

Portfolio Committee for Higher Education, Science and Innovation

National Skills Fund (NSF) 2022/23 Annual Report

18 October 2023



Content



1. NSF Legislative, Policy and Strategy Framework Mandate



2. 2022/23 Annual Performance Information Report



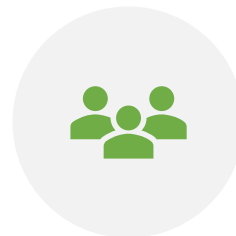
3. 2022/23 Financial Overview



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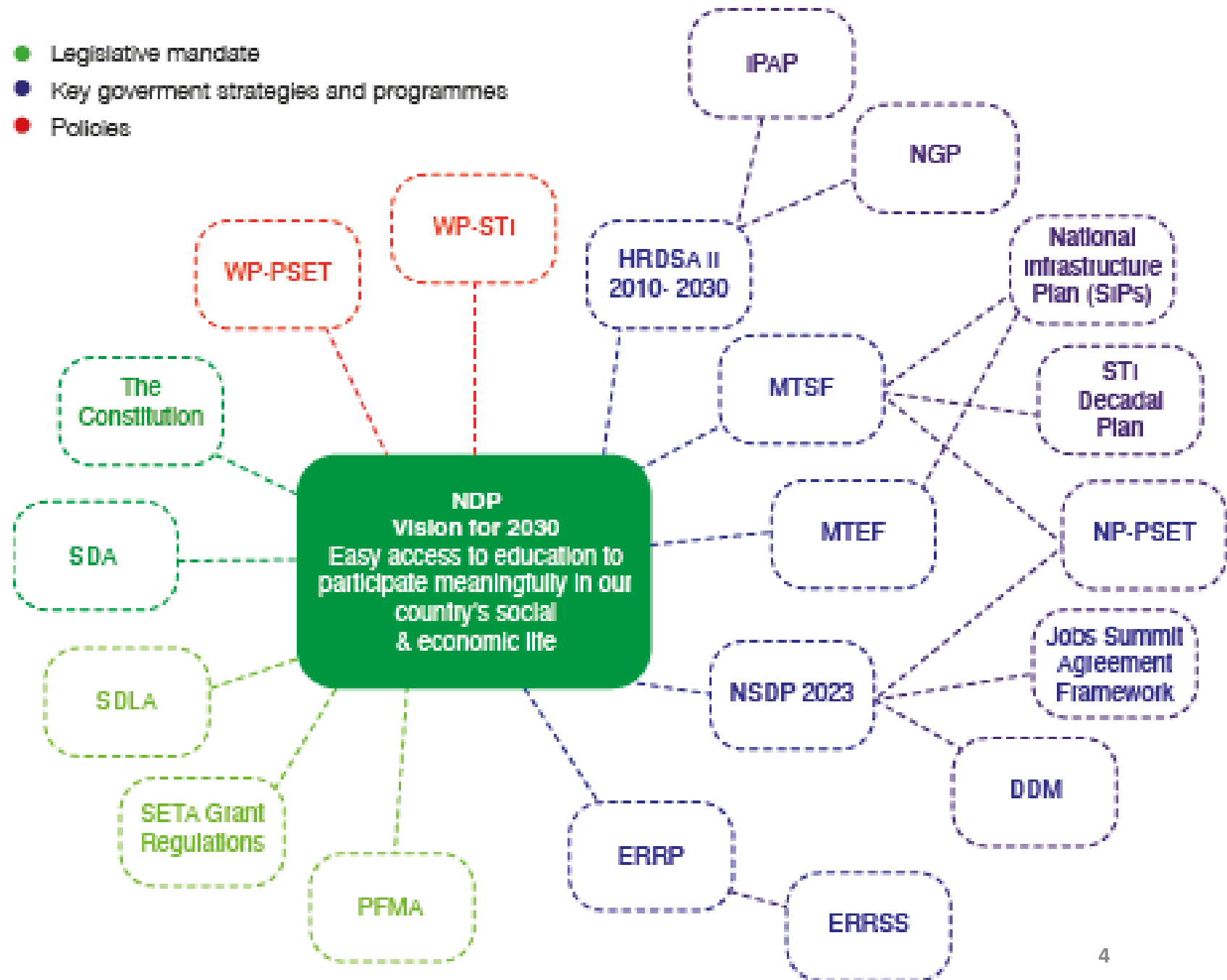
6. NSF Audit Action Plan for 2022/23

1. Policy and Legislative Mandate



Policy and Legislative Mandate

(NSF Annual Report 2022/23 pg.28)



NSF Legislative, Policy and Strategy Framework Mandate (NSF Annual Report 2022/23 pg.29)

The money that the NSF receives through the SDL Act is to be used for the primary objectives as defined by the prescripts of the Skills Development Act (SDA) namely:

- To fund projects identified in the National Skills Developed Strategy III (National Skills Development Plan 2030) as national priorities (section 28(1) of the SDA);
- To fund projects related to the achievement of the purposes of the SDA as the Director-General of Higher Education and Training determines (section 28(1) of the SDA);
- To fund any activity undertaken by the Minister of Higher Education, Science and Innovation to achieve a national standard of good practice in skills development (section 30B of the SDA); and
- 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 has been approved and published in Notice No. R.1030, Government Gazette No. 33740 dated 8 November 2010.

NSF Vision, Mission and Values

(NSF Annual Report
2022/23 pg.27)



VISION



Funding to skill our nation



MISSION



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



VALUES

Integrity

Accountability

Passion

Service excellence

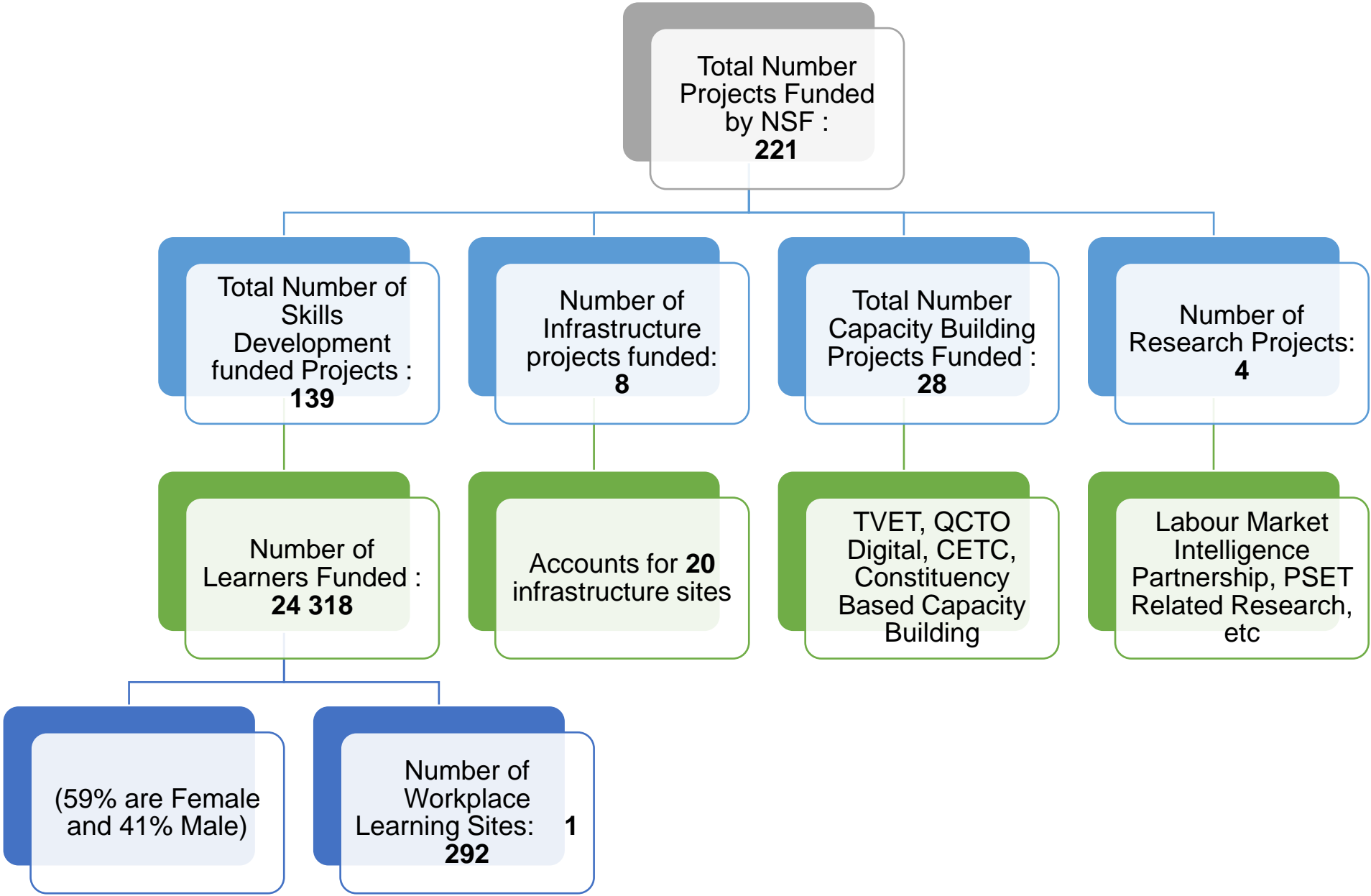
2. 2022/23 Annual Performance Information Report

(NSF Annual Report 2022/23 pg.50 to pg. 75)

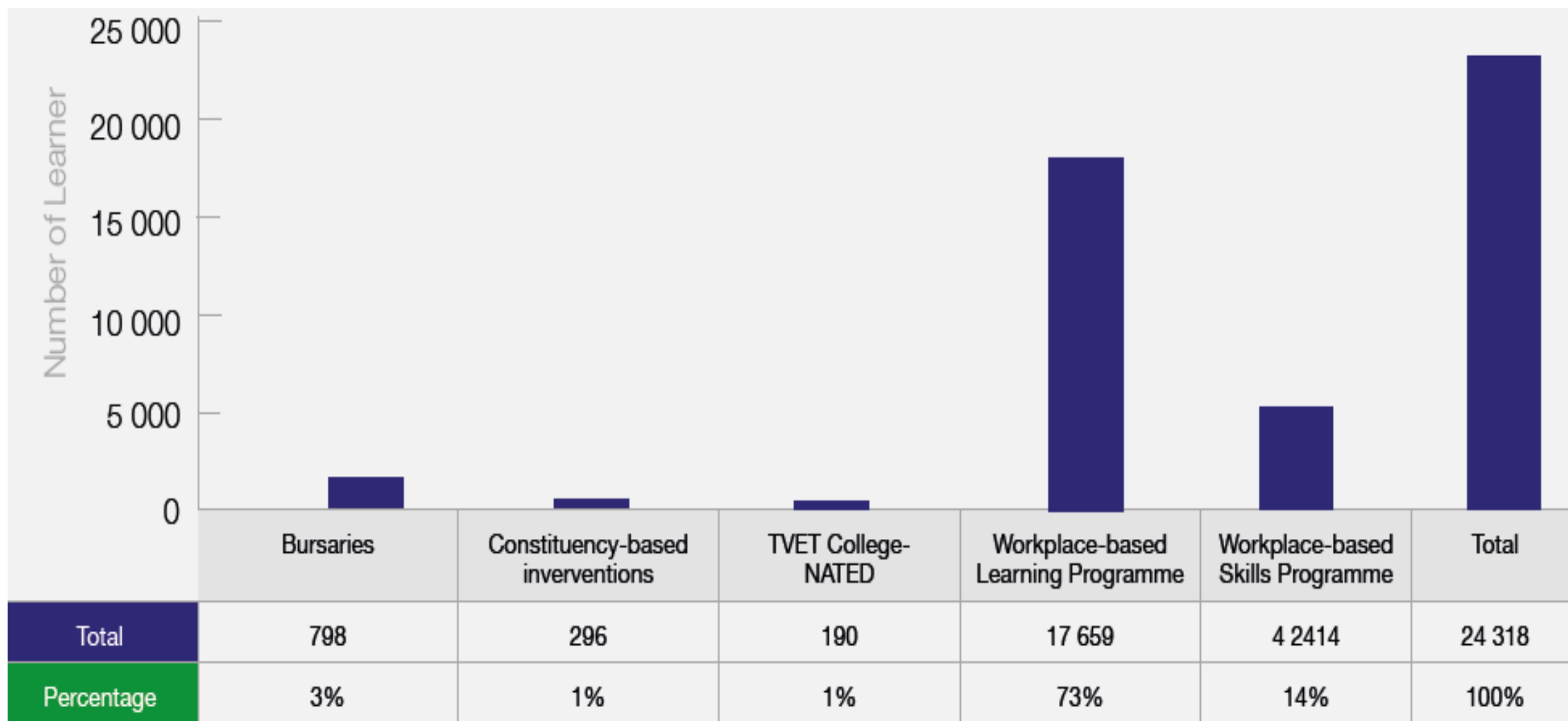
NSF Annual Performance Plan 2022/2023 was not revised during the period.



Overview of Performance Environment



Learning Programme Categories Funded



Performance Information

Summary of Achievements (Output-Based)

Total Targets = 38

Over-achievement (more than 100%) = 3

Full achievement (100%) = 1

Partial achievement (greater than 50% but less than 100%) = 5

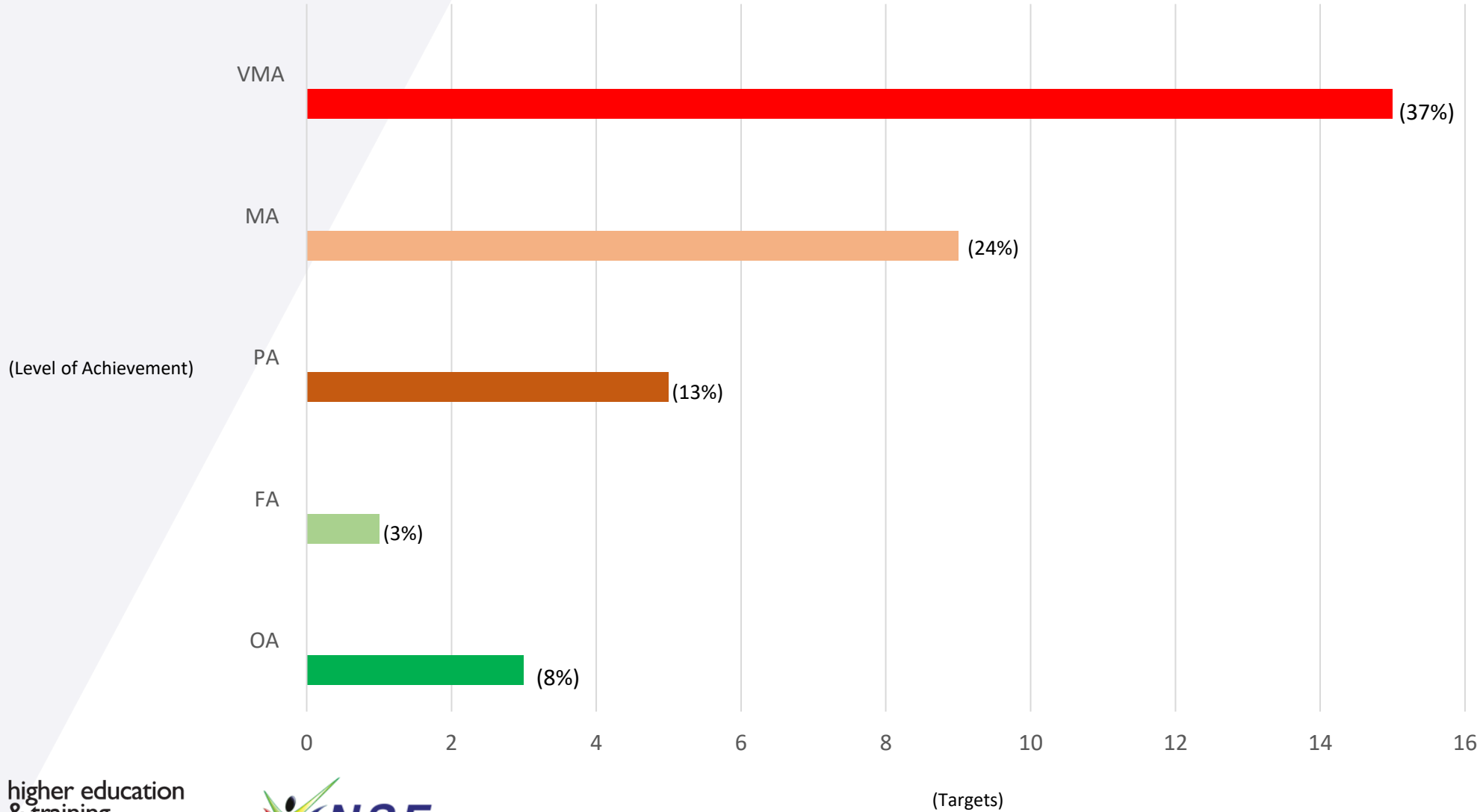
Minimum achievement (greater than 30% but less than 50%) = 9

Very minimum achievement (less than 30%) = 14

*1 target measurable in 2023/24

*5 targets not quantitatively measurable

NSF 2022/23 Aggregated/Disaggregated Performance



Overview of Reasons for Deviation (NSF Annual Report 2022/23 pg.50 to pg. 75)

Programme 1: Administration

- The lack of an integrated systems and the capacity constraints led to delays in implementing the action plan.
- Delays in filling of vacancies.
- Limited capacity contributed to delays in procurement for Customer Survey services.
- Limited ICT capacity focused on the migration of ICT Solution from eervice provider post contract closure.

Overview of Reasons for Deviation (NSF Annual Report 2022/23 pg.50 to pg. 75)

Programme 2: Skills Development Funding

- Some SDPs did not submit performance reports, resulting in the implementation of consequence management in terms of the contract.
- Delays in issuing new Request for Proposals due to a lack of sufficient capacity within Initiation and Evaluation unit.
- Delays in the evaluation of proposals (solicited & unsolicited) due to a lack of capacity within Initiation and Evaluation unit.
- The PSET system is experiencing a backlog for the printing of certificates which causes a delay receipt of learner completion certificates and/or statement of results.
- Some of the SDPs do not register learners on time after they have been recruited into the project.
- A high drop rate of learners from various programmes.
- The worker education RFP was advertised in December 2021. However, the evaluation processes were not finalised during the period under review due to insufficient resources and capacity in the Initiation and Evaluation Unit.
- No constituency-based RFP was advertised during the year under review due to limited capacity.

Overview of Reasons for Deviation (NSF Annual Report 2022/23 pg.50 to pg. 75)

Programme 3: PSET System Improvement Funding

- External criminal forces affected the projects flows (The False Bay TVET Swartklip Campus construction project was halted by the infamous construction mafia).
- Some of the projects targeted for 2022/23 financial year were completed in the 2021/22 financial year.
- There were no infrastructure related projects during the reporting period. However, the target projects which include both infrastructure and capacity development were reported under indicator 3.1.1, 3.1.2 and 3.1.3 after the classification of the projects required to be reclassified (Audit finding).
- Less spending by respective projects due to lack of internal capacity and reprioritization of the original project scope.
- University of Cape Town (LMI Research) and University of Western Cape (TVET Research) delayed to commence due to the Covid-19 pandemic and resulted in the project carried over to the next financial year (2021/22). The research method was changed from face-to-face workshops to virtual workshops.

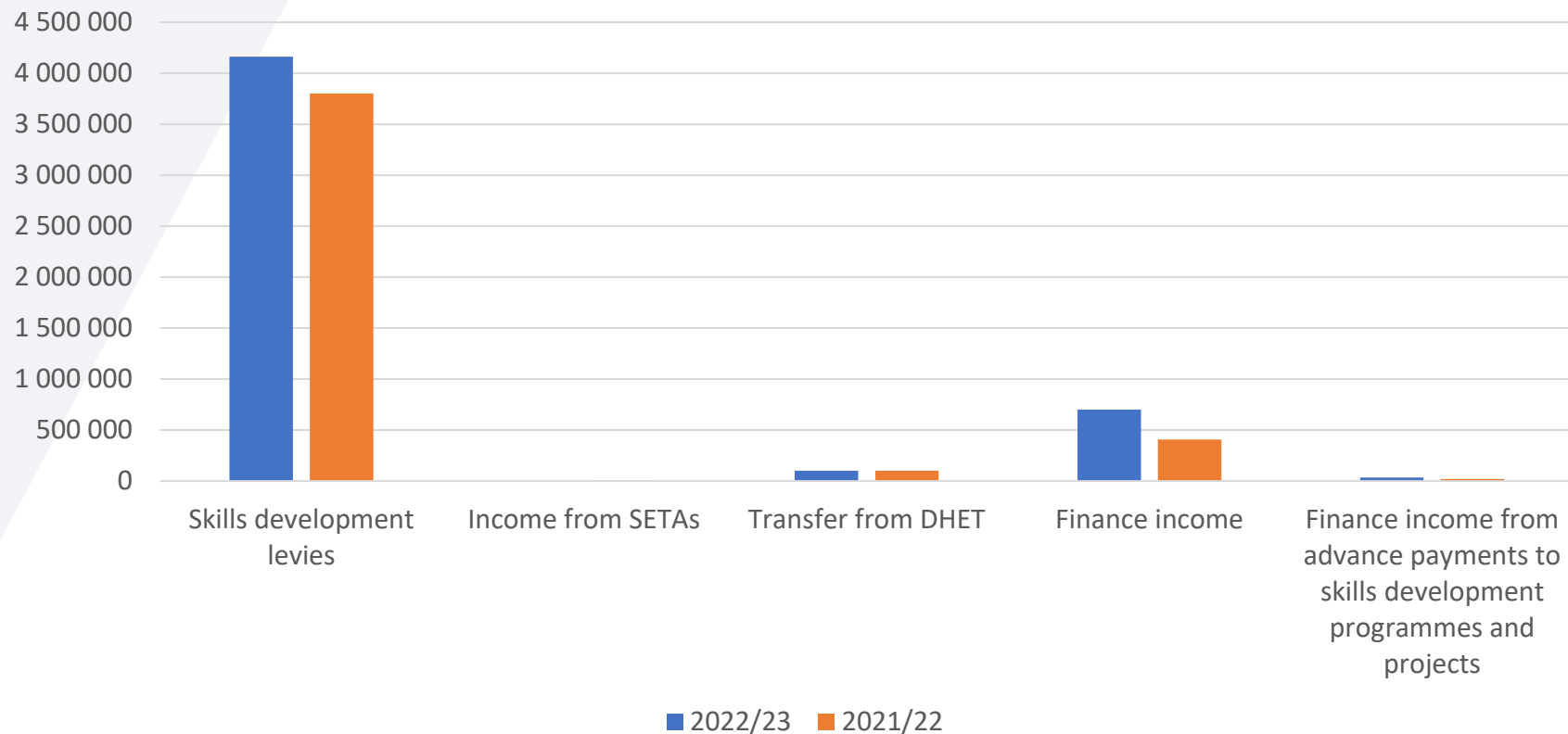
3. 2022/23 Financial Overview Financial Overview Budget vs. Actual Expenditure PFMA Compliance Report 2022/23 Audit Outcome

(NSF Annual Report 2022/23 pg.? to pg. ?)



2022/23 Financial Overview

Revenue year on year comparison



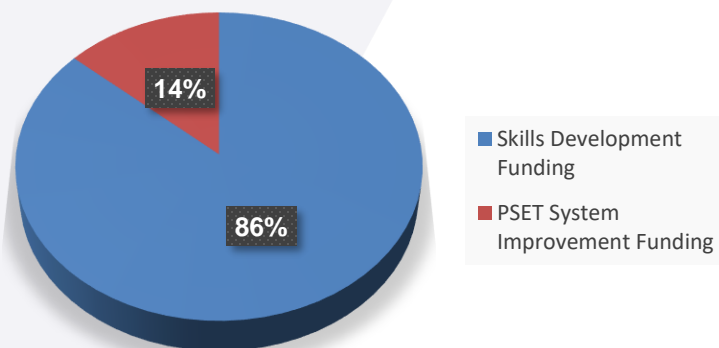
Finance Overview (cont...) - Revenue Analysis

	2022/23	2021/22	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000		
REVENUE				
Skills development levies	4 161 770	3 802 322	9%	The Revenue from Skills Development Levies increased due to the number increase in levy paying institutions. Skills Development Collected is based on the movement on the employers' payroll.
Finance income	700 295	407 260	72%	The increase of 72% can be attributed to the increase in the PIC value when compared to the previous year.
Finance income from advance payments to skills development programmes and projects	34 851	20 493	70%	The increase in finance income from projects is due to advance payments made for the implementation of new projects (e.g, TVET Phase 3, Artisan development and other unsolicited projects)

Financial Overview (cont...) – Skills Development Funding Expenditure

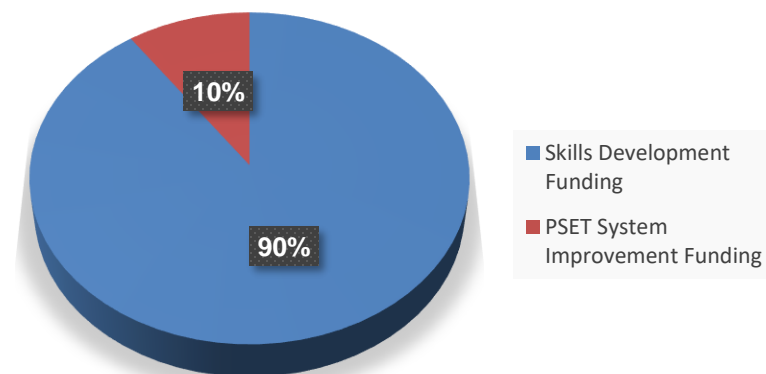
2022/23 Skills Development Funding Expenditure

**R1.166 BILLION INVESTED
TOWARDS SKILLS DEVELOPMENT**



2021/22 Skills Development Funding Expenditure

**R4.694 BILLION INVESTED
TOWARDS SKILLS DEVELOPMENT**



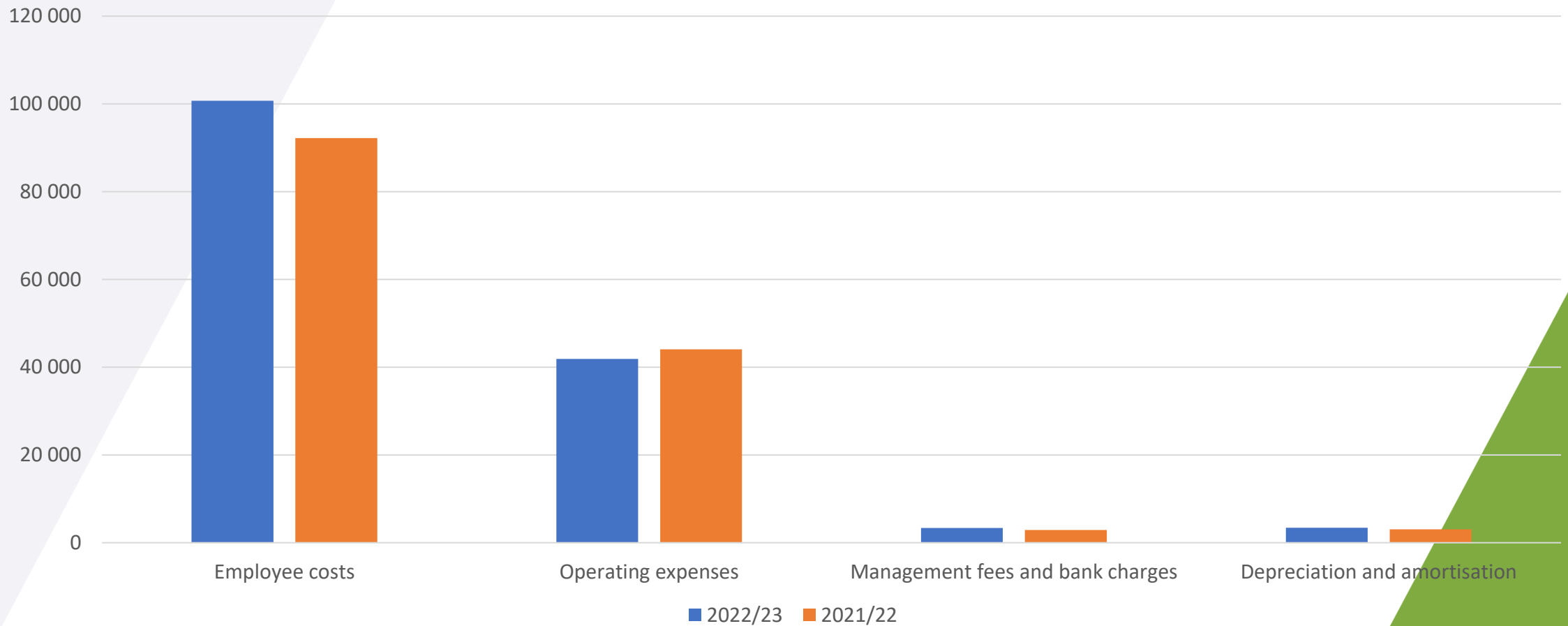
Financial Overview (cont...) – Skills Development Funding Expenditure

	2022/23	2021/22	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000		
EXPENDITURE				
Skills Development Fund expenditure (incl. provision for impairment)	1 194 967	4 715 874	-74.66%	<ul style="list-style-type: none"> NSF is currently underspending, with a 74.66% decrease in expenditure compared to the previous financial year. There are various operational-level factors that have contributed to underspending, such as delays in the approval of new projects, delays in the contracting process, project registration, and payment of initial tranche payments. The previous year's expenditure was notably high due to the approval of R3.3 billion by the Minister of Higher Education and Training to supplement the NSFAS shortfall for the 2021 academic year. This entire amount was recognized as an expenditure in the 2021/22 financial year.



Financial Overview (cont...) – Administrative Expenditure

Administrative Expenditure



Financial Overview (cont...) – Administrative Expenditure

	2022/23	2021/22	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000		
ADMINISTRATIVE EXPENDITURE				
Employee costs	100 708	92 211	9%	The employee costs increased because of the vacant posts that have been filled during the 2022/23 financial year. The vacancy rate reduced from 41% (2021/22) -27% (2022/23)
Operating expenses	41 844	44 078	-5%	The reduction in cost can be attributed to a significant decrease in the DHET service charge. DHET invoices NSF for operational expenses incurred by DHET on behalf of NSF, which are calculated based on DHET's own spending. The claim to NSF was lower this time because it only covered four months of building rental costs instead of the full twelve months.
Management fees and bank charges	3 361	2 865	17%	The increase in the PIC's management fees and bank charges can be attributable to the movement in NSF investments since the PIC bases its fees on the remaining balance at the end of each month.
Depreciation and amortisation	3 393	3 048	11%	The increase is due to additions to the property, plant and equipment during the financial year.
Levy Collection Costs	48 166	48 179	0%	The savings can be attributed to efficiencies in the SARS collection processes



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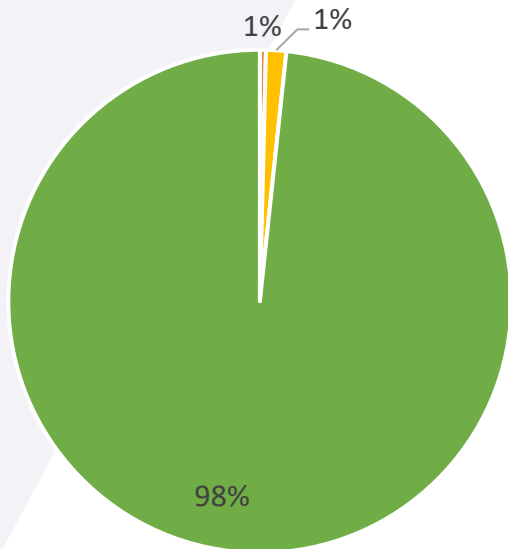
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FUNDING TO SKILL OUR NATION

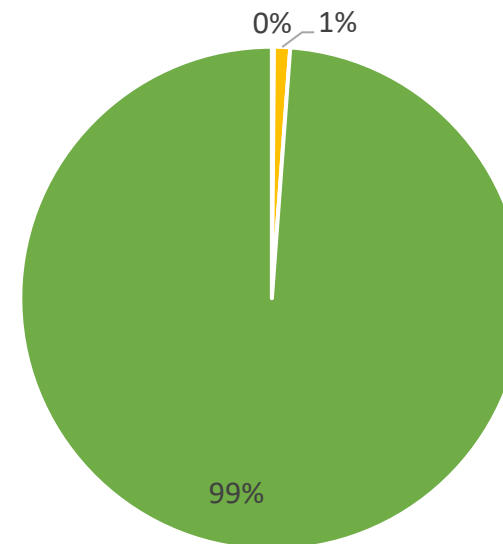
Financial Overview (cont...) – Non-Current Assets

2022/23



- Property, plant and equipment
- Intangible assets
- TVET College Campus Assets and other

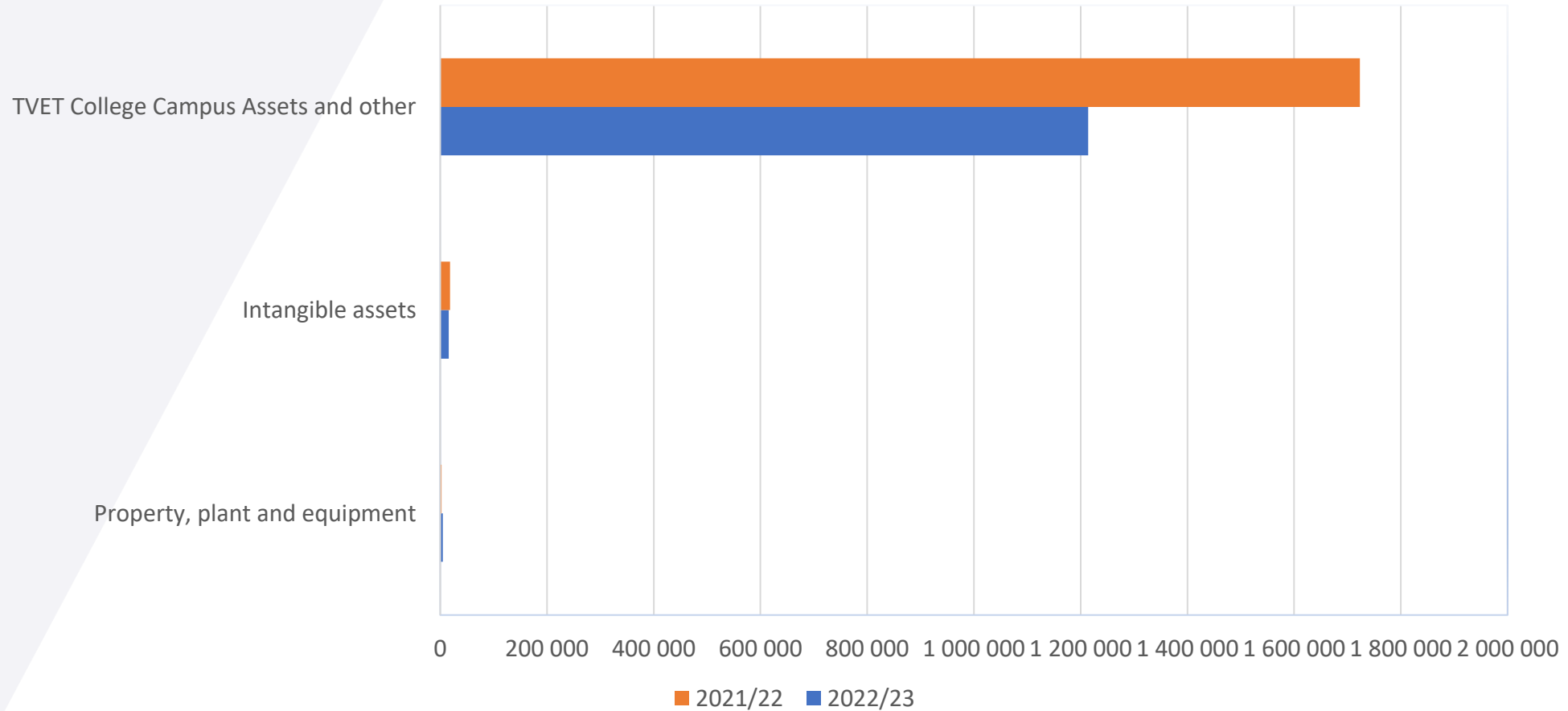
2021/22



- Property, plant and equipment
- Intangible assets
- TVET College Campus Assets and other

Financial Overview (cont...) – Non-Current Assets

Non Current Assets

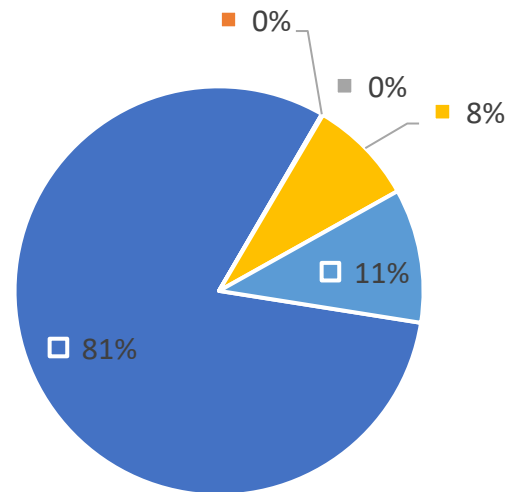


Financial Overview (cont...) – Non-Current Assets

	2022/23	2021/22	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000		
ASSETS				
Non-current Assets				
Property, Plant and Equipment	4 756	2 287	108%	The increase can be attributed to the purchase of laptops and other computer related equipment for the NSF staff.
Intangible Assets	16 058	18 065	-11%	The decrease can be attributed to the amortisation of intangible assets.
TVET College Campus Assets and other	1 379 426	1 723 509	-19.96%	The decrease in the TVET College Campus Assets and other is due to the disposal/Transfer of 9 sites (4 TVET Infrastructure Sites and 5 Other Assets where the projects were closed final account was approved and signed off by the Director General. The Colleges are Aliwal North –Ikhala TVET, Kwagqikazi – Mthasahane TVET, Greytown - Umgungundlovu TVET ,Graaf Reinet – East Cape Midlands TVET, False Bay (Swartklip) , Ekurhuleni East TVET DSPP, Ekurhuleni West DSPP,Port Elizabeth TVET DSPP and East Cape Midlands TVET DSPP .

Financial Overview (cont...) – Current Assets

2022/23 Total Current Assets (R14.465 billion)



R11.845 billion (81%) investment

R147 000 (0.001%) trade and other receivable from exchange transactions

R15 million (0.10%) trade and other receivable from non-exchange transactions

R1.229 billion (8.4%) deferred expenditure related to skills development funding

R1.552 billion (10.61%) million Cash and cash equivalent



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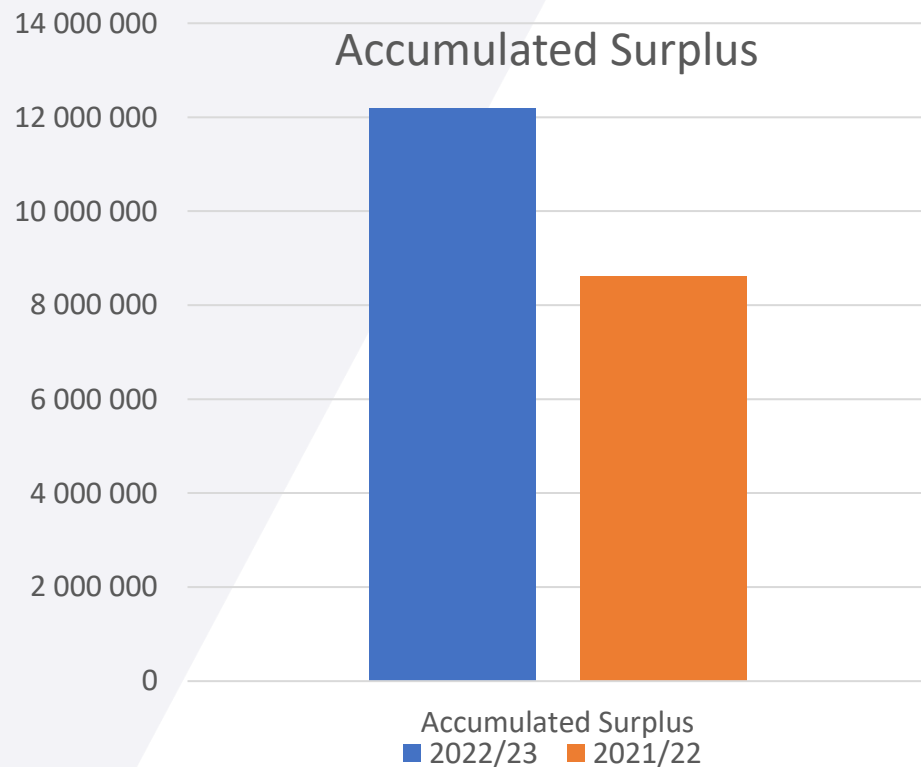
Financial Overview (cont...) – Current Assets



Financial Overview (cont...) – Current Assets

	2022/23	2021/22 Restated	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000	Increase/(Decrease)	
Current Assets				
Investments	11 844 780.00	10 111 501.00	17%	The increase is attributed to the Skills Development Levy received and the investment income earned on the investment portfolio with the PIC.
Trade and other receivables from non-exchange transactions	15 009.00	70 178.00	-79%	The decrease is as a result of projects that have expired and payments of refunds from the unutilized funds, and settlement of debtor balance from those projects/SDP, as well as an increase in provision for impairment due to projects that have expired with the ageing of greater than 270 days being impaired where refunds from debtors have not been received as at 31 March 2023.
Deferred expenditure related to skills development funding	1 229 391.00	882 011.00	39%	The increase in deferred expenditure is as a result of first tranche payments that were paid for new projects that were implemented (e.g., TVET Phase 3 Artisan RFP) as well as significant payments towards Bursaries Projects (Dept of Agriculture, Land Reform, and Rural Dev for Bursaries for Agricultural) & NIHSS towards the end of March 2023.
Cash and cash equivalents	4 552 625.00	109 402.00	4222%	The increase in the cash and cash equivalent amount is due to funds that were requested towards the end of March 2023 in anticipation of the payment of the remaining NSFAS 2021 shortfall balance. However, the payment was not processed due to the delays in the approval of the submission.

Financial Overview (cont...) – Accumulated Surplus



The 40.65% rise in the accumulated surplus compared to the previous year is attributable to the significant R3.5 billion surplus realized by NSF. The surplus is a result of the underutilization of funds allocated to the skills development expenditure. NSF is committed to optimizing the utilization of its annual revenue and accumulated reserves towards financing its skills development programs.

Financial Overview (cont...) – Current Liabilities

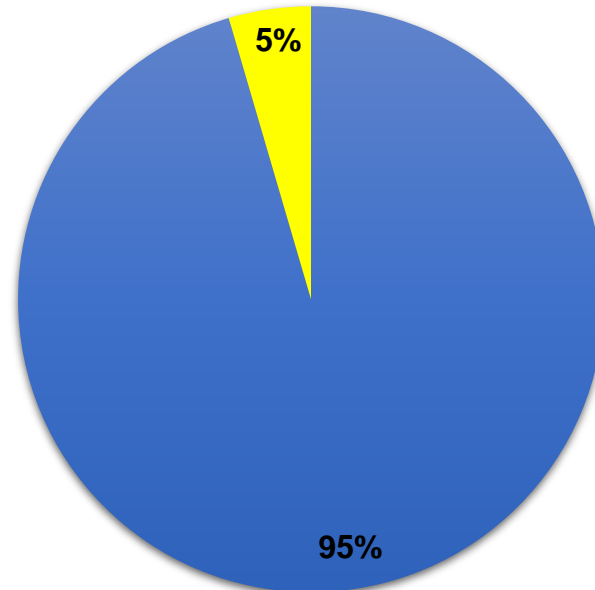


Financial Overview (cont...) – Current Liabilities

	2022/23	Restated 2021/22	% VARIANCE	EXPLANATION FOR VARIANCES
	R'000	R'000		
LIABILITIES				
Current Liabilities				
Trade and other payables from non-exchange transactions	200 458	194 002	3.33%	The trade payables slightly increased by 3.3%. Included in this year's amount is R138 million, which is owed to NRF. It was settled in April 2023.
Trade and other payables from exchange transactions	49 825	81 417	-38.80%	The decrease is due to DHET administrative claims that were settled in this quarter.
Accruals from non-exchange transactions	2 159 617	2 149 589	0.47%	Variance is insignificant, but it is worth noting that; a DG Submission was prepared and submitted to DG for approval, and DG has approved the following in relation to the NSFAS Shortfall project. The proposed changes in terms of the agreed MoA on the DHET National Student Financial Aid Scheme (NSFAS) University Shortfall project to an Unconditional Grant. 1) The entire grant funding of R3 301 989 000.00 is to be classified as unconditional grant funding. 2) The NSF is to disburse to the DHET the remaining balance of R2 billion towards the NSFAS Shortfall on an unconditional grant basis. 3) The payment for NSFAS has not yet been paid and is expected to be made in the 2023-24 financial year
Provisions	217 865	99 819	118.26%	The increase is related to skills development activities from projects where the quarter 4 reports are still not finalized. This balance has reduced significantly since the first draft AFS.

Financial Overview (cont...) – Revenue vs Administrative Expenditure

NSF REVENUE vs NSF ADMINISTRATIVE EXPENSE (2022/23) R'000



NSF remains cost-efficient spending only 5% on admin costs in relation to the skills development skills levy received in 2022/23

■ REVENUE ■ ADMINISTRATIVE EXPENSES

Contractual Commitments 2022/23

- Contractual Commitments in 2022/23 amounted to R 665 million (2021/22: R1.105 billion) which represents 40% decrease from the prior year.
- Contractual commitments for the acquisition of property, plant and equipment.
 - Improve PSET System: Infrastructure Related Projects – R665 million

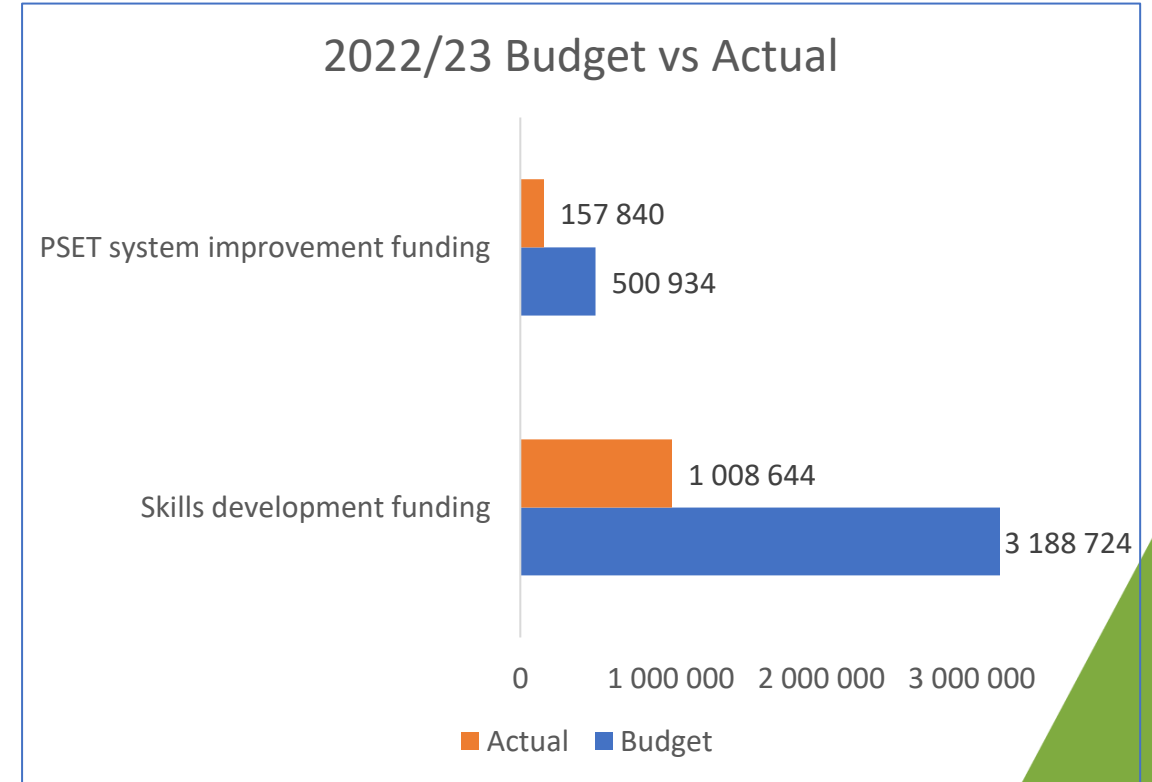
Budget vs Actual Expenditure - 2022/23

(NSF Annual Report 2022/23 pg.? to pg. ?)



Budget vs Actual –Skills Development Funding Expenditure

SKILLS DEVELOPMENT EXPENDITURE	Budgeted	Actual	% Variance (Under)/Over
	R'000	R'000	%
	2022/23	2021/22	
Skills development funding	3 188 724	1 008 644	-68.37%
PSET system improvement funding	500 934	157 840	-68.49%
TOTAL	3 689 658	1 166 484	-68.39%



Budget vs Actual Expenditure in 2022/23 (cont...)

- The NSF budgeted an amount of **R3.7 billion** for skills development grant disbursements for the 2022/23 financial year.
- The NSF skills development expenditure for the period ending 31 March 2023 is **R1.166 million**, which is 68.4% below the budgeted amount.
- NSF is currently underspending, and some of the reasons for the underspending include;
 - Capacity constraints throughout the organization.
 - Delays in approvals of new projects.
 - Delays in the contracting process, project registration, and payments
- The NSF needs to assess its performance and identify areas where it can improve service delivery and ensure that its programmes reach all the corners of South Africa thus making a meaningful contribution to the development of skills.

Budget vs Actual Expenditure in 2022/23 (cont...)

2022/23				
	Budget	Actual Amounts on accrual basis	(Under) / Over	% Budget Variance
	R'000	R'000	R'000	
		TOTAL		
Employee costs	131 842	100 708	-31 134	-23.61%
Operating expenses	66 416	41 844	-24 572	-37.00%
Management fees and bank charges	2 787	3 361	574	20.60%
Collection costs to SARS	62 452	48 166	-14 286	-22.88%
Deprecation and amortisation	3 478	3 393	-85	-2.44%
ADMINISTRATIVE EXPENSES	266 975	197 472	69 503	-26.03%

Budget vs Actual Expenditure in 2022/23 (cont...)

- The administrative expenditure budget (including levy collection costs) for the fourth quarter ending 31 March 2023 is R267 million.
- Administrative expenses incurred are 26% below budget, mainly due to savings in employee costs, operating expenses, and the levy collection costs.
- The employee costs and operating expenditures were budgeted based on the approved posts of the NSF organizational structure.
- The SARS collection cost budget is R62 million, with actual payments at R48 million, 22.9% below budget. SARS charged 0.23% of SDL for collection costs, well below the allowed 2%, resulting in expected savings without exceeding the limit.
- The administrative expenditure is still within the Skills Development Act (SDA) prescribed 10% limit.
- The NSF remains cost-efficient, as it used only 5% of its revenue during the financial 2022/23 financial year to administer the Fund.

PFMA Compliance Report

(NSF Annual Report 2022/23 pg.? to pg. ?)



PFMA Compliance Report

- This is a new component that has been added by the National Treasury for public entities to report on PFMA Compliance.
- **Irregular Expenditure, Fruitless and Wasteful Expenditure**
 - There were no new transactions during the 2022/23 financial year.
 - The organization is diligently addressing irregular expenditure transactions from the prior fiscal year. These efforts have encountered delays, which have been noted in the audit report by AGSA. The delays can be attributed to capacity constraints within the Finance, Legal, and Internal Audit Units.

PFMA Compliance Report (cont....)

Information on late and/or non-payment of suppliers

- There were no late payments or non-payment of suppliers. All supplier invoices were paid within 30 days or the agreed period.

Information on supply chain management - Procurement by other means

- Appointment of Nexus Forensic Services for the provision of post-investigative services

4. Audit Outcome

(NSF Annual Report 2022/23 pg.? to pg. ?)



Outcome area	Movement	2022-23	2021-22	2020-21
Financial statements	▶			
Annual performance report				
• Programme 2 – Skills development funding	▲			
• Programme 3 – PSET system improvement funding	Not audited in the prior year		Not audited	Not audited
Compliance with legislation				
• Annual financial statements, performance reports and annual reports	▶			
• Expenditure Management	▲			
• Asset Management	▶			
• Strategic planning and performance management	▶			
• Procurement and contract management	▶			
• Consequence management	▶			

Unqualified / No material findings	Qualified	Adverse	Disclaimed	Material findings
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▲ Improvement	▼ Regression	▶ Unchanged
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Audit outcome analysis

1. Financial statements

- Improved audit come from the historic disclaimer of opinion (2020/21)
- Substantial reduction in audit findings
- Required enhancement of internal control

2. Annual performance report

- Improved audit come from the historic disclaimer of opinion (2021/22 and 2020/21)
- Substantial reduction in audit findings
- Required enhancement of internal control
- AGSA selected two programmes in 2022/23

3. Compliance

- Reduction in material non-compliance
- Required enhancement of compliance control environment

2022/23 Audit Outcome

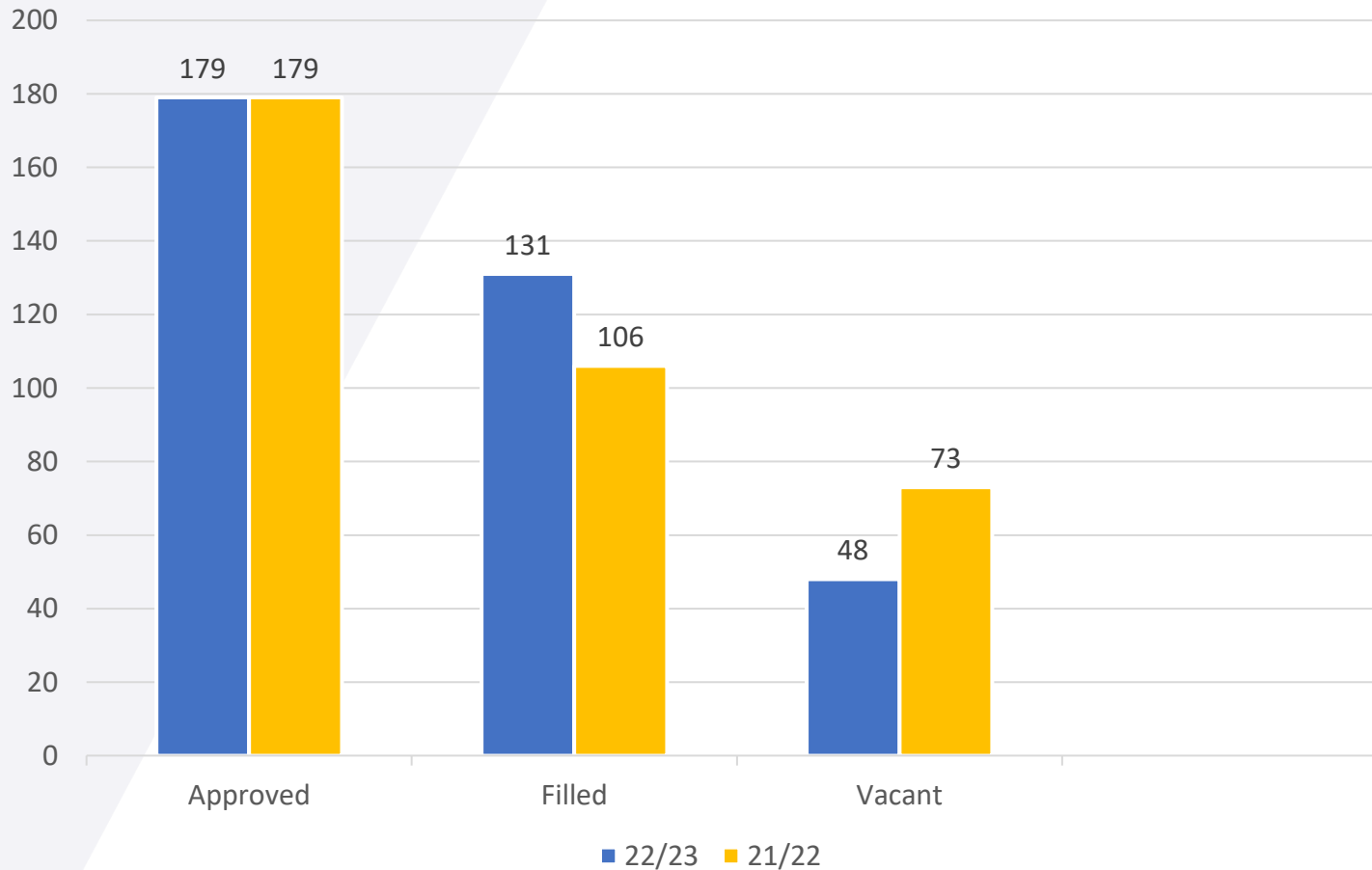
- NSF received a qualified audit opinion for the 2022/23 financial year.
- Basis for qualification are :
 - **Skills Development Funding** – Auditors were unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous year has been properly accounted for, as evidence that services had been received could not be provided.
 - **Provisions (related to skills development funding)** – NSF did not have adequate systems in place to account for provisions from skills development funding in accordance with GRAP 19, Provisions, contingent liabilities, and contingent assets as the provisions were not calculated correctly.
- As much as this is not the desired outcome, it's worth noting the improvements;
 - Performance Information moving from a disclaimer to a qualified audit opinion.
 - Substantial decrease of audit findings from a total of **58** audit findings in 2021/22 to **30** in 2022/23.
- A consolidated Audit Action Plan (AAP) has been developed to address the root causes for each audit finding and keep track of the corrective actions and the Finance Unit will be coordinating the implementation of the action plan.
- Implementation of the AAP will result in improved organizational effectiveness, efficiency, and performance, ultimately leading to an improved audit outcome.

5. Human Resource Management

(NSF Annual Report 2022/23 pg.? to pg. ?)

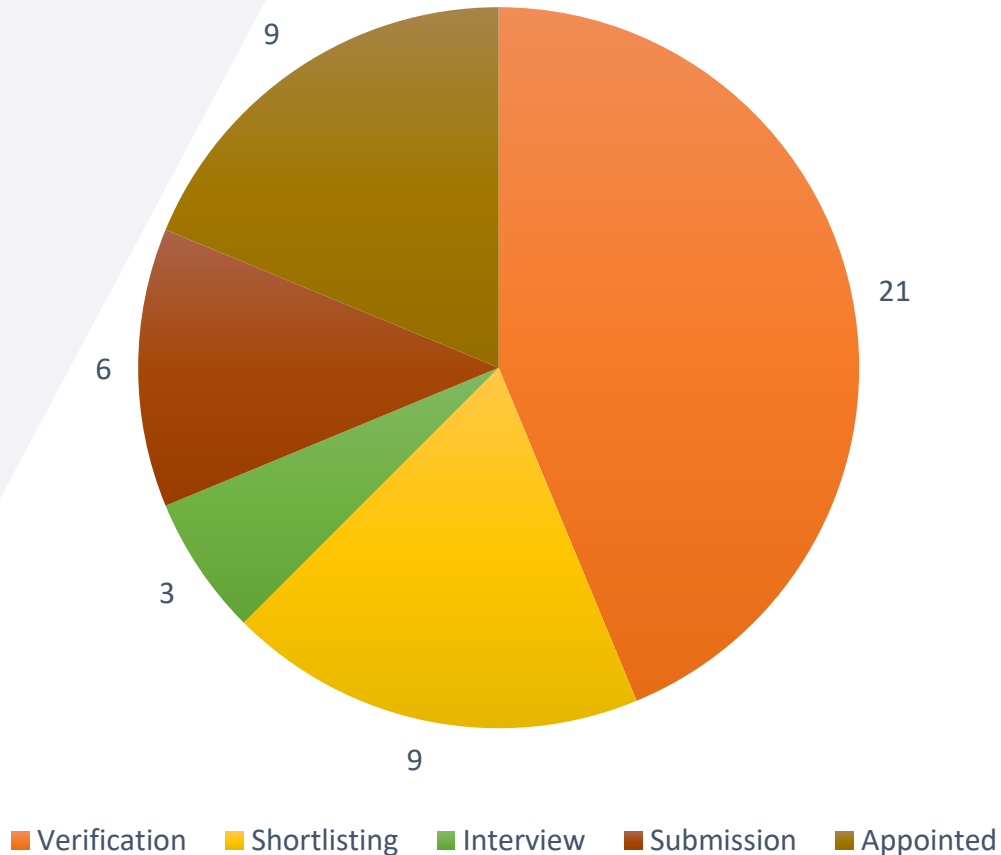


VACANCY COMPARATOR – 2021/22 VS 2022/23



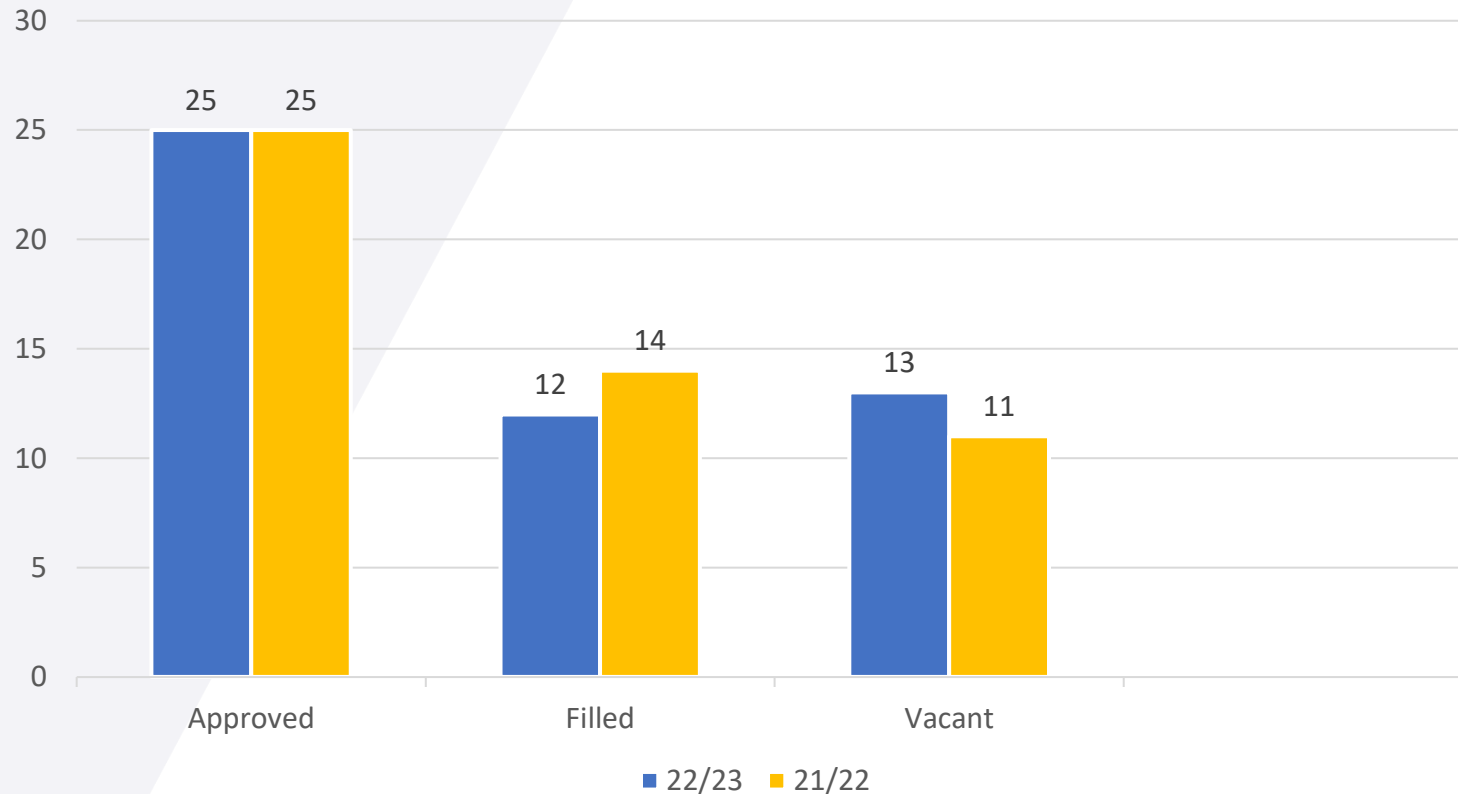
- Total of 179 posts approved as per NSF Organisational Structure
- During 22/23 reduced vacant posts from 73 to 48
- 131 posts filled to date equating to a reduced vacancy rate from 41% (21/22) to 27% (22/23)

RECRUITMENT PROGRESS OF 48 VACANT POSTS



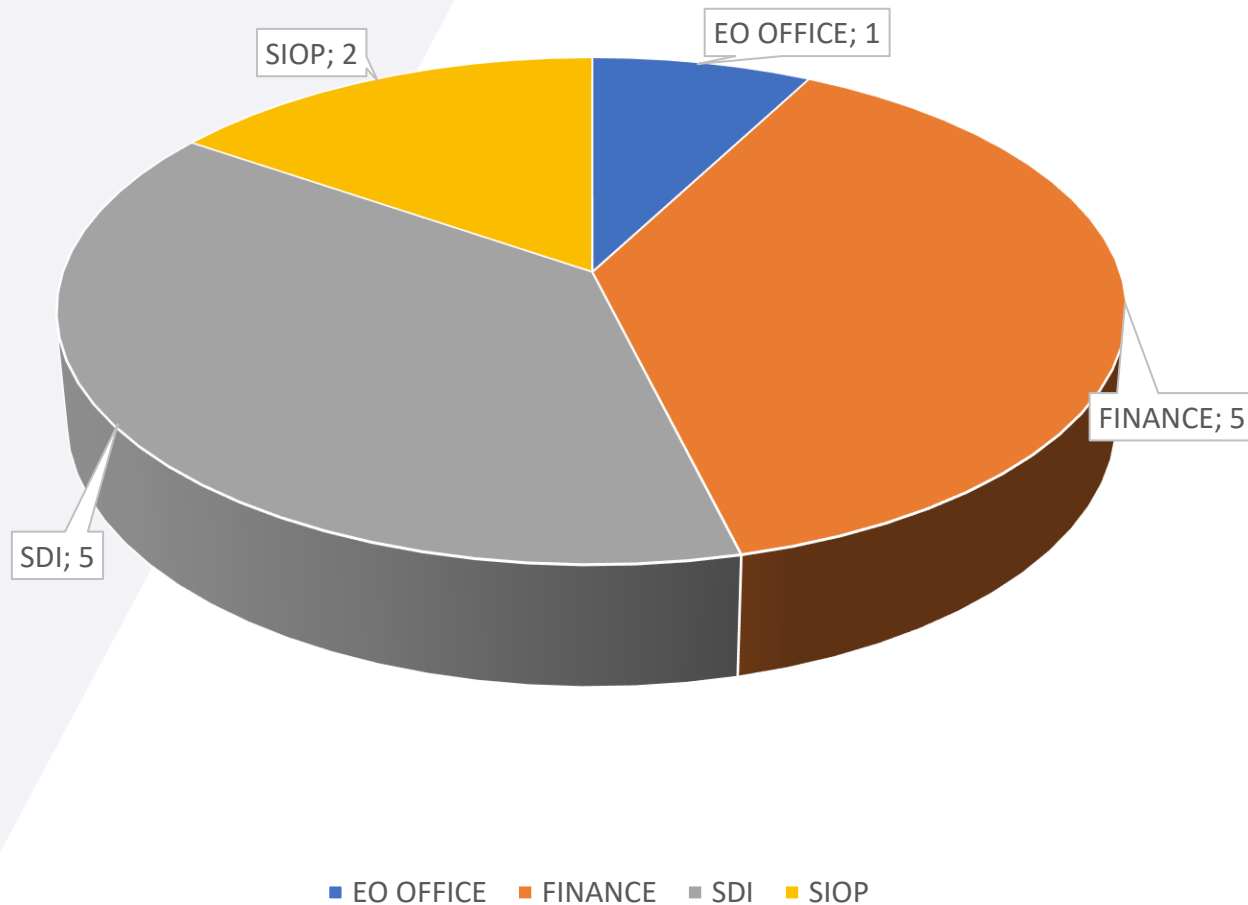
- 48 existing vacancies at various stages in the recruitment process.
- 9 have been approved and 6 at submission stage awaiting approval.
- 33 still being processed

SMS POSTS AND VACANCIES



- 25 SMS posts approved as per NSF Organisational Structure
- During 22/23 had 2 resignations in Finance team resulting in 13 vacant posts at SMS level

13 VACANT SMS POSTS PER DIRECTORATE



- 2 of 5 Finance posts at submission stage, awaiting approval to appoint, 2 are ready for shortlisting and 1 is to be reconfigured and benchmarked before processing.
- 4 of 5 SDI posts are awaiting dates for shortlisting and 1 to be reconfigured and benchmarked for processing.
- 2 SIOP posts are being prepared for shortlisting
- Post in office of EO at submission stage

13 SMS POSTS - RECRUITMENT STATUS

NAME OF POST	DIRECTORATE	NO OF POSTS	STATUS
Executive Officer (new)	EO	1	Submission stage
Director: Facilities and Security	FINANCE	1	To be benchmarked
Director: Financial Management and Administration		1	Submission stage
Director: Financial Planning, and Reporting		1	Submission stage
Director Fund Management (new)		1	Shortlisting stage
Director: Supply Chain Management (new)		1	Shortlisting stage
Chief Director: Skills Development Implementation		SDI	1
Director: Programme Monitoring	1		Shortlisting stage
Director: Regional Skills Development Implementation (EC)	1		Shortlisting stage
Director: Regional SDI – WC/NC (new)	1		Shortlisting stage
Director: SDI	1		To be reconfigured
Director: Organisational Performance and Reporting	SIOP	1	Verification stage
Director: Strategy, Partnerships and Innovation		1	Verification stage



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ADDITIONAL CAPACITY

- To assist with capacity challenges, 99, 12 month contact posts additional to the NSF establishment and across various units have been approved, advertised and are currently being processed for recruitment.
- In addition, 9 DHET officials were identified for secondment to the NSF for 12 months in the SDI, SIOP and HR units. These staff were seconded in August 2023.
- The HR team has also processed recruitment to secure 121 interns, of which 108 started in September 2023.
- Work on implementing MTT recommendations on NSF organisational structure is currently underway.

POSTS APPOINTED 2022/23 PER DIRECTORATE

POSTS APPOINTED/TO BE APPOINTED

NAME OF POST	DIRECTORATE	NO OF POSTS
Administrative Officer: Assets	FINANCE	1
Assistant Director: Budget & Treasury	FINANCE	1
Chief Financial Officer	FINANCE	1
Deputy Director: Assets and Facilities	FINANCE	1
Deputy Director: Fund Management (X3 Posts)	FINANCE	3
Director: Fund Management	FINANCE	1
Assistant Director: Accounting 1 x (Awaiting acceptance of new offer) and 1 x submission on route	FINANCE	2
Practitioner: Finance	FINANCE	1
Practitioner: Registry (X2 posts)	FINANCE	2
Assistant Director: HR Operations	HR	2
Assistant Director: Talent and Performance Management and Operations	HR	1
Assistant Director: Training and Development Operations	HR	1
Deputy Director: HR Management	HR	1
Deputy Director: Legal, Governance, Risk and Compliance	LEGAL	1
Senior Practitioner: Secretariat	LEGAL	1
Administrative Assistant	LEGAL	1
Deputy Director: Public Relations and Communication	OEO	1

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NAME OF POST	DIRECTORATE	NO OF POSTS
Assistant Director: Bursaries Monitoring	BURSARIES	3
Snr Practitioner: Bursaries (Start date: 01 May 2023)	BURSARIES	1
Assistant Director: Regional SDI - KZN	SDI	1
Assistant Director: Regional Skills Development Implementation Limpopo and Mpumalanga Region	SDI	2
Assistant Director: Regional Skills Development Implementation: Eastern Cape Region (3X Posts)	SDI	3
Deputy Director: Regional SDI - KZN and EC	SDI	2
Assistant Director: Regional SDI – WC (Start date: 01/04/23)	SDI	1
Assistant Director: Initiation and Evaluation (Start: 01/04/23)	SDI	2
Deputy Director: Regional SDI: GP, NW and FS	SDI	2
Senior Practitioner (X2 Posts)	SDI	2
Senior Practitioner: SDI: Western Cape Regional Office	SDI	1
Senior Practitioner : Gauteng, North-West and Free State Regional Office	SDI	2
Secretary to CD: SIOP (Start date: 01/04/23)	SIOP	1
Assistant Director: Business Analytics	SIOP	1
Deputy Director: Business Data Management	SIOP	1
Deputy Director: Enterprise Architect	SIOP	1
Deputy Director: Strategy, Workplace Based Learning	SIOP	2
Director: ICT	SIOP	1

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2023/24 POSTS APPOINTED TO DATE

NAME OF POST	DIRECTORATE	NO OF POSTS
Assistant Director: Initiation and Evaluation	SDI	2
Assistant Director: Regional SDI – WC	SDI	1
Secretary to CD: SIOP	SIOP	1
Administrative Assistant	LEGAL	1
Assistant Director: Bursaries Monitoring	BURSARIES	3
Senior Practitioner: Bursaries	BURSARIES	1

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- Much time in Q1 and Q2 of 2023 has been spent processing recruitment of interns as well as the 99 contract posts additional to the NSF Structure.
- This as well as lack of availability of panel members within the NSF due to various other commitments including AG processes, has resulted in slower pace of filling of permanent posts to date than expected.

CONCLUSION

- During 2022/23, 51 posts were filled
- At the close of 2022/23, 48 vacancies existed in the NSF
- In 2023/24 to date, 9 of these vacancies have been filled, leaving 39 existing vacancies, of which 6 are at the final stage of appointment (submission stage) and 33 still being processed.
- Therefore from 2022 year to date, 60 posts have been filled within the NSF.
- With respect to staff movements, 5 staff exited the NSF during 2022/23 due to resignations (4) and contract terminations (1), and 10 staff were promoted or transferred internally.
- 6 employees were placed on precautionary suspension pending disciplinary processes during 2022/23, which has impacted on capacity.

POSTS CURRENTLY AT VERIFICATION STAGE

NAME OF POST	DIRECTORATE	NO OF POSTS
Senior Practitioner/Admin Assistant (CD Office)	SDI	1
Administrative Assistant (Initiation & Evaluation)	SDI	1
Assistant Director (LP/MP)	SDI	1
Deputy Director (WC/NC)	SDI	1
Assistant Director (WC/NC)	SDI	1
Assistant Director (EC/KZN)	SDI	2
Senior Practitioner (Bursaries)	SDI	2
Director: Strategy Partnership and Innovation	SIOP	1
Director: Organisational Performance & Reporting	SIOP	1
Assistant Director: ICT	SIOP	1

NAME OF POST	DIRECTORATE	NO OF POSTS
Assistant Director: Supply Chain Management	FINANCE	1
Deputy Director: Fund Management	FINANCE	1
ASD: Assets and Facilities	FINANCE	1
ASD: Enterprise Document Management	FINANCE	1
Receptionist	FINANCE	1
Administrative Assistant	HR	1
Practitioner	HR	2
Legal Administrative Officer	LEGAL	1
TOTAL		21

POSTS CURRENTLY AT SHORTLISTING STAGE

NAME OF POST	DIRECTORATE	NO OF POSTS
Chief Director: Skills Development Implementation	SDI	1
Director: Regional Skills Development Implementation (EC)	SDI	1
Director: Programme Monitoring	SDI	1
Director: Regional SDI – LP/MP	SDI	1
Director: Regional SDI – WC/NC	SDI	1
Deputy Director: Initiation and Evaluation	SDI	1
Director Fund Management	FINANCE	1
Director: Supply Chain Management	FINANCE	1
Deputy Director: Financial Planning and Reporting (Treasury)	FINANCE	1

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POSTS CURRENTLY AT INTERVIEW & SUBMISSION STAGE

INTERVIEW STAGE		
NAME OF POST	DIRECTORATE	NO OF POSTS
Executive Assistant	EO OFFICE	1
Deputy Director: Reg SDI – WC/NC	SDI	1
Snr Practitioner: Skills Development Implementation (EC & KZN)	SDI	1

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SUBMISSION STAGE		
NAME OF POST	DIRECTORATE	NO OF POSTS
Assistant Director: Public Relations and Communication	PR & COMMS	1
Assistant Director: Accounting (x2 posts)	FINANCE	2
Assistant Director: Revenue	FINANCE	1
Director: Financial Planning, and Reporting	FINANCE	1
Director: Financial Management and Administration	FINANCE	1

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6. Audit Action Plan



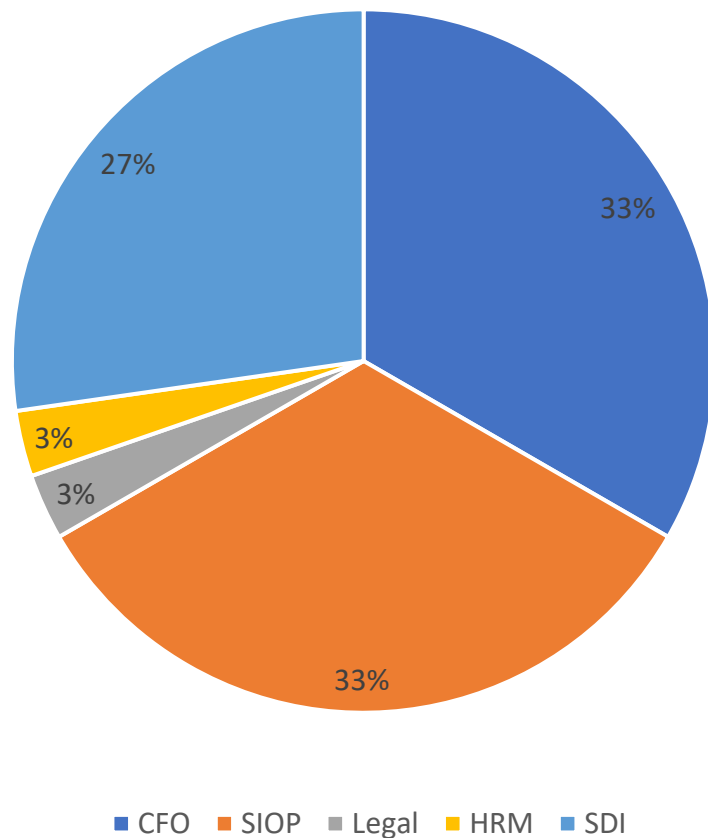
2022/23 Audit Action Plan

- A consolidated Audit Action Plan (AAP) has been developed to address the root causes for each audit finding and keep track of the corrective actions and the Finance Unit will be coordinating the implementation of the action plan.
- The Internal Audit Unit will be evaluating the adequacy of management's agreed action plans on the reported Auditor General findings.
- Implementation of the AAP will result in improved organizational effectiveness, efficiency, and performance, ultimately leading to an improved audit outcome.



2022/23 Audit Action Plan

Audit Findings – 2022/23 Audit



Units	Total Findings	% contribution
CFO	10	33%
SIOP	10	33%
SDI	8	27%
Legal	1	3%
HRM	1	3%
Total	30	100%

Impact

- SDI and Finance had material findings contributing to the qualification on the AFS
- SDI and SIOP had material findings contributing to the qualification on the APR
- Other units did not have material findings

Highlight of the material audit findings

UNIT	HIGHLIGHT OF MATERIAL AUDIT FINDINGS	IMPACT
FINANCE UNIT	<ul style="list-style-type: none"> - Provisions - Deferred Expenditure - Trade Other receivables from non-exchange transactions - Consequence management 	<p>Qualification of the AFS (disagreement)</p> <p>Non-compliance with legislation</p>
SKILLS DEVELOPMENT IMPLEMENTATION	Findings are related to the unavailability of supporting documents and inadequate supporting documents	Qualification of the AFS (disagreement and limitation)
STRATEGY, INNOVATION AND ORGANISATIONAL PERFORMANCE	<p>AOPO reliability findings</p> <p>Programme 2 AOPO reliability</p> <p>Programme 3- Overstatement of achievements</p> <p>Programme 3 AOPO reliability</p>	Qualification on the APR (Disagreement and limitation)



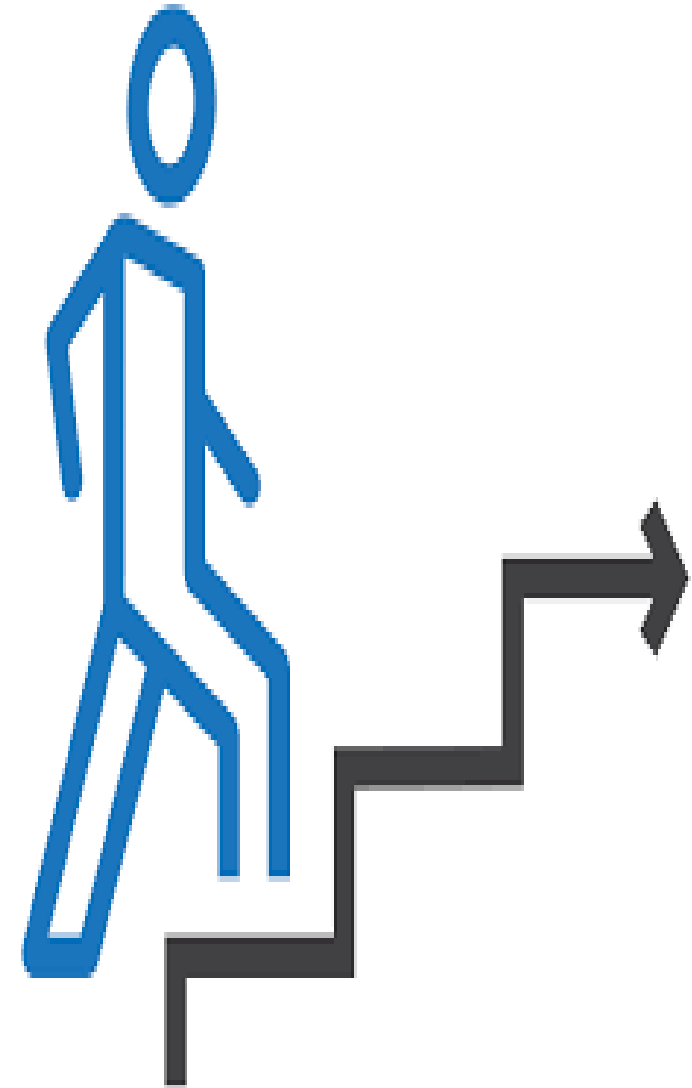
Common root causes for audit findings

- Capacity constraints throughout the organization.
- Lack of integrated automated system.
- Manual Commitment Schedule system resulting in inadequate financial reporting and errors due to the lack of an integrated and interfaced Fund Management with Finance IT system.
- Inadequate project monitoring and expenditure approval process.
- Unavailability of sufficient appropriate audit evidence that skills development funding for the current and previous year has been properly accounted for.
- Overstatement of reported performance information
- Lack of supporting documents for the reported performance information



Corrective Actions

- Fast track the appointment of critical posts in particular the senior management posts.
- Appoint additional project management support personnel on a contract basis to assist with the review of underlying source documents.
- Provide training to the project management teams.
- Operationalise and capacitate the SDI Quality Assurance function to conduct proactive reviews on the validity and completeness of underlying source documents stored on all Directorate OneDrive's.
- Appointment of project management consultants to assist with the backlog of all key project management activities and transfer of skills to the project managers.
- Fast tracking the discussions with Sage Pastel Service Provider to enhance the SAGE Pastel System for an Automated Commitment Schedule.



Way Forward

- NSF Finance is coordinating the Audit Action Plan (AAP) for the 2022/23 findings.
- **Monitoring and Reporting:** The implementation progress of the corrective actions will be closely monitored and tracked. Monthly reporting on the status of each action will be required to ensure accountability and timely resolution. Each Unit is expected to select a person who will be responsible for updating the action plan and report to the Directorate: Financial Planning and Reporting.
- The **Internal Audit Unit** will also be providing assurance on the status of action plans as reported by management .



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Thank You