

National Skills Fund



Annual Report 2022/23



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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SUCCESS STORY

TVET CONNECTIVITY PROJECT ENABLES COLLEGES TO OPERATE IN THE 21ST CENTURY

Technical and vocational education and training (TVET) college campus sites across South Africa have been connected to the SANReN (South African National Research Network), a high-capacity network dedicated to science, research, education and innovation. The initiative is led by the South African Broadband Education Network (SABEN) and funded by the NSF. As of 31 March 2023, 283 TVET college campus sites were part of the project: 226 sites were live on the network, four were being activated, while 52 were sites were successfully migrated from 100 Mbps to 200 Mbps. The project received a six-month extension until 31 December 2023 to finalise connections. An oversight committee comprising various organisations and departments was established to monitor implementation.



**DIGITAL
COMPETENCES**

PART A

GENERAL INFORMATION

1. GENERAL INFORMATION

1.1 Public entity's general information

Registered name:	National Skills Fund	
Head office address	Postal address: Private Bag X174 Pretoria 0001	Physical address: Ndinaye House 178 Francis Baard Street Pretoria 0002
Regional offices	Western Cape 6th Floor, Golden Acre 9 Adderley Street Cape Town 8001	KwaZulu-Natal Thekwini TVET College 262 D'Aintree Avenue Asherville Berea Durban 4091
Switchboard number	012 943 3101	
Websites	www.dhet.gov.za/ Sitepages/NSF.aspx www.nsf.org.za	
External auditor	Auditor-General of South Africa Lynnwood Bridge Office Park Daventry Street Lynwood Manor Pretoria 0001	
Bankers	National Treasury 40 Church Square Pretoria 0002 First National Bank 215 Francis Baard Street Pretoria 0002 Standard Bank Hillcrest Office Park 177 Dyer Street Falcon Place Hillcrest Pretoria 0028	Absa Commercial Hillcrest Office Park 177 Dyer Road Falcon Place Hillcrest Pretoria 0028 Nedbank Corporate 6th Floor, Block 1 135 Rivonia Road Sandown Sandton 2196

1.2 List of abbreviations/acronyms

AAP	Audit action plan
AGSA	Auditor-General of South Africa
AIMS	African Institute for Mathematical Sciences
BESD	Basic entrepreneurial skills development
B-BBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CA(SA)	South African Chartered Accountant
CCBA	Constituency Capacity Building and Advocacy
CCPSET	Cross Cutting PSET Capacity Building and Support
CEPD	Centre for Education Policy Development
CET	Community education and training
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CoS	Centre of Specialisation
Cosatu	Congress of South African Trade Unions
COVID-19	Coronavirus
CTA	Chippa Training Academy
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DARDLEA	Department of Agriculture, Rural Development, Land and Environmental Affairs
DCS	Department of Correctional Services
DDM	District Development Model
Dev	Development
DG	Director-General, the NSF Accounting Authority
DHET	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
DSI	Department of Science and Innovation
DSPP	Dual System Pilot Project
EC	Eastern Cape Province
ECA(SA)	Electrical Contractors Association of South Africa
EO	Executive Officer

EPWP	Expanded Public Works Programme
ERP	Enterprise resource planning
ERRP	Economic Reconstruction and Recovery Plan
ETQA	Education and training quality assurance
EXCO	Executive Committee
FEDUSA	Federation of Unions of South Africa
FET	Further education and training
FS	Free State Province
GRAP	Generally Recognised Accounting Practice
HEAIDS	Higher Education and Training HIV/Aids Programme (now Higher Health)
HRDCA	Human Resource Development Council of South Africa
HRDS	Human Resource Development Strategy
HRM	Human Resource Management
ICT	Information and communication technology
IESBA	International Ethics Standards Board for Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGRAP	Interpretations of the Standards of Generally Recognised Accounting Practice
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
IOPSA	Institute of Plumbing South Africa
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
IT	Information technology
KZN	KwaZulu-Natal Province
LGBTQ	Lesbian, gay, bisexual, transgender and queer
LMI	Labour Market Intelligence
LP	Limpopo Province
MoA	Memorandum of agreement
MoU	Memorandum of understanding
MP	Mpumalanga Province
MTEF	Medium-term Expenditure Framework

MTSF	Medium-term Strategic Framework
MTT	Ministerial Task Team
NACTU	National Council of Trade Unions
Nated	National Accredited Technical Education Diploma
NC	Northern Cape Province
NCV	National Certificate: Vocational
NDP	National Development Plan
NDPW	National Department of Public Works
Nedlac	National Economic Development and Labour Council
NIHSS	National Institute for Humanities and Social Sciences
NMMU	Nelson Mandela Metropolitan University (now Nelson Mandela University)
NP-PSET	National Plan for Post-school Education and Training
NQF	National Qualifications Framework
NRF	National Research Foundation
NSA	National Skills Authority
NSDP	National Skills Development Plan 2023
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NT	National Treasury
NTI	National Treasury Instruction Note
NW	North West Province
OP	Occupational programme
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PIC	Public Investment Corporation
PSA	Public Servants Association of South Africa
PSET	Post-school education and training
PYEI	Presidential Youth Employment Initiative
QCTO	Quality Council for Trades and Occupations
QLFS	Quarter Labour Force Survey
SA	South Africa
SABEN	South African Broadband Education Networks

SACPO	South African Public Colleges Organisation
SAICA	South African Institute of Chartered Accountants
SAIMI	South African International Maritime Institute
SANReN	South African National Research Network
SARS	South African Revenue Service
SAYCO	South African Youth Congress
SCBS	Subsystem Development Capacity Building and Support
SDA	Skills Development Act, 1998 (Act 97 of 1998)
SDF	Skills development funding
SDL	Skills development levy
SDL Act	Skills Development Levies Act, 1999 (Act 9 of 1999) (SDLA)
SDP	Skills development provider
SEDA	Small Enterprise Development Agency
SETA	Sector education and training authority
SLA	Service level agreement
SMME	Small, medium and micro enterprise
STI	Science, technology and innovation
TVET	Technical and vocational education and training
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, irregular, fruitless and wasteful expenditure
WC	Western Cape Province
WE	Worker education
WIL/WL	Work-integrated learning
WPLP	Workplace learning programme
WP-PSET	White Paper for Post-school Education and Training
WP-STI	White Paper for Science, Technology and Innovation

1.3 Foreword by the Minister



Dr BE Nzimande, MP

Minister of Higher Education, Science and Innovation

I am pleased to present the National Skills Fund (NSF) annual report for the 2022/23 financial year.

The period under review presents an ideal opportunity for all material stakeholders of the NSF to celebrate the entity's achievements and take stock of the lessons that must be addressed in the future.

Overall, the audit outcome has remained the same. However, the most notable improvement has been on the audit of predetermined objectives and the significant reduction in the prior year audit findings.

My report reflects the efforts of all material stakeholders, enabled by the levy income entrusted to the NSF, in making a meaningful contribution to the economic and social upliftment of the people of South Africa during the review period. It reflects the NSF's performance in the 2022/23 financial year against its mandated objectives and government priorities, measures in place to deal with some of its historical challenges and the improvements it has realised in stewarding a sizeable portion of the skills development levy (20 per cent) and the responsibility to advance national skills priorities with the levy income.

High-level overview of the entity's strategy

The first tier of the NSF's 2020-2025 Strategic Plan focuses on realising organisational sustainability. These activities aim to ensure a sound service delivery environment and effective management of the levy income entrusted to the entity for national skills development priorities.

The second and third tiers relate to the entity's funding decisions to contribute meaningfully to developing the right skills for the labour market and self-employment. While the NSF provides funding for various post-school learning pathways, the entity supports research, infrastructure, and other initiatives to achieve equitable access to quality post-school education and training (PSET) provisioning.

Performance of the entity

The NSF recognised an expenditure of R1,2 billion for skills development funding in the 2022/23 financial year, which represents underspending of 68,4% of the R3,7 billion budget. The underspending can be attributed to the slow turnaround in the value chain of the NSF's skills development funding: from the initiation of interventions to contracting and delays in first tranche payments which are internal processes. This is further exacerbated the current processing of funding approvals by the Minister, as the Executive Authority, through the Department of Higher Education and Training (DHET).

There is also a direct correlation between the under-expenditure and the performance targets not achieved by the NSF in the review year; 27 of 38 performance targets that were not achieved relate to the entity's core function of skills development funding.

Though the need to improve performance and expenditure, there is a positive signal that the tide is turning at the NSF. The entity received a qualified

audit opinion from the Auditor-General of South Africa (AGSA) in the review year, an audit outcome similar to the prior financial year. This is an improvement when compared to the historic financial years' where the NSF obtained a disclaimer in audit outcome.

Despite the modest numbers reported in this annual report, in the period under review, the NSF's contribution to upskilling the nation comprises:

- **24 318 learners funded for education and training**

A total of 14 426 learners (59 per cent) were females and 9 892 (41 per cent) were males who were funded for bursaries in scarce and critical skills undergraduate and postgraduate programmes, international scholarships, occupational programmes through private providers and public technical and vocational education and training (TVET) colleges, work-integrated learning through various hosts and workplace partners, and the training of social partners including organised business and labour formations through constituency capacity-building and advocacy (CCBA) initiatives.

- **10 020 learners funded for occupations in high demand (OIHD)**

The Department of Higher Education and Training's 2020 OIHD List with 345 occupations is an important instrument used by the NSF in directing its funding for the skills needs of the economy and society.

- **10 284 learners from rural areas were funded**

While the funding reach of the NSF spreads to all districts and metros in the country, I am pleased that new initiatives by the NSF, such as the funding of agricultural colleges, contribute to the upskilling of young people in our country's rural and remote areas.

- **28 PSET capacity development projects were funded**

The portfolio includes the five-year research programme for TVET colleges funded by the NSF and managed by the University of the Western Cape (UWC). The programme aims to enhance knowledge for planning and delivering interventions in TVET colleges.

Additionally, the Labour Market Intelligence (LMI) research programme, wholly funded by the NSF through the DHET, provides critical research insights, methods and basis for national skills planning including the identification of OIHD that inform the PSET system inclusive of skills priorities for the medium to long term. This in turn forms a key basis to guide and steer the funding priorities of the NSF.

With the NSF continued funding support, the Human Resource Development Council of South Africa and the National Skills Authority are also leading various research projects and planning, advocacy and communication initiatives.

- **Six PSET capacity development projects were completed**

These were long-term projects that have been managed or implemented by various DHET branches or entities:

- The Occupational Team Conveners who have been instrumental in the successful Centre of Specialisation Programme pilot rollout from 2019 to 2022 and subsequent expansion; and
- The TVET South African Institute of Chartered Accountants' support programme for chief financial officers in the college sector; and
- Initiatives to strengthen the qualification accreditation processes of the Quality Council for Trades and Occupations and digitisation of learner records.
- Eight skills infrastructure development projects were funded and which include capacity development initiatives
- As part of the TVET college infrastructure project jointly funded with the SETAs, four campus projects were completed, the Kwagqikazi, new Aliwal North, Graaff Reinet and Greytown campuses. The Msinga and Ngqungqushu campuses will be fast-tracked and handed over in the 2023/24 financial year. The Sterkspruit and new Balfour campuses were still under construction as of 31 March 2023, with the DHET, the implementing partner, procuring new providers for the Bambanana campus.

- The NSF's support included the TVET Dual System Pilot Programme (DSPP). The DSPP is a three-year apprenticeship for electricians and plumbers piloted in four TVET colleges and Gauteng and Eastern Cape provinces in partnership with companies. The NSF funded a significant part of the cost of training at the colleges and companies. Three DSPP projects were completed during the year under review, Ekurhuleni East, Port Elizabeth and East Cape Midlands, and Ekurhuleni West is expected to be closed in the new financial year.
- Although intended to support the most marginalised and economically disadvantaged communities in the Cape Town Metropole, the NSF withdrew its funding towards the construction of the False Bay TVET Swartklip Campus and closed the project during the review year following fatal threats and extortion by a criminal syndicate.

With the support of senior management and employees, the Director-General (DG), as the Accounting Authority, knows that more needs to be done by the NSF to transform into a more fit-for-purpose operation and build public confidence through improved performance and reach to the communities and beneficiaries targeted through funding.

Overcoming challenges faced by the NSF

In conducting his oversight of the NSF, I have assigned the Higher Education and Training DG the responsibility to implement the recommendations of the forensic investigation into the affairs of the NSF and to institutionalise the recommendations from the Ministerial Task Team's strategic review of the NSF.

I am pleased to report that consequence management processes were underway during the review period. This follows the forensic investigation the Standing Committee on Public Accounts recommended due to the NSF's disclaimer audit outcomes in prior years. This work has required additional capacity through a panel of attorneys and forensic experts to assist the DG, as the accounting authority of the NSF, in implementing the recommendations of the forensic report.

Another priority entrusted to the DG has been realising a more fit-for-purpose NSF, poised to deliver the mandate of skilling the nation through various learning pathways and interventions to boost the efficiency and effectiveness of the PSET system.

In its report, the Ministerial Task Team (MTT) has recommended solutions informed by international and national benchmarking. The report proposes a new operating model and guidelines for establishing a suitable organisational structure relative to the national mandate of the NSF; and the type of governance structures needed for improved responsiveness and service delivery.

Higher Education and Training DG Dr Nkosinathi Sishi, therefore, has an important responsibility to continue paving the way and supporting the implementation of the MTT recommendations. This work should ultimately position the NSF as a fully-fledged standalone entity, a move towards gaining some autonomy from the current institutional arrangement, which sees the NSF reporting to the Minister through DHET.

The NSF was not set up to accumulate surpluses. Yet, in 2022/23, the NSF's total accumulated surplus was R12,2 billion due to its current skills development underspending. Considering that unemployment, especially among the youth, remains a concern, it becomes essential for Dr Sishi to enable the creation of a viable operating environment for the NSF to intensify efforts to scale up funding for the training of the unemployed for the labour market and entrepreneurship.

Strategic focus over the medium to long-term period

As the sixth administration of government comes to an end, the state and its institutions must begin to look forward to the new Medium Term Strategic Framework (MTSF) up to 2030.

Given that high levels of unemployment persist in South Africa, many people are prevented from finding employment, improving their businesses, or starting their micro or small businesses because of a lack of appropriate skills and work experience.

Hence, the massification of higher education in South Africa is a government priority that the PSET system is expected to achieve. Massification is sometimes criticised in the absence of infrastructure to support increasing enrolments. However, institutions like the NSF are designed to fund cross-cutting PSET priorities. They can be vehicles to explore innovation and creative responses to the development of digital skills and increased uptake of digital technologies to support teaching and learning in innovative ways.

Further, much of the skills sub-system's work is in the workplace, through work-based or on-the-job training. This means closer alignment is needed with the industry for the placement of learners funded by the NSF and other PSET entities and to ensure that the curriculum aligns with industry standards.

The PSET and science, technology, and innovation (STI) systems should also produce adequate skills and knowledge to meet the current and future needs of the economy and society. In the medium to long term, it requires increased training in digital skills and harnessing knowledge to navigate the rapid technological growth and changing world of work.

Conclusion and acknowledgements

I would like to thank Ms Thuli Hadebe, one of my advisors, for her assignment to the NSF during the review year. Ms Hadebe fulfilled a critical liaison role between my Ministry and the NSF in the 2022/23 financial year.

Importantly, many NSF achievements in this annual report would not have been achieved without the commitment of the DG, as the accounting authority of the NSF and the acting executive officer responsible for the fund's day-to-day operations. I, therefore, wish to acknowledge the sound leadership offered by Dr Sishi during the review year and the NSF's Acting Executive Officer, Mr David Mabusela, for diligently serving the NSF. In addressing malfeasance and strengthening the NSF's accountability frame and service delivery, the DG and acting executive officer must focus on implementing the MTT Report recommendations and concluding the forensic investigation activities.



Dr Blade Nzimande, MP

Minister of Higher Education, Science and Innovation
Executive Authority of the NSF

1.4 Statement by the Deputy Minister



Mr BK Manamela, MP

Deputy Minister of Higher Education,
Science and Innovation

The Department of Higher Education and Training (DHET) has been mandated to lead the country's human capital development.

In its arsenal to achieve equitable access to quality post-school provisioning are the 26 public universities, 50 public technical and vocational education and training (TVET) colleges, community education and training (CET) colleges in the nine provinces, 21 sector education and training authorities (SETAs) and other entities including the National Skills Fund (NSF).

As a critical component in the DHET machinery, the NSF, through its skills development funding, in the 2022/23 financial year continued to contribute towards expanding access to post-school education and training (PSET) opportunities.

Notwithstanding the role of a range of NSF implementing partners (skills development providers), the NSF's strategic implementing partners in government and within the PSET system have played a critical role in realising the skills development and employment creation aspirations embedded in the NSF 2020 to 2025 Strategic Plan.

Therefore, I dedicate this statement to new and ongoing collaborations of the NSF during the review year with various state organs and the PSET community.

NSF leverages government partnerships

In the 2022/23 financial year, the NSF continued to fund the education and training of learners as a contribution to other key government priorities and initiatives, such as rural development skills programmes targeting many young people not in education, training or employment.

The funding agreement with the Department of Agriculture, Land Reform and Rural Development (DALRRD), finalised during the review year, is one such intervention that supports national public programmes. With a funding commitment of R241 million, the initiative promotes rural development and agricultural reform, which are key to the country's developmental agenda. The agreement between the DHET and DALRRD, essentially gives effect to the NSF bursary programme for beneficiaries at agricultural colleges. I am pleased to report that 33% of the approved commitment was disbursed during the year under review. The bursary is designed to benefit young people enrolled in various agriculture qualifications, including diploma programmes, advanced diplomas and bachelor's degrees.

Through the Department of Correctional Services (DCS), the NSF has supported the implementation of accredited skills programmes across various correctional facilities nationwide. The NSF-funded skills programme, backed by a R87 million commitment, comprises building and plastering, welding, carpentry, sewing machine repairs, end-user computing and vegetable production. To date, 62% of the approved commitment has been disbursed so that beneficiaries, offenders selected as part of the DCS' rehabilitation strategy, are given access to employment and entrepreneurship opportunities across various sectors.

The Expanded Public Works Programme (EPWP) is another national public programme that continued receiving support in the year under review. With a commitment of R229 million for workplace-based learning, the EPWP project funded by the NSF commenced in October 2018 and is expected to be completed in the new financial year.

In Mpumalanga, the NSF has committed R91 million through the Department of Agriculture, Rural Development, Land and Environmental Affairs for skills programmes (part-qualifications) in crop and animal production. Similarly, in Gauteng, the Department of Agriculture, Forestry and Fisheries was approved R100 million to train young people as producers and entrepreneurs in this priority sector. These projects are expected to be completed in the 2023/24 financial year.

I am pleased to report some inroads made by the NSF in intensifying collaborations with local authorities during the review period.

In the Western Cape, the NSF approved R99,5 million to the City of Cape Town to train young people in business process outsourcing in call centre operations, as well as craft and textile manufacturing. This workplace-based learning project is expected to be completed by 2023/24.

Furthermore, during the review year, the Zululand District Municipality was approved R246 million by the NSF for apprenticeships, learnerships and skills programmes to benefit mainly young people in that area. I am pleased to report that the recruitment of learners commenced in January 2023.

The KwaZulu-Natal's Ugu South Coast Development Agency was approved R97,5 million by the NSF during the review period for apprenticeships, learnerships and skills programmes. The beneficiaries will be drawn from four local municipalities in the Ugu District - Umdoni, uMzumbe, Ray Nkonyeni and Umuziwabantu local municipalities.

NSF's notable PSET implementing partners

In 2022/23, the NSF continued to advance some of the PSET system priorities, including funding support for occupationally directed programmes.

I am pleased to report that the contracting for the R2,2 billion NSF Public TVET College Capacity Building and Occupational Programmes Phase III Funding Window was at an advanced stage by the end of the review year. This critical intervention, supported by the NSF over a three-year cycle, spans apprenticeships, learnership, skills programmes, work-integrated learning, capacity-building, and specialised equipment to ensure alignment with industry standards. By the end of the 2022/23 financial year, 38 of 50 public TVET colleges had successfully closed out projects supported through the NSF's Phase II funding, and 29 colleges were contracted for the Phase III funding.

Furthermore, the NSF made a R188 million commitment to the growth and development of CET colleges through its inaugural CET funding window. I am pleased to report that the nine provincial CET colleges will benefit from the NSF skills development funding from the 2023/24 financial year. The funding shows the NSF's commitment to building the capacity of the sector and expanding its offerings to include more occupational learning.

Further, the NSF has continued to provide funding support for a plethora of research managed by DHET's Planning Branch. The work is critical for ensuring that PSET and skills provisioning meet market demand.

Further, the National Skills Authority (NSA) and Human Research Development Council (HRDC) continue to play a crucial execution role in research, innovation, and advocacy initiatives. Enabled by the NSF's funding, the NSA and HRDC can discharge their oversight of skills development and human capital development, respectively, and perform their advisory role to the Ministry of Higher Education, Science and Innovation.

Artisan development remains embedded in the NSF's priorities. In the review year, the NSF continued its funding support for the participation of aspirant artisans in the World Skills competitions in South Africa and internationally. The World Skills initiative forms part of the NSF-funded programmes implemented by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA), the custodian for artisan development in the country.

Regarding health and wellness, the NSF continued to provide funding to support Higher Health. With the NSF's R76 million approval in 2022/23, Higher Health is resourced to implement the PSET mobile student health, wellness and psycho-social development programmes across 1,800 sites (100 university campuses, 300 TVET campuses and 500 CET campuses) and 52 skills centres in the 44 districts and 8 metros in the country. I am pleased to report this funding support will also target persons with disabilities and the LGBTQ community.

Furthermore, the NSF has continued to support the National Institute for the Humanities and Social Sciences (NIHSS) and South African International Maritime Institute (SAIMI).

With an approval of R102 million aimed at 455 beneficiaries, I am pleased that NIHSS was able to, in the review year, provide bursaries to beneficiaries in South Africa and the Southern African Development Community to pursue doctorates in the humanities and social sciences. The institute continued in 2022/23 to offer holistic critical support including mentorship and regional doctoral capacity development. Enabled by the NSF's funding support, the establishment of humanities hubs, spearheading the South African Brics Think Tank Activities, and the continued advisory services to the Ministry of Higher Education, Science and Innovation in the area of humanities and social sciences are some of the commendable initiatives which affirm the role and intrinsic value of the NIHSS in South Africa.

Towards unlocking the economic potential of South Africa's ocean economy, the NSF committed R300 million for SAIMI to promote the maritime sector and coordinate education, skills, training, research and development from 2021 to 2024. To this end, SAIMI has been successful in leading partnerships and collaboratives effort towards better education, training and upskilling programmes, linking beneficiaries to socio-economic opportunities and investing in new knowledge, technologies and innovations for a globally competitive South African maritime sector. The institute has also forged partnerships with a broad base of stakeholders from universities, SETAs, TVET colleges, the maritime industry, government and representatives from the African maritime sector.

As we begin to wind up the sixth administration of government, the focus should be on building on the gains achieved in 2022/23 and prior years.

Conclusion and appreciation

In the 2022/23 financial year, much has been achieved by the NSF, which has partnered with some strategic implementing partners. Some gains in the PSET system and across government can also be attributable to the NSF's funding support.

In building on these achievements, the Accounting Authority of the NSF, Dr Nkosinathi Sishi, the Acting Executive Officer, Mr David Mabusela, the senior management and all NSF staff should stay motivated and committed to discharge their duties.

I also thank the Minister for Higher Education, Science and Innovation, Hon. Dr Blade Nzimande, for his unwavering leadership as the executive authority of the NSF.



Mr Buti Manamela, MP
Deputy Minister of Higher Education, Science and Innovation

1.5 Foreword by the Accounting Authority



Dr N Sishi

Director-General of Higher
Education and Training

The 2022/23 Annual Report aims to account for and reflect on the status of the National Skills Fund (NSF) administration during the period under review, with specific emphasis on its financial management and activities to address some of its historic challenges. Despite systemic and operational challenges brought about by its current configuration, lack of critical capacity and largely manual processes, the NSF has continued to pursue improvements towards a more efficient and effective levy administration.

General financial review of the public entity

The NSF has a steady source of income mainly through the 20 per cent allotment of the skills development levies received on its behalf by the Department of Higher Education and Training (DHET) from the South African Revenue Services (SARS).

In the 2022/23 financial year, the NSF's revenue amounted to R4,997 billion, 1,6% less than the budget of R4,916 billion. Consistent with the previous years, the two main revenue drivers have been the levy income at R4,162 billion and finance income valued at R700 million from investments held at the Public Investment Corporation (PIC).

Towards the delivery of its mandate, the NSF's expenditure was R1,166 billion in skills development funding in 2022/23.

The NSF's expenditure for education and training programmes was R1 billion, which is 68% below the budget of R3,189 billion.

The NSF spent R74 million on initiatives to improve the post-school education and training (PSET) system and capacity building, which is 69% below the budget of R239 million.

Funding towards infrastructure amounted to R55 million in 2022/23, 69% below the budget of R176 million.

For research, innovation and advocacy initiatives, the NSF spending was R27 million in 2022/23. While this is 69% below the R87 million budget, the 2022/23 spend is significant compared to R1 million in 2021/22. The increase from the previous year can be attributed to new research projects, which include the research study to gain insights into the processes and systems used by the sector education and training authorities (SETAs) and NSF to manage labour activation initiatives. This work includes the evaluation study on INDLELA (the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments), and research towards the development of a monitoring and evaluation framework for the NSF.

Administration expenses increased slightly to R149 million in 2022/23 compared to the previous year. However, the NSF's administration cost-to-levy revenue was 4,7% in 2022/23, significantly below the prescribed limit of 10% of revenue for the levy administration.

The key drivers of the NSF's operating expenses are the staff establishment and expenditure on information

and communication technology (ICT), shared services and facilities. The 40 appointments made during the review year have contributed to the increase in operating expenses.

The NSF's funded infrastructure projects, valued at R1,214 billion make up 98% of the fund's R1,235 billion non-current assets. The NSF recognises assets under construction until completion and derecognises these at the occupational stage. The entity's enterprise resource planning (ERP) system, valued at R16,058 million in 2022/23, forms part of the NSF's capital assets.

Most of the NSF's assets are short-term, enabling the entity to easily convert its investments to cash in commercial banks for its committed and earmarked funds. In 2022/23, the NSF's R11,844 billion investments held by the PIC accounted for 81% of its current assets.

Current liabilities increased marginally to R2,556 billion in the review year from R2,534 billion in 2021/22. Included in the accrual amount is R2 billion that is due to the National Student Financial Aid Scheme (NSFAS). During the 2021/22 financial year, the Minister of Higher Education, Science and Innovation, the Executive Authority of the NSF, approved R3,3 billion from the NSF to augment the NSFAS shortfall for the 2021 academic year, of which R1,2 billion was disbursed to the NSFAS towards the end of March 2022.

Requests for the rollover of funds

The delays in rolling out new skills development interventions and the prolonged nature of finalising the contracting and onboarding processes for approved projects have contributed to the NSF's increased surplus and budget variations.

Therefore, the NSF applied to the National Treasury to retain its accumulated surplus, taking into consideration the R13,5 billion contractual and earmarked funds as of 31 March 2023. Though the application was approved by the executive authority of the NSF at year-end, deliberations were ongoing between the Auditor-General of South Africa (AGSA), National Treasury and DHET to ensure the correctness of the approval, and it was reported under other matters in the audit report.

Capacity constraints and challenges facing the entity

In recent years, the NSF recorded a vacancy rate of between 35 and 40 percent. However, I am pleased to report that 40 posts were filled in the 2022/23 financial year, resulting in 131 posts being filled by the end of March 2023. It meant that the vacancy rate fell to 27%.

The appointments made during the review year include three senior management positions:

- Chief Financial Officer for the NSF Mr Zama Kubheka, a qualified chartered accountant CA(SA); appointment effective November 2022
- Director: Fund Management Mr Athenkosi Yam CA(SA), after acting in the role for more than four years; appointment effective October 2022
- Director: ICT and Analytics Mr Anele Chaza, highly experienced in information systems and the technology space; appointment effective January 2023.

Unfortunately, the NSF remained without a fully functional ERP system by the end of 2022/23. It has meant reliance on manual systems which increased the margin of human error in accounting for funding disbursements and continues to pose an audit risk for the NSF.

Furthermore, the auditor's report states that the NSF's control environment did not necessarily improve during the review period. The AGSA recognises that policies, procedures and tools have been developed for some functions. However, the AGSA reports that the NSF has been unable to demonstrate that these controls and processes were implemented effectively during the review period. Management is working tirelessly and vigorously to improve the control environment and process within the NSF.

To meet spending targets, the NSF must fast-track awards for successful skills development funding proposals solicited through advertised requests for proposals during previous and prior financial years. It should also process all unsolicited skills development funding applications that have met the compliance requirements and due diligence evaluation phases and have been recommended for funding by the NSF's recommendation and adjudication committees.

The new awards will improve spending and are critical for achieving the predetermined outputs over the remaining two years of the 2020 to 2025 strategic period. The focus areas for these awards are funding beneficiaries for education and training (Programme 2) and funding research, infrastructure and innovation to improve the PSET sector (Programme 3).

I am pleased to report that the Ministerial Task Team (MTT) that reviewed the NSF finalised its work in July 2022 and presented its report to DHET's executive committee in August 2022. The MTT was established to review the NSF in terms of its general operations, efficiency and relevance concerning the national skills priorities of the country. It included a review of the NSF's strategic mandate, strategic policy scope and an analysis of its capacity, systems and organisational structure as it relates to its mandate as a skills levy entity.

In the review year, a working group headed up by the NSF Acting Executive Officer was established to develop an implementation plan for the MTT recommendations, which include unbundling the NSF from DHET's operations so that the fund can improve service delivery while setting up governance structures to improve assurance. Other priority areas for the working group include a framework for implementing the proposed operating and business models that will be supported by automation and an organisational redesign exercise that supports a more decentralised structure with distinct corporate, core and support functions.

Additionally, with the support of the DHET's legal unit and NSF's Acting Executive Officer, my office has been transparent in all dealings concerning the forensic investigation into the NSF. In its second year in 2022/23, the investigation aims to probe expenditure that was not properly accounted for in prior years. At year-end, five NSF officials were placed on precautionary suspension pending disciplinary investigations related to the findings of the NSF forensic report. The disciplinary processes have begun and were at various stages as of 31 March 2023.

New key activities

I am pleased to report that the NSF made significant progress in building a solid pipeline of beneficiaries for its funded programmes during the review year. In the 2022/23 financial year, R8,1 billion was committed to 202 approved and contracted skills development funding and PSET improvement funding initiatives.

The NSF's effort in initiating skills development funding interventions resulted in fully onboarding 102 new projects (see Annexure A: List of funded initiatives). It mainly comprises technical vocational education and training (TVET) colleges in the NSF TVET Phase III Occupational Programme and skills providers appointed to implement the NSF Phase III Work-integrated Learning Programme.

However, although this great progress, many of the 102 new initiatives were embarking on the recruitment of learners in the last quarter and hence the targets for learners funded have not been achieved in the 2022/23 financial year.

During 2022/23, all 50 public TVET colleges were approved for the NSF TVET Phase III funding. An approved budget of R2,2 billion will augment enrolments through fiscus-funded programmes in the sector.

Sixty-six providers, with an approved budget of R1 billion, were contracted by the NSF during the review year for the Worker Integrated Learning (WIL) Phase III Programme. The programme will benefit N6-certified TVET students and post-school university and TVET college graduates who need workplace-based learning.

The NSF earmarked R4,7 billion for approved and not yet contracted skills development and PSET improvement funding. This makes allowance for the funding of the remaining 12 public TVET colleges not yet contracted for Phase III as of 31 March 2023. It includes 68 providers approved for funding for NSF Artisan Skills Development programmes, totaling R2 billion. Another 16 providers have been approved

for the NSF Worker Education Programme for which the NSF has committed R100 million. The inaugural Community Education and Training (CET) Colleges Phase I funding was launched with a commitment of R188 million.

Economic viability

The NSF's accumulated surplus of R12 billion by the end of 2022/23 is concerning since the entity's nature is developmental and not profit-driven. The primary purpose of the NSF is not to accumulate substantial reserves for investment but to effectively utilise its funds for skills development and unlock South Africa's potential.

In the first quarter of 2023, the official unemployment rate was 32,9% of 24,1 million persons. Unemployment increased by 0,2 percentage points between Q4: 2022 and Q1: 2023. This means 179 000 more people were unemployed between Q4: 2022 and Q1: 2023.

Therefore, as an institution of government, we need to maximise the return from the NSF's funding of skills development. It must urgently translate to scaled training of the unemployed for the labour market or entrepreneurship.

Acknowledgements

I acknowledge and appreciate Ms Padmini Moodley CA(SA), who was seconded to DHET from the South Africa Institute of Chartered Accountants (SAICA) to serve as the NSF's Acting Chief Financial Officer from 23 March 2021 until 22 September 2022. Ms Moodley played an exceptional role in improving the NSF's audit outcome in 2021/22 and laid a solid foundation to ensure that the audit outcome did not regress.

I also commend the Minister of Higher Education, Science and Innovation, the Executive Authority of the NSF, for his wise counsel and oversight for improving the positioning of the NSF in the hearts and minds of its stakeholders, including its existing and future beneficiaries.

The Acting Executive Officer of the NSF, Mr David Mabusela, has provided sound leadership since heading the fund in August 2021. I implore him to hold the reigns more firmly to see more improvements in the NSF.



Dr Nkosinathi Sishi

Director-General of Higher Education and Training
Accounting Authority of the NSF

1.6 Statement of responsibility and confirmation of accuracy of the annual report

The accounting authority is responsible for preparing the public entity's performance information and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The performance information reflects the actual achievements against planned indicators and targets, as per the public entity's strategic and annual performance plan, for the financial year ending 31 March 2023.

The performance information of the entity set out in this document is approved by the Director-General of Higher Education and Training as the accounting authority of the National Skills Fund.

Yours faithfully



Dr N Sishi

Director-General of Higher Education and Training

Accounting Authority of the National Skills Fund

Date: 01 August 2023

1.7 Report of the Acting Executive Officer



Mr DK Mabusela

NSF Acting Executive Officer

I am pleased to have been at the helm of the National Skills Fund (NSF) during the 2022/23 review period. The NSF management and staff should pat themselves on the back, as their efforts produced positive results under trying circumstances.

It is still a long road to travel. However, I am personally satisfied. There has been a level of achievement in the period under review, as evidenced by the improved eradication of audit emphasis on the disclaimed annual performance reports to a qualified audit opinion.

I extend my gratitude to all officials for their continued hard work and dedication, as shown by the improvements we continue to post, notably Skills Development Implementation (SDI) which provides all source documents regarding performance information.

The Auditor-General of South Africa (AGSA) report on the audit of the NSF confirms the elements of progress since the past two financial years (2020/21 and 2021/22) when the NSF received a disclaimer for its performance report. It was mainly due to the limitations attributed to the dependency on information supplied by SDI.

As an entity, we must applaud management for maintaining consistency of the last two preceding years. In the NSF's 2022/23 financial year audit, there has been convergence of our core business, SDI, and Strategy, Innovation and Organisational Performance (SIOP).

What is still missing is an enterprise resource planning (ERP) platform. Many limitations in the financial information and prior year audit matters that were not addressed can be avoided if the NSF deploys an information technology (IT) system to support operations, reporting, and backup documentation for audit purposes. In the next audit cycle, we expect SDI to continue addressing the prior years' findings and be supported by a better IT platform.

Addressing audit report matters

During the 2022/23 financial year, the NSF management continued implementing a comprehensive audit action plan (AAP) to deal with the findings of the disclaimed audit opinion of 2019/20 and 2020/21. In the review year, the AAP was monitored regularly through the NSF's management structures, senior management and executive committees, and the external audit committee.

The result was a qualified audit outcome for financial and performance information, with other matters, by the AGSA. Although the NSF would have liked an improved outcome, it is a positive signal that the entity is not regressing in resolving the audit findings of prior years.

The 2022/23 audit outcome was enabled by the closer relationship between SDI and SIOP for packaging required audit information, an overall improvement in record-keeping, and making the information available for the audit to avoid misstatements.

Additionally, we do not underestimate the efforts for achieving a qualified audit outcome for the two core programmes, namely; skills development funding (Programme 2) and post-school education training (PSET) system improvement funding (Programme 3). This is a positive development since the performance report for programme 2 in the two prior years had disclaimers.

During 2022/23, the strengthening of the assurance value chain included the quality assurance and validation processes, to verify, review and consolidate performance information, including the supporting documents for the audit, contributing to the improved audit outcome.

Historically, the NSF has been challenged by a lack of staff capacity, resulting in inadequate segregation of duties, second-level reviews, and ineffective quality control. However, 40 appointments were made during the review year. This remarkable achievement included six appointments in the NSF's Human Resource Management and Development (HRM&D) Directorate. In the past, the NSF has depended on the Department of Higher Education and Training (DHET) for its recruitment. NSF's in-house HRM&D capacity tracked the recruitment and selection processes, prioritising the administration of vacant posts.

The recruitment drive employed by the NSF during the review year included the 2023 to 2025 graduate internship programme and 99 contract positions identified by management at year-end. These recruits are in addition to the 179 permanent posts.

We also need to improve our consequence management where service providers fail to adhere to contractual requirements and staff fail to implement adequate project management.

I am pleased to report that the Director-General (DG) of Higher Education and Training acknowledged some of the determination tests relating to the irregular expenditure disclosed in Part E: Compliance with PFMA at year-end.

There is fruitless and wasteful expenditure relating to the technical and vocational education and training (TVET) college infrastructure projects managed by DHET. Further, the impact of sharing supply chain management (SCM) services with DHET contributed to non-compliance that resulted in irregular expenditure. The consequence management processes related to these transactions will be handled by DHET.

The finalisation of the determination test reports to enable consequence management processes will be prioritised in the new year.

The NSF has reflected on the AGSA management report and acknowledges that more needs to be done to achieve an unqualified audit outcome and address ongoing concerns about the continued compliance findings in the annual financial statements, including the lack of consequence management. The management report will form the basis for extracting all matters related to operations and developing a new, concise AAP that addresses the root causes.

The NSF's new AAP should entail actions to address the root causes and improve the control environment specifically for records management and implementation of policies, procedures and other tools to support the NSF's core and critical support functions. For SDI, it means resolving the issue of sufficient documentation and for IT, it means dealing with the crosscutting impact of an enterprise resource planning (ERP) system.

The NSF Combined Assurance Framework approved in September 2022 will assist management in coordinating the assurance activities in the entity. The framework is a critical tool for integrating, coordinating and aligning the risk management and assurance processes at the NSF to optimise and maximise the level of risk, governance and control oversight over the NSF's strategic, project and operational risk landscape.

Spending trends of the public entity

While skills are in demand, the NSF continues to underspend year-on-year. In the 2022/23 financial year, NSF saw a 71% decrease in expenditure compared to the previous year. Disbursements were made

to the following sub-programmes: Education and training, post-school education and training (PSET) system development and capacity building, skills infrastructure development and skills development research, innovation, and communication.

The R1,166 billion skills development spend in 2022/23 sharply declined from the previous year's expenditure of R4,694 billion. Amongst other things, this may be attributed to the reconstruction of a faulty baseline for project management marked by accountability. The other factor is the very slow turnaround time in project approval processes marked by undue red tape.

Plan to address underspending and underperformance

As the sixth administration comes to a close, there is consensus within the government that there must be an intensified focus on realising scaled-up delivery for young people, women and persons with disabilities, in particular.

The PSET sector is experiencing mounting pressure to expand occupational programmes, especially in colleges, to ensure alignment with labour market requirements while providing purposeful support towards innovation and entrepreneurship and leveraging the sector education and training authorities (SETAs).

For the NSF, this means massification of skills development. The NSF is a national entity that can respond to specific provincial skills developmental priorities.

The socio-economic conditions of the country compel NSF to tactically address two strategic matters through a singular intervention. We must contribute to eliminating poverty by developing skills. We must, therefore, recognise that our interventions give our beneficiaries sustenance. The NSF should be bold in addressing skills development and deliver projects that produce many beneficiaries.

DHET is the custodian of skills development. However, skills development cuts across all departments. In

reflecting on the sixth administration in this area, there has been a call for a concerted drive for coordinated interventions with SETAs and government departments:

- **The NSF must work closely with the SETAs.** SETAs must work with the NSF. We must find a way of massifying the SETA numbers. The SETAs' advantage is that they have existing systems that do not exist within ordinary skills development providers (SDPs) (which have limited reporting capability). However, SETAs' sound institutional arrangements and existing systems ensure that as implementing agents they can easily be held accountable.
- **The NSF must intensify intergovernmental collaboration.** We must pursue more strongly our existing agreements. It includes agreements with the Presidency (regarding the Presidential Youth Employment Initiative), the Department of Communication and Digital Technologies (to realise an increased number of NSF-funded digital skills programmes), the Department of Agriculture, Land Reform and Rural Development (to sustain the NSF's funding for bursaries for students enrolled in agricultural colleges), and the Department of Small Business Development (to skill small and emerging businesses), and other departments.

This work should give impetus to increased spending, assist in realising exponential growth of skills development and ensure that our surplus is minimal due to growth in our expenditure.

Appreciation

I appreciate the opportunity afforded to me by the Executive Authority, Dr Blade Nzimande, in assigning me the responsibility to manage the daily operations of the NSF since August 2021. I appreciate his visionary leadership during this period, including the commissioning of the Ministerial Task Team (MTT) Review of the NSF and the forensic investigation into the funding disbursements of prior years.

The NSF Executive Committee looks forward to implementing the recommendations of the MTT in the new year. The MTT report's implementation processes are designed to strengthen the NSF's institutional make-up and operating environment. Furthermore, the forensic processes will assist with rooting out malfeasance that may exist. Other processes will unfold and provide an outcome on labour relations issues.

DG Dr Nkosinathi Sishi has also offered incredible support during the review year in paying attention to some pressing matters facing the NSF. Dr Sishi's unwavering commitment is to realise the true capability of the NSF.

The NSF Audit Committee, Prof DP van der Nest (Chairperson), Ms S Padayachy and Mr S Makhubu CA(SA) have been a beacon of strength throughout the year. They have provided clear, direct, honest, yet easy-to-implement recommendations to address some of the strategic risks.

I wish to recognise the effort of all staff in the execution of their duties to attain the NSF mandate of skilling the nation. This includes the eight acting senior management officials appointed during the review year to ensure operational continuity while transformation and remodelling are underway.



Mr David Mabusela
NSF Acting Executive Officer

1.8 Strategic overview

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
- Passion
- Accountability
- Service excellence

1.9 Legislative and other mandates

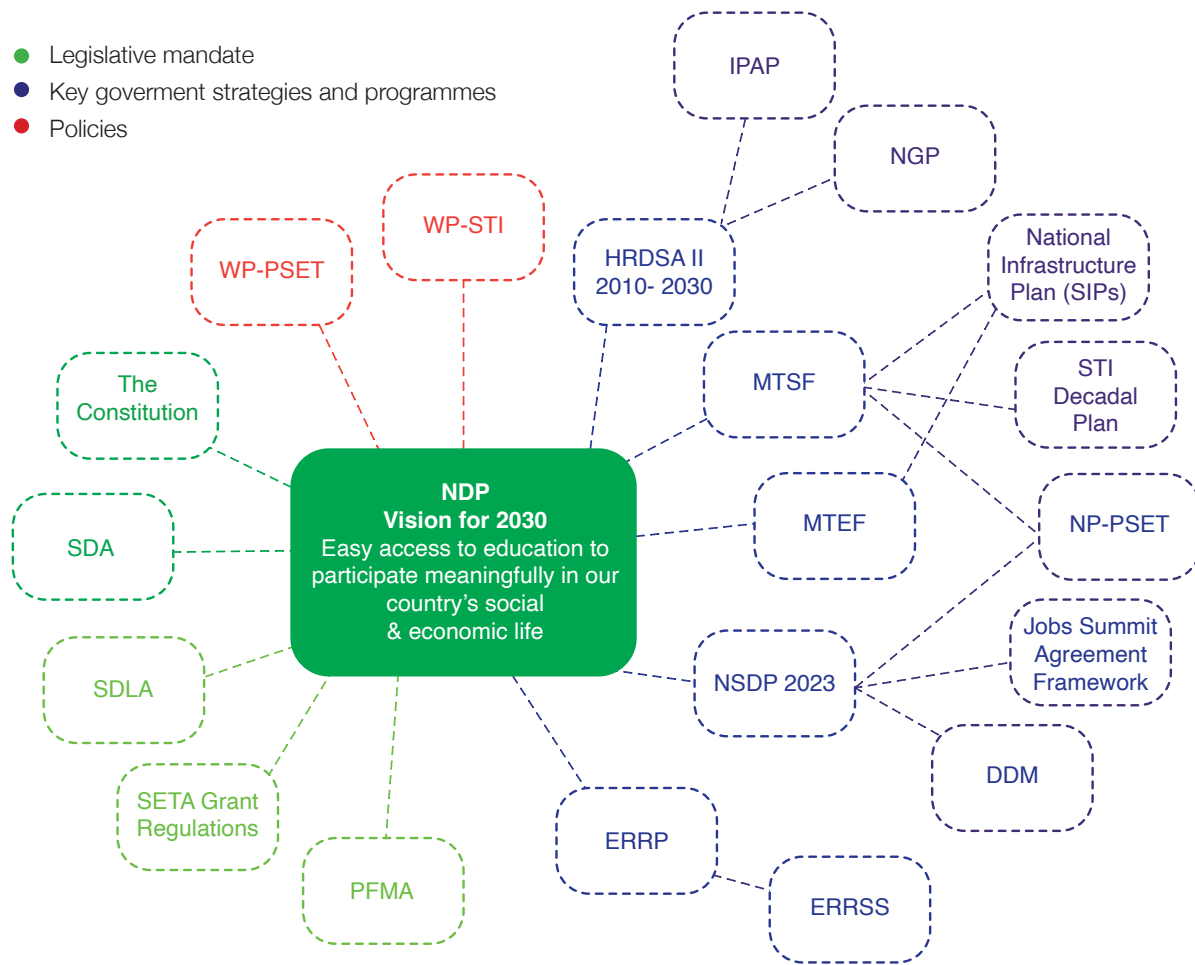


Figure 1: NSF policy and legislative framework

DDM	District Development Model	NP-PSET	National Plan for Post-school Education and Training
ERRP	Economic Reconstruction and Recovery Plan	NSDP	National Skills Development Plan 2030
ERRSS	Economic Reconstruction and Recovery Skills Strategy	SDA	Skills Development Act, 1998 (Act 97 of 1998)
HRDSA II	Human Resource Development Strategy of South Africa	SDLA	Skills Development Levies Act, 1999 (Act 9 of 1999)
IPAP	Industrial Policy Action Plan	SETA	Sector education and training authorities
MTSF	Medium Term Strategic Framework	SIPs	Strategic infrastructure projects
MTEF	Medium Term Expenditure Framework	STI	Science, technology and innovation
NDP	National Development Plan	WP-PSET	White Paper for Post-school Education and Training
NGP	New Growth Path	WP-STI	White Paper for Science, Technology and Innovation

1.9.1 Legislative mandate

Constitutional mandate

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) (the Constitution) is the country's supreme law; thus, all laws must be consistent with the Constitution. All government institutions and entities derive their mandate from the Constitution. The Constitution, 1996 makes provision for other legislations regarding planning and performance monitoring across the three spheres of government.

"The National Skills Fund derives its mandate from Section 28(1) and Section 30B of the Skills Development Act, 1998 (Act 97 of 1998) (SDA). The SDA supports Section 29(1) of the Bill of Rights, as enshrined in the Constitution, which outlines that everyone has the right to further education, which the state, through reasonable measures, must make progressively available and accessible."

Established in terms of the Skills Development Act

The National Skills Fund (NSF) was established in 1999 in terms of Section 27 of the SDA, 1998, stating that "The National Skills Fund is hereby established". The NSF is, thereby, not established with a legal persona.

In terms of Section 29(1) of the SDA, 1998, the Director-General of Higher Education and Training is the accounting authority of the NSF, as contemplated by Section 49(2)(b) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA).

In terms of Section 29(1)(d) of the SDA, the Director-General of Higher Education and Training must, subject to the laws governing the public service, appoint the Executive Officer of the NSF who will, upon such appointment, be in the employ of the public service.

The money of the NSF may be used for the primary objectives as defined by the prescripts of the SDA:

- To fund projects identified in the National Skills Development Strategy (NSDS) III 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 and Training to achieve a national standard of good practice in skills development, Section 30B of the SDA
- 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 have been approved and published in Notice R.1030 in Government Gazette 33740, dated 8 November 2010.

Retention of accumulated surplus

Section 29(3) of the SDA states that the unexpended balance in the NSF at the end of the financial year must be carried forward to the next financial year as a credit to the NSF. The surplus needs approval from the National Treasury in terms of the PFMA

Listed as a Schedule 3A public entity in terms of the PFMA

On 12 October 2012, the Minister of Finance retrospectively listed the NSF as a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), effective from 1 April 2012 (Notice 821 in Government Gazette 35759). Before listing as a public entity, the NSF operated as a programme under the Skills Development Branch of the Department of Higher Education and Training (DHET).

The listing of the NSF as a public entity does not determine the legal persona status of the NSF. Instead, it prescribes the compliance framework to which the NSF must adhere regarding the PFMA. The NSF's founding legislation, the SDA, determines the legal persona status.

Purpose of the SDA

- To ensure credible labour market analysis by way of supply and demand analysis of national skills priorities
- To align the policies of the state and the DHET
- To develop the skills of the South African workforce
- To increase the levels of investment in education and training in the labour market
- To encourage employers to use the workplace as an active learning environment
- To encourage workers to participate in learning programmes
- To improve the employment prospects of South African citizens, specifically those who have been previously disadvantaged
- To ensure the quality of learning in and for the workplace and ensure the quality of provision delivery in line with the establishment of Quality Council for Trades and Occupations (QCTO)
- To establish that the NSF and other skills levy institutions collaborate to achieve the objectives of the SDA
- To provide financing through the skills levy.

The NSF's current main revenue sources are:

- Twenty per cent of the skills development levies as contemplated in the Skills Development Levies Act, 1999 (Act 9 of 1999)
- Interest earned on investments held at the Public Investment Corporation (PIC).

The NSF may also receive revenue from:

- The skills development levies collected and transferred to the NSF, in terms of the Skills Development Levies Act, from those employers or sectors for which there are no sector education and training authorities (SETA)
- Money appropriated by Parliament for the NSF
- Donations to the NSF
- Money received from any other source.

Other relevant legislation

Legislation or regulation	Summary of its purpose
National Qualifications Framework Amendment Act, 2019 (Act 12 of 2019)	<ul style="list-style-type: none"> • Creates a single integrated national framework for learning • Facilitates access to education, training and career paths • Enhances the quality of education and training • Accelerates the redress of past unfair discrimination • Allows for the South African Qualifications Authority (SAQA) and the quality councils to oversee the National Qualifications Framework (NQF) • Recent amendments make provision for skills development providers to be registered, processes for verification, and offences and penalties that have a bearing on fraudulent qualifications.

Legislation or regulation	Summary of its purpose
Workplace-based Learning Programme Regulations of 2018	<ul style="list-style-type: none"> Provides a framework for the types of workplace-based learning provision through post-school education and training (PSET), including funding steered through the NSF and SETAs Provides for administration and the role of parties in workplace-based learning, including employers, learners, education and training providers, quality councils and the DHET.
SETA Grant Regulations, 3 December 2012, Volume 570, 35940	<ul style="list-style-type: none"> While developed for SETAs, the SETA grant regulations benchmark the management of the skills levy, including the thresholds for administration costs and the governance and operational considerations for managing skills levies.
Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA)	<ul style="list-style-type: none"> The Spatial Planning and Land Use Management Act, was adopted shortly after the introduction of the National Development Plan (NDP). The SPLUMA is an important component for setting the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration.
South African Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)	<ul style="list-style-type: none"> The South African Intergovernmental Relations Framework Act emphasises that the three spheres of government are distinctive, interdependent and interrelated. All three spheres of government (local, provincial and national) are autonomous. Notwithstanding their autonomy, the three spheres of government must plan together, use scarce resources and ensure that the government's achieves its priorities.

1.9.2 Policy environment

White Paper for Post-School Education and Training

The White Paper for Post-school Education and Training (WP-PSET) sets out the government's vision for an integrated system of PSET that is able to respond to the needs of the South African society and economy. It outlines policy directions to guide the DHET and the institutions for which it is responsible to contribute in building a developmental state with a vibrant democracy and a flourishing economy.

Its main policy objectives are:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa
- A single, coordinated PSET system
- Expanded access, improved quality and increased diversity of provision
- A stronger and more cooperative relationship between education and training institutions and the workplace
- A PSET system that is responsive to the needs of individual citizens, employers in public and private sectors, and broader societal and developmental objectives.

Among others, the WP-PSET directs attention to critical improvement and capacitation areas within the PSET system integration, which include:

- Technical and vocational education and training (TVET) college capacitation and infrastructure
- Educational institution and employer partnerships and work-integrated learning
- Artisan development strategy operationalisation
- Recognition of prior learning
- Community colleges and public adult learning centre development
- Development of scarce and critical skills (occupations in high demand)
- Education and training improvement
- Review of the skills system and landscape as part of the broader PSET system.

White Paper for Science, Technology and Innovation

In May 2019, the President of South Africa reconfigured several ministries and departments. A new Ministry of Higher, Education Science and Innovation was pronounced, with Dr BE Nzimande appointed as the first minister in the portfolio.

Consequently, the Minister of Higher Education, Science and Innovation is the executive authority of the Department of Higher Education and Training and the Department of Science and Innovation. The new configuration has a number of policy and system opportunities for South African citizens and the state. Both departments have approved white papers: The White Paper for Post-school Education and Training (WP-PSET), issued in 2017, and the White Paper for Science, Technology and Innovation (WP-STI), issued in March 2019.

In successful and leading skills development systems globally, success is attributed to the alignment of industrial policies, fiscal-wide policies and incentives and close relations with systems of innovation and patent developments. While the departments had not merged when preparing this plan, the white papers informed the process of collaboration and alignment between the two departments.

The WP-STI sets the long-term policy direction for the South African government to ensure a growing role for science, technology and innovation (STI) in a more prosperous and inclusive society. It focuses on using STI to accelerate inclusive economic growth, make the economy more competitive and improve people's daily lives.

It aims to help South Africa benefit from global developments such as rapid technological advancement and geopolitical and demographic shifts and respond to the threats associated with these global trends. The vision set out - "Science, technology and innovation enabling inclusive and sustainable South African development in a changing world" (WP-STI, Pg. 11) - has the following objectives:

- Improved coherence and coordination
- Increased National System of Innovation (NSI) partnering between business, academia, government and civil society
- Strengthened and transformed NSI institutions
- Increased human capabilities
- Expanded research enterprise
- Enhanced enabling environment for innovation
- Improved funding across the NSI.

The WP-STI objectives, coupled with the scope of emerging trends, technology and innovation, including the green economy, circular economy and the Fourth Industrial Revolution, provides key insights for the emerging fields of knowledge and material that shape the future.

These shifts impact the type of education, training and skills development required to develop capable South African citizens and to ensure a supply of a capable and skilled workforce for the future labour market.

1.9.3 Government strategies and programmes

National Development Plan 2030

The National Development Plan (NDP) 2030 is the overarching long-term strategy of the government, which aims to eliminate poverty and reduce inequality by 2030, among other policy imperatives. It serves as the single most important longer-term strategy to which all government strategies must be aligned.

The NSF's strategic plan is comprehensively aligned with the objectives of the NDP. The NDP places specific funding responsibility on the NSF: "Training for start-ups and emerging businesses, rural development, adult basic education and training, and community development should be supported by money from the National Skills Fund and managed by relevant departments or agencies, such as Small Enterprise Development Agency and the National Youth Development Agency. It enables the NSF to focus on large skills development programmes that form part of a broader programme. It simplifies the grant funding mechanism by supporting fewer but larger programmes" (NDP, p. 286).

The NDP also outlines specific objectives and actions to improve the education, training and innovation system. The following objectives, as outlined in the NDP for improving the education, training and innovation system, entail additional funding responsibilities for the NSF to contribute towards achieving these objectives and implementing the relevant actions:

- Expand the college system with a focus on improving quality; better quality will build confidence in the college sector and attract more learners
- Pursue a recommended participation rate of 25% accommodates about 1,25 million enrolments
- Provide one million learning opportunities through community education and training (CET) centres
- Produce 30 000 artisans per year
- Increase enrolment at universities by at least 70% by 2030 so that enrolments increase to about 1,62 million from 950 000 in 2010
- Increase the number of students eligible to study mathematics and science degrees to 450 000 by 2030
- Increase the percentage of PhD qualified staff in the higher education sector from the current 34% to over 75% by 2030
- Produce more than 100 doctoral graduates per million per year by 2030; it implies an increase to well over 5 000 per annum from 1 420 in 2010
- Expand science, technology and innovation outputs by increasing government research and development spending and encouraging industry to do so.

The following actions are outlined in the NDP for technical vocational education and training:

- Support the development of specialised programmes in universities, focusing on training college lecturers and providing funding for universities to research the vocational education sector
- Build the capacity of TVET institutions to become the preferred institutions for vocational education and training; learners should be able to choose their vocational pathways before completing Grade 12; it

also includes expanding the geographical spread of TVET institutions

- Build a stronger relationship between the college sector and industry; SETAs are crucial in building relationships between education institutions and employers.

The following actions are outlined for higher education in the NDP:

- Implement a national programme to develop the next generation of academics for South African higher education
- Complete the construction of two new universities in Mpumalanga and the Northern Cape, new medical schools in Limpopo and several academic hospitals; expand the infrastructure of existing institutions and allow universities to use distance education to reach more learners
- Provide the option of a four-year university degree, combined with bridging courses and more support for universities to help students from disadvantaged backgrounds
- Provide all students who qualify for the National Student Financial Aid Scheme (NSFAS) with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses; students who do not qualify should have access to bank loans, backed by state securities; NSFAS and bank loans should be recovered through arrangements with the South African Revenue Service (SARS); service-linked scholarships should be available in areas such as nursing, teaching and social work.

National Skills Development Plan 2030

The Minister of Higher Education and Training approved the National Skills Development Plan (NSDP) 2030 on 7 March 2019 for implementation with effect from 1 April 2020. The vision of the NSDP is “an educated, skilled and capable workforce for South Africa”.

The NSDP builds on implementing the National Skills Development Strategy (NSDS) III and intends to address systemic considerations to improve the effectiveness and efficiency of the skills development system and institutions.

Its primary focus is to continue integrating skills development interventions with the PSET system to address the triple challenge of high unemployment, poverty and inequality levels through skills development interventions such as learnerships, apprenticeships and other forms of workplace-based learning. It is envisaged that improving and increasing access to high-demand occupations and priority skills will contribute to economic growth, employment creation and social development.

The NSDP will contribute to strategies and priorities of various economic sectors, emphasising inclusive growth and employment generation, as set out in the NDP, Industrial Policy Action Plan (IPAP) and other key government policy documents.

The NSDP further outlines the following national priority outcomes that take precedence at the NSF:

- Outcome 1: Identify and increase production of occupations in high demand
- Outcome 2: Linking education and the workplace
- Outcome 3: Improve the level of skills in the South African workforce
- Outcome 4: Increase access to occupationally-directed programmes
- Outcome 5: Support the growth of the public college system
- Outcome 6: Support entrepreneurship and cooperative skills development
- Outcome 7: Encourage and support worker-initiated training
- Outcome 8: Support career development services

In addition, the NSDP focuses on the societal transformational imperatives and parameters enunciated in the NSDS III and which remain relevant in the South African socio-economic climate:

- Gender: Provide more access opportunities for women
- Youth: Increase access opportunities for the youth
- Geography: Shift the focus to previously neglected rural areas
- Race: Provide programmes to address racial skill disparities
- Class: Redress imbalances brought about by class
- People with disabilities: Avail more training and workplace opportunities for people with disabilities
- HIV/Aids: Provide programmes that embrace HIV/Aids awareness and education advocacy
- Equity and access: Provide access and reduce inequality through increased access to those who have been previously disadvantaged.

As guided by the NSDP - which builds on the work undertaken under the NSDS III - the NSF measures each education and training project funded against the developmental and transformation imperatives mentioned above.

Human Resource Development Strategy of South Africa 2010–2030

The Human Resource Development Strategy of South Africa (HRDSSA) is the long-term overarching strategy to drive human development in the country. The funding strategy of the NSF responds to and supports the priorities emanating from the HRDSSA's commitments:

- Commitment 1: The NSF will urgently overcome the shortages in the supply of people with the priority skills needed to successfully implement current strategies to achieve accelerated economic growth.
- Commitment 2: The NSF will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.

Medium Term Strategic Framework (MTSF) 2019-2024

The Medium Term Strategic Framework (MTSF) is the government's strategic planning framework for the 2019-2024 electoral term in line with the NDP. It is the government's monitoring framework for the NDP's five-year implementation plan during the electoral cycle. It reflects how the government will measure its progress against the commitments made in the governing party's election manifesto and the NDP five-year implementation plan. It is a basis for measuring government performance and is aligned with the performance measurement in the local, provincial and national government spheres. The MTSF sets out the government's actions and targets to be achieved.

By 2030, South Africa should have access to education and training of the highest quality, leading to significantly improved learning outcomes. The education, training and innovation system should cater for different needs and produce highly skilled individuals. South Africa's university and TVET college graduates should have the skills and knowledge to meet the economy's and society's present and future needs.

The government has identified seven priorities derived from the electoral mandate and the State of the Nation Address:

- Priority 1: Building a capable, ethical and developmental state
- Priority 2: Economic transformation and job creation
- Priority 3: Education, skills and health
- Priority 4: Consolidating the social wage through reliable and quality basic services
- Priority 5: Spatial integration, human settlements and local government
- Priority 6: Social cohesion and safe communities
- Priority 7: A better Africa and world.

Priority 3 - education, skills and health -is relevant to the NSF as part of the DHET. The priority contributes to Pillar 2 of the NDP, that is, “capabilities of South Africans”.

Further, 14 priority economic sectors strengthening the state’s coordination of interventions over the next five years emanated from the MTSFs and State of the Nation Addresses of February and June 2019.

In addition, a more targeted and consolidated approach has been conceptualised for spatial integration. As a national entity, the NSF must prioritise these interventions. The NSF is also required to undertake more detailed research and planning to collaborate and support the attainment of the MTSF priorities in so far as it relates to the NSF’s mandate.

Department of Higher Education and Training Strategic Plan 2020–2025

The DHET has set four outcomes in line with the MTSF. These priority outcomes steer the NSF to contributing to the achievement of the MTSF outcomes:

Outcome 1: Expand access to PSET opportunities

The WP-PSET targets the enrolment of 1 million students in CET colleges, 2,5 million in TVET colleges and 1,6 million in higher education institutions by 2030. Given the 2017 enrolments of 258 199 CET students, 688 028 TVET students and 1,2 million higher education students, the size and shape of the PSET system will change markedly over the next 10 years. It is envisaged that the TVET sector will become the biggest sector, with the CET sector approaching the enrolment size of the public higher education sector. Enrolments in technical and vocational programmes are expected to increase considerably compared to current enrolments, to expand entry-level access to the world of work in various trades and occupations and to prepare students for entrepreneurship or self-employment.

Expanding the PSET system requires a careful, judicious and systematic enrolment planning process that aligns with available resources, capacity and funding. Therefore, targeted interventions will be developed to ensure equitable participation supported by increased numbers of quality staff, affordable fees and inclusive and sustainable financial aid. In addition, institutional differentiation is necessary to foster a wider variety of modalities of provision, learning programmes and pedagogy to cater for diverse student and employer needs and to permit all PSET institutions (public and private) to develop niche areas that respond to national development imperatives.

Outcome 2: Improve the success and efficiency of the PSET system

The quality of provision, as indicated above, is premised on qualified, experienced and committed staff, informed, caring, focused and reliable student support services, and adequate and available infrastructure. Increased efficiency and success across all PSET sectors will promote a culture of completion, which, in turn, will improve cost-effectiveness, build work-readiness, facilitate employment and help to embed lifelong learning capabilities among citizens.

Outcome 3: Improve the quality of PSET provisioning

If the 2030 targets are to be met, every institution across the entire PSET system needs to improve the quality of its provision. Permitting quality to lag while access expands will be wasteful and negligent. The quality of teaching and learning, research, management and governance, staff, quality assurance and infrastructure must be improved to improve the quality of PSET provision. Most importantly, the quality of PSET teaching and learning must be prioritised.

Better learning will be supported by improving and diversifying student services, housing, foundational programmes and modes and programme delivery models. Better teaching will be supported by increasing the numbers, quality and qualifications of lecturers (especially, but not only) black academics at senior levels. At the same time, lecturers' pedagogical, curriculum development and research capacities and abilities to harness digital technologies to support teaching and learning innovatively will be improved. The development of digital pedagogies will be supported. Institutional governance, leadership and management, including student leadership, will be strengthened so that together they can realise their quality institutional goals while driving their sector forward in pursuit of national objectives.

Outcome 4: Create a responsive PSET system.

As the WP-PSET points out, the PSET system is an important institutional mechanism that must respond to the needs of society. Improved responsiveness entails developing a better understanding of demand and supply, which, in turn, requires enhanced liaison and engagement with local, regional and international communities and socially responsive research, collaboration, partnerships and capacity-building.

The objective is to provide qualification programmes and curricula responsive to the needs of the world of work, society and students. It is envisaged there will be greater cooperation between PSET institutions and the world of work, with a focus on the connections and interactions between provider institutions and skills levy institutions and between provider institutions and employers, for workplace-based learning (WPBL) and strengthening research and innovation.

Strengthening system and institutional WPBL and encouraging employer participation will help to improve education and employment outcomes. Calls for greater industry involvement in financing research and development, developing partnerships, and promoting synergies with higher education institutions and research councils will also be pursued.

1.10 Macro organisational structure

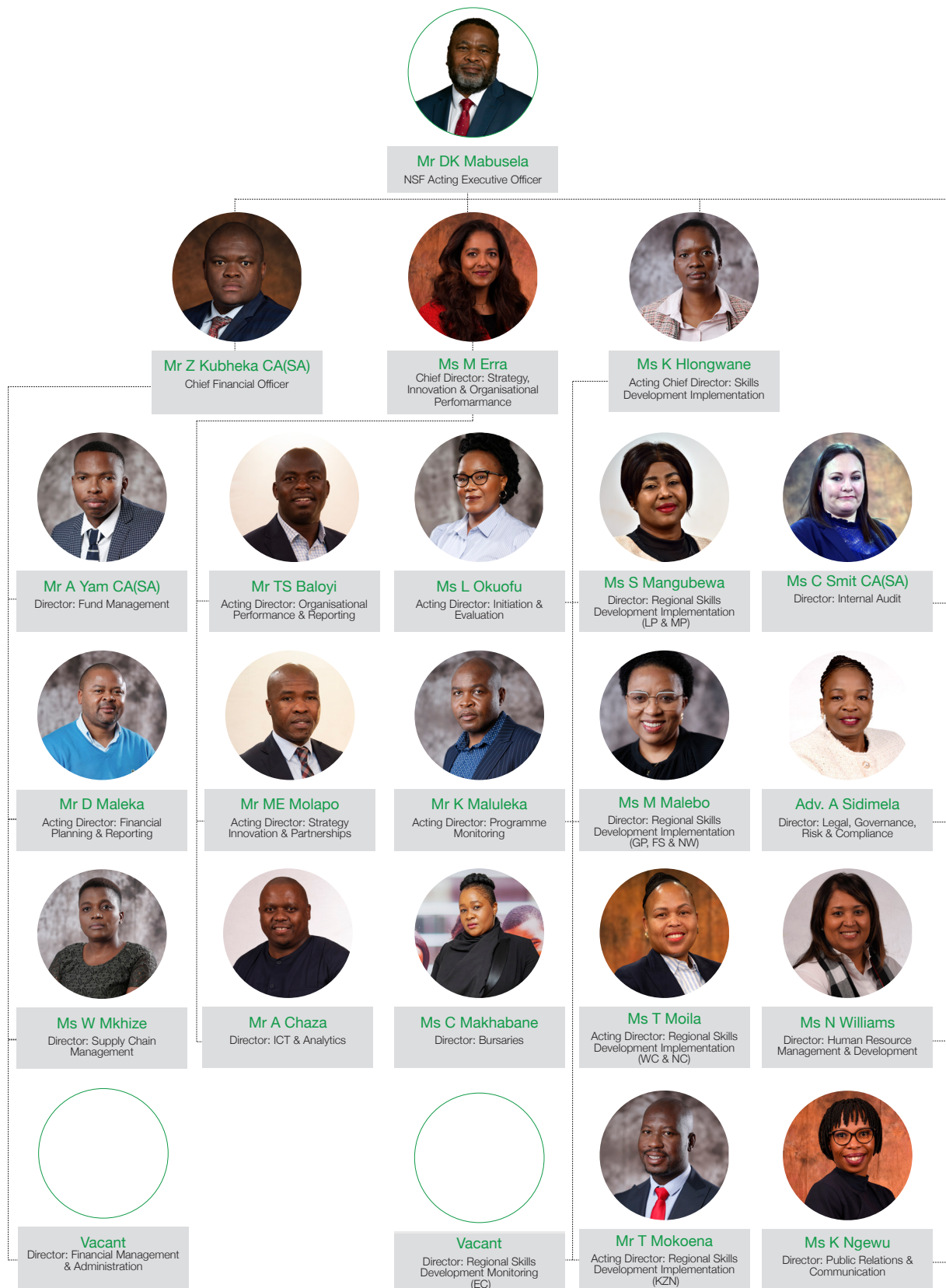


Figure 2: Macro organisational structure

SUCCESS STORY

STRENGTHENING SA'S POSITION IN THE WORLD SKILLS CONTEST

South Africa should be proud of public TVET colleges, considering the sector's representation in the World Skills competition. The 2022 competition was held from 7 September to 26 November and comprised 62 skills competitions with over 1,000 competitors from 16 host countries and 26 cities. South Africa was the only African country to participate in the 2022 competition and competed in 29 skills events.

"The competition continues to be a great opportunity to showcase what TVET colleges can do," says Shailendra Sasti, a World Skills South Africa (WSZA) national expert.

Flying the South African flag at the world's largest skill championship were 31 young people, of which 19 are from various public TVET colleges. WSZA is championed by the DHET and funded by the NSF. The DHET hosts provincial and national WSZA competitions and facilitates the participation of SA in the bi-annual World Skills international competitions as a mechanism for promoting artisan skills as a viable career choice and forming partnerships with the industry.



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특별대회 고양

PART B

2022/23 PERFORMANCE INFORMATION

2. 2022/23 PERFORMANCE INFORMATION

2.1 Auditor-General's report: Predetermined objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, with material findings reported under the “predetermined objectives” heading in the other legal and regulatory requirements section of the auditor's report.

Refer to the AGSA report to Parliament on the National Skills Fund (NSF) (page 112 to 119), published as Part F: Financial information.

2.2 Overview of the public entity's performance

Service delivery environment

During the 2022/23 financial year, the NSF directed its efforts towards achieving the 38 output indicators outlined in its annual performance plan. However, due to various challenges, including capacity constraints within the organisation, the NSF achieved four of its 38 output indicators.

The Administration programme reported performance against seven output indicators during the financial year. However, no target was met during the period under review. Despite the targets not being met, good progress was recorded and the entity is to improve performance in the next financial year based on the pipeline of interventions implemented and initiated toward the end of the reporting period.

The NSF has commenced with the process to appoint the service provider to coordinate the client satisfaction survey. The entity is hopeful since the procurement challenges reported in the past were resolved that the target will be achieved during the next financial year.

The NSF in prior years experienced a high vacancy rate which affected the organisation negatively and was unable to effectively perform to its optimum capacity. During the review year, the recruitment process improved where 40 officials were appointed. The appointments were made in various units to address the capacity challenges although the entity has not yet reached the expected level.

The NSF continues to monitor and report progress made on quarterly basis relating to the approved Audit Action Plan to various structures including the Senior Management Meeting and Exco Meeting. The entity recorded 14% progress against the implementation and addressing the identified audit findings and root causes. The lack of an integrated systems led to delays in implementing the action plan. Some actions have been postponed until the Ministerial Task Team's recommendations are implemented.

The NSF through the core function, Skills Development Implementation during the year has contracted a total of 221 skills development providers (SDPs) inclusive of private and public. The SDPs provided training in various learning categories including education and training, occupational programmes, work integrated learning, worker education, skills infrastructure, capacity development, and research development.

Despite the failure by Skills Development Implementation to record any achievement of the target, the NSF remained committed to funding the nation where a total of 24 318 learners were recorded during the reporting period.

The Skills Development Implementation committed to hold a strategic planning session with all officials who implement day-to-day operations. The session aimed to assist in boosting staff morale and enhancing the understanding and importance of achieving the targets of the strategic and annual performance plans. The session will be a platform for motivating and encouraging officials to improve their performance.

The NSF's core business Skills Development Implementation demonstrated its commitment to address the audit findings raised by the AGSA during 2021/22 audit by coordinating the audit debrief held in September 2022. All NSF officials attended the debriefing. The session addressed the issues relating to performance information, financials, and the importance of improving the performance to reach the annual target during the 2022/23 financial year. The information-sharing session will enable the NSF to reach its outcome targets by the end of the strategic term.

Despite the challenges experienced in pursuing the five-year strategic targets, the NSF approved the following portfolio of projects:

- SMMEs development
- TVET Phase III
- Artisan development by private SDPs
- Worker education, and
- Community Education Colleges (CET).

The approved projects target about 24 000 beneficiaries in the next cycle of 2023/24 and 2024/25.

The improvement in performance will be realised in the next financial year, as the recruitment, selection, and placement of beneficiaries were underway at the end of the review period. Furthermore, the NSF will address the challenges of the past financial year by:

- i. Recruiting additional contract posts for the NSF structure for 12 months to assist the NSF directorates
- ii. Establishing a Quality Assurance function within the Chief Directorate: Skills Development Implementation to assist with the processing of projects and audit related requests (internal and/or external)
- iii. Soliciting a service provider to assist SDI with the initiation of the projects and skills transfer to the implementing directorate to ensure successful implementation of projects across the Project Lifecycle.

Due to challenges reported by SDPs such as delays in printing of certificates by relevant quality assurance bodies, The NSF experienced delays in closing projects that required certificates of completion which impacted the annual performance targets. Therefore, the NSF was unable to report the learners who completed the learning programme without the statements of results or completion certificates.

To mitigate this issue, the NSF requires the Skills Development Providers (SDPs) to ensure that beneficiaries participating in the NSF-funded projects are registered on the relevant education and training quality assurance database in the second quarter after the commencement of projects.

During the financial year, Programme 3 – PSET system improvement funding – reported on 11 output indicators, achieving four targets. The NSF funded eight infrastructure skills development projects nationally. The projects took longer to complete, including some that commenced in 2013 and are yet to be concluded. Furthermore, the programme funded 28 capacity development projects and four research development projects.

The NSF has committed to several strategies to overcome the areas of under-performance across all programmes. Increasing human resource capacity by expediting the recruitment of contract work for all critical

units, issuing the request for proposals timeously and improving the turnaround time for appointment of skills development providers. The NSF has also committed to improving the turnaround time for project initiation. It will ensure that the NSF has learners undergoing training to achieve its mandate to skill the nation.

The NSF's mandate of skilling the nation responds to South Africa's triple challenge of high poverty, inequality, and unemployment. It ensures that beneficiaries of the NSF's programmes will transform into skilled, competent, capable, and economically active citizens who can access employment opportunities after the completion of NSF-funded programmes. The NSF concurrently prioritised expanding and increasing funding to unemployed beneficiaries through occupational qualifications, artisan development, bursaries, interventions, work experience as well as to supported PSET the expansion and capacity building in the post-school education and training (PSET), Worker Education projects, Community Education and Training Colleges, and all these will be measured at the end of the NSF five-year Strategic Plan 2020 - 2025.

The NSF is tasked with the responsibility of funding, which is focused on national priorities and providing resources to unlock and catalyse national human development potential. It assists the state in driving the key skills strategies to overcome skills shortage and contributes towards the achievement of the country's developmental objectives. The NSF has commenced with the implementation of the Ministerial Task Team recommendations to improve its efficiency and relevance to the national priorities. Furthermore, to strengthen its research capacity through commissioning of the research work in line with the NSF Research Agenda being implemented. As part of strengthening its monitoring and evaluation capacity, the NSF has appointed an external service provider to develop the NSF overarching Monitoring and Evaluation framework.

Through strategic partnerships with the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation (NRF), during the period under review the NSF continued to drive key skills strategies, promote equity targets of race and access to higher education by awarding undergraduate and postgraduate bursaries and scholarships.

Through the Technical and Vocational Education and Training (TVET) Colleges Capacity Building and Occupational Programme Phase III funding window, the NSF supported enrolment at TVET colleges for Capacity building and occupational programmes, National Certificate Vocational (NCV) programmes, and National Accredited Technical Education Diploma (NATED) or Report 191 engineering and business studies.

Workplace-based learning programmes implemented by skills development providers (SDPs), which includes private providers contracted to implement artisan development programme, were also funded by the NSF in the review year.

The NSF continued to support worker education initiatives implemented through worker initiatives, all of which contribute to expand access to PSET opportunities. Moreover, the NSF continued to support government's focus towards building the skills base through the Artisan Development Programme through State Owned Enterprises.

During the period under review, capacity development interventions funded by the National Skills Fund in collaboration with the DHET were also carried out to success and efficiency of the PSET system. Furthermore, the capacity building initiatives funded by the National Skills Fund primarily focus on TVET college infrastructure projects, involving construction and refurbishment of existing campus sites, as part of an effort to continue to positively contribute towards the realisation of an expanded, more effective and integrated PSET system, specifically within the TVET colleges and university sectors.

Even though the annual targets are yet to be realised, the NSF recognises that it will be measured as having achieved the five-year targets – rather than the annual targets - for the skills development funding and PSET system improvement funding programmes at the end of the NSF's five-year strategic term.

External environment analysis

Socio-economic stance in South Africa

The National Development Plan's vision 2030 highlights key socio-economic challenges facing the country, which require direct interventions by the government, private sector, civil society, and other stakeholders. The challenges are compounded by low economic growth, which includes the triple challenges of poverty, inequality, and unemployment. These challenges can be partly attributed to skills deficiencies, mismatches, and non-actionable skills.

High unemployment remains a critical challenge for South Africa as the country struggles to generate sufficient jobs. Since the beginning of the 20th century, unemployment has been highlighted as an alarming global issue. Youth unemployment has gained increased concern in the wake of the 21st century. Although South Africa's high level of unemployment is not unique, it is compounded by skills shortages that result in a structural mismatch between labour demand and supply. The structural mismatch happens because many skills shortages occur in the high-end skills market, while most employed and unemployed have low-level skills.

Furthermore, the literature reflects that South Africa's socioeconomic challenges of economic growth remain low, and unemployment remains high. In contrast, youth unemployment rates continue to grow, and the levels of inequality remain high and disparate. Thus, these areas provided direction to the NSF in allocating its funding of skills development interventions.

The NSF's strategic focus is underpinned by the key objectives of the South African government, with a targeted focus on reducing poverty, unemployed and inequality. The NSF responded to this challenge by implementing several large-scale economic programmes to achieve various economic goals, such as more rapid economic growth and job creation and, improved service delivery, poverty and inequality alleviation.

In response to socioeconomic challenges, the NSF performed an analysis in line with the National Poverty Index of 7% (2016) for the district profiles, identifying the top 10 "poverty-stricken" district municipalities.

It informed the decision-making in identifying the most deprived and vulnerable groups of people and areas and effectively targeted them by considering the reallocation of funding accordingly. The exercise guided the entity's planning in implementing appropriate skills development interventions and strategies for reducing unemployment and poverty and eradicating inequality.

Furthermore, during this reporting period, the NSF continued to support, improve and expand its service delivery on key priorities outlined in the National Development Plan (NDP) vision 2030 and the Economic Reconstruction and Recovery Skills Strategy (ERRSS) as enunciated in the 2021/22 annual performance plan's outcome and output indicators.

The NSF remained focused on its mandate and strategic focus that was informed by research such as the Labour Market Intelligence Project (LMIP) and South Africa's policies and planning analysis.

The 2022 LMIP research results reveal that South Africa had a low-growth economy before the COVID-19 pandemic. Its arrival brought the country to the brink of a severe social and economic crisis. In 2020, the economy contracted by 6,4%, and poor economic performance contributed to the inability of the labour market to absorb new labour market entrants, which led to an increase in the unemployment rate.

Hence, a clear sense of the required mix of skills is needed to formulate appropriate policies that improve the alignment between skills demand and supply. The LMI research indicates that the change in the demand for skills is mainly caused by four key drivers - globalisation, technological change, economic growth path and production structure. Therefore, understanding how these factors change the demand for skills is crucial for skills planning as they indicate future skills demand.

According to the Quarterly Labour Force Survey (QLFS), Q4:2022, the official unemployment rate is 32,7% a slight decrease to 32,9% of Q3:2022. This means that during this quarter 7,8 million people were unemployed, compared to 7,7 million of Q3:2022.

The results show that youth remain vulnerable in the labour market as the number of unemployed youth aged (15-34) and (25-34) recorded the highest unemployment rates of 59,6% and 40,5%, respectively. Of the 10,2 million young people aged 15 – 24 years, roughly 3,5 million or 33.6% were not in employment, education or training (NEET).

Regarding education levels, of the 7,8 million unemployed persons, 38,9% had education levels below matric, followed by those with matric (34,4%). Only 10,6% of unemployed persons were graduates, while 21,0% had other tertiary qualifications as their highest level of education (QLFS, 2022: Q4).

Despite improving educational qualifications, South Africa's socioeconomic situation is largely characterised by inequality, poverty and unemployment. These challenges are interdependent socioeconomic phenomena that require attention from policymakers, the government, and businesses across South Africa. It is well-known that high unemployment remains a critical challenge for South Africa, which is struggling to create sufficient jobs.

The QLFS 2022: Q4 research findings show a significant job gain mainly in finance, private households and trade industry, transport, mining, manufacturing and utilities. Notably, decreases in employment were observed in the agriculture, construction, community and social services sectors.

The strategic plan of the NSF has been reviewed to consider the findings, including the recommendations for the evaluation and ongoing research funded by the NSF through the NSA and Human Science Research Council (HSRC). The research is critical, considering the need for a comprehensive skills response to the country's post-COVID-19 economic and social recovery plan.

- The noticeable highlights during the 2022/23 financial year include:
- During the State of the Nation address that took place on 9 February 2023, President Cyril Ramaphosa indicated that in 2023, the NSF would provide R800 million to develop various critical interventions, including skills for the digital and technology sectors through an innovative model that links payment for training to employment outcomes.
- The NSF evaluation results continue to be implemented as they help inform the Fund in its planning process. The implementation of the NSF evaluation study's recommendations is being tracked. The progress made by the various chief directorates and directorates is monitored quarterly. The process culminated in submitting the progress and monitoring report to the NSA for reporting purposes.
- Furthermore, the Ministerial Task Team (MTT) appointed by the executive authority to conduct the NSF strategic review concluded its work in 2022/23. The implementation of the recommendations to improve the efficiency and relevance of the entity for national skills development priorities is underway. The NSF's executive committee has developed an implementation plan for the MTT that conducted the NSF strategic review. The implementation plan and progress will be shared with the Department of Higher Education and Training Director-General and executive committee.
- In the 2022/23 financial year, the NSF's forensic audit was tabled and presented to various parliamentary committees. It was followed by implementing the recommendations and processes, which align with the findings. The implementation is ongoing, monitored and reported to the Director-General and Minister as and when required.

- During the period under review, the NSF experienced a building closure on 15 March 2023 due to the Nehawu strike that blocked access to the Head Office in Tshwane. It meant that NSF staff were unable to access the building. To ensure the safety of the NSF staff and avoid disruptions to the entity's work on the day, the NSF acting Executive Officer through the Human Resources Management Directorate issued an urgent notice that NSF staff were to work offsite for the day, emphasising that normal work would resume on 16 March 2023. Management's swift action resulted in no negative impact on the Fund's performance.
- No new national or provincial events, such as natural disasters, pandemics, closures and restrictions, were reported to have impacted the performance during this period.

District development model (DDM)

The NSF continues to fund projects that support and respond to the DDM. The funding provides education, training, and infrastructure to support SMMEs and cooperative development in various district municipalities which are: Ugu District Municipality, Zululand District Municipality, Ekurhuleni and Waterberg District Municipality. Importantly the NSF funding covers the nine provinces of SA and includes community-level skills development and support. The Fund continued to analyse and map its funded interventions at the provincial and district levels to inform the Fund's planning.

The Ugu District Municipality was approved with a total of 3 748 beneficiaries to be funded in various interventions including the skills development programmes. The project has commenced and is currently at the implementation phase.

The Zululand District Municipality was at contracting stage at the end of the financial year. Ekurhuleni and Waterberg District Municipalities were approved to offer learnership programme to 738 learners and commenced during November 2022.

Economic Reconstruction and Recovery Plan (ERRP)

The ERRP, coupled with the Skills and Innovation Strategy (SIS), is borne out of the urgency for a well-coordinated skills development strategy to support the management of COVID-19 and economic and social recovery. In response to this call, the NSF will continue to plan, consult and support the funding of skills development initiatives identified by the ERRP.

During the 2022/23 financial year, the NSF continued to support and respond to the Presidential Youth Employment Intervention (PYEI), which aims to reduce barriers and expand employment and training opportunities for young people in digital and information and communication technology skills.

One of the NSF initiatives supported is the Intellidex PYEI which was funded on 4 February 2023 with R300 million with 4 500 beneficiaries approved over 31 months. The project is in the contracting stage and is yet to be concluded.

Organisational environment

The NSF performance remains a challenge, with the entity unable to achieve its APP targets. The entity achieved four of its 38 output targets set out in the NSF's 2022/23 APP. The NSF, however, remained focused on implementing its annual performance plan and priorities despite the ongoing capacity-related challenges. The NSF's recruitment process has improved since the appointment of the director of human resource management and other staff members. These appointments assisted in accelerating the NSF's recruitment, with 40 officials appointed during the financial year.

The Chief Financial Officer's appointment was a landmark appointment during the financial year and marked the end of the entity operating without a permanent chief financial officer. The appointment improved the management of the NSF's financial and external audit-related matters, among others. The management remains committed to addressing the audit findings and providing regular progress reports on the audit action plan to ensure that the organisation improves its performance.

Although the NSF recorded a good progress in relation to the recruitment of personnel, the NSF was affected by the termination of service by 15 officials due to expired contract and resignations. This has compromised the NSF's service delivery of various units. However, interns were utilised in areas of need.

The current forensic investigation has impacted negatively on capacity due to some officials being placed on precautionary suspension. Some units were left to operate without managers, affecting their effectiveness and operations. However, the NSF made acting arrangements in critical and affected positions to ensure that the entity achieve its intended mandate.

An MTT implementation plan was developed to ensure these recommendations receive priority from the NSF. The progress is being monitored and reported at the programme level monthly and quarterly. The MTT aims to improve NSF's operations so that it realises its mandate.

Despite the lack of an automated performance management and information system, which continues to affect the accuracy of institutional performance information reported against the targets. The NSF increased the human resource capacity with the qualified personnel to verify and validate the reported performance and supporting evidence while still waiting for the MS Dynamics to be fully operational.

It is likely that the funded learners who have also been beneficiaries of the sector education training authorities, the DHET and NSFAS may continue to be funded across without this being detected due to lack of the system. The practice is considered double dipping and reduces the entity's ability to fund as many learners as possible.

The NSF is currently acquiring a system that can interface the performance information from these institutions, including the Department of Home Affairs, with the NSF's performance.

The NSF will give extra attention to ensure an ICT system is used for performance and management reporting. Microsoft Dynamics remains challenging since it is not yet actively utilised within the entity. However, the system will become fully operational in the coming financial year.

The NSF experienced network down time of 163 production hours or 4.1 weeks during the financial year due to power cuts, the Head Office experienced a lock-out due to Nehawu strike, the State Information Technology Agency internet line (downtime), the infrastructure updates and maintenance.

Key policy developments and legislative changes

There were no changes to policies and legislation during the financial year.

2.3 Progress towards achievement of institutional impact and outcomes

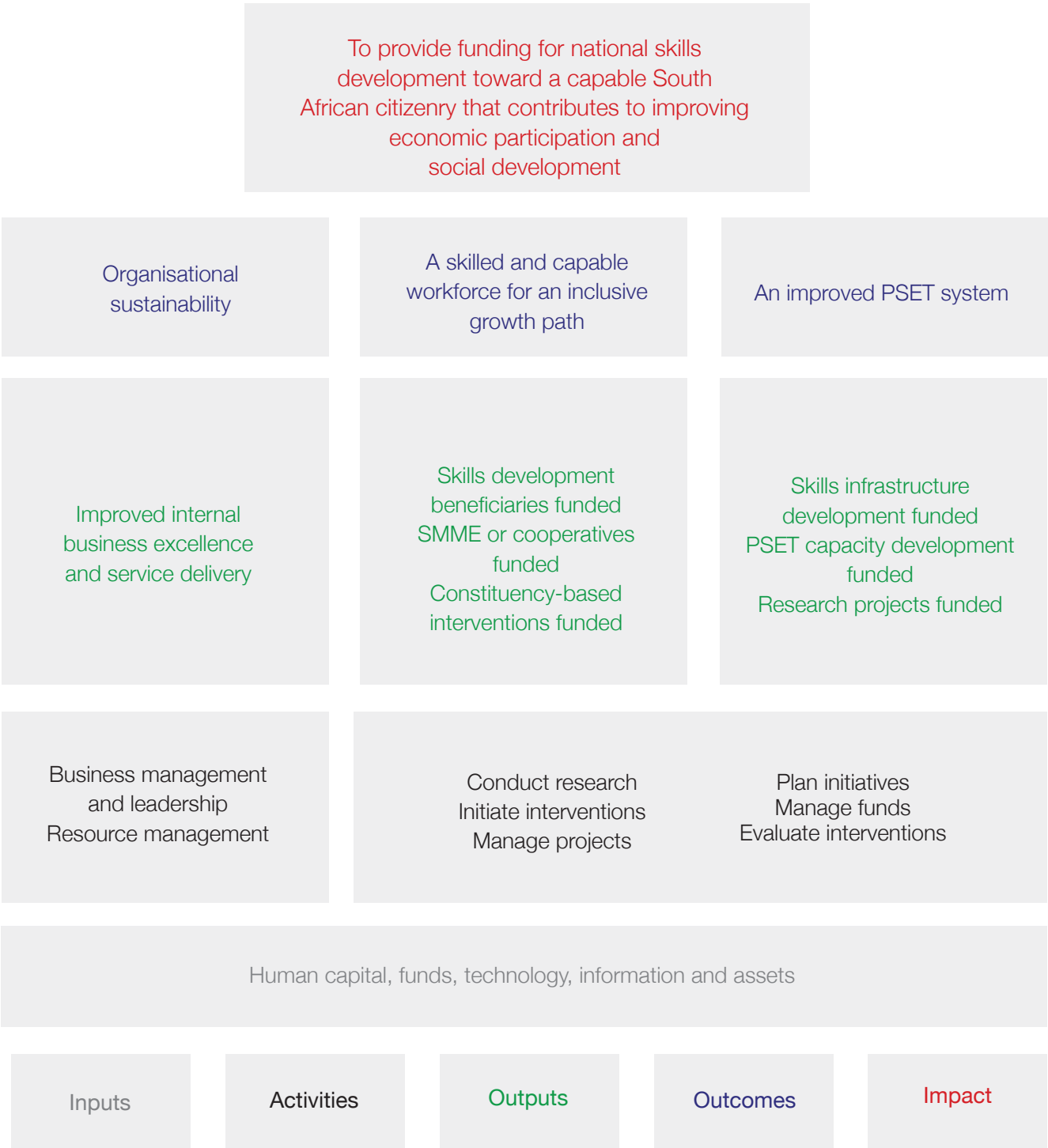


Figure 3: NSF theory of change

The NSF's theory of change (Figure 3) reflects the impact that the NSF aims to achieve: To provide funding for national skills development towards a capable South African citizenry that contributes to improving economic participation and social development.

It states the three outcomes the NSF aims to achieve in the medium term through three programmes: Administration, skills development funding and improved PSET system funding. These outcomes are organisational sustainability, a skilled and capable workforce for an inclusive growth path and an inclusive PSET system.

The NSF revised and tabled its 2020-2025 Strategic Plan in Parliament to ensure alignment with the DHET's Strategic Plan and the 2019–2024 Medium Term Strategic Framework (MTSF).

The government identified seven priorities derived from the electoral mandate and the State of the Nation Addresses.

Among other role-players, the DHET and NSF are responsible for Outcome priority 3: Education, skills and health. The DHET has committed to achieving four outcomes set out in its 2020–2025 strategic plan, which will eventually lead to achieving the MTSF outcome priorities.

2.4 Institutional programme performance information

PROGRAMME 1: ADMINISTRATION

PURPOSE

The ultimate objective is to ensure a sound service delivery environment and effective resource management within the NSF.

The focus will be to ensure effective business operations in relation to strategic planning, financial and project monitoring and evaluation, organisational positioning, organisational performance management, organisational culture development, corporate image, stakeholder relations management, and corporate governance, including an unqualified audit outcome.

PROGRAMME 2: SKILLS DEVELOPMENT FUNDING

PURPOSE

Measuring the extent to which the NSF has funded learners who may be employed or self-employed within a reasonable period after completing their education and training will provide a reliable measure of the success of the skills development initiatives funded against strategic priority interventions in creating a capable South African citizenry that contributes towards improving economic participation and social development.

The NSF beneficiaries of skills development funding are the funded learners. The expected consequence of achieving specific outputs due to providing funding for skills development initiatives that benefit these beneficiaries is attaining employment or self-employment due to successfully acquiring the relevant skills.

The PSET system produces a skilled and capable workforce for the labour market (including self-employment). Therefore, expanding and making the PSET system more effective and integrated directly contributes to the NSF's envisaged impact of improving economic participation and social development by funding the development of a capable South African citizenry.

The attainment of the envisaged impact aims to address South Africa's triple challenge of poverty, inequality and unemployment by providing those from disadvantaged backgrounds and vulnerable groups with education and training opportunities that contribute towards their employment or self-employment prospects and wealth generation capability.

PROGRAMME 3: POST-SCHOOL EDUCATION AND TRAINING SYSTEM IMPROVEMENT FUNDING

PURPOSE

The purpose of this outcome target and performance indicator is to measure the outcome of the NSF's investment in expanding, improving effectiveness and integrating the PSET system. The outcome of the NSF's investment in the PSET system will impact the success of the NSF's project portfolio.

The achievement of the specific outcomes will be evaluated to determine the overall achievement of the projects collectively as a portfolio of projects aimed at expanding and improving the effectiveness and integration of the PSET system.

It includes infrastructure development to support expanded access, research and innovation to steer the NSF's priority interventions for PSET and PSET capacity-building to ensure the effective and quality provision through PSET educational institutions.

Summary of achievements

Programmes	Total number of indicators per programme	Target achieved	Target not Achieved
Programme 1: Administration	7	0	7
Programme 2: Skills development funding	20	0	20
Programme 3: PSET system improvement funding	11	4	7
All programmes	38	4	34

The National Skills Fund reported on a total number of 38 indicators from all 3 programmes. For the period under review, 4 indicators were achieved and 34 were not. Programme 1: Administration, reported 7 indicators where none was achieved, Programme 2: Skills Development Funding reported 20 indicators where none was achieved, and Programme 3: PSET System Improvement Funding reported on 11 indicators where 4 were achieved and 7 were not.

The graph below illustrates the percentage of NSF-funded learners by gender. The NSF funded 41% (9 892) of males and 59% (14 426) of females.

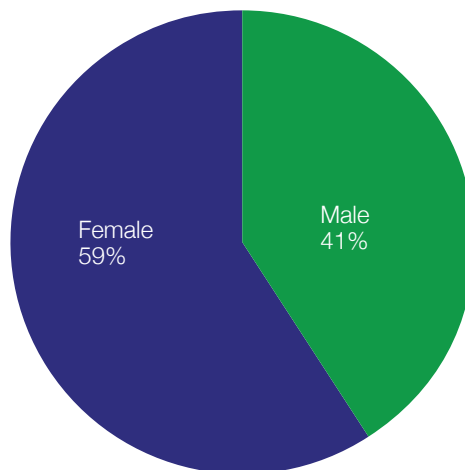


Figure 4: Overall percentage of learners funded by the NSF by gender

The graph below illustrates the total number of learners funded from rural areas. The total number is 10 284 learners from rural areas were funded. Of the number indicated above, 6 059 were female and 4 225 were males.

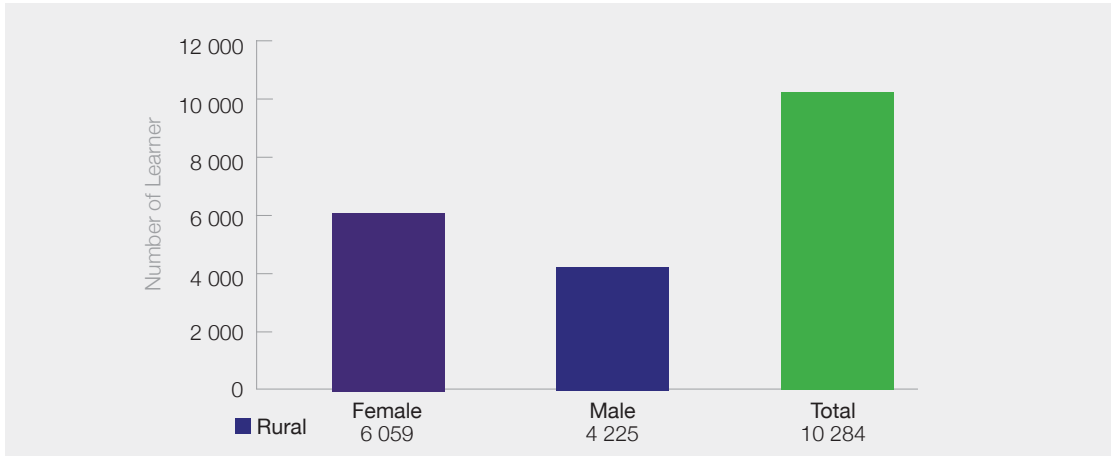


Figure 5: Overall number of learners by the NSF by gender and rural breakdown

The graph below illustrates the total number of learners funded by NSF per province. The learners were funded as follows: Gauteng – 4 285, KwaZulu Natal – 4 524, Eastern Cape – 2 875, Western Cape – 4 732, Limpopo – 3 435, Mpumalanga – 1 996, North-West – 1 028, and Northern Cape - 600, and Free State – 843.

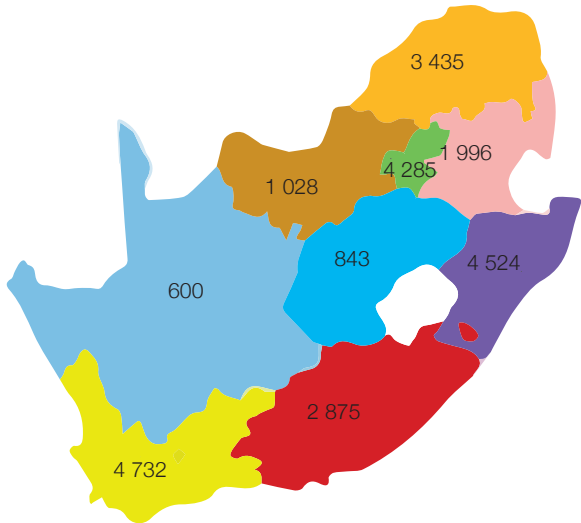


Figure 6: NSF learners by provincial breakdown

The graph below illustrates the total number of learners from rural areas per province. The learners were funded as follows: Gauteng – 216, KwaZulu-Natal – 2 233, Eastern Cape – 1 179, Western Cape – 538, Limpopo – 3 005, Mpumalanga – 1 900, North-West – 723, and Northern Cape – 223, and Free State – 266.

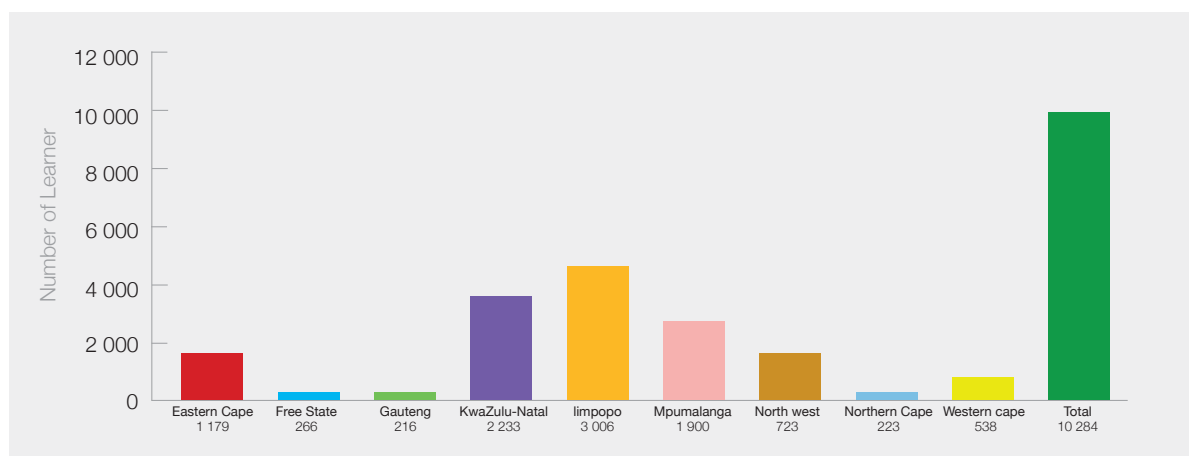


Figure 7: Learners funded by NSF from rural area by province

Figure 8 demonstrates the total number of learners funded by NSF from both urban and rural areas. The learners are classified according to the regions as per the structural arrangements by the NSF as follows:

- Region 1 funded a total of 4 951 learners from urban and 1 205 from rural areas
- Region 2 funded a total of 872 learners from urban and 4 559 from rural areas
- Region 3 funded a total of 3 988 learners from urban and 3 411 from rural areas
- Region 4 funded a total of 4 571 learners from urban and 761 from rural areas

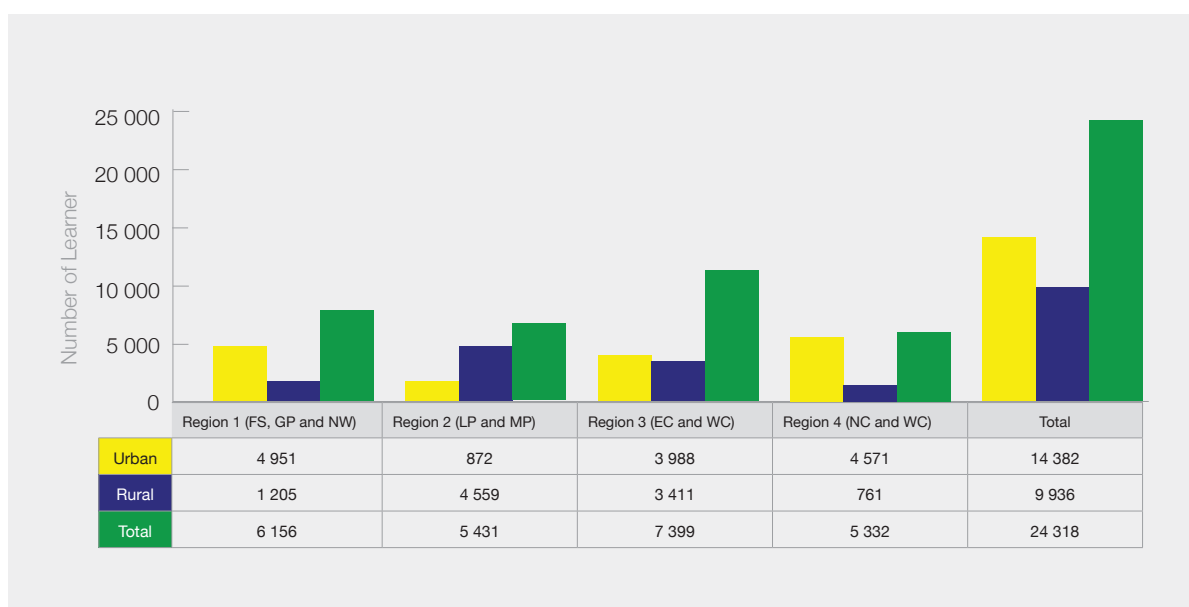


Figure 8: Learners funded by the NSF by region, urban and rural classification

The graph below shows the number of learners funded by ethnic group. The NSF funded a total of 12 865 African females and 8 635 African males, 1 396 Coloured females and 1 008 Coloured males, 40 Indian females and 65 Indian males, 125 White females and 184 White males were funded during the year under review.

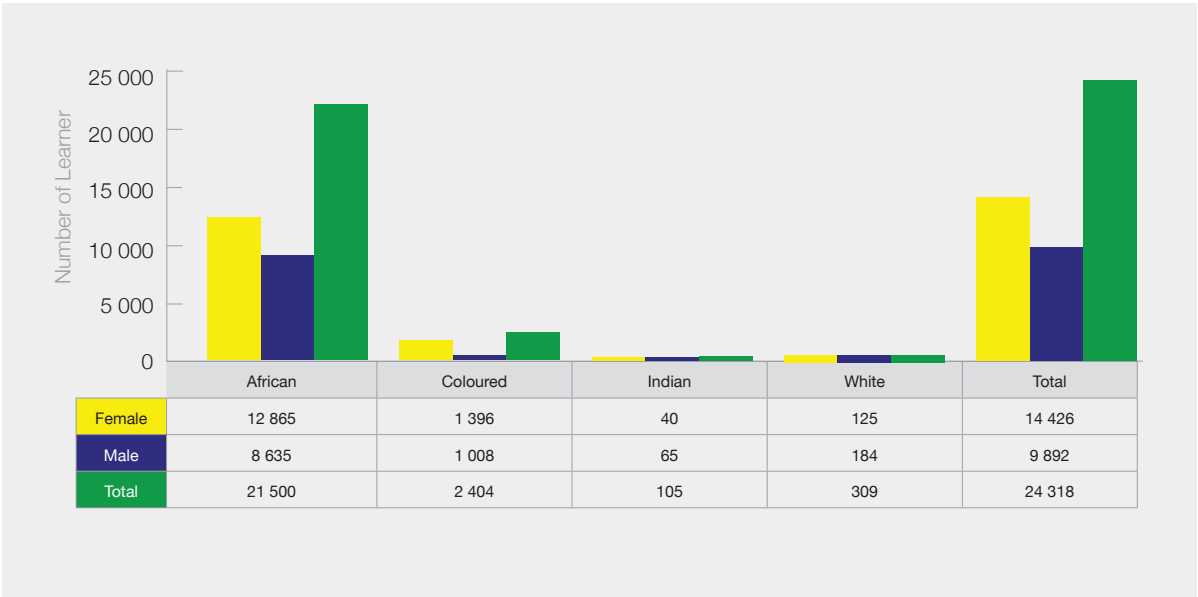


Figure 9: Learners funded by ethnic group and gender

Figure 10 demonstrates the number of learners funded per learning programme category/intervention. The highest funded intervention is the Workplace-based learning Programme with 73%, workplace-based skills programme with 14%, and Bursaries with 3% followed by Constituency-based and TVET College-NATED with 1% respectively.

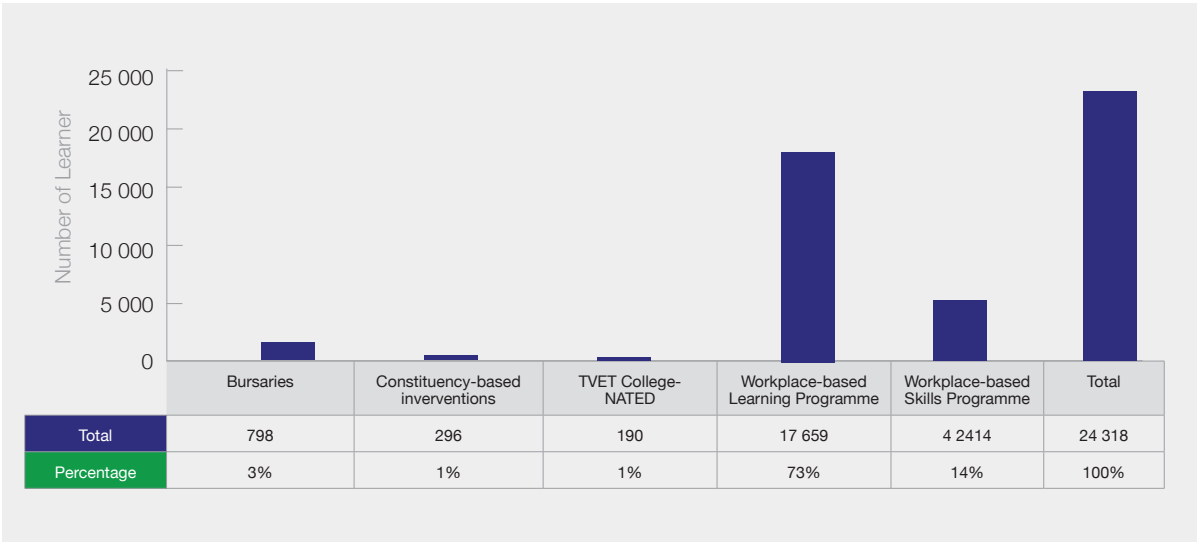


Figure 10: Learners funded by the NSF by learning programme category

The graph below demonstrates the number of learners funded by NSF towards addressing the national targets indicated in the National Development Plan (NDP).

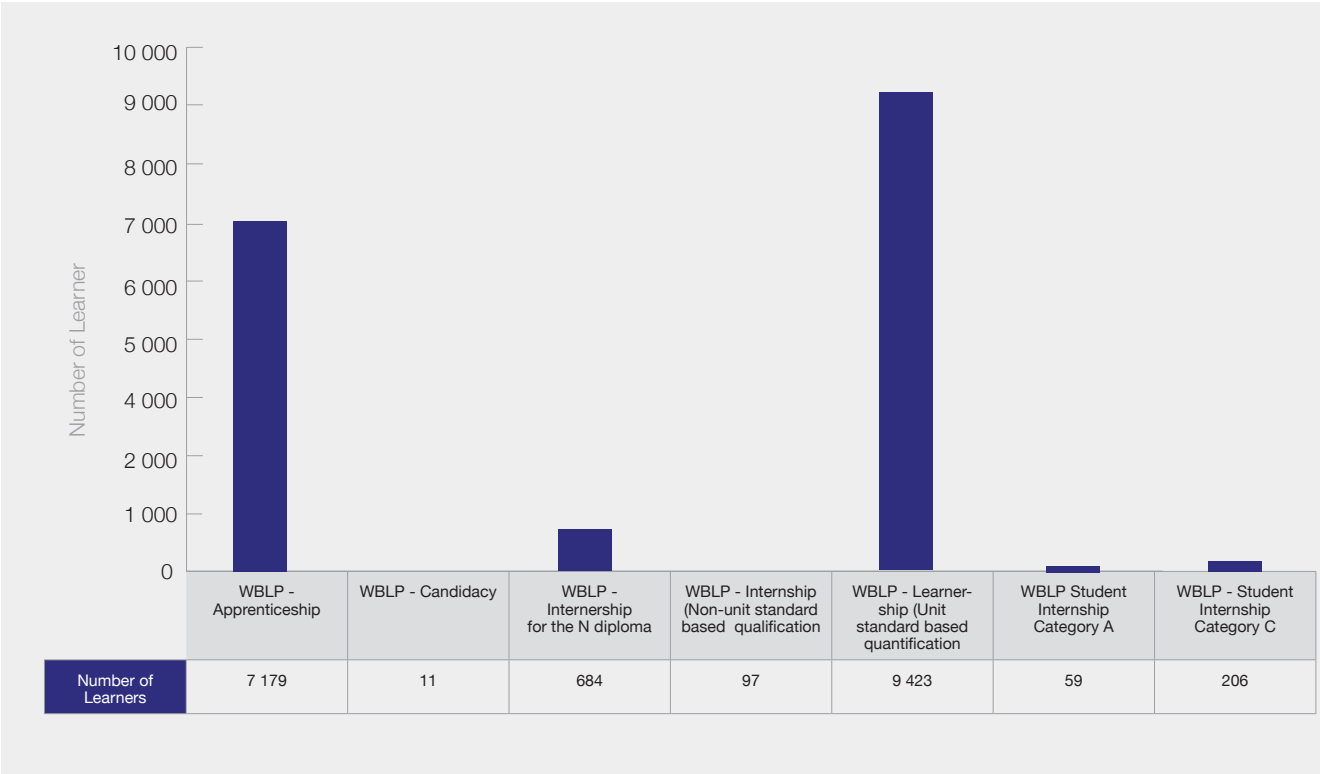


Figure 11: Number of learners funded by the NSF in Workplace-Based Learning Programme

The graph below demonstrates the number of learners funded by the NSF towards occupations in high demand as per the 2018 and 2020 gazettes.

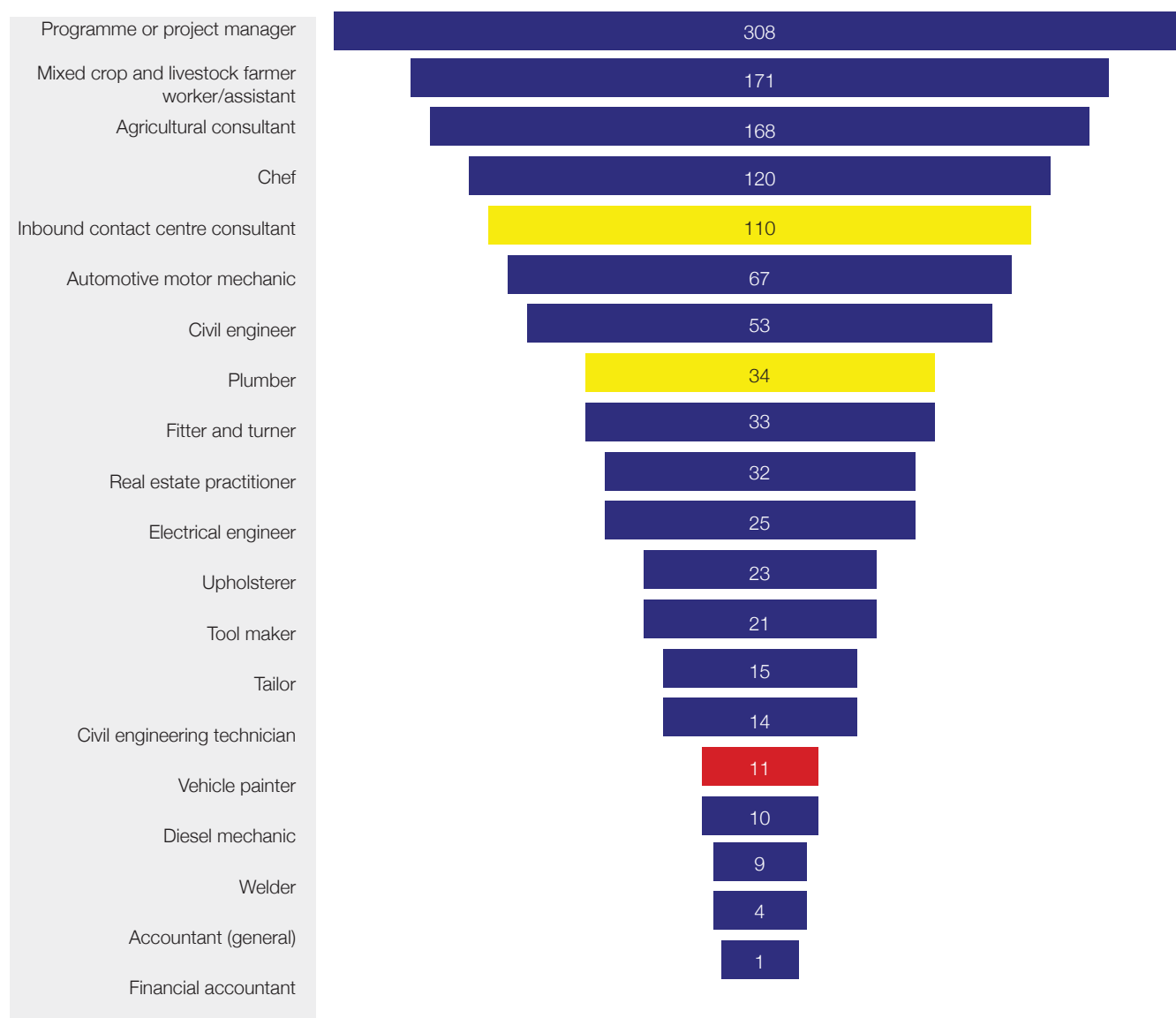


Figure 12: Number of NSF-funded learners who completed their education and training towards occupations in high demand (Top 20 occupations funded)

Outcomes, outputs, output indicators, targets and actual achievements

Programme 1: Administration

Programme 1: Administration								
Outcome: Organisational sustainability								
Output: Improved internal business excellence and service delivery								
Output indicator	Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
	2019/20	2020/2021	2021/22	2022/23				
	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
1.1.1	Percentage of audit findings addressed	New indicator	New indicator	13%	100%	14% (8/58)	-86%	The lack of integrated systems and capacity constraints led to delays in implementing the action plan. Some actions have been postponed until the MTT's recommendations are implemented.
1.2.1	Percentage of compliance to the PFMA and applicable regulations as per the compliance report	New indicator	New indicator	100%	100%	74% (34/46)	-26%	Reliance on the DHET in terms of its processes, limited capacity, and delays in submission of the compliance reports.
1.2.2	Percentage of approved standard operating procedures and policies implemented	New indicator	New indicator	50%	100%	0%	-100%	The performance is not measurable due to unavailability of the approved list of standard operating procedure and policies. However, there are policies and procedures in place being implemented although they are not on the approved list.
1.2.3	Percentage of planned policies and procedures developed and revised	New indicator	New indicator	50%	100%	0%	-100%	The performance was not measurable due to the unavailability of a list of the policies and procedures scheduled for development and revision during the year. During the year, the NSF developed: PPE policy and revised performance information framework.

Programme 1: Administration								
Outcome: Organisational sustainability								
Output: Improved internal business excellence and service delivery								
Output indicator	Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
	2019/20	2020/2021	2021/22	2022/23				
	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
1.3.1	Percentage of funded positions filled by the end of the year	New indicator	76%	2%	90%	58% (40/69)	-32%	Unavailability of panel members resulted in rescheduling the shortlisting and interviews, and delays in the approval of submissions. The NSF was heavily reliant on the DHET to process the recruitment of posts until September 2022.
1.4.1	Percentage of client satisfaction rating	New indicator	0%	n/a	55%	0%	-55%	The NSF client satisfaction survey was not administered during the review period due to delays during the procurement process.
1.5.1	Percentage of key ICT priorities implemented	71%	70%	50%	80%	30%	-50%	Dependency on the deployment and operationalisation of the Microsoft Dynamics Skills Development Application and the NSF ICT infrastructure.

Percentage of audit findings addressed

During the reporting period, the NSF addressed 14% of the audit findings against the annual target of 100%. The performance is based on the audit action plan (AAP) developed during the financial year. The implementation and monitoring of the AAP has commenced. It should be noted that the main reasons for the delay in implementing the AAP include the lack of integrated systems and capacity constraints. Some actions were postponed until the implementation of the MTT's recommendations. The Office of the Chief Financial Officer will continue to monitor the implementation to improve the performance.

Percentage of compliance to the PFMA and applicable regulations as per the compliance report

The NSF achieved 74% compliance with the PFMA and applicable regulations during the year. The performance or compliance did not meet the target because the NSF complied with 34 of the 46 compliance provisions. The reliance on the DHET for executing NSF's processes, limited capacity, and delays in submitting the compliance reports contributed to the non-achievement of the target.

Percentage of approved standard operating procedures and policies implemented

The organisation did not perform well in implementing the approved standard operating procedures and policies. The NSF did not have the measurable list of standard operating procedures and policies that were planned for implementation during the year. The performance was below the annual target of 100%. However, there was implementation of some standard operating procedures and policies during the year. However, it is impossible to measure the progress or performance due to unavailability of an implementation plan.

Percentage of planned policies and procedures developed and revised

The organisation did not perform well in developing and revising planned policies and procedures. It did not have a measurable list of planned policies and procedures to be developed or revised for 2022/23. It made it difficult to measure the performance against the planned target. The performance was significantly below the annual target of 100%.

Percentage of funded positions filled by the end of the year

The NSF filled 58% of the funded positions during the year, 32% below the annual target of 90%. Forty officials were appointed during the 2022/23 financial year. The unavailability of panel members drove the performance. It resulted in rescheduling the shortlistings and interviews and delays in approving submissions. NSF heavily relied on the DHET to process the recruitment of posts until September 2022. It is anticipated that the performance will improve during the next financial year since the recruitment process has commenced and some interviews have been conducted.

Percentage of client satisfaction rating

The NSF client satisfaction rating was not obtained since the client satisfaction survey was not administered during the review period. The NSF, therefore, did not meet the set target of 55% client satisfaction in the 2022/23 financial year. However, the request for quotations to appoint a research provider to conduct the client satisfaction survey was advertised in quarter 3, but a lack of response from bidders for the call for proposals.

During the review year, the procurement process was further impacted by changes in the DHET supply chain delegations (effective Quarter 1) and policy (Quarter 4), which required additional processing conditions for requisitions for professional services, goods and works. It also included a hold on procurement during Quarter 4. The client satisfaction survey is anticipated to commence in the next financial year.

Percentage of key ICT priorities implemented

During the year, the NSF implemented 30% of the ICT's key priorities against the annual target of 80%. The non-achievement of the target was due to the dependence on the deployment and operationalisation of the MS Dynamics system and the establishment of NSF ICT infrastructure.

The NSF experienced network down time of 163 production hours or 4.1 weeks during the financial year. It was a result of power cuts, Ndinaye Building lock-out, SITA internet line (down time), the infrastructure update, and maintenance.

Programme 2: Skills development funding

Programme 2: Skills development funding								
Sub-programme 2.1: Skills development beneficiaries funded								
Outcome: A skilled and capable workforce for an inclusive growth path								
Output: Skills development beneficiaries funded								
Output indicator	Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
	2019/20	2020/21		2021/22	2022/23			
	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
2.1.1	Number of learners funded by the NSF for education and training	48 942	34 994	81 532	61 000	24 318	-36 682	Delays in finalisation of solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to evaluation processes.
2.1.2	Number of NSF-funded learners who completed their education and training	19 364	30 000	13 639	31 690	3 917	-27 773	The PSET system is experiencing a backlog in the printing of certificates. It results in delayed receipt of learner completion certificates and statements of results.
2.1.3	Number of learners funded by the NSF for education and training towards OIHD	27 142	12 489	58 761	38 000	10 020	-27 980	Delays in finalisation of solicited and unsolicited proposals. Lack of sufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes.
2.1.4	Number of NSF-funded learners who completed their education and training OIHD	8 687	3 880	4 113	11 000	1 271	-9 729	The PSET system is experiencing a backlog in the printing of certificates. It results in delayed receipt of learner completion certificates and statements of results.
2.1.5	Number of learners from rural areas funded by the NSF for education and training	27 901	21 904	37 188	35 600	10 284	-25 316	Delays in finalisation of solicited and unsolicited proposals Lack of sufficient resources and capacity within initiation and evaluation to attend to the evaluation processes.

Programme 2: Skills development funding Sub-programme 2.1: Skills development beneficiaries funded Outcome: A skilled and capable workforce for an inclusive growth path Output: Skills development beneficiaries funded								
Output indicator	Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
	2019/20	2020/21		2021/22	2022/23			
	Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
2.1.6	Number of NSF-funded learners from rural areas who completed training	11 647	7 377	10 800	13 000	2 335	-10 665	The PSET system is experiencing a backlog in the printing of certificates. It results in delayed receipt of learner completion certificates and statements of results.
2.1.7	Number of bursary student funded by the NSF for their qualifications	10 223	10 500	55 017	5 000	798	-4 202	Delays in finalisation of solicited and unsolicited proposals. Lack of sufficient resources and capacity within initiation and evaluation to attend to the evaluation processes.
2.1.8	Number of NSF bursary students who completed their qualifications	New indicator	New indicator	New indicator	1 500	0	-1 500	The PSET system is experiencing a backlog for the printing of certificates which causes a delayed receipt of learner completion certificates and/or statement of results.
2.1.9	Number of learners funded by the NSF for skills development through community-based skills development initiatives	9 916	10 346	9 200	11 000	4 013	-6 987	Delays in finalisation of solicited and unsolicited proposals. Lack of sufficient resources and capacity within initiation and evaluation to attend to the evaluation processes.
2.1.10	Number of learners who completed skills development through community-based skills development initiatives	New indicator	New indicator	New indicator	9 000	1 789	-7 211	The PSET system is experiencing a backlog for the printing of certificates which causes a delayed receipt of learner completion certificates and/or statement of results.

Programme 2: Skills development funding Sub-programme 2.1: Skills development beneficiaries funded Outcome: A skilled and capable workforce for an inclusive growth path Output: Skills development beneficiaries funded								
Output indicator		Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year- to-date	Comment on deviations
		2019/20	2020/21	2021/22	2022/23			
		Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to- date actual achievement		
2.1.11	Number of youth from rural areas funded by the NSF for skills development in response to innovation and digital technologies	-	1 000 (new target)	851	1 000	52	-948	Delays in finalisation of proposals both solicited and unsolicited. Lack of sufficient resources and capacity within Initiation and Evaluation to attend to the evaluation processes.
2.1.12	Number of youth from rural areas who completed skills development in response to innovation and digital technologies	New indicator	New indicator	New indicator	500	11	-489	Delays in finalisation of proposals solicited and unsolicited proposals. Lack of sufficient resources and capacity within initiation and evaluation to attend to the evaluation processes.
2.1.13	Number of NSF tracer studies conducted to identify learners who are employed or self-employed after completion of their training (2023/24)	New indicator	New indicator	New indicator	n/a	n/a	n/a	Performance will be measured in 2023/24 financial year

Number of learners funded by the NSF for education and training

During the year, the NSF funded 24 318 learners for education and training, below the annual target of 61 000. The non-achievement of the target is attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals and insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects. Despite the challenges identified and in striving towards the achievement of the five-year strategic target, the NSF approved the following portfolio of projects: TVET Phase III, Artisan Development by Private SDPs, Worker Education, and Community Education Colleges.

Number of NSF-funded learners who completed their education and training

A total of 3 917 NSF-funded learners completed their education and training against the target of 31 690. The performance was below the target by 27 773 learners. The non-achievement of the target can be attributed to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

The PSET system is experiencing a backlog in the printing of statements of results and certificates which causes a delay in the NSF closing projects against the annual performance targets that require certificates of completion. In trying to mitigate this issue, the NSF encourages the SDPs to ensure that beneficiaries participating in the NSF funded projects are registered on the relevant ETQA database in the second quarter after the project has commenced.

Number of learners funded by the NSF for education and training towards OIHD

The NSF funded 10 020 learners for OIHD education and training against a target of 38 000. The performance was below the annual target by 27 980 learners. The non-achievement of the target can be attributed slow turnaround and to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

Number of learners funded by the NSF for education and training OIHD

The NSF funded 1 271 NSF-funded learners for OIHD education and training against the target of 11 000. The performance was below the annual target by 9 729 learners. The non-achievement of the target was due to the closure of earlier projects and delays in the implementation of new projects.

The PSET system is experiencing a backlog for the printing of statements of results and certificates which causes a delay in the NSF closing projects against the annual performance targets that require certificates of completion. In trying to mitigate this issue, the NSF encourages the SDPs to ensure that beneficiaries participating in the NSF funded projects are registered on the relevant ETQA database in the second quarter after the project has commenced.

Number of learners from rural areas funded by the NSF for education and training

During the year, the NSF funded 10 284 learners from rural areas for education and training. The performance is below the annual target of 35 600 by 25 316 learners.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

Number of NSF-funded learners from rural areas who completed education and training

A total of 2 335 beneficiaries from rural areas completed training against the target of 13 000 beneficiaries. However, the performance was 10 665 learners below the annual target.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

The PSET system is experiencing a backlog for the printing of statements of results and certificates which causes a delay in the NSF closing projects against the annual performance targets that require certificates of completion. In trying to mitigate this issue, the NSF encourages the SDPs to ensure that beneficiaries participating in the NSF funded projects are registered on the relevant ETQA database in the second quarter after the project has commenced.

Number of bursary student funded by the NSF for their qualifications

During the 2022/23 financial year, the NSF funded 798 learners with bursaries. The performance was below the annual target of 5 000 by 4 202 bursaries.

The non-achievement of target can be attributed to the slow turnaround and delays in finalisation of proposals both solicited and unsolicited, lack of sufficient resources and capacity within Initiation and Evaluation Unit to attend to the evaluation processes, and new projects currently with the recruitment processes of the learners.

Number of NSF bursary students who completed their qualifications

During the 2022/23 financial year, no learners funded by the NSF with bursaries completed their qualifications. This meant that the annual performance target of 1 500 was not met.

The reason for non-achievement is that the learners who have received NSF-funded bursaries have not yet completed their funded programme. The performance will improve during the next financial year.

Number of learners funded by the NSF for skills development through community-based skills development initiatives

The NSF funded 4 073 learners for skills development through community-based skills development initiatives. The performance was 6 927 learners below the annual target of 11 000.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

Number of learners who completed skills development through community-based skills development initiatives

The NSF funded 1 789 learners for skills development through community-based skills development initiatives. The performance was 7 211 learners below the annual target of 9 000.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

Number of youth from rural areas funded by the NSF for skills development in response to innovation and digital technologies

The NSF funded 52 learners from rural areas for skills development in response to innovation and digital technology. The performance was below the annual target of 1 000 by 948 learners.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

Number of youth from rural areas who completed skills development in response to innovation and digital technologies

The NSF funded 11 learners from rural areas who completed skills development in innovation and digital technology. The performance was below the annual target of 500 by 489 learners.

The non-achievement of the target can be attributed to the slow turnaround and delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes and the recruitment of learners for new projects.

The PSET system is experiencing a backlog in the printing of statements of results and certificates which causes a delay in the NSF closing projects against the annual performance targets that require certificates of completion. In trying to mitigate this issue, the NSF encourages the SDPs to ensure that beneficiaries participating in the NSF funded projects are registered on the relevant ETQA database in the second quarter after the project has commenced. A dropout rate of learners from various programmes affects the completion rate.

Number of NSF tracer studies conducted to identify learners who are employed or self-employed after completion of their training (2023/24)

The indicator will be measured during the 2023/24 financial year.

Programme 2: Skills development funding Sub-programme 2.2: SMME or co-operative interventions Outcome: A skilled and capable workforce for an inclusive growth path Output: SMME or co-operative funded								
Output indicator		Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2019/20	2020/21	2021/22	2022/23	Year-to-date actual achievement		
			t Actual achievement	Actual achievement	Annual planned target			
2.2.1	Number of SMMEs and co-operatives funded by the NSF for skills development	816	491	0	1 500	0	-1 500	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.
2.2.2	Number of learners funded by the NSF for education and training through SMMEs and cooperative skills development initiatives	3 212	1 199	0	5 250	0	-5 250	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.
2.2.3	Number of NSF-funded learners who completed their education and training through SMME and cooperative skills development initiatives	1 356	659	0	1 500	0	-1 500	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.

Number of SMMEs and cooperatives funded by NSF for skills development

Due to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes, and the recruitment of learners for new projects, no SMMEs and co-operatives were funded for skills development initiatives.

The performance is expected to improve in the coming financial year as the SMME and cooperative project is contracting and targeting training with more SMMEs.

Number of learners funded by the NSF for education and training through SMME and co-operative skills development initiatives

Due to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to evaluation processes, and the recruitment of learners for new projects, no learners were funded for education and training through SMMEs and co-operatives for skills development initiatives.

The performance is expected to improve in the coming financial year as the SMME and cooperative project is contracting and targeting training with more SMMEs.

Number of NSF-funded learners who completed their education and training through SMME and cooperative skills development initiatives

Due to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity in the Initiation and Evaluation unit to attend to evaluation processes, and the recruitment of learners for new projects, no learners were funded for education and training through SMMEs and co-operatives for skills development initiatives.

The performance is expected to improve in the coming financial year as the SMME and cooperative project is contracting and targeting training with more SMMEs.

Programme 2: Skills development funding Sub-programme 2.3: Constituency-based interventions Outcome: A skilled and capable workforce for an inclusive growth path Output: Constituency-based interventions funded								
Output indicator		Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
		2019/20	2020/21		2022/23			
		Actual achievement	Actual achievement		Annual planned target	Year-to-date actual achievement		
2.3.1	Number of learners who completed their education and training through worker education	725	0	1 119	660	190	-470	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.
2.3.2	Number of learners acquiring workplace experience	485	n/a	n/a	570	0	-570	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.
2.3.3	Number of individuals participating in constituency-based interventions funded	n/a	New indicator	399	1 050	296	-754	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.
2.3.4	Number of constituency-based interventions funded	n/a	New indicator	2	25	2	-23	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.

Number of learners who completed their education and training through worker education

The NSF did not perform well during the year in funding the worker education programme. The NSF funded 190 learners who completed their education and training through worker education, which was below the annual target of 660 learners.

The non-achievement of the target can be attributed to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes and recruitment of learners for new projects.

Number of learners acquiring workplace experience

The NSF did not perform well during the year in terms of learners acquiring workplace experience. The NSF did not fund learners under this learning programme.

The non-achievement of the target can be attributed to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes and recruitment of learners for new projects.

Number of individuals participating in constituency-based interventions funded

A total number of 296 learners participated in constituency-based intervention funded by the NSF against the target of 1 050.

The non-achievement of the target can be attributed to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes and recruitment of learners for new projects.

Number of constituency-based interventions funded

During the reporting period, two constituency-based interventions were funded by the NSF.

The non-achievement of the target can be attributed to the delays in finalising solicited and unsolicited proposals, insufficient resources and capacity within the Initiation and Evaluation unit to attend to the evaluation processes and recruitment of learners for new projects.

Programme 3: PSET system improvement funding									
Programme 3: PSET system improvement funding									
Sub-programme 3.1 : Skills development									
Outcome: An improved PSET system									
Output: Skills infrastructure development projects funded									
Output indicator		Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations	
		2019/20	2020/21	2021/22	2022/23				
		Actual achievement	Actual achievement	Actual achievement	Annual planned target	Year-to-date actual achievement			
3.1.1	Number of skill infrastructure development projects funded	n/a	n/a	9	5	8	3	The indicator consists of projects that were approved and commenced in 2013 and those which contained an element of infrastructure and capacity-development after the project classification was amended during Quarter 3.	
3.1.2	Number of NSF-funded infrastructure development projects which achieved 60% of the envisaged outputs	n/a	n/a	New indicator (33% Indicator was previously measured in percentage)	3	5	2	The indicator consists of projects that were approved and commenced in 2013 and those which contained an element of infrastructure and capacity-development after the project classification was amended during Quarter 3.	
3.1.3	Number of NSF-funded skills infrastructure development projects completed	New indicator	New indicator	New indicator	5	4	-1	The projects take time to complete to due their scope.	
3.1.4	Number of NSF-funded skills infrastructure-related projects	New Indicator	New Indicator	New Indicator	1	0	-1	There were no infrastructure-related projects during the reporting period.	
3.1.5	Number of NSF-funded skills infrastructure-related projects completed	New Indicator	New Indicator	New Indicator	1	0	-1	There were no infrastructure-related projects during the reporting period.	

Number of skills infrastructure development projects funded

The NSF performed well with the number of skills infrastructure development projects funded. Eight projects during the year were funded, exceeding the annual target of five. The good performance resulted from funded projects carried over from the previous financial year and ran longer.

Furthermore, the performance indicator consists of projects approved, commenced in 2013 and contains an infrastructure and capacity development element following the project classification, which was amended during Quarter 3.

Number of NSF-funded infrastructure development projects which achieved 60% of the envisaged outputs

During the year under review, the NSF funded five skills infrastructure development projects which achieved more than 60% of the envisaged outputs, exceeding the annual target of three. The good performance resulted from funded projects carried over from the previous financial year and ran longer.

Furthermore, the performance indicator consists of projects approved, commenced in 2013 and contains an infrastructure and capacity development element following the project classification, which was amended during Quarter 3.

Number of NSF-funded skills infrastructure development projects completed

The NSF did not perform well with the number of skills infrastructure development projects completed. Four projects were achieved against the annual target of five.

The performance was due to delays affecting some projects and the limited or lack of activities in some projects. Furthermore, the projects take time to complete due their scope.

Number of NSF-funded skills infrastructure related projects

The NSF did not perform well with the number of skills infrastructure-related projects. No infrastructure-related projects were completed during the reporting period. However, the target projects, which include infrastructure and capacity development, were reported for Indicators 3.1.1, 3.1.2 and 3.1.3 after the project classification was amended during Quarter 3.

Number of NSF-funded skills infrastructure related projects completed

The NSF did not perform well with the number of skills infrastructure-related projects. No infrastructure-related projects were completed during the reporting period. However, the target projects, which included infrastructure and capacity development, were reported under Indicators 3.1.1, 3.1.2 and 3.1.3 after the project classification was amended during Quarter 3.

Programme 3: PSET system improvement funding Sub-programme 3.2: PSET capacity development Outcome: An improved PSET system Output: PSET capacity development projects funded									
Output Indicator		Audited/Actual performance		Baseline	Annual (All quarters)			Difference for the Year-to-Date	Comment on deviations
		2019/20	2020/21	2021/22	2022/2023				
		Actual Achievement	Actual Achievement	Actual Achievement	Annual Planned Target	Year-to-date Actual Achievement			
3.2.1	Number of capacity development projects funded	N/A	49	27	39	28	-11	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.	
3.2.2	Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs	N/A	New indicator	41% (Indicator was previously measured in percentage)	35	12	-23	Delays in finalising solicited and unsolicited proposals. Insufficient resources and capacity in the Initiation and Evaluation unit to attend to the evaluation processes.	
3.2.3	Number of NSF-funded capacity development projects completed	N/A	49	27	3	6	3	Projects which continued from the previous financial year(s)	

Number of capacity development projects funded

The NSF did not perform well with the number of capacity development projects funded; only 28 were funded against the annual target of 39 projects. These projects were carried over from the previous financial year.

The performance was affected by delays that impacted some projects and the limited or lack of activities in some projects.

Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs

During the year under review, 12 of the NSF-funded PSET capacity development projects achieved more than 60% of the envisaged outputs, the performance was below the annual target of 35 by 23 projects.

The performance was affected by delays that impacted some projects and the limited or lack of activities in some projects.

Number of NSF-funded PSET capacity development projects completed

The NSF performed well with the number of PSET capacity development projects completed during the financial year. Six PSET capacity development projects were completed during the year under review and the projects are as follows: Occupational team conveners for Centres of Specialisation Programme, TVET: SCBS, South African Institute of Chartered Accountants' CFO support, CCPSET: QCTO – Accreditation, and QCTO: Digitisation learner records. The annual target was exceeded by three projects. The good performance was due to projects which continued from the previous financial year(s).

Programme 3: PSET system improvement funding Sub-programme 3.3: PSET capacity development Outcome: An improved PSET system Output: Research projects funded							
Output indicator	Audited/actual performance		Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2019/20	2020/21		2021/22	2022/23		
	Actual Achievement	Actual Achievement	Actual Achievement	Annual Planned target	Year-to-Date Actual Achievement		
3.3.1	Number of NSF research interventions funded	New indicator	New indicator	3	4	4	0 Target achieved
3.3.2	Number of NSF-funded research projects that achieved 60% of the envisaged outputs	New indicator	New indicator	0	2	1	-1 The projects take time to complete to due their scope.
3.3.3	Number of NSF-funded research projects completed	New indicator	New indicator	0	2	0	-2 The research projects are ongoing.

Number of NSF research interventions funded

During the year under review, the NSF performed well with the number of funded research interventions. Four research projects were funded, ensuring the NSF achieved its annual target of four research projects.

The good performance was attributed to the projects completed that were started in the previous financial years.

Percentage of NSF-funded research projects that achieved more than 60% of the envisaged outputs

During the year under review, the NSF completed one NSF-funded research project that achieved more than 60% of its envisaged outputs. The underachievement of one project was below the annual target of two projects.

The good performance can be attributed to the projects started in previous financial years.

Number of NSF-funded research projects completed

The NSF did not perform well regarding research projects since no active projects were completed during the financial year. The active projects are anticipated to be completed during the next financial year.

Linking performance with the budget

Programme, activity or objective	2022/23			2021/22		
	Budget R'000	Actual amount collection R'000	(Over) or under R'000	Budget R'000	Actual amount collection R'000	(Over) or under R'000
Education and training	3 188 724	1 008 644	2 180 080	2 844 739	4 327 381	-1 482 642
Improve the PSET system and capacity-building	238 911	74 797	164 114	112 146	67 483	44 663
Skills infrastructure development	175 586	55 972	119 614	169 888	298 361	-128 473
Skills development, research, innovation, and advocacy	86 438	27 071	59 367	9 419	1 069	8 350
Provision for impairment	-	28 483	-28 483	-	21 580	-21 580
Skills development funding expenditure	3 689 658	1 194 967	2 494 691	3 136 192	4 715 874	-1 579 682

The National Skills Fund (NSF) has underspent by 67,6% during the 2022/23 financial year. Disbursements were made to the following sub programmes, education, and training, PSET system development and capacity-building, skills infrastructure development and skills development research, innovation, and communication.

Education and training

The following disbursements were made in the 2022/23 financial year:

1. R120 million was disbursed towards bursaries and scholarships
2. R194 million was disbursed towards occupational programmes in technical and vocational education and training (TVET) colleges
3. R67 million was disbursed towards skills programmes, mainly being delivered through non-profit organisations
4. R719 million was disbursed towards learners undergoing workplace-based learning (apprenticeships, learner ships, cadetships, internships, etc.) at the workplace
5. R13 million was disbursed towards worker education

PSET system development and capacity-building

The following disbursements were made in the 2022/23 financial year:

1. R281 million was disbursed towards cross-cutting PSET system development, capacity, and support
2. R2 million was disbursed towards workplace-based learning subsystem development, capacity-building, and support
3. R5 million was disbursed towards university subsystem development, capacity-building, and support
4. R44 million was disbursed towards TVET college subsystem development, capacity-building, and support

Skills infrastructure development

The following disbursements were made in the 2022/23 financial year:

1. R110 million was disbursed towards TVET college infrastructure development.
2. R5 million was disbursed towards University infrastructure development and
3. R9 million towards public development infrastructure.

Skills development research, innovation, and communication

The following disbursements were made in the 2022/23 financial year:

1. R11 million was disbursed towards the Department of Higher Education and Training (DHET) Research, Planning, Advocacy, and Communication
2. R4 million was disbursed towards HRDSA Research, Planning, Advocacy and Communication towards HRDSA Research, Planning, Advocacy, and Communication.
3. R17 million was disbursed towards National Skills Authority CCBA
4. R7 million was disbursed towards NSA monitoring, research, planning and policy development.

2.5 Revenue collection

Sources of revenue	2022/23			2021/22		
	Budget R'000	Actual amount collection R'000	(Over) or under R'000	Budget R'000	Actual amount collection R'000	(Over) or under R'000
Revenue from non-exchange transactions	4 347 627	4 261 770	85 857	3 886 553	3 902 322	-15 769
Skills development levies	4 247 627	4 161 770	85 857	3 786 553	3 802 322	-15 769
Presidential Youth Employment Initiative	100 000	100 000	0	100 000	100 000	0
Revenue from exchange transactions	568 050	734 948	- 161 730	521 147	427 753	93 394
Finance income	528 233	700 295	- 172 062	484 618	407 260	77 358
Finance income from advance payments to Skills development programmes and projects	39 817	34 653	5 164	36 5299	20 493	16 036
Total revenue	4 915 677	4 996 718	- 81 041	4 407 700	4 330 075	77 625

The actual revenue received from non-exchange transactions is slightly less than the budgeted revenue by 2%. However, the overall revenue surpasses the budgeted amount, primarily attributed to the higher-than-expected finance income generated from the Public Investment Corporation investment.

2.6 Capital investment

Infrastructure projects	2022/23			2021/22		
	Budget	Actual expenditure	(Over) or under	Budget	Actual expenditure	(Over) or under
	R'000	R'000	R'000	R'000	R'000	R'000
Aliwal North - Ikhala	122 456	143 630	-16 264	122 456	136 983	-14 527
Balfour - Gert Sibande	142 840	155 983	-15 554	142 840	137 812	5 028
Bhambanana - Umfolozzi	203 651	196 523	7 128	203 651	196 523	7 128
Graaff-Reinet - Eastern Cape Midlands	112 499	126 951	-9 404	112 499	121 903	-9 404
Greytown - Umgungudlovu	143 210	157 911	-22 816	143 210	151 873	-8 663
Kwagqikazi - Mthashana	111 284	126 842	-15 753	111 284	115 579	-4 295
Msinga - Umgungudlovu	143 562	165 092	-15 753	143 562	160 819	-17 257
Ngqungqushu - Ingwe	169 072	181 283	-8 058	169 072	177 130	-8 058
Sterkspruit - Ikhala	166 423	205 412	-40 426	166 423	179 186	-12 763
Mount Frere - Ingwe	17 880	16 011	1 869	17 880	16 011	1 869
Siteto Mbizana - Ingwe	22 890	18 553	4 337	22 890	18 553	4 337
Maluti - Ingwe	9 491	8 602	889	9 491	8 602	889
Mount Fletcher - Ingwe	8 591	7 480	1 111	8 591	7 480	1 111
Ekurhuleni East	23 000	23 000	0	23 000	23 000	0
Cape Peninsula	105 578	70 578	35 000	105 578	70 578	35 000
Ekurhuleni West	13 704	13 704	0	13 704	13 704	0
Port Elizabeth	18 000	15 211	2 789	18 000	11 704	6 296
Eastcape Midlands	15 250	8 267	6 983	15 250	8 267	6 983
False Bay	180 000	26 594	153 406	180 000	25 579	154 421
Sanren-Saben	309 878	200 273	109 605	309 878	142 224	295 654
Total	2 039 259	1 867 900	171 359	2 039 259	1 723 509	315 750

The TVET college campuses are developed on behalf of TVET colleges which are the ultimate beneficiaries of the TVET college campus and other assets. The assets will be transferred upon completion. The NSF recognises the assets while under construction until completion and transfer thereof to the respective TVET colleges. The NSF finances the TVET college infrastructure development, while the DHET, the implementing agency for the NSF, implements centrally.

As of 31 March 2023, nine TVET college campuses and other assets were transferred to the respective colleges. At the end of 2022/23, 11 sites remain in development.

The background of the entire page is a close-up, warm-toned photograph of a typewriter. A red overlay covers the top right portion of the image, containing text. At the bottom, a red banner contains the page title. The typewriter's keys, including 'G', 'B', and 'P', are visible in the foreground.

SUCCESS STORY

TVET RESEARCH ON TRACK

The Department of Higher Education and Training's Planning, Policy and Strategy Branch initiated a five-year research programme for TVET. Funded by the NSF with R35 million, it is managed by the University of the Western Cape (UWC). The programme collaborates with 11 research institutions conducting research to inform TVET policymakers, practitioners, employers, learners and communities. Its objective is to enhance knowledge for planning and delivering interventions in TVET colleges, contributing to a just and sustainable economy, and combatting poverty and unemployment in South Africa. Completed reports include Understanding the TVET College Sector, Evaluation of Centres of Specialisation, Curriculum Relevance and Responsiveness of NCV and NATED Programmes in TVET Colleges, and Analysis of Programme Qualification Mix (PQM) responsiveness to the world of work.

PART C

GOVERNANCE

3. GOVERNANCE

3.1 Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to the legislative requirements based on a public entity's enabling legislation, corporate governance for public entities is applied through the precepts of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), as amended and run in tandem with the principles contained in the King's Report on Corporate Governance.

The entity is committed to maintaining the highest governance standards, which are fundamental to managing public finances and resources. The entity has governance structures in place to effectively, effectively and economically utilise the state resources.

Parliament, the executive and accounting authorities of the public entity is responsible for corporate governance.

3.2 Portfolio committees

For the year under review, the National Skills Fund (NSF) attended the following portfolio committee meetings:

3.2.1 Implementation of the Ministerial Task Team recommendations

The Ministerial Task Team (MTT), appointed by the Minister to review the NSF business model in July 2021, finalised its task and presented its recommendations to the Minister on 30 June 2022. The NSF system remodelling recommendations were scheduled to be contextualised and implemented from 1 July 2022 to 30 June 2023.

There are five (5) streams that have been established, namely, Governance, Business model, Operating Model, Value Chain, Strategy, Innovation and Organisational Performance, Human Resources and Change Management. The streams will assist with the coordination of implementing the MTT recommendations. There are MTT recommendations that will be implemented in the short term period i.e. filling of vacant positions. There are also recommendations that will be implemented in a medium to long term period i.e. amendment of the provisions of legislation to provide for the governance framework including but not limited to, the board of directors and other associated governance structures or committees.

3.2.2 Implementation of the forensic investigation recommendations

The process of dealing with NSF staff members allegedly implicated in the outcomes of the forensic investigations conducted in 2022 officials is under way and currently, five (5) employees are on precautionary suspension leave. Directorate for Priority Crime Investigation (HAWKS) is assisting with the process of charging implicated Skills Development Providers ("SDP") criminally. Special Investigation Unit will also assist with the investigation of all the SDP who conducted business with the NSF from 2013 to date.

3.2.3 The Audit Action Plan

Post-audit activities were undertaken by the NSF, where an audit de-briefing session involving all the NSF staff was held. Challenges and successes of the 2021/22 audit process were discussed, as well as expectations in preparation for the next financial year. The surplus needs approval from the National Treasury in terms of the PFMA. These preparations included business continuity and improvement plans for the NSF unit, which referred to the findings of the Auditor General South Africa ("AGSA") and the revision of the Audit Action Plan (AAP). A detailed AAP was developed indicating the audit findings, root cause, internal control deficiencies. The Audit Steering Committee meetings convene weekly to discuss the progress made in addressing the identified audit findings. The NSF Senior Management and EXCO agenda focused mostly on the AAP. A quality assurance function was activated as a pilot project to ensure that quality information is provided to the AGSA timeously.

On the systems side, the NSF had been showing signs of improvement. For 2021/22 financial year, AGSA audit report showed an improvement which moved the NSF from two consecutive disclaimers to a qualified report.

3.2.4 Audit Financial Statements and Performance Information of the previous cycle

The position of the Chief Financial Officer (CFO) has been filled. The new CFO and his team will ensure that mis-statements indicated in the past are corrected. The Strategy Information and Organisational Performance team is assisting with checking performance information submitted by the SDPs to ensure that performance is not over or under stated. In terms of the targets that were not reached, NSF employed different strategies to address it i.e massification of the tried project models, finalising all the Request For Proposals and unsolicited skills development applications that were received.

3.3 Executive authority

As per the requirements of the PFMA, the NSF reports quarterly to the Minister of Higher Education, Science and Innovation as the executive authority of the NSF.

The quarterly reports entail reporting on the NSF's financial status, performance information and compliance with the PFMA and treasury regulations.

3.4 Accounting authority

Introduction

The Director-General (DG) of Higher Education and Training is the accounting authority of the NSF, as stipulated in Section 29(1) of the SDA as amended.

The Department of Higher Education and Training's DG controls the NSF. The incumbent is ultimately accountable to the Minister of Higher Education, Science and Innovation and Parliament for the NSF's performance, strategic direction and finances.

Within the framework of the DG's delegations of authority, the day-to-day operations of the NSF are managed by the NSF executive officer.

The NSF reports through the governance structures set by the DHET. These include the Skills Development Branch's management meetings, senior management meetings and ministerial management meetings.

Role of the accounting authority

As the accounting authority of the NSF, the responsibilities of the DHET's DG includes:

1. Managing the NSF in accordance with the PFMA
2. Keeping proper records of all the NSF's financial transactions, assets and liabilities
3. Preparing the NSF's annual financial statements in the prescribed form
4. Subject to the laws governing the public service, appointing the NSF executive officer, who, upon such appointment, will be in the employ of the public service
5. Ensuring that the prescribed limitation of the amount that can be used in the administration of the NSF is adhered to
6. Submitting the annual financial statements to the National Skills Authority for information as soon as possible after they have been prepared

Composition of the accounting authority

The entity does not have a board of directors, but the DHET's DG, Dr Nkosinathi Sishi, is the NSF's accounting authority terms of Section 29(1) of the SDA, as amended.

Remuneration of the accounting authority

The DHET's DG does not receive any remuneration in his capacity as the NSF accounting authority. The entity is setting a budget aside for the subsistence and travel expenses incurred by DG when attending to NSF-related matters.

3.5 Risk management

The entity has an audit committee which consists of independent committee members. The audit committee oversees and advises management on risk management.

The entity has a Legal, Governance, Risk and Compliance Directorate which is responsible for coordinating management of the risk within the organisation. The risk management assessment is done annually to ensure that emerging risks are addressed timeously. The entity has developed risk management policies: Risk Management Strategy, Risk Management Policy, Risk Management Implementation Plan and Combined Assurance Framework. The DG approved the policies in August 2022. The entity has its approved strategic risk register that is updated in consultation with the relevant risk owners when there is a need

The NSF's risk management activities are covered in its comprehensive risk assessment process, facilitated by the Legal, Governance, Risk and Compliance Directorate. At the same time, the NSF internal audit provides oversight per the audit action plan.

Risk management workshops were conducted to review and update the strategic risks for the 2022/23 financial year. The process resulted in augmenting the existing strategic risk register, which the NSF audit committee members noted. The Legal, Governance, Risk and Compliance Directorate conducted project risk management workshops to review the Project Risk Register and the Operational Risk Registers for all NSF chief directorates and directorates. Registers were developed for the 2022/23 financial year and were noted by the audit committee.

3.6 Internal Control unit

The audit debriefing session discussed all the audit findings. Management has focused on improving internal control by issuing circulars addressing the gaps identified by the AGSA and its partnership with The DHET through a memorandum of agreement with the latter and with assistance from internal audit. However, the NSF experienced challenges with the DHET filling senior management vacant NSF positions.

3.7 Internal audit and audit committees

Key activities and objectives of internal audit

The objective of the internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve NSF operations. The internal audit function helps the NSF to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls, risk management and governance processes.

The main activities of internal audit are:

- Compiling a three-year rolling strategic and annual internal audit plan
- Performing internal audits based on the internal audit plan, including ad hoc assignments and investigations as required by the audit committee and accounting authority
- Reporting the internal audit outcomes to management and the audit committee
- Performing follow-up reviews on previously reported internal audit findings to evaluate if management implemented the corrective actions.

Summary of audit work done by internal audit

The following audits were planned in accordance with the 2022/23 approved internal audit plan:

- Review the annual financial statement (AFS) for the 2021/22 financial year
- Review the annual performance report (APR) for the 2021/22 financial year
- Coordinate and follow up on the internal audit findings
- Review and follow up on the AGSA audit action plan
- Review performance information report(s)
- Review projects' life cycle
- Visits to project sites
- Grant allocation/initiation processes
- Review DHET/PSET improvement projects
- Review quarterly financial reports (interim and Quarter 3)
- Review internal audit methodology, including the quality assurance improvement plan
- Proactive review of the annual performance plan for 2023/24
- Implement non-compliance with MoA and restriction policy
- Adhoc requests from management included the following:
 - Review the 2021/22 annual report review
 - Conduct the determination test for irregular expenditure at NSFAS
 - Analyse the 2019/20 and 2020/21 management reports
 - Respond to AGSA on material irregularity
- 2022/23 internal audit plan
- Operational activities such as project management, quality reviews and audit committee reporting
- Conduct a cyber security risk assessment
- IT general control review
- Follow up on the prior year's ICT findings.

Due to delays and challenges, some of the above-mentioned reports were finalised or in progress after year-end, while some were transferred to 2023/24.

The following audits were deferred for various reasons such as awaiting approved documentation; value-add yet to be determined due to implementation of the MTT's recommendations; further testing deferred on ICT systems due to system challenges and awaiting further assessment; and reprioritisation due to capacity constraints:

- Ministerial Task Team (MTT) review of NSF: Implementation of recommendations
- The DHET service level agreement (SLA) implementation review
- Information technology governance review/SLA implementation review
- Enterprise resource planning (ERP) ICT programme assurance review: Limited work done with further testing deferred
- ERP ICT application control review: Limited work done with further testing deferred
- Supply chain management review
- Human resource management review
- Microsoft Dynamics renaming competition review.

Key activities and objectives of the audit committee

The objective of the audit committee is to assist the accounting authority in fulfilling oversight responsibilities regarding the financial and performance reporting processes and the internal control system.

Other objectives of the audit committee are to help the accounting authority manage risks and help with the audit process. The final objective of the audit committee is to help monitor compliance with laws and regulations.

The main activities are:

- Considering the effectiveness of the internal control systems, including IT and security
- Understanding the scope of the internal and external auditor reviews of internal controls over financial reporting and obtaining reports on significant findings and recommendations and management's responses
- Assessing the proper safeguarding and use of the NSF's assets
- Reviewing the NSF's risk profile annually and ensuring that management is effectively managing the risks
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any non-compliance
- Reviewing the adequacy, reliability and accuracy of the financial information provided to management and other users of such information, including the annual review of the annual financial statements and recommending their approval to the NSF accounting authority
- Reviewing the NSF performance information.

Attendance of audit committee meetings by audit committee members

The audit committee is made up of the members listed in the following table, all of whom are independent and financially literate. The terms of reference require the audit committee to meet at least two times a year. For the year under review, the audit committee held three normal meetings and five special meetings, as indicated below:

Name	Designation	Qualifications	Internal or external	Date appointed	Number of meetings attended
Prof DP van der Nest	Chairperson	Doctor Technologiae (DTech) Masters of Commerce (MCom) (Economics) Bachelor of Commerce (BCom) Honours (Hons) Diploma in Higher Education (Economic Sciences) BCom (Accounting)	External	18 May 2020	7
Ms S Padayachy	Member	BCom (Business Economics and Accounting) BCom Honours (Marketing Management) MCom (Computer Auditing) Management Development Programme (MDP) Global Executive Development Programme (GEDP)	External	18 May 2020	8
Mr S Makhubu	Member	CA(SA) Bachelor of Accounting Science (Baccalaureus Computationis) Honours (Hons) Bachelor of Accounting Science (Baccalaureus Computationis)	External	18 May 2020	8

3.8 Compliance with laws and regulations

The NSF aims to entrench compliance with applicable laws and regulations throughout the organisation as an integral part of all relevant processes.

To assist with compliance monitoring, the NSF uses the DHET's compliance calendar to ensure compliance with all required documentation with the PFMA and treasury regulations within the legislated deadlines.

The NSF also uses the National Treasury template to assess compliance with the PFMA regulations every quarter as part of the quarterly reporting process to the executive authority.

Action plans to address non-compliance have been developed, and the implementation thereof is monitored regularly.

The NSF has subscribed to Juta to access electronic statutes, legislation, case law, and government gazettes to ensure that the organisation is kept abreast of laws and regulations applicable to the organisation.

The NSF has a Compliance Policy, which the DHET DG has approved. The compliance committee convenes quarterly to consider all compliance matters, ensuring a vigorous organisational compliance culture.

3.9 Fraud and corruption

The entity relies on the DHET's fraud and corruption policies and guidelines. The department has maintained a whistle-blowing policy and established reporting mechanisms such as the fraud hotline and email. Officials can report any fraud and corruption activities anonymously. No fraud and corruption cases were reported for the NSF officials during the last financial year. The only exception was the forensic investigation commissioned by the Minister of Higher Education, Science and Innovation due to the disclaimer opinion issued by the AGSA.

3.10 Minimising conflict of interest

Due to the NSF's funding mandate, all officials and committee members attending meetings where funding decisions are made must disclose and sign declarations of interest.

All officials must apply for permission to perform other remunerative work and disclose all the gifts received during their NSF employment. All senior managers are required to disclose their financial interests annually. For those who fail to disclose, consequence management is applied accordingly.

Through the memorandum of agreement with the DHET for shared services, the NSF has permission from the department to use its bid committees, which apply the department's Supply Chain Management Policy.

3.11 Code of Conduct

The NSF employees are bound by the Public Services' Code of Conduct because the DHET currently employs all NSF employees.

The NSF currently relies on the DHET's Code of Conduct policies and structures. The department has an ethics committee that deals with all ethics-related matters. Ethics committee officers coordinate all ethics-related matters.

3.12 Health safety and environmental issues

The NSF currently relies on the DHET's health and safety policies and structures. The department's health safety officers deal with all health safety-related matters and report to the relevant structures.

3.13 Social responsibility

No social responsibility activities were undertaken during the 2022/23 financial year.

3.14 Audit committee report

The audit committee is pleased to present its report for the financial year ending 31 March 2023.

Audit committee responsibilities

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities accordingly.

The effectiveness of internal control

The internal control system is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA requirements, internal audit and the AGSA assure the audit committee and management that the internal controls are adequate and effective. This is achieved by evaluating the effectiveness of the management of identified risks, the identification of corrective actions, and suggested enhancements to the controls and processes. The internal control system was not entirely effective during the year under review regarding matters affecting financial statements and performance information.

As reported by assurance providers to the audit committee, significant internal control deficiencies have been noted in the NSF. The audit committee reviewed the findings of the internal audit, which were based on the risk assessments conducted in the public entity, and revealed certain weaknesses that were raised with the public entity. Refer to Section C, item 3.7, for internal audit work completed for the year under review.

Progress to implement revised business processes, a new enterprise resource planning (ERP) information and communication technology (ICT) system and filling vacancies per the approved organisational structure, which was developed as part of a structured project rolled out in the previous years, remained slow.

One of the most significant challenges experienced in the NSF in the past is the slow turnaround times in filling vacancies, resulting in capacity challenges in the organisation, which negatively impacted NSF operations and created a vacuum in critical layers of internal controls. The vacancy rate has improved noticeably during the current year, after the appointment of the director of human resources management and capacitating the NSF human resources directorate. Although the filling of vacancies has improved, critical vacant posts remain unfilled and vacant for longer than 12 months. The audit committee again recommended that additional capacity be considered in financial and project management to improve the internal control system. However, approval for additional contract posts was only obtained after year-end. It should be noted that recommendations for improvement were made during the prior years to the NSF by the audit committee. However, progress remained slow. In addition, audit action plans had several areas still in progress at the external audit commencement.

Control deficiencies concerning performance information were identified in the internal control system, although some improvements in the nature and number of findings were reported. Reporting on performance information is currently a manual process subject to human error. Implementing the integrated information system should be prioritised, as it is anticipated that it will improve the quality of performance and financial reports, including the tracking of reporting statuses.

Challenges in the implementation of the integrated ERP ICT were noted with concern. The ERP system was inaccessible for most of the financial year, which affected the implementation of audit action plans and prolonged manual project management and reporting processes, increasing the risk of errors. Further, an appropriately designed ERP system will provide a record management system for the NSF, which is much needed. The timely availability of supporting information for recorded transactions and/or performance is critical to resolve the qualified audit opinion and material findings on performance information.

Effective risk management will contribute towards an improved control environment. During the current year, strategic and operational risk registers were finalised for NSF, an improvement from prior years. Vacancies within the Legal, Governance, Risk and Compliance directorate and other directorates within the NSF impacted the effectiveness of risk management.

The audit committee will continue to monitor progress against the corrective action plans implemented by management. It will also monitor the implementation of recommendations by the Ministerial Task Team appointed to review the NSF. The audit committee has also noted the outcome of the forensic investigations into 10 NSF projects and will monitor the implementation of recommendations.

The quality of in-year management and monthly or quarterly reports submitted in terms of the PFMA

The public entity has reported quarterly to the National Treasury, as is required by the PFMA and submitted quarterly reports to the executive authority. The audit committee noted weaknesses reported by assurance providers in preparing quarterly performance reports and raised concerns over the reliability of quarterly financial and performance information reports.

Improvement is required in the content and quality of quarterly financial and performance reports. The audit committee will continue monitoring the quarterly financial and performance information reporting.

Evaluation of financial statements

The audit committee have reviewed the Annual Financial Statements prepared by the public entity. It has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA and acting chief executive officer
- Reviewed the AGSA's management report and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed the NSF's compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit
- Reviewed information on the predetermined objectives to be included in the annual report.

Auditor's report

The audit committee has noted with concern the recurring qualified audit opinion, which includes an additional qualification paragraph in the current year. Although the NSF staff has undertaken significant efforts to obtain all supporting documentation required by the AGSA for skills development funding expenditure and the number of findings reduced, material limitations still exist. There is a need for improved project management and training, among others, including verification and record management, to address the matters affecting the audit opinion.

Material adjustments to the financial statements, which require improvement in the control environment to avoid recurring findings and ensure improved audit outcomes, have also been noted. The audit committee will monitor the implementation of focused action plans to address the matters reported by the AGSA.

The audit committee concurs and accepts the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

Internal audit

There is a need for improvement in the effectiveness of internal audit. Although internal audit has addressed the risks pertinent to the NSF in its audits, there is a need to improve reporting timeframes. Management should implement recommendations by internal audit.

Limited hours were available from the co-sourced capacity for the internal audit during the year under review. Various internal and external processes affected the procurement process for a new co-sourced provider, significantly affecting the capacity available in internal audit. The audit committee will monitor plans to address short-term capacity gaps and progress with the procurement of a new co-sourced provider.

As a result of capacity constraints, several audits were deferred until the next financial year. The finalisation of backlogs and determination tests should be prioritised.

Internal Audit undertook no forensic investigations. A re-assessment of the material irregularity was commissioned after year-end.

AGSA

The audit committee has met with the AGSA to ensure no significant unresolved issues other than those resulting in the qualified audit opinion with findings.

Conclusion

Our appreciation is extended to the management and staff for their efforts regarding the annual financial statements and annual report for the year. The audit committee will monitor the improvements made by management in addressing the control deficiencies identified by external and internal audits.



Prof DP van der Nest

Chairperson of the audit committee
National Skills Fund

Date: 31 July 2023

3.15 Broad-Based Black Economic Empowerment (B-BBEE) compliance performance information

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the Broad-Based Black Economic Empowerment Act, 2013 (Act 46 of 2013) and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes/No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	No	NSF Supply Chain Management is currently using the DHET's policy for procuring goods and services or works and complies with the preferential procurement policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	N/A	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	N/A



SUCCESS STORY

FLAGSHIP APPRENTICESHIP PROGRAMME PRODUCES FIRST GROUP OF ARTISANS

The Centre of Specialisation (CoS) programme launched as a pilot project in 2019-2022, has achieved significant success. It has produced 350 qualified artisan apprentices from 21 TVET colleges with a 100% pass rate, leading to the award of trade test certificates. The programme, aimed at increasing the number of skilled artisans in South Africa to support industries and economic growth, has resulted in the accreditation of 34 CoS centres for training and 35 as trade test centres. At the graduation held in 2022, the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, congratulated the artisans and highlighted the financial support provided by the NSF for the first cohort. The artisans are accredited in various trades, and the programme aims to uplift communities and address unemployment challenges in the country.

PART D

HUMAN RESOURCE MANAGEMENT

4. HUMAN RESOURCE MANAGEMENT

4.1 Introduction

While the NSF has Schedule 3A entity status, the juristic nature of the entity still requires that support on matters related to staff employment conditions of service remains with the DHET as the overarching department to which the NSF is linked. Human resource-related DHET policies and procedures are being applied within the NSF.

The HR focus for the 2022-2023 financial year within the NSF was the reduction of the high vacancy rate to ensure that capacity needs across the entity are being addressed as much as possible. Capacity constraints within the NSF HR team needed attention to assist with recruitment of vacant posts within the entity. The financial year started with an HR Director and Practitioner but ended with a team of six filled posts of the ten approved and funded posts. The current capacity includes an HR director, deputy director and assistant directors. This has aided the NSF's ability to take over most HR-related administrative processes, including recruitment and selection, performance management, training and development, all service conditions matters, and providing advice, support and coaching to management and staff as required.

In addition to these services, the HR team has also managed issues relating to staff employee wellness in line with DHET policy prescripts, processed internships and staff bursary applications, as well as provided advisory support to managers and staff throughout the year on performance, including conduct-related matters. The NSF HR directorate also initiated a memorandum of understanding (MOU) in conjunction with the departmental HR directorate which outlines the level of support that will be required of the departmental HR team with respect to recruitment and selection activities going forward while facilitating the independent processing of HR matters by the NSF HR team. The MOU is to include all remaining HR aspects by the end of the 2023/24 financial year, enabling the NSF HR team to manage all HR processes independently of the Departmental HR team going forward. It is also expected that the HR team will be fully capacitated in line with the approved organisational structure by the end of the 2023/24 financial year.

4.2 HR overview

A critical issue that has been highlighted on various occasions at the NSF is the matter of capacity. The NSF currently has 179 approved and funded posts in the organisational structure, a previously reported vacancy rate of approximately 41%, with 106 posts filled at the end of March 2022. Most challenges experienced in filling the posts related to protracted recruitment and selection processes over which the NSF had very little control and the availability of panel members to ensure a quorum to proceed with shortlistings and interview processes.

Since the HR team appointments, the NSF has started to track recruitment and selection processes, and manage its administration to ensure NSF posts are given priority. It led to recruiting approximately 40 posts in the last financial year. This resulted in 131 posts being filled by the end of March 2023, with the vacancy rate falling to 27%. In some cases, internal promotions were made, which led to further vacancies and staff turnover at all levels of the NSF.

In addition to the overall vacancy status, recruitment activity related to critical senior management posts has been tracked. At the close of the last financial year (2021/22), the NSF had 11 vacant senior management posts, of which three have since been appointed. It included the chief financial officer, fund management director and ICT director.

Due to the pending recruitment processes lasting over 12 months, an EXCO decision was taken to readvertise three key posts, while the remaining five of the 11 senior management posts are at various stages in the recruitment process.

The HR team has an audit action plan where work is being undertaken to address audit findings related to reviewing the organisational structure, filling vacant funded posts and ensuring a 10% vacancy rate, and training and developing NSF staff.

To date, the organisational structure has been aligned with the approved structure. It is to be reviewed against recommendations made by the MTT on the NSF’s operations. In the meantime, to assist with capacity across the organisation, a request for 12-month contract posts in addition to the structure is being sought to support NSF operations.

In addition, a training and development plan has also been finalised, which, once approved, will be implemented during the 2023/24 financial year. Training initiatives outlined in the plan include key programmes like project management, performance management, and assisting managers in dealing with consequence management and developing emotional intelligence.

The HR team has also facilitated compliance with performance management procedures in line with the department policies as well as DPSA requirements, ensuring that all staff have a performance agreement and that mid-term and annual assessments are timeously processed. The process of compliance related to financial disclosure of staff is also facilitated within the NSF HR team.

The implementation of the organisational structure related recommendations of the MTT report within the NSF will see a more focused approach to workforce planning in the 2023/24 financial year, with plans to review capacity and skill sets required per NSF directorate to ensure that a capable and competent workforce is recruited, aligned to a revised organisational structure.

4.3 HR oversight statistics

Of the 179 approved NSF posts, 131 were filled during the 2022/23 period, leaving 48 vacancies across all NSF directorates. The NSF recruitment team is processing some of the 48 vacant posts, while 24 posts will be advertised in the 2023/24 financial year.

From the data outlined in the following human resource tables, most vacancies (13%) exist at the professional qualified salary level, 6% at the skilled salary level, and 5% at the senior management salary level. Some vacancies have been created due to internal promotions, while others resulted from resignations. Delays in the recruitment and selection processes due to the unavailability of panel members in most cases meant that some of these posts had to be readvertised as they had been outstanding for more than 12 months.

The NSF has a turnover rate of 13%, with a staff complement of 106 as of 1 April 2022 and 131 as of 31 March 2023, including 40 appointments and 15 terminations for the same period. A high turnover rate is noted at the semi-skilled staff level of 200%, followed by top management at 50%, skilled at 16% and professional qualified staff at 10%. Although the turnover rate is above the standard 10% ratio, the main reason for staff movement is

due to the number of promotions within the NSF, as well as new staff being employed from outside of the NSF. It can be noted from the tables below (reason for leaving) that 67% of terminations were due to promotions and/or transfers, with 27% being as a result of resignations. All of these posts were advertised as soon as possible after being vacated to ensure placement, with acting appointments being implemented in some cases to ensure consistency of service provision within the NSF.

The equity ratio of the 131 staff is currently sitting at 90% (118) being African, 2% (3) coloured employees, 1,5% (2) Indian employees and 6% (8) white employees. This has been a historical legacy which the HR team has been trying to address during the 2022/23 financial year, by discussing equity ratios at the recruitment and selection process stages. Work is to be done in the 2023/24 financial year on measuring the NSF against national equity ratios within the country as a benchmark, to assist with greater balanced ratios nationally, and in the absence of existing equity targets within the organisation.

Of the senior management team, 79% (11) are female, while 21% (3) are male, which is an improvement compared to 2021/22. Overall, the NSF gender equity ratios have slightly improved, with 55% (72) female and 45% (59) male staff employed across all salary levels. There are no staff with recorded disabilities.

With respect to disciplinary action, one employee was disciplined during the financial year with a written warning being applied, while six employees were placed on precautionary suspension pending disciplinary processes.

4.3.1 Personnel Cost by Programme

4.3.1 Personnel cost by programme for the period 1 April 2022 to 31 March 2023					
Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Personnel cost as a % of total expenditure %	No. of Employees as at 31 Mar 23	Average personnel cost per employee (R'000)
Skills Development	1 414 777	95 633*	6,76	131	730

*Internships excluded

4.3.2 Personnel cost by salary band

4.3.2 Personnel cost by salary band for the period 1 April 2022 to 31 March 2023				
Salary Band	Personnel Expenditure (R'000)	% of total personnel cost	No. of Employees	Average personnel cost per employee (R'000)
Top Management (Levels >13)	5 558	6	2	2 779
Senior Management (Levels =13)	12 110	12	12	1 009
Professional Qualified (Level 9-12)	65 813	65	89	739
Skilled (Level 6-8)	11 685	12	28	417
Semi-skilled (Level 3-5)	467	0	0**	0
Internship/Learnership programme	5 075*	5	81*	63
TOTAL	100 708	100	212	475

*Internships included

** Two staff employed at semi-skilled salary, one resigned and one was promoted.

4.3.3 Performance Rewards

4.3.3 Performance Rewards by salary band for the period 1 April 2022 to 31 March 2023			
Salary Band	Performance Rewards (R'000)	Personnel Expenditure* (R'000)	% of performance rewards to total personnel cost
Top Management (Levels >13)	110	5 558	1,98
Senior Management (Levels =13)	0	12 110	0
Professional Qualified (Level 9-12)	0	65 813	0
Skilled (Level 6-8)	0	11 685	0
Semi-skilled (Level 3-5)	0	467	0
TOTAL	110	95 633	0,12

*Personnel expenditure excluding internships

4.3.4 Training Costs

4.3.5 Training costs for the period 1 April 2022 to 31 March 2023					
Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training expenditure as a % of personnel cost (R'000)	No. of employees trained	Average training cost per employee (R'000)
Skills Development	100 708	453*	0,45	106	4

*Total training cost per note 22 of annual financial statements amounting to R509 000 includes R56 000 for professional membership fees, hence excluded from training costs above

4.3.5 Employment and vacancies

4.3.5 (a) Employment and vacancies by programme as at 31 March 2023					
Programme	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Skills Development	106	179	131	48	27

4.3.5 (b) Employment and vacancies by salary band as at 31 March 2023

Salary Band	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	Vacancies	% of vacancies
Top Management (Levels >13)	2	4	2	2	1
Senior Management (Levels =13)	10	21	12	9	5
Professional Qualified (Level 9-12)	70	114	89	25	14
Skilled (Level 6-8)	22	38	28	10	6
Semi-skilled (Level 3-5)	2	2	0	2	1
TOTAL	106	179	131	48	27%

4.3.6 Employment changes

4.3.6 Employment changes (turnover rate) by salary band for the period 1 April 2022 to 31 March 2023

Salary Band	No. of em- ployees at beginning of period	Appointments and transfers into the entity	Terminations and transfers out of the entity	No. of em- ployees at the end of period
Top Management (Levels >13)	2	1	1	2
Senior Management (Levels =13)	10	2	0	12
Professional Qualified (Level 9-12)	70	27	8	89
Skilled (Level 6-8)	22	10	4	28
Semi-skilled (Level 3-5)	2	0	2	0
Total	106	40	15	131

4.3.7 Reasons for staff leaving

4.3.7 Reasons for staff leaving for the period 1 April 2022 to 31 March 2023

Reasons	No.	% of total number of staff leaving
Death	0	0
Resignation	4	27
Dismissal	0	0
Retirement	0	0
Discharged due to ill health	0	0
Expiry of contract	1	6
Other (Transfer out and Promotions)	10	67
Total	15	100

4.3.8 Labour Relations: Misconduct and disciplinary action

4.3.8 Labour Relations: Misconduct and Disciplinary action	
Disciplinary Action	No.
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	0

4.3.9 Equity Target and Employment Equity Status

4.3.9. (a) Employee Equity Status (including employees with disabilities) by salary band 1 April 2022 to 31 March 2023				
Salary band	Male			
	African	Coloured	Indian	White
Top Management (Levels >13)	1	0	0	0
Senior Management (Levels =13)	2	0	0	0
Professional Qualified (Level 9-12)	45	1	1	1
Skilled (Level 6-8)	8	0	0	0
Semi-skilled (Level 3-5)	0	0	0	0
TOTAL	56	1	1	1
Employee with disabilities	0			

4.3.9 (b) Employee Equity Status (including employees with disabilities) by salary band 1 April 2022 to 31 March 2023				
Salary band	Female			
	African	Coloured	Indian	White
Top Management (Levels >13)	0	0	1	0
Senior Management (Levels =13)	8	1	0	1
Professional Qualified (Level 9-12)	37	1	0	3
Skilled (Level 6-8)	17	0	0	3
Semi-skilled (Level 3-5)	0	0	0	0
TOTAL	62	2	1	7
Employee with disabilities	0			



SUCCESS STORY

OFFENDERS GET LEASE ON NEW WORK LIFE

The results of a fruitful partnership between the Department of Correctional Services (DCS) and NSF, which provides offenders with various skills programmes, were visible during a graduation ceremony for offenders from the Free State and Northern Cape that was held at Sol Plaatje University in Kimberley in June 2022. The partnership dates back to 2008, when the NSF was part of the then Department of Labour. The initiative aims to give offenders access to occupationally-directed skills programmes. Through a memorandum of agreement between the Department of Higher Education and Training and DC, the NSF has invested R153 million over nine years, helping 11 417 offenders. The accredited programmes range from building and plastering, welding, carpentry, sewing machine repairs, end-user computing to vegetable production.



PART E

PFMA COMPLIANCE
REPORT

5. PFMA COMPLIANCE REPORT

5.1 Information on irregular, fruitless and wasteful expenditure and material losses

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	1 739 392	433 730
Add: Irregular expenditure confirmed	-	1 305 662
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	1 739 392	1 739 392

- **Angela Church and some unknown expenditures:** The irregular expenditure confirmed amounts to R9.9 million. A process of appointing a service provider to conduct the determination test is underway.
- **Batsumi Travel, Rambros Construction, and Mamli Projects:** The irregular expenditure confirmed amounts to R412 million. The DG approved the submission on approving the implementation of the recommendations made in the determination report. The recommendations are yet to be implemented.
- **Rennies Travel:** The irregular expenditure confirmed amounts to R9,2 million. Although NSF Internal Audit was appointed to re-perform the determination test, DHET Internal Audit already performed an investigation. The DHET has sought guidance from the National Treasury on how to treat the removal of this irregular expenditure.
- **Internet Solutions:** The irregular expenditure confirmed amounts to R2,4 million. The determination test report was provided by Internal Audit Unit, and it awaits DG approval.
- **NSFAS Shortfall:** The irregular expenditure confirmed amounts to R1,3 billion. Internal audit was appointed to perform the determination test. The review is in progress, awaiting a final and approved report.

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	-	1 305 662
Total	-	1 305 662

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	1 327 192	433 730
Irregular expenditure under investigation	-	-
Total	1 327 192	433 730

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

Batsumi Travel, Rambros Construction, and Mamli Projects: The DG approved the submission on approving the implementation of the recommendations made in the determination report. The NSF will apply for condonement of the R412 million irregular expenditure.

d) Details of current and previous year irregular expenditure removed (not condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to inter-institutional arrangements**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
Not applicable.
Total

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23	2021/22
	R'000	R'000
Not applicable	-	-
Total	-	-

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
No disciplinary steps taken yet

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	73 518	67 160
Add: Fruitless and wasteful expenditure confirmed	-	6 358
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	73 518	73 518

- **Centre for Education Policy Development projects:** Final determination test report is still outstanding.
- **Emanzini Staffing Solution:** Final determination test report is still outstanding.
- **ADA Holdings Ingwe TVET College Project:** Final determination test report is still outstanding.
- **Rubicon Communications project:** Final determination test report is still outstanding.
- **Chippa Training Academy:** The final determination report was submitted to Loss Control Function on 21 March 2023 for further processing. The report is currently with the AEO after the opportunity provided for the service provider to respond to the report. The report is yet to be processed further for DG consideration and implementation of recommendations.
- **Motheo Construction Group:** A process to appoint a service provider to conduct the determination test is underway.
- **Chris Hani Institute:** A process to appoint a service provider to conduct the determination test is underway.

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	6 358
Total	-	6 358

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	73 518	67 160
Fruitless and wasteful expenditure under investigation	-	-
Total	73 518	67 160

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-81	-
Total	-81	-

- During 2020/21 audit, AGSA identified material irregularities on Chippa Training Academy (CTA). The determination report investigating the material irregularity identified by the AGSA was finalised and approved by the DG. The determination report indicated a fruitless and wasteful expenditure. CTA was requested to pay the fruitless and wasteful expenditure amount of R486 115.00.
- CTA agreed to pay back an amount of R486 115.00 in six monthly installments amounting to R81 019.17 per month starting from February 2023. As at 31 March 2023, only one instalment had been received.

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
No disciplinary steps taken yet

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) & (iii)

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/23	2021/22
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

b) Details of other material losses

Nature of other material losses	2022/23	2021/22
	R'000	R'000
None	-	-
Total	-	-

c) Other material losses recovered

Nature of losses	2022/23	2021/22
	R'000	R'000
None	-	-
	-	-
Total	-	-

Other material losses written off

Nature of losses	2022/23	2021/22
	R'000	R'000
None	-	-
Total	-	-

5.2 Information on late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	180	25 568
Invoices paid within 30 days or agreed period	180	25 568
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

5.3 Information on supply chain management

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment of Nexus Forensic services for the provision of post-investigative services	Nexus Forensic Services	Limited	OR-021797	900
Total				900

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
None				-	-	-
Total				-	-	-





SUCCESS STORY

TVET COLLEGE CAMPUS CONSTRUCTION

Since 2014, the NSF and sector education and training authorities (SETAs) have allocated R2,8 billion to enhance South African public technical and vocational education and training colleges, particularly in rural areas. The project comprises 10 TVET college sites toward constructing new campuses or refurbishing existing sites. By March 2022, four campuses were completed and handed over. However, power outages (load-shedding), municipal service challenges and contractor disputes delayed progress on six projects. The 2022/23 financial year saw the Kwagqikazi, and new Aliwal North, Graaff Reinet and Greytown campuses finalised, while Msinga and Ngqungqushe will be fast-tracked for completion in 2023/24. The Sterkspruit and new Balfour campuses are still under construction. The DHET, the implementing partner, is procuring new providers for the Bambanana site. These efforts are aligned with the National Development Plan 2030 and aim to combat skills shortages and youth unemployment by expanding educational accessibility, featuring computer labs, lecture halls and improved infrastructure.

PART F

FINANCIAL INFORMATION

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Annual Financial Statements for the year ended 31 March 2023

GENERAL INFORMATION

REGISTERED NAME:	National Skills Fund
PHYSICAL ADDRESS:	178 Francis Baard Street Pretoria 0002
POSTAL ADDRESS:	Private Bag X174 Pretoria 0001
TELEPHONE NUMBER:	+27 12 943 3101
WEBSITE ADDRESSES:	www.dhet.gov.za www.nsf.org.za
EXTERNAL AUDITORS:	The Auditor-General of South Africa Lynwood Bridge Office Park Daventry Street Lynwood Manor Pretoria 0001
ACTING EXECUTIVE OFFICER:	Mr David Mabusela appointed on 14 August 2021
CHIEF FINANCIAL OFFICER:	Mr Zama Kubheka CA(SA) appointed on 01 November 2022
ACCOUNTING AUTHORITY:	Dr Nkosinathi Sishi Director-General of Higher Education and Training Accounting Authority of the National Skills Fund appointed on 01 November 2021
REGISTERED OFFICE:	178 Francis Baard Street Pretoria 0002
REPORTING FRAMEWORK:	General Recognised Accounting Practice (GRAP)
LEGISLATIVE FRAMEWORK:	Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) Skills Development Act, 1998 (Act 97 of 1998) (SDA) Skills Development Levies Act, 1999 (Act 9 of 1999) (SDL Act) Public Service Act, 1994 (Act 38 of 1994) Employment Equity Act, 1999 (Act 9 of 1999) Unemployment Insurance Act, 1966 (Act 30 of 1966) Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

Chief Financial Officer's Report

This part of the report provides insight into the financial wellness of the entity and covers the following aspects:

The report of the CFO, which includes the general financial review and matters related to the proposed activities, retention of surplus, supply chain management, audit report and plans for the future.

Report of the Auditor-General to Parliament on the NSF. This report gives an opinion regarding the fairness of the Annual Financial Statements in presenting the entity's financial position, financial performance, cash flow in accordance with SA Standards of GRAP and requirements of the PFMA. It reports on performance information, regulatory compliance, internal control and related matters.

The audited Annual Financial Statements, comprising the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and Notes to the thereto.

1. Background

The NSF is a Schedule 3A entity and was established in 1999 in terms of Section 27(1) of the SDA, NSF's primary objective is to provide funding for national skills development towards a capable South African citizenry that contributes to improving economic participation and social development.

2. Financial position

The NSF has maintained a strong financial position, characterized by its liquidity and solvency over the past 5 years. As at 31 March 2023, the liquidity ratio stands at an impressive 1:6, indicating its ability to meet short-term obligations. Total assets experienced a notable 23% increase compared to the previous financial year. This growth can be attributed to a significant 39% rise in deferred expenditure and the significant cash and cash equivalents balance as at year-end. The PIC Investment increased by 17% compared to the previous year, and it makes up over 80% of the current assets and over 75% of the total assets.

As at year-end, the NSF had current liabilities amounting to R2.5 billion, with R2 billion representing the outstanding balance owed to NSFAS. The substantial increase in cash and cash equivalents is a result of funds requested in anticipation of settling the remaining NSFAS 2021 shortfall balance by the end of March 2023.

3. Financial performance

Revenue increased by 15% compared to the previous year. This is largely due to the increase in Skills Development Levies collected. Finance income increased by 72% which can be attributed to the increase in the PIC value when compared to the previous year. The NSF is currently underspending, with a 71% decrease in expenditure compared to the previous financial year, the main contributor is SDF expenditure with 75% decrease. 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 NSF has achieved a surplus of R3.5 billion due to its current underspending in the SDF expenditure. It is important to note that the nature of the NSF is developmental and not profit-driven. The primary purpose of the NSF is not to accumulate substantial reserves for investment but rather to effectively utilise its funds for skills development, thereby unlocking the human potential of South African citizens. While the surplus may initially appear positive, its significant magnitude raises concerns and management have embarked on various initiatives to fast-track and massify projects.

4. Cashflow management

The NSF closed the financial year with R1.5 billion cash and cash equivalent. The entity's net cash flow from operating activities is sitting at R3.3 billion as at 31 March 2023. This is an indication that the entity has a healthy cash flow and solid financial position instilling confidence that it can effectively meet its obligations and successfully carry out its mandate.

5. Going concern and financial stability

The NSF is operating as a going concern. The collection of skills development levies ensures that the NSF can continue operating as a going concern for the foreseeable future. The accumulated surplus reserves invested at PIC further support NSF's financial stability enabling the entity to continue operating as a going concern. Additionally, there are no anticipated changes to the enabling legislation that threatens the existence of NSF.

6. Request for surplus retention

While Section 29(3) of the SDA permits the NSF to carry forward any unexpended balance to the following financial year, it is still necessary for the NSF to seek written approval from the National Treasury to accumulate funds as required by section 53(3) of the PFMA. During the 2022/23 financial year, the application was submitted and approved by the Executive Authority. However, there were on going deliberations between AGSA, The National Treasury and DHET at 31 July 2023 regarding the correctness of the approval and this was reported under other matters in the audit report.

7. Supply chain management

The Supply Chain Management Unit is operational under the division of the Chief Financial Officer. This business unit provides an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost-effective, and is established in accordance with Section 54 of the PFMA.

8. Audit report matters

The NSF has had a history of negative audit outcome for the past few years mainly due to unavailability of adequate supporting documents relating to skills development expenditure and related components. The NSF has implemented a comprehensive audit action plan during 2022/23 financial year but due to capacity constraints and lack of an integrated and interfaced system, the NSF received a qualified audit outcome with other matters from the Auditor General. Management will continue to enhance the internal control environment to ensure NSF achieves a positive audit outcome for the 2023/24 financial year and beyond.



Mr. Z Kubheka CA(SA)
NSF Chief Financial Officer
Date: 31 July 2023

Report of the auditor-general to Parliament on the National Skills Fund

Report on the audit of the annual financial statements

Qualified opinion

1. I have audited the financial statements of the National Skills Fund set out on pages 123 to 199, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the annual financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for the qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the National Skills Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for qualified opinion

Skills development funding

3. I was 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. This was due to inadequate project monitoring and expenditure approval processes. I was unable to confirm the skills development funding by alternative means. Consequently, I was unable to determine whether any adjustments relating to skills development funding of R1 166 484 000 (2022: R4 694 294 000) disclosed in note 20, as well as the related deferred expenditure of R1 229 391 000 disclosed in note 8, accruals from non-exchange transactions of R2 159 617 000 disclosed in note 12 and the corresponding figure of trade and other payables from non-exchange transactions of R196 412 000 disclosed in note 10 to the financial statements were necessary.

Provisions

4. The public entity did not have adequate systems in place to account for provisions from skills development funding in accordance to GRAP 19, Provisions, contingent liabilities and contingent assets as the provisions were not calculated correctly. Consequently, provisions reported in the statement of financial position and note 14 to the financial statements are overstated by R22 636 465. This also has an impact on the surplus for the period and the accumulated surplus.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

9. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity, and for the year ended, 31 March 2023.

Other matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Retention of surplus

11. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R7 755 997 000, for the financial year 2021-22, disclosed in note 28. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

12. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in notes 40 and 41 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the National Skills Fund. The disclosure of these movements are now included as part of other information in the annual report of the National Skills Fund. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual reports.

Responsibilities of the accounting authority for the financial statements

13. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Programme 2: Skills development funding	60-69	The purpose is to address the South African challenge of poverty, inequality and unemployment by providing education and training opportunities that will contribute to the creation of employment opportunities and skilled workforce, and the development of SMMEs.
Programme 3: PSET system improvement funding	70-75	The purpose is to ensure an effective PSET system that will enable smooth training and education for the youth there by creating employment opportunities

19. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
22. The material findings on the performance information of the selected programmes are as follows:

Programme 2: Skills development funding

Various indicators

23. Based on audit evidence, the actual achievement for two indicators did not agree to the achievement reported. Consequently, it is likely that the achievement against the target was lower than reported.

Indicator	Target	Reported achievement
2.1.2 Number of NSF-funded beneficiaries who completed their education and training	31 690	3 917
2.1.4 Number of NSF-funded learners who completed their education and training towards occupations in high demand (OIHD)	11 000	1 271

Programme 3: PSET system improvement funding

24. Based on audit evidence, the actual achievement for two indicators did not agree to the achievement reported. Consequently, it is likely that the achievement against the target was lower than reported.

Indicator	Target	Reported achievement	Actual achievement
3.2.1 Number of capacity development projects funded	39	28	26
3.2.2 Number of NSF -funded PSET capacity development projects which achieved more than 60% of the envisaged outputs	35	12	10

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.
27. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 2: Skills development funded Targets achieved: 0% Budget spent: 34%		
2.1.1 Number of learners funded by the NSF for education and training	61 000	24318
2.1.2 Number of NSF-funded learners who completed their education and training	31 690	3917
2.1.3 Number of learners funded by the NSF for education and training towards OHID	38 000	10 020
2.1.4 Number of NSF-funded learners who completed their education and training towards OHID	11 000	1 271

Key service delivery indicators not achieved	Planned target	Reported achievement
2.1.5 Number of learners from rural areas funded by the NSF for education and training	35 600	10 284
2.1.6 Number of NSF-funded learners from rural areas who completed education and training	13 000	2 335
2.1.7 Number of bursary students funded by the NSF for their qualifications	5 000	798
2.1.8 Number of NSF bursary students who completed their qualifications	1 500	0
2.1.9 Number of learners funded for skills development through community-based skills development initiatives	11 000	4 013
2.1.10 Number of learners who completed skills development through community-based skills development initiatives	9 000	1 789
2.1.11 Number of youth from rural areas funded by the NSF for skills development in response to innovation and digital technologies	1 000	52
2.1.12 Number of youth from rural areas who completed skills development in response to innovation and digital technology	500	11
2.2.1 Number of SMMEs and cooperatives funded by the NSF for skills development	1500	0
2.2.2 Number of learners funded by the NSF for education and training through SMME and cooperative skills development initiatives	5 250	0
2.2.3. Number of NSF funded learners who completed their education and training through SMME and cooperative skills development initiatives	1 500	0
2.3.1 Number of learners who completed their education and training through worker education	660	190
2.3.2 Number of learners acquiring workplace experience	570	0
2.3.3. Number of individuals participating in constituency based interventions funded	1 050	296
2.3.4 Number of constituency based interventions funded	25	2
Programme 3: PSET system improvement funding Targets achieved: 55% Budget spent: 31.31%		
3.1.3 Number of NSF-funded skills infrastructure development projects completed	5	4
3.1.4 Number of NSF funded skills infrastructure related projects	1	0
3.1.5 Number of NSF funded skills infrastructure related projects completed	1	0
3.2.1 Number of capacity development projects funded	39	28
3.2.2 Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs	35	12

Reasons for the underachievement of targets are included in the annual performance report on pages 60 to 75.

Material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2: Skills development funded and programme 3 PSET system improvement funding. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the public entity's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

32. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.
33. Material misstatements of current assets and current liabilities identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because some investigations into irregular expenditure were not performed.

Other information in the annual report

35. The accounting authority is responsible for the other information included in the annual report which includes the accounting officers' report, and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

39. I considered internal control relevant to my audit of the annual financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
41. The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items.
42. Management did not implement adequate internal controls relating to project monitoring and reporting. This resulted in underlying records not being readily available to support the skills development activities funded by the NSF.
43. The leadership did not exercise adequate oversight, specifically regarding reporting of the skills development funding expenditure, provisions and performance reporting, resulting in material misstatements identified during the audit.
44. Management did not implement adequate monitoring and preventative controls to ensure compliance with key legislation.

Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Payments made in respect of duplicate unit standards

46. The National Skills Fund entered into a project funding agreement with a skills development service provider. The objective of the project was to benefit 1 000 learners by enrolling them for a Security Officer Learnership programme (NQF level 3).
47. The National Skills Fund approved and paid for three credits that are already included in the original modules as additional modules. This resulted in additional costs with no additional benefit, in contravention of section 57(b) of the PFMA. The non-compliance is likely to result in a material financial loss if it is not recovered from the supplier.
48. I notified the accounting authority of the material irregularity on 9 August 2021 and invited the accounting authority to make a written submission on the actions taken and that will be taken to address the matter.
49. The accounting authority did not take appropriate action in response to being notified of the material irregularity and I recommended that the accounting authority take the following actions to address the material irregularity by 2 December 2022:
 - a) Appropriate action should be taken to finalise the investigation into the non-compliance with section 57(b) of the PFMA in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses.
 - b) The financial loss relating to the duplicated modules should be quantified.
 - c) Appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.
 - d) Effective and appropriate disciplinary steps should be initiated without undue delay, against any official that the investigation found to be responsible, as required by section 51(1) (e) of the PFMA.
50. The accounting authority submitted a written response with substantiating documentation on the implementation of the recommendations. I assessed the written response and substantiating documentation submitted and concluded that although an investigation was conducted, the outcome is not addressing the material irregularity. The accounting authority was notified of the outcome of the assessment.
51. The accounting authority is in the process of addressing the shortcomings in the investigation report and requested an extension for the implementation of the recommendations. I have granted the accounting authority an extension until 31 October 2023 to implement the recommendations. I will follow up on the implementation of the recommendations by 31 October 2023.

Auditor-General.

Pretoria

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the annual financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the annual financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the annual financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the annual financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and determine whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b) Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No. 38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction No. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2
NT instruction note 4 of 2015/16	Paragraph 3.4 Par. 4.3.2; 4.3.3
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

STATEMENT OF FINANCIAL POSITION

	Notes	2022/23 R'000	2021/22 Restated R'000
ASSETS			
Non-current Assets			
		1 234 830	1 743 861
Property, plant and equipment	2.	4 757	2 287
Intangible assets	3.	16 058	18 065
TVET college campus assets and other	4.	1 214 015	1 723 509
Current Assets			
		14 642 952	11 172 245
Investments	5.	11 844 780	10 111 501
Trade and other receivables from exchange transactions	6.	147	63
Trade and other receivables from non-exchange transactions	7.	15 009	70 178
Deferred expenditure related to skills development funding	8.	1 229 391	882 011
Cash and cash equivalents	9.	1 553 625	108 492
TOTAL ASSETS		15 877 782	12 916 106
LIABILITIES			
Current Liabilities			
		(2 555 605)	(2 534 237)
Trade and other payables from non-exchange transactions	10.	(200 639)	(196 412)
Trade and other payables from exchange transactions	11.	(49 825)	(81 417)
Accruals from non-exchange transactions	12.	(2 159 617)	(2 149 589)
Accruals from exchange transactions	13.	(7 931)	(7 000)
Provisions	14.	(137 593)	(99 819)
TOTAL LIABILITIES		(2 555 605)	(2 534 237)
TOTAL NET ASSETS		13 322 177	10 381 869
FUNDS CONTRIBUTED BY:			
		13 322 177	10 381 869
Capital and Reserves			
TVET college campus assets and other development reserve		1 132 708	1 774 816
Accumulated surplus		12 189 469	8 607 053
TOTAL CAPITAL AND RESERVES		13 322 177	10 381 869

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2022/23 R'000	2021/22 Restated R'000
REVENUE			
Revenue from Non-Exchange Transactions		4 261 770	3 905 322
Skills development levies	15.	4 161 770	3 802 322
Income from SETAs	16.	-	3 000
Transfer from DHET	17.	100 000	100 000
Revenue from Exchange Transactions		734 948	427 753
Finance income	18.	700 295	407 260
Finance income from advance payments to skills development programmes and projects	19.	34 653	20 493
TOTAL REVENUE	.	4 996 718	4 333 075
EXPENSES			
Skills Development Funding Expenses		(1 194 967)	(4 715 874)
Skills development funding	20.	(1 166 484)	(4 694 294)
Provision for impairment	7.	(28 483)	(21 580)
Administrative Expenses		(149 306)	(142 202)
Employee costs	21.	(100 708)	(92 211)
Operating expenses	22.	(41 844)	(44 078)
Management fees and bank charges	23.	(3 361)	(2 865)
Depreciation and amortisation	2. & 3.	(3 393)	(3 048)
Levy Collection Costs		(48 166)	(48 179)
TOTAL EXPENSES		(1 392 439)	(4 906 255)
OTHER INCOME/(EXPENDITURE)			
Loss on disposal of assets	2.	-	(13)
Fair value adjustments on financial instruments at fair value	5.	475	19 814
Provision for less than threshold	14.1	(10 593)	(11 816)
Provision for Impairment TVET infrastructure		(11 745)	-
TOTAL OTHER INCOME/(EXPENDITURE)		(21 863)	7 985
NET (DEFICIT)/SURPLUS FOR THE YEAR		3 582 416	(565 195)

STATEMENT OF CHANGES IN NET ASSETS

	TVET college infrastructure development reserve	Accumulated surplus	Total
	R'000	R'000	R'000
Balance as at 1 April 2021	2 054 918	9 172 248	11 227 166
As originally stated	2 054 918	9 172 248	11 227 166
Net restated surplus per Statement of Financial Performance	(280 102)	(565 195)	(845 297)
Total revenue and other income	-	4 352 889	4 352 889
Total expenses	(280 102)	(4 690 165)	(4 970 267)
Prior period correction (Note 25)	-	(227 919)	(227 919)
Balance at 31 March 2022	1 774 816	8 607 053	10 381 869
Balance at 1 April 2022	1 774 816	8 607 053	10 381 869
Net surplus per Statement of Financial Performance	(642 108)	3 582 416	2 940 308
Total revenue and other income		4 997 193	4 997 193
Total expenses	(642 108)	(1 414 777)	(2 056 885)
Balance at 31 March 2023	1 132 708	12 189 469	13 322 177

STATEMENT OF CASH FLOWS

		2022/23 R'000	2021/22 Restated R'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from stakeholders and suppliers		4 261 770	3 905 322
Levies, interest and penalties received		4 161 770	3 802 322
Other cash receipts from stakeholders and suppliers		100 000	103 000
Cash paid to stakeholders, suppliers and employees		(1 635 911)	(3 176 180)
Skills development funding disbursements		(1 410 199)	(3 021 930)
Employee costs		(100 750)	(93 495)
Payments to suppliers and other		(124 962)	(60 755)
Cash (utilised)/generated from operations	24.	2 625 859	729 142
Finance income		700 295	407 260
Net cash from operating activities		3 326 154	1 136 402
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	2.	(3 856)	(1 141)
Additions to TVET college infrastructure assets	4.	(144 360)	(298 361)
Utilisation of/(additions to) investments		(1 732 806)	(868 191)
Net cash flows from investing activities		(1 881 022)	(1 167 693)
Increase/(decrease) in cash and cash equivalents		1 445 132	(31 291)
Cash and cash equivalents at beginning of the year		108 492	139 783
Cash and cash equivalents at end of the year	9.	1 553 624	108 492

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

		Approved and final budget*	Actual amounts on accrual basis	(Under)/over budget	(Under)/ over budget
	Notes	R'000	R'000	R'000	%
REVENUE					
REVENUE FROM NON-EXCHANGE TRANSACTIONS	33.1	4 347 627	4 261 770	(85 857)	-2,0%
Skills development levies		4 247 627	4 161 770	(85 857)	-2,0%
Presidential Youth Employment Initiative		100 000	100 000	-	0,0%
REVENUE FROM EXCHANGE TRANSACTIONS	34.	568 050	734 948	166 898	29,4%
Finance income	34.1	528 233	700 295	172 062	32,6%
Finance income from advance payments to skills development programmes and projects	34.2	39 817	34 653	(5 164)	-13,0%
TOTAL REVENUE		4 915 677	4 996 718	81 041	1,6%
EXPENSES					
SKILLS DEVELOPMENT FUNDING EXPENDITURE	35.	(3 689 658)	(1 166 484)	(2 523 174)	68,4%
Skills development funding		(3 188 724)	(1 008 644)	(2 180 080)	-68,4%
PSET system improvement funding		(500 934)	(157 840)	(343 094)	-68,5%
Provision for impairment		-	(28 483)	28 483	100,0%
TOTAL SKILLS DEVELOPMENT FUNDING		(3 689 658)	(1 194 967)	(2 494 691)	-67,6%
EXPENSES		(3 689 658)	(1 194 967)	(2 494 691)	-67,6%
ADMINISTRATIVE EXPENSES					
Employee costs	36.	(131 842)	(100 708)	(31 134)	-23,6%
Operating expenses	37.	(66 416)	(41 844)	(24 572)	-37,0%
Management fees and bank charges	38.	(2 787)	(3 361)	574	20,6%
Depreciation		(3 478)	(3 393)	(85)	-2,4%
TOTAL ADMINISTRATIVE EXPENSES		(204 523)	(149 306)	(55 217)	-27,0%
LEVY COLLECTION COSTS	39.	(62 452)	(48 166)	(14 286)	-22,9%
TOTAL EXPENSES		(3 956 633)	(1 392 439)	(2 564 194)	-64,8%
TOTAL OTHER INCOME/ (EXPENDITURE)		-	(21 863)	(21 863)	0,0%
NET (DEFICIT)/SURPLUS FOR THE YEAR		959 044	3 582 416	2 623 372	273,5%

*The budget was prepared on the accrual basis and there are changes between the approved and final budget.

1. Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB). The financial statements are presented in the South African rand, which is the functional reporting currency for the National Skills Fund and all values are rounded off to the nearest thousand (R'000). The financial statements have been prepared on the accrual basis and assets are stated at cost less any accumulated depreciation and accumulated impairment losses. The financial statements have been prepared on the going concern basis and the accounting policies have been consistently applied to all the years presented.

Based on the preceding paragraph, the accounting framework of the entity is as follows:

- GRAP 1: Presentation of financial statements
- GRAP 2: Cash flow statements
- GRAP 3: Accounting policies, changes in accounting estimates and errors
- GRAP 9: Revenue from exchange transactions
- GRAP 13: Leases
- GRAP 14: Events after reporting date
- GRAP 17: Property, plant and equipment
- GRAP 19: Provisions, contingent liabilities and contingent assets
- GRAP 20: Related party disclosures
- GRAP 23: Revenue from non-exchange transactions
- GRAP 24: Presentation of budget information in the financial statements
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments.
- GRAP 109: Accounting by principals and agents

Approved GRAP standards but not yet effective

- GRAP 25: Employee benefits

Directives issued and effective:

- Directive 1: Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP.
- Directive 2: Transitional provisions for the adoption of standards of GRAP by public entities, trading entities, municipal entities and constitutional institutions.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The application of deemed cost on the adoption of standards of GRAP.
- Directive 10: Application of the standards of GRAP by public further education and training (FET) colleges.
- Directive 11: Changes in measurement bases following initial adoption of Standards of GRAP.
- Directive 12: The Selection of an appropriate reporting framework by public entities.

Interpretations of the standards of GRAP approved:

- IGRAP 1: Applying the probability test on the initial recognition of exchange revenue.
- IGRAP 2: Changes in existing decommissioning, restoration and similar liabilities.
- IGRAP 3: Determining whether an arrangement contains a lease.

Approved guidelines of standard of GRAP but not yet effective

Guideline on the application of materiality to Financial Statements 2022

Effective accrual-based International Public Sector Accounting Standard (IPSAS):

- IPSAS 20: Related parties disclosure

Effective International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) that are applied:

- International Accounting Standards (IAS) 19 (AC 116): Employee benefits

1.2 Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- a) is required by a standard of GRAP; or
- b) results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases, the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases, the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.3 Critical judgements, estimations and assumptions

In applying the NSF accounting policies, the NSF management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property, plant and equipment

Management has made certain estimations and judgements with regards to the determination of estimated useful lives, residual values and impairment assessments of items of property, plant and equipment, as discussed further in note 1.10.1.

Intangible assets

Management has made certain estimations with regard to the determination of estimated useful lives, residual values and impairment assessments of items of intangible assets, as discussed further in note 1.10.2.

Investments

Management has made certain estimations and judgements with regard to the fair value adjustments and impairment assessment conducted on investments, as discussed further in note 1.12 (including sub-notes).

Trade and other receivables related to skills development funding

Management has made certain estimations with regard to the impairment assessments conducted on trade and other receivables related to skills development funding, as discussed further in note 1.10.6.

Provisions related to skills development funding

Management has made certain estimations with regard to the calculation of provisions related to skills development funding as discussed further in note 1.11.3.3.

Leases

Management has applied its judgement to classify all lease agreements that the entity is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the entity. Furthermore, because the operating lease regarding office equipment is only for a relatively short period of time, management has made a judgement that it would classify the agreement in its entirety as an operating lease.

1.4 Going concern assumption

These financial statements have been prepared on the going concern basis. In assessing whether the NSF is a going concern, the Accounting Authority has considered the fact that the power to collect skills development levies will enable the NSF to be considered as a going concern for at least the next twelve months. The NSF surplus reserves will enable it to continue operating as a going concern.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by the standard.

1.6 Comparative information

Budget information, in accordance with GRAP 1, has been provided in the notes to the financial statements for the current financial year only, and forms part of the audited annual financial statements.

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Budget information, in accordance with GRAP 1, has been provided in the notes to the financial statements for the current financial year only, and forms part of the Annual Financial Statements.

1.7 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. Events after the reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the Annual Financial Statements.

1.8 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting Policy 1.8.1 on revenue from non-exchange transactions and Accounting Policy 1.8.2 on revenue from exchange transactions describe the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the NSF management considered the detailed criteria for the recognition of revenue, as set out in GRAP 9 (revenue from exchange transactions). The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a) The amount of revenue can be measured reliably;
- b) It is probable that the economic benefits associated with the transaction will flow to the company;
- c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of value added tax.

1.8.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount. Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets recognised by the entity.

1.8.1.1 Skills development levy (SDL) income

SDL transfers are recognised when it is probable that future economic benefits can be measured reliably and occur when the DHET makes the allocation or the payment, whichever event comes first to the NSF as required by section 8 of the SDL Act, 1999. SDL income is measured at fair value of the consideration received and is based on the information supplied by the DHET.

In terms of sections 3(1) and 3(4) of the SDL Act, 1999, registered member companies pay an SDL of 1% of the total payroll cost to the South African Revenue Service (SARS), who collects the levies on behalf of the DHET. A portion of 20% of the SDLs is paid to the NSF and 80% to the SETAs.

1.8.1.2 State contributions

State contributions represent unconditional grants received from the DHET and are measured at fair value of the consideration received.

1.8.1.3 Income from SETAs towards TVET college campus assets

Skills Development Circular 08/2013 stipulates the role of SETAs with regard to TVET college campus assets. In terms of the Circular, each SETA's contribution towards the TVET college campus asset is a fixed amount, which is based on 4,8% of the SETA's estimated discretionary grant.

Income from SETAs towards the TVET college campus asset is recognised at fair value of the consideration received in the TVET college campus asset reserve as such funding is specifically received for use towards the TVET college campus asset. The related TVET college campus asset expenditure is also recognised against the TVET college campus asset reserve.

1.8.1.4 Finance income from SETA receivables for TVET college campus asset

Finance income represents interest earned on SETA receivables for TVET college campus assets and is accrued on a time- proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.8.1.5 Income from SETAs towards INDLELA development and recapitalisation

Income from SETAs towards the INDLELA development and recapitalisation is recognised at fair value of the consideration received.

1.8.1.6 Finance income on trade receivables from non-exchange transactions

Finance income represents interest earned on advance payments made to skills development programmes and projects. In terms of the contractual agreement, interest earned on the dedicated programme's or project's bank account must be used for the sole purpose of the programme or project as per the approved scope, budget and implementation plan. Any unused funds advanced by the NSF to the skills development provider (SDP), including accrued interest thereon, must be refunded to the NSF by the SDP at the end of the programme or project.

1.8.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

1.8.2.1 Finance income (from exchange transactions)

Finance income represents interest earned on investments and is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.8.2.2 Other income

Other income represents interest received by the training providers on the advance payments affected by the NSF, based on the approved memorandum of agreement (MoA) entered into between the parties. This interest received by the training providers is used to incur project expenditure on behalf of the NSF.

Other income is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

1.9 Expenditure

1.9.1 Collection costs paid to SARS

In terms of section 10(2) of the SDL Act, 1999, the Accounting Authority must, on a monthly basis (as may be agreed upon between SARS and the Accounting Authority), settle the costs of collection by SARS from the levies paid into the NSF. The total amount of the collection costs may not exceed 2% of the total amount of the levies collected by SARS.

1.9.2 NSF administration cost - 10% of levy collection

According to section 28(2) of the SDA, 1998, the Accounting Authority approved the use of 10% of the money allocated to the fund in terms of section 8(3)(a) of the SDL Act, 1999 to administer the fund. The use of the 10% allocation may be applied for short-term employee benefits and other operating expenses.

1.9.3 Short term employee benefits

Short-term employee benefits include salaries, paid annual leave, paid sick leave, 13th cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The costs of short-term employee benefits are charged to the Statement of Financial Performance as an employee cost in the year to which they relate, except for non-accumulating benefits, which are only recognised when the specific event occurs.

Short term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

1.9.4 Skills development funding expenditure

Skills development funding expenditure comprises:

- a) costs that relate directly to the specific contract with the skills development provider;
- b) costs that are attributable to contract activity in general and can be allocated to the project; and
- c) such other costs as are specifically chargeable to the NSF under the terms of the contract.

Skills development funding expenditure is recognised an expense in the period in which they are incurred.

The NSF allocates funds for skills development to training providers in terms of approved MoAs entered into between the parties. Funds that have not been spent by the training providers at year-end are accounted for as deferred expenditure in the financial statements of the NSF until the related eligible project expenses are incurred by the training providers and the related expenditure recognised. If eligible expenses are not incurred, the amount allocated to the training providers should be refunded to the NSF, including any accrued interest upon finalisation of the close-out report or upon termination of the contractual agreement by the NSF due to non-compliance by the provider.

1.9.5 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.9.6 Irregular expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999); the State tender Board Act, 1968 (Act 86 of 1968, or any regulation made in terms of that Act); or any provincial legislation providing for the procurement procedures in that provincial government.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

If irregular expenditure is not condoned by the relevant authority, it must be recorded appropriately in the relevant note to the financial statements. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

1.10 Assets

1.10.1 Property, plant and equipment

The Director-General of Higher Education and Training is the Accounting Authority of the NSF in terms of the PFMA, 1999 and must control the fund.

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods and services and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- a) It is probable that future economic benefits or service potential associated with the item will flow to the NSF and
- b) The cost or fair value of the item can be measured reliably.

Depreciation of an asset begins when it is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the NSF. Depreciation of an asset ends when it has reached the end of its useful life.

Subsequent to initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment.

Property, plant and equipment comprise mainly computer equipment, office equipment, office furniture and office appliances.

The carrying amount of an item of property, plant and equipment shall be derecognised:

- c) On disposal (including disposal through a non-exchange transaction); or
- d) When no future economic benefits or service potential are expected from its use or disposal.

Property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer equipment: 3 years
- Office equipment: 5 years
- Office furniture: 5 years
- Office appliances: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset can full depreciation when its useful life expires.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus/deficit.

1.10.2 Property, plant and equipment acquired by project implementing agencies for NSF special projects

Property, plant and equipment acquired by project implementing agencies for NSF special projects are capitalised in the financial statements of the respective agencies, as the agencies control such assets for the duration of the project.

1.10.3 Intangible assets

The Director-General of Higher Education and Training is the Accounting Authority of the NSF in terms of the PFMA, 1999 and must control the fund.

Intangible comprise mainly computer software. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- a) It is technically feasible to complete the asset so that It will be available for use or sale.
- b) There is an intention to complete and use or sell it.
- c) There is an ability to use or sell it.
- d) It will generate probable future economic benefits or service potential.
- e) There are available technical, financial and other resources to complete the development and to use or sell the asset.
- f) The expenditure attributable to the asset during its development can be measured reliably.

Amortisation of the intangible asset will begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation will end when the intangible assets have reached end of its useful life.

Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer software: 3 years
- Microsoft Dynamics ICT system: 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An intangible asset shall be derecognised:

- a) On disposal (Including disposal through a non-exchange transaction); or
- b) When no future economic benefits or service potential are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus/deficit.

1.10.4 TVET college campus assets and other

TVET college campus assets and other comprise of TVET college campuses developed on behalf of the respective colleges.

TVET college campus assets and other development are financed by the NSF and are centrally implemented by the DHET as the implementing agency for the NSF. The ultimate beneficiaries of the TVET college campus assets and other are the respective colleges to whom the assets will be transferred upon completion thereof.

The NSF shall recognise the cost of the TVET college campus assets and others as an asset if, and only if:

- a) it is probable that future economic benefits or service potential associated with the item will flow to the NSF, and
- b) the cost or fair value of the item can be measured reliably.

The NSF shall derecognise the TVET college campus assets and others upon transfer thereof to the respective colleges.

TVET college campus assets and others are subsequently stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items, which includes site preparation costs.

Other assets:

Other assets include the acquisition of equipment, machinery and other related assets as well as the construction thereof by the NSF-appointed service providers, based on the signed MoA. Accounting policies in respect of initial recognition and subsequent recognition that are applicable to TVET college campus assets are also applicable to other assets as well as impairment considerations.

1.10.5 Deferred expenditure related to skills development funding expenditure

Deferred expenditure on skills development funding consists of funds (resources) prepaid to the SDPs, but controlled by the NSF via the contractual agreements with the SDPs. In the past, the funds were received from the NSF's revenue streams (mainly SDL income and investment income). Deferred expenditure is expected to generate future service potential for the NSF by enabling the NSF to fund future SDPs provided to the intended beneficiaries, as it is mandated to do.

Deferred expenditure is initially recognised at cost and subsequently measured at cost less any provision for impairment.

Deferred expenditure on skills development funding is initially recognised at the following dates:

- a) Date at which the funds for future skills development activities are paid by NSF to the SDP; and
- b) Date at which interest on these funds advanced accrues to the SDP but should be utilised for purposes of the programme or project in accordance with the contractual agreement and approved scope, budget and implementation plan for the programme or project.

Any subsequent interest that is earned on advances or prepayments is recognised as part of the deferred expenditure on skills development Funding balance. In terms of the contractual agreement, interest earned on the dedicated project bank account or cost centre must be used for the sole purpose of the programme or project as per the approved programme or project scope, budget and implementation plan.

Deferred expenditure on skills development funding is derecognised as an asset in the Statement of Financial Position by recognition of the Skills Development Funding expense in the Statement of Financial Performance once the funds advanced or prepaid have been verified by the NSF as used for valid skills development activities that are aligned to the contractual agreement and approved scope, budget and implementation plan. This is at the date at which the financial drawdown report was checked and approved by the responsible NSF project director.

Any advance or prepayment, including accrued interest thereon, or portion thereof that has not yet been used for skills development activities aligned to the contractual agreement and approved scope, budget and implementation plan, during the verification of the financial drawdown report above, shall not be derecognised as deferred expenditure on skills development funding. It shall remain as such until the advance or prepayment has been verified as used towards skills development activities that are aligned with the contractual agreement and approved scope, budget and implementation plan. Other factors that may trigger derecognition are as follows:-

- a) once the advance funds have been verified by NSF as used skills development activities aligned to the MoA and implementation plan.
- b) at the contractual end date as stipulated in the MoA;
- c) the notification letter issued by NSF to SDPs for cancellation of the programme or project and termination of the contract due to non-compliance by the SDP with the contractual agreement.

1.10.6 Trade and other receivables from non-exchange transactions

Receivables from non-exchange transactions consist of funds previously advanced to SDPs, including accrued interest, which becomes refundable back to NSF upon the end date of the contractual agreements with the SDPs or termination of the contractual agreement or based on the final quarterly report as outlined in the terms and conditions of the contractual agreements with the SDPs.

It is a receivable and meets the definition of an asset in terms of GRAP 1 (paragraph 5.) and GRAP 104.13 as a result of the following past events:

- a) The programme or the project ended as stipulated in the contractual agreement with the SDPs. or a letter of refund has been issued NSF has a conditional right to receive cash,
- b) The programme or project was cancelled, and the contract terminated because of non-compliance by the SDP to the contractual agreement, which is evidenced by the NSF issuing a signed-off letter to the SDP as a notification of cancellation of the programme or project and demand to the SDP to refund the balance owing to the NSF

Receivables related to the skills development funding are initially recognised at the following trade dates in accordance with Paragraph 24 of GRAP 104:

- a) End date as stipulated in the MoA signed with SDPs
- b) Upon issuing of the termination letter to the SDP due to non-compliance with the contractual agreement.

The receivables from the SDP are subsequently measured at cost less provision from impairment in accordance with paragraphs 45 and 46 of GRAP 104. The receivable is usually measured at the original invoice amount.

GRAP 104 application guide paragraph AG114 states that, often, it will not be necessary to undertake a formal effective interest rate calculation. This may be because the instrument is a short duration receivable with no stated interest rate, which is usually measured at the original invoice amount.

Furthermore, the receivables related to skills development funding are subsequently measured at the original amount as per the following supporting documents (regarded as the original invoice) in accordance with GRAP 104 application guidance paragraph AG114:

- a) end date as stipulated in the MoA signed with SDPs; or
- b) the notification letter issued by NSF to SDPs for cancellation of the programme or project and termination of the contract due to non-compliance by the SDP with the contractual agreement.

Receivables relating to skills development funding in terms of paragraph 68 of GRAP 104 shall be derecognised when those receivables are settled by SDPs and when the debt is uncollectable after following the legal process. The debt will then be written off.

Receivables from skills development funding are recognised as a financial asset in the Statement of Financial Position because the NSF is party to the contractual provisions of the instrument.

1.10.7 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

In terms of section 29(2) of the SDA, 1998, any money in the fund not required for immediate use should be invested with the Public Investment Corporation (PIC). Cash and cash equivalents are measured at fair value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments.

1.11 Liabilities

1.11.1 Leave and bonus accruals

The entity has opted to treat its provision for leave and bonus pay as an accrual.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date. Accruals related to employee benefits included in the Statement of Financial Position include annual leave, capped leave, thirteenth cheque as well as performance bonus commitments at year end (based on current salary rates).

The liability for leave pay is based on the total accrued leave days at year-end and is shown as an accrual in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made. No accrual is made for post-retirement benefits, as the NSF does not provide for such benefits for its employees.

1.11.2 Accruals and payables related to skills development funding

In terms of paragraph 18(b) of GRAP 19, accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay).

Accruals related to skills development funding are consistent with the definition of a liability as per paragraph 5 of GRAP 1 as follows:

Accruals

Present obligation: The NSF has a present legal obligation to fund the valid skills development activities provided by the SDP in accordance with the signed contractual agreement and approved scope, budget and implementation plan.

Past events: The obligation arises from the valid skills development activities provided by the SDP in the past.

Outflow of resources: It is expected that the liability will be settled via the outflow of cash once it has been formally verified and agreed upon through the financial drawdown report or close-out report process.

The accruals related to skills development funding are consistent with the definition of an accrual, based on the following:

- a) The skills development activities provided by the SDP were provided before year-end.
- b) The SDP has not yet formally claimed the expenditure from the NSF via a financial drawdown report or close-out report at year-end (in other words, invoiced the NSF).
- c) The expenditure has, thus, not yet formally been agreed upon between the NSF and the SDP at year-end.

Accruals related to skills development funding are initially recognised at cost, which represents the fair value thereof and subsequently recognised at cost.

- a) the financial drawdown report is signed off by the NSF project director;
- b) the close-out report is signed-off by the NSF project director; or
- c) the notification letter to cancel the programme or project is issued by the NSF. Accruals are derecognised upon the contractual end date of the MoA.

Payables

Payables related to skills development funding meet the definition of a liability as per Paragraph 5 of GRAP 1 as follows:

Present obligation: The NSF has a present legal obligation to pay the drawdown as per the approved financial drawdown report or close-out report. The legal obligation is derived from the signed contractual agreement between the NSF and the SDP.

Past events: The obligation arises from the requirements of the contractual agreement being met that requires NSF to pay the drawdown. These requirements entail:

- a) the SDP submitting accurate and complete reports on the programme or project to the NSF, with valid supporting documentation;
- b) the NSF verifying the accuracy, validity and completeness of the information submitted; and
- c) the NSF approving the drawdown request.

Outflow of resources: It is expected that the liability will be settled via the outflow of cash once the drawdown amounts as per the financial drawdown report or close-out report is paid.

Paragraph 13 of GRAP 104 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Paragraph 13 of GRAP 104 further defines a financial liability as any liability that is a contractual obligation to:

- a) deliver cash or another financial asset to another entity; or
- b) exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Payables related to skills development funding provide the NSF with the contractual obligation to deliver cash to the SDP

- a) upon approval of the financial drawdown report or close-out report; or
- b) upon cancellation of the programme or project and termination of the contract, which is when the NSF issues a signed-off letter as part of notifying the SDP of the cancellation of the programme or project and termination of the contract. If applicable, the letter will then also outline the balance owing by the NSF to SDP as part of the cancellation of the programme or project.

Thus, 'payables related to skills development funding' adheres to the definition of a financial liability and, therefore, the definition of a financial instrument. Hence, GRAP 104 is applicable to payables related to skills development funding. Payables related to skills development funding are, therefore, recognised as a financial liability in the Statement of Financial Position because they adhere to the definition of a financial liability.

Payables related to skills development funding are initially recognised at the following dates in accordance with paragraph 23 of GRAP 104:

- a) contractual end date as stipulated in the MoA;
- b) upon cancellation of the programme or project and termination of the contract, which is when the NSF issues a signed-off letter as part of notifying the SDP of the cancellation of the programme or project and termination of the contract. If applicable, the letter will then also outline the balance owing by the NSF to SDP as part of the cancellation of the programme or project.

Payables are derecognised in the following instances:

- a) settlement of the creditor by the NSF
- b) extension to the end date expired project or reinstatement of the MoA.

1.11.3 Provisions

In terms of GRAP 19, a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities, such as payables and accruals, because there is uncertainty about the timing or amount of the future expenditure required in settlement.

1.11.3.1 Provision for levies less than the threshold

Section 4(b) of the SDL Act, 1999 stipulates that employers with a total yearly remuneration expense of below R500 000 are exempt from contributing SDLs. In terms of section 190(4) of the Tax Administration Act, 2011 (Act 28 of 2011), a person is entitled to a refund under subsection (1)(b) only if the refund is claimed by a person within three years, in the case of an assessment by SARS or five years in the case of self-assessment from the date of the assessment.

The NSF recognises a provision for levies contributed by exempt employers. The provision is measured as 20% of the actual levy paid by the exempt employer. This is considered the best estimate as per paragraph 44 of GRAP 19 as the amount that the NSF will be expected to refund the exempt employer.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

1.11.3.2 Provision for performance bonuses

Performance bonuses are provided for based on the NSF's past practice to pay annual performance bonuses. Uncertainty exists over the amount and the timing of the performance bonuses as NSF has not yet completed the performance assessments at year-end and determined the performance bonus payable. Management estimates the performance bonus payable to be in line with the prior period's performance bonus paid with an average increase for inflation.

1.11.3.3 Provisions related to skills development funding

GRAP 19 defines a provision as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals, because there is uncertainty about the timing or amount of the future expenditure required in settlement. A legal obligation is an obligation that derives from: (a) a contract (through its explicit or implicit terms); (b) legislation; or (c) other operation of law. Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential

Provisions related to skills development funding are provided on skills development programmes and projects for skills development activities that have not yet been verified from the last verified date up to financial year-end or contract end date, whichever occurs first.

Uncertainty exists over the amount and timing of these skills development activities as the NSF has not yet received and verified the reports related to those skills development programmes and projects to determine the skills development activities undertaken and the expenditure incurred therefore. Provisions from skills development programmes and projects are estimated on an annual basis. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the provision calculations, management deems the skills development activities be rendered equally over the original contract term, while taking into

consideration historical performance trends on each contract and any other observable evidence at the reporting date. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced/claimed by the training providers. Actual results may differ from these estimates. Provision recognised for the relevant financial year is deducted from the remaining contract commitment.

The estimate for the provision is made for projects for the period after the last quarterly report verified and the reporting date. The estimation is based on the contract value, start date and end date of the project, as well as the reporting date. A daily contract value is calculated, as well as the number of days from the last quarter verified until the reporting date. This is multiplied by the average pay-out ratio for that group of projects. The provision is limited to the amount raised as deferred expenditure.

Management estimates the provision related to skills development funding on the following assumptions:

- a) it is assumed that the skills development project or programme will continue with skills development
- b) it is assumed that the skills development project or programme's actual expenditure trend for the period after the last verified date will be in line with the actual expenditure trend for the historic verified period. If no historic verified period for the specific project exists yet, it is assumed that the project's actual expenditure trend for the period after the last verified date will be in line with the average actual expenditure trend for the historic verified period for similar projects.
- c) it is assumed that the skills development project or programme's expenditure incurred for the period after the last verified date will not exceed the prepayment made to the project or programme. This assumption is on the basis that a programme or project will only undertake skills development activities if the programme or project is able to pay for those activities as and when it happens or shortly thereafter. Skills development activities will, therefore, only be undertaken if the project or programme has the cash on hand for those activities.

Provision are derecognised under the following instances:

- a) all quarterly financial reports for the financial year have been verified and signed off by the NSF;
- b) the Project Expired and closure report finalised and the refund has been made by the SDP to the NSF and NSF has paid all the refunds due to the SDP.

1.12 Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. The classification of financial assets and liabilities, into categories, is based on judgement by management.

Financial assets and financial liabilities are recognised on the NSF Statement of Financial Position when the NSF becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Subsequent to initial recognition, these instruments are measured as set out below.

1.12.1 Financial assets - classification

A financial asset is any asset that is a cash or contractual right to receive cash. The entities principle financial assets, as reflected on the face of the Statement of Financial Position, are classified as follows:

- a) Cash and cash equivalents;
- b) Financial assets at fair value; and
- c) Trade and other receivables.

In accordance with GRAP 104, the financial assets of the entity are classified as follows into the categories as allowed by the standard:

Type of financial asset	Classification in terms of GRAP 104
Cash and cash equivalents	Financial assets at fair value
Financial assets at fair value through surplus or deficit	Financial assets at amortised cost
Trade and other receivables	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments. The entity categorises cash and cash equivalents as financial assets: loans and receivables.

Financial assets at fair value are financial assets that meet either of the following conditions:

- a) They are classified as held for trading; or
- b) Upon initial recognition, they are designated as at fair value through the Statement of Financial Performance.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months, which are classified as non-current assets. Loans and receivables are initially measured at cost, which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less provision for impairment.

1.12.2 Financial liabilities - classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity. The entities principal financial liabilities relates to accounts payable which are classified as follows on the face of the Statement of Financial Position:

- trade and other payables.

There are two main categories of financial liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- fair value through surplus or deficit; or
- at amortised cost using the effective interest method.

Financial liabilities at fair value are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through surplus or deficit are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as Other Financial Liabilities and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104, the Financial Liabilities of the entity are all classified as “other financial liabilities”.

1.12.3 Initial and subsequent measurement

1.12.3.1 Financial assets: Financial assets at fair value through surplus/deficit

Money market financial instruments are initially and subsequently measured at fair value. It is the policy of NSF to account for changes in the fair value of monetary securities classified at fair value through the Statement of Financial Performance. The fair value adjustment is calculated between the difference of the market value at the end of the reporting period and the cost of the investment. These investments are evaluated once a year at the end of the reporting period.

1.12.3.2 Financial assets

Trade and other receivables from exchange transactions

Trade and other receivables from non-exchange transaction are initially recognised at trade date at the original invoice.

Trade and other receivable from non-exchange transaction

Trade and other receivables from non-exchange transactions are initially recognised at trade date at the original invoice amount based on unused funds previously advanced to service providers, including accrued interest, which becomes refundable to the NSF on the end date of contractual agreement with SDPs or termination of the contractual agreement. Trade and other receivables from non-exchange transactions from the SDP are then measured at cost less provision from impairment, in accordance with paragraphs 45 and 46 of GRAP 104.

1.12.3.3 Financial liabilities: Trade and other payables

Accruals represent goods/services that have been received together with an accompanied invoice but final authorisation to effect payment has not been effected. Accruals are recognised in the Statement of Financial Position as current liabilities.

1.12.4 Impairment of financial assets and uncollectability of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence, the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Account receivables are initially valued at cost, which represents fair value, and subsequently measured at cost less provision from impairment in accordance with paragraphs 45 and 46 of GRAP 104. An estimate is made for a provision for impairment based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Unless the NSF has observable data to its disposal that indicates otherwise, Receivables related Skills Development Funding balances that passed the 30 days age are considered as an indication of impairment, since the balances have to be settled within 30 days. Policy of entity is at reporting date ageing of 31 to 60 days: 100% of these receivables balances are still regarded as recoverable, ageing of 61 to 90 days: 75% of these receivables balances as recoverable, ageing of 91 to 120 days: 50% of these receivables balances are still regarded as recoverable, ageing of 121 to 150 days: 25% of these receivables balances are still regarded as recoverable and ageing of over 150 days: 0% of these receivables balances are still regarded as recoverable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance

account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

The disappearance of an active market because an entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, of itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortised cost is not necessarily evidence of impairment (for example, a decline in the fair value of an investment in a debt instrument that results from an increase in the risk-free interest rate).

1.12.5 Impairment and gains and losses from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

1.12.6 Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the NSF realises the contractual rights to the benefits specified in the contract, the rights expire, the NSF surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in capital and reserves is included in net surplus or deficit for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.12.7 Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

1.12.8 Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are unavailable, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

1.12.9 Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

1.12.9.1 Credit risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

1.12.9.2 Liquidity risk:

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 27 to the Annual Financial Statements.

1.13 Related parties

1.13.1 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related party transactions are classified by the entity as those transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances. All transactions with related parties were all at arm's length.

1.13.2 Key management personnel

Key management personnel can be defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The NSF Minister's Advisor (on Post Level 16) and the Executive Officer (EO) of the NSF (on Post Level 15) are currently regarded as being at key management level, including employees on Levels 14 and 13 or officials acting in senior management positions. Transactions conducted with key management, as well as with close family members of key management, are regarded as related party transactions. All transactions with related parties were all at arm's length.

1.14 Commitments

Commitments only include funds that have been committed contractually at year-end. Funds committed contractually are commitments where the NSF has a contractual obligation to fund the skills development programme/project or administrative projects. With a contractual obligation, there is a written agreement with specific terms between the NSF and the third party, whereby the third party undertakes to perform certain deliverables as outlined in the agreement. Performance on these deliverables will obligate the NSF to make payment. Commitments forming part of the disclosure note include contractual commitments for the acquisition of personal protective equipment (PPE) and intangible assets in terms of GRAP 17 and GRAP 31.

1.15 Contingent assets and contingent liabilities

Management judgement is obtained through the services of legal counsel when disclosing contingent assets and liabilities. The probability that an inflow or outflow of economic resources will occur due to past events, which will only be confirmed by the occurrence or non-occurrence of one or more future events as well as any possible financial impact, is disclosed based on management estimation in the disclosure notes.

1.16 Defined contribution plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 13% of pensionable emoluments. The entity's contributions to the defined benefit contribution scheme are established in terms of the rules governing the scheme.

Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

1.17 Principal-agent arrangement

Paragraph 5 of GRAP 109 provides the following in terms of the meaning specified: An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal. A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit, of another entity (the principal). The NSF has certain activities executed by another entity. The ultimate responsibility still rests with the NSF to report on those activities.

The NSF shall assess whether it is a principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an entity is a principal or an agent will require the NSF to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit. The NSF assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

2. Property, plant and equipment

Reconciliation of cost to net book value

	2022/23 R'000			2021/22 Restated R'000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Computer equipment	23 007	(18 935)	4 072	19 486	(17 974)	1 512
Office furniture	5 367	(4 804)	563	5 051	(4 432)	619
Office appliance	300	(252)	48	281	(234)	47
Office equipment	1 191	(1 117)	74	1 191	(1 082)	109
Total	29 865	(25 108)	4 757	26 009	(23 722)	2 287

Reconciliation of opening to closing net book value

	2022/23 R'000				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Owned assets					
Computer equipment	1 512	3 521	-	(961)	4 072
Office furniture	619	316	-	(372)	563
Office appliance	47	19	-	(18)	48
Office equipment	109	-	-	(35)	74
Total	2 287	3 856	-	(1 386)	4 757

Reconciliation of opening to closing net book value

	2021/22 Restated R'000				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Owned assets					
Computer equipment	1 112	1 077	(13)	(664)	1,512
Office furniture	952	-	-	(333)	619
Office appliance	63	-	-	(16)	47
Office equipment	74	64	-	(28)	109
Total	2 201	1 141	(13)	(1 041)	2 287

None of the PPE held are pledged as security for liability.

3. Intangible assets

Reconciliation of cost to net book value

	2022/23 R'000			2021/22 R'000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Owned assets						
Computer software	2 527	(2 527)	-	2 527	(2,527)	-
Integrated Microsoft Dynamics (ERP) system	23 911	(7 853)	16 058	23 911	(5 846)	18 065
Total	26 438	(10 380)	16 058	26 438	(8 373)	18 065

Reconciliation of opening to closing net book value

	2022/23 R'000					
	Carrying value at beginning of year	Additions	Disposals	Impairment loss	Amortisa- tion	Carrying value at end of year
Owned assets						
Integrated Microsoft Dynamics ERP system	18 065	-	-	-	(2 007)	16 058
Total	18 065	-	-	-	(2 007)	16 058

The computer software, Integrated Microsoft Dynamics was internally generated.

Microsoft Dynamics (MS Dynamics) is designed and developed to enable the NSF to automate operational processes and improve day-to day work outputs. Due to the expiry of the contract with the service provider, the process of migrating the system to the NSF-owned cloud infrastructure has already commenced. The AS-IS full assessment of the MS Dynamics system commenced during the review year in consultation with Microsoft. The final AS-IS assessment report will be used by the NSF in determining the level of effectiveness and efficiency of the current system that was developed by EOH. NSF directorates submitted inputs for the AS-IS assessment, and the process as at 31 March 2023 was ongoing.

Reconciliation of opening to closing net book value

	2021/22 R'000					
	Carrying value at beginning of year	Additions	Disposals	Impairment loss	Amortisation	Carrying value at end of year
Owned assets						
Integrated Microsoft Dynamics ERP system	20 072	-	-	-	(2 007)	18 065
Total	20 072	-	-	-	(2 007)	18 065

4. TVET college campus assets

Reconciliation of cost to net book value

TVET college campus assets and other		2022/23 R'000			2021/22 R'000		
Site	TVET college and other	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Aliwal North	Ikhala	-	-	-	136 983	-	136 983
Balfour	Gert Sibande	155 953	-	155 953	137 812	-	137 812
Bhambanana	Umfoloji	196 523	-	196 523	196 523	-	196 523
Graaff-Reinet	Eastcape Midlands	-	-	-	121 903	-	121 903
Greytown	Umgungundlovu	-	-	-	151 873	-	151 873
Kwagqikazi	Mthashana	-	-	-	115 579	-	115 579
Msinga	Umgungundlovu	165 092	-	165 092	160 819	-	160 819
Ngqungqushe (Lusikisiki)	Ingwe	181 283	-	181 283	177 130	-	177 130
Sterkspruit	Ikhala	205 412	-	205 412	179 186	-	179 186
Mount Frere	Ingwe	17 776	(8 768)	9 008	17 776	(1 765)	16 011
Siteto Mbizana	Ingwe	18 553	(4 742)	13 811	18 553	-	18 553
Maluti	Ingwe	8 602	-	8 602	8 602	-	8 602
Mount Fletcher	Ingwe	7 480	-	7 480	7 480	-	7 480
Ekurhuleni East	Ekurhuleni East	-	-	-	23 000	-	23 000
Cape Peninsula	Cape Peninsula	70 578	-	70 578	70 578	-	70 578
Ekurhuleni West	Ekurhuleni West	-	-	-	13 703	-	13 703
Port Elizabeth	Port Elizabeth	-	-	-	11,704	-	11 704
Eastcape Midlands	Eastcape Midlands	-	-	-	8 267	-	8 267
False Bay	False Bay	-	-	-	25 579	-	25 579
Sanren-Saben	Sanren-Saben	200 273	-	200 273	142 224	-	142 224
Total		1 227 525	(13 510)	1 214 015	1 725 274	(1 765)	1 723 509

TVET college campus assets continued...

TVET college campus assets and other' comprises the aforementioned TVET college campuses that are still in the development phase as at year-end. The TVET college campuses are developed on behalf of the respective TVET colleges, which are the ultimate beneficiaries of the 'TVET college campus assets and other'. The assets will be transferred upon final completion.

The NSF recognises the assets while under construction until final completion and transfer thereof to the respective TVET colleges. Skills Development Circular No. 08 of 2013 calls on the NSF and SETAs to contribute towards funding the TVET college campus development in support of Goal 4.3 of the National Skills Development Strategy III (NSDS III), which promotes the growth of the public TVET college system that is responsive to sector, local, regional and national skills needs and priorities. The TVET college infrastructure development is financed by the NSF and is centrally implemented by the DHET as the implementing agency for the NSF.

TVET college campus assets are active and progressing to the construction and occupational phase.

The Bambanani campus has reached 85% sectional completion. The DHET has indicated that they are in a process of procurement for the replacement contractor to resume construction. The DHET has confirmed that they will appoint a replacement contractor. The Balfour site have achieved physical completion of 98%. The Umsinga and Ngqungqushu sites have achieved practical completion and are at occupational phase. Sterkspruit is expected to be completed by the 2023/24 financial year.

Greytown Campus, Aliwal North, Graaff-Reinet have been disposed.

Other assets

Ekurhuleni West, Port Elizabeth, Ekurhuleni East, False Bay (Swartklip) and Eastcape Midlands projects have been closed. Cape Peninsula is at the close-out phase and waiting for the final close-out reports.

The Sanren-Saben project is ongoing as of 31 March 2023 with an expected end date of 30 June 2023.

ADA Holdings: Ingwe TVET sites

The Mount Frere, Siteto Mbizana, Maluti and Mount Fletcher sites were subject to impairment assessment at end of the financial year due to an extended halt in the construction activities on these sites. Independent Property Evaluation Consultants including quantity surveyors and engineers were appointed to evaluate the sites.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable service amount. An Independent Property Valuer was used to determine the recoverable service amounts of the sites.

Management conducted an impairment assessment of the 'TVET college campus assets and other' at financial year end in accordance with paragraph 87 of GRAP 17 and GRAP 21. Paragraph 7 of GRAP 21 states the following: In assessing whether a halt in construction would trigger an impairment test, the entity would consider whether construction has simply been delayed or postponed, whether there is an intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

GRAP21 was considered for the identification of indicators of impairment from internal and external sources used as part of verifiable evidence in the impairment assessment conducted.

Management base their impairment assessment on the progress reports compiled by the NSF Project Monitoring Unit (internal source). The reports from the professional consultant engineers, MSW, (external source) were also used in assessing whether there is an indication to impair the construction sites.

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

TVET college campus assets continued...

Reconciliation of opening to closing net book value

TVET College Campus Assets and other		2022/23 R'000				
Site	TVET college and other	Carrying value at beginning of year	Additions	Disposals	Impairment	Carrying value at end of year
Aliwal North	Ikhala	136 983	6 647	(143 630)	-	-
Balfour	Gert Sibande	137 812	18 141	-	-	155 953
Bhambanana	Umfolozi	196 523	-	-	-	196 523
Graaff-Reinet	Eastcape Midlands	121 903	5 048	(126 951)	-	-
Greytown	Umgungundlovu	151 873	6 038	(157 911)	-	-
Kwagqikazi	Mthashana	115 579	11 263	(126 842)	-	-
Msinga	Umgungundlovu	160 819	4 273	-	-	165 092
Ngqungqushu (Lusikisiki)	Ingwe	177 130	4 153	-	-	181 283
Sterkspruit	Ikhala	179 186	26 226	-	-	205 412
Mount Frere	Ingwe	16 011	-	-	(7 003)	9 008
Siteto Mbizana	Ingwe	18 553	-	-	(4 742)	13 811
Maluti	Ingwe	8 602	-	-	-	8 602
Mount Fletcher	Ingwe	7 480	-	-	-	7 480
Ekurhuleni East	Ekurhuleni East	23 000	-	(23 000)	-	-
Cape Peninsula	Cape Peninsula	70 578	-	-	-	70 578
Ekurhuleni West	Ekurhuleni West	13 703	-	(13 703)	-	-
Port Elizabeth	Port Elizabeth	11 704	3 507	(15 211)	-	-
Eastcape Midlands	Eastcape Midlands	8 267	-	(8 267)	-	-
False Bay	False Bay	25 579	1 015	(26 594)	-	-
Sanren-Saben	Sanren-Saben	142 224	58 049	-	-	200 273
Total		1 723 509	144 360	(642 108)	(11 745)	1 214 015

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

TVET college campus assets continued...

Reconciliation of opening to closing net book value

TVET college campus assets and other		2021/22 R'000				
Site	TVET college and other	Carrying value at beginning of year	Additions	Disposals	Impairment	Carrying value at end of year
Aliwal North	Ikhala	133 661	3 322	-	-	136 983
Balfour	Gert Sibande	70 256	67 556	-	-	137 812
Bhambanana	Umfolozi	196 523	-	-	-	196 523
Graaff-Reinet	Eastcape Midlands	121 807	96	-	-	121 903
Greytown	Umgungundlovu	108 424	43 449	-	-	151 873
Kwagqikazi	Mthashana	96 785	18 794	-	-	115 579
Msinga	Umgungundlovu	151 706	9 113	-	-	160 819
Ngqungqushe (Lusikisiki)	Ingwe	140 755	36 375	-	-	177 130
Nongoma	Mthashana	147 963	1 566	(149 529)	-	-
Sterkspruit	Ikhala	170 635	8 551	-	-	179 186
Umzimkhulu	Esayidi	130 573	-	(130 573)	-	-
Mount Frere	Ingwe	16 011	-	-	-	16 011
Siteto Mbizana	Ingwe	18 553	-	-	-	18 553
Maluti	Ingwe	8 602	-	-	-	8 602
Mount Fletcher	Ingwe	7 480	-	-	-	7 480
Ekurhuleni East	Ekurhuleni East	23 000	-	-	-	23 000
Cape Peninsula	Cape Peninsula	70 183	395	-	-	70 578
Ekurhuleni West	Ekurhuleni West	13 703	-	-	-	13 703
Port Elizabeth	Port Elizabeth	7 000	4 704	-	-	11 704
Eastcape Midlands	Eastcape Midlands	6 630	1 637	-	-	8 267
False Bay	False Bay	18 798	6 781	-	-	25 579
Sanren-Saben	Sanren-Saben	46 202	96 022	-	-	142 224
Total		1 705 250	298 361	(280 102)	-	1 723 509

5. Investments

It is the NSF's policy to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated as the difference between the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period by the Public Investment Corporation (PIC). The latest revaluation was performed on 31 March 2023.

		2022/23 R'000	2021/22 R'000
Composition at fair value			
Investments with the PIC	Notes	11 844 780	10 111 501
Balance at the beginning of the year		10 111 501	9 223 505
Invested during the year		4 161 770	3 802 321
Interest received and capitalised	18.	699 835	406 903
Management fees and expenses	23.	(3 304)	(2 795)
Withdrawal		(3 125 497)	(3 338 246)
Fair value adjustment		475	19 805
Profit on disposal of investment		-	8
Closing balance end of year		11 844 780	10 111 501

At each reporting date, the NSF assesses whether there is objective evidence that a financial asset or group financial assets are impaired. None of the financial assets at fair value through surplus or (deficit) are impaired on the reporting date.

Section 29(2) of the SDA, 1998 stipulates that any money in the NSF not required for immediate use may be invested in accordance with the investment policy approved by the Director-General, which complies with the requirements of the PFMA, 1999.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the NSF (as a public entity that is listed in Schedule 3A of the PFMA, 1999) must invest surplus funds with the Corporation for Public Deposits. The NSF obtained exemption from the National Treasury to invest surplus funds with the PIC in accordance the NSF's investment policy.

6. Trade and other receivables from exchange transactions

	2022/23 R'000	2021/22 R'000
The carrying and fair value of trade and other receivables from exchange transactions are as follows:		
Receivables from administrative expenditure	147	63
Closing balance end of year	147	63

The balance of the R147 000 relates to a deposit on parking space as well as employees with credit leave balances. Employees with credit leave balances relate to employees who have taken leave days more than the accrued number of leave days as at 31 March 2023. These credit balances should reduce during the course of the 2023 calendar year.

7. Trade and other receivables from non-exchange transactions

Current

The carrying and fair value of current trade and other receivables from non-exchange transactions are as follows:

	2022/23 R'000	2021/22 R'000
Receivables related to skills development funding	15 009	70 178
Carrying amount	78 086	104 771
Less: Provision for impairment	(63 077)	(34 593)
Closing balance end of year	15 009	70 178

Trade and other receivables from non-exchange transactions are reflected at fair value as at 31 March 2023.

	2022/23 R'000				
	Current	31-180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
Receivables related skills development funding	9 188	5 821	-	-	15 009
	9 188	5 821	-	-	15 009

	2021/22 R'000				
	Current	31-180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
Receivables related skills development funding	14 291	55 887	-	-	70 178
	14 291	55 887	-	-	70 178

8. Deferred expenditure related to skills development funding

	2022/23 R'000	2021/22 Restated R'000
Skills development funding	1 156 004	829 789
PSET system improvement funding	73 387	52 222
Closing balance end of year	1 229 391	882 011

9. Cash and cash equivalents

	2022/23 R'000	2021/22 R'000
Favourable cash balances:		
Cash in bank	1 553 625	108 492
Closing balance end of year	1 553 625	108 492

Credit quality of cash at bank and short-term deposits, excluding cash on hand:

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter party default rates.

As required in Treasury Regulation 31.2, National Treasury approved the banks where the NSF bank accounts are held. The weighted average interest rate on short-term bank deposits is 0.40% for the reporting period (2021/22: 5.95%).

Cash includes cash with commercial banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts.

10. Trade and other payables from non-exchange transactions

	Notes	2022/23 R'000	2021/22 R'000
Payables related to skills development funding	10.1	(200 639)	(196 412)
Closing balance end of year		(200 639)	(196 412)

10.1 Payables related to skills development funding

	2022/23 R'000	2021/22 R'000
Skills development funding	(189 840)	(52 115)
PSET system improvement funding	(10 799)	(144 297)
Closing balance end of year	(200 639)	(196 412)

11. Trade and other payables from exchange transactions

	2022/23 R'000	2021/22 Restated R'000
Administrative payables due to the DHET	(40 517)	(78 745)
Other administrative payables	(9 308)	(2 672)
Closing balance end of year	(49 825)	(81 417)

12. Accruals from non-exchange transactions

		2022/23 R'000	2021/22 Restated R'000
Accruals related to skills funding	Notes 12.1	(2 159 617)	(2 149 589)
Closing balance end of year		(2 159 617)	(2 149 589)

12.1 Accruals related to skills development funding

	2022/23 R'000	2021/22 Restated R'000
Skills development funding	(2 079 009)	(2 077 477)
PSET system improvement funding	(80 608)	(72 112)
Closing balance end of year	(2 159 617)	(2 149 589)

As at 31 March 2023, accruals related to skills development funding amounting to R2,159 billion (2021/22: R2,150 billion) were recognised. The increase in accrual movement from the prior year is a result of approved funds by the Minister of Higher Education, Science and Innovation of R3,3 billion from the NSF to augment the 2021 shortfall at the National Student Financial Aid Scheme (NSFAS) for the 2021 academic year, of which R1,2 billion was disbursed to the NSFAS towards the end of March 2022.

13. Accruals from exchange transactions

		2022/23 R'000	2021/22 R'000
	Notes		
Leave and bonus accruals	13.1	(7 931)	(7 000)
Closing balance end of year		(7 931)	(7 000)

13.1 Leave and bonus accrual

	2022/23 R'000	2021/22 R'000
Balance at the beginning of the year	(7 000)	(8 348)
Amounts utilised during the year		8 348
Amount recognised during the year	(931)	(7 000)
Closing carrying amount	(7 931)	(7 000)

Leave and bonus accrual composition:

Current

Leave accrual	(5 355)	(4 697)
Bonus accrual (Thirteenth cheque)	(2 576)	(2 303)
Closing balance end of year	(7 931)	(7 000)

Leave is calculated based on leave days outstanding at reporting date and quantified in terms of total cost of employment per employee. The bonus accrual relates to thirteenth cheque commitments owed to NSF employees at reporting date.

14. Provisions

		2022/23 R'000	2021/22 R'000
	Notes		
Provision for levies less than threshold	14.1	(67 318)	(56 725)
Performance bonus provision	14.2	-	(890)
Provisions related to skills development funding	14.3	(70 275)	(42 204)
Closing balance end of year		(137 593)	(99 819)

Provisions continued...

14.1 Provision for levies less than threshold

	2022/23 R'000	2021/22 R'000
Carrying amount at beginning and end of period	(56 725)	(44 909)
Additional provisions made in the period, including increases to existing provisions	(14 205)	(16 113)
Unused amounts reversed during the period.	3 612	4 297
	(67 318)	(56 725)
Balance at the beginning of the year	(56 725)	(44 909)
Levies less than threshold provision raised/(utilised) for the year	(10 593)	(11 816)
Closing balance end of year	(67,318)	(56 725)

14.2 Performance bonus provision

	2022/23 R'000	2021/22 R'000
Balance at the beginning of the year	(890)	(828)
Performance bonus provision unutilised	890	828
Performance bonus paid (utilisation of provision)	-	-
Performance bonus provision for the current year performance bonuses	-	(890)
Closing balance end of year	-	(890)

As at 31 March 2023, due to the discontinuation of performance awards, there was no performance bonus provision (2021/22: R890 000).

14.3 Provisions from skills development funding

	2022/23 R'000	2021/22 R'000
Carrying value at the beginning of the year	(42 204)	-
Additional provision	(28 071)	(42 204)
Reduction due to payments/outflow of economic benefits	-	-
Balance at the end of the year	(70 275)	(42 204)

As at 31 March 2023, there was provision of R70 million related to skills development funding that was recognised.

15. Skills development levies (non-exchange revenue)

In terms of the SDA, 1998 and SDLA, 1999, the total levy income per the Statement of Financial Performance is as follows:

	2022/23 R'000	2021/22 R'000
Percentage of payroll payable as skills development levy	1 %	1 %
Skills development levies received from SARS (20%):		
Skills development levies received	4 161 770	3 802 322
Skills development levies collected by SARS	20 808 849	19 011 163
Less: Amount withheld by the DHET and paid to the SETAs (80%)	(16 647 079)	(15 208 841)
Total	4 161 770	3 802 322

16. Income from SETAs (non-exchange revenue)

	2022/23 R'000	2021/22 R'000
Income from SETAs towards the development and recapitalisation of INDLELA	-	3 000
Total	-	3 000

17. Transfer from the DHET

	2022/23 R'000	2021/22 R'000
Transfer from the DHET for the Presidential Youth Programme	100 000	100 000
Total	100 000	100 000

18. Finance Income (exchange revenue)

	Notes	2022/23 R'000	2021/22 R'000
Finance income from investments at the PIC	5.	699 835	406 903
Finance income from other commercial banks		460	357
Total		700 295	407 260

19. Finance income from advance payments to skills development programmes and projects

	2022/23 R'000	2021/22 R'000
Finance income from advance payments to skills development programmes and projects	34 653	20 493
Total	34 653	20 493

20. Skills development funding expenses

	2022/23 R'000	2021/22 Restated R'000
Skills Development Funding	(1 008 644)	(4 235 123)
PSET System Improvement Funding	(157 840)	(459 171)
Total	(1 166 484)	(4 694 294)

The decrease on movement of skills development funding expenses from the prior year is a result of once-off expenses of R3,3 billion to NSFAS that was approved by the Minister of Higher Education, Science and Innovation to augment the NSFAS shortfall during the 2021 academic year.

21. Employee Costs

	2022/23 R'000	2021/22 Restated R'000
Salaries and wages	(89 004)	(82 004)
Basic salaries	(70 160)	(65 015)
Performance awards	780	(926)
Service bonuses	(4 695)	(4 524)
Other non-pensionable allowances	(12 135)	(11 118)
Overtime	(1 355)	(1 138)
Service benefits	(592)	(632)
Net movement: Leave accrual	(574)	1 287
Net movement: Service bonus accrual	(273)	62

	2022/23 R'000	2021/22 Restated R'000
Social contributions	(10 617)	(9 984)
Pension fund contributions: defined contribution plans	(8 290)	(7 683)
Medical aid contributions	(2 314)	(2 289)
Bargaining council	(13)	(12)
Bursaries to employees	(1 087)	(223)
Total	(100 708)	(92 211)

22. Operating expenses

	2022/23 R'000	2021/22 Restated R'000
Advertising and marketing	(389)	(381)
Catering	(82)	(12)
Cleaning services	(296)	(387)
Computer services and consumables	(376)	(488)
Consultancy and service provider fees*	(1 686)	(1 749)
Consumables	(35)	(19)
Courier and delivery	(3)	(2)
DHET shared services charge	(10 881)	(14 954)
External auditor's remuneration	(7 098)	(7 440)
Internal auditor's remuneration	(1 348)	(5 107)
Audit committee - meeting fees	(390)	(362)
Operating leases	(501)	(484)
Other	(166)	(226)
Printing and publications	(306)	(129)
Repairs and maintenance	(39)	-
Resettlement cost	(74)	(120)
Security	(260)	(116)
Software expenses	(4 429)	(4 574)
Stationery	(1 070)	(666)
Telephone and fax	(1 059)	(980)
Training and development	(509)	(37)
Travel and subsistence	(10 532)	(5 805)
Venues and facilities	(315)	(40)
Total	(41 844)	(44 078)

23. Management fees and bank charges

	Notes	2022/23 R'000	2021/22 R'000
Bank charges paid to banks		(57)	(70)
Management fees and expenses paid to the PIC	5.	(3 304)	(2 795)
Total		(3 361)	(2 865)

24. Cash generated from operations

	Notes	2022/23 R'000	2021/22 Restated R'000
Net surplus/(deficit) as per Statement of Financial Performance		3 582 416	(565 195)
Adjustment for non-cash items:			
Amortisation	3.	2 007	2 007
Depreciation	2.	1 386	1 041
Fair value adjustments to investments	5.	(475)	(19 805)
Loss on disposal of asset	2.	-	13
Impairment loss/(reversal of impairment loss)	4.	11 745	
Increase/(decrease) in provisions:			
Relating to employment	14.2	(890)	62
Relating to skills development funding	14.3	28 071	42 204
Relating to levy provisions	14.1	10 593	11 816
Adjustment for items disclosed separately:			
Finance income	18.	(700 295)	(407 260)
		2 934 558	(935 117)
Movements in working capital:		(308 699)	1 664 259
(Increase)/decrease in trade and other receivables		55 085	(40 274)
(Increase)/decrease in deferred expenditure		(347 380)	(58 037)
Increase/(decrease) in trade and other payables and accruals		(16 404)	1 762 570
Cash generated from operations		2 625 859	729 142

25. Prior period errors corrected

The following prior period errors occurred:

Skills development funding expenditure

The prior period error related to expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There was inadequate supporting documentation for skills development funding to serve as evidence for service rendered. There were differences noted between amount reported for skills development funding expenditure and supporting documents.

Administrative expenditure

DHET invoices that relate to the 2020/21 and 2021/22 financial years were accrued for in the 2020/21 and 2021/22 financial years and they were adjusted in the current year after the invoice verification, as a result, the following items have been adjusted

- a) payables from exchange transactions;
- b) accruals from exchange transactions;
- c) operating expenses, and
- d) employee cost.

Property, plant and equipment

The prior period error relates to the completeness of additions to property, plant and equipment, as not all additions were recorded and accounted for in the related period.

Accruals from non-exchange transactions

In the prior period, there was an error related to expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There was inadequate supporting documentation for skills development funding to serve as evidence for the service rendered. There were differences noted between the amount reported for skills development funding expenditure and the supporting documents.

Deferred expenditure related to skills development funding

In the prior period, there was an error related to expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There was inadequate supporting documentation for skills development funding to serve as evidence for the service rendered. There were differences noted between the amount reported for skills development funding expenditure and the supporting documents. The classification of the account balances relating to trade and other receivables was incorrect.

Trade and other payables from exchange transactions

The error in the prior period is because the DHET invoices that relate to the 2020/21 and 2021/22 financial years were accrued for in the 2020/21 and 2021/22 financial years, and they were adjusted in the current year after the invoice verification.

Prior period errors corrected continued...

Capital and reserves

In the prior period, the error for capital and reserves is due to the changes made on expenditure in previous years as a result of the DHET invoices that relate to the 2020/21 and 2021/22 financial years that were accrued for in the 2020/21 and 2021/22 financial years and they were adjusted in the current year after the invoice verification. Property, plant and equipment additions were not recorded and accounted for in the related period. Skills development expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There were inadequate supporting documentation for skills development funding to serve as evidence for service rendered. There were differences noted between the amount reported for skills development funding expenditure and support.

Accumulated surplus

In the prior period, the error for accumulated surplus is due to the changes made on expenditure in previous years as a result of the DHET invoices that relate to the 2020/21 and 2021/22 financial years that were accrued for in the 2020/21 and 2021/22 financial years and they were adjusted in the current year after the invoice verification. Property, plant and equipment additions were not recorded and accounted for in the relating period. Skills development expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There were inadequate supporting documentation for skills development funding to serve as evidence for service rendered. There were differences noted between amount reported for skills development funding expenditure and supporting documents.

Statement of changes in net assets

In the prior period, there was an error because of the changes made on expenditure in previous years as a result of the DHET invoices that relate to the 2020/21 and 2021/22 financial years that were accrued for in the 2020/21 and 2021/22 financial years and they were adjusted in the current year after the invoice verification. Property, plant and equipment additions were not recorded and accounted for in the relating period. Skills development expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. There was inadequate supporting documentation for skills development funding to serve as evidence for service rendered. There were differences noted between the amount reported for skills development funding expenditure and supporting documents.

STATEMENT OF FINANCIAL PERFORMANCE

	2021/22 R'000
EXPENSES	4 906 255
As originally stated	4 678 335
Prior period correction	227 919
SKILLS DEVELOPMENT FUNDING EXPENSES	4 715 874
As originally stated	4 488 650
Prior period correction	227 224
ADMINISTRATIVE EXPENSES	142 202
As originally stated	141 506
Prior period correction	695

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

	2021/22 R'000
EMPLOYEE COST	92 211
As originally stated	92 209
Prior period correction	2
OPERATING EXPENSES	44 078
As originally stated	43 388
Prior period correction	689
DEPRECIATION AND AMORTISATION	3 048
As originally stated	3 044
Prior period correction	4
NET SURPLUS FOR THE YEAR	(565 195)
As originally stated	(337 275)
Prior period correction	(227 919)
STATEMENT OF FINANCIAL POSITION	
TOTAL ASSETS	12 916 106
As originally stated	12 938 055
Prior period correction	(21 949)
NON-CURRENT ASSETS	1 743 861
As originally stated	1 743 785
Prior period correction	76
PROPERTY, PLANT AND EQUIPMENT	2 287
As originally stated	2 211
Prior period correction	76
CURRENT ASSETS	11 172 245
As originally stated	11 194 270
Prior period correction	(22 025)

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

	2021/22 R'000
DEFERRED EXPENDITURE RELATED TO SKILLS DEVELOPMENT FUNDING	882 011
As originally stated	904 036
Prior period correction	(22 025)
TOTAL LIABILITIES	2 534 237
As originally stated	2 328 267
Prior period correction	205 970
CURRENT LIABILITIES	2 534 237
As originally stated	2 328 267
Prior period correction	205 970
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	81 417
As originally stated	80 647
ACCRUALS FROM NON-EXCHANGE TRANSACTIONS	2 149 589
As originally stated	1 944 390
Prior period correction	205 199
CAPITAL AND RESERVES	10 381 869
As originally stated	10 609 789
Prior period correction	(227 920)
ACCUMULATED SURPLUS	8 607 053
As originally stated	8 834 973
Prior period correction	(227 920)
CASH FLOW STATEMENT	
Cash paid to stakeholders, suppliers and employees	(3 176 180)
As originally	(3 176 260)
Prior period error	(80)

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

	2021/22 R'000
Cash utilised/generated from operations	729 142
As originally	729 062
Prior period error	80
Net cash inflow/(outflow) from operating activities	1 136 402
As originally	1 136 322
Prior period error	80
Cash flow from investing activities	(1 167 693)
As originally stated	(1 167 613)
Prior period error	(80)

26. Contractual commitments

Contractual commitments

The amount of contractual commitments for the acquisition of property, plant and equipment;

- Improve PSET system: infrastructure-related projects
- Intangible asset

	2022/23 R'000	2021/22 R'000
	665 700	1 105 192
	665 700	1 084 881
	-	20 311

27. Financial instrument - financial risk management

Exposure to interest rate and credit risk arises in the normal course of the operations. This note presents information about the exposure to each of the above risks, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the financial instruments.

	Carrying amount R'000	Fair value R'000
Financial assets - 2022/23	13 413 561	13 413 561
Cash and cash equivalents	1 553 625	1 553 625
Financial assets at fair value through surplus/(deficit)	11 844 780	11 844 780
Trade and other receivables	15 156	15 156
Financial assets - 2021/22	10 290 234	10 290 234
Cash and cash equivalents	108 492	108 492
Financial assets at fair value through surplus/(deficit)	10 111 501	10 111 501
Trade and other receivables	70 241	70 241
Financial liabilities - 2022/23	(250 464)	(250 464)
Trade and other payables	(250 464)	(250 464)
Financial liabilities - 2021/22	(277 829)	(277 829)
Trade and other payables	(277 829)	(277 829)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximate fair value due to the relative short-term maturity of these financial assets.

Financial assets at fair value through surplus/(deficit)

Fair value of financial assets is derived from quoted market prices in active markets, if available.

Trade and other receivable

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. The carrying amount of accounts receivable, net of allowances for bad

debt, approximates fair value due to the relatively short-term maturity of these financial assets.

Financial instrument - financial risk management continued...

Trade and other payable

Trade and other payables are stated at amortised cost, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

Fair value hierarchy

The NSF uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices).

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2023, the NSF held the following financial instruments measured at fair value:

	2022/23 R'000			
	Total	Level 1	Level 2	Level 3
Investments with the PIC	11 844 780	11 844 780	-	-
	11 844 780	11 844 780	-	-

During the reporting period ending 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31 March 2022, the NSF held the following financial instruments measured at fair value:

	2021/22 R'000			
	Total	Level 1	Level 2	Level 3
Investments with the PIC	10 111 501	10 111 501	-	-
	10 111 501	10 111 501	-	-

During the reporting period ending 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Financial instrument - financial risk management continued...

27.1 Credit Risk

Financial assets, which potentially subject NSF to concentrations of credit risk, consist primarily of cash and cash equivalents, investments and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timelessly.

The NSF limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury in accordance with the NSF's Investment Policy.

Credit risk with respect to levy-paying employers is limited due to the nature of the income received. The NSF does not have any material exposure to any individual or counter-party. The NSF's concentration of credit risk is limited to the industry in which the NSF operates. No events occurred in the industry during the financial year that may have an impact on the recovery of trade and other receivables.

Before advances are paid to skills development providers, due diligences are performed on the providers, as well as site visits and expenditure verifications are conducted by the NSF. Skills development programmes and projects are adjudicated by the Grants Adjudication Committee and recommended to the Director-General of Higher Education and Training or his delegated authority for approval. Only after approval are funds disbursed to skills development providers, which is usually done on a quarterly basis, subject to reporting and verification of funds utilised in the previous quarter.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk as at year-end:

	2022/23 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	1 553 625	-	1 553 625
Investments	11 844 780	-	11 844 780
Trade and other receivables	15 156	-	15 156
Total	13 413 561	-	13 413 561

	2021/22 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	108 492	-	108 492
Investments	10 111 501	-	10 111 501
Trade and other receivables	70 241	-	70 241
Total	10 290 234	-	10 290 234

Financial instrument - financial risk management continued...

27.2 Liquidity risk

Liquidity risk is the risk of the NSF not being able to meet its obligations as they fall due. The NSF manages the liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flows. Adequate reserves and liquid resources are also maintained.

Forecast liquidity reserve as of 31 March 2023 is as follows:

	2023/24 R'000	2024/25 R'000	2025/26 R'000
Opening balance for the period	11 802 827	12 963 814	14 196 887
Operating proceeds	4 715 392	4 963 130	5 339 369
Operating outflow	(4 179 260)	(4 423 646)	(4 683 050)
Cash flow from investments	624 855	693 589	769 883
Closing balance for the period	12 963 814	14 196 887	15 623 089

The table below analyses the financial liabilities that will be settled on net basis into the relevant maturity groupings based on the remaining period from the financial statement date to the contractual maturity date:

	2022/23 R'000	
	Less than 1 year	Total
At reporting date		
Trade and other payables	(250 464)	(250 464)
	(250 464)	(250 464)

	2021/22 R'000	
	Less than 1 year	Total
At 31 March 2022		
Trade and other payables	(277 829)	(277 829)
	(277 829)	(277 829)

Financial instrument - financial risk management continued...

27.3 Market risk

Interest rate sensitivity analysis

Financial assets

The NSF is sensitive to the movements in the money market repo rate, which is the primary rate to which the investment portfolios are exposed. The rates of sensitivity are based on management's assessment of possible changes to the interest rates and are formulated on a 100 basis point movement.

If the weighted average interest rate as at reporting date had been 100 basis higher or lower the interest income would have been affected as follows:

	2022/23 R'000	
	Increase/ decrease in basis point	Effect on the surplus/deficit
Financial assets - 2022/23		
Investments - PIC	+100	119 767
	-100	(119 767)
	2021/22 R'000	
	Increase/ decrease in basis point	Effect on the surplus/deficit
Financial assets - 2021/22		
Investments - PIC	+100	99 214
	-100	(99 214)

27.4 Foreign exchange risk

The NSF does not initiate any transactions with international parties and is, therefore, not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African rand with local vendors.

27.5 Price Risk

The NSF is exposed to equity securities price risk because of investments held and classified as financial assets at fair value through surplus/(deficit) on the Statement of Financial Position. These financial assets are classified as held for trade. The NSF is not exposed to commodity price risk.

To manage its price risk arising from equity securities, the NSF diversifies its portfolio with the PIC. Diversification of the portfolio is done in accordance with limits set and agreed with the PIC.

Financial instrument - financial risk management continued...

27.6 Cash flow and fair value interest rate risk

As the NSF has significant interest-bearing assets, the revenue and operating cash flows are substantially depended on changes in market interest rates. As the NSF does not have significant interest-bearing liabilities, the expenses and cash flows are not substantially dependent on changes in the market interest rates.

As at reporting date 31 March 2023	2022/23 R'000			
	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total R'000
Current financial assets	5.94%	11 844 780	1 568 781	13 413 561
Cash and cash equivalents	n/a	-	1 553 625	1 553 625
Investments	5.94%	11 844 780	-	11 844 780
Trade and other receivables	n/a	-	15 156	15 156
Current liabilities	n/a	-	-250 464	-250 464
Trade and other payables	n/a	-	-250 464	-250 464

Year ended 31 March 2022	2021/22 R'000			
	Effective interest rate	interest rate movement: Floating	Non-interest bearing	Total R'000
Current financial assets	4.11%	10 111 501	178 733	10 290 234
Cash and cash equivalents	n/a	-	108 492	108 492
Investments	4.11%	10 111 501	-	10 111 501
Trade and other receivables	n/a	-	70 241	70 241
Current financial liabilities	n/a	-	-277 829	-277 829
Trade and other payables	n/a	-	-277 829	-277 829

28. Contingent liabilities

	Notes	2022/23 R'000	2021/22 R'000
<i>The following contingent liabilities exist:</i>			
Application to retain accumulated surplus as at year end	28.1	10 857 956	7 755 997

Contingent liabilities continued...

28.1 Application to retain accumulated surplus

The NSF will be applying for the retention of its accumulated surplus at the financial year ending 31 March 2023 in terms of section 53(3) of the PFMA from National Treasury. In terms of National Treasury Instruction Note 12 of 2020/21, the surplus balance to be applied for is calculated as follow:

	2022/23 R'000	2021/22 Restated R'000
Cash and cash equivalents at the end of the year	13 398 405	10 219 993
Add: Receivables	15 156	70 241
Less: Current liabilities	(2 555 605)	(2 534 237)
Surplus (application for retention to be submitted to the National Treasury)	10 857 956	7 755 997

The NSF's application for retention of accumulated surplus will take into consideration contractual commitments and earmarked funds, as well as the skills development levy allocation on the NSF meeting its existing contractual and constructive commitments.

29. Contingent assets

	Notes	2022/23 R'000	2021/22 R'000
Opening balance		9 139	16
Projects handed over to the State Attorney's Office	29.2	-	3 357
Rubicon Communications project	29.1.2	-	2 699
Emanzini Staffing Solutions project	29.1.3	-	3 067
Total		9 139	9 139

Contingent assets continued...

29.1 Legal claims instituted by the NSF

29.1.1 Centre for Education Policy Development

The DHET, through the NSF, approved funding towards the Centre for Education Policy Development (CEPD) for two projects:

1) Capacity development project for student leadership and organisations in South African post-school institutions. The project duration was approved for 1 July 2015 until 31 May 2019, with an approved budget of R27 430 454.70.

2) Building a progressive network of critical research and public engagement towards a democratic post-schooling sector (EPC II project). The project duration was approved for 1 August 2012 until 31 December 2017, with an approved budget of R88 924 557.85.

On 14 June 2017, CEPD informed the DHET advising of its operational risks and challenges and the challenge regarding its continued existence. In the correspondence, CEPD also indicated the Board of Trustees' inclination to have the CEPD wound-up owing to the difficult financial position (i.e. failing to meet its financial and other obligations) in which the CEPD found itself and alternative propositions to ensure the continuance and successful completion of the project.

The CEPD Board of Trustees subsequently took a resolution to approach the court and apply for a sequestration order for CEPD. Based on the above, the Director-General wrote a letter to the Director of the CEPD and the Board of Trustees formally notifying them that DHET is terminating the agreement forthwith effective 25 July 2017.

Since the decision was taken to be sequestered, the NSF requested the DHET to register itself as one of the creditors of the CEPD to recoup any possible remaining project funds. The request for the DHET to register as a creditor was on the basis that the MoAs was between DHET and the CEPD and not between the NSF and the CEPD. Hence, the NSF could not register as a creditor. DHET, however, failed to register a creditor of the CEPD and hence some of the NSF project funds could not be recouped.

No information was forthcoming as at 31 March 2023.

29.1.2 Rubicon Communications

Rubicon was approved by the NSF to implement a Learnership Programme: National Certificate in Clothing, Textile, Footwear and Leather Manufacturing Process at the NQF L2. The value of the project is R4 138 750.00, to benefit 100 beneficiaries for a period of 12 months. Rubicon was paid the first tranche payment of R2 699 968.75 on 6 November 2018 but failed to account for it. There is slow progress from the Office of the State Attorney. On 9 September 2022, the State Attorney advised they were in the process of appointing an advocate to attend on the matter. They will also appoint a tracing agent to trace the directors of Rubicon Communications CC.

Contingent assets continued...

29.1.3 Emanzini Staffing Solutions

Emanzini was awarded a work-integrated learning (WIL) project to the value of R31 768 800.00 (thirty-one million seven hundred and sixty-eight thousand eight hundred rand) to place 488 (four hundred and eighty-eight) learners during the period of 1 September 2016 to 31 March 2019. During the reporting period, there were so many inaccuracies identified by the NSF project team, as a result of that, Emanzini was requested to correct the identified inaccuracies. However, Emanzini failed to correct such inaccuracies and was requested to pay back the amount of R3 066 607.75 that they did not account for to the NSF's satisfaction. Emanzini failed to pay back the amount and offered to pay R792 000.00 only as a full and final settlement. The offer was rejected by the NSF hence the looming legal action against Emanzini.

The matter has since been prescribed at the hands of the Office of the State Attorney.

29.2 Projects handed over to the State Attorney's Office

29.2.1 Mabusha Business Enterprise

Mabusha Business Enterprise (Pty) Ltd was awarded R10 343 560 to roll out training to benefit 200 learners in Furniture Making and Clothing Textile. The last amount disbursed to Mabusha is R2 277 961.04 which Mabusha could not account for to the NSF's satisfaction, hence the process through the State Attorney to recoup. The matter was due to be heard on 18 August 2022. However, the matter was removed from the court roll because the appointed counsel failed to include the MoA on the courts file. The matter is due to be re enrolled at the same court.

29.2.2 Elgin Community College

The DHET, through the NSF, approved grant funding amounting to R7 043 077.50 to the Elgin Community College (ECC) to execute the NSF Rural Development, Cooperatives Small, Medium–Micro-sized Enterprise Development Programme to benefit 150 learners over a period of 12 months. During the October–December 2019 financial reporting period, it was found that there were unauthorised over-expenditures attributed to some budget line items by ECC amounting to R287 423.13 (two hundred and eighty-seven thousand four hundred and twenty-three rand and thirteen cents) which was in contravention of the signed MoA. NSF tried to engage ECC regarding the amounts due to the NSF without success. The matter has been duly registered with the state attorney.

Elgin College attorneys lodged an application in terms of Rule 60A of the Rules of the Magistrates Court. A letter to the attorneys for Elgin College was drafted by the Advocate who was briefed by the State Attorney on behalf of the NSF. The essence of the said letter was to request Elgin College to withdraw the abovementioned Rule 60A application. The attorneys for Elgin College accepted the request and thus undertook to stay (halt) the Rule 60A application pending the arbitration process. The Office of the State Attorney requested the NSF to suggest five names of mediators in order to appoint a mediator. The letter listing the recommended mediators was sent to the Office of the State Attorney. The Office of the State Attorney have indicated that they will approach the attorneys and agree on appointing a mediator and send out quotes and take them to the briefing committee in terms of their briefing policy.

Contingent assets continued...

29.2.3 Aviwe Business Development Services

The DHET, through the NSF, approved funding to Aviwe Business Development Services (BDS) CC to the amount of R12 362 500.00 (twelve million three hundred and sixty two thousand five hundred rand) to benefit 200 Gauteng-based youth in the media sector as to benefit 200 learners with radio production NQF Level 5 and film and television. Aviwe BDS CC implemented the training that saw a total of 191 of the total 200 learners receiving their NQF level 5 certificates from the MICT SETA. During the close-out period, the NSF noted an unauthorised expenditure amounting to R364 000.45 (three hundred and sixty four thousand rand forty five cents) which was not utilised in accordance with the signed MoA. The NSF tried to engage Aviwe BDS CC regarding the amounts due to the NSF without success. The matter was then handed over to the Office of the State Attorney to recoup the NSF funds from Aviwe BDS CC. The Office of the State Attorney has confirmed receipt of the NSF instructions and the matter has been allocated to the relevant legal practitioner. The Office of the State Attorney has issued a letter of demand against Aviwe BDS, and due to the loss of the flash drive where the summons were saved, the summons will be drafted once again.

29.2.4 Ilinge Labantu Debt Collection

The DHET, through NSF, approved funding to Ilinge Labantu CC (Ilinge Labantu) to the amount of R4 274 125.00 (four million two hundred and seventy four thousand one hundred and twenty five rand) to benefit 150 (one hundred and fifty) learners to implement skills programmes and learnership programmes for a period of 13 months. On 21 July 2020, the NSF, in line with its processes, advanced a payment of first tranche amounting to R1 536 399,38 (one million five hundred and thirty six thousand three hundred and ninety nine rand and thirty eight cents) to enable the Ilinge Labantu to start with the implementation of the project.

A further funding amounting to R578 645.63 (five hundred and seventy eight thousand six hundred and forty five rand and sixty three cents) was further paid to Ilinge Labantu for COVID-19 PPE.

During the period of October to December 2021, the NSF held a meeting with Ilinge Labantu to verify Invoices and expenditure for the quarter, and reviewed the submitted bank statements and noted that Ilinge Labantu made unauthorised transactions amounting to R428 000.00 (four hundred and twenty eight thousand rand) from the NSF dedicated account.

Non-compliance letters were issued to Ilinge Labantu to refund the NSF but to date, the funds have not been refunded. The matter was then handed over to the Office of the State Attorney to recoup the NSF's funds. The Office of the State Attorney has confirmed receipt of the NSF's instructions and the matter has been allocated to the relevant legal practitioner. The summons have been issued and served upon the defendants.

The Office of the State Attorney is in the process of initiating default judgement.

30. Related party transactions

The NSF reports to the Minister of Higher Education, Science and Innovation, who oversees two departments, namely the Department of Higher Education and Training (DHET) and the Department of Science and Innovation (DSI). Accordingly, the NSF transacts with a number of related parties within the DHET.

All related party transactions that occurred during the current financial year were at arm's-length and in the normal course of business, in accordance with the mandate of the NSF.

30.1 Relationships

-Department	Department of Higher Education and Training (DHET)
-Advisory body within the DHET	National Skills Authority (NSA)
-Entities under the DHET	Qualification Council for Trades and Occupations (QCTO)
	South African Qualifications Authority (SAQA)
	National Student Financial Aid Scheme (NSFAS)
	Agricultural SETA (AGRISSETA)
	Bank SETA
	Culture, Arts, Tourism and Hospitality SETA (CATHSETA)
	Construction Education and Training Authority (CETA)
	Chemical Industries Education and Training Authority (CHIETA)
	Education Training and Development Practices SETA (ETDP SETA)
	Energy and Water SETA (EWSETA)
	Finance and Accounting Services SETA (FASSET)
	Food and Beverages SETA (FOODBEV)
	Fibre Processing and Manufacturing SETA (FP&M SETA)
	Health and Welfare SETA (HWSETA)
	Insurance SETA (INSETA)
	Local Government SETA (LGSETA)
	Manufacturing, Engineering and Related Services SETA (MERSETA)
	Media, Information and Communication Technologies SETA (MICTSETA)
	Mining Qualifications Authority (MQA)
	Public Sector SETA (PSETA)
	Safety and Security SETA (SASSETA)
	Services SETA
	Transport Education and Training Authority (TETA)
	Wholesale and Retail SETA (W&RSETA)
	National Institute for Humanities and Social Sciences (NIHSS)
	Human Resource Development Council of South Africa (HRDCSA)
-Entities under the DSI	Academy of Science South Africa
	Council of Scientific and Industrial Research Human Sciences Research Council
	National Advisory Council on Innovation National Research Foundation
	South African Council for Natural Scientific Professions South African National Space Agency
	Technology Innovation Agency

Related party transactions continued...

-TVET colleges controlled by the DHET	<p> Motheo TVET College Vuselela TVET College Taletso TVET College Orbit TVET College South West Gauteng TVET College Ekurhuleni East TVET College Ekurhuleni West TVET College Sekhukhune TVET College Vhembe TVET College Mopani South East TVET College Waterberg TVET College Northern Cape Rural TVET Sedibeng TVET College Capricorn TVET College Western Gauteng TVET College Maluti TVET College Goldfields TVET College College Johannesburg TVET North Link TVET College College of Cape Town TVET College False Bay TVET College South Cape TVET College East Cape Midlands TVET College West Coast TVET College Umgungundlovu TVET College </p>	<p> Mnambithi TVET College Thekwini TVET College Mthashana TVET College Nkangala TVET College Gert Sibande TVET College Umfolozi TVET College Buffalo City TVET College Flavius Mareka TVET College Letaba TVET College King Hintsa TVET College Tshwane North TVET College Tshwane South TVET College Ikhala TVET College Boland TVET College Lephalale TVET College Northern Cape Urban TVET Ingwe TVET College Central Lovedale TVET College Port Elizabeth TVET College Majuba TVET college King Sabata TVET College Esayidi TVET College Coastal TVET College Ehlanzeni TVET College Elangeni TVET College </p>
- Public universities, over which the Minister of Higher Education, Science and Innovation has significant influence	<p> Cape Peninsula University of Technology Central University of Technology Durban University of Technology Mangosuthu University of Technology Nelson Mandela University North-West University Rhodes University Sefako Makgatho Health Sciences University Sol Plaatje University Stellenbosch University Tshwane University of Technology University of Cape Town University of Fort Hare </p>	<p> University of Johannesburg University of KwaZulu-Natal University of Limpopo University of Mpumalanga University of Pretoria University of South Africa University of Free State University of Western Cape University of Witwatersrand University of Venda University of Zululand Vaal University of Technology </p>

Related party transactions continued...

Members of senior management	Executive Officer
	Chief Financial Officer
	Chief Director: Strategy, Innovation and Organisational Performance
	Chief Director: Skills Development Implementation
	Director: Public Relations and Communications
	Director: Programme Monitoring
	Director: Regional Skills Development Monitoring *4
	Director: ICT and Analytics
	Director: Legal, Governance, Risk and Compliance
	Director: Internal Audit
	Director: Human Resource Management and Development
	Director: Bursaries
	Director: Fund Management
	Director: Supply Chain Management
	Director: Financial Planning and Reporting
	Director: Financial Management and Administration
	Director: Strategy, Innovation and Partnerships
	Director: Organisational Performance and Reporting

Related party transactions continued...

30.2 Related party transactions

30.2.1 Related party transactions: Operating expenses

	2022/23 R'000	2021/22 R'000
Shared services charged by the DHET	(10 881)	(14 954)

30.2.2 Related party transactions: Skills development funding

	2022/23 R'000	2021/22 R'000
Boland TVET College	4 030	-
Buffalo City TVET College	2 852	7 096
Cape Peninsula University of Technology	4 998	2 794
Capricorn TVET College	-	625
Coastal TVET College	6 536	6 870
College of Cape Town TVET College	6 240	355
East Cape Midlands TVET College	5 565	16 048
Ekurhuleni East TVET College	289	23 501
Ekurhuleni West TVET College	243	10 305
Elangeni TVET College	3 449	-
False Bay TVET College	3 330	11 930
Flavius Mareka TVET College	-	533
Goldfields TVET College	9 127	-
Ikhala TVET College	-	2 523
Ingwe TVET College	7 984	8 592
Lephalale TVET College	-	13 373
Lovedale TVET College	7 216	4 255
Majuba TVET college	6 148	-
Maluti TVET College	4 917	-
Mnambithi TVET College	11 649	162
Mopani South East TVET College	8 014	18 572
Mthashana TVET College	-	10 954
Nelson Mandela University	79 049	48 208
Nkangala TVET College	1 549	4 280
North Link TVET College	6 257	-
Northern Cape Urban TVET College	3 922	2 080
Port Elizabeth TVET College	9 947	9 110
Sedibeng TVET College	-	2 433

Related party transactions continued...

	2022/23 R'000	2021/22 R'000
Sekhukhune TVET College	-	12 103
South Cape TVET College	5 813	3 244
South West Gauteng TVET College	459	-
Thekwini TVET College	833	2 971
Tshwane North TVET College	4 881	-
Tshwane South TVET College	2 074	4 057
Umfolozi TVET College	11 263	17 559
Umgungundlovu TVET College	11 758	-
University of Cape Town	2 274	4 093
University of Western Cape	7 877	2 156
Vhembe TVET College	-	17 161
Vuselela TVET College	-	4 515
Waterberg TVET College	993	23 107
West Coast TVET College	6 274	-
Department of Higher Education and Training	228 111	158 241
Northern Cape Rural TVET College	2 385	-
King Hintsa TVET College	7 370	-
Esayidi TVET College	10 129	-
King Sabata TVET College	1 885	-
QCTO	3 102	5 102
NIHSS	102 435	135 106
HRDCSA	3 897	-
NSA	-	18 272

30.2.3 Related party outstanding balances: Skills development funding

	2022/23 R'000	2021/22 R'000
NSFAS	2 063 743	-
DHET	77 240	516
Coastal TVET College	4 729	-
University of Cape Town	1 219	2 377
Thekwini TVET College	1 008	-
Buffalo City TVET College	871	-
Elangeni TVET College	524	-
Boland TVET College	183	-
NRF	138 799	10 071
NSA	-	12
QCTO	-	74
East Cape Midlands TVET College	-	5 350
Ekurhuleni East TVET College	-	2 709
Ingwe TVET College	-	329
Majuba TVET college	-	3 359
Maluti TVET College	-	296
Mopani South East TVET College	-	3 198
Nkangala TVET College	-	747
Northern Cape Urban TVET College	-	218
Sekhukhune TVET College	-	3 639
South West Gauteng TVET College	-	161
Tshwane South TVET College	-	1 349
Vuselela TVET College	-	1 738
Waterberg TVET College	-	11 366
Cape Peninsula University of Technology	-	2 794
Central Johannesburg TVET College	-	791

31. Defined contribution plan

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme to the Government Employees Pension Fund (GEPF) that is subject to the Pension Funds Act, 1956 (Act 24 of 1956) as amended. In terms of the Pension Funds Act, 1956 (Act 24 of 1956), the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made.

		2022/23 R'000	2021/22 R'000
	Notes		
Contributions for the year included in employee cost		(8 290)	(7 683)
	21.	(8 290)	(7 683)

32. Operating lease rental

	2022/23 R'000	2021/22 R'000
--	------------------	------------------

NSF as lessee

Future lease payments under non-cancellable operating leases:

Photocopy machines

	915	68
Due within one year	354	68
Due within two to five years	561	-
Later than five years	-	-

Parking

	298	347
Due within one year	298	347
Due within two to five years	-	-
	1 213	415

Minimum lease payments for photocopy machines recognised as an expense during the period amount to R131 277 (2021/22: R140 957). Leased machinery is contracted for the remaining periods of two and five years, with renewal options available in certain instances.

Minimum lease payments for parking recognised as an expense during the period amount to R369 676 (2021/22: R343 468). The contract for parking service ended on 31 March 2023, the department is currently extending the parking contract to nine months.

Future minimum lease payments are calculated using the straight-line method over the lease term.

33. Notes to the statement of comparison of budget and actual amounts

33.1 Revenue from non-exchange transactions

The actual revenue received from non-exchange transactions is under the budgeted revenue by 2% due to a decrease in the skills development levy collected at the reporting date.

34. Revenue from exchange transactions

The actual revenue received from exchange transactions is over budget by 29,4 % which is made up of the finance income from investment and finance income from advance payments to skills development programmes and projects as indicated below.

34.1 Finance income

The actual revenue received from exchange transactions is over budget by 32,6% due to the increase in the balance of the NSF's PIC investment account.

34.2 Finance income from advance payments to skills development programmes and projects

The actual revenue received from non-exchange transactions is under budget by 13%. This can be attributed to the slow turnaround time in the approval processes of new projects within the NSF. Externally, the DHET has contributed to the delays in the approval of submissions. Furthermore, delays in new project registrations and delays in the first tranche payments also contributed to the underspending, as well as the low finance income earned from advance payments to projects. Furthermore, a number as of projects during the interim period resulting in the under collection of the finance income from advance projects

35. Skills development funding expenses

The NSF expensed R1,166 billion towards skills development funding which is R2,523 billion under the budget of R3,690 billion as at 31 March 2023. The underspending is attributed to the slow turnaround time in the approval processes of new projects internally within the NSF and externally from DHET in terms of delays in approval of submissions. Furthermore, delays in new project registrations and delays in the payments of first tranche payments also contributes to the underspending.

36. Employee cost

The actual employee cost is 23,6% below the budgeted employee costs. The reason for the underspending is mainly due to the high vacancy rate. The employee cost was budgeted based on the approved organisational structure.

37. Operating expenses

The actual operating expenses are 37% below the budgeted operating expenses due to a delay in procurement services.

The key driver of the NSF's operating expenses relates to the NSF's staff establishment, which mainly drives the following operating expenditures: computer services and consumables provided to NSF staff.

38. Management fees and bank charges

Management fees and bank charges are 20,6% over the budget. The increase in the PIC's management fees and bank charges can be ascribed to the movement in NSF investments since the PIC bases its fees on the remaining balance at the end of each month.

39. Collection cost to SARS

Levy collection costs

There was a saving of 22,9% (R14 million) on the actual levy collection costs incurred by SARS for the period in comparison to the costs budgeted.

40. Irregular expenditure

Reconciliation of irregular expenditure:

	Notes	2022/23 R'000	2021/22 Restated R'000
Irregular expenditure incurred during the year		-	1 305 662
-Exceeded approved budget to fund NSFAS shortfall		-	1 305 662
Less: Amounts condoned		-	-
Irregular expenditure awaiting condonation		-	1 305 662

Analysis of irregular expenditure per age classification:

	2022/23 R'000	2021/22 Restated R'000
Current year	-	1 305 662
Total	-	1 305 662

Contravention of Section 53(3) of the PFMA (NSFAS shortfall)

The NSF was requested to fund the NSFAS shortfall to the value of R3,3 billion to benefit 48 919 students for the 2021 academic year. The Ministerial approval of the R3,3 billion funding was earmarked for the NSF to augment the 2021 NSFAS shortfall for the 2021 academic year, and to provide re-imbursement funding to 48 919 learners funded by NSFAS. The initial budget was based on the anticipated levies and total revenue to be received as per the estimates from National Treasury which amounted to R4,4 billion for the 2021/22 financial year. The NSF did not consider the R3,3 billion request when revising the 2021/22 budget and did not obtain approval from National Treasury. The entity incurred a deficit due to the disbursement of R3,3 billion towards the NSFAS shortfall.

Section 53(3) of the PFMA prohibits a public entity from budgeting for a deficit and may not accumulate surpluses unless the prior written approval from National Treasury has been obtained.

As at 31 March 2023, the matter is with Internal Audit at the determination stage.

41. Fruitless and wasteful expenditure disclosure

Reconciliation of fruitless and wasteful expenditure

	Notes	2022/23 R'000	2021/22 R'000
Motheo Construction Group	41.2	-	3 824
Chris Hani Institute	41.3	-	2 534
Amounts recovered			
Chippa Training Academy	41.1	(81)	-
Closing balance		(81)	6 358

41.1 Chippa Training Academy

The DHET, through the NSF, approved funding towards the Chippa Training Academy for the period 6 July 2017 to 31 October 2018. A timeframe extension was approved for the 2nd phase from 1 August 2019 to 31 March 2020. The initial amount approved was R84 167 125.00. A further amount of R13 664 000.00 was approved through a change request bringing the total amount to R97 831 215.00.

Current Status:

Internal audit was appointed to conduct a determination test to establish whether fruitless and wasteful expenditure was incurred. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R486 115.00. Chippa acknowledged the debt and agreed to pay the money back to NSF in six monthly installments. The amount of R81 019.87 has been received from Chippa to date.

41.2 Motheo Construction Group

Additional works/delays caused by foundation changes and late establishment.

41.3 Chris Hani Institute

Duplicate claim of expenditure.

42. Principal-agent arrangements

GRAP 109 defines a principal-agent arrangement as a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

Principal-agent arrangements are in place between the NSF and the following parties:

42.1 Principal-agent arrangement between the NSF and PIC

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and PIC related to the management of the NSF's investments with financial institutions for the benefit of the NSF and therefore the PIC is the agent, and the NSF is the principal. To manage the NSF's investments, the PIC is entitled to the following management fee: An annual fee of 2,5 basis points (0,025%) paid monthly in arrears based on the daily market value of the NSF's investment portfolio.

Principal vs agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the PIC. The NSF made a significant judgement that the PIC does not have the power to determine the significant terms and conditions of the investment transactions with other financial institutions (third parties) for the investment of NSF funds in the financial instruments of those institutions. The determination of the financial instruments to be invested in, the credit ratings thereof and the limits for investment in the different financial instruments are determined by the NSF according to the NSF's Credit Risk Policy and Limits, which is an annexure to the Investment Management Agreement. The judgement of the NSF is that due to the NSF's Credit Risk Policy and Limits, the PIC does not have the power to affect the result of the investment transactions.

Significant terms and conditions of the arrangements:

The binding principal-agent arrangement between NSF and PIC is evidenced by the Investment Management Agreement signed between the parties. The following is a summary of the significant terms and conditions as contained in the Investment Management Agreement:

- The NSF appoints the PIC as investment manager to make, manage and administer investments for the NSF on the terms and conditions in the Investment Management Agreement;
- The NSF reserves the right to terminate the Investment Management Agreement by giving the PIC one month's written notice to that effect. All funds and any other asset held by the PIC on behalf of the NSF shall be deposited into the NSF's bank account and/or the NSF's other investment manager upon such notice.
- The PIC shall be responsible for formulating the investment strategy, objectives and guidelines, monitoring the performance of the NSF's investment portfolio, making changes to the investment guidelines where necessary, from time to time by a reasonable prior notice to the NSF and restructuring the NSF's investment portfolio in line with the NSF's Investment Strategy and Investment Policy, determining the suitability or assess the risks of such investments in terms of and in accordance with the Credit Risk Policy and Limits.
- There are other terms and conditions further contained in the Investment Management Agreement

There were no significant changes to the arrangement during the current financial year.

Principal agent arrangements continued...

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principal-agent arrangement exists between the NSF and PIC related to the management of NSF investments with financial institutions for the benefit of the NSF and therefore, the PIC is the agent and the NSF is the principal. To manage the NSF's investments, the PIC is entitled to the following management fee: An annual fee of 2,5 basis points (0,025%) paid monthly in arrears based on the daily market value of the NSF's Investment Portfolio.

The benefit of this relationship between NSF and PIC is that synergies for investment management are attained. It is more cost-efficient and effective for the PIC to leverage its existing investment management systems and capacity to manage the NSF's investment on behalf of the NSF than for NSF to establish its own investment management systems and capacity. The significant risk associated with the PIC relations is non-compliance with the NSF's Credit Risk Policy and Limits. The risk is mitigated through monthly monitoring reports and quarterly NSF investment committee meetings, which provide oversight over the NSF's investments in compliance with the NSF's Credit Risk Policy and Limits.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the PIC:

The NSF's investments under the custodianship of the PIC are disclosed in note 5 of the Annual Financial Statements.

Fee paid as compensation to the PIC:

The management fees and expenses paid by the NSF to PIC amounts to R3 304 000 (2021/22: R2 795 000), which is disclosed in note 5 of the Annual Financial Statements.

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the PIC is terminated. Clause 3.2 of the Investment Management Agreement states that the NSF reserves the right to terminate the Investment Management Agreement by giving the PIC one month's written notice to that effect. All funds and any other asset held by the PIC on behalf of the NSF shall be deposited into the NSF's bank account and/or the NSF's other investment manager upon such notice.

42.2 Principal-agent arrangement between the NSF and DHET related to the TVET college infrastructure development project

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and DHET related to the handing over of completed TVET college campuses to the respective TVET colleges (beneficiaries) for the benefit of the NSF, and therefore, the DHET is the agent and the NSF is the principal.

Principal vs agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the DHET. The NSF made a significant judgement that the DHET does not have the power to determine the significant terms and conditions of the handing over of the TVET college campuses to the respective TVET colleges as the TVET colleges that benefit are pre-determined.

Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and DHET is evidenced by the MoA signed between the parties. The following is a summary of the significant terms and conditions of the principal-agent arrangement between the NSF and DHET:

- The preamble to the contract states that the DHET is tasked with the project management for the TVET college campus development and will act as an agent between the NSF and the TVET colleges, the beneficiaries of the infrastructure development funded by the NSF and SETAs.
- DHET undertakes to manage the project effectively, ensuring that the expense relate to the TVET college campus development.
- DHET undertakes to ensure that all procurement of the TVET college campus development adheres to the requirements of the PFMA and related Treasury Regulations.
- DHET undertakes to pay the expenses incurred with the TVET college campus development project and provide the NSF with all relevant supporting documents in relation to the expenses incurred for funding by the NSF.
- DHET undertakes to provide and assist the NSF with all relevant supporting documentation as the NSF, the NSF's auditors, employees or agents, may require with regards to the TVET college infrastructure development.
- DHET undertakes to report monthly to the NSF regarding the progress of the TVET college infrastructure development.
- DHET shall, within two calendar months after the date of completion of the project, refund to the NSF any unspent funds still in the DHET's possession or under its control.
- The NSF shall pay DHET monthly in advance for the projected TVET college infrastructure development expenses to be incurred or re-imburse DHET for the expenses already incurred with regards to the TVET college infrastructure development project.
- The NSF shall keep a proper record of all payments and expenses that NSF reimbursed in relation to the TVET college infrastructure development project.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principal-agent arrangement exists between the NSF and DHET related to the handing over of the completed TVET college campuses to the respective TVET colleges, for the benefit of the NSF, and therefore, the DHET is the agent and the NSF is the principal.

The benefit of this relationship between NSF and DHET is that DHET as the custodian of the TVET college system and undertakes all the required procurement and stakeholder negotiations to ensure the project is a success. The significant risks associated with the relations with DHET is non-compliance with SCM legislation and budget overruns on the TVET college infrastructure development. The risk is mitigated through the monitoring of the project and through the involvement of probity officers in the procurement process, which provides oversight of the SCM processes followed.

Fee paid as compensation to DHET:

There are no management fees paid to the DHET for managing the construction and handing over of the completed TVET colleges to the respective TVET colleges.

Principal-agent arrangements continued...

Resources (including assets and liabilities) of the NSF that are under the custodianship of the DHET:

The following TVET college campus assets and other (as disclosed in note 4 to the Annual Financial Statements) are under construction and has not yet been handed over to the respective TVET colleges and are therefore under the custodianship of the DHET:

TVET college campus assets and other		2022/23 R'000			2021/22 R'000		
Site	TVET college	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Aliwal North	Ikhala	-	-	-	136 983	-	136 983
Balfour	Gert Sibande	155 953	-	155 953	137 812	-	137 812
Bhambanana	Umfolozzi	196 523	-	196 523	196 523	-	196 523
Graaff-Reinet	Eastcape Midlands	-	-	-	121 903	-	121 903
Greytown	Umgungundlovu	-	-	-	151 873	-	151 873
Kwagqikazi	Mthashana	-	-	-	115 579	-	115 579
Msinga	Umgungundlovu	165 092	-	165 092	160 819	-	160 819
Ngqungqushe (Lusikisiki)	Ingwe	181 283	-	181 283	177 130	-	177 130
Sterkspruit	Ikhala	205 412	-	205 412	179 186	-	179 186
Total		904 263	-	904 263	1 377 808	-	1 377 808

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen significant cost implications for the NSF if the principal-agent arrangement with the DHET is terminated as no clauses in the Memorandum of Agreement (MoA) have been stipulated.

42.3 Principal-agent arrangement between the NSF and NSFAS

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and NSFAS related to the administration and payment of bursaries to students with regards to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, the NSFAS is the agent, and the NSF is the principal.

Principal vs agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with NSFAS. The NSF made a significant judgement that the NSFAS does not have the power to determine the significant terms and conditions of the bursary schemes as the NSF determines the criteria of the bursary schemes.

Principal- agent arrangements continued...

Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and NSFAS is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- The NSFAS is appointed to implement the bursary schemes as defined by the NSF from time to time and that the NSF shall provide funding, therefore.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The NSFAS must award the bursaries to the qualifying candidates as per the eligibility criteria of the bursary schemes, which is defined by the NSF.
- The NSFAS must report back to the NSF on the use of funds towards bursaries and who the beneficiaries are that have been awarded the bursaries and how they are progressing.
- The NSFAS receives a marginal percentage of the funding to administer the bursary schemes (+5%)

There were no significant changes to the arrangement during the current financial year.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principal-agent arrangement exists between the NSF and NSFAS related to the administration and payment of bursaries to students on NSF-funded bursary schemes, for the benefit of the NSF. Therefore, the NSFAS is the agent and the NSF is the principal.

The benefits of this relationship between the NSF and NSFAS is that the NSFAS already has a bursary administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with NSFAS is non-payment of the bursary funding to the intended bursary holders and their universities and non-adherence to the bursary scheme criteria. The risk is mitigated through monitoring of the bursary schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the NSFAS:

	2022/23 R'000	2021/22 R'000
Deferred expenditure related to skills development funding	346 841	-
Accruals related to skills development funding	-	12 403

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the NSFAS is terminated other than to settle any bursary funds that NSFAS have paid over to students and their universities, which may not have been settled yet by NSF, including the management fees thereon.

42.4 Principal-agent arrangement between the NSF and NRF

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and NRF related to the administration and payment of bursaries to students with regards to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, the NRF is the agent, and the NSF is the principal.

Principal-agent arrangements continued...

Principal vs agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the NRF. The NSF made a significant judgement that the NRF does not have the power to determine the significant terms and conditions of the bursary schemes as the NSF determines the criteria of the bursary schemes.

Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between NSF and NRF is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- The NRF is appointed to implement the bursary schemes as defined by NSF from time to time, and the NSF shall provide funding therefore.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The NRF must award the bursaries to the qualifying candidates as per the eligibility criteria of the schemes defined by the NSF.
- The NRF must report back to the NSF on the use of funds towards bursaries and who the beneficiaries are that have been awarded the bursaries, and how they are progressing.
- The NRF receives a marginal percentage of the funding to administer the bursary schemes (+5%)

There were no significant changes to the arrangement during the current financial year.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and the NRF related to the administration and payment of bursaries to students on NSF funded bursary schemes, for the benefit of the NSF. Therefore, the NRF is the agent and the NSF is the principal.

The benefits of this relationship between NSF and NRF is that the NRF already has a bursary administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with NRF is non-payment of the bursary funding to the intended bursary holders and their universities and non-adherence to the bursary scheme criteria. The risk is mitigated through monitoring of the bursary schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the NRF:

	2022/23 R'000	2021/22 R'000
Accruals related to skills development funding	(138 799)	-
Payments related to skills development programmes and projects	-	461 730
Skills development funding expense	-	15 745

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the NRF is terminated other than to settle any bursary funds that NRF have paid over to students and their universities, which may not have been settled yet by NSF, including the management fees thereon.

42.5 Principal-agent arrangement between the NSF and DHET with regards to international scholarships

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and the DHET related to the administration and payment of bursaries to students for international scholarships, which are funded by the NSF for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

Principal vs agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the DHET. The NSF made a significant judgement that the DHET does not have the power to determine the significant terms and conditions of the international scholarship bursary schemes as the NSF determines the criteria of the bursary schemes.

Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and DHET is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- The DHET is appointed to implement the bursary schemes as defined by the NSF from time to time and that the NSF shall provide funding therefore.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The DHET must award the bursaries to the qualifying candidates as per the eligibility criteria of the bursary schemes, which is defined by the NSF.
- The DHET must report back to the NSF on the use of funds towards bursaries and who the beneficiaries are that have been awarded the bursaries and how they are progressing.

There were no significant changes to the arrangement during the current financial year.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principal-agent arrangement exists between the NSF and DHET related to the administration and payment of international scholarships to students on NSF-funded international scholarship schemes, for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

The benefits of this relationship between the NSF and DHET is that the department already has an international scholarship administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with the DHET is the non-payment of the international scholarship funding to the intended international scholarship holders and their universities and non-adherence to the international scholarship criteria. The risk is mitigated through monitoring the international scholarship schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the DHET:

	2022/23 R'000	2021/22 Restated R'000
Deferred expenditure related to skills development funding	62 069	32 066
Accruals related to skills development funding	-	-
Payments related to skills development programmes and projects	37 909	-
Finance income from advance payments to skills development programmes and projects	36	30
Skills development funding expense	-	13 862

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the DHET is terminated other than to settle any international scholarship funds that the department has paid over to students and their universities, which may not have been settled yet by the NSF, including the management fees thereon.

43. Key management personnel

2022/23 R'000			2021/22 R'000		
Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits	Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits

EXECUTIVE OFFICE

Executive Officer	1 606	60	180	2 018	77	-
Director: Legal, Governance, Risk and Compliance	1 031	68	1	1 109	67	-
Director: Public Relations and Communications	1 032	52	14	1 031	63	-
Director: Internal Audit	1 212	-	-	1 285	-	-
Director: Human Resource Management and development	1 032	-	-	273	-	-
Sub-Total	5 913	180	195	5 716	207	-

FINANCE

Chief Financial Officer (Acting)	1 861	-	-	1 613	-	-
Chief Financial Officer	528	-	-	-	-	-
Directors: Fund Management	566	2	2	66	-	-
Directors: Financial Planning and Reporting	-	-	-	76	-	-
Directors: Financial Planning and Reporting (Acting)	145	-	-	173	-	-
Director: Supply Chain Management	987	65	-	1061	64	10
Sub-Total	4 087	67	2	2 989	64	10

Key management personnel continued...

	2022/23 R'000			2021/22 R'000		
	Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits	Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits
SKILLS DEVELOPMENT IMPLEMENTATION						
Chief Director: Skills Development Implementation	30	-	-	189		
Director: Initiation and Evaluation	1 094	120	1	1 175	100	-
Director: Bursaries	1 017	67	2	1 093	93	-
Director: Programme Monitoring		-	-	1 075	73	-
Director: Programme Monitoring (acting)	15	-	-	-	-	-
Director: Regional Skills Development Monitoring (FS, NW & GP)	973	64	-	1 061	63	-
Director: Regional Skills Development (LP & MP)	987	65		1 032	63	-
Director: Regional Skills Development Monitoring (KZN & EC)	1 173	73	4	1 175	71	-
Director: Regional Skills Development Monitoring (WC & NC)	-		-	635	-	98
Director: Regional Skills Development Monitoring (WC & NC) (Acting)	48					
Sub-Total	5 337	389	7	7 435	463	98
STRATEGY, INNOVATION AND ORGANISATIONAL PERFORMANCE						
Chief Director: Strategy, Innovation and Organisational Performance	1 230	63		1 216	75	-
Director: ICT and Analytics	177	-	-	-	-	-
Director: Strategy, Innovation and Partnerships (Acting)	99			-	-	-

Notes to the annual financial statements

Annual Financial Statements for the year ended 31 March 2023

	2022/23 R'000			2021/22 R'000		
	Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits	Basic salary and social contributions	Bonuses and performance related payments	Other short term employee benefits
Director: Organisational performance and Reporting (Acting)	-99	-	-	-	-	-
Sub- Total	1 605	63	-	1 216	75	0
TOTAL	16 942	699	204	17 356	809	108

Personnel remuneration is paid by the DHET and claimed back as part of the 10% administration fee. No transactions were conducted with any family members of key management personnel during the current or previous period under review.



SUCCESS STORY

NSF SUPPORTS THE TRAINING OF DISABLED YOUTH

The Dynamic Youth Development Services (DYDS) is a skills development initiative in the uMgungundlovu District, KwaZulu-Natal. The training academy is supported by the NSF for a learnership programme with a commitment of over R20 million. From April 2021 to March 2024, the programme aims to train 100 unemployed young persons with disabilities. The technical support system and end-user computer training will empower participants to expand their skills and compete in the labour market. This NSF-funded initiative aligns with South Africa's developmental goals to reduce poverty, alleviate unemployment and meet skills demand to contribute to creating a skilled and inclusive state.

E LEADERS, TODAY!

NPO: 096-599
PBO: 9300-39221

DYDS

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why not?

ANNEXURE

COMMITMENTS AND
EARMARKED FUNDS

ANNEXURE A:**COMMITMENTS AND EARMARKED FUNDS AS AT 31 MARCH 2023****Funds committed contractually at reporting date**

Funds committed are contractual obligations that the NSF has undertaken to fund skills development programmes/projects or administrative projects. With a contractual obligation there is a written agreement between the NSF and an implementing agent, whereby the implementing agent undertakes to perform certain deliverables as outlined in the agreement. Based on the performance of the projects, the NSF will advance a tranche payment to the contracted implementing agent.

Earmarked funds towards skills development programmes and projects, which have been approved at year-end, but not yet contracted.

Earmarked funds are skills development programmes or projects that have been approved as at year-end by the Director-General of Higher Education and Training or his delegated authority even though they are not yet contracted. In this instance, the contracting could still be in progress at year-end and will be concluded after year-end.

SUMMARY	R'000
NSF commitments	
Approved and contracted - acquisition of property, plant and equipment (Skills Infrastructure Development)	665 475
Approved and contracted (Skills Development Funding & PSET Improvement Funding)	8 131 149
Approved and not yet contracted (Skills Development Funding & PSET Improvement Funding)	4 730 725
Total Commitments	13 527 349
Total accumulated surplus at 31 Mar 2023	12 189 469
(Over) committed and earmarked at 31 Mar 2023	-1 337 880

COMMITMENT SCHEDULE

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/10/4/6	DHET Projects	2 384 583 562,23	06-Mar-14	31-Mar-23	1 522 382 856,56	Cross-cutting PSET System Development, Capacity Building and Support	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/1/2/27	OP: TVET -2- Ikhala	40 880 737,25	18-Oct-16	31-Dec-21	2 666 654,36	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/37	OP: TVET -2- Central JHB	33 475 000,00	30-Apr-18	31-Oct-21	23 929 098,31	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/38	OP: TVET -2- Ekurhuleni East	53 697 500,00	01-May-18	31-Dec-22	17 193 898,38	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/40	OP: TVET -2- Sedibeng	40 046 131,00	29-Sep-16	31-Mar-23	13 286 771,94	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/42	OP: TVET -2- Tshwane North	33 109 500,00	10-Nov-16	31-Dec-19	11 298 305,07	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/43	OP: TVET -2- Tshwane South	33 475 000,00	01-Jan-18	30-Jun-21	11 894 989,99	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/54	OP: TVET -2- Capricorn	57 877 500,00	08-Nov-16	30-Jun-22	21 642 875,30	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/55	OP: TVET -2- Lephalele	39 989 500,00	24-Oct-16	31-Dec-21	765 484,29	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/57	OP: TVET -2- Mopani South East	64 284 500,00	01-Dec-16	28-Feb-23	11 635 951,08	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/58	OP: TVET -2- Sekhukhune	65 559 740,25	08-Nov-16	31-Aug-22	33 190 758,42	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/16/1/2/60	OP: TVET -2- Waterberg	64 956 289,00	15-Mar-17	31-Oct-22	21 218 845,74	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/63	OP: TVET -2- Nkangala	27 801 515,50	31-Dec-21	31-Dec-21	22 348 949,98	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/67	OP: TVET -2- Northern Cape Rural	64 284 500,00	18-Oct-16	30-Jun-22	2 608 248,77	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/81	OP: Umfolozi Maritime	103 479 456,58	30-Nov-16	31-Dec-21	682 809,42	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/2/83	NSF: NAD: DSPP - IOPSA	25 427 972,95	01-Aug-16	31-Dec-23	2 173 810,74	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/3/11	SP: SEDA (BESD) Programme	84 000 000,00	17-Apr-12	31-Oct-23	2 484 896,18	Skills Programmes (Part Qualification)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/3/25	Mpumalanga - DARDLEA	90 872 127,50	15-Jun-18	30-Jul-23	2 055 324,14	Skills Programmes (Part Qualification)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/3/42	Dept of Correctional Services - DCS	87 201 694,00	20-Dec-18	31-Mar-24	37 838 386,17	Skills Programmes (Part Qualification)	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/109	WL: African Global Skills-Rural Dev	9 711 012,50	04-Oct-18	28-Feb-21	463 915,19	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/113	WL: Mabusha Buss Enterprise - Rural Dev	10 343 650,00	01-Oct-18	31-Dec-19	748 164,80	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/125	Blind SA - Rural Dev	3 251 147,55	01-Oct-18	31-Dec-21	258 442,63	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/131	Elgin Community College - Rural Dev	7 043 077,50	01-Oct-18	31-Mar-20	864 666,62	Workplace based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/16/1/4/133	Ilinge Labantu Debt Solutions CC - Rural Dev	8 611 115,50	04-Feb-19	30-Jun-21	319 361,40	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/136	Department of Public Works (DPW) - Extended Public Works Programme (EPWP) - WL: NDPW: EPWP (2018-2023)	228 831 488,00	01-Oct-18	31-Dec-23	165 340 588,00	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/27	WL: SA Airways Technical (SAAT)	26 979 058,24	30-Mar-15	31-Dec-22	5 931 013,91	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/68	WL: Transnet 2	64 500 000,00	11-Jan-17	31-Mar-22	16 647 322,87	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/72	WL: Chippa Training Academy	107 284 965,00	01-Nov-19	28-Feb-22	1 019 916,54	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/77	WL: Lepelle Northern Water 2	28 698 250,00	02-Aug-17	31-Dec-21	3 810 801,31	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/78	WL: Imperial Technical Training Academy	98 032 131,97	11-Jan-18	30-Sep-22	25 441 800,79	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/80	WL: SFERA Training and Development	54 234 180,00	17-Jan-18	30-Jun-21	37 650 350,68	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/4/82	WL: Electrical Contractors Association (ECA)	29 691 500,00	01-Jan-18	30-Jun-21	1 906 247,06	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/16/1/5/3	WE: Chris Hani Institute	45 902 166,00	01-Apr-17	30-Jun-23	4 592 787,17	Worker Education	SKILLS DEVELOPMENT FUNDING
NSF/16/1/5/6	WE: Ditsela-Project 3	9 576 459,05	01-Jan-18	31-Mar-23	5 778 662,03	Worker Education	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/16/1/5/7	NSA: CCBA: 3-NACTU	4 829 760,00	01-Mar-18	31-Dec-21	932 556,92	Worker Education	SKILLS DEVELOPMENT FUNDING
NSF/16/2/1/34	QCTO: Digitisation Learner Records	19 575 750,00	01-Jul-18	31-Mar-23	8 321 993,96	Cross-cutting PSET System Development, Capacity Building and Support	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/2/4/36	TVET: SCBS Saica CFO Support	153 305 320,00	01-Aug-17	31-Dec-23	8 394 144,38	TVET College Sub-System Development, Capacity Building and Support	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/2/4/58	HEADS-2	104 706 143,00	01-Apr-19	30-Jun-23	24 157 694,12	TVET College Sub-System Development, Capacity Building and Support	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/3/2/1	TVET:ID: DHET - FET Infrastructure	2 880 000 000,00	09-Dec-13	31-Dec-23	662 434 462,74	TVET College Infrastructure Development	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/3/2/14	SANREN- SABEN - TVET Connectivity Project	309 878 444,78	03-May-18	30-Jun-23	75 757 665,39	TVET College Infrastructure Development	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/3/2/15	TVET:ID: DSPP: Umfolozi TVET College	11 080 325,00	01-Jul-19	31-Mar-23	1 600 971,56	TVET College Infrastructure Development	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/3/2/2	TVET:ID: ADA Holdings - Ingwe Projects	187 416 057,00	03-Apr-14	30-Jun-17	55 692 545,92	TVET College Infrastructure Development	PSET SYSTEM IMPROVEMENT FUNDING
NSF/16/4/3/2	Nexia SAB&T - NSA Fund Manager	45 096 250,00	10-Apr-18	30-Jun-23	1 747 830,00	National Skills Authority Monitoring, Research, Planning, Policy Development and Communication	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/1/1/1	BS-2: DHET-NSFAS 2021 shortfall	3 301 989 000,00	01-Apr-21	30-Sep-23	2 063 743 125,00	Bursaries	SKILLS DEVELOPMENT FUNDING
NSF/17/1/1/2	BS-2: DALRRD-Agri Bursaries	241 165 500,00	29-Jul-22	31-Mar-25	161 236 437,50	Bursaries	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/1/3	AIMS (OIHD Project)	21 925 414,05	01-Nov-22	31-May-26	20 115 434,71	Bursaries	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/1	OP:TVET 3:Lovedale	41 803 844,00	23-Mar-22	30-Jul-25	34 475 874,58	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/10	OP-2: TVET-3-Flavuis Mareka	25 262 289,70	18-Jun-22	30-Oct-25	23 706 414,84	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/11	OP-2: TVET-3-Gold Fields	46 541 334,42	01-Apr-22	31-Oct-25	37 414 216,35	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/12	OP-2: TVET-3-Maluti	35 884 713,40	18-Jun-22	31-Oct-25	31 263 196,81	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/13	OP: TVET -3-FALSE BAY	34 715 561,00	11-Jul-22	31-Jan-26	31 385 718,26	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/14	TVET-3-West Coast College	41 124 627,70	11-Jul-22	31-Jul-25	496,38	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/15	OP-2: TVET-3-King Sabata	64 617 892,50	16-Aug-22	30-Oct-26	50 424 007,78	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/16	OP-2: TVET-3-TSHWANE NORTH	35 450 481,39	05-Sep-22	31-Oct-25	32 509 413,72	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/17	OP-2: TVET-3-Ekhuruleni West	26 535 284,80	01-Apr-22	31-Jul-25	21 308 399,80	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/18	OP-2: TVET-3-King Hintsa	45 587 568,40	29-Aug-22	31-May-26	38 057 579,51	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/19	OP-2: TVET-3-Buffer City TVET	41 841 880,98	31-Aug-22	31-Dec-25	38 934 754,94	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/2/2	OP-2: TVET-3-Esayidi	51 070 309,45	23-Mar-22	31-Dec-25	35 876 924,35	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/20	OP-2: TVET-3-SOUTH West Gauteng	27 975 362,25	12-Sep-22	31-Dec-25	27 507 173,56	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/21	OP-2: TVET-3-Coastal TVET College	35 932 631,73	01-Sep-22	31-Jul-26	29 363 273,03	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/22	OP-2: TVET-3-Umfolozi TVET	50 529 603,70	01-Apr-22	30-Sep-25	43 119 448,17	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/24	OP-2: TVET-3-INGWE	67 589 867,25	23-Sep-22	30-Jun-26	59 416 511,17	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/25	OP-2: TVET-3-East Cape Midlands TVET	26 658 452,50	23-Sep-22	30-Sep-25	21 223 664,40	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/26	OP-2: TVET-3-Tshwane South	35 930 514,40	15-Aug-22	31-Dec-27	33 840 626,47	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/27	OP-2: TVET-3-Northern Cape Rural	39 637 142,50	22-Aug-22	31-Dec-26	39 637 142,50	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/28	OP-2: TVET-3-Majuba	51 182 752,00	03-Nov-22	31-Jan-25	44 998 314,93	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/29	OP: TVET-3-Elangeni TVET College	35 719 954,07	04-Nov-22	30-Apr-26	34 694 304,62	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/3	OP: TVET 3 - Port Elizabeth TVET 3	41 471 281,52	23-Mar-22	31-Dec-24	31 386 909,80	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/30	OP: TVET-3-Thekwini TVET College	35 439 679,50	11-Nov-22	30-Apr-25	34 604 055,58	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/2/31	OP: TVET-3- uMgungundlovu TVET College	45 764 403,80	08-Dec-22	31-Dec-25	37 457 687,63	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/4	OP: TVET -3- BOLAND	39 749 468,30	02-Jun-22	30-Mar-26	35 643 073,98	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/5	OP:TVET 3 - NORTHERN CAPE URBAN	19 754 100,20	01-May-22	31-Dec-25	15 986 521,98	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/6	OP-2: TVET-3- Mnamibithi	50 867 189,90	02-Jun-22	30-Jun-25	39 165 678,62	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/7	OP:TVET 3:Northlink	41 772 610,00	27-Jun-22	31-Oct-25	35 318 904,70	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/8	OP:TVET 3:South Cape	41 456 223,22	01-Jun-22	31-May-26	35 605 511,02	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/2/9	OP-2: TVET-3-College of Cape Town	41 058 534,75	27-Jun-22	31-Jan-26	34 698 431,57	Occupational Programmes (TVET Colleges)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/3/1	DAFF - DEV of Young Producers & Entrepreneurs	99 998 112,50	30-Jan-20	31-Mar-24	8 855 362,02	Skills Programmes (Part Qualification)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/3/2	Tshwane North TVET College (Disability)	2 547 750,00	31-Aug-22	31-Jul-23	607 035,00	Skills Programmes (Part Qualification)	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/100	EC DISABILITY ECONOMIC EMPOWERMENT	26 386 500,00	29-Aug-22	31-Jul-25	11 746 073,66	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/101	Dilca Agricultural project	90 718 625,00	28-Aug-22	31-Oct-24	61 695 982,02	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/102	Nkululeko-Gamela JV	56 546 650,00	06-Sep-22	30-Nov-25	48 596 807,00	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/103	WL-3 New Age Engineering Solutions	3 363 626,25	23-Sep-22	31-Aug-25	2 785 332,19	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/104	WL-3 Full Circle College	11 212 087,50	01-Jul-22	31-Oct-25	10 131 024,13	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/105	WL-3 Rankin Skills Training	13 454 505,00	10-Oct-22	30-Apr-26	11 434 027,96	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/106	WL-3 Othandweni Upliftment Centre	19 060 548,75	11-Oct-22	30-Apr-26	16 653 926,15	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/107	WL-3 Customised Training Specialists	19 060 548,75	03-Oct-22	30-Apr-26	13 906 690,04	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/108	SADDT - Special Disability Project	30 729 500,00	07-Oct-22	30-Apr-24	23 647 322,72	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/109	WL-3 Nkomaba Training	22 424 175,00	12-Oct-22	30-Nov-25	21 248 867,17	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/11	The Royal Dish - UIF	6 574 805,75	09-Mar-20	31-Jul-22	242 965,85	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/110	WL-3 K Boneng (Project 2)	49 445 400,00	03-Nov-22	31-Jul-24	30 404 234,93	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/111	WL-3 LHR SOLUTIONS (Project 4)	121 688 000,00	31-Oct-22	30-Apr-25	105 928 974,29	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/112	WL-3 Liston Agri Solutions (Project 3)	92 128 625,00	15-Nov-22	31-Aug-25	65 004 519,63	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/113	WL-3 Z-Rose Production	18 694 125,00	14-Nov-22	30-Apr-26	16 398 440,96	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/114	WL-3 Felix Risk Consultants	35 700 000,00	24-Nov-22	31-Oct-24	24 436 985,54	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/115	WL-3 Zululand District Municipality	246 299 500,00	31-Dec-22	31-May-26	202 995 670,56	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/116	WL-3: Moetlo Foundation	5 346 837,51	23-Dec-22	31-Jan-24	2 371 764,97	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/12	Sector Education and Skills Training Organisation - UIF	20 296 350,00	11-Mar-20	30-Jun-22	3 917 178,31	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/15	AGB Mathe Foundation - UIF	8 949 605,66	09-Mar-20	31-Jan-22	215 927,36	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/16	MTL Training and Projects - UIF	17 108 779,50	11-Mar-20	30-Jun-22	6 600 006,73	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/18	Liston Agri Solutions - UIF	12 543 437,50	11-Mar-20	30-Jun-22	4 752,65	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/19	Dzunde Farming Cooperative Limited - UIF	19 616 056,00	11-Mar-20	31-Mar-22	707 929,98	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/2	CEP - Eastern Cape	49 151 687,50	12-Feb-20	30-Sep-22	1 045 983,70	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/20	Masakhane Trust - UIF	10 143 271,25	11-Mar-20	31-Dec-22	2 134 287,98	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/22	African Global Skills Academy - UIF	17 303 706,00	11-Mar-20	30-Apr-22	1 628 333,88	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/23	VPK Business Venture - UIF	13 393 426,25	11-Mar-20	31-Dec-21	342 629,49	Workplace based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/24	CSA-UIF	10 670 000,00	11-Mar-20	31-Jul-22	758 308,77	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/25	National Institute for the Deaf (NID) - UIF	18 970 205,00	11-Mar-20	30-Jan-23	2 222 980,84	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/26	Ndally's Trading Enterprise - UIF	15 155 387,00	11-Mar-20	31-Jul-22	20 647,40	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/27	Dithipe Development Institute - UIF	9 530 687,50	11-Mar-20	31-Jul-21	340 092,74	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/28	Masana Social Training and Development - UIF	9 271 347,00	11-Mar-20	31-Jan-22	441 496,85	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/29	Ilinge Labantu Debt Solutions - UIF	4 875 958,13	18-Mar-20	30-Sep-21	162 461,85	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/3	Macademia Skills Academy - UIF	13 165 187,50	11-Mar-20	31-Jul-22	179 994,80	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/30	Umthombolwazi Consultants - UIF	15 960 245,63	18-Mar-20	30-Apr-22	1 604 738,78	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/31	Caroline's Fashion Enterprise - UIF	26 346 375,00	11-Mar-20	31-Mar-22	1 034 734,50	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/32	Passionate About People - UIF	11 428 125,00	18-Mar-20	31-Dec-22	2 449 116,15	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/33	African Skills Village (Training and Management Services) (Pty) Ltd - UIF	5 655 663,15	11-Mar-20	31-Mar-22	502 709,19	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/34	EOH Abantu (Pty) Ltd - UIF	4 974 500,00	01-Oct-20	31-Mar-22	585 845,48	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/36	WL-2: City of Cape Town	99 523 500,00	19-Jun-20	31-May-23	47 959 688,91	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/37	Electrical Contractors Association - UIF	8 664 500,00	11-Mar-20	31-Mar-22	1 608 288,51	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/38	Alfred Nzo Development Agency	11 818 818,75	06-Sep-20	30-Sep-22	345 903,26	Workplace based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/39	NMMU - SAIMI (2021-2024)	300 000 000,00	19-Apr-21	31-Jul-24	177 713 154,99	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/40	Masia Development Agency	58 108 809,34	07-May-21	31-Mar-23	1 928 145,36	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/41	Dynamic Youth - Disability	20 245 213,40	01-Apr-21	31-Mar-24	4 283 836,03	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/42	NID-6 Disability	23 494 162,50	02-Jul-21	30-Apr-24	6 261 758,81	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/43	WL-3: Dilca Training & Projects	19 060 548,75	24-Mar-22	31-Jan-26	9 955 106,99	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/44	WL-3: INDUSTRIAL TRAINING CENTRE	19 060 548,75	24-Mar-22	31-Jan-26	12 293 460,65	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/45	WL-3: BORDER KEI TRAINING	22 424 175,00	24-Mar-22	31-Jan-26	16 084 257,76	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/46	WL-3: MYGANET	22 746 675,00	14-Apr-22	31-Dec-25	18 892 437,09	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/47	WL-3: Khosithi Artisan & Skills	29 473 927,50	05-Apr-22	31-Aug-25	13 029 842,19	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/48	WL-3: MSC ARTISAN ACADEMY	22 746 675,00	21-Apr-22	30-Nov-25	18 303 993,21	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/49	WL-3: M2 Engineering	6 727 252,50	13-May-22	31-Aug-25	4 676 557,92	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/5	Pioneer Business Consulting - UJF	7 187 082,75	09-Mar-20	31-Jan-22	313 527,12	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/50	WL-3: Okhuhlekodwa Trading	17 939 340,00	12-Apr-22	31-Oct-25	11 975 484,96	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/51	WL-3: SINAKHO SKILLS DIRECT	22 424 175,00	27-May-22	31-Jul-25	15 374 467,26	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/52	WL-3: Qualfurn Training & Proj	19 060 548,75	26-Apr-22	31-Dec-25	13 853 469,57	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/53	WL-3: Ubucubu Home Industries	19 060 548,75	26-Apr-22	31-Dec-25	12 319 129,45	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/54	WL-3: Zama T&D	19 060 548,75	26-Apr-22	31-Dec-25	14 727 294,30	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/55	WL-3: IETI Artisan	22 746 675,00	25-May-22	31-Jan-26	16 837 401,46	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/56	WL-3: Africa Skills Village Artisan	28 352 718,75	01-Apr-22	31-Aug-25	14 257 296,05	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/57	WL-3: West Coast Industrial	20 181 757,50	04-Apr-22	31-Oct-25	17 027 459,73	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/58	WL-3: Tjeka Training - Artisan	28 030 218,75	12-May-22	28-Feb-26	22 933 538,80	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/59	Tim Brown Electrical Works (Pty) Ltd	22 746 675,00	09-Jun-22	31-Oct-25	16 596 844,61	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/6	Aviwe Business Development Services - UIF	7 676 272,25	09-Mar-20	31-Mar-22	1 028 177,57	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/60	WL-3: Sparrow FET	22 746 675,00	13-Jun-22	31-Oct-25	18 306 983,17	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/61	WL-3: Artisan Training Institute	22 424 175,00	03-Jun-22	31-Oct-25	16 140 473,43	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/62	WL-3:WAL Training Pty	40 901 015,00	20-Jun-22	31-Oct-25	31 387 353,61	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/63	Godisang Development	22 424 175,00	01-Apr-22	31-Oct-25	17 385 114,33	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/64	WL-3: Intsika Skills	22 424 175,00	18-Jun-22	31-Oct-25	16 888 103,00	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/65	WL-3: Technotrain (PTY) LTD	19 060 548,75	15-Jun-22	31-Aug-25	10 331 820,39	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/66	WL-3: tekmaton-Artisan	19 060 548,75	15-Jun-22	31-Aug-25	14 699 587,48	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/67	WL-3 Amagama Development	19 060 548,75	15-Jun-22	31-Oct-25	15 409 782,43	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/68	Mengwatse Skills	22 746 675,00	01-Apr-22	31-Oct-25	15 804 885,83	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/69	WL-3: Grinaker	13 454 505,00	18-Jun-22	31-Oct-25	9 576 949,86	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/7	Future and Overall Deliveries - UIF	7 610 318,00	11-Mar-20	31-Mar-22	1 438 350,57	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/70	WL-3: Advance Artisan T/C	22 424 175,00	03-Jun-22	31-Oct-25	21 276 950,00	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/71	WL-3: Mpumelelo Artisan	19 060 548,75	13-May-22	31-Aug-25	12 754 428,03	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/72	WL-3: Forek Institute	22 746 675,00	19-May-22	31-Aug-25	15 566 724,50	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/73	WL-3: Advisor Progressive	19 060 548,75	13-May-22	31-Oct-25	12 752 334,09	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/74	WL-3: Mpumalanga Econ. Growth	46 424 031,25	13-May-22	31-Oct-25	33 446 432,99	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/75	WL-3: Cirdleway Training	20 504 257,50	19-May-22	31-Aug-25	14 045 097,73	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/76	WL-3: ECA-Artisan	25 204 092,50	20-Jun-22	31-Oct-25	14 667 212,38	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/77	WL-3: Ekuruleni Artisans	22 424 175,00	14-Jun-22	31-Oct-25	19 660 871,63	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/78	WL-3: Drunacoal Skills Hub	19 060 548,75	30-Jun-22	31-Oct-25	13 881 753,92	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/79	WL-3: Steve Nel Training	16 818 131,25	19-May-22	31-Aug-25	13 741 655,90	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/80	WL-3: Mectom Skills Dev.	16 369 647,75	20-Jun-22	31-Aug-25	11 897 326,01	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/81	WL-3: K Boneng Consulting	14 575 713,75	23-May-22	31-Aug-25	12 830 661,18	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/82	WL-3: In Touch-Artisan	14 575 713,75	23-May-22	31-Aug-25	11 357 738,96	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/83	WL-3: Northern Technical	16 818 131,25	23-May-22	31-Aug-25	13 538 792,20	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/84	WL-3: Mithentana Trading	19 060 548,75	30-Jun-22	31-Jul-25	12 170 971,53	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/85	WL-3: Athol Munday	19 060 548,75	27-Jun-22	31-Dec-25	15 083 630,19	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/86	WL-3: Superior Auto Repairs	22 424 175,00	15-Jun-22	31-Oct-25	18 272 179,73	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/87	WL-3: EBTC-Artisan	18 836 307,00	18-Jun-22	31-Oct-25	15 651 767,61	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/88	WL-3 Educator Electro Services	45 923 350,00	03-Jun-22	31-Aug-25	36 410 515,09	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/89	WL-3: Richards Bay Tec-Artisan	19 383 048,75	20-Jun-22	31-Dec-25	12 019 246,58	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/90	WL-3: Resolution Circle	22 424 175,00	27-Jun-22	31-Jan-26	22 424 175,00	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/91	WL-3: Fezamax T/A	22 424 175,00	21-Jun-22	31-Oct-25	17 484 071,57	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/92	WL-3: Furniture World-Artisan	22 424 175,00	02-Apr-22	31-Oct-25	19 139 175,86	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/1/4/93	WL-3: Mabube T/D-Artisan	16 369 647,75	23-May-22	31-Oct-25	11 733 629,89	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/94	WL-3: Gijima Holdings-Artisan	16 818 131,25	14-Jul-22	31-Aug-25	15 209 867,50	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/95	WL-3: Masana-Artisan	16 818 131,25	23-May-22	31-Aug-25	13 564 862,47	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/96	WL-3: Thuthukisa Talent Solutions	22 424 175,00	01-Apr-22	30-Jun-25	19 469 552,37	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/97	WL-3: Qualitas Training	22 424 175,00	15-Aug-22	31-Jan-26	19 097 249,61	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/98	WL-3: ERGO Business Development Academy NPC	22 424 175,00	01-Jul-22	31-Aug-25	16 167 513,30	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/4/99	WL-3: VH Exploration & Fabrication	22 424 175,00	12-Apr-22	12-Apr-25	18 166 788,98	Workplace-based Learning	SKILLS DEVELOPMENT FUNDING
NSF/17/1/5/2	NSA: CCBA: 3-COSATU	8 428 430,00	01-Jul-19	31-Dec-23	2 020 457,22	Worker Education	SKILLS DEVELOPMENT FUNDING
NSF/17/2/4/2	SACPO 2 - Student Leadership	10 984 404,10	29-Jul-20	30-Sep-23	2 517 893,88	TVET College Sub-System Development, Capacity Building and support	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/1/1	HRDC-2: HRDSA [2020-2025]	58 992 845,00	01-Apr-20	31-Mar-25	38 192 453,73	HRDSA Research, Planning, Advocacy and Communication	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/1	NSA: CCBA: 2- BUSA ³	2 409 750,00	29-Jul-20	30-Sep-23	827 011,01	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/4/2/10	NSA: CCBA: 2- FEDUSA 3	2 173 500,00	29-Jul-20	30-Sep-23	17 651,25	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/11	NSA: CCBA: 2- APPETD 3	2 409 750,00	29-Jul-20	30-Sep-23	617 791,42	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/2	NSA: CCBA: 2- SAYC 3	6 350 400,00	29-Jul-20	30-Sep-23	3 823 022,97	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/3	NSA: CCBA: 2- DEPT - NEDLAC	6 142 500,00	29-Jul-20	30-Sep-23	3 251 442,59	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/4	NSA: CCBA: 2- SACPO 3	2 409 750,00	29-Jul-20	30-Sep-23	885 390,70	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/5	NSA: CCBA: 2- WNC 3	6 142 500,00	29-Jul-20	30-Sep-23	3 622 087,05	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/6	NSA: CCBA: 2- DEPT - PSA (STATE)	1 842 750,00	29-Jul-20	30-Sep-23	1 842 749,75	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/7	NSA: CCBA: 2- COSATU 3	2 173 500,00	29-Jul-20	30-Sep-23	1 577 493,47	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING

PROJECT REFERENCE NO.	PROJECT NAME	APPROVED ALLOCATION	PROJECT START DATE	PROJECT END DATE	CASH COMMITMENT	SUB-PROGRAMMES	PROGRAMMES
NSF/17/4/2/8	NSA:CCBA: 2- NACTU	2 173 500,00	28-Jul-20	30-Sep-23	2 003 782,50	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/2/9	NSA: CCBA: 2- DPSA ₃	6 000 000,00	29-Jul-20	30-Sep-23	1 513 013,69	National Skills Authority Constituency, Capacity Building and Advocacy	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/4/1	University of Western Cape (TVET Research)	35 000 000,00	01-Apr-19	30-Jun-24	12 381 513,97	Department of Higher Education and Training Research, Planning Advocacy and Communicational	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/4/2	University of Cape Town (LMI Research)	34 971 630,00	01-Apr-19	30-Jun-24	27 337 293,85	Department of Higher Education and Training Research, Planning Advocacy and Communicational	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/4/3	UKZN-INDLELA	800 719,00	01-Dec-21	30-Nov-22	132 589,48	Department of Higher Education and Training Research, Planning Advocacy and Communicational	PSET SYSTEM IMPROVEMENT FUNDING
NSF/17/4/4/4	Urban - Econ Dev	1 366 697,75	02-Feb-23	30-Jun-24	1 137 392,74	Department of Higher Education and Training Research, Planning Advocacy and Communicational	PSET SYSTEM IMPROVEMENT FUNDING
					8 131 149 348,04		



REGISTERED NAME:

National Skills Fund

PHYSICAL ADDRESS:

Ndinaye House
178 Francis Baard Street
Pretoria, 0002

POSTAL ADDRESS:

Private Bag X174, Pretoria, 0001

REGIONAL OFFICES:

KWAZULU-NATAL:

Thekwini TVET College, 262 D'Aintree Avenue
Asherville, Durban, 4091

WESTERN CAPE:

6th Floor, Golden Acre, 9 Adderley Street,
Cape Town, 8001

ISBN: 978-0-621-50900-7

RP: 37/2023



**higher education
& training**

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