directors/Estate management/Managing Agent.
31. Familiarisation with Managing Agents, their representative, latest minutes of meetings, last AGM pack.
32. Familiarisation with the reputation of the Community Scheme and issues facing the complex/owners/tenants e.g. crime, general appearance, traffic and access, state of buildings, outstanding levies, level of compliance with house/conduct rules, state of the management, parking issues, noise, issues with pets and children, visitor controls, estate and letting agent opinion, valuation and re-sale/letting trends etc.
33. Familiarisation with the level of preparedness for natural disasters or catastrophes – continuity and evacuation plans e.g. fires, floods, landslides, rockfalls, subsidence, water outages, extended power outages.

What can you use to help you in your roles as a Trustee/Director to better manage your Community Scheme?

Being a Trustee or Director of a community scheme can sometimes feel like a never-ending cycle of disputes, meetings, rules and compliance challenges. It is important to stay abreast of general issues impacting Community Schemes in the popular press, magazines and social media.

Many Community Schemes are non-compliant so familiarisation with the prevailing core regulations, impacting Community Schemes, namely Sectional Title Management Act and Community Schemes Ombud Services Act is imperative, along with the identification of the areas of non-compliance.

The Boards of many Community Schemes are ineffective and dysfunctional. Most Trustees/Directors get totally caught up in the basic operational and "owner" demands of a Community Scheme. These are invariably around housekeeping issues like urgent repairs, access issues, parking issues, waste removal, neighbour/resident disputes, noise complaints, pet issues and gardening demands.

As a result, critical elements of governance, compliance and oversight then get overlooked or are largely neglected.

There are always going to be blind spots or issues that come out of the blue which can materially impact a Community Scheme both operationally and financially. It is unlikely that a Community

Scheme can be ready for every eventuality. Building resilience and being prepared becomes essential for sustainability.

Help can come in various forms ranging from costly external consultants, specialist attorneys or by changing managing agents hoping for the better, or the engagement of an estate or property manager.

"Help Our Scheme" offers a permanent cost-effective solution to on-going broad focused management.

How can we then help you to be better prepared for your role and help you execute your responsibilities as a Trustee/Director going forward?

The good news is that **HelpOurScheme.co.za** has been designed specifically for this purpose.

"Help Our Scheme" is a tool created to not just educate you around the broader issues and key elements in the governance of Community Schemes, but to help you in the broad on-going management of your Community Scheme.

Given the limited amount of time available to Trustees/Directors to focus on the affairs of the Community Scheme, the tool allows you to identify and pro-actively manage the areas of vulnerability and weakness facing the Community Scheme.

The **"Help Our Scheme"** tool provides a framework in which to focus the Trustees/Directors/management of the Community Scheme by assessing areas of weakness/risk in key areas namely:

Property and Management Complexity, Financial Control, Levies/Debtors, Balance Sheet, Income Statement/ Expenditure, Governance and Oversight, Regulatory/ Compliance/ Legal and Operations encompassing IT/Technology, People/HR, Strategic, Socio Economic, Crime/Fraud and Criminality, Reputation and Environmental and Physical Assets.

These can then be dynamically managed via a comprehensive dashboard and risk framework for monitoring, mitigation or elimination of critical areas of weakness and risk. Feedback and guides, graphics, tables, templates, articles and relevant content further help ensure the better management and governance of your Community Scheme.

The tool provides added value to Trustees/Directors through a dedicated repository for the storage of key documentation and records. The repository ensures continuity where there is a change in, or turnover in Trustees/Directors/Office Bearers, Accountants and/or Managing Agents.

Summary of benefits of the "Help Our Scheme" tool to Trustees/Directors/Estate Management/Office Bearers of Community Schemes

- Helps entrench clear responsibility and accountability for areas of risk between Trustees/Directors, the Community Scheme, Managing Agents, Estate Management and Operators etc.

- Enhances overall governance, oversight and enforces a risk culture in the Community Scheme.
- Focuses the efforts of the Trustees/Directors and Estate Management on the key issues and risks facing their Community Scheme.
- Enables Trustees or Directors to better fulfil their fiduciary obligations to the Community Scheme they serve.
- Provides continuity for the consistent management of risk and financial control within the Community Scheme.
- Enables better timed and informed decision making, and the prioritisation of areas of weakness/risks by making use of an integrated Risk Management Framework.
- Helps improve overall compliance by highlighting areas of non-compliance.
- Enables the management and mitigation of identified areas of weakness/risks with proactive focused programs of action, so that the impacts are greatly reduced.
- Enables objective measurement of improvement and performance of the Community Scheme/Trustees/Directors (Dashboard/Framework/Balanced Scorecard).

The **"Help Our Scheme"** risk management Framework will enable a managed and focused approach on the identified critical areas of weakness/risks facing the Community Scheme i.e. their potential impact, prioritisation, mitigation, required actions, responsible party/parties etc.

So don't delay and sign up today and start your Community Scheme management journey with - "Help Our Scheme" – helpourscheme.co.za