**BACKGROUND AND SCOPE**

Following the allegations made by NEHAWU and some senior managers of NSFAS to the Portfolio Committee on Higher Education, Science and Technology (PCHET) and a number of hearings on the matter by PCHET. PCHET had resolved to hold an enquiry on NSFAS into these matters. The proposed enquiry coincided with the appoint of the new NSFAS Board. The new Board at the time pleaded with the PCHET to allow it to conduct its own review into these matters as the Board was still acclimatizing with the organization, furthermore, the Board was conducting its own assessment into the state of the organization. Based on this submission the PCHET agreed to the Board review, which the proviso that the Board would report back to the PCHET on the outcomes of this review.

There were delays with the procurement process and such the review could not start as planned. While the procurement process was still underway NSFAS appeared before SCOPA and NSFAS has indicated that the review would be taking place. In its second appearance to SCOPA, SCOPA has hoped that NSFAS would have concluded the review and SCOPA resolved that it would call NSFAS in November to ascertain the status and outcomes of the review.

**APPROACH OF THE REVIEW**

NSFAS appointed an independent accounting firm and firm of attorneys to conduct the review. The Accounting firm reviewed all the information pack that contained the allegations, this was assessed against the established organizational policies and procedures. The review covered the 2018/2019 and 2019/2020 financial periods. The purpose of the review was to assess the factual correctness of the allegations made against the relevant regulations governing that particular process and conclude on such. The allegations identified four (4) focus areas; human resources, supply chain management, organizational annual performance, and corporate governance failures.

**HIGH LEVEL FINDINGS OF THE REVIEW**

**Human Resources:**

The were instances where supporting documents could not be obtained for some positions, whereas were there was supporting evidence the recruitment process was followed. Information pertaining the appointment of advisors is not available within NSFAS, part of the next steps would include engaging DHET in this regard.

**Procurement/ Supply Chain Management:**

There appears to be no contraventions of SCM policies in the laptop tender process, where independent observers were appointed, the process on how the observer should be involved in the process was applied in line with the National Treasury guidelines.

Consultants were appointed through a procurement process and direct recruitment process using the provisions of NSFAS Act.

**Change in Annual Performance Plan**

There is an indication that the changes in the APP may not have been in line with the DPME guidelines and that some of the changes were not in line with the SMART principles. Consequently, this negatively affected the performance of the organisation as highlighted in the AGSA audit report and management letters.

**Corporate Governance failures:**

There are certain positions that were created, and employees appointed in the manner that suggests governance failures in line with NSFAS’s policies. The fact that the organisation operated without an Audit Committee for some time was not in accordance with PFMA and best practice.

**NEXT STEPS**

It should be noted that the result of the review has not yet been tabled and discussed with the PCHET that had in a way commissioned the review. It is thus a challenge for NSFAS to discuss the details of the review pending the step to engage the Portfolio Committee.

Where there is indication of non-compliances, these matters are currently being followed-up and investigated by an independent legal firm.