**Report of the Portfolio Committee on Higher Education, Science and Innovation on Its Working Session with the National Student Financial Aid Scheme (Nsfas), Dated 2 December 2022**

The Portfolio Committee on Higher Education, Science and Innovation (herein referred to as the Committee) having convened its Working Session with NSFAS on 23 September and 4 October 2022 at NSFAS Head Office, Cape Town reports as follows:

**1. DELEGATION LIST**

**1.1 Members of the Committee**

Ms NT Mkhatshwa: Chairperson (ANC), Mr TW Letsie (ANC), Ms DK Mahlatsi (ANC), Ms JS Mananiso (ANC), Ms DP Sibiya (ANC), Mr BS Yabo (ANC), Ms C King (DA), Ms N Tarabella-Marchesi (DA) and Dr W Boshoff (FFP).

**1.2 Support Staff**

Mr A Kabingesi: Committee Secretary, Ms M Modiba: Content Advisor, Dr A Arendse: Researcher, Mr J Majozi: Parliamentary Communications Officer (PCO) and Mr T Bottoman: Committee Assistant.

**1.3 National Student Financial Aid Scheme**

Mr E Khosa: NSFAS Board Chairperson, Mr A Nongogo: Chief Executive Officer (CEO), Ms N Mphahlele: Chief Operations Officer (COO), Mr M Ramorwesi: Chief Financial Officer (CFO), Mr M Oliphant: Chief Information Officer (CIO), Mr K Mamabolo: Chief Corporate Services Officer (CCSO), Mr L Letswalo: General Manager Human Resources and Ms S Tshiwula: Manager Office of the CEO.

**1.4 Department of Higher Education and Training (DHET)**

Dr T Lewin: Chief Director University Education and Mr F Toefy: Chief Director.

**1.5 Auditor-General of South Africa (AGSA)**

Ms S Hlehliso: Assistant Manager and Mr K Makitla: Manager.

**2. INTRODUCTION AND OBJECTIVES OF THE WORKING SESSION**

**2.1 Introduction**

The National Student Financial Aid Scheme (NSFAS) was established in terms of the NSFAS Act (No. 56 of 1999, as amended). It is responsible for administering loans and bursaries and allocating these 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 (“the Minister”), raising funds, recovering loans, maintaining and analysing a database, undertaking research aimed at better utilisation of financial resources and for advising the Minister on matters relating to student financial aid. NSFAS is managed, governed and administered by the NSFAS Board, with the Minister as the Executive Authority.

The entity is responsible for administering loans and bursaries to eligible students at 26 public universities and 50 Technical and Vocational Education and Training (TVET) colleges in the country. The entity also administers funding on behalf of other government departments, the Department of Basic Education (DBE), Department of Social Development (DSD), Department of Military Veterans (DMV), Department of Agriculture, Forestry and Fisheries (DAFF), the National Skills Fund (NSF) and other funders. With the introduction of the Fee-Free Education Policy in 2018, NSFAS has a mandate to implement the policy through a phased-in approach over a five-year period for the provision of subsidised higher education.

The Committee has had several engagements with the Accounting Authority and management of the entity. At these engagements, the Committee had raised a number of questions and concerns on the administration of the Scheme, including ICT systems disbursements of students’ allowances. NSFAS was of the view that the Committee’s questions and concerns would be best be answered during a dedicated working session at its precinct, where the Entity would also have an opportunity to demonstrate live to the Committee on how some of its systems and applications function. In line with the aforementioned resolution, NSFAS invited the Committee to have a working session to take the Committee through its different business units and to how they all work together to enable NSFAS to execute its mandate of disbursing financial aid to students coming from poor and working-class families. The Committee accepted the invitation and scheduled a working session on its Third-Term Programme.

**2.2 Objectives of the Working Session**

The main objectives of the working session were to get briefings from NSFAS on the following:

* The disbursement of student funding value chain.
* Progress in the procurement and implementation of the new ICT system fit for purpose.
* New organisational structure.
* Funding priorities of the entity for the remainder of the Medium-Term Expenditure Framework (MTEF).
* Turn-around strategy to improve performance.
* The forensic report into allegations of maladministration at the entity.
* Update on the Special Investigating Unit (SIU) investigation.
* Progress made in the implementation of the Close-out Project.

**3. ON-SITE TOURS**

The working session commenced with an on-site tour of the new NSFAS Head Office situated at 4 Christiaan Barnard Street in Cape Town. The entity’s new headquarters are situated on the outskirts of Cape Town Central Business District (CBD) Foreshore, adjacent to the N1 and N2 highways. The Halyard Building, which comprises of the entity offices is a 25 story building, provides office space for rental. The offices provide a conducive working environment. The new offices provide ease of access due to its proximity to road networks and walking distance to the public transport stations.

The building offers 11 office levels and NSFAS occupies five out the 11 office levels with an estimated 5 000 square metres space. The five levels occupied by the entity comprise of different business units of the entity namely: Reception; Operations; Corporate Services; Finance and Offices of the CEO and the Board. The design of each office level and has similar architectural features and every space is designed according to the staff roles. Every floor Executive members have their own floors, which also house their teams every space is designed according to the needs of the team’s work, managers of sub-units also have closed offices located close to open plan spaces for their teams. All the Executive Offices are equipped with video conferencing facilities.

For confidential purposes, the 21st Floor is mainly for the Office of the CEO, some executives, the Board Secretariat and boardrooms for the Board. For convenience, every floor is fitted with kitchens, boardrooms, and ablution facilities. Some spaces were empty and it was stated that they were meant to accommodate future growth of the organisation. The planning per floor is designed in such a manner that each floor has its own facilities to reduce unnecessary movement between floors.

**3.1 Finance Unit**

The finance unit is located on the 19th Floor. It is headed by the CFO and has other sub-units such as the Strategic Enablement, Loan Book Services, Recoveries, Disbursement Services, Budget and Treasury and Supply Chain Management (SCM). The majority of employees in the finance unit, including its sub-units were black and female and youth. The sub-units had their own line managers who reported to the CFO. The Strategic Enablement Unit is a newly established unit. The positions for Managers for Strategic Enablement and Planning and Performance units were vacant. Each sub-unit has a boardroom to allow them to have meetings as and when necessary, without going through a long process of booking.

**3.2 Forensic Unit**

This unit is responsible for forensic investigations. It has two permanent staff members and additional staff members will be recruited when the budget is available. An internal auditor assists with small investigations. The unit has a strong-room where investigation evidence is stored and only the two permanent staff in the unit have access to the strong-room. The strong-room is fitted with cameras to guard against any security bridges.

**3.3 Corporate Services**

The Chief Corporate Services Officer and different line managers head the unit. The position of the Executive for Corporate Services was vacant and there was an incumbent who was acting. The unit comprised the Marketing and Communications Department, ICT, Human Resources Unit. The marketing and outreach programmes of the entity were developed and implemented in this unit. The Committee was informed that NSFAS would, in the near future, have its own studio for broadcasting and related-activities. The biggest challenge of this unit was an insufficient budget to expand the entity’s outreach programmes. The event specialist was seconded from the Services Sector Education and Training Authority.

**3.4 Operations**

The Chief Operations Officer (COO) and different line managers head the unit. This is where the applications and appeals of students are handled. There are dedicated staff supporting Universities and TVET college. The contact centre with 98 agents is also located in this department. The contact number of the call centre is toll free and the Committee heard that in certain instances, callers waited up to 43 minutes to have their calls answered. NSFAS was exploring a call back functionality to cut the waiting time for students. The entity also has social media accounts such as Twitter, Facebook, where NSFAS beneficiaries can also register their queries.

**3.5 Reception**

The reception area was not yet complete during the visit of the Committee. The Committee heard that it would be an area to welcome all guests to NSFAS and it would have a large boardroom to host external stakeholders during their meetings with the entity. The reception also serves as a service point for all NSFAS beneficiaries.

**4. PRACTICAL DEMONSTRATION AND WORKSTATION VISITS**

**4.1 New NSFAS APP**

The Committee was informed that the new NSFAS APP was not yet ready during the working session, and that the APP would be available on the Android and IOS operating systems by the end October 2022. The APP would have features similar to that of the NSFAS portal and would be user friendly for beneficiaries.

**4.2 The application process**

The entity had invited learners from schools around Khayelitsha to participate in a live demonstration of applying on the NSFAS portal. The entity opened its 2023 applications process on 28 September 2022, which will be closed on 31 January 2023 for learners and students who want to study at any of the 50 public TVET colleges and 26 universities. The Committee was keen to understand how the system works and to assess its readiness for 2023 academic year applications.

During the working session, the entity reported that it had received 203 000 applications from new and continuing students. A notable improvement in the portal is that applicants would be able to pause the application process and continue at a later stage without restarting from the process. The entity also assured the Committee that it would embark on an outreach campaign to ensure that individuals without have access to technological devices are given the necessary support and resources to apply.

Some of the challenges that were identified with the portal included:

* Limited and confusing options available for applicants to select their current education status and career choices.
* The inability of the system to capture and isolate incidents of students with identity document (ID) mismatch.

**4.3 Contact Centre**

The contact centre was closed by the time the Committee planned to visit it.

**4.4 Disbursement process**

A thorough explanation of the disbursement value chain was provided to the Committee. The entity indicated that it processes funding disbursement to institutions manually given that the new IT system for electronic disbursement was not yet ready for implementation. The entity requires valid registration records from institutions to disburse funding to students. Students should also be academically eligible to receive funding as per the NSFAS guidelines. The core business of the disbursement unit is to ensure that NSFAS pays the right student at the right institution and on time.

**5. SUMMARY OF PRESENTATIONS**

**5.1 Special Investigative Unit (SIU) Investigation Update**

Mr A Nongogo: CEO gave the Committee an update regarding the SIU investigation into allegations of corruption and maladministration in the affairs of NSFAS under Proclamation R.88 of 2022. He said the management learnt about the investigation during its meeting with the Standing Committee of Public Accounts (SCOPA) in 2021. The previous Administrator had written to the SIU to undertake an investigation into allegations of non-compliance with laws and regulations as it relates to the management and disbursement of funds. The new leadership of the entity reached out to the SIU upon hearing about the investigation and requested for the Terms of Reference (ToR).

Mr Nongogo said the SIU had visited the NSFAS premises in the previous week and they undertook to send NSFAS the scope of the investigation and related costs. The management and Board committed to fully cooperating with the SIU in its investigation and it further viewed this investigation as a major step, which is aimed at uncovering the alleged wrongdoings in the management and disbursement of the entity’s finances. The Committee will be further updated on this investigation.

**5.2 AGSA briefing**

Mr Nongogo gave the Committee an update about the AGSA audit process with NSFAS for 2021/22. He said NSFAS had been busy with the close-out project, which dates back to 2017. The objective of the close-out project was to formally reconcile data between NSFAS and institutions (universities and TVET colleges) from 2017 – 2020 and to resolve any differences between the entity and the respective institutions. He indicated that NSFAS had targeted to conclude the close-out project by April 2022. However, due to unforeseen delays and the complexities, the process could not be concluded within the planned time.

Mr Nongogo indicated that NSFAS met the AGSA close to 10 times engaging about the close-out process and preparing the annual financial statements. NSFAS had shared the results of the close-out project with the AGSA. However, in June 2022, there were material differences between what was shared by institutions with NSFAS compared with what AGSA had in its records. Thus, NSFAS had requested the AGSA to grant it sufficient time to make adjustments to its financial statement in line with the AGSA’s advice. However, there were difficulties agreeing with the AGSA given that the auditing process had concluded in July.

The CEO said the lack of consensus between NSFAS and AGSA on the close-out project might result in the entity getting a disclaimer opinion for 2021/22. Thus, NSFAS requested for fairness in the auditing process in light of the reasons it provided the AGSA. The CEO conceded that the entity had received adverse findings on its performance information and it did not dispute the findings. He added that there was an agreement between the two parties to reconvene and discuss a way forward to resolve this impasse.

**5.3 Organisational Overview**

The CEO gave a high level organisational overview. He also provided a recap from the previous visit of the Committee, wherein the entity did not have an organisational structure fit for purpose; there was inadequate information and technology (IT) systems and the entity lacked a culture of excellence. With respect to the current state, he said there was stability within the organisation and the control environment was fairly stable. Some policies were being developed and approved, and processes were being documented. A notable improvement in the filling of vacant positions had been recorded and the entity was working towards changing some of its processes to improve efficiency.

In relation to the financial overview, the CEO said there is some stability in terms of student funding for the next three financial years, unlike in the previous years, in which the entity was unable to make funding decisions at the beginning of the financial year. The entity was having discussions with DHET and the National Treasury to find ways of paying allowances to students at the beginning of the academic year around January. The entity estimated that it would require R5 billion upfront to pay allowances to students at the beginning of the academic year. The entity was also exploring an option of utilising monies from funders it administers for in order to pay upfront allowances to students and return the money when the DHET grant is allocated.

The CEO indicated that the entity’s administration budget, which was 0.8 percent compared to the total funding of the entity continued to pose a serious challenge. Consequently, the entity was unable to meet its administration obligations amounting to R250 million. The entity was engaging DHET to assist in supplementing this budget. The CEO mentioned that the NSFAS Act, 1999 allowed the entity to utilise monies from recoveries for its operations if approval is granted. The entity has commissioned a study which will assist it benchmarking best practices in terms of administration budget.

In relation to the organisational performance, the CEO conceded that the entity was struggling to achieve its set targets and there was no positive audit outcome in this regard. He mentioned that the entity achieved 42 percent of its targets for 2021/22. He mentioned some of the remedial strategies to improve performance which included: institutionalising performance management; linking organisational performance with individual performance (70 percent of staff contracted) and implementing consequence management.

In relation to core the business, the CEO indicated that the entity has reaffirmed the Student Centred Model, continuous improvement on funding criteria and the guidelines would be published in November 2022. The implementation of the new systems is ongoing; rapid response teams are allocated to respond to NSFAS related protests.

In relation to the new initiatives on student funding and admin status and funding, the entity plans to implement a direct payment solution where all NSFAS beneficiaries at universities and TVET colleges would receive their allowances and transact through the new NSFAS MasterCard from the 2023 academic year. On student accommodation, the NSFAS board and management visited various TVET colleges in the country to witness first-hand the issues related to accommodation. The entity appointed four service providers to build a student accommodation portal through, which accommodation allocation would be regulated.

**5.4 Student funding journey, disbursement and close-out**

Ms N Mphahlele: COO presented on the above-mentioned areas. She explained the path of being a NSFAS funded student. The student should firstly apply to the university or TVET college of their choice to study, then applies to NSFAS. The application process goes through an electronic validation process where eligibility checks are conducted before the student is accepted. In terms of transferring money to the student, NSFAS pay funds via the university, the TVET college or direct from NSFAS to the student. In terms of financial eligibility assessment, the COO indicated that the household income threshold for students amounts to R350 000 per annum and R600 000 for students with disabilities.

In relation to disbursement, the COO highlighted some of the common challenges related to the delayed disbursement of funding to students which included dual registrations; registration database not received from the institutions; results mismatch; multiple registration record claims; system capacity challenges; incomplete institutional remittances and non-reconciliation of payment on a sustainable basis.

In relation to the close-out project, the COO indicated that the projects entailed: matching registration data received from the institutions to the approved funded list; agreeing on the cost of course of study to the disbursed amounts; agreeing on the disbursed amounts to the actual amount paid; resolving differences between NSFAS and institutions, and resolving historic debts.

**5.5 Finance**

Mr M Ramorwesi: Chief Financial Officer presented on the finances of the organisation. He took the Committee through the ICT budget, which amounted to R65 million. The ICT budget included Project Orion which includes elements such as platform build, data migration; student calculator and cloud infrastructure hosting. The allocation for Project Orion and its elements amounted to R18.7 million. Project Tshelete had elements such as Enterprise Resource planning and a Loan Management System. The allocation for these projects amounted to R R46.2 million. The CFO indicated that the entity had unfunded ICT projects amounting to R54.2 million.

In relation to the student funding budget, the CFO said the 2022 allocation to universities amounts to R38.3 billion and R7.1 billion to TVET colleges. The total amount paid to universities thus far amounted to R27.3 billion (71.32 percent) and R3.5 billion (49.42 percent) to TVET colleges. In relation to the admin budget income, the CFO indicated that the admin income for 2022/23 amounted to R476 million. The entity’s salary expenditure amounted to R227 million for the current financial year, which constituted 61 percent of the admin budget. The ratio of admin income to student funding was 0.06 percent and this will grow insignificantly to 0.8 percent by 2025.

**5.6 ICT Landscape**

Mr M Oliphant: Chief Information Officer (CIO) presented the ICT landscape of the entity. He mentioned the ICT challenges of the entity, namely: lack of organisational ICT Digital Strategy; aging and ineffective systems which are not fit for purpose; inappropriate ICT Operation Model; no official cybersecurity business unit; and unclean data due to multiple touch points. The mitigation strategies included: building or buying components that will produce a fully integrated system; entrenching cyber security practice; revising the ICT Operation Model; assessing the IT governance framework; building a skilled and properly managed comprised team and auctioning AG’s IT recommendations.

**5.7 Report on the short-term implementation plan on the feasibility study on the contact centre**

Mr K Mamabolo: CCSO presented the report. He indicated that the report was aimed at the following: providing an update on all work done under the variation order to the Contact Centre feasibility study projects. He outlined additional findings uncovered during the month requiring attention and alignment on the work to be done over the next quarter and the process of getting the work going. The Board and management also undertook a feasibility study to look into issues affecting the Contact Centre in order to improve its performance. The benchmarking exercise looked at other countries in Africa such as Kenya, Tanzania and the United Kingdom abroad.

The CCSO indicated that the entity has re-defined a fit-for-purpose organisational structure to improve call centre operations. As a result, the contact centre was moving from a silo structure to a specialised and capacitated structure. Management had suggested key updates to job descriptions, which have been agreed with the staff. Staff have also undergone training which would assist in improving their response to students’ queries.

**5.8 Forensic investigative report into the alleged maladministration at NSFAS**

Ms Mkhatshwa: Chairperson of the Portfolio Committee on Higher Education, Science and Innovation noted that the planned briefings on this matter have been shifted several times to accommodate the requests by NSFAS. However, the Committee is concerned about the scanty presentation it received and that it had no detailed information to enable the Committee to engage on the findings and recommendations. Additionally, the full report was sent to the Chairperson in the early hours of the day of the meeting. Members deliberated on the matter expressing their disappointment and reaching a consensus that a briefing on the report be postponed to allow NSFAS to subject the report to the outstanding process, including engaging those who are implicated in the report.

Mr Khosa: NSFAS Board Chairperson apologised for the late submission of the report and the poor quality of the presentation. He noted that the Report as it is, had not been engaged with those implicated in it. He made an undertaking that NSFAS will review the presentation and address issues raised by the Committee and ensure that a detailed presentation will be submitted to the Committee.

**6. OBSERVATIONS**

The Committee having held a working session with NSFAS made the following observations:

6.1. The newly acquired office space of the entity was commended by the Committee. It noted that the new head office located in the Cape Town CBD would be easily accessible than the previous location. The office space appeared more suitable to accommodate the staff complement of the entity. The Committee wanted to be brought into confidence on the plans around future growth. Furthermore, the Committee noted that it hoped the building would foster a culture of professionalism and dedication to the NSFAS employees to serve with dedication and commitment.

6.2. The commitment by the NSFAS Board and management to fully support the SIU investigation allegations of corruption and maladministration in the affairs of the entity was welcomed by the Committee. The Committee was keen to understand the terms of reference, scope and duration of the SIU investigation, however, such details were not available during engagement with NSFAS, and the entity undertook to provide the information. The Committee noted the cost of the SIU investigation, which will amount to R70 million over a period of 18 months.

6.3. There were a number of critical vacancies that were yet to be filled, in particular at middle management level of the entity. The delays in the filling of these vacancies will have adverse effects on the performance of the organisation which was concerning. The Committee acknowledged that the admin budget of the entity was insufficient and was also hindering the ability of the entity to expand its human resource capacity. In this regard, the Committee was of the view that this matter needed to be speedily resolved with the DHET.

6.4. The Committee cautioned NSFAS on its over ambitious commitments in terms of acquiring the new ICT systems and called for realistic goals that are achievable.

6.5. The impasse between NSFAS and AGSA with respect to the finalisation of the auditing process as it relates to close-out project was noted as a concern. The Committee indicated that it respects AGSA as a supreme audit institution as per section 9 of the Constitution, and highly respected its audit findings, however, when its opinions are contested by public entities, this raises concerns. Furthermore, disputes from NSFAS about the AGSA’s findings hinder the ability of the Committee to make evidence-based findings against the entity. The Committee called for greater relations between AGSA and entities

6.6. The Committee reiterated the important role played by NSFAS in disbursing funding and allowances to students coming from poor and middle class family backgrounds. It further noted that these allowances were critical in supporting students to complete their studies. Thus, the importance of having ICT systems fit for purpose remains critical.

6.7. The entity’s proposal to expand access to respond efficiently to student queries was welcomed by the Committee. Similarly, the deployment of the NSFAS Rapid Response Teams to respond to protests related to disbursements of funds to students NSFAS at institution was commended.

6.8. The future plans of the entity to administer all funding provided by government departments and entities were welcomed by the Committee. This is in line with the provision of the White Paper for Post-School Education and Training which requires that SETAs bursaries for undergraduate and postgraduate be ring-fenced to NSFAS. The Committee was, however, concerned that NSFAS would have to strengthen its capacities to administer its own funds before adding more responsibilities.

6.9. The lack of integration between the IT systems of universities and TVET colleges with NSFAS system remains a concern. The lack of integration also contributes to the delays in registration and examination results data sharing, disbursement of NSFAS funding and allowances to students and the identification of dual registrations.

6.10. The inconsistencies in the students’ results (results mismatch) from TVET colleges and Department was noted as a serious concern. NSFAS at certain times receives different data sets of results from colleges and the Department. Consequently, NSFAS is unable to approve the academic eligibility of students until the correct results are submitted.

6.11. The monthly rental fee paid by the entity for the newly leased offices amounted to R1.96 million a month, which is close to R24 million per annum. Whilst acknowledging that the new office space of the entity is fit for purpose, the monthly rental is costly, considering that the entity has a very limited administration budget. Given this investment, work space can never be an excuse for poor performance, like in the past.

6.12. Concerns were raised with respect to the NSFAS wallet system, which is used to pay students’ allowances. It was noted that students have been complaining about the delays in resetting or unblocking passwords.

6.13. The proposed new direct payment solution for student allowances, through the NSFAS MasterCard was welcomed by the Committee. The NSFAS MasterCard will replace the NSFAS wallet system, which is susceptible to technical glitches and incorrect or duplicate payments. The entity has partnered with four service providers to roll-out the new payment system.

6.14. Concerns were raised with what appeared to be an indisposed organisational culture at NSFAS, which results in instability and poor performance. It was noted that the entity has over the years experienced high attrition rate, in particular, at the senior management level. Even the new CEO acknowledged difficulties with the implementation of change management, which is meant to improve the performance of the entity.

6.15. Concerns were noted in relation to the NSFAS call centre and social media platforms, which did not operate after 17h00 during the week. It was noted that the majority of students are in class during the day and after office hours they are in their respective residences or homes. Thus, it is critical that the call centre and NSFAS social media platforms can respond to student queries after office hours.

6.16. Concerns were raised in relation to PSET institutions that continue to offer to students, legacy qualifications that have reached teach out period and the impact on the funding of those who are registered in these programmes.

6.17. Concerns were raised with regard to the nine TVET colleges, which did not submit the data needed for the completion of the close-out projects. These institutions were given two years to submit information, however, they failed to comply with the request, leaving NSFAS with a predicament of having to submit its close-out report without information from these colleges.

6.18. It was noted with concern that the entity received 43 644 student appeals for 2022 academic year and there were still 3 000 appeals yet to be finalised. The delay in the finalisation of student appeals was noted as a concern given that there are some students who had not yet received their funding and allowances since the beginning of the academic year.

6.19. Concerns were raised in relation to the dual registration of students. This hinders the ability of NSFAS to make funding decisions for these students, as more than one university claims their funding.

6.20.Concerns were raised regarding the ability of the entity to fund the SIU investigation which is estimated to cost R70 million over 18 months’ period. The entity has limited budget to fund its basic operations.

6.21. The delays by NSFAS in finalising the report into allegations of maladministration and corruption of the entity was raised as a serious concern given that the Committee had given the entity sufficient time to conclude the report.

**7. SUMMARY**

The working session with NSFAS provided members with an opportunity to have an open dialogue with management with a view of understanding the state of affairs of the entity as it relates to its core mandate of disbursing funding and allowances to institutions and its students. The session also afforded the Committee members an opportunity to conduct a site inspection/visit of the recently acquired office space of the entity, and to get first-hand experience of the office layout.

The Committee acknowledged that there was commitment from the NSFAS team to improve the state of affairs of the entity, and the presentations made also attested to this. The leadership of the entity openly presented the strengths, weaknesses and opportunities of NSFAS as an organisation; which is on a recovery journey following the tumultuous administration period.

Notwithstanding the encouraging presentations, the entity had human resource capacity and organisational culture constraints, which hinders its ability to perform optimally. Compounding the situation is the inadequate administration budget, which remains a stumbling block to the organisation’s growth and expansion. The administration budget of the entity constitutes to 0. 06 percent of the total budget of R45,5 billion for the 2022/23 financial year. Comparatively, Sector Education and Training Authority (SETA) utilise up to 10.5 percent of their total budget for administration costs. Thus, there is a need for significant changes or improvement in the admin budget of the entity to improve its capacity to deliver on its core business.

The Committee reiterated its call for the entity to ensure that it has IT systems fit for purpose. The entity has been operating with ageing and ineffective IT systems, which were generally not fit for purpose. The absence of reliable IT systems has caused serious challenges in relation to the disbursement of student funding and allowances to students at universities and TVET colleges. This resulted in the entity relying on universities, TVET colleges and even third parties to administer its funding. Such methods have resulted in fraud and unauthorised access to beneficiaries’ allowances. The Committee welcomed the R65 million additional allocation by the DHET for ICT procurement, including the approval of the NSFAS ICT Digital Strategy.

The Committee indicated that it would continue to closely monitor the developments at the entity and support all efforts directed at ensuring that NSFAS pay funding and allowances to the right students and on time.

**8. RECOMMENDATIONS**

The Committee having held a working session with NSFAS recommends that:

8.1. The DHET finds measures to improve the admin budget of the entity so that it can operate optimally. Consideration also be made to ensure that the entity utilises up to 10 percent of its total income on administration similar to other public entities.

8.2. The entity expedites the investigation into the utilisation of loan recoveries for administration budget.

8.3. The filling of critical vacancies be expedited to improve the organisational performance, which has been a challenge for years at the entity. The entity also needs to send the Committee its future growth plan in terms of human resource.

8.4. The entity ensures that all staff members return to work in the office, given that a huge budget is spent on office space every month.

8.5. The entity ensures that all staff sign performance agreements so that employees are held accountable to meet the performance expectations applicable to their respective job description.

8.6. NSFAS ensures that consequence management is implement against poor performance or non-compliance to relevant legislation.

8.7. The scope of work and Terms of Reference of the SIU investigation be submitted to the Committee, including the final report.

8.8. NSFAS and AGSA urgently reconvene and find amicable solutions to their differences in relation to the interpretation of audit findings.

8.9. The marketing and communication strategy of the entity be improved so that members of the public and students can be kept abreast regarding the latest developments at the entity.

8.10. Serious action be taken against the nine TVET colleges that failed to submit data needed for the close-out project.

8.11. Consideration be given for the NSFAS call centre to operate 24 hours and for the social media platforms to be functional after office hours.

8.12 The surplus funding for 2022 academic year be reprioritised to fund upfront payment for student allowances at the beginning of the 2023 academic year.

8.13. The integration of data from universities and TVET colleges with that of NSFAS be expedited to improve the disbursement of funding and allowances to universities and students, respectively.

8.14. NSFAS consider the possibilities of minimising the use of consultants in its disbursement of funding value chain.

8.15. NSFAS considers the establishment of a monitoring and evaluation directorate, which will make objective assessment of the performance of the entity.

8.16. The entity considers the possibility of purchasing its own premises to curtail the costly monthly rental costs for its new offices. The positioning of the entity’s premises in Pretoria will improve its accessibility and reach to almost half of the PSET institutions populace.

8.17. The finalisation of the outstanding student appeals be expedited to ensure students get their funding and allowances.

8.18. NSFAS expedites the process of migrating beneficiaries onto the new allowance payment method, which is planned to be rolled-out in 2023.

8.19. DHET undertakes a forensic investigation to determine the extent of dual registrations at universities and TVET colleges.

8.20. The Committee should convene a meeting with USAf, the Council on Higher Education (CHE), NSFAS and the South African Qualifications Authority (SAQA) on the offering of the legacy qualifications and its impact on student funding and the lack of standardisation of some advanced diploma qualifications.

8.21. NSFAS reviews its current application system to address issues identified in relation to the limited and confusing options available for applicants to select their current education status and career choices and the inability of the system to capture and isolate incidents of students with identity document (ID) mismatch. Furthermore, NSFAS needs to have a meeting with the Department of Home Affairs to resolve issues related to ID mismatch and related matters.

8.22. NSFAS expedites the finalisation of the Forensic investigative report into alleged maladministration.

8.23. The Committee confers with other Committees such as the PC on Basic Education, Home Affairs, and SC on Finance to discuss the possibilities of seamless exchange of data between the departments and relevant entities.

Report to be considered.