**MEDIA STATEMENT**
**COMMITTEE HEARS IRREGULAR AND WASTEFUL EXPENDITURE CONTINUES TO EMERGE AS NSFAS ACCOUNTS ARE CURRENTLY RECONCILED**

**Parliament, Thursday, 12 March 2020 –**The Select Committee on Education and Technology, Sports and Arts and Culture, heard that irregular and wasteful expenditure continues to emerge as the National Student Financial Aid Scheme (NSFAS) accounts are reconciled.

NSFAS appeared before the committee at Parliament yesterday to brief the committee on the end to end student funding process and progress report on the student funding status at the universities and TVET Colleges for the 2020 academic year.The committee heard that reconciliation and auditing of accounts at institutional level remain onerous at NSFAS and additional capacity is imperative. The chronic state of maladministration within the financial aid scheme resulted in irregular expenditure that amounted to R7.5 Billion in 2017 and 2018.

NSFAS Administrator, Dr Randall Carolissen, who made the presentation to the committee, attributed this to irregular records in the system, which he said means wrong payments were made to wrong students and at a wrong time. He said it is estimated that up to R2 Billion could be irrecoverable.  Dr Carolissen told the committee that several officials who were found to be involved in fraud and corruption that are related to fraudulent student accounts and the funding of ineligible courses have been arrested and dismissed. He said several cases of fraud and corruption have also been handed over to the Special Investigations Unit for further investigations.

The committee also heard that the failure of critical governance processes in 2018 have placed immense strain on the financial aid scheme where a climate of non-compliance to statutory reporting appeared to be the norm. It heard that NSFAS was further burdened by decentralised and disaggregated decision-making processes.

During 2018, Dr Carolissen said, ICT systems failed on a spurious basis and the overall system's hardware was, and remains not fit-for-purpose. According to Dr Carollison, NSFAS’ priority to date has been to ensure that critical IT systems are available for operations for at least 98 percent of the time. Furthermore, Dr Carolissen said, the current system availability for the myNSFAS portal is 96.3 percent and real-time exchange of data with most institutions are improving from spreadsheet and manual exchanges.

He said the capacity of the IT system has been improved to enable stable high-volume processing to regularise payments to students and institutions while daily disbursements have been shifted to monthly runs to improve oversight, control and enable predictability in allowance and other payments.

The committee observed that NSFAS has, as a means of minimising irregular expenditure, included institutions in the Internal Audit programme. NSFAS has further enhanced the live exchange of NSFAS eligible students and registration data with most institutions. While these mechanisms to improve the structural and operational functioning of the scheme are not unnoted, the committee believes that NSFAS should not be experiencing these types of challenges at all.

The committee welcomes the arrest and dismissal of officials involved in fraudulent activities which impede on student allowances, academic calendars and results in student protests on campuses. Chairperson of the committee, Mr Elleck Nchabeleng, said that the committee will continue to monitor the progress and plans to improve functionality in NSFAS.

According to the NSFAS officials, several Universities and Tvet colleges are the cause of the delay in payouts, Mr Nchabeleng said that this information needs to be made public as the blame always falls on NSFAS for late payouts and not the institutions.

Mr Nchabeleng said that the committee fully supports Dr Carolissen in his efforts to turn-around the scheme and to bring it to its full functionality. He said this will provide a solid platform for the next NSFAS Administrator.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE SELECT COMMITTEE ON EDUCATION AND TECHNOLOGY, SPORTS AND ARTS AND CULTURE, MR MAMAGASE ELLECK NCHABELENG**