



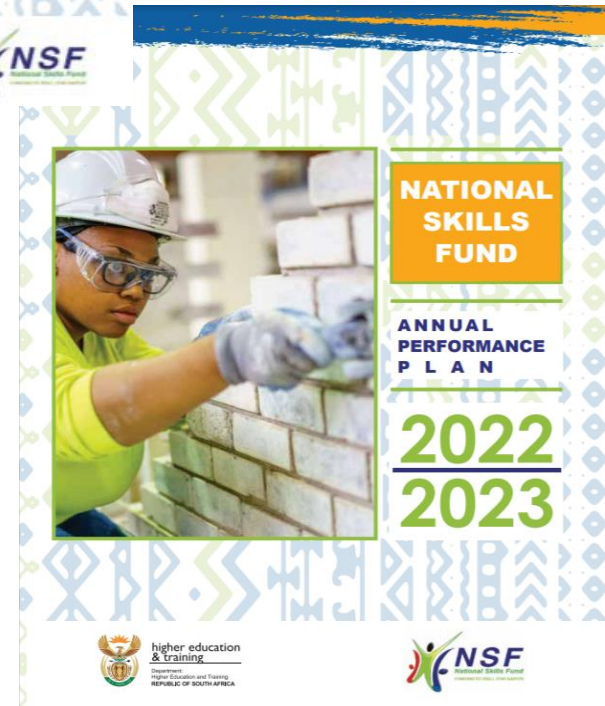
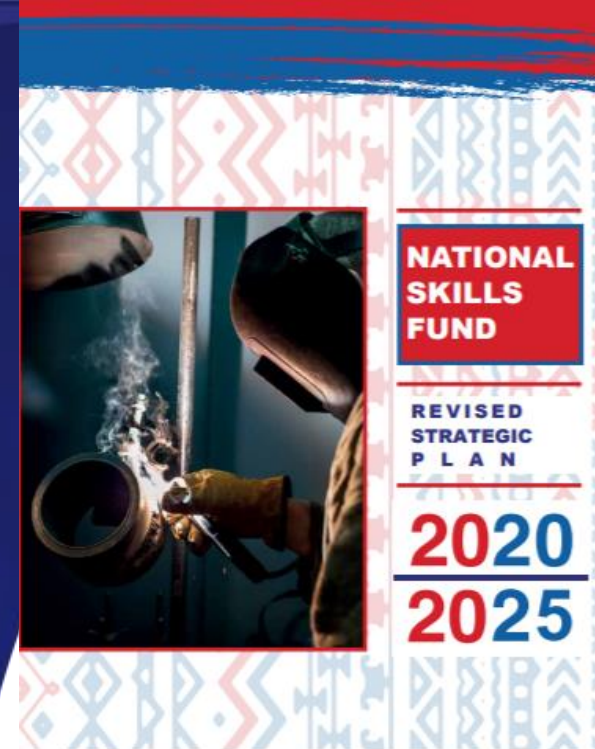
higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



# Portfolio Committee on Higher Education, Science and Innovation **04 May 2022**

## National Skills Fund Revised Strategic Plan 2020/25 Annual Performance Plan 2022/23 and Related Matters





## OUTLINE

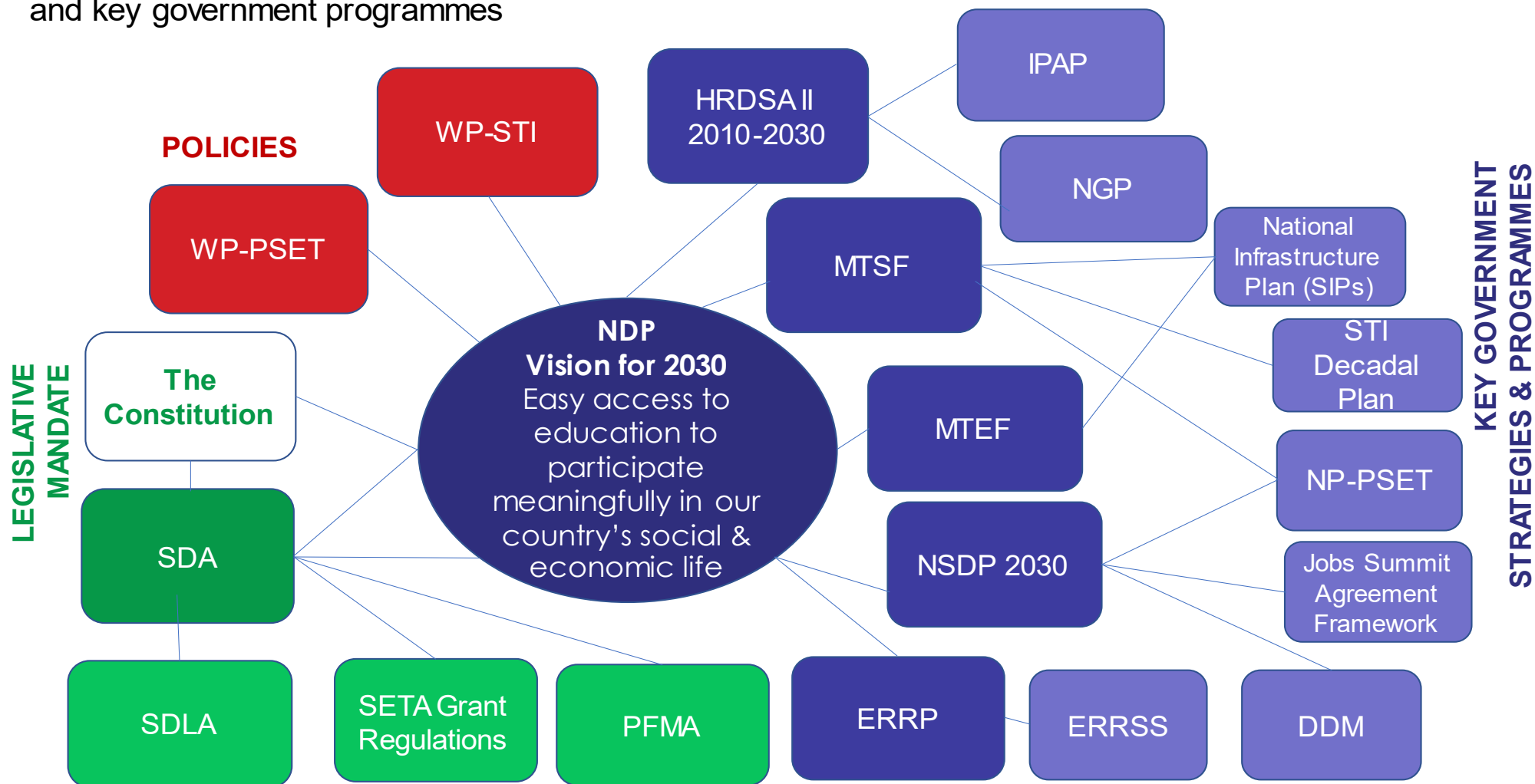
1. Legislative and Policy Environment
2. Prior Year Performance : 2020/21
3. Rationale for Reviewing the NSF Strategic Plan 2020 to 2025
4. NSF Revised Strategic Plan 2020 to 2025
5. NSF Annual Performance Plan 2022/23
6. Budget
7. Update on the decoupling of the NSF from DHET operational network
8. Update on the Forensic Investigation report;
9. Update on the filling of vacancies; and
10. Update on the implementation of the audit action plan.

# **1.NSF Legislative, Policy and Strategic Framework**



# Policies, Legislation & Strategies that steer NSF

## NSF legislative and policy framework and key government programmes





## **1. Skills Development Act, Act No. 97 of 1998 (SDA):**

Provides for the establishment and purpose for the skills development system that includes the National Skills Fund (NSF), National Skills Authority (NSA), Sector Education and Training Authority (SETAs) and the QCTO, and regulates apprenticeships, learnerships and matters related to skills development.

## **2. Skills Development Levies Act, Act No. 9 of 1999 (SDL Act)**

Provides for the collection and disbursement of the skills development levies and matters related thereto.

## **3. Establishment of NSF in terms of the Skills Development Act**

NSF was established in 1999 in terms of section 27(1) of the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), stating the following: “The National Skills Fund is hereby established”. Subsequently, the NSF derives its legal standing from the mandate carried by the Executive Authority, the Minister of Higher Education, Science and Innovation.

The devolution of power from the Executive Authority is expressed in terms of section 29(1) of the SDA. The Director-General of Higher Education and Training is the Accounting Authority of the NSF, variably contemplated by section 49(2) (b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).





## **4. NSF listed as a Schedule 3A public entity in terms of the PFMA**

On 12 October 2012, the Minister of Finance listed the NSF as a Schedule 3A public entity in terms of the PFMA, retrospectively effective from 1 April 2012 (Notice No. 821 in Government Gazette No. 35759).

## **5. National Qualifications Framework Act, as amended, Act No. 12 of 2019 (NQF Act):**

Provides for the National Qualifications Framework (NQF), the South African Qualifications Authority (SAQA) and the quality councils (CHE, QCTO and Umalusi), for qualifications and the quality assurance of qualifications required on the sub-frameworks of the NQF, as well as for misrepresented or fraudulent qualifications.



**The money of the NSF may be used for the primary objectives as defined by the prescripts of the Skills Development Act (SDA) namely:**

1. To fund projects identified in the National Skills Developed Strategy III (National Skills Development Plan) as national priorities (section 28(1) of the SDA)
2. To fund projects related to the achievement of the purposes of the SDA as the Director-General of the DHET determines (section 28(1) of the SDA)
3. To fund any activity undertaken by the Minister of Higher Education and Training to achieve a national standard of good practice in skills development (section 30B of the SDA); and
4. To administer the NSF within the prescribed limit (section 28(3) of the SDA). Regulations to prescribe the limit for the administration of the NSF at 10% of revenue was approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.



- The *National Development Plan* (NDP) 2030 which sets the vision for PSET.
- The *White Paper for PSET* (WPPSET) and the draft National Plan for PSET (NPPSET) which are instruments central to the achievement of the vision.
- The WPPSET directs the Department to “elaborate a concrete development plan for the period up to 2030” and defines the priorities of the DHET for building and strengthening the PSET system.
- *National Skills Development Plan* (NSDP) which sets skills development priorities for the period up to 2030.
- *Human Resource Development Strategy of South Africa 2030* is the long-term overarching strategy to drive human development in the country.
- The WPPSET and the NPPSET informed the development of the DHET 2019–2024 MTSF and the NSF Strategic Planning.
- The *White Paper for Science and Innovation and the Decadal Plan*.
- *Economic Reconstruction and Recovery Skills Strategy* which specific interventions to restore South Africa’s economy following the devastation caused by Covid-19.



## **2. Prior Year Performance: NSF Annual Report for the period 1 April 2020 to 31 March 2021**



## FOR THE PRIOR YEAR (1 April 2020 to 31 March 2021): Actual Performance VS Annual Performance Plan

	OUTCOME PERFORMANCE INDICATORS*					OUTPUT PERFORMANCE INDICATORS*				
	TOTAL TARGETS	ACHIEVED		NOT ACHIEVED		TOTAL TARGETS	ACHIEVED		NOT ACHIEVED	
PROGRAMME 1	8	1	13%	7	87%	9	1	11%	8	89%
PROGRAMME 2	4	0	0%	4	100%	4	2	50%	2	50%
ALL PROGRAMMES	12	1	8%	11	92%	13	3	23%	10	77%

\*Refer to Programme 1 and Programme 2 performance information on **pages 42** of the Annual Report and **pages 45-64** for reasons for variances.

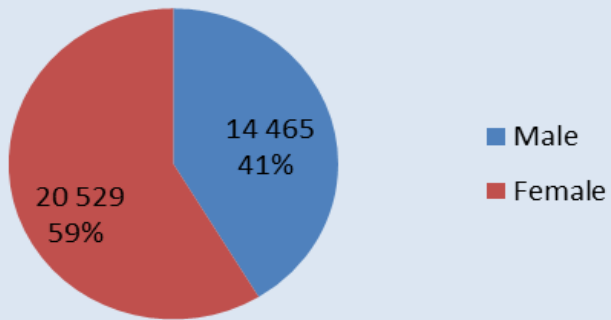
# 2020/2021 BENEFICIARY FACTSHEET

(AR 2020/2021, Page 42-43)

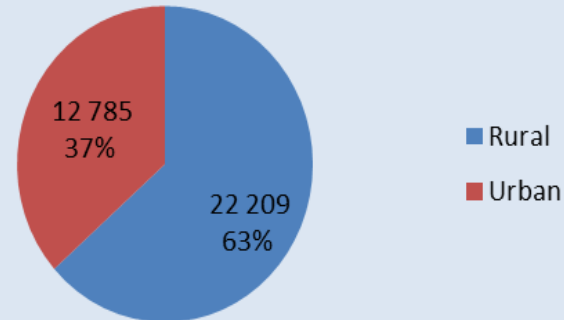
**34 994**

People trained through NSF funded education and training

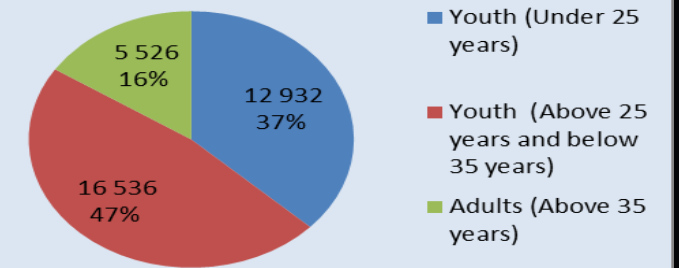
## GENDER



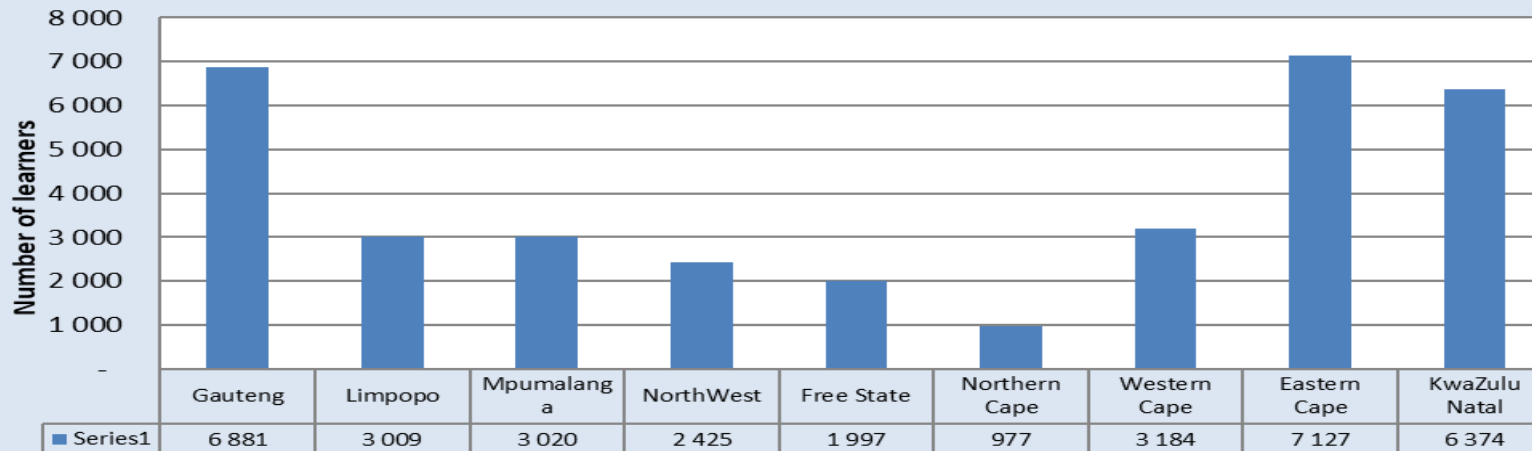
## RURAL vs URBAN



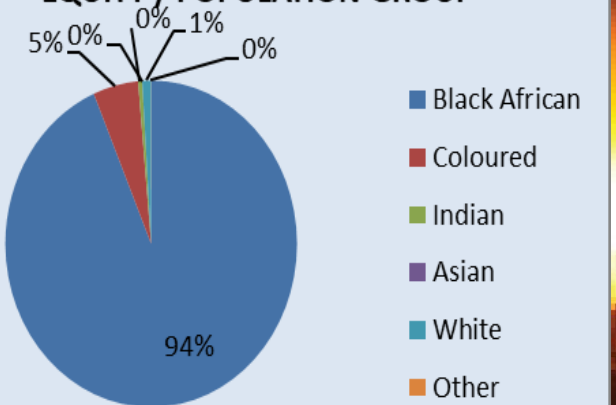
## AGE



## Provincial Breakdown



## EQUITY / POPULATION GROUP



### **3. Rationale for Reviewing the NSF Strategic Plan 2020 to 2025**



## **Rationale to Revise Strategic Plan & APP Planning Priorities**

The 2020 -2025 NSF Strategic Plan required revision to align new indicators introduced in the 2021/22 APP and enhancements to support improving the audit outcomes, reporting and evaluation exercises. The Strategic Plan amendments consequently, informed the APP in consideration of the following key documents and reports as part of the mid-terms review:

- a) Outcomes and outputs in the 2020/21 Annual Report;
- b) New outcomes to support the ERRP Skills Strategy and Plan.
- c) Auditor-General of South Africa reports;
- d) DPME revised framework for the strategic plan and annual performance plans;
- e) NSF Evaluation Study of the NSF prior five-year strategic plan (2015 to 2020);
- f) DHET Revised Strategic Plan 2020 - 2025;
- g) NSF budget framework alignment;
- h) Research and socio-economic analysis inclusive of the impact of COVID-19; and
- i) Intra NSF implementation of revised Programme Structure.





## In summary:

- The NSF during the previous planning cycle made several outcomes inclusion to the 2021/22 Annual Performance Plan, approved and tabled in Parliament, resulted in the need to align the 2020-25 Strategic Plan to inform outer years Annual Performance Plans.
- Address the AGSA preliminary audit findings on the requirement to align the 2020-2025 Strategic Plan with the DMPE Revised Framework for Strategic Plan and Annual Performance Plan and Guidelines for Implementation of Strategic Plan and Annual Performance Plan.
- The NSF management policies, plans and strategic documents review process that informs the revision of its current strategic planning framework;
- The NSF assessed the revised MTSF of the DHET and identified outcomes to which the NSF will contribute in line with its mandate and objectives that would contribute to supporting and catalyzing interventions to the MTSF outcomes.
- The impact of the negative audit reports on the entity for the period 2020/2021 as well as the sober assessment of the organizational performance.



## Material changes to the 2020/25 Strategic Plan:

The approach being informed by the theory of change, the NSF made the following material amendment to the Strategic Plan in compliance with the Revised Framework for Strategic Plan and Annual Performance Plan:

- Impact Statement was amended to "*Reduced inequality and poverty among National Skills Fund beneficiaries*";
- Programme 1: Administration – (this was previously programme 2: Organizational Sustainability)
- Programme 2: Skills Development Funding – (this was previously programme 1: Quality Skills Developed)
- Outcomes – Outcome 2 was changed to "*A skilled and capable workforce to support inclusive growth path*";
- Programme 3: Post-School Education and Training System Improvement Funding
- ✓ Outcome and Output alignment to ensure compliance with the Framework for Managing Programme Performance Information that is a critical component to measure and improve performance reporting;



## Summary of the NSF Revised Strategic Plan & APP Planning Priorities

### Continue...

- ✓ Addition of new indicators;
- ✓ Definition of key policy areas;
- ✓ Technical indicators descriptors to ensure that the scope of evidence to support financial and performance is clearly captured; changes and new standard operating procedures
- ✓ Revision of targets based on prior years and evaluation performance and non-performance in prior years – all targets where increased to an overall 27% additional beneficiary focus on funding;
- ✓ Research and contextual insight: Assessment of the NSF business environment (internal and external) in relation to prior years' performance and identified the following critical drivers that informed the strategic planning period:
  - Increased focus and investment on PSET Infrastructure, Research, Innovation and Capacity Building; and
  - Improved internal controls, responsiveness, service delivery and management across the organization considering that NSF obtained successive disclaimer audit opinions.
- ✓ Current risks and mitigation factors based on a comprehensive risk register review and compilation post the tabling of the strategic plan in 2020.;
- ✓ Defining source documents (Key finding of AG to support documents to inform financial and performance reports);
- ✓ Revised NSF budget over the remaining strategic planning period (over the next 3 years).



## Continue.....

- NSF has set targets as aligned to the DHET PSET institutional targets in consideration of the latest list of occupations in high demand including the digital and related occupational family groupings. A total of 305 000 learners will be funded for their period of study. This includes a portion allocated to bursaries including the allocation to NSFAS and Agricultural Colleges, occupational qualifications, learnerships, internships, apprenticeships and related workplace-based learning interventions.
- The NSF budget revision to ensure consideration of the MTEF and the costing per programme and outcome and outputs. The broad NSF budget prioritization is demarcated along three broad strategic areas for the 2022 to 2023 period based on the medium term budget estimates:
  - The administration expenses amount to R186 million for 2022/23
  - The budget towards the funding of education and training for 2022/23 is R 3 056 billion
  - The budget towards PSET system improvement funding for 2022/23 is R 294 million



## Continue...

- ✓ The legislative framework was updated to improve the alignment of the key government strategies and programmes. Furthermore, the mandates were amended to include Economic Reconstruction and Recovery plan and its coupled skills strategy following the devastation caused by the Covid-19 pandemic.
- ✓ The outcome indicators were revised to ensure alignment with the Medium-Term Strategic Framework (MTSF) priority 3: Education, Skills and Health and Framework for Managing Programme Performance Information which requires the indicators to be reliable.
- ✓ Further, to align the outcomes to which the NSF will contribute in line with its mandate and objectives and objectives of the National Development Plan.
- ✓ The reviewed budget is updated in the addendum to the Strategic Plan 2020-2025 and 2022-2023 Annual Performance Plan taking into account projections and estimation on levy collections due to shifts in the workforce.
- ✓ Elimination of ambiguities on the Technical Indicator Description (TIDs) which enables the Accounting Officer upon continuous assessment of returns, indicate measures that will be taken to ensure that implementation of the APP remains on the track.



## Priorities Focus Areas:

- Transformational imperatives – NSDS/NSDP
- 14 priority sectors of the economy
- Spatial planning – community level interventions
- NSF to support economic growth, reduce unemployment, reduce inequality and eradicate poverty
- Innovation and job creation
- Rural Agricultural Development initiatives.
- Digital and Information Communication Technology advancing initiatives.
- Infrastructure development initiatives

## NSF Theory of Change

- Building on the outcomes of NSDS III
- Increase access to PSET opportunities
- Support to improve increased access to quality and relevant education, training and workplace opportunities (PSET support)
- Improve economic participation and social development
- Improve the responsiveness, effectiveness and efficiencies of the NSF.

## **4. NSF Revised Strategic Plan 2020-2025**



To provide funding for national skills development toward a capable South African citizenry that contributes to improving economic participation and social development.

Organisational  
sustainability

Improved internal  
business excellence  
and service delivery

Business management  
and leadership  
  
Resource management

A skilled and capable workforce for an inclusive growth  
path

Development of skills towards priority occupations  
  
Development of skills in rural areas and for community-  
based initiatives  
  
Worker education and constituency-based initiatives  
  
Development of skills required by SMMEs and  
cooperatives and individuals through SMMEs and  
cooperatives

Conduct research  
  
Initiate interventions  
  
Manage projects

Plan initiatives  
  
Manage funds  
  
Evaluate interventions

Expanded, more effective and  
integrated PSET system

Development and capacity  
building of the PSET system  
  
Skills infrastructure development  
  
Skills development research,  
innovation and communication

Human capital, funds, technology, information and assets

Inputs

Activities

Outputs

Outcomes

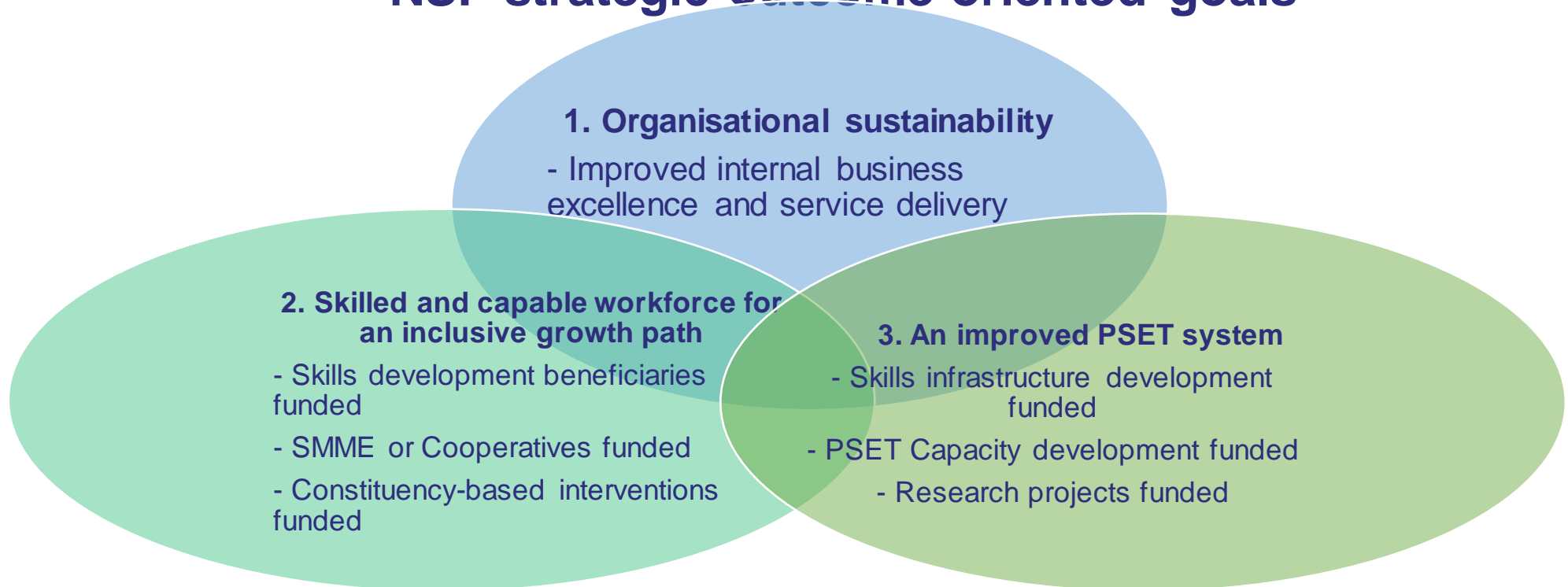
Impact



# NSF Outcomes and Outputs

**Impact Statement:**  
**Reduced inequality and poverty among National Skills Fund beneficiaries**

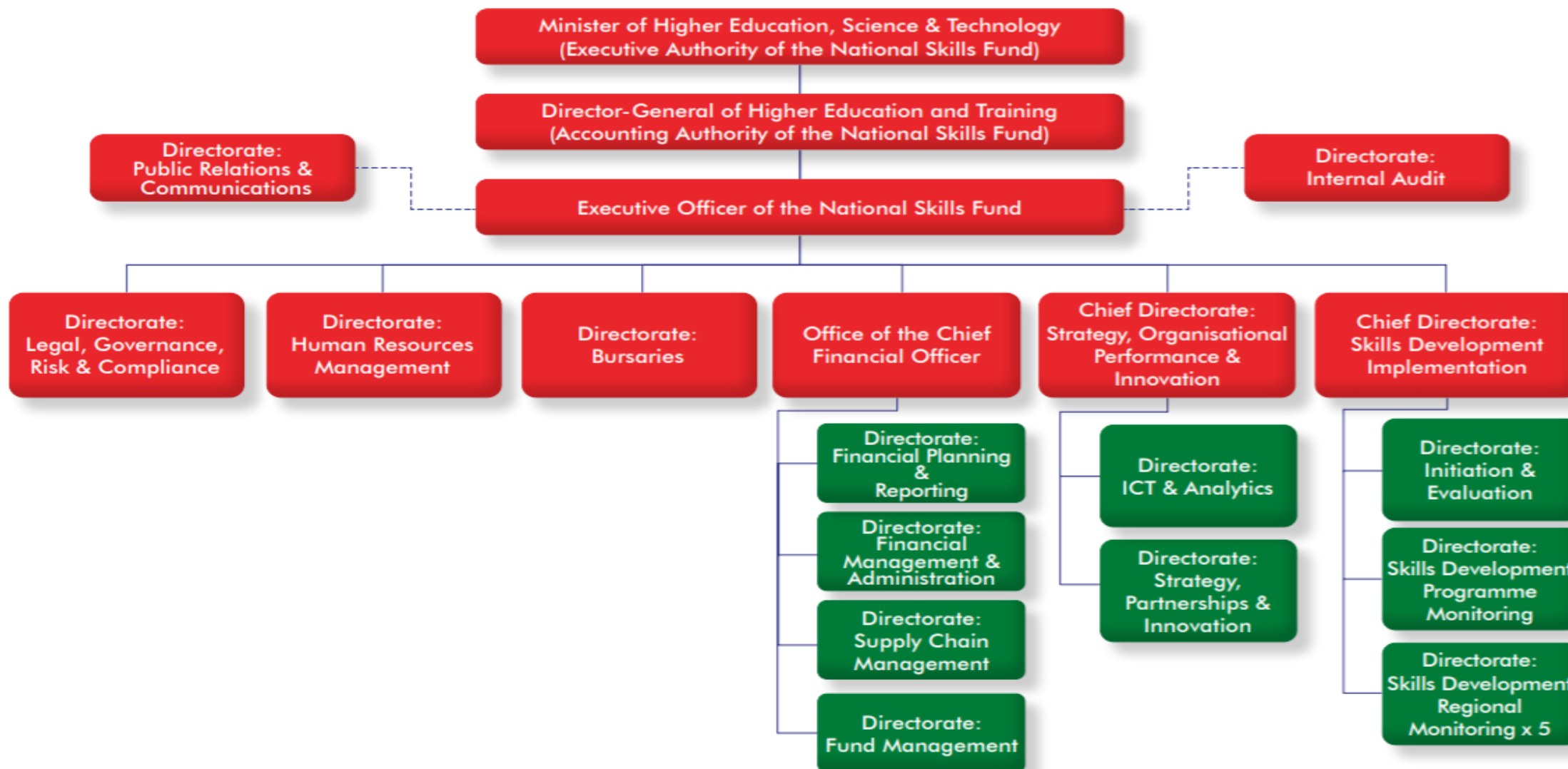
## NSF strategic outcome-oriented goals





# Macro Organisational Structure

23







No1.	Outcome Organisational Sustainability	Outcome indicator	Baseline (2020/21)	Five-year target	Responsible official
		<b>Sub programme 1.1: Chief Financial Officer</b>			
		1.1.1 Obtain an unqualified audit opinion outcome by the end of the five-year strategic period	Disclaimer	Unqualified audit opinion	Chief Financial Officer
		<b>Sub programme 1.2: Legal, Governance, Risk and Compliance</b>			
		1.2.1 Percentage of compliance to the PFMA and applicable regulations as per compliance report over the five-year strategic period* *New indicator	100%	100%	Director: Legal, Governance, Risk and Compliance
		1.2.2 Percentage of approved standard operating procedures and policies implemented over the five-year strategic period* *New indicator	50%	100%	Director: Legal, Governance, Risk and Compliance
		1.2.3 Percentage of planned policies and procedures developed and revised over the five-year strategic period* *New indicator	50%	100%	Director: Legal, Governance, Risk and Compliance
		<b>Sub programme 1.3: Human Resource Management</b>			
		1.3.1 Percentage of funded positions filled by the end of five-year strategic period	76%	90%	Director: Human Resource Management
		<b>Sub programme 1.4: Public Relations and Communication</b>			
		1.4.1 Achieve a 70% client satisfaction rating by the end of the five-year strategic period	0%	70%	Director: Public Relations and Communication
		<b>Sub programme 1.5: Information and Communication Technology</b>			
		1.5.1 90% of key information and communication technology (ICT) priorities implemented by the end of the five-year strategic period	60%	90%	Director: ICT and Analytics



## PROGRAMME 2: SKILLS DEVELOPMENT FUNDING

No	Outcome	Outcome indicator	Baseline	Five-year target	Responsible official
2	A skilled and capable workforce to support an inclusive growth path	<b>Sub programme: 2.1 Skills development</b>			
		2.1.1 Number of learners funded by the NSF for education and training over the five-year strategic period* *New indicator	34 994	305 000	Chief Director: Skills Development Implementation
		2.1.2 Number of NSF-funded learners who completed their education and training over the five-year strategic period	17 924	116 584	Chief Director: Skills Development Implementation
		2.1.3 Number of NSF-funded learners who completed their education and training towards occupations in high demand (OIHD) over the five-year strategic period	3 880	52 880	Chief Director: Skills Development Implementation
		2.1.4 Number of NSF-funded learners from rural areas who completed their education and training over the five-year strategic period	7 377	60 877	Chief Director: Skills Development Implementation
		2.1.5 Number of NSF bursary funded students who completed their qualifications over the five-year strategic period* *New indicator	New indicator	8 000	Director: Bursaries
		2.1.6 Number of learners who completed skills development through community-based skills development initiatives over the five-year strategic period	6 008	34 408	Chief Director: Skills Development Implementation
		2.1.7 Number of youth from rural areas who completed skills development in response to innovation and digital technology over five-year period* *New indicator	New indicator	1 500	Chief Director: Skills Development Implementation
		<b>2.1.8 Number of NSF tracer studies conducted to identify learners who are employed or self-employed after completion of their education and training (2023/24)*</b> *New indicator	New indicator	1 tracer study	Chief Director: Strategy, Innovation and Organisational Performance



## PROGRAMME 2: SKILLS DEVELOPMENT FUNDING

No	Outcome	Outcome indicator	Baseline	Five-year target	Responsible official
2	A skilled and capable workforce to support an inclusive growth path	<b>Sub-programme 2.2 SMMEs and cooperative interventions</b>			
		2.2.1 Number of NSF-funded learners who completed their education and training through SMME and cooperative skills development initiatives over the five-year strategic period	659	7 250	Chief Director: Skills Development Implementation
		2.2.2 Number of evaluation studies conducted on NSF-funded SMME and cooperative interventions (2023/24)*	New indicator	1 evaluation study	Chief Director: Strategy, Innovation and Organisational Performance
		<b>Sub-programme 2.3: Constituency based interventions</b>			
		2.3.1 Number of learners who completed their education and training through worker education initiatives over the five-year strategic period* *New indicator	0	3 120	Chief Director: Skills Development Implementation
		2.3.2 Number of learners acquiring workplace experience *New indicator	n/a	2 300	Chief Director: Skills Development Implementation
		2.3.3 Number of individuals who completed constituency-based interventions funded over the five-year strategic period* *New indicator	New indicator	4 300	Chief Director: Skills Development Implementation
		2.3.4 Number of constituency- based interventions funded by the NSF over the five-year strategic period *New indicator	New indicator	35	Chief Director: Skills Development Implementation



## Programme 3: PSET System Improvement Funding

No	Outcome	Outcome indicator	Baseline	Five-year target	Responsible official
3.	An improved PSET system (expanded, access to PSET opportunities, efficiency and success, quality of PSET provision, responsive PSET system, more effective and integrated)	<b>Sub-programme: 3.1 Skills infrastructure development</b>			
		3.1.1. Number of NSF-funded infrastructure development projects that achieved 60% of the envisaged outputs over the five-year strategic period*	New indicator	8	Director: Programme Monitoring
		3.1.2 Number of NSF-funded skills infrastructure development projects completed over the five-year strategic period*	New indicator	8	Director: Programme Monitoring
		3.1.3 Number of NSF-funded skills infrastructure related projects completed over the five-year strategic period*	New indicator	1	Director: Programme Monitoring
		<b>Sub-programme 3.2 PSET capacity Development</b>			
		3.2.1 Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs for the five-year strategic period*	New indicator	39	Director: Programme Monitoring
		3.2.2 Number of NSF-funded PSET capacity development projects completed over the five-year strategic period*	New indicator	7	Director: Programme Monitoring
		<b>Sub-programme 3.3 Research and Constituency development</b>			
		3.3.1 Number of NSF-funded research projects that achieved 60% of the envisaged outputs over the five-year strategic period*	New indicator	4	Director: Programme Monitoring
		3.3.2 Number of NSF-funded research projects completed over the five-year strategic period*	New indicator	4	Director: Programme Monitoring
		3.3.3 Number of reports on the evaluation of the PSET level of participation of social partners in the PSET system improvement over the five-year strategic period*	New Indicator	1	Chief Director: Strategy, Innovation and Organisational Performance
		3.3.4 Number of PSET system improvement interventions formally evaluated*	New indicator	1	Chief Director: Strategy, Innovation and Organisational Performance

## **5. NSF Annual Performance Plan 2022/2023**





Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Organisational sustainability	1.1 Improved internal business excellence and service delivery	<b>Sub programme 1.1: Chief Financial Officer</b>							
		1.1.1 Percentage of audit findings addressed	New indicator	New indicator	New indicator	0%	100%	100%	100%
		<b>Measurable outputs:</b>							
		<b>Address 100% of the audit findings annually</b>							
		<b>Sub programme 1.2: Legal, Governance, Risk and Compliance</b>							
		1.2.1 Percentage of compliance to the PFMA and applicable regulations as per the compliance report	New indicator	New indicator	New indicator	100%	100%	100%	100%
		<b>Measurable outputs:</b>							
		<b>100% compliance to the PFMA and applicable regulations annually as per the compliance report</b>							
		1.2.2 Percentage of approved standard operating procedures and policies implemented	New indicator	New indicator	New indicator	50%	100%	100%	100%
		<b>Measurable outputs:</b>							
		<b>Implement 100% of the approved standard operating policies and procedures annually</b>							
		1.2.3 Percentage of planned policies and procedures developed and revised	New indicator	New indicator	New indicator	50%	100%	100%	100%



Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Organisational sustainability	1.1 Improved internal business excellence and service delivery	Measurable outputs:							
		Develop and revise 100% of the planned policies and procedures annually							
		Subprogramme 1.3: Human Resource Management							
		1.3.1 Percentage of funded positions filled by the end of the year	New indicator	New indicator	76%	60%	90%	90%	90%
		Measurable outputs:							
		90% of funded positions filled by the end of 2022/23							
		Subprogramme 1.4: Public Relations and Communication							
		1.4.1 Percentage of client satisfaction rating	New indicator	New indicator	0%	n/a	55%	n/a	70%
		Measurable outputs:							
		Achieve a client satisfaction rating of 55% by 2022/23							
		Subprogramme 1.5: Information and Communication Technology							
		1.5.1 Percentage of key ICT priorities implemented	67%	67%	71%	70%	80%	85%	90%
		Measurable output:							
80% of key ICT priorities implemented by 2022/23									



Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
A skilled and capable workforce to support an inclusive growth path	2.1 Skills development beneficiaries funded	Sub programme 2.1: Skills Development							
		2.1.1 Number of learners funded by the NSF for education and training	59 051	48 942	34 994	60 500	61 000	61 500	62 000
		Measurable outputs: The NSF should fund 61 000 learners for education and training by 2022/23							
		2.1.2 Number of NSF-funded learners who completed their education and training	n/a	19 364	17 924	11 160	31 690	26 600	29 210
		Measurable outputs: 31 690 NSF-funded learners completed their education and training by 2022/23							
		2.1.3 Number of learners funded by the NSF for education and training towards occupations in high demand (OIHD)	33 905	27 603	12 489	37 000	38 000	39 000	40 000
		Measurable outputs: The NSF should fund 38 000 learners for education and training towards OIHD by 2022/23							



## PROGRAMME 2: SKILLS DEVELOPMENT FUNDING

32

Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
A skilled and capable workforce to support an inclusive growth path	2.1 Skills development beneficiaries funded	<b>Measurable outputs:</b> <b>The NSF should fund 38 000 learners for education and training towards OIHD by 2022/23</b>							
		2.1.4 Number of NSF-funded learners who completed their education and training towards OIHD	5 908	8 679	3 880	10 500	11 000	13 000	14 500
		<b>Measurable outputs:</b> <b>11 000 NSF-funded learners who completed their education and training towards OIHD by 2022/23</b>							
		2.1.5 Number of learners from rural areas funded by the NSF for education and training	34 925	28 023	21 904	35 400	35 600	35 800	36 000
		<b>Measurable outputs:</b> <b>The NSF should fund 35 600 learners from rural areas for education and training by 2022/23</b>							
		2.1.6 Number of NSF-funded learners from rural areas who completed education and training	6 658	11 647	7 377	12 500	13 000	13 500	14 500
		<b>Measurable outputs:</b> <b>13 000 NSF-funded learners from rural areas who completed education and training by 2022/23</b>							
		2.1.7 Number of bursary students funded by the NSF for their qualifications	n/a	10 223	6 426	5 000	5000	5 000	5 000
		<b>Measurable outputs:</b> <b>5 000 bursaries students funded by the NSF for their qualifications by 2022/23</b>							
		2.1.8 Number of NSF bursary funded students who completed their qualifications	n/a	n/a	n/a	New indicator	1 500	3 000	3 500
		<b>Measurable outputs:</b> <b>1 500 NSF bursary funded students who completed their qualifications by 2022/23</b>							
		2.1.9 Number of learners funded for skills development through community-based skills development initiatives	8 959	10 044	10 346	10 500	11 000	11 500	12 000
		<b>Measurable outputs:</b> <b>11 000 learners funded for skills development through community-based skills development initiatives by 2022/23</b>							
		2.1.10 Number of learners who completed skills development through community-based skills development initiatives	n/a	n/a	6008	n/a	9 000	9 400	10 000
		<b>Measurable outputs:</b> <b>9 000 learners who completed skills development through community-based skills development initiatives by 2022/23</b>							



Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
A skilled and capable workforce to support an inclusive growth path	2.1 Skills development beneficiaries funded	2.1.11 Number of youth from rural areas funded for skills development in response to innovation and digital technology	n/a	n/a	n/a	1000	1000	1000	1000
		Measurable outputs: 1 000 youth from rural areas funded skills development in response to innovation and digital technology by the end of 2022/23							
		2.1.12 Number of youth from rural areas who completed skills development in response to innovation and digital technology	n/a	n/a	n/a	New indicator	500	500	500
		Measurable outputs: 500 youth from rural areas who completed skills development in response to innovation and digital technology bythe end of 2022/23							
		Measurable outputs: 4 500 learners who completed apprenticeship programme by the end of 2022/23							
		2.1.13 Number of NSF tracer studies conducted to identity learners who are employed or self-employed after completion of their education and training(2023/24)	n/a	n/a	n/a	New indicator	n/a	n/a	1
		Measurable outputs: One NSF tracer study conducted to identity learners who are employed or self-employed after completion of their education and training by 2023/24							

Outcome	Output		Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
A skilled and capable workforce to support an inclusive growth path	Subprogramme 2.2: SMME or cooperative interventions								
	2.2 SMME or cooperative Interventions Funded	2.2.1 Number of learners funded by the NSF for education and training through SMME and cooperative skills development initiatives	4 480	3 247	1 199	5 000	5 250	5 500	5 750
		<b>Measurable outputs:</b> <b>The NSF should fund 5 250 learners through SMME and cooperative skills development initiatives by 2022/23</b>							
		2.2.2 Number of NSF-funded learners for education and training who completed their education and training through SMME and cooperative skills development initiatives	475	1 356	659	1 450	1 500	1 700	2 000
		<b>1 500 NSF-funded learners who completed their education and training through SMME and cooperative skills development initiatives by 2022/23</b>							
	Subprogramme 2.3: Constituency-based interventions								
	2.3 Constituency-based Interventions Funded	2.3.1 Number of learners who completed their education and training through worker education	618	725	0	660	690	700	710
		<b>Measurable outputs:</b> <b>690 learners to complete their education and training through worker education</b>							
		2.3.2 Number of learners acquiring workplace experience	414	485	n/a	550	570	580	600
		<b>Measurable outputs:</b> <b>570 learners acquiring workplace experience by 2022/23</b>							
		2.3.3 Number of individuals who completed constituency-based interventions funded over the five-year strategic period	n/a	n/a	New indicator	1 000	1 050	1 100	1 150
		<b>Measurable outputs:</b> <b>1 050 individuals who completed constituency-based interventions funded by 2022/23</b>							
		2.3.4 Number of constituency-based interventions funded	n/a	n/a	New indicator	20	25	30	35
		<b>Measurable outputs:</b> <b>The NSF should fund 25 constituency-based interventions by 2022/23</b>							



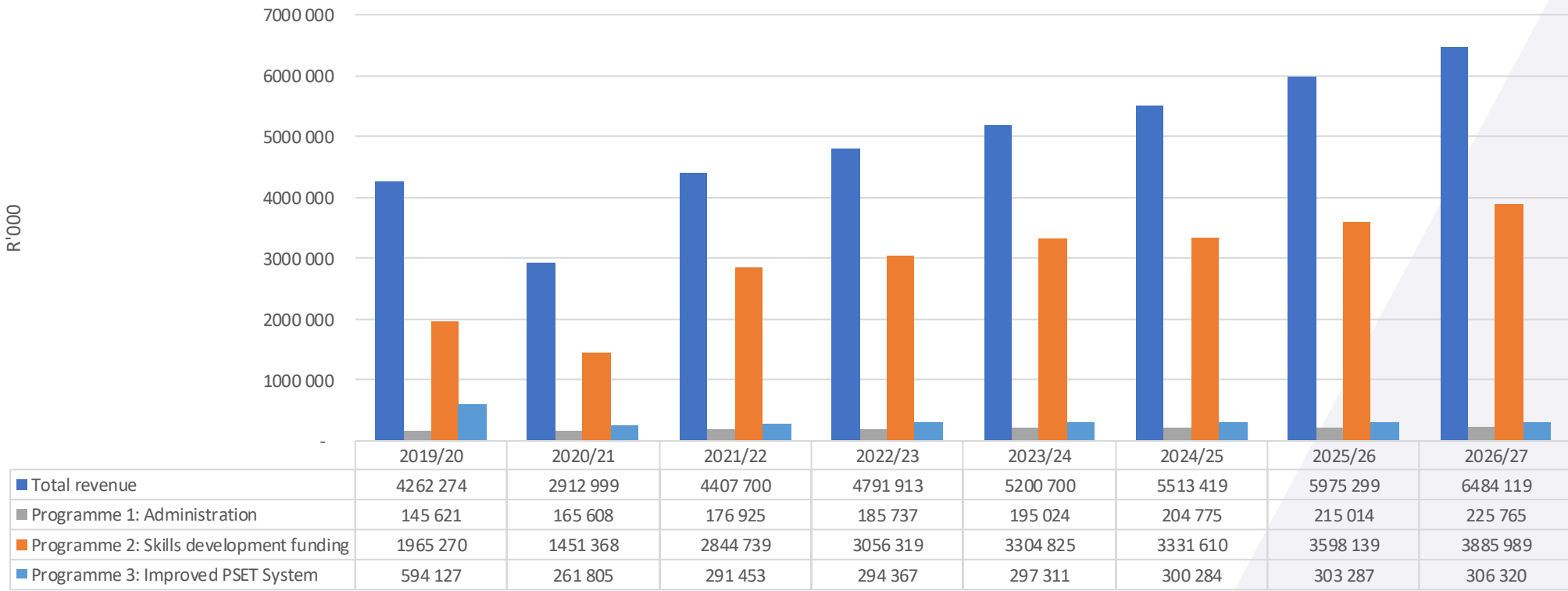
Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
An improved PSET system	Subprogramme 3.1: PSET system								
	3.1 Skills infrastructure development funded	3.1.1 Number of skills infrastructure development projects funded	n/a	n/a	9	9	5	3	1
		Measurable outputs: Five skills infrastructure development projects to be funded by 2022/23							
		3.1.2 Number of NSF-funded infrastructure development projects that achieved 60% of the envisaged outputs	n/a	n/a	9	9	3	2	1
		Measurable outputs: Three skills infrastructure development projects which that achieved 60% of the envisaged outputs by 2022/23							
		3.1.3 Number of NSF- funded skills infrastructure development projects completed	n/a	n/a	n/a	4	5	3	1
		Measurable outputs: Five NSF-funded skills infrastructure development projects completed by 2022/23							
		3.1.4 Number of NSF-funded skills infrastructure related projects	n/a	n/a	n/a	n/a	1	1	1
		Measurable outputs: One skills infrastructure related projects by 2022/23							
		3.1.5 Number of NSF-funded skills infrastructure related projects completed	n/a	n/a	n/a	n/a	1	1	1
Measurable outputs: One NSF-funded skills infrastructure related projects completed by 2022/23									
3.2 PSET capacity development funded	Subprogramme 3.2: PSET capacity development								
	3.2.1 Number of capacity development projects funded	n/a	n/a	34	49	39	36	31	
		Measurable outputs: 39 capacity development projects funded by 2022/23							



Outcome	Output	Output indicators	Audited or actual performance			Estimated performance	Medium-term targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
An improved PSET system	3.2 PSET capacity development funded	3.2.2 Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs	n/a	n/a	21	44	35	32	28
		<b>Measurable outputs:</b>							
		<b>35 PSET capacity development projects which achieved more than 60% of the envisaged outputs by 2022/23</b>							
		3.2.3 Number of NSF-funded PSET capacity building projects completed	n/a	n/a	n/a	New indicator	3	2	2
		<b>Measurable outputs:</b>							
	<b>Three PSET capacity development projects completed by 2022/23</b>								
	<b>Subprogramme 3.3 Research and Constituency Development</b>								
	3.3 Research projects funded	3.3.1 Number of NSF research interventions funded	n/a	n/a	New indicator	8	4	3	2
		<b>Measurable outputs:</b>							
		<b>Four research interventions funded by 2022/23</b>							
		3.3.2 Number of NSF- funded research projects that achieved 60% of the envisaged outputs	n/a	n/a	New indicator	8	2	1	2
		<b>Measurable outputs:</b>							
<b>Two NSF-funded research projects that achieved 60% of the envisaged outputs funded by 2022/23</b>									
3.3.3 Number of NSF-funded research projects completed		n/a	n/a	New indicator	New indicator	2	1	1	
<b>Measurable outputs:</b>									
<b>Two NSF-funded research projects completed</b>									

## 6. BUDGET

NSF BUDGET OVERVIEW



# Revenue Estimates



higher education  
& training  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

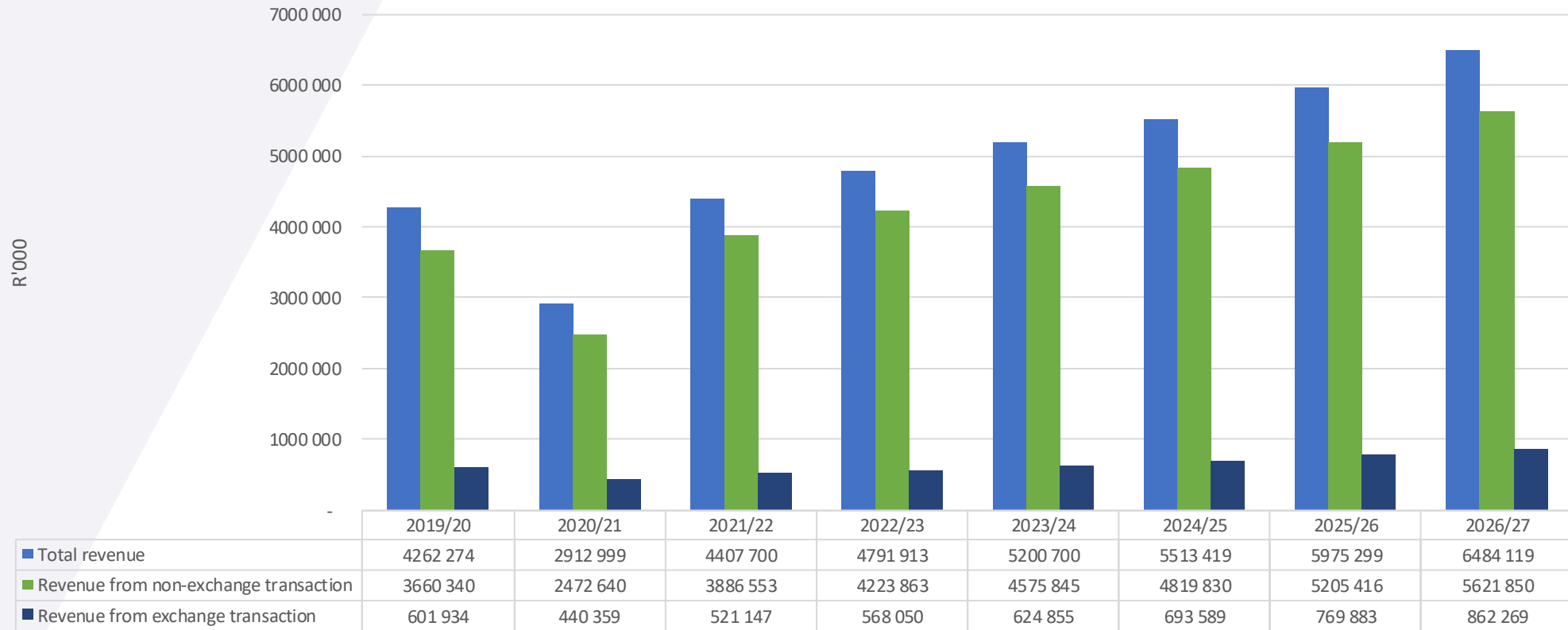


# Revenue Estimates

- The NSF has revised up the budget estimates by 35% towards skills development funding to R27.755 billion over the five year strategic period, compared to the initial budget of R18.017 billion. The NSF had initially anticipated a decline in skills development levy and investment income over the five year strategic period due to the impact of Covid-19 and the anticipated decrease in revenue streams from the skills development levy (SDL) and investment income.
- The SDL projections have been revised up by 28% from initial estimates of R17.403 billion to R24.236 billion. The impact of 25% reduction in SDL due to reduced wage bill as a result of job losses was never realised by the NSF. The NSF revenue which is made up of skills development levy contributions and investment income is expected to grow over the five year strategic period. The levy is currently indicating a nominal growth of 5% over five year strategic period



## REVENUE



# Revenue Estimates Budget Overview

	Audited outcome			Revised Estimate	Medium-term estimate			Additional 2 Years	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>REVENUE</b>									
Revenue from non-exchange transaction	3 504 195	3 660 340	2 472 640	3 886 553	4 223 863	4 575 845	4 819 830	5 205 416	5 621 850
Skills Development Levies	3 496 140	3 656 840	2 472 640	3 786 553	4 123 863	4 465 845	4 819 830	5 205 416	5 621 850
Income from SETAs	8 055	3 500	-	-	-	-	-	-	-
Transfer from DHET	-	-	-	100 000	100 000	110 000	-	-	-
Revenue from exchange transaction	505 359	601 934	440 359	521 147	568 050	624 855	693 589	769 883	862 269
Finance Income	445 263	551 744	417 491	484 618	528 233	581 057	644 973	715 919	801 829
Finance Income from advance payment to Skills development programme and projects	60 096	50 190	22 868	36 529	39 817	43 798	48 616	53 964	60 440
<b>Total revenue</b>	<b>4 009 554</b>	<b>4 262 274</b>	<b>2 912 999</b>	<b>4 407 700</b>	<b>4 791 913</b>	<b>5 200 700</b>	<b>5 513 419</b>	<b>5 975 299</b>	<b>6 484 119</b>
<b>R MOVEMENT IN COMPARISON WITH PRIOR YEAR</b>	<b>251 900</b>	<b>252 720</b>	<b>- 1 349 275</b>	<b>1 494 701</b>	<b>384 214</b>	<b>408 787</b>	<b>312 719</b>	<b>461 880</b>	<b>508 819</b>
<b>% MOVEMENT IN COMPARISON WITH PRIOR YEAR</b>	<b>6.28%</b>	<b>5.93%</b>	<b>-46.32%</b>	<b>33.91%</b>	<b>8.02%</b>	<b>7.86%</b>	<b>5.67%</b>	<b>7.73%</b>	<b>7.85%</b>

# Expenditure Estimates



higher education  
& training  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



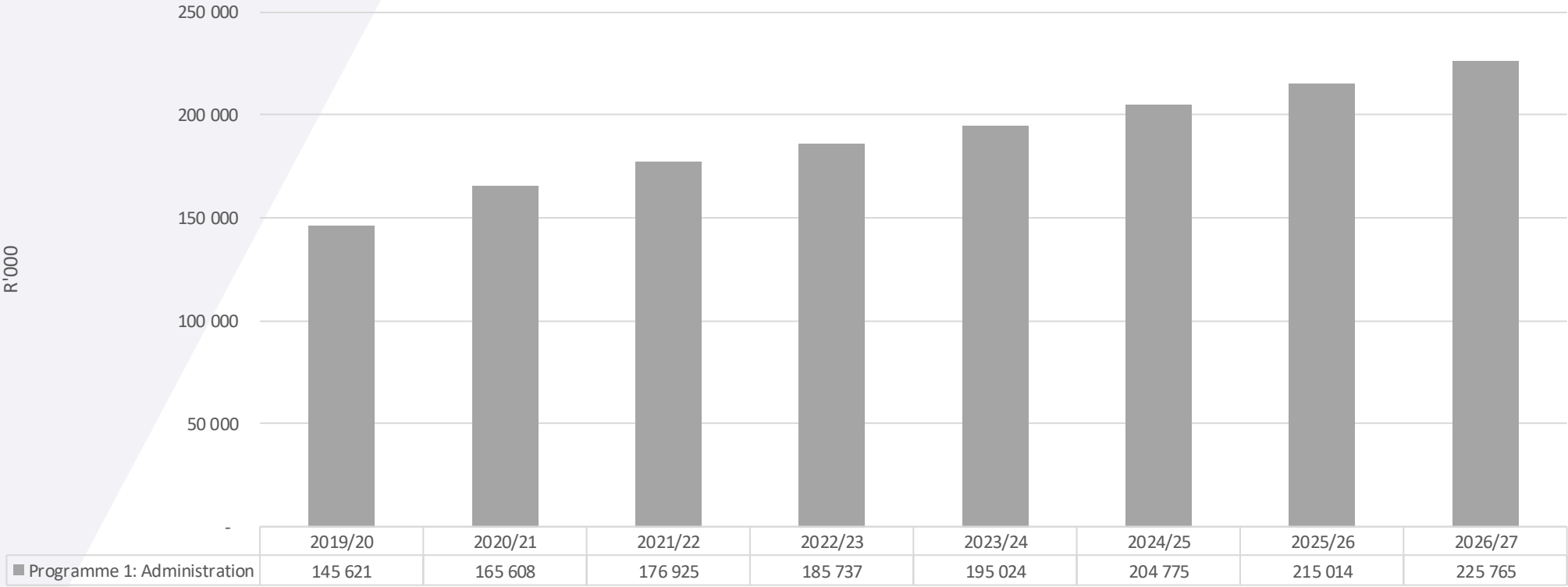
# Expenditure Estimates

## Programme 1

The administration expenses amount to R186 million for 2022/23. Employee costs have been budgeted at R132 million and other operating expenses budgeted at R54 million.

According to Section 28(2) of the SDA, the accounting authority approved the utilisation of 10% of the money allocated to the fund in terms of Section 8(3)(a) of the SDL Act to administer the fund. The utilisation of the 10% allocation may be applied for short-term employee benefits as well as other operating expenses.

PROGRAMME 1



# Programme 1 Budget Overview

	Audited outcome			Revised	Medium-term estimate			Additional 2 Years	
				estimate					
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EXPENDITURE									
Programme 1: Administration	156,671	144,563	165,608	176,926	185,736	195,023	204,774	215,013	225,763
Employee costs	70,474	81,825	91,022	125,564	131,842	138,434	145,356	152,624	160,255
Operating expenses	80,596	57,071	41,155	45,361	47,629	50,010	52,511	55,136	57,893
Management fees and bank charges	1,813	2,266	2,523	2,655	2,788	2,927	3,073	3,227	3,389
Depreciation and amortisation	3,753	3,408	3,155	3,312	3,478	3,651	3,834	4,026	4,227
Loss on disposal of assets	35	3	33	35	-	-	-	-	-
Fair Value adjustment on financial instruments at fairvalue		- 10	27,720						

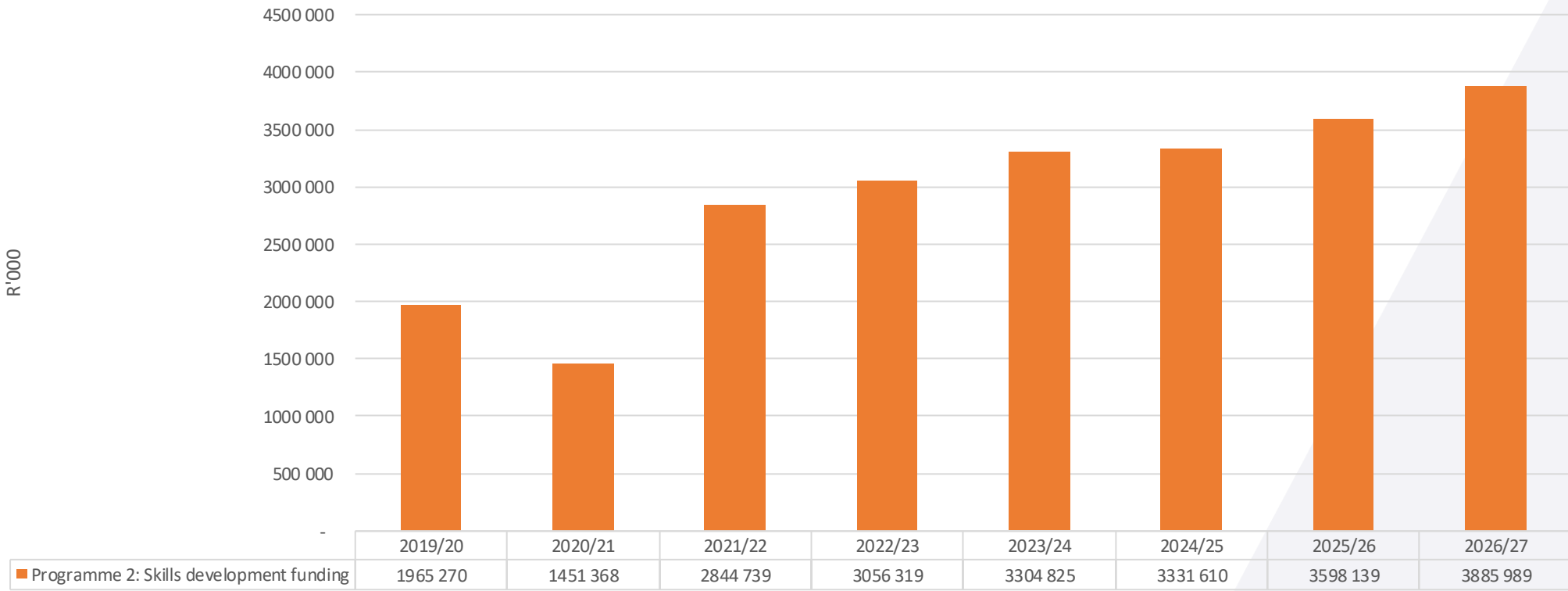


# Expenditure Estimates Programme 2

---

- The NSF will fund the education and training of learners to contribute towards other key government and initiatives, which include among others, supporting national programmes such as skills development through the Expanded Public Works Programme (EPWP) and the National Youth Services Corps (NARYSEC) programme, skills development aimed specifically at growing SMMEs and cooperatives, and community-based skills development initiatives.
- 
- The budget towards education and training funding for 2021/22 and 2022/23 is as follows:
- R2 845 billion in 2021/22
- R3 056 billion in 2022/23

PROGRAMME 2



# Programme 2 Budget overview

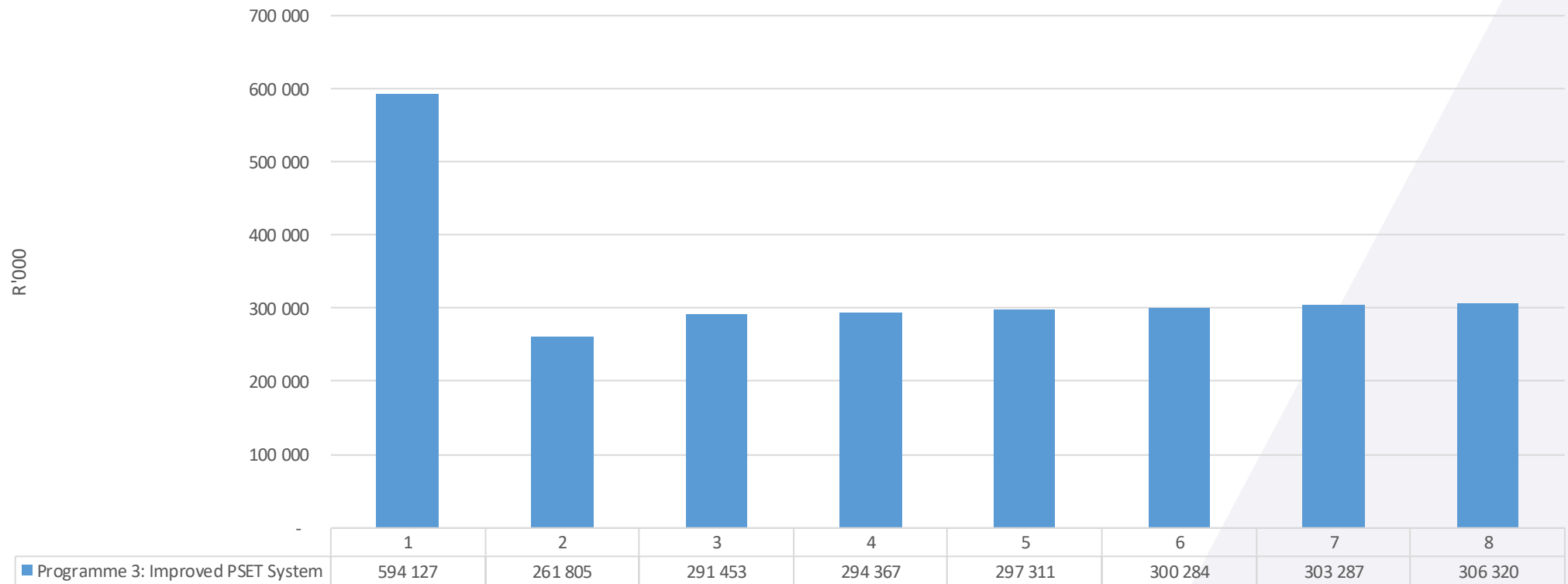
	Audited outcome			Revised Estimate	Medium-term estimate			Additional 2 Years	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EXPENDITURE									
Programme 2: Skills development funding	2 352 239	1 965 270	1 451 368	2 844 739	3 056 319	3 304 825	3 331 610	3 598 139	3 885 989

# Expenditure Estimates Programme 3

---

- The NSF will fund each project aimed at expanding, improving effectiveness of and integrating the PSET system. This includes infrastructure development to support expanding access, research and innovation to steer the NSF's priority interventions for PSET, as well as PSET capacity-building to ensure effective and quality provision through PSET educational institutions.
- 
- The budget towards PSET system improvement funding for 2021/22 and 2022/23 is as follows:
- R291 million in 2021/22
- R294 million in 2022/23

## PROGRAMME 3



# Programme 3 Budget overview

	Audited outcome			Revised Estimate	Medium-term estimate			Additional 2 Years	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EXPENDITURE									
Programme 3: Improved PSET System	58 028	594 127	261 805	291 453	294 367	297 311	300 284	303 287	306 320



# Accumulated Surplus and Reserves



higher education  
& training  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

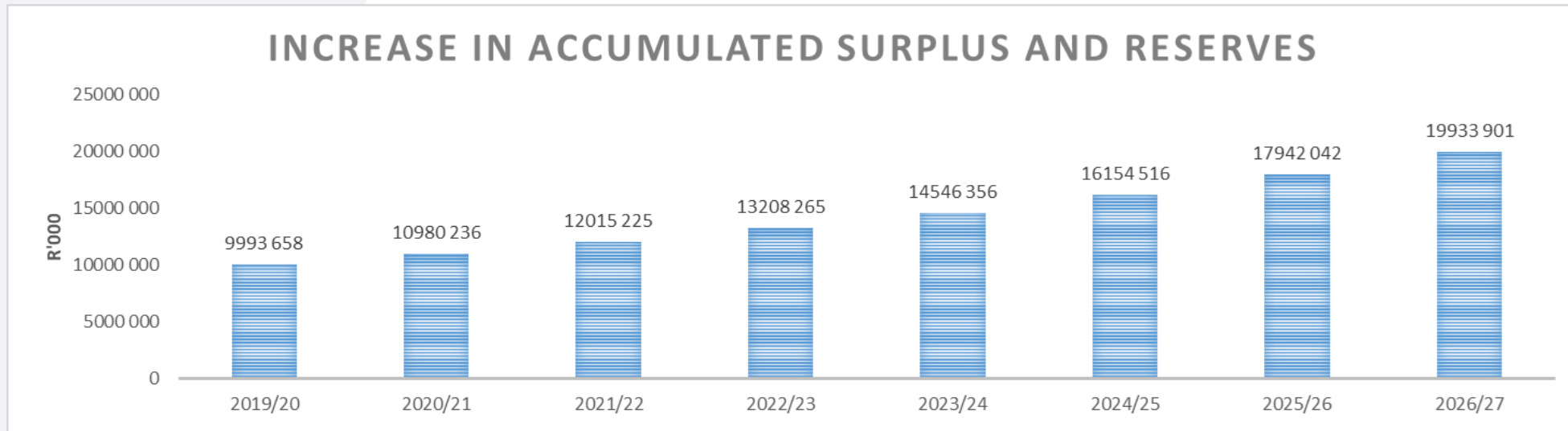


The graph on the next slide illustrate that NSF's total revenue projection will be able to cover the skills development funding over the next five years which will lead to a gradual increase in accumulated surplus.



# Accumulated Surplus and Reserves

Gradual increase in Accumulated surplus and Reserves



## **7. Update on the decoupling of the NSF from DHET operational network**

**(This is still work in progress pending the report of the Ministerial Task Team  
expected by the end of June 2022)**

## **8. Update on the Forensic Investigation report**

**(The final report is with the Minister and is currently studying it)**

## **9. Update on the filling of vacancies**

**(Update report contained in the AAP)**



## **10. Update on the implementation of the audit action plan**

# FINDINGS DASHBOARD SUMMARY

## FINANCE

STATUS/MEANING	COUNT	%
Completed	0	0%
In progress	7	100%
Not yet started	0	0%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>

## ORGANISATIONAL PERFORMANCE

STATUS/MEANING	COUNT	%
Completed	0	0%
In progress	12	100%
Not yet started	0	0%
<b>TOTAL</b>	<b>12</b>	<b>100%</b>

## SKILLS DEVELOPMENT IMPLEMENTATION

STATUS/MEANING	COUNT	%
Completed	1	11%
In progress	8	89%
Not yet started	0	0%
<b>TOTAL</b>	<b>9</b>	<b>100%</b>

## LEGAL, GOVERNANCE RISK AND COMPLIANCE

STATUS/MEANING	COUNT	%
Completed	0	0%
In progress	7	100%
Not yet started	0	0%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>



## FINDINGS

- ✓ **TVET Colleges' infrastructure assets.**
- ✓ **Accruals from non-exchange transactions.**
- ✓ **Trade and other receivables from non-exchange transactions.**
- ✓ **Deferred expenditure related to skills development funding.**
- ✓ **Provisions**
- ✓ **Prior period errors corrected**

**Current conclusion:** progress is evident yet there still remains a lot of work to be done to strengthen and validate NSF financial records.

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
<ol style="list-style-type: none"> <li>No recording of all additions to TVET college infrastructure assets.</li> <li>No sufficient and appropriate audit evidence provided that the accruals from non-exchange transactions had been properly accounted for.</li> <li>No sufficient and appropriate evidence provided for trade and other receivables from non-exchange transactions.</li> <li>Incorrect accounting for the deferred expenditure related to skills development funding and the related trade and other receivables from non-exchange transactions and skills development funding.</li> <li>Non recognition of all provisions meeting the definition of a provision.</li> <li>None disclose of all prior period errors in note 24 to the financial statements.</li> </ol>	<ol style="list-style-type: none"> <li>Under staffed human resource capacity of the Finance unit.</li> <li>Record keeping: Lack of regular and continuous reconciliations of financial information.</li> <li>Evidence: Inadequate interaction and information exchange (invoices) between the NSF – NSF intra units and NSF - DHET units.</li> <li>Evidence: Inadequate financial record keeping (expenditure) at central and SDP level. Negligence: Inadequate enforcement of monitoring and expenditure approval processes.</li> </ol>	<ol style="list-style-type: none"> <li>Establishing NSF own in-house Human Resources Directorate (Schedule 3A entity). In the interim, expedite the filling of critical NSF Finance unit vacancies.</li> <li>Apply GRAP standards as advised by AGSA report (NSF fit for purpose) in relation to transactions and accounts allocation.</li> <li>Institutionalize the requesting and processing of SETA future and prior years downloads from the DHET Skills branch.</li> <li>Establish standing NSF –NSF intra units interactions and NSF-DHET extra units interactions (monthly and quarterly).</li> </ol>	All completed by 16-May-22	<ol style="list-style-type: none"> <li>Appointment of head of NSF HR completed. Duty assumed on 31 January 2022.</li> <li>CFO candidate recommended for appointment on 22 April 2022. Assumption of duty by 01 July 2022.</li> <li>Director Fund Management - Interviews concluded on 03 March 2022. Appointment expected by 01 June 2022.</li> <li>Director Financial Planning and Reporting – Currently at shortlisting stage.</li> <li>Director – Financial Management and Administration - Currently at shortlisting stage.</li> <li>NSF and DHET TVET Branch forum established.</li> <li>NSF finance unit now captures invoices received monthly and reconciles them (variances corrected). Last balance at 31 Dec 2021 was confirmed and letters thereof communicated.</li> </ol>



## FINDINGS

- ✓ TVET Colleges' infrastructure assets.
- ✓ Accruals from non-exchange transactions.
- ✓ Trade and other receivables from non-exchange transactions.
- ✓ Deferred expenditure related to skills development funding.
- ✓ Provisions
- ✓ Prior period errors corrected

**Current conclusion:** progress is evident yet there still remains a lot of work to be done to strengthen and validate NSF financial records.

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
	6. Accounting errors: Incorrect inclusion of trade and other receivables from non-exchange transactions and skills development funding to deferred expenditure resulting into overstated and/or understated transaction in the correct accounts.	5. Improve the turnaround time on processing and payment of TVET infrastructure claims and issue quarterly project balance letters.  6. Enhance and enforce compliance (consequence management) by SDPs and NSF units on project documents recording, presentation and storage (EVFG	All completed by 16-May-22	8. Completed journals are submitted to IA for review. Full population adjustments are also done. 9. Reviews of financial workbooks are being performed regularly before processing of financial statement adjustments. 10. The Expenditure Verification Framework and Guidelines has been developed and workshopped to the NSF Project Management Staff and final approval processes are underway. 11. An Acting Director for ICT was appointed on 22 January 2022 and is driving the project of NSF migration to digital information storage. Currently the less effective and efficient manual information collection, reconciliation and storage is done on excel spreadsheet. This project will continue beyond 06/05/2022 12. The NSF received > 500K threshold information of the SETA database for the last 5 years (2016/17 – 2021/22) and started the analysis process. This will become a permanent feature for the purpose of NSF revenue reconciliation.



## FINDINGS

- ✓ **Usefulness (adequacy) of performance information (audit scope limitation).**
- ✓ **Misstatements on skills development funding expenditure (audit scope limitation).**
- ✓ **Audit of Performance Information (AOPO) limited as a result of no response to RFI communication.**
- ✓ **Reliability (completeness) of reported performance information (scope limitation).**
- ✓ **Inadequate Information Technology control environment.**

**Conclusion:** A lot still needs to happen at SDI level to move the NSF from a paper reliant business environment to a technological one which combined with efficient human factor may improve the validity of its performance information.

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
<p>Programme 1.2: PSET System Development.(Usefulness):</p> <ol style="list-style-type: none"> <li>The Technical Indicator Descriptor (TID) fails to define and differentiate between projects aimed at PSET <b>system improvement</b> and those aimed at <b>increasing access</b> to the PSET system.</li> <li>Skills development funding expenditure, grant disbursement and related performance information misstatements. (Dzunde Farming Cooperative)</li> <li>Audit of Performance Information (AOPO): Limitation of Scope due to various none receipt of requested information</li> </ol>	<ol style="list-style-type: none"> <li>Lack of internal SP, APP and TID review mechanism.</li> <li>Poor definition of TID related to system improvement and access to system.</li> <li>Lack of capacity in SIOP to conduct validation and internal control reviews of Performance Information reported by SDI.</li> <li>Approval of expenses by the project manager as valid expenses, without adequate supporting documents.</li> <li>Inadequate project monitoring.</li> </ol>	<ol style="list-style-type: none"> <li>Establish an internal SP and APP review mechanism.</li> <li>Review the SP and APP.</li> <li>Review and correctly define these indicators in the 2022/23 APP.</li> <li>Increase capacity (both requisite skills and recruitment).</li> <li>Develop validation and review framework.</li> <li>Review internal controls to ensure alignment and that are consistent with the DPME guideline.</li> </ol>	All completed by 31 March 2022	<ol style="list-style-type: none"> <li>Internal control mechanism was established and review done in January 2022 on SP 2020/25.</li> <li>APP for 2022/23 financial year was also revised and aligned.</li> <li>The amendments to the SP and APP were tabled in Parliament in March 2022.</li> <li>The definition of the Technical Indicators Description were revised to differentiate the indicators in the SP and APP.</li> <li>Two positions for Deputy Directors Strategy and Workplace Based Partnerships were advertised in January and May 2021 respectively. Interviews have been concluded for these positions and awaiting approval and appointments.</li> </ol>



## FINDINGS

- ✓ **Usefulness (adequacy) of performance information (audit scope limitation).**
- ✓ **Misstatements on skills development funding expenditure (audit scope limitation).**
- ✓ **Audit of Performance Information (AOPO) limited as a result of no response to RFI communication.**
- ✓ **Reliability (completeness) of reported performance information (scope limitation).**
- ✓ **Inadequate Information Technology control environment.**

**Conclusion:** A lot still needs to happen at SDI level to move the NSF from a paper reliant business environment to a technological one which combined with efficient human factor may improve the validity of its performance information.

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
<p>4. Completeness of the reported performance for indicator (% of NSF funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs). Denominator projects aimed at PSET system improvement that have achieved a percentage of the envisaged output.</p> <p>5. Reliability of reported targets of learners funded by the NSF for education and training during the specified financial year overstated due to lack of attendance registers and/or signing of attendance register.</p> <p>6. Reliability of number of learners from rural areas funded by the NSF for education and training during the specified financial year was overstated.</p> <p>7. Reliability of reported performance as evidence that training took place was not provided and overstatement of SEDA funded projects.</p> <p>8. Completeness of information, number of SMMEs and Cooperatives funded by the NSF for skills development during the specified financial year not included in the reported achievements for SMMEs and Cooperatives.</p> <p>9. Issues within the Information Technology environment and overall IT control environment: Disaster management and control systems of the entire IT environment not sufficient.</p>	<p>5. Lack of policy on review and validation.</p> <p>6. Lack of centralized and proper record keeping system to stimulate information access, completeness, relevance, accuracy and usability.</p> <p>7. There is no clear synergy between reported projects and the project business plan as well as the TID.</p> <p>8. Lack of IT governance to support and enable efficient business deliver and improve performance.</p>	<p>7. Implement the One Drive folder and CFO Registry for information storage purpose while finalizing the operationalization of MS Dynamics System.</p>	<p>All completed by 31 March 2022</p>	<p>6. Draft performance information validation and review framework is in consultation stage.</p> <p>7. Process Chart developed to guide the collection, consolidation and review of Performance Information (PI) including list of Performance Information (PI) required documents.</p> <p>8. One Drive folder currently being used as an interim solution for storage of supporting evidence pending the finalizing and operationalization of the MS Dynamics System in the new financial year. Document control has been uploaded on One Drive folder and MS Dynamics System. Evidence against reported performance information is being verified to confirm validity of the reported achievements.</p> <p>9. The MS Dynamics System is envisaged to be rolled out and launched in the new financial year (2022/23) and will be the main system for information and data management including the storage of information.</p>





**FINDINGS**

- ✓ **Misstatements (limitation of scope)**
- ✓ **No records of expenditure on projects (limitation of scope)**
- ✓ **No evidence of project files (limitation of scope)**

**Conclusion:** A lot of work is still outstanding at SDP and Central level for SDI systems and processes for proper document control, storage as well as skills development expenditure reconciliation (Project Management). SDI is the mirror image of NSF performance information.

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
<p>1. No records available or late submission of project files resulting in the limitation of scope.</p> <p>2. Skills development funding expenditure processes are weak and insufficient resulting in the limitation of scope and misstatements.</p> <p>(i) uMgungundlovu TVET</p> <p>(ii) Umfolozi TVET</p> <p>(iii) Caroline's Fashion</p> <p>(iv) Transnet (Pty)Ltd</p> <p>(v) Dzunde Farming Co-operative</p>	<p>1. Lack of adequate central record keeping as files are kept by the SDPs which results in the late submission of documents.</p> <p>2. For all the matters detailed under the funding expenditure findings, the following key root causes were noted:</p> <ul style="list-style-type: none"> <li>✓ Insufficient processes with regard to the approval of change requests.</li> <li>✓ Approval of expenses by the project manager as valid expenses, without adequate supporting documents.</li> <li>✓ Inadequate project monitoring.</li> <li>✓ Lack of proper record keeping at the SDPs and NSF.</li> </ul> <p>3. Lack of a framework which defines budget line items and supporting documents. (Framework to be used by project managers)</p> <p>4. Inadequate definitions of learner delivery and learner toolkits for trade due to the vagueness of the MOA with the SDPs.</p>	<p>1. Internal Audit to do a review on prior year findings based on information submitted by the respective SDPs. Upon finalization of the review documents will be submitted to the AGSA from SDI including IA reports.</p> <p>2. Institute consequence management on defaulting SDPs and NSF officials.</p> <p>3. Developed a Framework of Supporting Evidence (FSEJ) to projects ensure document compliance.</p> <p>4. Consequence management: (verbal &amp; written warnings) The Project Manager was issued with a non-compliance letter for approving insufficient invoices</p> <p>5. NSF has commenced to maintain record keeping at its premises to avoid dependence on the SDPs.</p> <p>6. Revised SD Implementation plan to be developed clearly defining, and including item in the compliance document using FSEJ.</p>	<p>All completed by 15 May 2022.</p>	<p>1. Documents will be submitted to IA for review of prior year findings before submitting final documents to the AGSA for audit.</p> <p>2. Circular 1 of 2022 Audit Readiness for prior year findings sent to all SDPs to retrieve project files.</p> <p>3. SDP was informed of this transgression and was issued with a letter of non-compliance.</p> <p>4. The invoice amounts on the sampled quarterly financial reports (QFRs) were reviewed and raised as debt to be paid back to NSF by the defaulting SDPs.</p> <p>5. FSEJ for supporting documents established for future definitions of activities and items linked to the learning delivery line item. Final sign off in process.</p> <p>6. Current CRC Charter reviewed and will be replaced by the CRC policies, processes and procedure. The document was consulted to all staff members in Sep 2021. CRC document is in process of being signed off.</p> <p>7. As a result of consequence management, one project manager resigned.</p> <p>8. Closer engagement between the Fund Management (FM) unit and Skills Development Implementation unit (SDI) is ongoing.</p>





## FINDINGS

- ✓ **Misstatements from inadequate definition of toolkits.**
- ✓ **Treatment of irregular expenditure**

**Conclusion:** Progress in addressing the finding is depended on the acceleration of IA determination processes. Only one was completed (CHIPPA).

DESCRIPTION	ROOT CAUSE	CORRECTIVE ACTION	TIMELINE	PROGRESS REPORT
<p>1. No definition of what constitutes leaner toolkits for trade, learner delivery, and project management (SDI finding)</p> <p>2. Irregular expenditure not properly investigated.</p>	<p>1. Lack of clear articulation of what constitutes toolkits for trade and learner delivery in the project approval letter.</p> <p>2. Unavailability of policy that provides for the Loss Control Function with a process to be followed when addressing irregular expenditure.</p> <p>3. Lack of appointment of the Loss Control Function.</p>	<p>1. Articulate clearly that which constitutes toolkits for different trades and learner delivery in the approval letter and the project implementation plan.</p> <p>2. Develop an Irregular, Fruitless and Wasteful Expenditure Policy that provides for the Loss Control function and a process to be followed when addressing irregular, fruitless and wasteful expenditure</p>	<p>All completed by 31 May 2022</p>	<p>1. All the projects approved after the finding are clearly articulating what constitute leaner toolkits for trade, learner delivery. This will be monitored for the projects that will be approved in 2022 by Funding Recommendation Committee, Funding Adjudication Committee and LGRC.</p> <p>2. Irregular, Fruitless and Wasteful Expenditure Policy that provides for the Loss Control Function with a process to be followed when addressing irregular expenditure was drafted and approved by the Director-General on 22 July 2021.</p> <p>3. The Loss Control function was approved by the Director-General on 3 July 2020.</p> <p>4. Internal Audit conducted determination tests on specified cases during 2020/21 on irregular expenditure. Identified irregular expenditure (Batsumi, Internet Solutions and Rambros/Mamli) and alleged Fruitless and Wasteful (Chippa Training Academy, Emanzini, Rubicon, CEPD I, CEPD II and ADA/Ingwe). The determination test reports are still outstanding and will determine the nature of consequence management.</p>



**THANK YOU**