



**MINISTER  
HIGHER EDUCATION  
SCIENCE AND INNOVATION  
REPUBLIC OF SOUTH AFRICA**

Private Bag X727, Pretoria, 0001, South Africa. Tel: +27 12 843 6717 / Private Bag X9156, Cape Town, 8000, South Africa. Tel: +27 21 469 5000

Honourable Mkhuleko Hlengwa  
Chairperson of Standing Committee on Public Accounts  
PO Box 15  
Cape Town  
8000

[nnkabinde@parliament.gov.za](mailto:nnkabinde@parliament.gov.za)

Dear Honourable Mhlengwa,

**UPDATE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) ON  
MATTERS RELATED TO THE NATIONAL SKILLS FUND (NSF): 25 AUGUST 2021**

My letter to you dated 25 June 2021, and your subsequent invite for me to provide an update to the Standing Committee on Public Accounts (SCOPA) refers. The update on the National Student Financial Aid Scheme (NSFAS) has been submitted separately by the Accounting Authority of the organisation. Please receive below the update on the National Skills Fund (NSF).

Subsequent to my previous letter, and as stated therein, the process to appoint a service provider to undertake the forensic investigation into the NSF has now been completed, and the service provider has commenced with the work. The Terms of Reference for the service provider include:

- An analysis and investigation into 10 projects that form part of R 2.5 billion unverified skills development expenditure as reported in the NSF Annual Financial Statement, and as per the report from the Auditor-General;
- Questioning of possible witnesses and suspects, and documenting their statements;
- Conducting of a voice stress analysis, alternatively polygraphy tests;
- Interviewing of Fund Adjudication Committee members
- Determining if there was intentional concealing of information by NSF officials to the auditors

- Determining conflict of interest if any, with regards to relationships by and between the NSF officials, relevant DHET officials (past and present), projects awarded as well as service providers;
- Evaluation of funding adjudication processes and procedures;
- Evaluation of processes and procedures when awarding funding for the projects
- Conducting lifestyle audits and financial standing;
- Assist in the drafting of charges (where applicable), as well as with the presentation of evidence in subsequent disciplinary and legal proceedings

As can be seen from the above, we are confident that, as directed by yourselves, this exercise will assist to uncover the true state of affairs within the NSF, understand where lapses and/or deliberate irregularities occurred, and be able to hold people accountable. The service provider has been given three months to complete the work, and submit a report.

Unfortunately I am still unable to submit a detailed roadmap as requested by yourselves, as the service provider is still reviewing documentation, which enable them to provide us with an accurate roadmap. I will submit same to you as soon as I receive it, no later than 14 days from this letter.

As mentioned also in my previous letter, I had sought guidance from the President as the employer of the Director-General, who also serves as the Accounting Authority for the NSF. I can now report that having satisfied himself of the merits of the course of action I was taking, the President delegated to the Minister of Home Affairs, Dr. Aaron Motsoaledi to manage the process of placing the Mr. Qonde on precautionary suspension, in line with the relevant laws and public service regulations.

Mr. Qonde was subsequently placed on precautionary suspension on 23 July 2021. Using the same legal and other considerations, the Acting Director-General also placed the Chief Executive Officer of the NSF on precautionary suspension on 03 August 2021. Both suspensions are by no means punitive, nor meant to cast aspersions on the dignity or reputation of the two officials, but are meant to protect all parties, and ensures the investigation proceeds without any perception of interference or hinderance.

As I have also reported in previous engagements, I have now appointed the Ministerial Task Team (MTT) to conduct a wholistic review of the NSF, and advise on the best and most relevant positioning of the organisation to respond to current challenges and government priorities. The MTT consists of three individuals, who together bring a wealth of experience and expertise in the fields of governance, finance, business processes among others. The purpose of the MTT is to conduct a strategic review of NSF, its general operations, its efficiency and relevance with regards to the national

skills priorities of the country. The strategic review will include the review of the strategic mandate, strategic policy scope and analysing its capacity, systems and organisational structure in relation to its mandate as a skills levy entity. Among others, the Terms of Reference include to provide and assessment and advice on:

- The current strategic vision and plans of the NSF, and their relevance to the current challenges and policy objectives of the PSET and innovation system, with specific reference to the strategic role of the NSF as part of overall national government policy and legislative context.
- The mandate of the NSF as a skills levy entity within the PSET and innovation systems.
- The appropriateness and compatibility of the current model and structure to its mandate, operations and efficacy.
- The nature and structure of the models that the NSF utilises in relation to the national and provincial operations and partnerships.
- The efficacy of the current the current business model and systems with policy and legislation with specific reference to:
  - ◇ Funding approaches;
  - ◇ Strategic planning and research;
  - ◇ Financial management;
  - ◇ Legal and risk;
  - ◇ Initiation and evaluation processes for projects;
  - ◇ Project monitoring both financial and non-financial;
  - ◇ Reporting both financial and non-financial; and
  - ◇ Evaluation of funded projects.
- The governance and administration of the NSF with specific reference to:
  - ◇ The efficacy of the current governance and administration models, systems and processes;
  - ◇ The effectiveness and appropriateness of the existing oversight mechanism in ensuring accountability of the management of NSF;
  - ◇ The efficacy of the current policy and regulatory environment.

As can be seen from the above, the work of the MTT is distinct from the forensic investigation, although both will inevitably make recommendations on how to improve governance and processes within the NSF. The one major issue that the review will assist us finally to resolve, is that of the potential conflict that arises out of the dual role of the Director-General of the Department of Higher Education and Training, who also serves as the Accounting Authority of the NSF, as was discussed at length in previous engagements with SCOPA.

I trust that this update provides sufficient information for members of SCOPA to have solace that we are indeed taking the matters by the committee very seriously, and are working in earnest to respond thereto.

I look forward to engaging with the committee during the session.

Sincerely

A handwritten signature in black ink, appearing to be 'Dr. Be Nziemande', written over a horizontal line.

**DR BE NZIMANDE, MP**

**MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION**

**DATE: 24/08/2021**