



Financial Planning
Institute of Southern Africa

THE PROFESSIONAL STANDARD

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17 AUGUST 2018

**LETTER TO FPI MEMBERS AND STAKEHOLDERS
FROM NTAI PHOOFOLO
CHAIRMAN OF FPI'S BOARD**

Dear FPI member and stakeholder

Re: Recent developments regarding the FPI

I have been a member of FPI since 2007, an institution I believe in and which is part of a profession I respect enormously. During my time as member of the FPI I don't recall a more turbulent time as we have experienced in the last 3 months.

I am writing to you to deal with the issues we have experienced in the last few months, our resolution thereof and our way forward.

I would like to begin by reiterating the values that the Board, the organization and our members hold dearly namely, respect, honesty, integrity and ethics/ethical behaviour. In every step and engagement, the organization and the Board have been through the last few months these values had been maintained and will continue to be in all our future conduct.

The following issues have been in the spotlight and I would like to give a brief summary of each.

Resignation of the Chief Executive Officer

This has obviously been a destabilizing and unfortunate matter for the Board and the organization to deal with. The FPI placed the CEO on leave due to allegations of mismanagement. This was addressed openly with members who were present at our recent AGM.

All allegations had been investigated thoroughly and, in the end, I am happy to state that the materiality of the findings was such that it did not necessitate the parties resorting to a disciplinary process. Should the former CEO have committed fraud, as is being speculated by some at the moment, FPI would have followed a different approach.

Notwithstanding, FPI follows a zero-risk tolerance approach to financial management and the mere fact that this investigation was necessary damaged the relationship of trust that existed between the parties. The FPI holds all of its staff accountable to conduct FPI business as cost-effectively and expeditiously as possible and is unwavering in this approach. The FPI Board eventually concluded that to settle the matter was in the best interests of and without prejudice to the FPI, from both a governance and financial point of view.

It is important to note that no 'golden handshake' or any compensation in exchange for his resignation was paid to the former CEO, none was ever contemplated and there is no promise of such in the future. There was a clean break.

Examination Body Fraud Allegations

As luck would have it these allegations surfaced within days of the Board being made aware of the allegations against the former CEO. It was therefore unfortunate and inevitable that a link was made between the two allegations.

I would like to state categorically that the Board of the FPI is not aware, from the current investigations underway, of any involvement by the former CEO in the fraudulent activities perpetrated allegedly by employees of the examination department.

We are completely co-operating with the FSCA to conduct an objective investigation into the number of instances of fraud and we will, as we have done before, hold those responsible to account and introduce criminal charges where necessary.

FPI's withdrawal as an Examination Body

Following from the examination fraud, which highlighted gaps in our governance processes and policies overall, the Board felt it necessary to voluntarily withdraw as a Regulatory Examination administrator in order to maintain the integrity of the exams and protect the interests of the candidates.

We still feel this was the prudent approach which would allow us to focus on our core function - being a professional body.

However, it is important to state that the only candidates who are impacted by these fraudulent activities are those candidates who conspired with the said employees. As for the rest of the candidates who acted with honesty and integrity, your results remain valid, recognized and true.

Chief Operating Officer

There is not much to say here save for the fact that every allegation against the COO has been just that, allegations. The FPI has sufficient proof of how and for which reasons the COO was appointed and chooses not to engage with faceless individuals who seem to have a grudge against the COO.

From the investigations we have made we determined these are the efforts of a disgruntled former employee/s who seem quite happy to tarnish the reputation of an organization they once claimed to be proud of. These are not the sort of people we wish to have as part of the FPI, given the values we espouse.

The Professional Body

The issues referred to above have had no impact on the professional body side of our function, save for the reputational damage to our brand. A reputation which we jealously guard. Although we believe we are over the worst, our members and stakeholders, including SAQA and the FPSB, will be kept abreast of the further developments regarding these issues.

FPI is and continues to be the only provider of the coveted CFP® designation in South Africa. The Board and the organization will whole-heartedly strive to protect and maintain this status. I can comfortably say that at this moment there is no indication that the status of FPI, as the sole provider of the CFP® mark, is in jeopardy. Our members can continue to be proud of their FPI designations and future candidates are encouraged to pursue and strive toward these designations.

Further, although FPI did suffer a financial loss as a result of the closing of the examinations body it must be stressed that FPI is still a going concern and can meet its obligations. Admittedly, it was necessary to introduce cost cuts and retrench some staff through a restructure for the sake of maintaining sound finances. The Board approved this restructure with regret.


I wish to reiterate that the Board and the executive remain committed to the FPI, and that we will continue to jealously guard our reputation, status and our values. Every effort we have taken to deal with the issues referred to herein has been in the best interests of our members and employees and to deal with as quickly as possible for purposes of FPI's credibility.

This has been a difficult period for all us, a stressful time to our Board, who volunteer their services to the organization they genuinely care about, and tough for FPI's executive and employees who have been working around the clock to keep the ship sailing. I would like to thank the Board, the executive and our committed employees who strive to deliver to our members what they certainly deserve.

To our members and stakeholders, thank you for your patience and support during this period. We assure you that that the Board, executive committee and employees are committed to successfully getting through these times and coming out stronger.

Lastly, FPI invites any member who still have enquiries regarding any of the above events to approach David Kop or Lelane Bezuidenhout for a personal discussion on the matter.

Sincerely

A handwritten signature in black ink, appearing to read 'Ntai Phoofolo', written in a cursive style.

Ntai Phoofolo