



National Student Financial Aid Scheme
Strategic Plan for the fiscal years
2015/16 – 2019/20

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Official Sign-off

It is hereby certified that this Strategic Plan:

- was developed by the management of the National Student Financial Aid Scheme (NSFAS) under the guidance of its Board;
- takes into account all the relevant legislation, regulation and policies;
- accurately reflects the strategic outcome-orientated goals and objectives that NSFAS will endeavour to achieve in the years 2015/16 to 2019/20.

Lerato Nage
Chief Financial Officer

Signature:



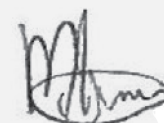
Joy Sixholo
**Senior Manager:
Strategic Planning and Performance**

Signature:



Msulwa Daca
Executive Officer

Signature:



Approved by
Prof. Themba Mosia
Acting Chairperson

Signature:



Abbreviations

AGSA	Auditor-General South Africa
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operations Officer
CGICTAS	Corporate Governance of Information and Communication Technology Assessment Standards
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
EO	Executive Officer
EXMA	Executive Management
GM	General Manager
NDP	National Development Plan
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
PCHET	Portfolio Committee on Higher Education and Training
PPPFA	Preferential Procurement Policy Framework Act
SARS	South African Revenue Service
SETA	Sector Education and Training Authority
SMART	Specific, Measurable, Achievable, Realistic and Timebound
TVET	Technical and Vocational Education and Training

Foreword by the Chairperson

This document sets out the Strategic Plan of the National Student Financial Scheme (NSFAS) for the fiscal years 2015/2016 to 2019/2020 in accordance with national imperatives and represents the aspirations of NSFAS to deliver on its mandate.

The Strategic Plan defines the strategic objectives, targets and key performance indicators (KPIs) which will be utilised to measure performance. The Strategic Plan also identifies the funding required to achieve the stated strategic objectives.

This document sets out priorities for NSFAS in a manner that emphasises the outcomes-orientated monitoring and evaluation approach of the Presidency and has been guided by:

- NSFAS Act (Act 56 of 1999);
- National Skills Development Strategy (NSDS) III;
- Ministerial Review of NSFAS;
- White Paper for Post-School Education and Training;
- National Development Plan; and
- other relevant legislation, regulation, policies and the changing post-school environment in which NSFAS operates.

This Strategic Plan outlines a disciplined approach to supporting the ongoing transformation of NSFAS by continuing to build on the foundation that has been laid over the past two years. It is based on the two strategic goals guiding the entity's strategic direction, namely:

Goal 1: An efficient and effective public entity in student financial aid;

Goal 2: Access to higher education and improved student financial aid environment.

In delivering the objectives set out in this plan, NSFAS will be working with many other organisations which share its dedication to providing access to higher education and training.



Prof. Themba Mosia

Acting Chairperson

Part A: Strategic Overview

1. Mandate

NSFAS is responsible for:

- providing loans and bursaries to eligible students;
- developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training;
- raising funds;
- recovering loans;
- maintaining and analysing a database; and
- undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid.

2. Vision

A model public entity that provides financial aid to all eligible public university and Technical and Vocational Education and Training (TVET) college students from poor and working class families.

3. Mission

To transform NSFAS into an efficient and effective provider of financial aid to students from poor and working class families in a sustainable manner that promotes access to, and success in, higher and further education and training, in pursuit of South Africa's national and human resource development goals.

The mission statement is made up of three distinct elements which describe why NSFAS exists, what we do, and the impact on our constituency:

- NSFAS exists to provide financial aid to eligible students at public TVET colleges and public universities.
- NSFAS identifies eligible students, provides loans and bursaries and collects student loan repayments to replenish the funds available for future generations of students.
- NSFAS supports access to, and success in, higher education and training for students from poor and working class families who would otherwise not be able to afford to study.

4. Values

External Values for our Students and Stakeholders:

Accessibility - We create an environment that allows efficient, effective and direct access to NSFAS and the funding it provides to eligible students.

Transparency - We are open and honest with all students and stakeholders.

Affordability - We offer affordable solutions for students to study at public universities and TVET colleges.

- Reliability** - We honour our commitments and strive to deliver on our mandate.
- Authenticity** - We protect our students and stakeholders by offering quality services and information.

Internal Values for our staff and organization:

- Integrity** - We act with integrity towards all stakeholders, and support clients that uphold the same values.
- Accountability** - We take responsibility for our actions that drive performance management.
- Respect** - We treat all our staff members with respect and fairness.
- Innovation** - We strive to innovate in communicating with and serving students.

5. Legislative and Other mandates

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme (Act 56 of 1999), is responsible for providing loans and bursaries to eligible students at all public universities and technical and vocational education and training (TVET) colleges (formerly known as further education and training [FET] colleges) throughout the country. Further mandates for the entity include the recovery of student loans and raising funds for student loans and bursaries.

In addition to managing funds granted by the Department of Higher Education and Training (DHET), NSFAS administers funding on behalf of the Department of Basic Education and the Department of Social Development, amongst other national and provincial government departments.

5.1. Constitutional mandate

The Bill of Rights states in section 29:

Education:

- (1) Everyone has the right-
- a) to a basic education, including adult basic education; and
 - b) to further education, which the state, through reasonable measures, must make progressively available and accessible.

NSFAS contributes to the attainment of the rights described in section 29 by providing financial aid to students from poor and working class families. NSFAS enables these students to access post-school education, thereby redressing the results of past racially discriminatory laws and practices. The mandate includes the recovery of student loans and raising funds for student loans and bursaries.

5.2. Legislative mandates

The National Student Financial Aid Scheme Act, 1999 (Act 56 of 1999), provides for the granting of loans and bursaries to eligible students attending public universities and colleges, and for the administration of student loans and bursaries.

In addition to the NSFAS Act, legislation and regulation applicable to NSFAS includes the following:

- Basic Conditions of Employment Act, 1997
- Employment Equity Act, 1998
- Education Laws Amendment Acts, 2007, 2011
- Further Education and Training Act, 1998
- Higher Education Act, 1997
- Labour Relations Act, 1995
- National Credit Act, 2005
- National Education Policy Act, 1996
- National Qualifications Framework Act, 2008
- National Environmental Management Act, 1998 amended 2003
- Occupational Health and Safety Act, 1993
- Preferential Procurement Policy Framework Act (PPPFA), 2000
- Promotion of Access to Information Act, 2000
- Promotion of Administrative Justice Act, 2000
- Protection of Personal Information Act, 2013
- Public Finance Management Act, 1999
- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Learnership Regulations
- PPPFA Regulations
- National Treasury Regulations
- SETA Grant Regulations
- Health and Safety Regulations

5.3. Policy Mandates

5.3.1. National Development Plan - 2030

The National Development Plan (NDP) - 2030 provides the policy framework within which NSFAS has developed its strategic plan. It details the challenges that the country is facing as well as the strategic choices that must be made to create a better life for all South Africans.

The NDP provides extensive detail on the nine challenges facing South Africa, amongst these and of particular importance to NSFAS is the challenge that "The quality of school education for black people is poor". As a response to these challenges, the NDP aims to eliminate poverty and reduce inequality by 2030 by:

- Raising employment through faster economic growth;
- Improving the quality of education, skills development and innovation; and
- Building the capability of the state to play a developmental, transformative role.

On improving education, skills development and innovation, the NDP further provides a

broad framework for student financial aid in South Africa:

(i) Funding for qualifying students

“Provide all students who qualify for the National Student Financial Aid Scheme with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses”.

(ii) Collections

“The National Student Financial Aid Scheme... should be recovered through arrangements with the South African Revenue Service”.

5.3.2. The National Skills Development Strategy III

The National Skills Development Strategy III - The key driver of this strategy is improving the effectiveness and efficiency of the skills development system. This strategy represents an explicit commitment to encouraging the linking of skills development to career paths, career development and promoting sustainable employment and in-work progression.

6. Situational Analysis

6.1. Performance environment

This section identifies the key factors about the external and internal environments that informed the strategic planning process. The trends in the higher education and training sector and South Africa’s economic landscape were considered. The factors listed below will have a direct impact within the next five years on the ability of NSFAS to deliver on its mandate. In addition a stakeholder identification and value analysis is provided.

i. Changing Strategic Landscape: External Environment

Over the next five years, the operating environment will be affected by the following external factors:

A. Increase in number of students who will require NSFAS funding

(i) Basic education

The Department of Basic Education’s Action Plan to 2014 “Towards the realisation of Schooling 2025”, outlines how the Department will increase the number of Grade 12 learners who become eligible for a Bachelors programme at a university (Goal 4). If the goals are realised, 250 000 youths will be eligible to enroll at a university by 2019, within the timeframe of this Strategic Plan.

(ii) Post-school education

In addition, government plans to raise university enrolments from the current 937,000 to 1, 6 million by 2030, to achieve a participation rate in higher education of 25%, according to the White Paper. The target for TVET colleges and other post- school institutions is 3, 5 million students - a four-fold increase over

current numbers.

(iii) Unfunded students

In addition there is a growing concern by DHET to include students whose family incomes fall above the NSFAS threshold for support, but below the necessary threshold to obtain commercial loans.

B. Youth unemployment - South Africa's unemployment for people between the ages of 15-24 is the third highest in the world according to the World Economic Forum (WEF) Global Risk 2014 Report. The NDP's response to these and other challenges is to improve the quality of education, skills development and innovation as one of the three priorities towards reducing poverty and inequality by 2030. This implies a more concerted effort at ensuring success for students at institutions. Partnerships with the National Skills Fund (NSF), SETAs and other government institutions will be crucial in providing the right skills and improving the prospects of employment.

C. Limited resources – Limited financial resources remain the greatest challenge for NSFAS annually. The available resources are not sufficient to support all applicants, the vast majority of whom are from poor families and unable to pay for their own studies. Whilst government spending on higher education and post-school skills development is set to increase over the MTEF period as announced by Finance Minister Nhlanhla Nene (Medium term budget policy statement, 2014), this will still not be sufficient to reduce the funding gap. This implies the need for a collaborative fund raising and collections strategy to increase the pool of funds to ensure that students from poor and working class families have the opportunity to attend university or college.

ii. Changing Strategic Landscape: Internal Environment

Over the next five years the operating environment will be affected by the following internal factors:

- Rolling out the student-centred model of providing financial aid directly to the students.
- Improving end-to-end system integration with other government systems such as SARS and the Central Application system.
- Improving internal controls and preventing fraud in the system.
- Strengthening the human resource capacity.
- Positioning NSFAS to manage more bursaries on behalf of public sector institutions and private foundations in an effort to raise more funding for student financial aid.
- Renewing the focus on collections – implementing a comprehensive collections strategy that will re-examine amongst other issues, lending rates and collections through SARS.

6.2 Stakeholder Value Analysis

This section lists the key stakeholders of NSFAS, and their expectations. This analysis formed the cornerstone of developing the strategic objectives with a view to improving stakeholder satisfaction. NSFAS will monitor progress on satisfying stakeholder needs within the next five years.

Stakeholder	What this Stakeholder needs from NSFAS to be satisfied
NSFAS funded students	Efficient administration of financial aid Timeous disbursement of tuition and residence fees to institutions and allowances to students Improved communication
Students who are eligible for NSFAS funding but are not funded	Financial aid Information on access to loans and bursaries
Universities and TVET Colleges	Efficient claims processing Timeous disbursement of tuition and residence fees to institutions and allowances to students Improved communications
Funders	Improved communication Delivery of services in terms of the funding contract between NSFAS and Funders
Department of Higher Education and Training	Performance in terms of mandate Provide policy advice Improved communication Timely reporting at agreed intervals
National Treasury	Expenditure in terms of approved budget Performance in terms of mandate
Parliament and PCHET	Performance in terms of mandate Timely submission of required documents
Employees and staff trade union	Continuous improvement in working conditions Improved staff consultation and communication
National Credit Regulator	Compliance
Private sector	Partnership potential
Financial Services Board	The Treating Customers Fairly outcomes

7. Description of the Strategic Planning Process

As a starting point to the planning process, NSFAS hosted strategic planning workshops for the Senior Management Team (SMT) on Friday 20 June 2014 and for the Board on 27 June 2014. The purpose of these workshops was to:

1. review the strategy to ensure that it is relevant, well focused and delivers real value to stakeholders, and;
2. involve the SMT in the process of strategic planning by obtaining their inputs and views for the next five year plan.

The workshops involved the following processes:

1. External environmental scanning
2. Internal environmental scanning
3. Stakeholder value analysis – identification and analysis of stakeholders, and clarification of their expectations and needs
4. NSFAS results value chain and the identification of the most critical results
5. Formulation of the short, medium and long term value proposition
6. Focus on short term (3-5 years) value proposition and identification of strategic priorities
7. Identification of enabling elements to ensure delivery
8. Defining measures of success

The first part of the process was necessarily iterative in nature and focused on critically examining the goals and objectives so that they respond to opportunities and threats, and developing performance metrics, to ensure that the organisation is focusing on and measuring the relevant activities and deliverables.

The second part of the process involved a review of the strategic objectives to ensure that they are specific, measurable, achievable, realistic and time bound – in accordance with “SMART” principles, and to formulate the outcomes according to the Balanced Scorecard Framework.

This was followed by target setting, taking into consideration the resources, capabilities, strengths and weaknesses of the organisation. The final workshop was conducted to develop a five year budget that is aligned to the identified strategic targets and to develop a framework for managing associated risks. The outcomes of the workshop were consolidated into the NSFAS five year Strategic Plan, which was presented to the Board and to the Minister of Higher Education and Training for approval.

Part B: Strategic Objectives

Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goals	Goal 1	Goal 2
Goal Statement	An efficient and effective public entity in providing student financial aid	Increased access to higher education and improved student financial aid environment
Goal Statement	To implement effective and efficient processes and operations to ensure stakeholder objectives are achieved	To increase access to funding for eligible students by raising funds, maximising loan recoveries and creating a student centred loans and bursaries model through improved communication support for students and a central application process
Outcomes	<ul style="list-style-type: none"> ▪ Robust systems, processes and controls ▪ Effective and efficient governance structures ▪ Productive and engaged employees 	<ul style="list-style-type: none"> ▪ Increased funding ▪ Improved recoveries ▪ Financial support extended to more students ▪ Improved stakeholder communications and relations ▪ Client service management
Performance Indicator	NSFAS receives a clean audit report annually	<ul style="list-style-type: none"> ▪ Increased total number of student loans and bursaries ▪ Augmented capital available for disbursement

9. Strategic Objectives

NSFAS is organized into two programmes namely Student Centred Financial Aid and Administration.

9.1. Programme: Student Centred Financial Aid

The aim of this programme is to improve the provision of financial aid to an increasing number of eligible students by designing and implementing a new student centred operating model and enhancing the financial aid environment with policy recommendations for new financial aid programmes. This programme consists of the following service units:

Loans and Bursaries Administration – Responsible for comprehensive loans and bursaries operations

sBux – Responsible for electronic disbursements of allowances

Contact Center – Responsible for student relationship management

Communications – Responsible for stakeholder and student communications and marketing

9.2. Programme: Administration

The aim of this programme is to conduct the overall management, administration and governance of the entity and to provide efficient and effective support services to sustain the new student centred operating model. This programme consists of the following service units:

Executive Office – Responsible for strategy, organisational performance, communications and stakeholder relations

Finance – Responsible for all financial accounting and related processes, collections and debtor management and risk management

Corporate Services – Responsible for all people and facilities related matters

Information and Communications Technology – Responsible for all system related enablers

Each of the Programmes has a set of strategic objectives that drive its performance. These strategic objectives have been derived using the Balanced Scorecard approach. The Balanced Scorecard is a performance management tool, that allows for monitoring and evaluation of performance using the four perspectives as described below:

Stakeholder Perspective – This relates to outcomes and outputs NSFAS has to achieve for its stakeholders

Financial Perspective – This related to meeting service delivery needs in an economic, efficient and effective manner

Internal Process Perspective – This relates to those critical operations that will enable NSFAS to deliver on its mandate

Learning and Growth Perspective – This relates to the capacity and skills NSFAS needs to achieve its objectives

For government departments and public entities the balanced scorecard is customised so that service delivery is the ultimate goal rather than profits therefore the stakeholder perspective is placed on top instead of the financial perspective. The overall aim of the balanced Scorecard is to provide a framework in which NSFAS can measure and monitor performance and create synergy between resource allocation (human and financial), internal processes and service delivery.



Programme: Student Centred Financial Aid

STAKEHOLDER PERSPECTIVE

Strategic objective 1	Improve the disbursement of funds and allowances to students	
Objective statement	To progressively improve the efficiency of payments of tuition, residence fees, allowances and claims to students and institutions	
Indicator	Baseline (2013/14)	
Increase in percentage of students in the student-centred model paid tuition and residence fees on the due date	New indicator	
Increase in percentage of students in the student-centred model paid allowances on the due date	New indicator	
Percentage of claims paid to institutions outside of the student-centred model on the due date	New indicator	
Upfront payment made to institutions outside of the student-centred model on the due date	New indicator	

Strategic objective 2	Provide policy inputs on student financial aid	
Objective statement	To provide policy inputs on student financial aid by conducting research programmes and publishing the outcomes	
Indicator	Baseline (2013/14)	
Number of research reports produced	New indicator	
Number of research projects published	New indicator	
Number of policy briefs produced	New indicator	

Strategic objective 3	Improve key external stakeholder satisfaction	
Objective statement	To improve stakeholder satisfaction by improving stakeholder relations and communication for those stakeholders identified in section 6.2 of the Strategic Plan	
Indicator	Baseline (2013/14)	
Increase in percentage of satisfied stakeholders	New indicator	

FINANCIAL PERSPECTIVE

Strategic objective 4	Improve loan collections	
Objective statement	To improve loan collections incrementally each year	
Indicator		Baseline (2013/14)
Increase in loan collections		R338 820.613

Strategic objective 5	Increase funding raised	
Objective statement	To increase the pool of funding available for eligible student loans and bursaries incrementally each year through various fund raising mechanisms	
Indicator		Baseline (2013/14)
Increase in number of new funders secured		14
Increase in funding raised from current funders		R1,051,163 billion (excludes special additional R1 billion grant)

INTERNAL PROCESSES PERSPECTIVE

Strategic objective 6	Roll-out new student centred model	
Objective statement	To roll-out the new student centred model by increasing the percentage of students on the model	
Indicator		Baseline (2013/14)
Increase in percentage of students migrated to new student-centred model		15% of students

Strategic objective 7	Improve governance	
Objective statement	Improve governance standards by maintaining an unqualified audit with zero material statements	
Indicator		Baseline (2013/14)
AGSA audit opinion		Unqualified audit

LEARNING AND GROWTH PERSPECTIVE

Strategic objective 8	Strive for a high performance culture and improved working environment	
Objective statement	Strive for a high performance culture by improving productivity and increasing employee engagement	
Indicator		Baseline
Increase in percentage of productive employee		New indicator
Increase in percentage of engaged employees		New indicator

Strategic objective 9	Ensure information technology (IT) and organisational strategic alignment	
Objective statement	Align organisational processes and information technology by achieving CGICTAS phase 3 status and maintaining the status thereafter	
Indicator		Baseline (2013/14)
Status level for CGICTAS achieved		New indicator

10. Resource Considerations

NSFAS expenditure over the MTEF is expected to increase as a result of additional funders, the growth in funds for loans and bursaries, and a greater number of students to service. Expenditure will be concentrated in the following areas:

10.1. Programme: Student Centered Financial Aid

Integration of the NSFAS student-centred model with university and college admissions systems.

10.2. Programme: Administration

Recruitment and employment of skilled human resources in certain core, critical and scarce skills roles, including collections, funder relationship management, communications and stakeholder relations, data analytics and modelling.

The projected headcount over the next three years is reflected in the table below.

Headcount			
	2015/16	2016/17	2017/18
Permanent Employees	299	314	320
Temporary Employees	25	25	25
Total	324	339	345

11. MTEF Allocation Estimates

Programme	Audited outcome			Adjusted appropriation			Medium-term expenditure estimate		
	2011	2012	2013	2014/15	2015/16	2016/17	2017/18		
R thousand									
1. Administration	38,763	89,022	151,379	83,410	35,680	119,090	82,209	80,332	
2. Student Centered Financial Aid	5,400,717	7,350,395	7,871,141	8,419,037	-	8,419,037	9,365,708	9,835,350	
2.1 Student Centered Financial Aid - Operations	38,620	23,397	35,460	43,270	-	43,270	129,796	137,642	
2.2 Loans & Bursaries	5,362,097	7,326,998	7,835,681	8,375,767	-	8,375,767	9,235,912	9,697,708	
Subtotal	5,439,480	7,439,417	8,022,520	8,502,447	35,680	8,538,127	9,447,917	9,915,682	
Direct charges against the National Revenue Fund	-	-	-	-	-	-	-	-	
Total	5,439,480	7,439,417	8,022,520	8,502,447	35,680	8,538,127	9,447,917	9,915,682	
Change to 2013 budget estimate	-	-	-	-	35,680	-	-	-	

12. Risk Management

The table below represents the main strategic risks. Strategic risk assessments are conducted annually to ascertain any shift in the magnitude of risk and the need for further management action. Monitoring is through ongoing activities or separate evaluations to ascertain whether risk management is effectively practiced at all levels of the organisation in accordance with the risk management policy, strategy and plan. The risks will be reviewed annually and the mitigation strategies for each of the five years of the Strategic Plan will be provided in detail in the corresponding Annual Performance Plans.

Link to objective	No	Risk	Risk Description	Risk Mitigation
Improve disbursement of funds and allowances to students	1	Inability to disburse funds to students and institutions on time	The risk that students will not receive funding for tuition and allowances timeously due to lack of capacity within NSFAS to deliver on the mandate.	Monitoring and evaluation process will be put in place to ensure payments are made timeously.
Provide policy inputs on student financial aid	2	Inability to provide strategic insights on financial aid issues	The risk that NSFAS will not be able to collect and analyse data on student financial aid in order to provide policy proposals to stakeholders.	A new research unit with defined outputs will be put in place in 2015/16
Improve key external stakeholder satisfaction	3	Reputational damage	Reputational damage can occur as the result of actions by the organisation itself or by the actions of other parties, such as suppliers.	NSFAS in the process of developing a communications strategy for all its stakeholders
Improve loan collections	4	Inability to recover from debtors	The risk that NSFAS will fail to recover student loans resulting in complete or partial lost principal debt and interest, disruption to cash flows, and increased collection costs.	NSFAS is the process of developing a new collections strategy for implementation 2015/16

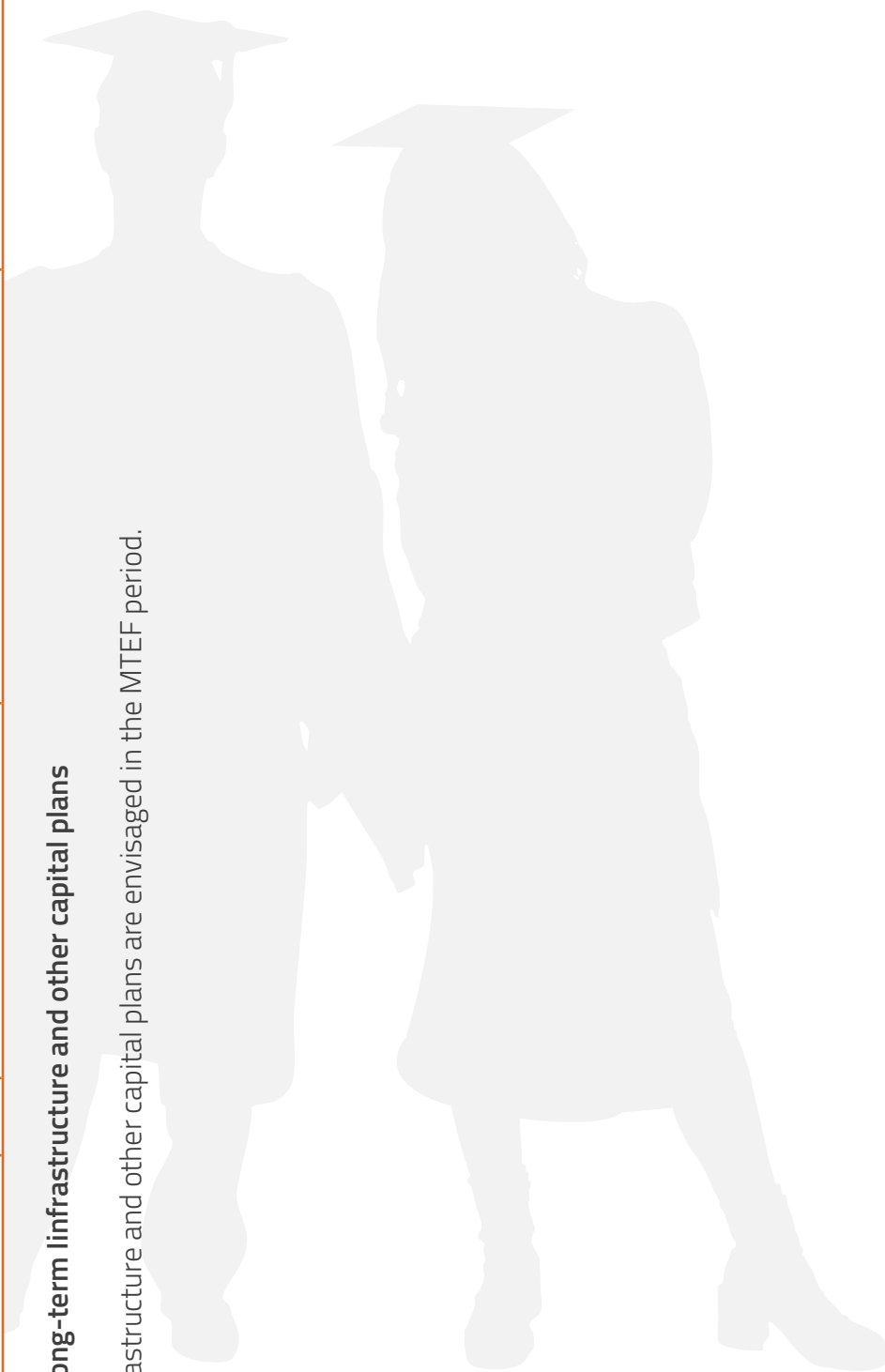
Link to objective	No	Risk	Risk Description	Risk Mitigation
Increase funding raised	5	Reduction in funds	Donors reducing funding as a result of changes in their own environments.	A new fundraising strategy is being developed for implementation in 2015/16. Furthermore, NSFAS will be capacitating the Stakeholder management service unit with people, systems and processes to meet the needs of the growing donor portfolio.
Roll-out new student-centred model	6	Lack of skills	Lack of skills to successfully roll-out the new student-centred model to all institutions within the specified time frames.	Training and up-skilling will be provided for current employees.
Improve governance	7	Insufficient internal controls	Failure to integrate, document and communicate internal controls in all operations.	Various initiatives will be put in place as part of the internal audit plan to improve the control environment within NSFAS. This includes the review of the Fraud Policy.
Strive for a high performance culture and improved working environment	8	Inability to manage performance	Employees not held accountable for performance outcomes.	NSFAS is in the process of implementing an improved performance management system and Employee Wellness Programme. Employee benefit programmes are also undergoing a review.



Link to objective	No	Risk	Risk Description	Risk Mitigation
Ensure IT and organisational strategic alignment	10	IT not meeting organisational requirements	Failure to deliver on mandate, and implement policies and reporting due to non-alignment between IT and organisational strategies.	IT Governance training to be conducted for all relevant stakeholders

13. Links to the long-term infrastructure and other capital plans

No long term infrastructure and other capital plans are envisaged in the MTEF period.



Annexure A: Framework of Acceptable Levels of Materiality and Significance

For the purpose of the interpretation of and compliance with the Public Finance Management Act, No. 1 of 1999

Introduction

In terms of Regulation 28.3.1 of the Treasury Regulations issued in terms of the Public Management Finance Act (PFMA), Act no.1 of 1999, for the purpose of material [Section 55(2) of the PFMA] and significance [Section 54(2) of the PFMA], the Accounting Authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the External Auditors.

Fiduciary duties of the Accounting Authority

Section 50

- (1) The accounting authority for a public entity must:
- c) Upon request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or action of the executive authority or that legislature.

Quantitative (Amount)

- a) Any fact discovered of which the amount exceeds the materiality figure of R205,481,740.00¹
- b) Any unbudgeted transaction of which the amount exceeds 2%² of the total value of assets per Annual Financial Statements.
- c) Any budgeted event where income is a legitimate expectation where the actual income is less than 1%³ of the total expenditure.
- d) Total actual income which is less than budgeted income by more than 1%³ of budgeted income.
- e) Total actual expenditure which is more than budgeted income by more than 1%³ of budgeted expenditure.

Qualitative (Nature of the event)

- a) Any unplanned event that affects the core purpose or mandate of the entity.
- b) Any activity that is outside the parameters of the provisions of the National Student Financial Aid Scheme Act No 56 of 1999, as amended.
- c) Any item or event of which specific disclosure is required by law.
- d) Any fact discovered of which its omission or misstatement will affect the functioning of the entity.

¹ 2% of Total Assets as disclosed on the 2013/14 Annual Financial Statements

² Treasury Prescribed threshold as per the practice note on application under section 54 of PFMA

³ Treasury Prescribed threshold as per the practice note on application under section 54 of PFMA

Fiduciary duties of the Accounting Authority

Quantitative (Amount)

Qualitative (Nature of the event)

Information to be submitted by Accounting Authority

Section 54

(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

- a) Establish or participation in the establishment of a company;
- b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c) Acquisition or disposal of a significant shareholding in a company;
- d) Acquisition or disposal of a significant asset;
- e) Commencement or cessation of a significant business activity; and
- f) Any significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

(a), (b), (d), (e) and (f) are not applicable to the NSFAS.

Information will be submitted by the Accounting Authority with respect to (c), where the cost of the assets acquired or disposed of exceeds 1% of the total cost of the NSFAS's assets.

Information shall be provided as follows:

- a) Any transaction to establish a company.
- b) Any participation in a significant partnership, trust, unincorporated joint venture or similar agreement.
- c) Any transaction to acquire or dispose of shareholding in a company.
- d) The cost of the asset acquired or disposed of exceeds 10% of the total cost of assets.
- e) Any business activity that would impact on the NSFAS's ability to fulfill its mandate, outside of the approved strategic plan and budget.
- f) Where the change in the interest results in a change in the accounting treatment of the arrangement.

Fiduciary duties of the Accounting Authority	Quantitative (Amount)	Qualitative (Nature of the event)
<p>Annual report and financial statement Section 55</p> <p>(3) The annual report and financial statements referred to in subsection (1) (d) must –</p> <p>a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned;</p> <p>b) Include particulars of –</p> <p>i. Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>ii) Any losses recovered or written off</p>	<p>Information shall be provided with respect to:</p> <p>a) Losses through criminal conduct – any losses identified.</p> <p>b) Losses through irregular/fruitless/wasteful expenditure – if the combined total exceeds the materiality figure of R205,481,740.00</p> <p>c) Any recovery of losses and damages through vis major or other unavoidable causes as per Section 76(1) (a-b) of the Act.</p>	<p>Information shall be provided with respect to:</p> <p>a) Qualitative aspects as referred in Section 54 above.</p> <p>b) All losses relating to irregular and fruitless expenditure are regarded as material due to the application of these losses.</p>
<p>Restrictions on borrowing, guarantees and other commitments as provided in Section 66</p>	<p>The NSFAS shall disclose all commitments with financial implications.</p>	<p>The NSFAS shall disclose any borrowings, guarantees and financial commitments.</p>

Operational Considerations	Proposed Framework	Resulting figures for 2013 / 14	Underlying principles
<p>[Material for Section 55 (2) (b) (i; ii; iii) of the PFMA]</p> <p>Disclosure in the Annual Report of:</p> <ul style="list-style-type: none"> ▪ Losses due to criminal conduct. ▪ Irregular expenditure. ▪ Fruitless and wasteful expenditure. ▪ Losses recovered or written off. 	<p>Quantitative</p> <p>Student loans (R 7, 444, 489,000.00): 1 % of the total Student loans reported in the Annual Financial Statements.</p> <p>Capital Expenditure (R 10,274,087,000): 1 % of the Total Assets in the Annual Financial Statements.</p> <p>Operational Expenditure (R 5,846,344,000.00): 2 % of the Total Revenue in the Annual Financial Statements</p> <p>The materiality levels above are subject to a minimum of R205,481,740.00</p> <p>Qualitative</p> <p>Over and above the financial considerations of materiality, any losses due to criminal conduct are considered to be material by nature, irrespective of the quantum thereof.</p> <p>It is, therefore important to note that the quantitative measures of materiality will only apply to irregular expenditure and fruitless and wasteful expenditure, whereas the qualitative measure will apply to losses due to criminal conduct.</p>	<p>R74,444,890.00</p> <p>R102,740,870.00</p> <p>R173,403,400.00</p>	<ul style="list-style-type: none"> ▪ Each loss due to criminal conduct, irregular expenditure or fruitless and wasteful expenditure, as identified, will be evaluated in context of the expense category to which it related to determine whether it qualifies for disclosure in the Annual Report as required by Section 54. ▪ In line with good business practice, as well as the requirements of the Act, NSFAS is committed to the prevention, detection of and taking appropriate action on all irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of NSFAS. <p>To this end NSFAS systems and processes are designed and continually reviewed to ensure the prevention and detection of all such expenditure, irrespective of the size thereof.</p>

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