

**NATIONAL
SKILLS
FUND**

Annual Report 2021/22



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Fitter and Turner Centre of Specialisation

Tshwane South Centurion

The Centre of Specialisation (CoS) programme - a priority artisan development initiative of 2019 launched by the Department of Higher Education and Training, supported by employers and the Sector Education and Training Authorities. The CoS programme offers 13 priority trades at specific Technical and Vocational Education and Training college campuses. The CoS workshops were funded by the National Skills Fund.



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PART A: **General Information**



1. General Information

1.1. Public Entity's General Information

Registered name: National Skills Fund

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Website address: <http://www.dhet.gov.za/SitePages/NSF.aspx>

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Auditor-General of South Africa
Lynwood 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
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Pretoria, 0028

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1.2 List of Abbreviations and Acronyms

AgriSETA	Agricultural Sector Education and Training Authority
AGSA	Auditor-General of South Africa
AAP	Audit action plan
APP	Annual performance plan
BESD	Basic Entrepreneurial Skills Development
BUSA	Business Unity South Africa
CA (SA)	South African Chartered Accountant
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEPD	Centre for Education Policy Development
CET	Community education and training
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CHE	Council on Higher Education
CHIETA	Chemical Industries Education and Training Authority
CIDB	Construction Industry Development Board
CoS	Centre of specialisation
Cosatu	Congress of South African Trade Unions
Covid-19	Coronavirus
CPUT	Cape Peninsula University of Technology
DARDLEA	Department of Agriculture, Rural Development, Land and Environmental Affairs
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DSI	Department of Science and Innovation
DSPP	Dual System Pilot Project
DTI	Department of Trade and Industry (now Department of Trade, Industry and Competition)
EC	Eastern Cape
ECA(SA)	Electrical Contractors Association of South Africa
EO	Executive Officer
EPWP	Expanded Public Works Programme
ERP	Enterprise resource planning
ETDP SETA	Education, Training and Development Practices Sector Education and Training Authority

EWSETA	Energy and Water Sector Education and Training Authority
Fasset	Finance and Accounting Services Sector Education and Training Authority
FEDUSA	Federation of Unions of South Africa
FET	Further education and training
FoodBev SETA	Food and Beverages Manufacturing Sector Education and Training Authority
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
FS	Free State
GEPF	Government Employees Pension Fund
GP	Gauteng
GRAP	Generally Recognised Accounting Practice
HEAIDS	Higher Education and Training HIV/AIDS Programme (now Higher Health)
HIV/Aids	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HRDCSA	Human Resource Development Council of South Africa
HRDS	Human Resource Development Strategy
HRM	Human Resources Management
HSRC	Human Sciences Research Council of South Africa
HWSETA	Health and Welfare Sector Education and Training Authority
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
IMA	Investment Management Agreement
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
INSETA	Insurance Sector Education and Training Authority
IOPSA	Institute of Plumbing South Africa
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
IT	Information technology
KZN	KwaZulu-Natal

LGSETA	Local Government Sector Education and Training Authority
LP	Limpopo
merSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority
MoA	Memorandum of Agreement
MP	Mpumalanga
MQA	Mining Qualifications Authority
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NACTU	National Council of Trade Unions
NAMB	National Artisan Moderation Body
Nated	National Accredited Technical Education Diploma
NC	Northern Cape
NCV	National Certificate Vocational
NDP	National Development Plan
Necsa	South African Nuclear Energy Corporation
Nedlac	National Economic Development and Labour Council
NIHSS	National Institute for Humanities and Social Sciences
NPPSET	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
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PGC	Project Grants Committee
PIC	Public Investment Corporation
PSET	Post-school education and training
PSETA	Public Service Sector Education and Training Authority
QCTO	Quality Council for Trades and Occupations
RFP	Request for proposal
SA	South Africa
SABEN	South African Broadband Education Networks

SAICA	South African Institute of Chartered Accountants
SAIMI	South African International Maritime Institute
SANReN	South African National Research Network
SAQA	South African Qualifications Authority
SARETEC	South African Renewable Energy Technology Centre
SARS	South African Revenue Service
SASSETA	Safety and Security Sector Education and Training Authority
SDA	Skills Development Act, 1998 (Act 97 of 1998)
SDL	Skills development levy
SDP	Skills development provider
Seda	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SMME	Small, medium and micro enterprise
SOP	Standard operating procedure
SP	Strategic plan
TB	Tuberculosis
TCCP	TVET College Connectivity Programme
TETA	Transport Education and Training Authority
TVET	Technical and vocational education and training
UIF	Unemployment Insurance Fund
UKITA	United Khayelitsha Informal Traders Association
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WC	Western Cape
WIL	Work-integrated learning
WP-PSET	White Paper for Post-school Education and Training



the skills development levies as contemplated in the Skills Development Levies Act, the NSF realised four major achievements in the 2021/22 financial year.

Firstly, obtaining a qualified audit opinion for the 2021/22 review year is a positive development in the wake of the disclaimer of audit opinion in the prior two financial years. However, the Auditor-General's qualified opinion on the NSF's affairs in 2021/22 was with some findings. Much still needs to be done by the entity to gain a more stable position towards a fit-for-purpose operation and build public confidence through an improved reporting culture of how resources are deployed and accounted for by the entity. This self-appraisal and alignment exercise is imperative, considering the value and mandate of fund.

Secondly, a notable highlight in the review year was scaling up funding for the training of the unemployed. The NSF's investment towards education and training increased from R1,020 billion in the previous financial year (2020/21) to R4,235 billion in the year under review. The increase is attributable to a R3,3 billion commitment towards the National Student Financial Aid Scheme (NSFAS) shortfall for the 2021 academic year. The shortfall funding has supported the enrolment of 48 919 undergraduate students, accounting for 60% of the funded learners reported by the entity in 2021/22.

Undeniably, in the review year, the NSF made a material contribution towards increasing first-time enrolments in scarce and critical skills programme in the 26 public universities in South Africa through the existing agreement with NSFAS. However, a major concern is that the NSF's bursaries funded through NSFAS, National Research Foundation (NRF) and the international scholarships programme of the Department of Higher Education and Training (DHET) form part of the interventions the Auditor-General was unable to obtain sufficient supporting evidence in the assessment of the performance relative to the targets set by the entity for 2021/22.

It is important, therefore, that my office deals with the underlying issues which may be affecting the lacking

1.3 Foreword by the Executive Authority

It gives me great pleasure to present the National Skills Fund (NSF) Annual Report for the 2021/22 financial year 1 April 2021 to 31 March 2022. This period has tested the resolve of the entity to deliver on its mandate. The result has been a renewed commitment in improving audit outcomes while responding to the structural challenges of poverty, inequality and unemployment and post-lock down economic recovery.

High level overview of the NSF's strategy and key performance

The NSF's strategy for 2020–2025 is three-pronged: Firstly, it focuses on realising organisational sustainability. These are all the activities to ensure a sound service delivery environment and effective management of the levy income entrusted to the entity for national skills development priorities. Secondly, through its funding decisions, the entity must make a meaningful contribution to developing the right skills for the labour market and self-employment, through various post-school learning pathways. Lastly, the NSF supports research, infrastructure and other initiatives designed to achieve equitable access to quality post-school education and training (PSET) provisioning. True to this mandate, as prescribed by the White Paper for PSET and the National Skills Development Plan 2030 (NSDP), coupled with the responsibility of being a steward of 20 per cent of

reporting considering the standing agreements between the NSF and these post-school funding disbursement agencies.

Thirdly, the fund continued to support extensive research into the PSET system towards identifying the kind of human and infrastructure capacity needed to grow the enrolment and throughput of programmes in high demand.

The NSF's R167,745 million commitment of prior years' towards three major research interventions has begun to generate insights to shape the programme qualification mixes relative to the world of work. This includes the NSF's R35 million commitment to gain a deeper understanding of the technical and vocational education and training (TVET) sector.

The TVET research project, wholly funded by the NSF, has established dialogue on the responsiveness of some of the National Certificate Vocational (NCV) qualifications offered by TVET colleges (levels 2, 3 and 4 of the National Qualifications Framework which are equivalent to Grades 10, 11 and 12), and how to strengthen the National Accredited Technical Education (Nated) diploma programmes which consist of 18 months theoretical studies at colleges and 18 months relevant practical application in work places.

Towards the development and establishment of effective skills supply and demand planning through research and analysis, in the 2021/22 financial year, the NSF continued to fund the Labour Market Intelligence (LMI) research programme. The LMI, wholly funded by the NSF since 2012, provides critical research insights, methods and basis for national skills planning including the identification of occupations in high demand 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.

Another example is the NSF's current commitment towards the South African Research Chairs Initiatives valued at R97,774 million which is assisting to attract and retain excellence in research and innovation at

South African public universities and towards contributing to the formulation of evidence-based policy and translational research.

Another notable highlight in the review period has been the TVET college infrastructure projects supported by the NSF and sector education and training authorities (SETAs) with a commitment of R2,8 billion, of which R545 million was disbursed in 2021/22. Nine TVET college campuses had reached practical completion by the end of 2021/22 financial year, with seven sites already occupied by the colleges as at 31 March 2022.

Overcoming challenges faced by the Accounting Authority

I welcome the appointment of Dr Nkosinathi Sishi as the Director-General of Higher Education and Training with effect from 1 November 2021. Dr Sishi took the reins from Dr Phil Mjwara, the Director-General of Science and Innovation, whom I had appointed to act as the Director-General of Higher Education and Training from July 2021 to October 2021.

Dr Sishi has the kind of leadership experience the post-school environment is in dire need of in areas such as corporate governance and human capital development. By virtue of his role as the Director-General, he serves as Accounting Authority of the NSF and ultimately responsible for the performance of the fund.

In conducting his oversight duties for the NSF, I have also assigned the Director-General the responsibility to implement the recommendations of the forensic investigation into the affairs of the NSF and to institutionalise the Ministerial Task Team (MTT) recommendations of the strategic review of the NSF. The forensic investigation, as recommended by the Standing Committee on Public Accounts, was at final stages by the end of the review year.

Securing a panel of attorneys and forensic experts to assist the Accounting Authority in implementing the recommendations of the forensic report is an imperative in the 2022/23 financial year.

Further, the MTT I appointed in 2020/21 undertook a significant assignment of evaluating the general operations of the entity. The MTT report, to be finalised in 2022/23, provides clear direction on governance arrangements required to strengthen assurance. It also offers operating and business models supported by automation and a decentralised organisational structure with distinct corporate, core and support functions; all of which Dr Sishi must see to it are implemented to assist the NSF to reach its true capability.

Strategic focus over the medium to long-term period

Looking ahead, the Medium-Term Strategic Framework (MTSF) 2019-2024 has specific targets towards creating and increasing access to PSET opportunities and ensuring quality skills development.

Essentially, the PSET and science, technology and innovation (STI) systems should produce adequate skills and knowledge to meet the current and future needs of the economy and society. This requires, in the medium to long term, increased training in digital skills and harnessing of knowledge to navigate the rapid technological growth of the fourth industrial revolution (4IR) to the next evolution, the fifth industrial revolution (5IR), to see humans and machines in the workplace a lived reality by many.

Research and development must, therefore, be expanded from generating new knowledge towards fostering innovation within this changing world of work. For the NSF, this means a deliberate investment towards the development of specific skills to drive new value and value streams in different sectors of the economy.

Importantly, in South Africa's economic and social recovery efforts post the National State of Disaster that was lifted on 5 April 2022, the NSF is expected to continue creating a balance between the short- and long-term skills needs of the country.

Conclusion

In conclusion, I would like to extend my appreciation to the MTT I appointed to conduct the NSF review, Ms Yedwa Mbali Mjiako (Chairperson), Ms Margaret Phiri and Mr Kishore Gobardan. The trio has fulfilled an important duty during the review year and their final report will ultimately shape the future of the NSF.

I also wish to recognise the leadership provided by Dr Mjwara as the Acting Director-General of Higher Education and Training from July 2021 to October 2021, and the custodian of the NSF in this period.

The incoming Director-General, Dr Nkosinathi Sishi, with the support of the Acting Executive Officer Mr David Mabusela, has an important task of realising an even better outcome for the NSF in 2022/23 and beyond.



Dr BE Nzimande, MP
Minister of Higher Education, Science and Innovation
Executive Authority of the National Skills Fund





1.4 Deputy Minister's Statement

The Department of Higher Education and Training (DHET) is a vital role player in the education, skills development and health of South African citizens, as expressed in the government's priority 3 of the current medium term strategic framework (MTSF).

The DHET, together with the 21 sector education and training authorities (SETAs) and entities under the department, has been mandated a leadership role in the human capital development of the country in rebuilding the economy and the reconstruction efforts of the government post-Covid-19.

Delivery through PSET partners

Towards expanding access to post-school education and training (PSET) opportunities, specifically in universities, the NSF continued in 2021/22 to invest heavily in the production of high-level skills through the awarding of bursaries and scholarships in scarce and critical skills. A sum of R1,7 billion was disbursed by the NSF towards its bursaries programme in 2021/22, benefitting students enrolled in undergraduate and postgraduate programmes.

The NSF Bursaries Programme is administered through partnership agreements with the National Student Financial Aid Scheme (NSFAS), National Research Foundation (NRF), National Institute for Human and Social Sciences (NIHSS), and the International Scholarships Programme of the DHET.

On the technical and vocational education and training (TVET) college front, the NSF spent R545 million in 2021/22 towards finalising the TVET college construction project in the Eastern Cape, KwaZulu-Natal, Limpopo and Mpumalanga provinces. This infrastructure development will increase the TVET college capacity by 7 000.

Further, notable developments have been realised following the NSF's R151 million commitment in prior years to creating the 26 Centres of Specialisation (CoS) related to 13 priority trades at 19 TVET colleges. The flagship apprenticeship programme, launched in 2019, is supported by the SETAs through a discretionary grant to participating employers. Though the NSF's three-year funding period for the setup of the CoS workshop facilities was ending in 2021/22, I am pleased to report that the CoS programme is now mainstreamed and funded through the fiscus. Additionally, by March 2022, 10 TVET colleges were accredited trade test centres for 12 out of 13 CoS trades.

Another highlight in the review year was the connection of 283 TVET college sites to the South African National Research Network (SANReN), enabled by the NSF's R310 million commitment to the TVET Colleges Connection Programme (TCCP). The TCCP is fundamentally focused on gearing the public TVET colleges towards playing a meaningful role in the fourth industrial revolution.

In strengthening the programme offering of TVET colleges, the NSF launched the Public TVET Colleges' Capacity Building and Occupational Programmes Phase III Funding Window during 2021/22 with a R2,2 billion commitment; which further builds on the ongoing interventions funded by the NSF in this sector.

The evaluation of funding proposals received by the NSF from all public TVET colleges was at the final stages at the end of the review year. The rollout from 2022/23 is aimed to benefit more than 20 000 students.

On the massification of skills provision through offerings in our CET sector, I am pleased to report that the

NSF, in 2021/22, launched its inaugural funding window focused on the capacity building for CET colleges. The NSF committed R200 million towards the initiative intended to benefit approximately 3 000 out-of-school youth and adults who require various forms of skilling. The targeted beneficiaries include those to upgrade their education and basic qualifications and pursue second chance learning, non-formal programmes and skills programmes to contribute to different forms of livelihood.

In building a comprehensive skills response to the country's post-Covid-19 economic and social recovery plan and towards increasing the supply of appropriately skilled people to meet the current and emerging economic and social development priorities; I am pleased to report that the NSF continued in 2021/22 to support the National Skills Authority (NSA) and Human Resources Development Council of South Africa (HRDC).

Enabled by NSF funding, in the review year, the NSA successfully convened the National Skills Conference on 28 to 29 September 2021 under the theme "Promoting innovation and digitalization in the skills development ecosystem and contributing towards a responsive future of inclusive growth".

On the other hand, in the review year, the NSF continued its funding support to the HRDC, the multi-stakeholder advisory body chaired by the Deputy President of South Africa, Mr David Mabuza, under the leadership of the Ministry of Higher Education, Science and Innovation. The NSF support has enabled the HRDC Secretariat to lead several initiatives toward building the human resource development base of South Africa including hosting the 4th biennial HRDC Summit from 11 to 13 August 2021 under the theme "Skills required for the 21st Century".

In terms of exploiting opportunities in emerging sectors of the economy, I am pleased to report that the NSF's commitment of R625 million from 2018 towards the South African International Maritime Institute (SAIMI) is assisting to promote partnerships and collaborative efforts toward 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. Enabled by the NSF's funding, 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.

Importantly, the NSF's commitment of R105 million to Higher Health has also made a meaningful contribution to enabling the provision of health and wellness programmes in our PSET communities throughout the review period. Higher Health has successfully led the rollout of PSET-wide Covid-19 programmes during the pandemic. Further, Higher Health has been successful in developing the skills and strengthening the core systems, functioning and structures of the 26 universities and 50 TVET colleges in managing and mitigating the causes, challenges of human immunodeficiency virus (HIV), sexually transmitted diseases (STIs) and tuberculosis (TB), sexual reproductive health, and other health and wellness factors affecting graduate competency, throughput and a skilled workforce by equipping students across campuses of first curriculum integration and second curriculum of peer to peer education.

Supporting public sector skills interventions

In 2021/22, the NSF continued to support several national and provincial departments which were implementing education and training programmes. This included the Department of Small Business Development supported by the NSF with an R84 million commitment from 2012 to 2023 for the Small Enterprise Development Agency (Seda) Basic Entrepreneurial Skills Development (BESD) programme. After successfully training 234 undergraduates and 1 998 emerging entrepreneurs through the first commitment by the NSF, I am pleased to report that the NSF was at advanced evaluation stages for the funding proposal of the second BESD intake targeting more than 2 000 emerging entrepreneurs from 2022/23.

Further, the partnership between the Department of Correctional Services (DCS) and NSF has been

successful in giving offenders access to occupationally directed skills programmes. This partnership dates back as far as 2008 when the NSF was still under the then Department of Labour. The initiative is currently supported by the NSF with R87 million from 2018 to March 2024.

To upscale the training of agricultural extension officers, I am pleased to report that the agreement between the NSF and the Department of Agriculture, Land Reform and Rural Development (DALRRD) was at an advanced stage by the end of the review year. The partnership agreement is supported by the NSF with an allocation of R241 million towards all 11 agricultural colleges in the country and to benefit 1 800 students.

Being appointed fund manager for the Presidential Youth Employment Intervention (PYEI) Phase II intervention is another notable highlight for the NSF in the review year. The NSF's role in the agreement between The Presidency and the DHET is that it will perform all the administrative, contractual and other arrangements necessary to operationalise the programme which is focused on reducing barriers and expanding employment and training opportunities for young people in digital and information and communication technology (ICT) skills. Supported by a R200 million commitment, R100 million from the National Treasury matched by the NSF, the PYEI intervention is expected to be rolled out from 2022/23 and intended to benefit 4 500 youth.

21st century apprenticeship development

While the artisanal CoS programme funding is funded through the fiscus from the 2022 academic year, some spin-offs from the NSF's investment in this area include continued support of international partners towards the programme. For instance, the Gandhi-Mandela CoS at the Tshwane South TVET, Pretoria West Campus, was launched in October 2021 with the support of His Excellency Commissioner of India in South Africa and Lesotho, Mr Jaideep Sarka.

The CoS facility is supported by the government of India following the memorandum of understanding entered into by the governments of India and South Africa at the Brazil, Russia, India, China and South Africa (BRICS) Summit held in July 2018.

On the other hand, the Japan International Cooperate Agency (JICA) has continued to support the fitter and turner trades at Northlink TVET College, Wingfield Campus, and Tshwane South TVET College, Centurion Campus. JICA is also assisting the department with the implementation of new teaching methods aligned with the 21st century apprenticeship model (A21) across all colleges participating in the CoS programme. This support has been facilitated through the cooperation between South Africa and Japan in the fields of information and technology, science and technology, as well as attracting essential skills in support of South Africa's human resource development strategy.

Beyond the artisanal CoS programme, 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 competition is an important mechanism for promoting artisan skills as a viable career choice and for forging partnerships with the industry. The World Skills forms part of the NSF-funded initiatives implemented by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA), the custodian for artisan development in the country.

Towards the MTSF targets, I am pleased to report that the NSF was at advanced evaluation stages for its Artisan Development Programme, which is targeted at private and public implementing partners. The NSF has allocated R2 billion for the programme for towards training of more than 6 000 apprentices from 2022/23.

All this funding support on the development of artisans is designed to contribute toward the production of 30 000 artisans annually as envisaged by the National Development Plan 2030 (NDP).

Acknowledgements

Notwithstanding the above partners, the NSF had 173 contractual commitments with internal and external partners including worker education initiatives and skills and work-integrated learning programmes implemented by both public and private providers.

All funded partners and contracted skills development providers collectively made a material contribution to the reported performance in 2021/22.

I express my appreciation to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, for taking charge of the NSF's future through the task team he set up to lead the strategic review of the fund and the forensic investigation he commissioned. These deliberate interventions are designed to reposition the fund for optimal responsiveness to the growing skills needs of the country and knowledge generation within the science, technology and innovation system.



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





which is 48,9% above the budget of R2,843 billion due to the R1,2 billion NSFAS shortfall paid in March 2022.

Concerning supported post-school education and training (PSET) system development and capacity-building initiatives, the NSF spent R232 million, which is 20,4% below the budget of R291 million. The delays and slow performance on certain PSET system development and capacity-building projects contributed to the budget variations.

Admin expenses, at R142 million, were almost par with the previous years. The NSF is prescribed a limit of 10% of revenue for the administration of the levy. However, the 4% admin costs to the revenue in 2021/22 is worrisome, especially since this has been the status for several years.

The key drivers of the NSF's operating expenses relate to the staff establishment and expenditure on information and communication technology (ICT), shared services and facilities. The high vacancy rate, at 41% at the end of 2021/22, has been the main attributor towards the underspending on operating expenses. I welcome that the recruitment for vacant posts had commenced during 2021/22. However, the filling of vacancies during 2022/23 and adequately resourcing the NSF to manage the levy it receives must be prioritised.

The NSF's funded infrastructure projects valued at R1,723 billion makes up 99% of long-term assets which totalled R1,744 billion in 2021/22. The NSF recognises assets under construction until final completion and derecognises these at the occupational stage. Other non-current assets which include the enterprise resource planning system procured by the entity at R23,911 million form part of the NSF's capital assets, but at a nominal scale.

Most of the NSF's assets are short-term, to enable the entity to easily convert its investments to cash in commercial banks for its committed and earmarked funds. In 2021/22, the NSF's R10,112 billion investments held by the Public Investment Corporation (PIC) accounted for 90% of its current assets.

1.5 Report of the Accounting Authority

The skills levy income has continued to make a meaningful contribution to some of the annual targets of the Department of Higher Education and Training (DHET) towards increasing enrolments and throughput of universities and colleges, as well as occupational, skills and learnership programmes and related workplace-based learning interventions.

General financial review of the entity

The NSF's revenue in the 2021/22 financial year amounted to R4,333 billion, which is 1,8% less than the budgeted R4,408 billion. The two main revenue drivers have been the levy income at R3,802 billion, a 54% increase from R2,473 billion in the previous year (2020/21), and finance income valued at R407 million from investments held at the Public Investment Corporation (PIC) at the end of the review year (2021/22).

Towards the delivery of its mandate, the NSF's expenditure was R4,467 billion in skills development funding in 2021/22. This is a sharp increase from the previous year's expenditure of R1,681 billion, largely due to the NSF's R3,3 billion once-off shortfall funding commitment towards the National Student Funding Aid Scheme (NSFAS) for the 2021 academic year.

Overall, for education and training programmes, the NSF expenditure was R4,235 billion in 2021/22,

This is 10% more than the R9,223 billion investments of the previous financial year (2020/21).

Current liabilities increased significantly, from R717,6 million in 2021/22 to R2,328 million in the review year. The increased accrual movement is attributable to disbursing R1,2 billion of the committed R3,3 billion shortfall funding to support NSFAS, and the rest accrued as part of the reimbursement expenditure incurred during the 2021 academic year.

Requests for the rollover of funds

The delays in the filling of vacancies coupled with delays in rolling out new skills development interventions and the slow performance of PSET system development and capacity-building projects have been the key contributors to the increased surplus and budget variations. Hence, the NSF submitted an application to the National Treasury for the retention of its accumulated surplus, taking into consideration the R11,725 billion contractual and earmarked funds as of March 2022 to deliver on its mandate.

Capacity constraints and challenges facing the NSF

The lack of human capacity identified as one of the root causes of the poor audit outcomes since the 2018/19 financial year has not been resolved and, therefore, continues to inhibit the NSF's effectiveness and efficiency. The NSF vacancy rate remains excessively high, with 73 of the 179 funded positions being vacant as of 31 March 2022.

I am pleased that the Ministerial Task Team appointed by the Executive Authority in 2020/21 to conduct a strategic review of the NSF will be concluding its work in 2022/23 and making its recommendations on how to improve the efficiency and relevance of the NSF to national skills development priorities.

Having benchmarked the NSF with the sector education and training (SETAs) and the South African skills development landscape with several developing countries in Africa and the East, I especially look forward to some of the recommendations from the MTT review process to improve NSF's performance and efficiency and ensure that it is fit-for-purpose.

Equally important is the forensic report, to be finalised in 2022/23, that will assist to call to book those implicated in alleged fraudulent conduct and absolve innocent staff and funded providers from suspicion.

While resourcing the approved organisational structure will be prioritised in 2022/23, we can no longer shy away from the continued risk exposure of the fund due to overburdened staff and the inherent inability to mitigate risks. The NSF's current and future capacity and capability is an important matter that must be dealt with adequately and we will be guided by the final MTT report on the NSF review with the support of incoming NSF Director for Human Resource Management (HRM), Ms Nadia Williams, appointed from January 2022. While taking care of the urgent resourcing needs of the entity, Ms Williams has an important role of implementing change management to systematically deal with the evolving processes of the organisation.

Supply chain management processes

The NSF Procurement Plan for the 2021/22 review year, with services and works totalling R282 million, spans co-sourced capacity for brand communication, internal audit, project monitoring, ICT and related services, and infrastructure/equipment to support the implementation and administration of the fund.

Most of the procurement for the services was at different stages by the end of the review year. However, there were notable challenges in processing the approved procurement plan. Firstly, on 5 February 2021, the Minister of Higher Education, Science and Innovation, the Executive Authority of the NSF issued a directive to place on hold all supply chain management (SCM) transactions above R1 million until the finalisation of the review of the NSF and its general operations, its efficiency and relevance with regard to the national skills priorities of the country. The Ministerial procurement hold was subsequently lifted on 9 September 2021, almost six months into the 2021/22 financial year.

Further, the Constitutional Court case between the Minister of Finance and Afribusiness regarding the 2017 Preferential Procurement Regulations informed

the government-wide hold on all procurement exceeding R30 000 from 16 February 2022 up to the end of Quarter 1 in 2022/23. In complying with the NSF National Treasury advisory note to place a hold on the procurement contributed to further delays to finalise the planned procurement for the 2021/22 financial year.

On a positive note, I am pleased that the NSF is gaining some autonomy on the SCM front. From 1 April 2021, NSF SCM took over from the DHET SCM the processing of all requests up to R1 million, which includes performing the support and advisory duties of bid committees from the DHET to NSF officials. I look forward to the appointment of NSF's Chief Financial Officer towards capacitating the NSF to take over requests for proposals, that is all bids above R1 million.

Acknowledgements

It has been a fast-paced five months from] 1 November 2021 to the end of the financial year on 31 March 2022, the period I rejoined the DHET as the Director-General and Accounting Authority of the NSF.

I wish to thank the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, for his visionary leadership in navigating the current challenges of the NSF and PSET system towards a future that closely aligns PSET priorities with the science, technology and innovation (STI) system.

I also wish to recognise the Audit Committee under the Chairperson Prof Van der Nest. The improved audit outcome could not have been achieved without the leadership of the committee and its engagements with NSF senior management and Auditor-General of South Africa throughout the review year.

I also recognise the role of NSF staff under the leadership of Acting Executive Officer Mr David Mabusela, for their efforts towards an improved audit outcome.



Dr Nkosinathi Sishi
Director-General of Higher Education and Training
Accounting Authority of the National Skills Fund



1.6 Statement of Responsibility and Confirmation of Accuracy

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements 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 the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2022.



Dr Nkosinathi Sishi
Director-General of Higher Education and Training
Accounting Authority of the National Skills Fund



The organisational structure with 179 funded posts has never been filled and the vacancy rate has ranged from 30 to 40 per cent over the years. The resultant effect of under capacity in discharging a bold mandate of skilling the nation has been the inability to timeously disburse earmarked and committed skill development funding and poor audit outcomes, especially in the prior two financial years. While the NSF obtained a qualified audit outcome with findings in 2021/22, we cannot neglect any further the urgent need to fill vacancies, the primary root cause of NSF's operational challenges.

Besides the needed capacity to improve the internal control environment across business units from finance to human resource management, capacity in NSF's initiation and project monitoring function is also lacking. The delays in evaluating and processing skills development funding proposals within reasonable timelines contribute to budget variations, and the Auditor-General continues to find fault in the NSF's project monitoring processes and records management systems which hinders the ability to account for skills development funding.

With the constrained capacity, in the review year, the NSF's monitoring and fund management capacity was managing 174 contractual commitments, of which 173 had been supported since the previous and/or prior years. The shortfall funding to the National Student Financial Aid Scheme (NSFAS) was the only new intervention contracted by the NSF during the review year.

Discontinued key activities

In the prior year (2020/21), a directive was issued by the former Chief Financial Officer (CFO) of the DHET to all branches of the department to articulate that the NSF's funding is mandated for national skills priorities and not intended for operational funding for DHET programmes. This has meant non-recommendation in the review year of several interventions that would have been supported by the NSF in the past which included operating costs such as salaries.

On a positive note, the NSF guideline for unsolicited skills development funding was approved by the

1.7 Foreword by the Acting Executive Officer

I am pleased with the improved audit outcome of the National Skills Fund (NSF) for the 2021/22 financial year. Receiving a qualified audit opinion from the Auditor-General on the NSF financial statements in the review period is a welcome, small achievement under the trying operating environment with historic challenges which continue to hinder the effectiveness and efficiency of the entity.

My report is thus an appraisal of the NSF's performance and achievements in 2021/22 relative to the capacity, current operations and work environment of the entity.

Capacity constraints and challenges facing the entity

The NSF's administrative expenses, at 4 per cent of revenue over the years, has proven to be a risk for the organisation. This simply translates to the NSF not having enough capacity to administer the levy.

Although the strides to increase capacity since the transition of the NSF as a programme within the Skills Branch of the Department of Higher Education and Training (DHET) to the team based out of the NSF head office in Pretoria and regional offices in Durban and Cape Town and the project capacity operating remotely in the Eastern Cape and Limpopo, this has not been enough, and certainly not at the level of a multibillion-rand catalytic fund.

Accounting Authority in January 2021, providing clear direction on how the NSF will prioritise innovative proposals from stakeholders and the market which are in line with the NSF's medium to long-term priorities.

New skills development funding opportunities

By the end of the 2021/22 financial year, the NSF Funding Adjudication Committee had recommended the approval of 34 new unsolicited projects. A total of R1,183 billion funding targeted to benefit 16 131 beneficiaries forms part of the earmarked funds in 2021/22 for 29 unsolicited education and training proposals and another R263 million funding has been earmarked for 5 unsolicited PSET capacity-building proposals.

Further, by the end of the review year, the NSF was at different evaluation stages for six skills development funding requests for proposals (RFPs) with a total of R800 million earmarked for the benefit 28 140 learners and which were advertised in national media in the third and fourth quarters. This comprised the following RFPs: TVET Colleges' Capacity Building and Occupational Programmes Phase III, Worker Education, Community Education and Training (CET), Disability Skills Programme, Work-Integrated Learning (WIL) and Presidential Youth Employment Initiative (PYEI). The NSF Rural Skills Development RFP budgeted at R1 billion was at conceptual stages at the end of 2021/22 and planned for launch in 2023/24.

Addressing audit report matters

The lack of capacity is the ultimate Achilles heel of the organisation. To improve the NSF's control environment, the filling of vacant posts is essential, especially the 11 senior management positions which were vacant at year-end, together with the skilled and technical competencies required in lower levels across business units.

Though the improved audit outcomes for 2021/22, NSF's Programme 1 targets designed to improve internal business excellence and service delivery were largely not achieved. The non-achievement is

mainly attributable to not having enough hands on deck to improve the capacity to develop and monitor the implementation of audit action plans, address internal control deficiencies and monitor and manage NSF's strategic and operational risks.

The NSF senior management is expected to ensure that all the business operations have relevant policies and standard operating procedures. This work entails reviewing existing policies and amending these for the current operating environment and developing new policies and procedures in areas of the business where these are lacking.

Further, senior and middle management is also expected to lead the migration of the core funding and reporting processes from manual systems to the online integrated system procured by the entity in prior years as a first key step to realise a digitised environment for the size and complexities required by the NSF. In future, the NSF will outline further ICT enhancements to improve its ICT capabilities in support of efficiencies and effectiveness.

All these areas, as identified by the Auditor-General in the past and previous audits and the NSF 2015/16 to 2019/20 Evaluation Study published in 2021, have implementable solutions. However, the reality is that staff continues to be overburdened.

To improve on all the identified audit matters, the NSF must then prioritise the filling of the 73 vacancies as of 31 March 2022 and develop the audit action plan for 2022/23 early in the year. Only 10 of the 30 audit findings of 2020/21 were resolved during the 2021/22 audit. The NSF senior management must ensure that the NSF does not regress on the 10 findings it has resolved. Through the audit action plan for 2022/23, the management team must ensure that the other 20 findings which were in progress and not completed are mapped out together with the root causes and continue monitoring the audit action plan through the executive and senior management committees of the NSF.

Further, the findings of the Ministerial Task Team (MTT) on the NSF Review, which was set up by the Minister of Higher Education, Science and Innovation, will be useful in gaining a deeper understanding of the general operations of the NSF and the required configuration of the fund to respond to the national skills priorities of the country.

Acknowledgements

I appreciate the opportunity afforded to me by the Executive Authority, Dr Blade Nzimande, for assigning me the responsibility to manage the daily operations of the NSF since August 2021. I appreciate his visionary leadership during this period especially in commissioning the MTT Review on the NSF and the forensic investigation into some of the funding disbursements of prior years. While the NSF has managed to obtain an improved audit outcome, we look to the recommendations of the MTT and forensic reports to strengthen the NSF's operating environment.

The Director-General of Higher Education and Training, Dr Nkosinathi Sishi, has also offered incredible support in paying the necessary attention to some of the pressing matters facing the NSF and his commitment to realising the true capability of the fund.

The NSF Audit Committee Prof DP van der Nest (Chairperson), Ms S Padayachy and Mr Makhubu have been a beacon of strength throughout the year; proving clear, direct, honest, yet easy to implement recommendations to address some of the strategic risks that manifest to poor performance and reporting.

I also recognise the effort of many NSF officials who have helped the organisation to move out of the financial disclaimer audit opinion of the prior two years. However, we cannot be satisfied with this small feat, more effort is needed in 2022/23 and beyond. What the 2021/22 outcomes should mean to all the staff is that we cannot rest on our laurels because it is possible to have a clean audit outcome in future.



Mr David Mabusela
Acting Executive Officer of the National Skills Fund



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 Policy and Legislative Mandate

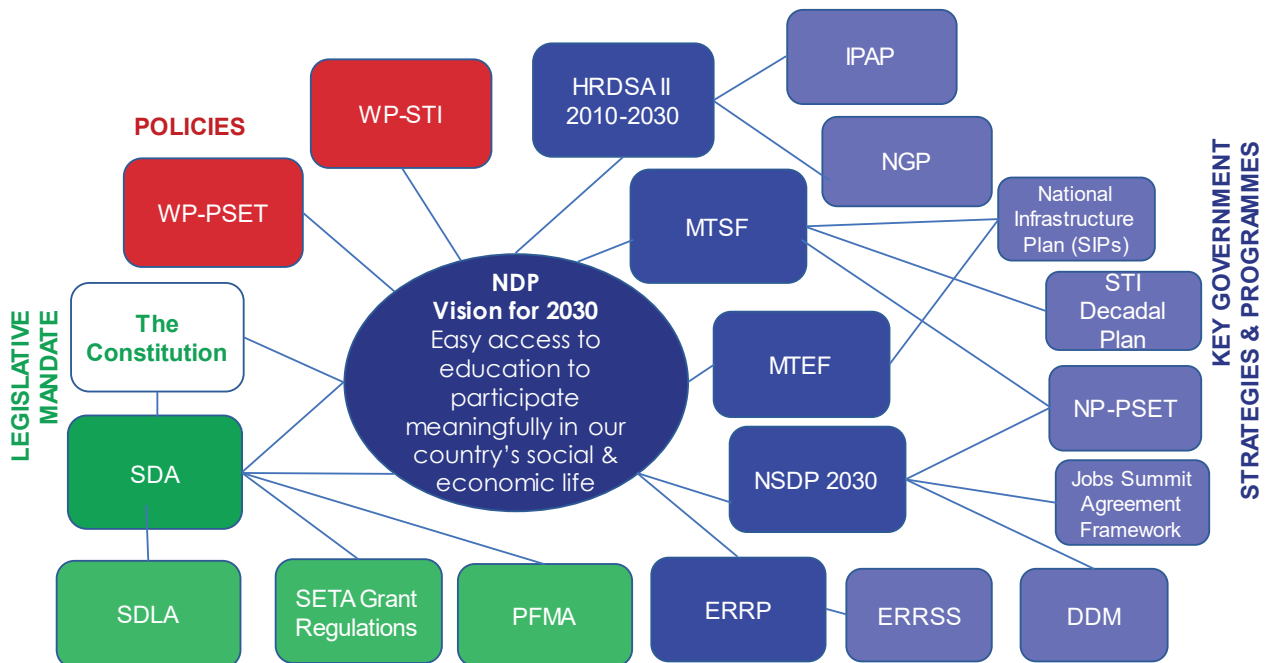


Figure 1: NSF Policy and Legislative Framework

Legislative Mandate

Constitutional mandate

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) (the Constitution) is the supreme law of the country; thus, all laws of the country must be consistent with the Constitution, 1996. All government institutions and entities derive their mandate from the Constitution, 1996. 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 is in support of 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 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, 1998, 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, 1998, namely:

- i. To fund projects identified in the National Skills Development Strategy (NSDS) III as national priorities (Section 28(1) of the SDA, 1998);
- ii. To fund projects related to the achievement of the purposes of the SDA, 1998 as the Director-General of Higher Education and Training determines (Section 28(1) of the SDA, 1998);
- iii. 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, 1998); and
- iv. To administer the NSF within the prescribed limit (Section 28(3) of the SDA, 1998). Regulations to prescribe the limit for the administration of the NSF at 10% of revenue has been approved and published in Notice R.1030 in Government Gazette 33740, dated 8 November 2010.

Retention of accumulated surplus

In terms of Section 29(3) of the SDA, 1998, 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.

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

On 12 October 2012, the Minister of Finance listed the NSF as a Schedule 3A public entity in terms of the PFMA, 1999 retrospectively, effective from 1 April 2012 (Notice 821 in Government Gazette 35759). Before the 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 that the NSF must adhere to in terms of the PFMA, 1999. The legal persona status is determined by the NSF’s founding legislation, namely the SDA, 1998.

Purpose of the SDA:

- To ensure credible labour market analysis to provide a supply and demand analysis of national skills priorities
- To require alignment with 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 quality of provision delivery in line with the establishment of Quality Council for Trades and Occupations (QCTO)
- To establish the NSF and other skills levy institutions that must collaborate in order to achieve the objectives of the SDA, 1998
- To make provision for financing through the skills levy

NSF Revenue

The current main revenue sources for the NSF are the following:

- i. Twenty percent (20%) of the skills development levies as contemplated in the Skills Development Levies Act, 1999 (Act 9 of 1999)
- ii. Interest earned on investments held at the Public Investment Corporation (PIC)

The NSF may also receive revenue from the following sources:

- i. The skills development levies collected and transferred to the NSF, in terms of the Skills Development Levies Act, 1999 regarding those employers or sectors for which there are no Sector Education and Training Authorities (SETAs)
- ii. Money appropriated by Parliament for the NSF Donations to the NSF
- iii. 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"> • 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.
Workplace-based Learning Programme Regulations of 2018	<p>The NQF:</p> <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	While developed for SETAs, the SETA Grant Regulations provide a benchmark for 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)	The SPLUMA, 2013 was adopted shortly after the introduction of the National Development Plan (NDP). The SPLUMA, 2013 is an important component of the drive to set 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)	The South African Intergovernmental Relations Framework Act, 2005 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 for the use of scarce resources and ensure the achievement of the government's priorities.

Policy Environment

White Paper for Post-school Education and Training

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 in order to contribute to building a developmental state with a vibrant democracy and a flourishing economy. Its main policy objectives are the following:

- 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, as well as 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 the following:

- 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
- Skills system and landscape review as part of the broader PSET system

White Paper for Science, Technology and Innovation

In May 2019, the President of South Africa, in the sixth administration of government, reconfigured a number of 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 namely: the 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, some of the success has been attributed to the alignment to industrial policies, fiscal-wide policies and incentives as well as close relations with systems of innovations and patent developments. While the departments had not been merged at the time of preparing this annual report, the processes of collaboration and alignment between the two departments informed by the white papers were underway. 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 focusses 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, as well as respond to the threats associated with some of these global trends. The vision set out is "Science, technology and innovation enabling inclusive and sustainable South African development in a changing world," (WP-STI, Pg. 11), with 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

These WP-STI objectives coupled with the scope of emerging trends, technology and innovation, that is inclusive of the green economy, circular economy and the Fourth Industrial Revolution, will provide key insights for the emerging fields of knowledge and material that will shape the future. These shifts will have an impact on 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 labour market of the future.

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 strategies of the government must be aligned.

The strategic plan of the NSF is comprehensively aligned to the objectives of the NDP. The NDP places the following 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. This would enable the National Skills Fund to focus on large skills development programmes that form part of a broader programme. This would simplify the grant funding mechanism by supporting fewer, but larger programmes,” (NDP, p. 286).

The NDP further outlines specific objectives and actions aimed at improving the education, training and innovation system. The following objectives, as outlined in the NDP towards improving the education, training and innovation system, may entail additional funding responsibilities being placed on the NSF in contributing 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.
- The recommended participation rate of 25% would accommodate about 1,25 million enrolments.
- Provide 1 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 towards 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. That implies an increase from 1 420 in 2010 to well over 5 000 a year.
- Expand science, technology and innovation outputs by increasing research and development spending by the government and by encouraging industry to do so.

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

- Support the development of specialised programmes in universities, focusing on training college lecturers, and provide funding for universities to conduct research on 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.
- Expand the geographical spread of TVET institutions.

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

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

- 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 all universities to use distance education to reach more learners.
- Provide an 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. Both the 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 National Skills Development Plan (NSDP) 2030 was approved by the Minister of Higher Education and Training 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 the implementation of 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. Mainly, the NSDP seeks to further integrate skills development interventions with the PSET system in order to

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

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

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

- Outcome 1: Identify and increase production of occupations in high demand
- Outcome 2: Link 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: Provide skills development support for entrepreneurship and co-operative development
- Outcome 7: Encourage and support worker-initiated training
- Outcome 8: Support career development services

In addition, the NSDP continues to focus on the societal transformational imperatives and parameters enunciated in the NSDS III and which remain relevant in the South African socio-economic climate. These are the following:

- 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 awareness and education advocacy on the subject of HIV/Aids
- **Equity and access:** provide access and reduce inequality through increased access to those who have been previously disadvantaged

The NSF, as guided by the NSDP (which builds on the work undertaken under the NSDS III), will measure 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 priorities that emanate from the following two commitments of the HRDSSA:

- **Commitment 1:** We will urgently overcome the shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth.
- **Commitment 2:** We 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 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. This is the government’s monitoring framework for the NDP five-year implementation plan during the electoral cycle. It reflects how the government will measure its progress against the commitments made in the election manifesto of the governing party and the NDP five-year implementation plan. It is a basis for measuring government performance and must be aligned with the measurement of performance in the local, provincial and national government spheres.

The MTSF sets out the actions which the government will take 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. The graduates of South Africa’s universities and TVET colleges should have the skills and knowledge to meet the present and future needs of the economy and society.

Priority 3, namely education, skills and health, is relevant to the NSF as part of the DHET. This priority contributes to Pillar 2 of the three NDP pillars, which is “Capabilities of South Africans”.

Department of Higher Education and Training Strategic Plan 2020–2025

The DHET has set the following four outcomes in line with the MTSF and these priority outcomes will steer the NSF to contribute to the achievement of the MTSF outcomes:

- Outcome 1: Expand access to PSET opportunities
- Outcome 2: Improve success and efficiency of the PSET system
- Outcome 3: Improve the quality of PSET provisioning
- Outcome 4: Create a responsive PSET system

Expanded 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, in order to expand entry-level access to the world of work in various trades and occupations and to prepare students for entrepreneurship or self-employment.

The expansion of the PSET system requires a careful, judicious and systematic enrolment planning process that is in line with available resources, capacity and funding. Targeted interventions will, therefore, be developed to ensure equitable participation that is 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.

A responsive PSET system

As the WP-PSET points out, the PSET system is an important institutional mechanism that must be responsive 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 communities at local, regional and international levels, as well as socially responsive research, collaboration, partnerships and capacity building. The objective is to provide qualification programmes and curricula that are responsive to the needs of the world of work, society and students. Greater is envisaged cooperation between PSET institutions and the world of work, with a specific focus on the connections and interactions between provider institutions and skills levy institutions, and between provider institutions and employers, particularly but not only for workplace-based learning (WPBL) purposes and for strengthening research and innovation. Strengthening WPBL at system and institutional levels as well as encouraging employers to participate therein will help to improve education and employment outcomes, as will greater industry involvement in financing research and development and in developing partnerships and promoting synergies with higher education institutions and research councils.

Improved quality of PSET provisioning

If the 2030 targets are to be met, every institution across the entire PSET system will need to improve the quality of its provision. It will be wasteful and negligent to permit quality to lag while access expands. The quality of teaching and learning, research, management and governance, staff, quality assurance and infrastructure need to be improved in order 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 models of programme delivery. Better teaching will be supported by increasing the numbers, quality and qualifications of lecturers (especially, but not only) black academics at senior levels.

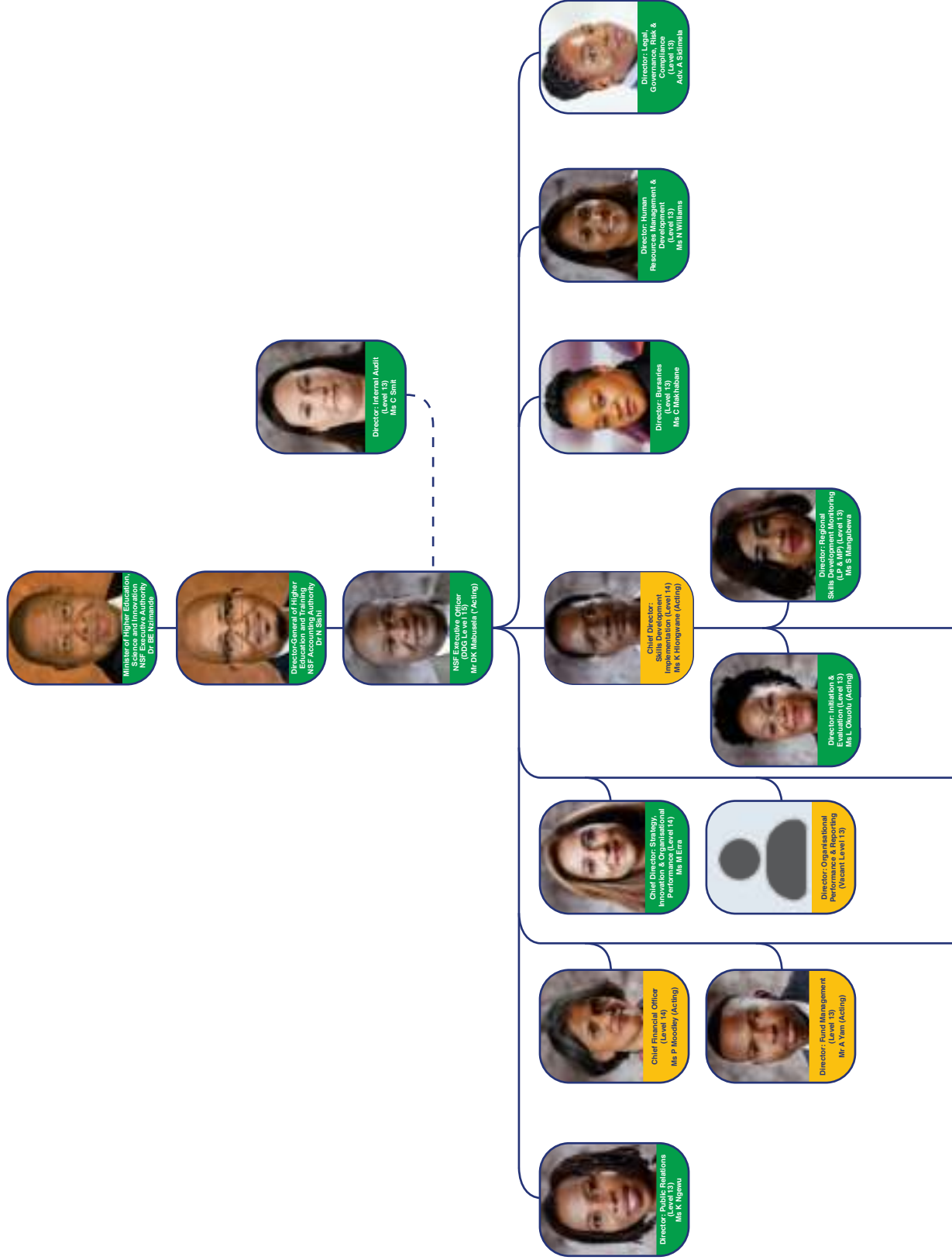
At the same time, lecturers' pedagogical, curriculum development and research capacities will be improved, together with their abilities to harness digital technologies to support teaching and learning in innovative ways. The development of digital pedagogies will be supported. Institutional governance, leadership and management, including student leadership, will be strengthened, so that together they can realise their own quality institutional goals while driving their sector forward in pursuit of national objectives.

Improved 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 and facilitate employment and help to embed lifelong learning capabilities among citizens.



1.10 Macro Organisational Structure



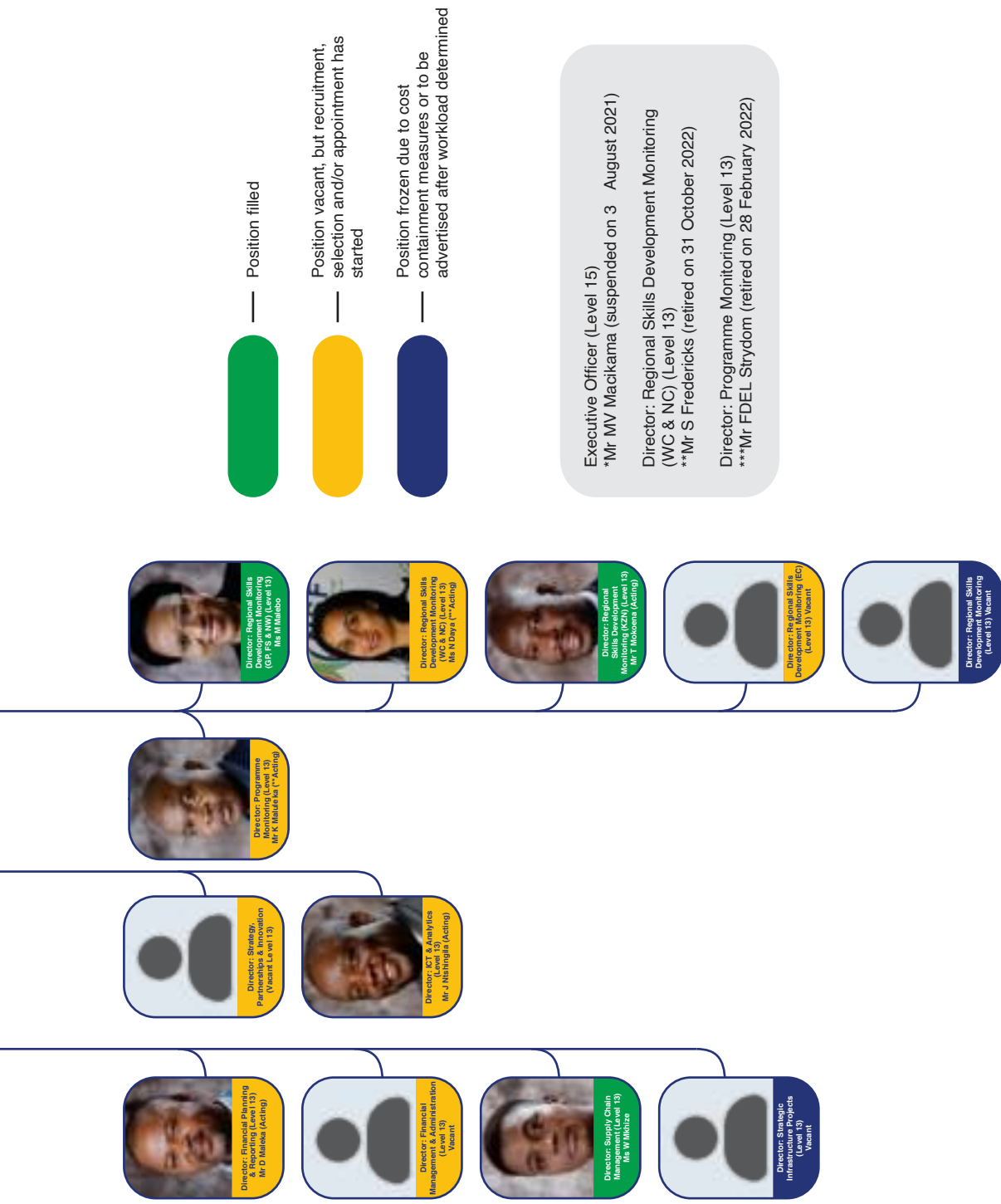


Figure 2: NSF Macro Organisational Structure

PART B: **2021/22** **Performance** **Information**



2. 2021/22 Performance Information

2.1 Auditor's Report: Predetermined Objectives

Refer to the AGSA report to Parliament on the National Skills Fund (NSF) (pages 80-86), published as Part E: Annual Financial Statements.

2.2 Overview of the Performance Service delivery environment

During the review period, the NSF aimed to support, improve and expand its service delivery to key priorities outlined in the National Skills Development Plan 2030 and the Economic Reconstruction and Recovery Skills Strategy as enunciated as outcome and output indicators in its Annual Performance Plan (APP) 2020/21. The NSF simultaneously prioritised expanding and increasing funding to unemployed beneficiaries through occupational qualifications, artisan development and bursaries, as well as interventions to support the expansion and capacity building in the post-school education and training (PSET) sector through infrastructure, research, technical and vocational education and training (TVET) and constituency capacity building, while also improving its organisational environment to account for the reported financial and non-financial performance.

The NSF strategic focus for the period under review was informed by research including the Labour Market Intelligence (LMI) project and South Africa's policies and planning analysis. According to the LMI project (2022), South Africa had a low growth economy before the Covid-19 pandemic and the arrival of the pandemic brought South Africa to the brink of a serious social and economic crisis. In 2020, the economy contracted by 6,4% and the poor economic performance has contributed to the inability of the labour market to absorb new labour market entrants, leading to an increase in the unemployment rate.

The South Africa's unemployment rate jumped to a record high in Quarter 1 of 2022 as the country felt the economic impact of the Covid-19 pandemic.

The NSF strategic focus is underpinned by the key objectives of the South African government with a targeted focus on the reduction of poverty, unemployed and inequality. In response, several large-scale economic programmes were implemented, specifically aiming at the achievement of various economic goals, such as more rapid economic growth and job creation, and improved service delivery, poverty and inequality alleviation. With regards to poverty, it is important to accurately identify the most deprived and vulnerable groups of people and areas so that the NSF effectively targets them by implementing appropriate skills development interventions in poverty-reduction, unemployment-reduction and inequality- eradication strategies. Furthermore, the literatures reflect that the South Africa's socio-economic challenges of economic growth remains low, unemployment remains high, while youth unemployment rates continue to grow and the levels of inequality remain high and disparate. Thus, these areas provided direction to the NSF in the allocation of its funding of skills development interventions.

Considering this, a clear sense of the required mix of skills is needed to formulate appropriate policies that will improve alignment between skills demand and supply. The LMI research results further reveals that the change in the demand for skills is mainly caused by four key drivers, namely, globalisation, technological change, economic growth path and production structure, hence understanding how these factors change the demand for skills is crucial for skills planning as they provide an indication of future skills demand.

While the Covid-19 restrictions gradually reduced over the financial year, the impact of the restrictions implemented in the prior year, resulted in a slowing down of business activity and realising significant changes including new technology specifically digitisation.

This required the NSF to support and adjust implementation of funded projects, be innovative and change its approach to initiate and evaluate projects as well as the monitoring of projects to realise its vision to skills the nation and contribute to the addressing the triple socio-economic-challenges as well as gender-based interventions.

The overall performance of the NSF for the period under review improved in relation to the previous financial year by 5%. The NSF reported a total of 29 output indicators and achieved seven targets from its three programmes. Notwithstanding the improvement indicated above, the number of learners funded by the NSF for education and training significantly exceeded the annual target by 21 032 learners funded. This achievement can be attributed in part to the bursary funding allocation to the National Student Financial Aid Scheme (NSFAS). The Minister of Higher Education, Science and Innovation made a commitment to make funds available to address the financial shortfall at the NSFAS. Through this commitment, the NSF funded a total of 48 911 learners from all 26 public universities nationwide. This has contributed to the NSF exceeding its education and training target.

The NSF remained focused on its mandate and continued to fund occupations in high demand as outlined in the national list of occupations in high demand and the TVET Phase III has commenced with contracting. For the review year, the NSF funded a total of 58 761 learners for occupation in high demand. This is a remarkable performance as it has exceeded the expected target by 21 761 funded learners.

District Development Model

The NSF has funded projects that supported and responded to the presidential pilot of the District Development Model (DDM) in the Zululand District Municipality, Waterberg District Municipality, Ekurhuleni District Municipality and Ugu District Municipality

The funding is targeted at providing education and training and infrastructure to support small, medium, and micro enterprises (SMME) and co-operative development in the four districts. It should be noted that the NSF funding is allocated across all nine provinces, including community-level skills development support.

During the 2020/21 financial year, the NSF undertook a detailed analysis and mapping of NSF-funded interventions at provincial and district levels. This exercise was able to inform the NSF strategic planning for the 2021/22 financial year. This was done to enable the NSF's interventions to be strategically spread to the areas that need the most assistance, with a view of realising the objective of the DDM of ensuring inclusivity by gender, budgeting based on the needs and aspirations of the people and communities at a local level.

Economic Reconstruction and Recovery Plan

The Economic Reconstruction and Recovery Plan (ERRP) coupled with the skills and innovation strategy was borne out of the urgency for a well-coordinated response of skills development development to support both the management of Covid-19 and economic and social recovery.



The Presidential Youth Employment Intervention (PYEI) Phase II intervention is another notable highlight for the NSF in the review year. The NSF role in the agreement between The Presidency and the DHET, is that it will perform all the administrative, contractual and other arrangements necessary to operationalise the programme which is focused on reducing barriers and expanding employment and training opportunities for young people in digital and information and communication technology (ICT) skills. During the financial year under review, the NSF allocated resources towards funding the PYEI which is a pilot that will test a new model that will pay on the performance of the employer opening up workplace opportunities and placement of beneficiaries in critical sectors of digital and global business processes. The pilot is currently in the initiation phase and will be reported in the new financial year.

In addition, the NSF has implemented projects that include key occupations and sectors outlined in the ERRP Skills Strategy. A total of 6 406 learners were funded for various interventions during the year and a summary is provided below.

NSF 2021/22 Funded ERRP Interventions

No	Learning Programme category	Enrolments	Completed
1	Learnership Enrolments	3 018	1 204
2	University WIL Enrolments	783	598
3	TVET WIL Enrolments	1 344	891
4	Internship Enrolments	508	261
5	Candidacy Enrolments	1	1
6	Bursaries Enrolments	140	0
7	Apprenticeship Enrolments	496	0
8	Artisans Qualified	116	0
Total		6 406	2 955

Organisational environment

The NSF continued to operate in the absence of substantive post holders in critical posts such as the Executive Officer, Chief Financial Officer and Chief Director: Skills Development Implementation. The acting appointments made in these posts gave courage and motivation to the entire staff to operate tirelessly to achieve the mandate of the NSF as outlined in the Skills Development Act, 1998 (Act 97 of 1998) (SDA).

The NSF was affected by the high vacancy rate during the past three years, which was caused by delays in the recruitment process amongst other things. The NSF is fully dependent on the Department of Higher Education and Training (DHET) for recruitment processes. However, the recruitment had

started, with interviews conducted during the year for 18% of the vacant posts, of which 2% were appointed by the end of March 2022. Critical senior management posts have been prioritised for the next financial year following the appointment of the Director: Human Resource Management (HRM) in January 2022 to provide the necessary focused attention.

The NSF, during the year, continued to build capacity despite the limited staff members to increase the quality of work. The NSF held workshops including the strategic and annual performance plan workshop and the audit workshop to brief and prepare the staff in relation to the implementation of the APP, strategic plan and 2021/22 audit as well as other capacity building and training and development interventions.

The NSF developed and deployed the ICT system referred to as Microsoft (MS) Dynamics. The system was in the process of being rolled out and onboarding of active projects had commenced in the year under review. However, the system was not fully operationalised due to inaccessibility of some project information and records, system downtime and capacity were implemented to rectify this. The MS Dynamics will assist to address several financial and performance information reporting challenges encountered during the prior years.

Irrespective of the National State of Disaster that impacted the implementation processes of projects, the NSF ensured the continuity and support to its projects as funded to complete the implementation and reporting as well as adjust its approach to stakeholder and organisational engagements to realise operational continuity in implementation of its duties and functions.

To address the root causes of the audit findings identified by the Auditor-General of South Africa (AGSA), the NSF has developed the audit action plan (AAP), which was monitored regularly and resulted to eliminating some of the repeat findings.

The NSF improved its planning by revising and strengthening its 2020–2025 strategic plan and APP, clearly outlining its strategic intent to obtain organisational sustainable excellence to support its targeting of priority skills interventions and key policy interventions.

The NSF has established regional offices in the Western Cape and KwaZulu-Natal (KZN) with its national office in Gauteng. Planning for the establishment of the remaining regional offices was underway. However, during the period under review, the NSF national office faced challenges relating to electricity and water cuts by the City of Tshwane. The interruption affected the 2021/22 pre-audit as there was no access to the buildings and IT systems, resulting in some delays in providing information to the AGSA. There are currently plans underway to secure appropriate office accommodation for the NSF.

Key stakeholders contribute to the NSF planning and performance of funded interventions. The NSF recognised that while organisational interventions to improve its internal environment were key, it also had to manage and support stakeholders such as its skills development providers (SDPs) responsible for project implementation. Thus, the NSF implemented interventions in the year to conduct stakeholder capacity building and holistic contract and project reviews and management including the steps where there was non-compliance.

This is targeted at improving accountability and compliance with contracting, performance reporting and financial reporting requirements. In addition, during the year under review, SDPs in KZN experienced challenges in the implementation and reporting of projects due to the unrest experienced in July 2021 and the flooding. Stakeholders impacted were assisted through project support and reviews to ensure the continued implementation and completion of the funded projects.

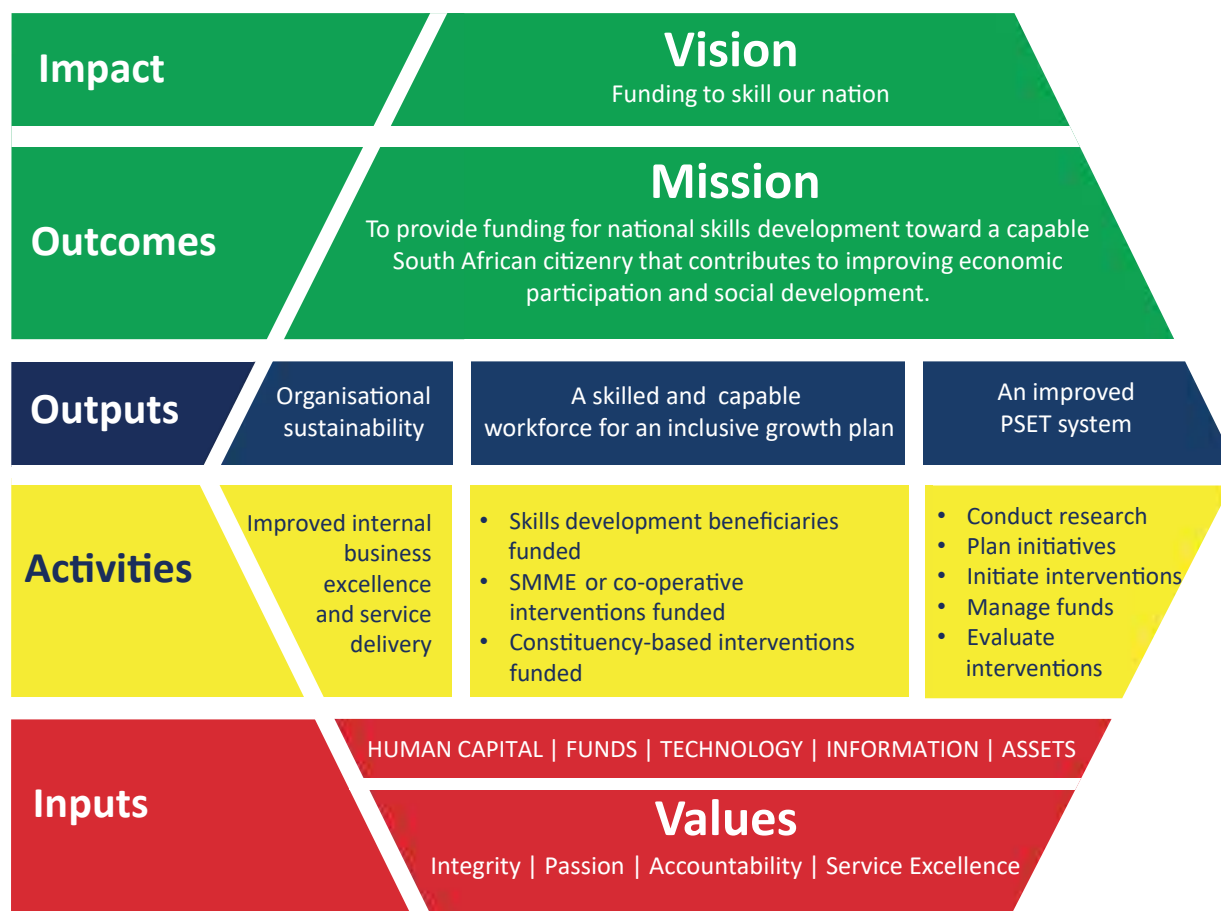
Another intervention to support SDPs included continued communication and implementation of circular 5 of 2020/21 from the previous financial year that outlines the scope of information to be submitted to the NSF to support financial and performance information reported. This assisted to support stakeholders to establish and maintain better record keeping and better audit outcomes. The implementation of this circular resulted in a high submission rate of accurate and relevant supporting evidence as required by the NSF from the SDPs.

Key policy development and legislative changes

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

2.3 Progress Towards Achievement of Institutional Impact and Outcomes

Figure 3: NSF theory of Change



The NSF theory of change (figure 3) reflects the impact that the NSF aims to achieve, which is to provide funding for national skills development toward a capable South African citizenry that contributes to improving economic participation and social development. It further states the three outcomes which the NSF aims to achieve in the medium term through three programmes namely: 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 government has identified seven priorities derived from the electoral mandate and the State of the Nation Address. Amongst other role-players, the DHET and NSF are responsible for outcome priority 3: Education, skills and health. The DHET has committed to achieve four outcomes engraved in its 2020–2025 Strategic Plan which will eventually lead to the achievement of the MTSF outcome priorities. The DHET outcomes are: i) Expanded access to PSET opportunities; ii) Improve success and efficiency of the PSET system; iii) Improve quality PSET provisioning; and iv) Create a responsive PSET system.

2.4 Institutional Programme Performance Information

Programme 1: Administration

The ultimate objective is to ensure a sound service delivery environment and effective resource management within the NSF. Focus will be on ensuring 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 as well as corporate governance, including clean audit outcome.

Programme 2: Skills Development Funding

Measuring the extent to which the NSF has funded learners who may be employed or self-employed within a reasonable period after successfully completing their education and training will provide a reliable measure of 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's key beneficiaries for skills development are the learners funded. The expected consequence of achieving specific outputs due to providing funding for skills development initiatives to benefit these key beneficiaries is the attainment of employment or self-employment as a result of successfully acquiring the relevant skills.

PSET system more effective and integrated directly contributes to the NSF's envisaged impact: Contributing towards improving economic participation and social development by funding the development of capable South African citizenry.

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

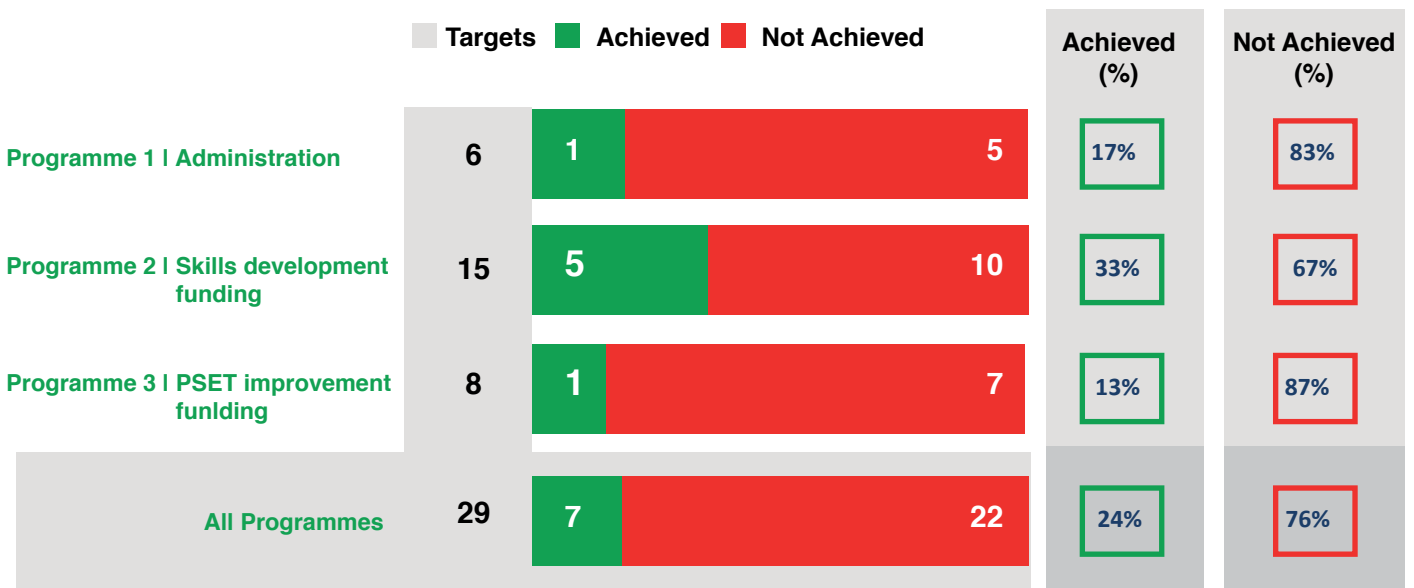
Programme 3: Post-school Education and Training System Improvement Funding

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 expanding, integrating and improving effectiveness of the PSET system will be impacted by the success of the NSF's portfolio of projects.

Each project's achievements of specific envisaged outcomes will be evaluated in order to determine the overall achievement of the projects collectively as a portfolio of projects aimed at expanding, improving effectiveness of and integrating the PSET system. This includes infrastructure development to support expanding access, research and innovation to steer the NSF's priority interventions for PSET, as well as PSET capacity-building to ensure effective and quality provision through PSET educational institutions.

2.5 Summary of Achievements

Output based Performance Indicators - 2021/22



Gender

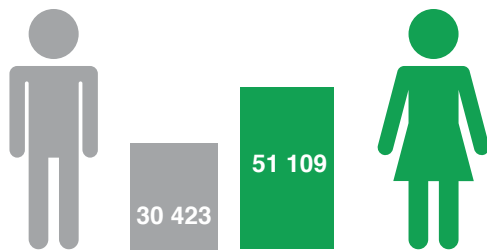


Figure 4: Gender of funded beneficiaries

Rural v/s Urban

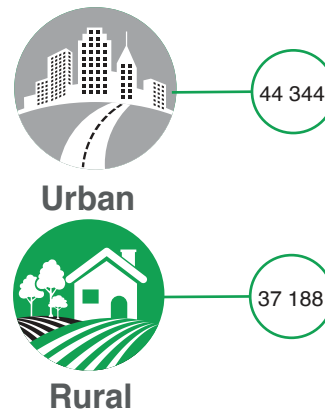


Figure 5: Rural and urban-based funded beneficiaries

Age

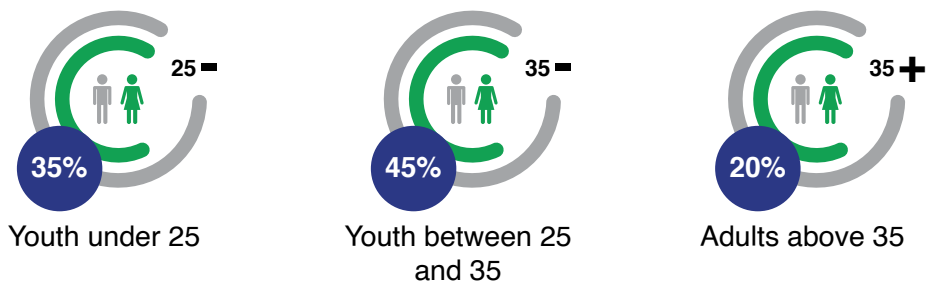


Figure 6: Age of funded beneficiaries

Population Group

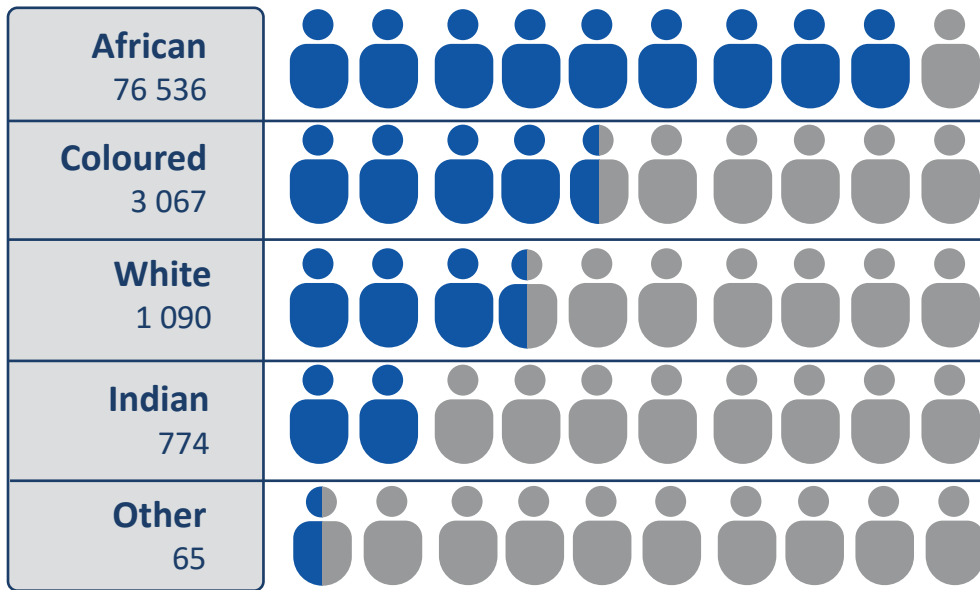


Figure 7: Equity or population group of funded beneficiaries

Provincial Breakdown

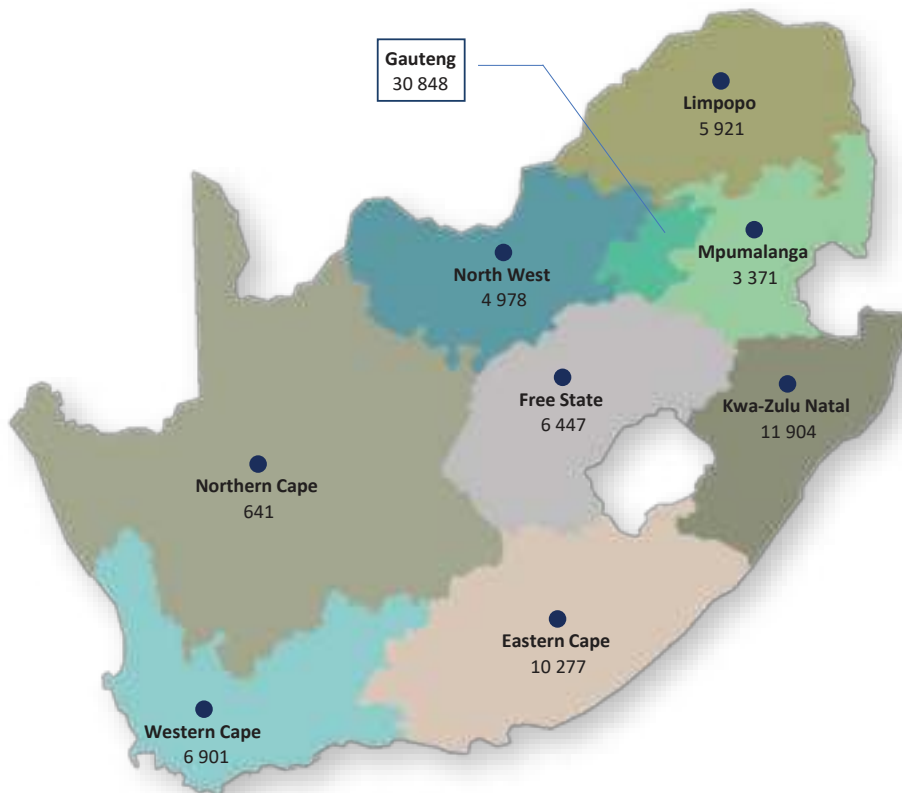


Figure 8: Provincial breakdown of funded beneficiaries (excluding international scholarships)

2.6 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 or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
1.1.1 Percentage of audit findings addressed	New indicator	New indicator	New indicator	New indicator	100%	13%	-87%	The NSF APP was approved, and implementation has started. However, it takes time to finalise most of the actions identified by the business units.
1.1.2 Percentage of compliance to the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) and applicable regulations	New indicator	New indicator	New indicator	New indicator	100%	100%	0%	The NSF complied with the PFMA, 1999 and applicable regulations as per the compliance report.
1.1.3 Percentage of approved standard operating policies (SOPs) and procedures implemented	New indicator	New indicator	New indicator	New indicator	100%	50%	-50%	Only fewer SOPs and policies were earmarked for implementation during the year.
1.1.4 Percentage of planned policies and procedures developed or revised	New indicator	New indicator	New indicator	New indicator	100%	50%	-50%	Legal, Governance, Risk and Compliance (LGRC) depends on business units to submit the policies to be revised or developed.
1.1.5 Percentage of funded positions filled	New indicator	New indicator	New indicator	76%	90%	2%	-88%	Recruitment has commenced, interviews were held and some officials resumed work after the appointment.
1.1.6 Percentage of client satisfaction rating	New indicator	New indicator	New indicator	0%	N/A	N/A	N/A	The procurement process for the appointment of the service provider is underway.
1.1.7 Percentage of key ICT priorities implemented	67%	67%	71%	70%	80%	50%	-30%	Some key ICT activities were deployed under NSF-Government Information Technology Office (GITO) Service Level Agreement (SLA).

Percentage of audit findings addressed

During the reporting period, the NSF only managed to address 13% of the audit findings against the annual target of 100%. The performance is based on the AAP developed during the financial year. The implementation and monitoring of the AAP has commenced. However, the finalisation of some identified actions took longer than expected, hence the non-achievement of the annual target. The NSF will continue to monitor the implementation to improve the performance. In the main the filling of critical vacancies impacted the performance reported and non achievement of target.

Percentage of compliance to the PFMA and applicable regulations

The NSF achieved a 100% compliance with the PFMA and applicable regulations during the year. The performance or compliance was because the approved compliance report was monitored.

Percentage of approved standard operating policies and procedures implemented

The organisation did not perform well in terms of implementation of the approved standard operating policies and procedures implemented. Only 50% was achieved against the target of 100% implementation of approved standard operating policies and procedures during the year, the performance was 50% below the annual target of 100%.

Percentage of planned policies and procedures developed or revised

During the period under review, the NSF only developed and revised 50% of the planned policies and procedures against the target of 50%. The achievement of this target is dependent on other business units within the NSF to submit the request for the policies and procedures which are due for revisions. Therefore, the non-submission of policies and procedures impacted the policies negatively.

Percentage of funded positions filled

The NSF only filled one (2%) funded position during the year, against the target of 90%. The performance was 88% below the annual target of 90%. The NSF recruitment process is fully dependent on the DHET HRM capacity to fill the advertised vacancies, hence the non-achievement of the annual target. It is anticipated that the performance will improve during the next financial year since the recruitment process had commenced and some interviews were conducted.

Percentage of client satisfaction rating

The performance for this indicator will be measured during the next financial year. However, the procurement process to appoint the service provider to conduct the study has commenced.

Percentage of key ICT priorities implemented

During the year, the NSF only implemented the 50% of the key ICT priorities against the annual target of 80%. The non-achievement of the target was due to the dependency of the NSF ICT on the DHET.

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 or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
2.1.1 Number of learners funded by the NSF for education and training	57 238	59 051	48 942	34 994	60 500	81 532	21 032	Due to once-off funding provided to the NSF, which was used to fund the learners through the National Student Financial Aid Scheme (NSFAS)
2.1.2 Number of NSF-funded beneficiaries who completed their education and training	N/A	N/A	19 364	30 000	35 000	13 639	-21 361	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons
2.1.3 Number of learners funded by the NSF for education and training towards (OIHD)	38 368	33 905	27 142	12 489	37 000	58 761	21 761	Due to once-off funding provided to the NSF, which was used to fund the learners through the NSFAS
2.1.4 Number of NSF-funded learners who completed their education and training towards occupation in high demand (OIHD)	8 521	5 908	8 687	3 880	10 500	4 113	-6 387	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons
2.1.5 Number of learners from rural areas funded by the NSF for education and training	32 888	34 925	27 901	21 904	35 400	37 188	1 788	Due to once-off funding provided to the NSF, which was used to fund the learners through the NSFAS
2.1.6 Number of NSF-funded beneficiaries from rural areas who completed their training	6 856	6 658	11 647	7 377	12 500	10 800	-1 700	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons

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 or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
2.1.7 Number of bursaries funded	N/A	N/A	10 223	10 500	10 500	55 017	44 517	Due to once-off funding provided to the NSF, which was used to fund the learners through the NSFAS
2.1.8 Number of learners funded by the NSF for skills development through community-based skills development initiatives	8 675	8 959	9 916	10 346	10 500	9 200	-1 300	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons
2.1.9 Number of learners from rural areas funded by the NSF for skills development in response to innovation and digital technology	-	-	-	1 000 (new target)	1 000	851	-149	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons

Number of learners funded by the NSF for education and training

During the year, the NSF funded a total of 81 532 learners for education and training, significantly exceeding the annual target of 60 500 by 21 032 learners. The good performance can be attributed to the once-off funding provided to the National Skills Fund which was utilised to fund the learners through the NSFAS.

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

A total of 13 639 NSF-funded beneficiaries completed their education and training against the target of 35 000. The performance was below the target by 21 369 beneficiaries. The non-achievement of target was due to the closure of preceding projects and delays in the implementation of newly recommended projects. Furthermore, the high drop-out rates by learners impacted the performance. However, the recruitment of learners have commenced in various projects and performance will improve during the next financial year when new projects start reporting.

Number of learners funded by the NSF for education and training towards occupations in high demand (OIHD)

A total of 58 761 learners were funded by the NSF for education and training towards OIHD against the target of 37 000. The performance significantly exceeded the annual target by 21 761. The good performance can be attributed to the once-off funding provided to the NSF, which was used to fund the learners through the NSFAS.

Number of NSF-funded learners who completed their education and training towards occupations in high demand (OIHD)

A total of 4 113 NSF-funded learners completed their education and training towards OIHD against the target of 10 500. The performance was below the annual target by 6 387 learners. The non-achievement of target was due to the closure of preceding projects and delays in the implementation of newly recommended projects. Furthermore, the high drop-out rates by learners impacted the performance. However, the recruitment of learners has commenced in various projects and performance will improve during the next financial year when new projects start reporting.

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

During the year, the NSF funded 37 188 learners from rural areas for education and training. The performance exceeded the annual target of 35 400 by 1 788 learners. The good performance can be attributed to the once-off funding provided to the NSF, which was used to fund the learners through the NSFAS.

Number of NSF-funded beneficiaries from rural areas who completed their training

A total of 10 800 beneficiaries from rural areas completed their training against the target of 12 500 beneficiaries. However, the performance was 1 700 learners below the annual target. The non-achievement of target was due to the closure of preceding projects and delays in the implementation of newly recommended projects. Furthermore, the high drop-out rates by learners impacted the performance. However, the recruitment of learners has commenced in various projects and performance will improve during the next financial year when new projects start reporting.

Number of bursaries funded

During the 2021/22 financial year, the NSF funded a total of 55 017 learners for bursaries. The significant performance contributed to the annual performance exceeding the annual target of 10 500 by 44 517 bursaries. The good performance can be attributed to the once-off funding provided to the NSF, which was used to fund the learners through the NSFAS.

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

A total of 9 200 learners were funded by the NSF for skills development through community-based skills development initiatives. The performance was 1 300 learners below the annual target of 10 500. The non-achievement of target was due to the closure of preceding projects and delays in the implementation of newly recommended projects. Furthermore, the high drop-out rates by learners impacted the performance. However, the recruitment of learners has commenced in various projects and performance will improve during the next financial year when new projects start reporting.

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

The NSF funded a total of 851 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 149 learners. The non-achievement of target was due to the closure of preceding projects and delays in the implementation of newly recommended projects. Furthermore, the high drop-out rates by learners impacted the performance. However, the recruitment of learners has commenced in various projects and performance will improve during the next 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 interventions funded								
Output indicator	Audited or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
2.2.1 Number of SMMEs and co-operatives funded by the NSF for skills development	2 222	786	816	491	1 000	0	-1 000	The old projects have closed and newly recommended projects are in the recruitment process and will start reporting in the new financial year.
2.2.2 Number of learners funded by the NSF through SMME and co-operative skills development initiatives	New indicator. No data available	4 480	3 212	1 199	5 000	0	-5 000	The old projects have closed and newly recommended projects are in the recruitment process and will start reporting in the new financial year.
2.2.3 Number of NSF-funded learners who completed their education and training through SMME and co-operative skills development initiatives	New indicator. No data available	475	1 356	659	1 450	0	-1 450	The old projects have closed and newly recommended projects are in the recruitment process and will start reporting in the new financial year.

Number of SMMEs and co-operatives funded by NSF for skills development

The NSF did not perform well during the period under review in relation to the SMMEs and co-operatives. No SMMEs or co-operatives were funded during the year. The performance was because old projects closed, while newly recommended projects are in the recruitment process. The performance will improve in the next financial year when the implementation of the new projects commences

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

The NSF did not perform well during the period under review in relation to the number of learners funded by the NSF through SMMEs and co-operatives for skills development initiatives. No learners were funded through SMMEs or co-operatives during the year. The performance was because old projects closed, while newly

recommended projects are in the recruitment process. The performance will improve in the next financial year when the implementation of the new projects commences.

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

Due to old projects that closed and newly recommended projects being in the recruitment process, no learners completed their education and training through SMMEs and co-operatives for skills development initiatives. The performance will improve in the next financial year when the implementation of the new projects commences.



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 or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
2.3.1 Number of learners funded by the NSF for worker education	823	618	725	0	730	1 119	389	Some members attend the sessions without any confirmation and extension of the invitation.
2.3.2 Number of individuals participating in constituency-based interventions funded	N/A	N/A	N/A	New indicator	1 000	399	-601	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons
2.3.3 Number of constituency-based interventions funded	N/A	N/A	N/A	New indicator	20	2	-18	Delays in the implementation of newly recommended projects and drop-out of learners from projects due to various reasons

Number of learners funded by the NSF for worker education

The NSF performed well during the year in terms of funding the worker education programme. The NSF funded a total of 1 119 learners, exceeding the annual target of 730 learners funded for worker education by 389. The good performance was due to members who attend the sessions without any confirmation and extension of the invitation.

Number of individuals participating in constituency-based interventions funded

A total number of 399 learners participated in constituency-based intervention funded by the NSF against the target of 1000. The non-achievement of target was due to closure of preceding projects and delays in implementation of the newly recommended projects.

Number of constituency-based interventions funded

During the reporting period, only two constituency-based interventions were funded by the NSF. The non-achievement of target was due to closure of preceding projects and delays in implementation of the newly recommended projects. A total number of 399 learners participated in constituency-based intervention funded by the NSF against the target of 1000. The non-achievement of target was due to closure of preceding projects and delays in implementation of the newly recommended 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 or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/22			
	Actual achievement				Annual planned target	Year-to-date actual achievement		
3.1.1 Number of skills infrastructure development projects funded	N/A	N/A	N/A	9	9	9	0	The performance started a while ago and the projects had been running from the previous financial year
3.1.2 Percentage of NSF-funded projects that are aimed at skills infrastructure development which achieved more than 60% of the envisaged outputs	N/A	N/A	N/A	New indicator	85%	33%	-52%	Some projects have taken a practical completion and no activities are currently taking place. One project is at a halt.

Number of skills infrastructure development projects funded

The NSF performed well in terms of number of skills infrastructure development projects funded and managed to fund 9 projects to achieve the annual target of 9. The projects funded were carried over from the previous financial year and they run for a longer period.

Percentage of NSF-funded projects that are aimed at skills infrastructure development which achieved more than 60% of the envisaged outputs

During the year under review, the NSF achieved a 33% performance in terms NSF-funded projects that are aimed at skills infrastructure development which achieved more than 60% of the envisaged outputs, below the annual target of 85% by 52%. Some projects reported a practical completion and no activities are currently taking place on-site. One project, the False Bay TVET Swartklip Campus project is at halt and it is not known it when will the project commence.

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
	2017/18	2018/19	2019/20	2020/21	2021/2022			
	Actual Achievement				Annual Planned Target	Year-to-date Actual Achievement		
3.2.1 Number of capacity development projects funded as per the approved implementation plan	N/A	N/A	N/A	49	49	27	-22	Projects were carried over from the previous financial year. However, performance declined due to delays affecting the projects.
3.2.2 Percentage of NSF-funded projects that are aimed at PSET capacity development which achieved more than 60% of the envisaged outputs	N/A	N/A	N/A	New indicator	85%	41%	-44%	No activities took place in some projects and delays affected the projects.

Number of capacity development projects funded as per the approved implementation plan

The NSF did not perform well in relation to number of capacity development projects funded. A total of 27 projects were funded against the annual target of 49 projects. The projects were carried over from the previous financial year. However, performance declined due to delays affecting the projects.

Percentage of NSF-funded projects that are aimed at PSET capacity development which achieved more than 60% of the envisaged outputs

During the year under review, the NSF achieved 41% on the NSF-funded projects that are aimed at PSET capacity development which achieved more than 60% of the envisaged outputs, below the annual target by 44%. The performance was due to delays affecting some projects and the limited or lack of activities that took place in some projects.

Programme 3: PSET system improvement funding
Sub-programme 3.3: Research and constituency development
Outcome: An improved PSET system
Outputs: Research projects funded

Output indicator	Audited or actual performance			Baseline	Annual (All quarters)		Difference for the year-to-date	Comment on deviations
	2017/18	2018/19	2019/20	2020/21	2021/2022			
	Actual Achievement				Annual Planned Target	Year-to-date Actual Achievement		
3.3.1 Number of interventions funded to inform the HRDSSA and the NSA	N/A	N/A	N/A	New indicator	8	3	-5	The earmarked projects are not yet operational; hence no performance was reported.
3.3.2 Number of research interventions funded	N/A	N/A	N/A	New indicator	8	3	-5	The earmarked projects are not yet operational; hence no performance was reported.
3.3.3 Percentage of NSF-funded projects that are aimed at research projects which achieved more than 60% of the envisaged outputs	N/A	N/A	N/A	New indicator	85%	0%	-85%	No activities took place in some projects and delays affected the projects.
3.3.4 Number of innovation interventions funded	New indicator	New indicator	New indicator	New indicator	1	0	-1	The earmarked projects are not fully operational; hence no performance was reported.

Number of interventions funded to inform the HRDSSA and NSA

During the year under review, the NSF only funded three interventions to inform the HRDSSA and the NSA. The performance was below the annual target of eight by five interventions. The performance was due to the fact that earmarked projects are not yet fully operational.

Number of research interventions funded

During the year under review, the NSF did not perform well in relation to number of research interventions funded and only funded three research projects against the annual target of eight research projects. The performance was due to the fact that earmarked projects are not yet fully operational.

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

Due to delays in the implementation of earmarked projects, the NSF did not achieve its target

Number of innovation interventions funded

The NSF did not perform well in terms of innovation interventions funded due to the fact that the earmarked project is not yet fully operational hence no performance was reported.

2.7 Linking Performance with the Budget

Programme, activity or objective	2021/22			2020/21		
	Budget	Actual amount collection	(Over) or under	Budget	Actual amount collection	(Over) or under
	R'000	R'000	R'000	R'000	R'000	R'000
Education and training	2 844 739	4 100 157	-1 255 418	3 822 623	1 020 233	2 802 390
Improve the PSET system and capacity-building	11 246	67 483	44 663	997 167	255 056	742 111
Skills infrastructure development	169 888	298 361	-128 473	1 144 581	397 659	746 922
Skills development, research, innovation and advocacy	9 419	1 069	8 350	65 421	7 927	57 494
Covid-19 impact: Additional relief to support learners, SMMEs and the PSET system	-	-	-	3 027 204	-	3 027 204
Provision for impairment	-	21 580	-21 580	-	94	-94
Skills development funding expenditure	3 136 192	4 488 650	-1 352 458	9 056 996	1 680 969	7 376 027

The NSF overspent its budget by 42% during the 2021/22 financial year. The increase on movement on skills development funding expenses from the previous year is a result of approved funds by the Minister of Higher Education of R3,3 billion from the NSF to augment the 2021 shortfall at the NSFAS for the 2021 academic year, of which R1,2 billion was disbursed to the NSFAS or the DHET towards the end of March 2022. The remaining balance was accrued as part of reimbursement expenditure to the NSFAS for expenditure incurred in the 2021 academic 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 2021/22 financial year:

- i. R1,7 billion was disbursed towards bursaries and scholarships.
- ii. R195 million was disbursed towards occupational programmes in TVET colleges.
- iii. R68 million was disbursed towards skills programmes, mainly being delivered through non-profit organisations.
- iv. R327 million was disbursed towards learners undergoing workplace-based learning (apprenticeships, learner ships, cadetships, internships, etc.) at the workplace.
- v. R15 million was disbursed towards worker education.

PSET system development and capacity-building

The following disbursements were made in the 2021/22 financial year:

- i. R201 million was disbursed towards cross-cutting PSET system development, capacity and support.
- ii. R38 million was disbursed towards workplace-based learning subsystem development, capacity-building and support.
- iii. R24 million was disbursed towards university subsystem development, capacity-building and support.
- iv. R85 million was disbursed towards TVET college subsystem development, capacity building and support.
- v. R37 million was disbursed towards community college subsystem development, capacity building and support.

Skills development research, innovation and communication

The following disbursements were made in the 2021/22 financial year:

- i. R6 million was disbursed towards the DHET research, planning, advocacy and communication
- ii. R1 million was disbursed towards HRDSA research, planning, advocacy and communication towards HRDSA research, planning, advocacy and communication.

- iii. R6 million was disbursed towards NSA Constituency Capacity Building and Advocacy (CCBA).
- iv. R12 million was disbursed towards NSA monitoring, research, planning and police development.

2.8 Revenue Collection

Sources of revenue	2021/22			2020/21		
	Estimate	Actual amount collection	(Over) or under	Estimate	Actual amount collection	(Over) or under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from non-exchange transactions	3 886 553	3 905 322	-18 769	1 941 289	2 472 600	-531 311
Skills development levies	3 786 553	3 802 322	-15 769	1 941 289	2 472 600	-531 311
Income from SETAs	0	3 000	-3 000	0	0	0
Presidential Youth Employment Initiative	100 000	100 000	0	0	0	0
Revenue from exchange transactions	521 147	427 753	93 394	117 702	438 965	-321 263
Finance income	484 618	407 260	77 358	102 452	417 491	-315 039
Finance income from advance payments to skills development programmes and projects	36 529	20 493	16 036	15 250	21 474	-6 224
Total revenue	4 407 700	4 333 075	74 625	2 058 991	2 911 565	-852 574

Refer to Note 33 of the audited annual financial statements for detailed information on statement of comparison of budget and actual amounts.

2.9 Capital Investment

Infrastructure projects	2021/22			2020/21		
	Budget	Actual expenditure	(Over) or under	Budget	Actual expenditure	(Over) or under
Aliwal North - Ikhala	122 456	136 983	-14 527	122 456	133 661	-11 205
Balfour - Gert Sibande	142 840	137 812	5 028	142 840	70 256	72 584
Bhambanana - Umfolozi	203 651	196 523	7 128	203 651	196 523	7 128
Graaf-Reinet - Eastern Cape Midlands	112 499	121 903	-9 404	112 499	121 807	-9 308
Greytown - Umgungudlovu	143 210	151 873	-8 663	143 210	108 424	34 786
KwaGqikazi - Mthashana	111 284	115 579	-4 295	111 284	96 785	14 499
Msinga - Umgungudlovu	143 562	160 819	-17 257	143 562	151 706	-8 144
Ngqungqushe - Ingwe	16 072	177 130	-8 058	169 072	140 755	28 317
Nongoma - Mthashana				132 182	147 963	-15 781
Sterkspruit - Ikhala	166 423	179 186	-12 763	166 423	170 635	-4 212
Umzimkhulu - Esayidi				112 834	130 573	-17 739
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	70 183	35 395
Ekurhuleni West	13 704	13 704	0	13 704	13 703	1
Port Elizabeth	18 000	11 704	6 296	18 000	7 000	11 000
Eastcape Midlands	15 250	8 267	6 983	15 250	6 630	8 620
False Bay	180 000	25 579	154 421	180 000	18 798	161 202
SANReN-SABEN	309 878	142 224	167 654	246 839	46 202	200 637
Total	2 039 259	1 723 509	315 750	2 221 235	1 705 250	515 985

TVET college campus assets and other comprise of the above TVET college campuses that are still in 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. The TVET college infrastructure development is financed by the NSF and is centrally implemented by the DHET, as the implementing agency for the NSF.



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MSINGA CAMPUS



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 legislative requirements based on a public entity’s enabling legislation, corporate governance with regard to 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 maintain the highest standards of governance, which is fundamental to the management of public finances and resources. The entity has governance structures in place to effectively and economically use the state resources.

Parliament, the Executive Authority and the Accounting Authority of the public entity are responsible for corporate governance.

3.2 Portfolio Committees

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

Date	Subject	Matters raised by the Portfolio Committee	Responses to the matters raised by the Portfolio Committee
17 November 2021	NSF 2020/21 Annual Report presentation	<p>The Portfolio Committee requested the following information from the NSF:</p> <ul style="list-style-type: none"> • The NSF submits the list of its active skills development initiatives so that members can visit them. • The NSF develops a comprehensive audit action plan with clear timeframes and submit it to the Committee within three months. • The NSF submits quarterly reports on the implementation of its turnaround strategy aimed at improving performance of the entity. • The report of the Ministerial Task Team on the strategic review of the NSF must be presented to the Committee one month after its completion. • The NSF submits the forensic investigation report undertaken at the entity upon its completion. 	<p>The list of active projects was submitted.</p> <p>The Audit Action Plan (AAP) was submitted to the Committee.</p> <p>The reports will be submitted quarterly.</p> <p>The Ministerial Task Team report will be submitted upon its completion.</p> <p>The forensic report will be submitted upon its completion.</p>

3.2 Portfolio Committees (continued)

Date	Subject	Matters raised by the Portfolio Committee	Responses to the matters raised by the Portfolio Committee
11 March 2022	Briefing by the NSF on implementation of the AAP and turnaround strategy	The Portfolio Committee requested the following information from the NSF: <ul style="list-style-type: none"> • Details of five positions that have been recommended for appointment. • Report on the consequence management implementation against employers responsible for under-performance and poor audit outcome. • Organisational structure of the NSF including job descriptions for senior managers. • List of NSF approved policies. 	The NSF provided responses to the matters raised.
04 May 2022	NSF presentation on the 2020–2025 Strategic Plan and 2022/23 Annual Performance Plan (APP)	The NSF submits details (procurement process, costs, name of the service provider) of the appointment of the service provider, which assisted the work of the Ministerial Task Team on the review of the NSF.	The NSF provided responses to the matters raised.

3.3 SCOPA Resolutions

Scopa resolution date	Subject	Details	Response by the entity	Resolved (Yes or No)
18 May 2021	NSF 2019/20 Audit Disclaimer: Hearing with the Minister	The committee wanted an explanation on the deteriorating audit outcomes over the past three years. The Minister is to provide the committee with a roadmap for a forensic investigation on the NSF within 30 days of the meeting.	The scope of work changed from the audit point of view and the NSF lacks sufficient capacity to undertake some of the work required to meet all the audit requirements. The Minister agreed.	Audit Action in process. Yes
08 February 2022	Update by the Minister on NSF and NSFAS investigations	Update on the current forensic investigation	The Minister said the forensic investigation into the NSF was currently underway. It was supposed to have been completed by January, but the investigators had asked for an extension to the end of March due to several substantive matters that were still outstanding, and he had granted the extension.	

3.4 The Executive Authority

As per the requirements of the PFMA, 1999, the NSF reported 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, 1999 and Treasury Regulations.

3.5 The Accounting Authority

Introduction

The Director-General of Higher Education and Training is the Accounting Authority of the NSF, as stipulated in section 29(1) of the Skills Development Act, 1998 (Act 97 of 1998) (SDA) as amended.

The Director-General of Higher Education and Training is responsible for the control of the NSF, and ultimately accountable to the Minister of Higher Education, Science and Innovation and Parliament for the NSF's performance, strategic direction and money spent by the NSF.

Within the framework of the Director-General of Higher Education and Training's delegations of authority, the day-to-day operations of the NSF are managed by the Executive Officer of the NSF. The NSF further reports through the governance structures set by the DHET. These include the skills development branch management meetings, the senior management meetings and the ministerial management meetings.

Role of the Accounting Authority

As Accounting Authority of the NSF, the Director-General of Higher Education and Training has the following responsibilities amongst others:

- i. Manage the NSF in accordance with the PFMA, 1999.
- ii. Keep a proper record of all financial transactions, assets and liabilities of the NSF.
- iii. Prepare the Annual Financial Statements for the NSF in the prescribed form.
- iv. Subject to the laws governing the public service, appoint the Executive Officer of the NSF, who, upon such appointment, will be in the employ of the public service.
- v. Ensure that the prescribed limitation of the amount that can be used in the administration of the NSF is adhered to.
- vi. Submit 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 Director-General of Higher Education and Training, Dr Nkosinathi Sishi is the Accounting Authority of the NSF in terms of the section 29(1) of the SDA, 1998 as amended.

Remuneration of the Accounting Authority

The Director-General of Higher Education and Training does not receive any remuneration in his capacity as the Accounting Authority of the NSF. The entity is in the process of setting a budget aside for the subsistence and travel (S&T) expenses incurred by the Director General attending to the NSF related matters.

3.6 Risk Management

The entity has an Audit Committee, which consist of independent committee members. The Audit Committee plays an oversight role 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. A risk management assessment is done annually to ensure that emerging risks are addressed timeously.

The entity currently relies on the Department of Higher Education and Training (DHET) risk management policies and has developed its own risk management policies, the developed policies are pending approval by the Director- General. The entity has its own approved strategic risk register, which is updated as and when there is a need in consultation with the relevant risk owners.

The risk management activities of the NSF are covered in the NSF's comprehensive risk assessment process, which is facilitated by the Legal, Governance, Risk and Compliance Directorate, while the NSF Internal Audit provides oversight and performs risk management reviews as per its approved Internal Audit Plan.

Risk management workshops were conducted to review and update the strategic risks for the 2020/21 financial year, emanating from the Covid-19 pandemic, the revised NSF strategic plan, the annual performance plan and the Microsoft Dynamics information and communication technology (ICT) system. The process resulted in augmenting the existing Strategic Risk Register, which was noted by the NSF Audit Committee members. The Legal, Governance, Risk and Compliance Directorate conducted a project risk management workshop in order to review the Project Risk Register and the Operational Risk Registers for all NSF directorates.

The registers have been developed for the 2022/23 financial year, they were presented to the Audit Committee and are due for approval by the Director-General.

The NSF has recently finalised the development of its own Risk Policy and Combined Assurance Framework. The policies were presented to the Audit Committee and are due for approval the Director-General of Higher Education and Training.

The Combined Assurance Framework will ensure that a coordinated approach is applied in receiving assurance on whether key risks are being managed appropriately within the NSF.

3.7 Internal Control Unit

The audit debriefing session was done to discuss all the audit findings raised. Management has focussed on improving internal control through issuing circulars addressing the gaps identified by the AGSA and its partnership with the DHET in terms of the memorandum of agreement with the latter, and with assistance from internal audit. However, there are challenges experienced with the DHET filling vacant NSF positions.

3.8 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 the NSF operations. The internal audit function helps the NSF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

- Compile a three-year rolling strategic and annual internal audit plan.
- Perform internal audits based on the internal audit plan, including ad hoc assignments and investigations as required by the Audit Committee and Accounting Authority.
- Report the outcome of internal audits to management and the Audit Committee.
- Perform follow-up reviews on previous reported internal audit findings to evaluate if management has implemented corrective actions.

Summary of audit work done by Internal Audit

The following audits were undertaken in accordance with the 2021/22 internal audit plan:

- Annual Financial Statement (AFS) review for the 2020/21 financial year
- Annual Performance Report (APR) review for the 2020/21 financial year
- Probity reviews over grant allocations for specific requests for proposals (RFPs)
- Probity review of specific RFP procurement processes implemented by an NSF funding recipient for the TVET Connectivity project.
- Predetermined objectives review for Quarter 3
- AGSA Action Plan review – some actions ongoing after year end
- Ad hoc requests from management included the following:
 - Material irregularity preliminary investigation
 - Selected project review
 - Specific ICT contract review – report conclusion in progress after year-end
 - Supply chain management-related queries
- Annual performance plan review for the 2022/23 financial year – reporting in progress after year-end
- Supply chain management review
- Policies and procedure reviews
- Internal Audit Plan – 2021/22
- Operational activities such as project management and Audit Committee reporting
- Ongoing programme assurance or governance reviews over information technology (IT) system
- Determination tests on irregular expenditure clarification of some matters on final reports in progress after year-end finalisation after year-end
- Ad hoc requests from prior year related to determination tests on alleged fruitless and wasteful expenditure on specific projects – report finalisation ongoing after year-end
- Specific project report conclusion – consolidation report in progress of finalisation after year-end

Some of above reports were finalised and/or in progress after year-end due to delays and/or challenges experienced.

The following audits were deferred:

- Coordination and follow ups of Internal audit action plans (except where incorporated in scope of specific audits)
- Ad hoc request relating to IT system renaming and rebranding competition review
- Application controls review over the new IT system

Key activities and objectives of the Audit Committee

The objective of the Audit Committee is to assist the Accounting Authority to fulfil oversight responsibilities regarding the financial and performance reporting processes and the system of internal control. Other objectives of the Audit Committee are to help the Accounting Authority to manage risks and to 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 the following:

- Consider the effectiveness of the internal control systems, including IT and security.
- Understand the scope of internal and external auditors' review of internal controls over financial reporting,

and obtain reports on significant findings and recommendations together with management's responses.

- Assess whether the NSF's assets have been properly safeguarded and used.
- Review the NSF's risk profile annually and ensure that management is effectively managing the risks.
- Review 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 instances of non-compliance.
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information, and annually review the Annual Financial Statements and recommend their approval to the Director-General of Higher Education and Training.
- Review the performance information of the NSF.

Attendance of audit committee meetings by Audit Committee members

The Audit Committee is made up of the members listed in the table below, 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 six normal meetings and one special meeting, as indicated in the table below.

Name	Designation	Qualifications	Internal or external	Date appointed	Number of meetings attended
Prof DP van der Nest	Chairperson	<ul style="list-style-type: none"> • Doctor Technologiae (DTech) • Masters of Commerce (MCom) – Economics • Bachelor of Commerce (BCom) Honours (Hons) • Diploma in Higher Education – Economic Science • BCom Accounting 	External	18 May 2020	5
Ms S Padayachy	Member	<ul style="list-style-type: none"> • BCom – Business Economics and Accounting • BCom Honours – Marketing Management • M.Com – Computer Auditing • Management Development Programme (MDP) • Global Executive Development Programme (GEDP) 	External	18 May 2020	7
Mr S Makhubu	Member	<ul style="list-style-type: none"> • CA (SA) • Bachelor of Accounting Science (BCompt) Hons • BCompt 	External	18 May 2020	7

3.9 Compliance with Laws and Regulations

The NSF aims is 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, in terms of the PFMA, 1999 and Treasury Regulations, within legislated deadlines.

The NSF also uses the National Treasury template to assess compliance with the PFMA, 1999 regulations every quarter as part of the quarterly reporting process to the Executive Authority.

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

The NSF also subscribed to Juta to access electronic statutes, legislation, case law and government gazette. This ensures that the organisation keeps abreast of laws and regulations that need to be complied with.

The NSF also drafted the Compliance Policy, which was approved by the Director-General of Higher Education and Training. The Compliance Committee convenes every quarter to consider all compliance matters, which will ensure vigorous compliance culture within the organisation.

3.10 Fraud and Corruption

The entity is currently relying on the DHET fraud and corruption policies and guidelines. The DHET has maintained a whistle blowing policy and has established reporting mechanism such as fraud hotline, fraud emails and officials can report any fraud and corruption anonymously.

There are no fraud and corruption cases reported against the NSF officials during the last financial year except for the forensic investigation commissioned by the Minister of Higher Education, Science and Innovation as a result of the disclaimer opinion issued by the Auditor-General of South Africa (AGSA).

3.11 Minimising Conflict of Interest

Due to the funding mandate that the entity has, all officials and committee members attending the meetings wherein funding decisions are made, are required to disclose and sign a declaration of interest form. All officials are required to apply for permission to perform other remunerative work and disclose all the gifts received during the course of and scope of employment. All senior managers are required to disclose their financial interests annually. For those who fail to disclose this information, consequence management is applied accordingly.

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

3.12 Code of Conduct

The NSF employees are bound by the Code of Conduct of the Public Service because all NSF employees are currently employed by the DHET.

The entity relies on the DHET Code of Conduct policies and structures. The DHET has an Ethics Committee that deals with all ethics-related matters. There are Ethics Committee officers appointed to coordinate all ethics-related matters.

3.13 Health, Safety and Environmental Issues

The entity relies on the DHET health and safety policies and structures. The DHET has health safety officers who deal with all health and safety-related matters and report to the relevant structures.

The NSF is situated in Ndinaye House, 178 Francis Baard Street, Pretoria, 0002. An occupational health and safety and Covid-19 compliance internal audit review was conducted during the 2020/21 financial year, where significant findings were noted at governance and site inspection level, and which will be addressed through engagement with the DHET.

3.14 Social Responsibility

There were no social responsibility activities done under the 2021/22 financial year.

3.15 Materiality and Significance Framework

The NSF prepared its Materiality and Significance Framework, which has been approved by the Director-General of Higher Education and Training and the Minister of Higher Education, Science and Innovation.

3.16 B-BBEE Compliance Performance Information

Has the public entity applied any relevant code of good practice (Broad-based Black Economic Empowerment (B-BBEE) Certificate Levels 1–8) with regards to the following:		
Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	N/A. The NSF provides funding for national skills development towards a skilled and capable workforce for inclusive growth path. This criterion is not a requirement. The NSF operates under the DHET.
Developing and implementing a preferential procurement policy	No	N/A. The DHET acts as the NSF’s procurement agent and the NSF currently uses the DHET policies for procurement of goods, services and/or works.
Determining qualification criteria for the sale of state-owned enterprises	No	N/A. The NSF provides funding for national skills development towards a skilled and capable workforce for inclusive growth path. This criterion is not a requirement. The NSF operates under the DHET.
Developing criteria for entering into partnerships with the private sector	Yes	The NSF Funding Framework allows for the development of partnerships. The scope of the partnership criteria will be considered and developed as per the draft unsolicited guideline and partnership guideline and criteria.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	Yes	Grants. The NSF funding framework informs the NSF funding of grants or skills development funding.

3.17 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee responsibilities

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA, 1999 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 as contained therein.

The effectiveness of internal control

The system of internal control 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, 1999 requirements, Internal Audit and AGSA provide the Audit Committee and management with assurance whether the internal controls are adequate and effective. This is achieved by means of evaluating the effectiveness of the management of identified risks, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The system of internal control was not entirely effective during the year under review as it relates to matters affecting financial statements and performance information.

As reported by assurance providers to the Audit Committee, there have been significant internal control deficiencies noted in the NSF. We reviewed the findings of internal audit, which was based on the risk assessments conducted in the public entity, which revealed certain weaknesses that was raised with the public entity. Refer to Paragraph 3.8 for internal audit work completed for the year under review.

Progress to implement revised business processes, a new IT system and the filling of vacancies per the revised approved organisational structure, which was developed as part of a structured project rolled out in the previous years, has been slow.

One of the most significant challenges experienced in the NSF is the slow turnaround times in the filling

of vacancies, resulting in capacity challenges in the organisation which had a negative impact on the NSF operations and created a vacuum in critical layers of internal controls. The vacancy rate increased during the current year, contributing further to already existing capacity shortages in key areas such as Finance, Strategy, ICT, Skills Development Implementation and Legal, Governance, Risk and Compliance. The Audit Committee recommended again that additional capacity be obtained in financial and project management to assist in the improvement of the system of internal control, however due to internal processes and halt of procurement within government during the year, these recommendations were not implemented.

A number of additional recommendations for improvement were made during the prior year to the NSF by the Audit Committee, however progress towards achieving these remain slow. In addition, audit action plans had a number of areas still in progress at time of external audit commencement.

There were also control deficiencies identified in the system of internal control over performance information. Reporting on performance information is currently a manual process subject to human error. The implementation of the integrated information system should be prioritised, as it is anticipated that it will assist in improving the quality of performance and financial reports, including the tracking of reporting statuses.

Effective risk management will contribute towards an improved control environment. During the current year, operational risk registers were not finalised for the NSF. These were, however, finalised after year-end for implementation during the 2022/23 financial year. 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. We will also monitor the implementation of recommendations by the Ministerial Task

Team appointed to perform a review of the NSF, once the report is tabled.

The Audit Committee notes that there is an investigation into the financial affairs by the entity, conducted by a private forensic company, concerning the funds not properly accounted for in previous years. The Audit Committee will also monitor the implementation of recommendations from the report once it has been tabled.

The quality of in-year management and monthly or quarterly reports submitted in terms of the PFMA, 1999

The public entity has reported quarterly to the National Treasury, as is required by the PFMA, 1999, and submitted quarterly reports to the Executive Authority. The Audit Committee noted weaknesses reported by assurance providers in the preparation of quarterly performance reports and raised concerns over the reliability of quarterly financial and performance information reports.

Improvement is required over the content and quality of quarterly financial and performance reports. The Audit Committee will continue to monitor quarterly reporting of financial and performance information.

Evaluation of financial statements

We have reviewed the Annual Financial Statements prepared by the public entity. The Audit Committee 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 compliance with legal and regulatory provisions
- reviewed significant adjustments resulting from the audit
- reviewed information on predetermined objectives to be included in the Annual Report

Auditor's report

The Audit Committee commends the NSF for the improvement in audit outcomes from a disclaimer during the previous two years to a qualified opinion with findings for the 2021/22 financial year, especially considering the capacity constraints within the organisation. Significant effort has been undertaken by the NSF staff to obtain all supporting documentation required by the AGSA for skills development funding expenditure; however, material limitations still existed. There is a need for improved project management, amongst others, including verification and record management to address the matters noted affecting the audit opinion.

A number of material adjustments to the financial statements have been noted, which require improvement in the control environment to avoid recurring findings and ensure improved audit outcomes. The Audit Committee will monitor implementation of focussed 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.

Co-sourced capacity was available for internal audit during the year under review to a limited extent. The procurement process for a new co-sourced provider was affected by the halting of procurement processes in government during the year, affecting the capacity available within Internal Audit. The Audit Committee will monitor plans by internal audit to address short-term capacity gaps and progress with procurement of a new co-sourced provider.

The majority of the audits approved in the coverage plan by the Audit Committee were finalised at or shortly after year-end with a few audits deferred to next year. The finalisation of determination tests should be prioritised.

There were no forensic investigations undertaken by Internal Audit, although a preliminary investigation of the material irregularity noted by the AGSA during the prior year was undertaken. The report had been submitted to the Accounting Authority of the NSF for further actioning.

AGSA

The Audit Committee has met with the AGSA to ensure that there are no significant unresolved issues other than those resulting in the qualified audit opinion with findings.

Conclusion

Our appreciation is extended to management and staff for their efforts regarding the Annual Financial Statements and Annual Performance Report for the year. The Audit Committee will monitor the improvements made by management in addressing control deficiencies identified by external and internal audit.



Prof DP van der Nest
Chairperson of the Audit Committee
National Skills Fund
Date: 31 July 2022

PART D: **Human Resource Management**



4. HUMAN RESOURCE MANAGEMENT

4.1 Introduction

The National Skills Fund (NSF) currently uses the services of the Department of Higher Education and Training (DHET) for all human resources-related processes. This is because the NSF is still currently considered to be a branch under the DHET, which was the case before its listing as a public entity. While the approved NSF organisational structure does provide for a human resources (HR) unit, the unit is not yet fully capacitated to take on all of the HR processes from the DHET and, as such, relies on the DHET for support in this regard, the costs of which is refunded to the DHET.

4.2 HR Overview

The NSF-approved organisational structure carries a total of 177 approved funded posts. To cater for capacity needs within the Finance Chief Directorate, two posts (one deputy director and one senior practitioner), were abolished and converted to four posts (two assistant directors and two practitioners within the supply chain and finance administration teams respectively), creating a total of 179 posts (now reflected on the approved structure). Of these 179 posts, 106 were filled during the 2021/22 period, resulting in a total of 73 vacancies remaining across all NSF directorates, of which 63 have been advertised. Of the vacancies, 12% exist at senior management salary level, 47% at highly skilled supervision salary level, and 41% at highly skilled production salary level.

The NSF has a total turnover rate of 6%, with a staff complement of 111 as at 1 April 2021 and 106 as at 31 March 2022 including seven terminations for the same period. The equity ratio of these 106 staff is currently sitting at 88% of staff being of African ethnicity, 2% Coloured, 3% Indian and 7% White. Of the senior management team, 93% are female with 7% male. Overall, the NSF employs 59% female and 41% male staff across all salary levels, with no staff with recorded disabilities.

4.3 HR Oversight Statistics

Personnel cost by programme for the period 01 April 2021 - 31 March 2022

Programme	Total expenditure	Personnel expenditure	Training expenditure	Personnel cost as a % of total expenditure	Average personnel cost per employee	Number of Employees
	(R'000)	(R'000)	(R'000)	%	(R'000)	
Administration and Skills Development	4 678 335	92 209	0	1,96	870	106

Personnel cost by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Personnel expenditure	% of total personnel cost	Average personnel cost per employee	Number of employees
	(R'000)	%	(R'000)	
Senior management (Level 13 and higher)	17 138	19	1 224	14
Highly skilled supervision (Level 9–12)	59 043	64	856	69
Highly skilled production (Level 6–8)	11 157	12	531	21
Skilled (Level 3–5)	630	1	315	2
Internship or learnership programme	4 241	5	52	81
TOTAL	92 209	100	2 978	187

Salaries, overtime, homeowners allowance and medical aid by programme for the period 1 April 2021 to 31 March 2022

Programme	Salaries		Overtime		Housing allowance		Medical Aid		Total cost per programme
	Amount	Salaries as a % of total personnel cost	Amount	Overtime as a % of total personnel cost	Amount	Housing allowance as a % of total personnel cost	Amount	Medical aid as a % of total personnel cost	
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%	
Administration and Skills Development	86 706	95	1 136	1	1 214	1	2 289	3	91 345

Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2021 to March 2022

Programme	Salaries		Overtime		Housing Allowance		Medical Aid		Total cost per salary band
	Amount	Salaries as a % of total personnel cost	Amount	Overtime as a % of total personnel cost	Amount	Housing Allowance as a % of total personnel cost	Amount	Medical Aid as a % of total personnel cost	
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%	
Senior management (Level 13 and higher)	16 954	19,6	-	0,0	34	2,8	93	4,1	17 081
Highly skilled supervision (Level 9–12)	56 011	64,6	393	34,6	740	61	1 235	54	58 379
Highly skilled production (Level 6–8)	9 519	11	240	21,1	404	33,3	858	37,5	11 021
Skilled (Level 3–5)	441	0,5	-43	3,8	36	3	103	4,5	623
Internship or learnership programme	3 781	4,4	460	40,5					4 241
TOTAL	86 706	100	1 136	100	1 214	100	2 289	100	91 345

4.4 Employment and Vacancies

Employment and vacancies by programme as at 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Number of posts vacant	% of vacancies
Administration and Skills Development	179	106	73	41

Employment and vacancies by salary band as at 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Number of posts vacant	% of vacancies per salary band
Senior management (Level 13 and higher)	23	14	9	12
Highly skilled supervision (Level 9–12)	103	69	34	47
Highly skilled production (Level 6–8)	51	21	30	41
Skilled (Level 3–5)	2	2	0	0
TOTAL	179	106	73	100

4.5 Employment Changes

Annual turnover rate by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Number of employees at beginning of period	Appointments and transfers into the entity	Terminations and transfers out of the entity	Number of employees at the end of period	Turnover rate
Senior management (Level 13 and higher)	13	1	2	12	16
Highly skilled supervision (Level 9–12)	73	0	3	70	4
Highly skilled production (Level 6–8)	23	1	2	22	9
Skilled (Level 3–5)	2	0	0	2	0
Total	111	2	7	106	6

Reasons why staff left for the period 1 April 2021 to 31 March 2022

Termination type	Number	% of total staff leaving
Death	1	14,2
Resignation	2	28,6
Dismissal	0	0
Retirement	2	28,6
Discharged due to ill health	0	0
Expiry of contract	0	0
Other	2	28,6
Total	7	100

4.6 Employment Equity

Total number of employees (including employees with disabilities) by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Male				Total males
	African	Coloured	Indian	White	
Senior Management (Level 13 and higher)	1	0	0	0	1
Highly skilled supervision (Level 9–12)	34	1	1	1	37
Highly skilled production (Level 6–8)	4	0	0	0	4
Skilled (Level 3–5)	1	0	0	0	1
Employee with disabilities	0	0	0	0	0
TOTAL	40	1	1	1	43

Total number of employees (including employees with disabilities) by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Female				Total females
	African	Coloured	Indian	White	
Senior management (Level 13 and higher)	9	1	2	1	13
Highly skilled supervision (Level 9–12)	29	0	0	2	31
Highly skilled production (Level 6–8)	15	0	0	3	18
Skilled (Level 3–5)	1	0	0	0	1
Employee with disabilities	0	0	0	0	0
TOTAL	54	1	2	6	63

4.7 Disciplinary Action

Disciplinary action of male employees as at 31 March 2022

Disciplinary action	Male			
	African	Coloured	Indian	White
Verbal warning	0	0	0	0
Written warning	0	0	0	0
Final written warning	0	0	0	0
Dismissal	0	0	0	0

Disciplinary action	Female			
	African	Coloured	Indian	White
Verbal warning	0	0	0	0
Written warning	0	0	0	0
Final written warning	0	0	0	0
Dismissal	0	0	0	0

4.8 Performance Rewards

Performance rewards cost per salary band for the period 1 April 2021 to 31 March 2022

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of employees	Number of beneficiaries	% of total within salary bands	Total cost R'000	Average cost per employee	
Senior management (Level 13 and higher)	14	2	4,9	57	29	0,06
Highly skilled supervision (Level 9–12)	69	27	65,9	664	25	0,72
Highly skilled production (Level 6–8)	21	11	26,8	136	12	0,15
Skilled (Level 3–5)	2	1	2,4	7	7	0,01
TOTAL	106	41	100	864	72	0,94

PART E: Annual Financial Statements



Index

The reports and statements set out below comprise the annual financial statements presented:

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5.1 General Information

REGISTERED NAME:	National Skills Fund
PHYSICAL ADDRESS:	178 Francis Baard Street Pretoria 0002
POSTAL ADDRESS:	Private Bag X174 Pretoria 0001
TELEPHONE NUMBER:	012 943 3100/3200
WEBSITE ADDRESS:	http://www.dhet.gov.za/SitePages/NSF.aspx
EXTERNAL AUDITORS:	The Auditor-General of South Africa Lynwood Bridge Office Park Daventry Street Lynwood Manor Pretoria 0001
EXECUTIVE OFFICER:	Mr Mvuyisi Macikama – suspended on 3 August 2021
ACTING EXECUTIVE OFFICER:	Mr David Mabusela – appointed on 14 August 2021
ACTING CHIEF FINANCIAL OFFICER:	Ms Padmini Moodley CA (SA) – appointed on 22 March 2021
ACCOUNTING AUTHORITY:	Dr Nkosinathi Sishi Director-General of Higher Education and Training Accounting Authority of the National Skills Fund – appointed on 1 November 2021
REGISTERED OFFICE:	178 Francis Baard Street Pretoria 0002
AUDITORS:	Auditor-General of South Africa
REPORTING FRAMEWORK:	General Recognised Accounting Practice (GRAP)
LEGISLATIVE FRAMEWORK:	Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) Skills Development Act, 1998 (Act No.97 of 1998) (SDA) Skills Development Levies Act, 1999 (Act No. 9 of 1999) (SDL Act) Public Service Act, 1994 (Act No. 38 of 1994) Employment Equity Act, 1999 (Act No. 9 of 1999) Unemployment Insurance Act, 1966 (Act No. 30 of 1966) Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)

5.2 Accounting Authority's Responsibilities and Approval

As the Accounting Authority, I am required by the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) to maintain adequate accounting records and I am responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is my responsibility as the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the PFMA, 1999.

The Annual Financial Statements are based on appropriate accounting policies consistently applied and are supported by reasonable and prudent judgements and estimates.


I acknowledge that I am ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable me, as the Accounting Authority, to meet these responsibilities, I ensure that standards for internal control aimed at reducing the risk of error in a cost-effective manner are set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

As the Accounting Authority, I am of the opinion, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

I have reviewed the entity's cash flow forecast for the year ended 31 March 2022 and, in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for the independent audit of the entity's Annual Financial Statements and, subsequently, providing an audit opinion on the entity's Annual Financial Statements.

As the Accounting Authority, I hereby approve the Annual Financial Statements set out in pages 87 - 177, which have been prepared on the going concern basis.



Dr N Sishi
Director-General of Higher Education and Training
Accounting Authority of the National Skills Fund
29 July 2022

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the National Skills Fund set out on pages 87 to 177, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matter described in the basis for 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 2022, 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. The public entity did not have adequate systems in place to account for skills development funding in accordance with GRAP 1, *Presentation of financial statements*, as expenses were not recorded in the correct period. Consequently, skills development funding expenses reported in the statement of financial performance and note 20 to the financial statements are overstated by R226 million (2020-21: R48,4 million), with a corresponding overstatement in the prior year deferred expenditure related to skills development funding balance reported in the statement of financial position and note 8 to the financial statements. This also has an impact on the surplus for the period and on the accumulated surplus.
4. In addition, I was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous years had been properly accounted for, as evidence that the 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, as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the skills development funding, stated at R4,5 billion (2020-21: R1,7 billion) in the statements of financial performance and note 20 to the financial statement. This also has an impact on deferred expenditure related to skills development funding stated at R904 million (2020-21: R823,9 million) in the statement of financial position and note 8 to the financial statements.

Accruals from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that the accruals from non-exchange transactions had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm accruals from non-exchange transactions by alternative means as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to accruals from non-exchange transactions stated at R1,9 billion (2020-21: R596,3 million) in the statement of financial position, as disclosed in note 12 to the financial statements. This also has an impact on deferred expenditure related to skills development funding stated at in the statement of financial position and note 8 to the financial statements.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
7. 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Fair value adjustment

10. As disclosed in note 5 to the financial statements, a fair value adjustment of R19,8 million was disclosed as a result of the Land and Agricultural Bank of South Africa improving its financial performance and obtaining a government pledge to recapitalise the bank

Responsibilities of the accounting authority for the financial statements

11. 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 SDA, 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.
12. In preparing the financial statements, the accounting authority 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.

Auditor-general's responsibilities for the audit of the financial statements

13. 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.
14. 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

Introduction and scope

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.

16. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 2: Skills development funded	47 - 52

17. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 2 – skills development funded

18. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Indicator description	Reported achievement
2.1.3 - Number of learners funded by the NSF for education and training towards occupations in high demand (OIHD)	58 761
2.1.4 - Number of NSF-funded learners who completed their education and training towards occupations in high demand (OIHD)	4 113
2.1.5 - Number of learners from rural areas funded by the NSF for education and training	37 188
2.1.7 - Number of bursaries funded	55 017
2.3.1 - Number of learners funded by the NSF for worker education	1 119
2.3.2 - Number of individuals participating in constituency-based interventions funded	399

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 45 - 55 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 of this report.

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

23. 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.
24. Material misstatements of non-current assets, liabilities and disclosure items 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.

Expenditure management

25. Resources of the National Skills Fund were not utilised economically, as required by section 57(b) of the PFMA.

Consequence management

26. 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 investigations into irregular expenditure were not performed.
27. Disciplinary steps were not taken against some of the officials who had incurred or permitted fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Other information

28. The accounting authority is responsible for the other information. The other information 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 in this auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.
31. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and 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

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
34. 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.
35. Management did not implement adequate monitoring and preventative controls to ensure compliance with key legislation.
36. The leadership did not exercise adequate oversight, specifically regarding reporting of the skills development funding expenditure and performance reporting, resulting in material misstatements identified during the audit.

Material irregularities

37. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

38. The material irregularities identified are as follows:

Payments made in respect of duplicate unit standards

39. 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).
40. The National Skills Fund approved and paid for three credits that are already included in the original modules as additional modules. Which 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.
41. I initially notified the accounting authority of the material irregularity on 9 July 2021 and 9 August 2021 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter.
42. The accounting authority has not taken adequate action in response to being notified of the material irregularity. I recommend that the accounting authority take the following actions to address the material irregularity, which should be implemented by 2 December 2022:

- 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;
- The financial loss relating to the duplicated modules should be quantified;
- Appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed;
- Effective and appropriate disciplinary steps should be initiated without undue delay against any official whom the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.

43. I requested a progress report from the accounting authority on the implementation of the recommendations by 2 September 2022.

Other reports

44. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

45. A private forensic company is currently conducting an investigation into the financial affairs of the entity concerning expenditure that was not properly accounted for in prior years. The report had not been tabled by year-end.

Auditor General

*Pretoria
31 July 2022*



Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the 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 by the accounting authority
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the 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 National Skills Fund 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the 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 financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. 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.
4. 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.

National Skills Fund Annual Financial Statements as at 31 March 2022

5.4 Statement of Financial Position

	Notes	2021/22 R'000	2020/21 Restated R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2.	1 743 785	1 727 523
Intangible assets	3.	2 211	2 201
TVET college campus assets and other	4.	18 065	20 072
		1 723 509	1 705 250
Current assets			
Investments	5.	11 194 270	10 217 228
Trade and other receivables from exchange transactions	6.	10 111 501	9 223 505
Trade and other receivables from non-exchange transactions	7.	63	62
Deferred expenditure related to skills development funding	8.	70 178	29 903
Cash and cash equivalents	9.	904 036	823 975
		108 492	139 783
TOTAL ASSETS		12 938 055	11 944 751
LIABILITIES			
Current liabilities			
Trade and other payables from non-exchange transactions	10.	(2 328 267)	(717 585)
Trade and other payables from exchange transactions	11.	(196 411)	(19 344)
Accruals from non-exchange transactions	12.	(80 647)	(47 057)
Accruals from exchange transactions	13.	(1 944 390)	(597 096)
Provisions	14.	(7 000)	(8 348)
		(99 819)	(45 737)
TOTAL LIABILITIES		(2 328 267)	(717 585)
TOTAL NET ASSETS		10 609 789	11 227 166
FUNDS CONTRIBUTED BY:			
Capital and reserves			
TVET college campus assets and other development reserves		10 609 789	11 227 166
Accumulated surplus		1 774 816	2 054 918
		8 834 973	9 172 248
TOTAL CAPITAL AND RESERVES		10 609 789	11 227 166

5.5 Statement of Financial Performance

	Notes	2021/22 R'000	2020/21 Restated R'000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
		3 905 322	2 472 600
Skills development levies	15.	3 802 322	2 472 600
Income from SETAs	16.	3 000	-
Transfer from the DHET	17.	100 000	-
REVENUE FROM EXCHANGE TRANSACTIONS			
		427 753	438 965
Finance income	18.	407 260	417 491
Finance income from advance payments to skills development programmes and projects	19.	20 493	21 474
TOTAL REVENUE		4 333 075	2 911 565
EXPENSES			
SKILLS DEVELOPMENT FUNDING EXPENSES			
		(4 488 650)	(1 680 969)
Skills development funding	20.	(4 467 070)	(1 680,875)
Provision for impairment	7.	(21 580)	(94)
ADMINISTRATIVE EXPENSES			
		(141 506)	(140 458)
Employee costs	21.	(92 209)	(91 022)
Operating expenses	22.	(43 388)	(43 758)
Management fees and bank charges	23.	(2 865)	(2 523)
Depreciation and amortisation	2. & 3.	(3 044)	(3 155)
LEVY COLLECTION COSTS		(48 179)	(39 012)
TOTAL EXPENSES		(4 678 335)	(1 860 439)
OTHER INCOME OR (EXPENDITURE)			
Loss on disposal of assets	2.	(13)	(33)
Fair value adjustments on financial instruments at fair value	5.	19 814	(27 720)
Provision for less than threshold	14.1	(11 816)	(44 802)
Provision for impairment of TVET infrastructure		-	1 658
TOTAL OTHER INCOME /(EXPENDITURE)		7 985	(70 897)
NET (DEFICIT) / SURPLUS FOR THE YEAR		(337 275)	980 229

5.6 Statement of Changes in Net Assets

	TVET college infrastructure development reserve R'000	Accumulated surplus R'000	Total R'000
Balance as at 1 April 2020	2 054 918	8 192 019	10 246 937
As originally stated	2 054 918	7 938 739	9 993 657
Prior period correction (Note 25)	-	253 280	253 280
Net restated surplus per Statement of Financial Performance	-	980 229	980 229
Total revenue and other income	-	2 885 279	2 885 279
Total expenses	-	(1 903 913)	(1 903 913)
Prior period correction (Note 25)	-	(1 137)	(1 137)
Balance as at 31 March 2021	2 054 918	9 172 248	11 227 166
Balance as at 1 April 2021	2 054 918	9 172 248	11 227 166
Net surplus per Statement of Financial Performance	(280 102)	(337 275)	(617 377)
Total revenue and other income	-	4 352 889	4 352 889
Total expenses	(280 102)	(4 690 164)	(4 970 266)
Balance as at 31 March 2022	1 774 816	8 834 973	10 609 789

5.7 Statement of Cash Flow

	Notes	2021/22 R'000	2020/21 Restated R'000
<u>Cash flows from operating activities</u>			
Cash receipts from stakeholders and suppliers			
Levies, interest and penalties received		3 802 322	2 472 600
Other cash receipts from stakeholders and suppliers		103 000	-
Cash paid to stakeholders, suppliers and employees			
Skills development funding disbursements		(3 021 929)	(1 276 122)
Employee costs		(93 495)	(89 406)
Payments to suppliers and other		(60 836)	(94 535)
Cash (utilised)/generated from operations	24.	729 062	1 012 537
Finance income		407 260	417 491
Net cash from operating activities		1 136 322	1 430 028
<u>Cash flows from investing activities</u>			
Additions to property, plant and equipment	2.	(1 061)	(845)
Additions to TVET college infrastructure assets	4.	(298 361)	(397 659)
Utilisation of/(additions to) investments		(868 191)	(1 186 904)
Net cash flows from investing activities		(1 167 613)	(1 585 408)
Increase/(decrease) in cash and cash equivalents		(31 291)	(155 380)
Cash and cash equivalents at the beginning of the year		139 783	295 163
Cash and cash equivalents at the end of the year	9.	108 492	139 783

5.8 Statement of Comparison of Budget and Actual Amounts

	Notes	Approved and final budget	Actual amounts on accrual basis	(Under)/over budget	(Under)/over budget
		R'000	R'000	R'000	%
REVENUE					
REVENUE FROM NON-EXCHANGE TRANSACTIONS	33.1	3 886,553	3 902 322	15 769	0,4%
Skills development levies		3 786 553	3 802 322	15 769	0,4%
Presidential Youth Employment Initiative		100 000	100 000	-	0,0%
REVENUE FROM EXCHANGE TRANSACTIONS	33.2	521 147	427 753	(93 394)	-17,9%
Finance income		484 618	407 260	(77 358)	-16,0%
Finance income from advance payments to skills development programmes and projects		36 529	20 493	(16 036)	-43,9%
TOTAL REVENUE		4 407 700	4 330 075	(77,625)	-1,8%
EXPENSES					
SKILLS DEVELOPMENT FUNDING EXPENDITURE	33.3	(3 136 192)	(4 467 070)	1 330 878	-42,4%
Education and training		(2 844 739)	(4 235 123)	1 390 384	48,9%
Improve PSET system		(291 453)	(231 947)	(59 506)	-20,4%
Provision for impairment		-	(21 580)	21 580	100,0%
TOTAL SKILLS DEVELOPMENT FUNDING EXPENSES		(3 136 192)	(4 488,650)	1 352 458	43,1%
ADMINISTRATIVE EXPENSES					
Employee costs	33.6	(125 564)	(92 209)	(33 355)	-26,6%
Operating expenses	33.7	(45 360)	(43 388)	(1 972)	-4,3%
Management fees and bank charges	33.8	(2 655)	(2 865)	210	7,9%
Depreciation		(3 312)	(3 044)	(268)	-8,1%
TOTAL ADMINISTRATIVE EXPENSES		(176 891)	(141 506)	(35 385)	-20,0%
LEVY COLLECTION COSTS	33.9	(59 592)	(48 179)	(11 413)	-19,2%
TOTAL EXPENSES		(3 372 675)	(4 678 335)	1 305 660	38,7%
TOTAL OTHER INCOME/(EXPENDITURE)		(35)	7 985	8 020	22914,3%
NET (DEFECIT) OR SURPLUS FOR THE YEAR		1 034 990	(340 275)	(1 375 265)	-132,9%

*The budget was prepared on the accrual basis and there are no changes between the approved and final budget.

5.9 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 4: The effects in changes in foreign exchange rates
- GRAP 9: Revenue from exchange transactions
- GRAP 13: Leases
- GRAP 14: Events after the 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 25: Employee benefits
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments
- GRAP 108: Statutory receivables
- GRAP 109: Accounting by principals and agents

Directives issued and effective:

- Directive 1: Repeal of existing transitional provisions in, and consequential amendments to, the Standards of GRAP.
- Directive 2: Transitional provisions for the adoption of the 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 the 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 the initial adoption of the 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 the Standards of GRAP, but not yet effective:

- Guidelines on the application of materiality to the 2019 Financial Statements

5.9 Accounting Policies

Guidelines of the Standards of GRAP withdrawn by Accounting Standards Board (ASB):

- Guidelines on accounting for public-private partnerships 2019

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

- IPSAS 20: Related parties disclosure

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

- 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:

- is required by a standard of GRAP; or
- 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 affected 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.

In the past, the National Skills Fund (NSF) used historic levels of amounts claimed and paid to exempt employers as a basis for calculating provision. This approach did not consider the present obligation at the reporting date, where the timing and amount are uncertain. After careful consideration, the NSF management opted to follow a basis that would comply with the best estimate, as defined in Paragraph 43 and 44 of GRAP 19.

The change in approach considered section 4(b) of the Skills Development Levies Act, 1999 (No. 9 of 1999) as amended, effective 1 August 2005, which states that levy payers with an annual payroll cost less than R500 000 are exempted from paying the 1% skills development levy. The SDL Act, 1999 further states that an employer who is liable to pay the levy is exempted if, during any month, there is reasonable ground to believe that the total remuneration (as determined in accordance with the SDL Act, 1999) payable or paid by the employer to all its employees during the following 12-month period will not exceed R500 000.

The NSF determines if the entity received levies from exempt companies and raises a provision equalling 20% of the levies received from the exempt companies. This is also in line with the Skills Development Circular 09/2013, which was issued to the sector education and training authorities (SETAs) by the Department of

5.9 Accounting Policies

Higher Education and Training (DHET). In calculating the estimates, the NSF makes use of the State Information Technology Agency (SITA) levy downloads obtained from the SETA Support Directorate.

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 regard to determining 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 determining estimated useful lives, residual values and impairment assessments of items of intangible assets, as further discussed 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 further discussed in Note 1.12 (including sub-notes).

Deferred expenditure related to skills development funding

Management has made certain estimations with regard to the impairment assessments conducted on deferred expenditure related to skills development funding, as further discussed in Note 1.10.5.

Trade and other receivables related to skills development funding

Management has made certain estimations with regard to the impairment assessments conducted on deferred trade and other receivables related to skills development funding, as further discussed 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 further discussed in Note 1.11.3.3.

Leases

Management has applied its judgement to classify all lease agreements that the company is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership to the company. 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.

Management's estimations and underlying assumptions were reviewed to take into account the impact of COVID-19 and government interventions where management deems to affect the estimations and assumptions about the carrying amounts of assets and liabilities.

5.9 Accounting Policies

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 (SDLs) will enable the NSF to be considered as a going concern for at least the next 12 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 interim 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. The NSF management assessed the impact of COVID-19 on the current year budget and the reprioritisation of skills development interventions.

1.7 Events after the 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:

- The amount of revenue can be measured reliably.

5.9 Accounting Policies

- It is probable that the economic benefits associated with the transaction will flow to the company.
- The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- 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 section 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 over to the NSF and 80% to the SETAs.

NSF SDL income is set aside in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended for the purpose of:

	2022	2021
Other operating expenditure of the NSF	10%	10%

According to section 28(2) of the Skills Development Act, 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.

1.8.1.2 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.

5.9 Accounting Policies

1.8.1.4 Finance income from SETA receivables for TVET college campus assets

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 or 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.

5.9 Accounting Policies

1.9.2 NSF 10% employee costs and other operating expenses

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 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 includes:

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

Skills development funding expenditure is recognised as expenses 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 relating 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 PFMA, 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 this 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.

5.9 Accounting Policies

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 by law. Thereafter, immediate steps must 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:

- It is probable that future economic benefits or service potential associated with the item will flow to the NSF.
- 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 NSF. Depreciation of an assets ends when it has reached its useful live.

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 of computer equipment, office equipment, office furniture and office appliances.

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

- on disposal (including disposal through a non-exchange transaction); or
- when no future economic benefits or service potential are expected from its used 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: Three years
- Office equipment: Five years
- Office furniture: Five years
- Office appliances: Five years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset can fully depreciate 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 or deficit.

5.9 Accounting Policies

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 assets comprise mainly of 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 technical, financial and other resources available 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 asset has reached 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: Three 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:

- on disposal (including disposal through a non-exchange transaction); or
- 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 or deficit.

1.10.4 TVET college campus assets

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

5.9 Accounting Policies

TVET college campus assets and other development is financed by the NSF and is 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 other 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.
- (b) The cost or fair value of the item can be measured reliably.

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

TVET college campus assets and other is 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 (construction of TVET colleges) 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) the date at which the funds for future skills development activities are paid by the NSF to the SDP; and
- b) the date at which interest on these funds advanced accrues to the SDP, but should be used 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 the date at which the financial drawdown report was checked and approved by the responsible NSF project director.

5.9 Accounting Policies

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 to the contractual agreement and approved scope, budget and implementation plan. Other factors that may trigger derecognition are the following:

- a) once the advance funds have been verified by the 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 the NSF to the SDP for the 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 to the 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 Paragraph 5 of GRAP 1 and GRAP 104.13 as result of the following past events:

- a) The programme or the project ended as stipulated in the contractual agreement with the SDP, or a letter of refund has been issued and the NSF has the conditional right to receive cash.
- b) The programme or project was cancelled and the contract was terminated because of non-compliance by the SDP with 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 demanding the SDP to refund the balance owed 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 the SDP
- b) upon issuing 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 Paragraph 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 the SDP; or
- b) the notification letter issued by the NSF to the SDP for the 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.

5.9 Accounting Policies

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 Statutory receivables

Statutory receivables are receivables that arise from the operation of a legal statute and are settled in cash or another financial asset. These arise from both exchange and non-exchange transactions. They are initially recognised at their transaction amount and are subsequently measured according to the cost method.

Statutory receivables to the NSF are SDL income collected by SARS through the National Revenue Fund and owed to the NSF at the reporting date. The amount due to the NSF is calculated as required by section 8 of the SDL Act, 1999. The Director-General must, within 14 days after receipt of notification from SARS, authorise the transfer of 20% of the SDL to the NSF.

Statutory receivables are recognised as a receivable in the Statement of Financial Position. If the rights to the cash flows from the receivable are settled, the receivable is then derecognised.

1.10.8 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, 13th 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).

5.9 Accounting Policies

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 represent 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 the NSF to pay the drawdown. These requirements entail:

- the SDP submitting accurate and complete reports on the programme or project to the NSF, with valid supporting documentation
- the NSF verifying the accuracy, validity and completeness of the information submitted
- 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 amount, 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

5.9 Accounting Policies

defines a financial liability as any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity
- 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:

- upon approval of the financial drawdown report or close-out report; or
- 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 cancellation of the programme or project and termination of the contract. If applicable, the letter will also outline the balance owing by the NSF to the SDP as part of 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:

- contractual end date as stipulated in the MOA
- 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 cancellation of the programme or project and termination of the contract. If applicable, the letter will also outline the balance owing by the NSF to SDP as part of cancellation of the programme or project.

Payables are derecognised on the following instances:

- settlement of the creditor by the NSF
- 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 provision for levies contributed by exempt employers. The provision is measured as 20% of 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.

5.9 Accounting Policies

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 because the 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 because 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, therefore, the expenditure incurred. Provisions from skills development programmes and projects are estimated annually. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the provision calculations, management believes the skills development activities should 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 or 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:

- It is assumed that the skills development project or programme will continue with skills development activities after the last verified date up to the end of the contract.
- 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.

5.9 Accounting Policies

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 has expired and closure report finalised and the refund has been made by the SDP to the NSF, and the 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. After 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 entity's principle financial assets, as reflected on the face of the Statement of Financial Position, are classified as follows:

- cash and cash equivalents
- financial assets at fair value
- 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 include 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.

5.9 Accounting Policies

Financial assets at fair value are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- 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 entity's 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 is based on how they are measured. Financial liabilities may be measured at:

- fair value through surplus or deficit; or
- 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 NSF's policy 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 revaluated 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 transactions are initially recognised at trade date at the original invoice.

5.9 Accounting Policies

Trade and other receivables from non-exchange transactions

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 Paragraph 45 and 46 of GRAP 104.

1.12.3.3 Financial liabilities: Trade and other payables

Accruals represent goods or services that have been received together with an accompanied invoice, but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

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.

Accounts receivable are initially valued at cost, which represents fair value, and then measured at cost less provision from impairment in accordance with Paragraph 45 and 46 of GRAP 104. An estimate is made for a provision for impairment based on past default experiences 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 to skills development funding balances that are older than 30 days are considered as an indication of impairment, since the balance must be settled within 30 days. The policy of the entity is that at reporting date ageing 31 to 60 days, 100% of these receivables balances are still regarded as recoverable. At a reporting date ageing 61 to 90 days, 75% of these receivables balances as recoverable and at 91 to 120 days, 50% of these receivables balances are still regarded as recoverable. At a date ageing 121 to 150 days, 25% of these receivables balances are still regarded as recoverable and at a date ageing 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).

5.9 Accounting Policies

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, and 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 substantially retains 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 substantially retains all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and 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 not available, 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.

5.9 Accounting Policies

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. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.13.2 Key management personnel

Key management personnel is 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 Level 14 and 13 or below acting in the position of the EO. Transactions conducted with key management, as well as with close family members of key management, are regarded as related party transactions. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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 or 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 Property, plant and equipment (PPE) and intangible assets in terms of GRAP 17 and GRAP 31.

5.9 Accounting Policies

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 and 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 (Act 24 of 1956) as amended. In terms of the Pension Funds Act, 1956, 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 results 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.

5.10 Notes to the Annual Financial Statements

2. Property, plant and equipment

Reconciliation of cost to net book value

Owned assets	2021/22 R'000			2020/21 R'000		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Computer Equipment	19 565	(18 068)	1 497	18 644	(17 532)	1 112
Office Furniture	5 051	(4 432)	619	5 051	(4 099)	952
Office Appliance	281	(234)	47	281	(218)	63
Office Equipment	1 128	(1 080)	48	1 128	(1 054)	74
Total	26 025	(23 814)	2 211	25 104	(22 903)	2 201

Reconciliation of opening to closing net book value

Owned assets	2021/22 R'000				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Computer Equipment	1 112	1 061	(13)	(663)	1 497
Office Furniture	952			(333)	619
Office Appliance	63			(16)	47
Office Equipment	74			(25)	48
Total	2 201	1 061	(13)	(1 037)	2 211

Reconciliation of opening to closing net book value

Owned assets	2020/21 R'000				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Computer Equipment	1 096	731	(33)	(682)	1 112
Office Furniture	1 217	73	-	(338)	952
Office Appliance	48	41	-	(26)	63
Office Equipment	202		-	(128)	74
Total	2 563	845	(33)	(1 174)	2 201

5.10 Notes to the Annual Financial Statements

3. Intangible assets

Reconciliation of cost to net book value

Owned assets	2021/22 R'000			2020/21 R'000		
	Cost	Accumulated amortisation	Carrying Value	Cost	Accumulated amortisation	Carrying Value
Computer Software	2 527	(2 527)	-	2 527	(2 527)	-
Integrated Microsoft Dynamics ERP System	23 911	(5 846)	18 065	23 911	(3 839)	20 072
Total	26 438	(8 373)	18 065	26 438	(6 366)	20 072

Reconciliation of opening to closing net book value

Owned assets	2021/22 R'000					Carrying value at end of year
	Carrying value at beginning of year	Additions	Disposals	Impairment loss	Amortisation	
Computer Software	-	-	-	-	-	-
Integrated Microsoft Dynamics ERP System	20 072	-	-	-	(2 007)	18 065
Total	20 072	-	-	-	(2 007)	18 065

Microsoft Dynamic (MS Dynamic) is designed and developed to enable the NSF to automate operational processes and improve day-to-day work outputs. This system will integrate all work performed from project initiation and project sites into the financial system to allow for more effective and efficient project monitoring and reporting. The system will run parallel with NSF's current manual processes until the system is fully implemented by October 2022 to ensure that it operates efficiently and effectively; thus, leading to the process of system assurance sign-off by November 2022. MS Dynamic is currently live and the uploading (onboarding) of identified historical project is taking place, to be completed by September 2022, and all new projects to be initiated in 2022 must be captured on the system from start and be available on the SDP application. Subsequently, all workflow processes will be conducted through the information and communications technology (ICT) system.

Reconciliation of opening to closing net book value

Owned assets	2020/21 R'000					Carrying value at end of year
	Carrying value at beginning of year	Additions	Disposals	Impairment loss	Amortisation	
Computer Software	-	-	-	-	-	-
Integrated Microsoft Dynamics ERP System	22 053	-	-	-	(1 981)	20 072
Total	22 053	-	-	-	(1 981)	20 072

5.10 Notes to the Annual Financial Statement

4.TVET college campus assets

Reconciliation of cost to net book value

TVET college campus assets and other		2021/22 R'000			2020/21 Restated R'000		
Site	TVET College and Other	Cost	Accumulated impairment	Carrying Value	Cost	Accumulated impairment	Carrying Value
Aliwal North	Ikhala	136 983	-	136 983	133 661	-	133 661
Balfour	Gert Sibande	137 812	-	137 812	70 256	-	70 256
Bhambanana	Umfolozi	196 523	-	196 523	196 523	-	196 523
Graaff-Reinet	Eastern Cape Midlands	121 903	-	121 903	121 807	-	121 807
Greytown	UMgungundlovu	151 873	-	151 873	108 424	-	108 424
Kwagqikazi	Mthashana	115 579	-	115 579	96 785	-	96 785
Msinga	UMgungundlovu	160 819	-	160 819	151 706	-	151 706
Ngqungqushe (Lusikisiki)	Ingwe	177 130	-	177 130	140 755	-	140 755
Nongoma	Mthashana	-	-	-	147 963	-	147 963
Sterkspruit	Ikhala	179 186	-	179 186	170 635	-	170 635
Umzimkhulu	Esayidi	-	-	-	130 573	-	130 573
Mount Frere	Ingwe	17 776	(1 765)	16 011	17 776	(1 765)	16 011
Siteto Mbizana	Ingwe	18 553	-	18 553	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	23 000	-	23 000
Cape Peninsula	Cape Peninsula	70 578	-	70 578	70 183	-	70 183
Ekurhuleni West	Ekurhuleni West	13 703	-	13 703	13 703	-	13 703
Port Elizabeth	Port Elizabeth	11 704	-	11 704	7 000	-	7 000
Eastcape Midlands	Eastcape Midlands	8 267	-	8 267	6 630	-	6 630
False Bay	False Bay	25 579	-	25 579	18 798	-	18 798
Umfolozi	Umfolozi	-	-	-	-	-	-
SANReN-SABEN	SANReN-SABEN	142 224	-	142 224	46 202	-	46 202
Total		1 725 274	(1 765)	1 723 509	1 707 015	(1 765)	1 705 250

5.10 Notes to the Annual Financial Statements

4. TVET college campus assets (continued)

TVET college campus assets and other comprise of the above 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, who 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 and other is active and progressing into the construction and occupational phase. Graaf Reinet, Aliwal North, Umsinga and Ngqungqushe have achieved practical completion and are at occupational phase. The Sterkspruit, Greytown and KwaGqikazi sites are expected to be completed in the 2022/23 financial year. Balfour, the last site, is expected to be completed in 2022/23. The UMzimkhulu and Nongoma final account and close-out report have been completed and signed off. With regard to the Bhambanana site, a submission was drafted by the Deputy Director-General on 7 March 2022 to the Director-General for approval of the appointment of a new principal agent to resume construction of the Bhambanana site. Construction is expected to resume in the 2022/23 financial year.

With regard to the ADA holdings sites of Mount Frere, Siteto, Mbizana, Maluti and Mount Fletcher, a final determination report is still outstanding – the final report will be handed to Head of the Loss of Control Function once it has been signed for further processing. However, the impairment test assessment, as conducted in July 2021 of the prior year, and management will reevaluate the impairment assessment in the new financial year.

Management conducted an impairment assessment of the TVET college campus assets and other 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.

Paragraph 87 of GRAP 17 states that “an entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed:

- a) The cumulative expenditure recognised in the carrying value of property, plant and equipment. These expenditures shall be disclosed in aggregate per class of asset.
- b) The carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays.
- c) The carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets.”

5.10 Notes to the Annual Financial Statements

4. TVET college campus assets (continued)

GRAP 21 was also considered for the identification of indicators of impairment from internal and external sources to be used as part of verifiable evidence in the impairment assessment conducted. Management based 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 used in the assessment of any delays in the construction of the TVET campuses. Based on these processes, management is of the view that there were no major prolonged delays in the construction of the TVET college campuses; hence, there was no impairment loss recognised for the 2021/22 financial year in relation to the progress in construction relevant to the completion dates. The delays in the construction were mainly due to the strike action and adverse weather conditions. The intention was to resume construction, which did commence after these delays.

Reconciliation of opening to closing net book value

		2021/22 R'000				
TVET college campus assets and other		Carrying value at beginning of year	Additions	Disposals	Impairment	Carrying value at end of year
Site	TVET College and Other					
Aliwal North	Ikhala	133 661	3 322	-	-	136 983
Balfour	Gert Sibande	70 256	67 556	-	-	137 812
Bhambanana	Umfolozi	196 523	-	-	-	196 523
Giyani	Letaba	-	-	-	-	-
Graaff-Reinet	Eastern Cape 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
Ngqungqushu (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
Umfolozi	Umfolozi	-	-	-	-	-
SANReN-SABEN	SANReN-SABEN	46 202	96 022	-	-	142 224
Total		1 705 250	298 361	(280 102)	-	1 723 509

5.10 Notes to the Annual Financial Statements

4. TVET college campus assets (continued)

Reconciliation of opening to closing net book value

		2020/21 R'000				
TVET college campus assets and other		Carrying value at beginning of year	Additions	Disposals	Impairment	Carrying value at end of year
Site	TVET College and Other					
Aliwal North	Ikhala	106 806	26 855	-	-	133 661
Balfour	Gert Sibande	26 467	43 789	-	-	70 256
Bhambanana	Umfolozi	196 523	-	-	-	196 523
Graaff-Reinet	Eastern Cape Midlands	106 723	15 084	-	-	121 807
Greytown	UMgungundlovu	59 013	49 411	-	-	108 424
KwaGqikazi	Mthashana	56 195	40 590	-	-	96 785
Msinga	UMgungundlovu	114 303	37 403	-	-	151 706
Ngqungqushe (Lusikisiki)	Ingwe	92 134	48 621	-	-	140 755
Nongoma	Mthashana	113 785	34 178	-	-	147 963
Sterkspruit	Ikhala	127 766	42 869	-	-	170 635
Umzimkhulu	Esayidi	109 942	20 631	-	-	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	68 956	1 227	-	-	70 183
Ekurhuleni West	Ekurhuleni West	13 703	-	-	-	13 703
Port Elizabeth	Port Elizabeth	6 949	51	-	-	7 000
Eastcape Midlands	Eastcape Midlands	6 491	139	-	-	6 630
False Bay	False Bay	17 833	965	-	-	18 798
Umfolozi	Umfolozi	-	-	-	-	-
SANReN-SABEN	SANReN-SABEN	10 356	35 846	-	-	46 202
Total		1 307 591	397 659	-	-	1 705 250

5.10 Notes to the Annual Financial Statements

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 2022.

Composition at fair value

	Notes	2021/22 R'000	2020/21 R'000
Investments with the PIC		10 111 501	9 223 505
Balance at the beginning of the year		9 223 505	8 064 321
Invested during the year		3 802 321	2 472 600
Interest received and capitalised	18.	406 903	416 761
Management fees and expenses	23.	(2 795)	(2 457)
Withdrawal		(3 338 246)	(1 700 000)
Fair value adjustment		19 805	(27 720)
Profit on disposal of investment		8	-
Closing balance end of year		10 111 501	9 223 505

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.

In its latest public statement to Parliament on 17 May 2022, Land Bank confirmed that its liability solution should be concluded by September 2022, after which its debts would be repaid or restructured. The PIC can confirm that a fourth payment of 19,83% of the initial defaulted amount was settled in May 2022, bringing the total capital reduction to 42,84% of original debt outstanding on 30 June 2020 and that Land Bank has continued to pay mora interest on the outstanding debt.

For the financial year-end 31 March 2022, the PIC conducted a valuation of the instruments and Land Bank's recommended rating was based on one notch above the previous year's rating (Caa3) to account for the following key changes:

- improved financial performance, with Land Bank reporting a total comprehensive income of R1,2 billion as of February 2022 versus a loss of R711 million in the 2020/21 financial year.
- Land Bank has repaid 43% of its outstanding capital as of 30 June 2020 and has been making mora interest payments on a monthly basis since the default.

In addition, the government has pledged more than R7 billion to recapitalise the bank. Continued shareholder support to the institution has improved the level of sovereign support to justify the credit rating upgrade.

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.

5.10 Notes to the Annual Financial Statements

5. Investments (continued)

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

	2021/22 R'000	2020/21 Restated R'000
The carrying and fair value of trade and other receivables from exchange transactions are as follows:		
Receivables from administrative expenditure	63	62
Closing balance end of year	63	62

The balance of the R63 thousand 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 2022. These credit balances should reduce during the course of the 2022 calendar year.

7. Trade and other receivables from non-exchange transactions

	2021/22 R'000	2020/21 Restated R'000
Current		
The carrying and fair value of current trade and other receivables from non-exchange transactions are as follows:		
Receivables related to skills development funding	70 178	29 903
Carrying amount	104 771	42 916
Less: Provision for impairment	(34 593)	(13 013)
Closing balance end of year	70 178	29 903

Trade and other receivables from non-exchange transactions are reflected at fair value as at 31 March 2022.

	2021/22 R'000				
	Current R'000	31-180 days R'000	181 to 270 days R'000	Over 270 days R'000	Total R'000
Receivables related skills development funding	14 291	55 887	-	-	70 178
	14 291	55 887	-	-	70 178

5.10 Notes to the Annual Financial Statements

	2020/21 Restated 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	17 446	845	105	11 507	29 903
	17 446	845	105	11 507	29 903

8. Deferred expenditure related to skills development funding

	2021/22 R'000	2020/21 Restated R'000
Education and Training	844 487	725 633
Improve PSET System	59 549	98 342
Closing balance end of year	904 036	823 975

9. Cash and equivalents

	2021/22 R'000	2020/21 R'000
Favourable cash balances:		
Cash in bank	108 492	139 783
Closing balance end of year	108 492	139 783

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 counterparty default rates.

As required in Treasury Regulation 31.2, the National Treasury approved the banks where the NSF's bank accounts are held. The weighted average interest rate on short-term bank deposits is 5,95% for the reporting period (2020/21: 1,86%).

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.

5.10 Notes to the Annual Financial Statements

10. Trade and others payables from non-exchange transaction

	Notes	2021/22 R'000	2020/21 Restated R'000
Payables related to skills development funding	10.1	(196 411)	(19 344)
Closing balance end of year		(196 411)	(19 344)

		2021/22 R'000	2020/21 Restated R'000
Education and Training	-	(54 115)	(18 901)
Improve PSET System		(142 296)	(443)
Closing balance end of year		(196 411)	(19 344)

11. Trade and other payables from exchange transactions

		2021/22 R'000	2020/21 Restated R'000
Administrative payables due to DHET		(78 064)	(41 397)
Other administrative payables		(2 583)	(5 660)
Closing balance end of year		(80 647)	(47 057)

12. Accruals from non-exchange transactions

	Notes	2021/22 R'000	2020/21 Restated R'000
Accruals related to skills funding	12.1	(1 944 390)	(597 096)
Closing balance end of year		(1 944 390)	(597 096)
Education and Training		(1 873 342)	(67 874)
Improve PSET System		(71 048)	(529 222)
Closing balance end of year		(1 944 390)	(597 096)

5.10 Notes to the Annual Financial Statements

As at 31 March 2022, accruals related to skills development funding amounting to R1,944 billion (2020/21: R597,096 million) were recognised. The increase in accrual movement from the prior year is a result of approved funds by the Minister of Higher Education 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 or the DHET towards the end of March 2022. The remaining balance was then accrued as part of reimbursement expenditure to NFSAS for expenditure incurred in the 2021 academic year.

13. Accruals from exchange transactions

	Notes	2021/22 R'000	2020/21 Restated R'000
Leave and bonus accruals	13.1	(7 000)	(8 348)
Closing balance end of year		(7 000)	(8 348)
Leave and bonus accrual		2021/22	2020/21
		-	Restated
		R'000	R'000
Balance at the beginning of the year		(8 348)	(5 939)
Amounts utilised during the year		8 348	5 939
Amount recognised during the year		(7 000)	(8 348)
Closing carrying amount		(7 000)	(8 348)
Leave and bonus accrual composition:			
Current			
Leave accrual		(4 697)	(5 983)
Bonus accrual (Thirteenth cheque)		(2 303)	(2 365)
Closing balance end of year		(7 000)	(8 348)

Leave is calculated based on leave days outstanding at the reporting date and quantified in terms of total cost of employment per employee. The bonus accrual relates to 13th cheque commitments owed to NSF employees at the reporting date.

5.10 Notes to the Annual Financial Statements

14. Provision

	Notes	2021/22 R'000	2020/21 Restated R'000
Provision for levies less than threshold	14.1	(56 725)	(44 909)
Performance bonus provision	14.2	(890)	(828)
Provisions related to skills development funding	14.3	(42 204)	-
Closing balance end of year		(99 819)	(45 737)

14.1 Provision for levies less than threshold

	2021/22 R'000	2020/21 Restated R'000
Carrying amount at beginning and end of period	(44 909)	(20 039)
Additional provisions made in the period including increases to existing provisions	(16 113)	(28 786)
Unused amounts reversed during the period.	4 297	3 916
	(56 725)	(44 909)

Balance at the beginning of the year	(44 909)	(20 039)
Levies less than threshold provision raised for the year	(11 816)	(24 870)
Closing balance end of year	(56 725)	(44 909)

14.2 Performance bonus provision

	2021/22 R'000	2020/21 R'000
Balance at the beginning of the year	(828)	(1 739)
Performance bonus provision unutilised	828	1 918
Performance bonus paid (utilisation of provision)	-	(179)
Performance bonus provision for the current year performance bonuses	(890)	(828)
Closing balance end of year	(890)	(828)

5.10 Notes to the Annual Financial Statements

14.2 Performance bonus provision (continued)

As at 31 March 2022, the performance bonus provision amounting to R890 000 (2020/21: R828 million) was recognised. Performance bonuses accrue to staff on an annual basis subject to the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of the NSF at the reporting date.

14.3 Provisions from skills development funding

	2021/22 R'000	2021/22 R'000
Carrying value at the beginning of the year	-	(731)
Additional provision	(42 204)	-
Reduction due to payments/outflow of economic benefits	-	731
Balance at the end of the year	(42 204)	-

As at 31 March 2022, there was provision of R42 million related to skills development funding that was recognised.

15. Skills Development Levies (Non-Exchange Revenue)

	2021/22 R'000	2020/21 Restated R'000
In terms of the SDA, 1998 and the SDL Act, 1999, the total levy income per the Statement of Financial Performance is as follows:		
Percentage of payroll payable as SDL	1 %	1 %
Skills Development Levies received from SARS (20%):		
Skills Development Levies received	3 802 322	2 472 600
Skills development levies collected by SARS	19 011 163	12 363 000
Less: Amount withheld by the Department of Higher Education and Training and paid to the SETAs (80%)	(15 208 930)	(9 890 400)
Total	3 802 322	2 472 600

5.10 Notes to the Annual Financial Statements

16. Income from SETAs (Non-Exchange Revenue)

	2021/22 R'000	2020/21 Restated R'000
Income from SETAs towards INDLELA development and recapitalisation	3 000	-
Total	3 000	-

17. Transfer from DHET

	2021/22 R'000	2020/21 R'000
Transfer from DHET for Presidential Youth Programme	100 000	-
	100 000	

The Presidency has launched the Presidential Youth Employment Intervention (“PYEI”), a multi-sector action plan or programme aimed at reducing barriers and expanding employment, entrepreneurial, training and service opportunities for young people. The Presidency requested the DHET to support the implementation of the PYEI. The NSF was requested to implement a Pay for Performance Model for Demand-led Skills Training under the PYEI. The DHET and the NSF have agreed to implement a Pay for Performance Model for Demand-led Skills Training (“the programme”), and will undertake all necessary administrative, contractual and other arrangements necessary to operationalise the programme. . In terms of the National Budget 2021/22, the National Treasury will allocate specifically and exclusively appropriated funding to the DHET to implement the PYEI, beginning with an appropriation to be made in the 2021/22 financial year. The Parties have entered into an agreement for the purposes of expediting the contracting, disbursement and implementation process and, hereby, consent to add the Presidency and any other additional role player into this agreement at a later stage.

The DHET has agreed to:

- sponsor and take responsibility for the establishment, oversight and operationalisation of the programme
- transfer funding to the Corporation for Public Deposits (CPD) account of the programme (at the NSF) from funds appropriated to the DHET amounting to R100 million for the PYEI.

The roles and responsibilities of the NSF are the following:

- establish an outcomes fund with appropriate programme management capacity to implement the programme
- provide matched funding of R100 million for the programme

18. Finance Income (Exchange Revenue)

	Notes	2021/22 R'000	2020/21 Restated R'000
Finance income from investments at the PIC	5.	406 903	416 761
Finance income from other commercial banks		357	730
Total		407 260	417 491

5.10 Notes to the Annual Financial Statements

19. Finance income from advance payments to skills development programme and projects

	2021/22 R'000	2020/21 Restated R'000
Finance income from advance payments to skills development programmes and projects	20 493	21 474
Total	20 493	21 474

20. Skills development funding expenses

	2021/22 R'000	2020/21 R'000
Education and Training	(4 235 123)	(1 020 233)
Improve PSET System	(231 947)	(660 642)
Total	(4 467 070)	(1 680 875)

The increase on movement on skills development funding expenses from the prior year is a result of approved funds by the Minister of Higher Education of R3,3 billion from the NSF to augment the 2021 shortfall at the NSFAS for the 2021 academic year, of which R1,2 billion was disbursed to the NSFAS or the DHET towards the end of March 2022. The remaining balance was then accrued as part of reimbursement expenditure to NSFAS for expenditure incurred in the 2021 academic year.

21. Employee Costs

	2021/22 R'000	2020/21 Restated R'000
Salaries and wages	(82 002)	(80 689)
Basic salaries	(65 015)	(64 233)
Performance awards	(926)	179
Service bonuses	(4 524)	(4 640)
Other non-pensionable allowances	(11 118)	(8 967)
Overtime	(1 136)	(324)
Service Benefits	(632)	(177)
Net movement: Leave accrual	1 287	(2 420)
Net movement: Service bonus accrual	62	(107)
Social contributions	(9 984)	(10 154)
Pension fund contributions: defined contribution plans	(7 683)	(8 100)
Medical aid contributions	(2 289)	(2 041)
Bargaining council	(12)	(13)
Bursaries to employees	(223)	(179)
Total	(92 209)	(91 022)

5.10 Notes to the Annual Financial Statements

22. Operating expenses

	2021/22	2020/21
	R'000	Restated R'000
Advertising and marketing	(381)	(377)
Catering	(12)	(43)
Cleaning services	(387)	(150)
Computer services and consumables	(450)	(960)
Consultancy and service provider fees*	(1 749)	(330)
Consumables	(10)	(354)
Courier and delivery	(2)	(4)
DHET Shared Services Charge	(15 199)	(15 123)
External Auditor's remuneration	(7 440)	(5 024)
Internal Auditor's remuneration	(5 107)	(4 663)
Audit Committee - meeting fees	(362)	(455)
Operating leases	(484)	(497)
Other	(222)	(241)
Printing and publications	(129)	(474)
Resettlement cost	(67)	(140)
Security	(116)	(1 250)
Software expenses	(4 574)	(10 678)
Stationery	(659)	(398)
Telephone and fax	(1 014)	(770)
Training and development	(37)	(43)
Travel and subsistence	(4 947)	(1 771)
Venues and facilities	(40)	(13)
Total	(43 388)	(43 758)

23. Management fees and bank charges

	Notes	2021/22 R'000	2020/21 R'000
Bank charges paid to banks		(70)	(66)
Management fees and expenses paid to Public Investment Corporation (PIC)	5.	(2 795)	(2 457)
Total		(2 865)	(2 523)

24. Cash generated from operations

	Notes	2021/22 R'000	2020/21 R'000
Net surplus / (deficit) as per Statement of Financial Performance		(337 275)	980 229
Adjustment for non-cash items:			
Amortisation	3.	2 007	1 981
Depreciation	2.	1 037	1 174
Fair value adjustments to investments	5.	(19 805)	27 720
Loss on disposal of asset	2.	13	33
Impairment loss / (reversal of impairment loss)		-	(1 658)

5.10 Notes to the Annual Financial Statements

24. Cash generated from operations (continued)

Increase/(decrease) in provisions:			
Relating to employment	14.2	62	(911)
Relating to skills development funding	14.3	42 204	(731)
Relating to levy provisions	14.1	11 816	44 802
Adjustment for items disclosed separately:			
Finance income	18.	(407 260)	(417 491)
		<u>(707 201)</u>	<u>635 148</u>
Movements in working capital:		1 436 263	377 389
(Increase)/decrease in trade and other receivables		(40 274)	(9 060)
(Increase)/decrease in deferred expenditure		(80 061)	261 854
Increase/(decrease) in trade and other payables and accruals		1 556 598	124 595
Cash generated from operations		<u>729 062</u>	<u>1 012 537</u>

25. Prior period errors corrected

The following prior period errors occurred:

Revenue from non-exchange transaction

In the previous period, there was an error related to provision for less than the threshold that was accounted for in prior years. In the past, the NSF used historic levels of amounts claimed and paid to exempt employers as a basis for calculating provision. This approach did not consider the present obligation at the reporting date, where the timing and amount are uncertain. After careful consideration, the NSF management opted to follow a basis that would comply with the best estimate, as defined in terms of Paragraph 43 and 44 of GRAP 19.

Skills development funding expenditure

In the previous 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.

Administrative expenditure

The DHET invoices that relate to the 2019/20 and 2020/21 financial years were not accrued for in the 2019/20 and 2020/21 financial years and, as a result, the following items have been understated:

- i) payables from exchange transactions
- ii) accruals from exchange transactions
- iii) operating expenses

TVET college campus asset

The prior period error to the completeness of additions to the TVET college campus assets as not all additions were recorded and accounted for in the relating period. The incorrect application of GRAP 21 (impairment) in relation to the accounting on impairment to the TVET college campus asset.

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

Trade and other receivables from exchange transactions

In the previous period, the error related to debt that was raised in prior years, regarding the DHET invoices related to the 2019/20 and 2020/21 financial years, was cleared.

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.

Trade and other receivables 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. The classification of the account balances relating to trade and other receivables was incorrect.

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 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. The classification of the account balances relating to trade and other payables was incorrect.

Trade and other payables from exchange transactions

The error in the prior period is because the DHET invoices that relate to the 2019/20 and 2020/21 financial years were not accrued for in the 2019/20 and 2020/21 financial years.

Provision for less than the threshold

In the past, the NSF used historic levels of amounts claimed and paid to exempt employers as a basis for calculating provision. This approach did not consider the present obligation at the reporting date, where the timing and amount are uncertain. After careful consideration, the NSF management opted to follow a basis that would comply with the best estimate, as defined in terms of Paragraph 43 and 44 of GRAP 19. The change in approach considered section 4(b) of the SDL Act, 1999 as amended, effective 1 August 2005, which states that levy payers with an annual payroll cost less than R500 000 are exempted from paying the 1% SDL. The SDL Act, 1999 further states that an employer who is liable to pay the levy is exempted if, during any month, there is reasonable ground to believe that the total remuneration (as determined in accordance with the SDL Act, 1999) payable or paid by the employer to all its employees during the following 12-month period will not exceed R500 000. The NSF determines if the entity received levies from exempt companies and raises a provision equalling 20% of the levies

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

received from the exempt companies. This is also in line with the Skills Development Circular 09/2013, which was issued to the SETAs by the DHET. In calculating the estimates, the NSF makes use of the SITA levy downloads obtained from the SETA Support Directorate.

Provision for impairment of TVET infrastructure

In the prior period, the error for provision for impairment of TVET infrastructure is due to an impairment reversal that was not recognised in the 2020/21 financial year in relation to the Ingwe TVET College. The Mount Frere and Siteto Mbizana sites were impaired in the 2019/20 year based on their revalued amounts.

Capital and reserves

In the prior period, the error for capital and reserves is due to the changes made on income and expenditure in previous years as a result of skills development funding expenses that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. The DHET invoices that relate to the 2019/20 and 2020/21 financial years were not accrued for in the 2019/20 and 2020/21 financial years; additions to the TVET college campus asset were not recorded and accounted for in the relating period; and provision for less than the threshold that was accounted for in the previous years.

Accumulated surplus

In the prior period, the error for accumulated surplus was because the skills development funding expenses were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. The DHET invoices that relate to the 2019/20 and 2020/21 financial years were not accrued for in the 2019/20 and 2020/21 financial years. Furthermore, additions to the TVET college campus asset were not recorded and accounted for in the relating period and provision for less than the threshold was accounted for in previous years.

Statement of changes in net assets

In the prior period, there was an error because the skills development funding expenses were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. The DHET invoices that relate to the 2019/20 and 2020/21 financial years were not accrued for in the 2019/20 and 2020/21 financial years, and additions to the TVET college campus asset were not recorded and accounted for in the relating period.

Contractual commitments – TVET college campus assets and other

In the prior period, the error relates to the contractual amount for the following projects, which was excluded in the balance for the prior year:

- UV:ID: CPUT Renewable Energy project
- TVET:ID: DSPP – Ekurhuleni West
- TVET College TVET:ID: DSPP – Ekurhuleni East
- TVET College TVET:ID: DSPP – Port Elizabeth TVET College
- TVET:ID: DSPP – Eastcape Midlands TVET College
- TVET:ID: False Bay (Swartklip)
- SANREN- SABEN - TVET connectivity project
- TVET:ID: DSPP – Umfolozi TVET College

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

Contingent liability

In the previous 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.

Contingent asset

In the previous period, the error relates to the Emanzini Staffing Solutions project, which was erroneously not disclosed as a contingency asset.

Related party transactions and balances

In the previous period, error related to accruals from non-exchange transactions, trade and other receivables from non-exchange transactions, deferred expenditure related to skills development, the TVET college campus asset, and provisions related to skills development funding that were not recorded in the correct accounting period due to inadequate systems in place to account for skills development funding. (Refer to Note 30.4 for detailed information on related party error in the prior period)

Related party transactions and balances – operating expenses (shared services)

In terms of section 76(1)(i) of the PFMA, 1999 (regarding Treasury regulations and instructions), the National Treasury must make regulations or issue instructions applicable to departments, concerning—(i) the waiver of claims by the state. The Treasury Regulations (21.1.1) state that the relevant treasury may approve gifts, donations and sponsorships of state money and other movable property in the interests of the state, if when such cash amounts exceed R100 000, the funds are first voted for by Parliament or the provincial legislature. Based on the above, the NSF was not provided with the necessary approval for the recognition of the donation in kind resulting in a prior period error.

Fruitless and wasteful expenditure

In the previous period, the error relates to the determination test for the following cases, which were concluded in March 2022, but relate to the prior period and it was not disclosed:

- Centre for Education Policy Development project (CEPD)
- Emanzini
- ADA Ingwe
- Chippa Training Academy
- Rubicon

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

	2020/21 R'000
STATEMENT OF FINANCIAL PERFORMANCE	
REVENUE	2 911 565
As originally stated	2 912 999
Prior period correction	(1 434)
REVENUE FROM NON-EXCHANGE TRANSACTION	2 472 600
As originally stated	2 472 640
Prior period correction	(40)
EXPENSES	1 860 439
As originally stated	1 903 880
Prior period correction	(43 441)
SKILLS DEVELOPMENT FUNDING EXPENSES	1 680 969
As originally stated	1 727 013
Prior period correction	(46 044)
ADMINISTRATIVE EXPENSES	140 457
As originally stated	137 855
Prior period correction	2 603
OPERATING EXPENSES	43 758
As originally stated	41 155
Prior period correction	2 603
OTHER INCOME/EXPENDITURE	(70 897)
As originally stated	(27 753)
Prior period correction	(43 144)
PROVISION FOR LESS THAN THRESHOLD	(44 802)
As originally stated	-
Prior period correction	(44 802)
PROVISION FOR IMPAIRMENT TVET INFRASTRUCTURE	1 658
As originally stated	-
Prior period correction	1 658
NET SURPLUS FOR THE YEAR	980 229
As originally stated	981 366
Prior period correction	(1 138)

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS	11 944 751
As originally stated	11 613 908
Prior period correction	330 843
NON-CURRENT ASSETS	1 727 523
As originally stated	1 375 047
Prior period correction	352 476
TVET COLLEGE CAMPUS ASSETS	1 705 250
As originally stated	1 352 774
Prior period correction	352 476
CURRENT ASSETS	10 217 228
As originally stated	10 238 861
Prior period correction	(21 633)
TRADE AND OTHER RECEIVABLE FROM EXCHANGE TRANSACTIONS	62
As originally stated	249
Prior period correction	(187)
TRADE AND OTHER RECEIVABLE FROM NON EXCHANGE TRANSACTIONS	29 903
As originally stated	29 883
Prior period correction	20
DEFERRED EXPENDITURE RELATED TO SKILLS DEVELOPMENT FUNDING	823 975
As originally stated	845 441
Prior period correction	(21 466)
TOTAL LIABILITIES	717 585
As originally stated	633 672
Prior period correction	83 913
CURRENT LIABILITIES	717 585
As originally stated	633 672
Prior period correction	83 913
TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS	19 344
As originally stated	40 425
Prior period correction	(21 077)
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	47 057
As originally stated	44 641
Prior period correction	2 416

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

ACCRUALS FROM NON EXCHANGE TRANSACTIONS	597 096
As originally stated	539 364
Prior period correction	57 732
PROVISIONS	45 737
As originally stated	894
Prior period correction	44 843
CAPITAL AND RESERVES	11 227 166
As originally stated	10 980 236
Prior period correction	246 930
STATEMENT OF CHANGES IN EQUITY	8 192 019
As originally stated	7 938 739
Prior period correction	253 280
ACCUMULATED SURPLUS	9 172 248
As originally stated	8 925 318
Prior period correction	246 930
CASH FLOW STATEMENT	2020/21
	R'000
CASH PAID TO STAKEHOLDERS, SUPPLIERS AND EMPLOYEES	(1 460 063)
As originally	(1 562 811)
Prior Period error	(102 748)
CASH UTILISED/GENERATED FROM OPERATIONS	1 012 537
As originally	909 789
Prior Period error	102 748
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1 430 028
As originally	1 327 280
Prior Period error	102 748
CASH FLOW FROM INVESTING ACTIVITIES	(1 585 408)
As originally stated	(1 482 660)
Prior Period error	(102 748)
Contingent Liabilities	8 678 375
As originally stated	8 762 454
Prior Period error	(84 079)
Contingency Asset	5 782
As originally stated	2 715
Prior period correction	3 067

5.10 Notes to the Annual Financial Statements

25. Prior period errors corrected (continued)

Contractual Commitment		1 424 075
As originally stated		985 835
Prior period correction		438 240
Related party transactions and balances - Operating Expenses (Shared Services)		15 123
As originally stated		15 123
Prior period correction		-
Fruitless and Wasteful Expenditure		67 160
As originally stated		7 750
Prior period correction		59 410

26. Contractual Commitments

The amount of contractual commitments for the acquisition of property, plant and equipment:

	1 105 192	1 424 075
- Improve PSET System: Infrastructure related projects	1 084 881	1 402 702
- Intangible asset	20 311	21 373

27. Financial instrument – financial risk management

Exposure to interest rate and credit risk arise 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.

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments.

	Carrying amount	Fair value
	R'000	R'000
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 assets - 2020/21	9 393 253	9 393 253
Cash and cash equivalents	139 783	139 783
Financial assets at fair value through surplus / (deficit)	9 223 505	9 223 505
Trade and other receivables	29 965	29 965
Financial liabilities - 2021/22	(277 058)	(277 058)
Trade and other payables	(277 058)	(277 058)
Financial liabilities - 2020/21	(66 401)	(66 401)
Trade and other payables	(66 401)	(66 401)

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 receivables

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 relative short-term maturity of these financial assets.

Trade and other payables

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 to determine and disclose the fair value of financial instruments by the valuation technique:

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

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 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 Public Investment Corporation (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.

During March 2020, there was a large market sell-off as the COVID-19 pandemic risks and expectations around a global recession saw market participants shift towards safe-haven investment. The South African rand depreciated significantly, and bond yields spiked. The NSF portfolio, which is wholly invested in cash and money markets, domestically benefitted and grew by 0,57% during

As at 31 March 2021, the NSF held the following financial instruments measured at fair value:

		2020/21 R'000		
	Total	Level 1	Level 2	Level 3
Investments with the Public Investment Corporation (PIC)	9 223 505	9 223 505	-	-
	9 223 505	9 223 505	-	-

During the reporting period ending 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

27.1 Credit risk

Financial assets, which potentially subject the 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 counterparty exposure by only dealing with well-established financial institutions approved by the 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 counterparty. 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.

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

Before advances are paid to SDPs, 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 quarterly, subject to reporting and the verification of funds used in the previous quarter.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at year-end is as follows:

	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

	2020/21 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	139 783	-	139 783
Investments	9 223 505	-	9 223 505
Trade and other receivables	29 965	-	29 965
Total	9 393 253	-	9 393 253

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 versus forecasted cash flows. Adequate reserves and liquid resources are also maintained.

The forecast liquidity reserve as at 31 March 2022 is as follows:

	2022/23 R'000	2023/24 R'000	2024/25 R'000
Opening balance for the period	10 609 789	11 802 827	13 140 917
Operating proceeds	4 223 863	4 575 845	4 819 830
Operating outflow	(3 598 875)	(3 862 610)	(3 905 260)
Cash flow from investments	568 050	624 855	693 589
Closing balance for the period	11 802 827	13 140 917	14 749 076

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

The table below analyses the financial liabilities that will be settled on net basis into the relevant maturity groupings, based on the remaining period at financial statement date to the contractual maturity date:

At reporting date	2021/22 R'000	
	Less than 1 year	Total
Trade and other payables	(277 058)	(277 058)
	(277 058)	(277 058)

At 31 March 2021	2020/21 R'000	
	Less than 1 year	Total
Trade and other payables	(66 401)	(66 401)
	(66 401)	(66 401)

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 the reporting date had been 100 basis points higher or lower, the interest income would have been affected as follows:

Financial assets - 2021/22	2021/22 R'000	
	Increase / decrease in basis point	Effect on the surplus/ deficit
Investments – PIC	+100	99 214
	-100	(99 214)

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

Financial assets – 2020/21	2020/21 R'000	
	Increase / Decrease in basis point	Effect on the surplus/ deficit
Investments – PIC	+100	77 892
	-100	(77 892)

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 the 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 or (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.

27.6 Cash flow and fair value interest rate risk

If the NSF has significant interest-bearing assets, the revenue and operating cash flows are substantially dependent on changes in market interest rates. If 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 2022	Effective interest rate	2021/22 R'000		
		Subject to 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 Liabilities	n/a	-	-277 058	-277 058
Trade and other payables	n/a	-	-277 058	-277 058

5.10 Notes to the Annual Financial Statements

27. Financial instrument – financial risk management (continued)

		2020/21 R'000		
	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total R'000
Year ended 31 March 2021				
Current financial assets				
Cash and cash equivalents	n/a	-	139 783	139 783
Investments	4.84%	9 223 505	-	9 223 505
Trade and other receivables	n/a	-	29 965	29 965
Current financial liabilities				
Trade and other payables	n/a	-	-66 401	-66 401

28. Contingent liabilities

	Notes	2021/22 R'000	2020/21 R'000
<i>The following contingent liabilities exist:</i>			
Legal claims instituted against the NSF	28.1	-	1 470
Application to retain accumulated surplus as at year end	28.2	7 961 967	8 675 668
Critical skills project expenditure	28.3	-	1 236

28.1 Legal claims instituted against the NSF

The legal claims instituted against the Minister of Higher Education, Science and Innovation, which affect the NSF, relate to two cases against Business Unity South Africa (BUSA), which requires the repromulgation of sub-regulation 4(4) of the SETA Grant Regulations. The matter was finalised on 16 October 2019. The Labour Appeal Court upheld the appeal with costs and set aside the order of the Labour Court of 31 August 2018, which automatically set aside sub-regulation 4(4) of the SETA Grant Regulations. The NSF has not received invoices from the DHET, indicating legal fees payable by the NSF.

28.2 Application to retain accumulated surplus as at year-end

The NSF will be applying for the retention of its accumulated surplus in the financial year ending 31 March 2022 in terms of section 53(3) of the PFMA, 1999 from the National Treasury. In terms of National Treasury Instructions Note 12 of 2020/21, the surplus balance to be applied for is calculated as follows:

5.10 Notes to the Annual Financial Statements

28. Contingent liabilities (continued)

	2021/22
	R'000
Cash and cash equivalents at the end of the year	10 219 993
Add: Receivables	70 241
Less: Current liabilities	<u>(2 328 267)</u>
Surplus (Application for retention to be submitted to the National Treasury)	<u>7 961 967</u>

The NSF's application for the retention of accumulated surplus will take into consideration contractual commitments and earmarked funds, as well as the impact of the Skills Levy Holiday on the NSF meeting its existing contractual and constructive commitments.

28.3 Critical skills project expenditure

The NSF co-funded a critical skills project with the Energy and Water SETA (EWSETA) for the unemployed to the value of R17 million and there are unclaimed funds by the EWSETA of R1 236 000 (2018/2019: R1 236 000). This amount can only be confirmed when all the necessary documentation is provided to the NSF by the EWSETA for verification to validate the expenditure incurred. To date, the EWSETA could not provide the NSF with the valid supporting documents; hence, the NSF has not refunded the EWSETA for the outstanding balance as per the EWSETA's financial statements.

28.4 Skills development funding expenditure

The NSF signs a separate contractual agreement for each skills development programme or project that NSF funds with the implementing SDP. An implementation plan and budget are included in the contractual agreement, which outlines the skills development activities to be undertaken by the SDP for the specific programme or project.

The MOA signed with SDPs stipulates that quarterly financial reports and quarterly performance information reports, in the format prescribed by the NSF, must be submitted to the NSF within 15 days after the end of each quarter. In most instances, the NSF funds SDPs on a quarterly advance basis. The progress reports consist of financial drawdown reports and performance information reports. Depending on the nature of the programme or project, the performance information report contains information related to the learning progress of the learners funded or information related to progress on other deliverables or both.

The NSF monitors whether the expenditure paid or incurred by the SDP is aligned to the approved programme or project scope, budget and implementation plan quarterly. The NSF also monitors whether actual skills development activities are undertaken by the SDP as per the implementation plan.

The NSF monitors whether the expenditure paid or incurred by the SDP against funds previously advanced are in accordance with the contractual agreement and approved scope, budget and implementation plan quarterly, before approving the next advance to the SDP. Also, before the NSF disburses the next advance, the NSF takes into consideration the effect of previous advance balances unused, accrued interest on previous advances and expenditure incurred by the SDP, but not yet paid.

5.10 Notes to the Annual Financial Statements

28. Contingent liabilities (continued)

Furthermore, as stipulated in the signed MOA between the NSF and the SDPs, the NSF shall fund the project in accordance with the agreed upon project implementation plan, project budget and cash flow forecast. The NSF shall monitor and evaluate project performance, based on key performance indicators as agreed upon before approving any project-related expenditure. The NSF will only fund actual expenditure incurred in accordance with the agreed upon project implementation plan, project budget and cash-flow forecast provided that such expenditure is supported by documentary proof thereof.

For each project or programme funded, the SDP submits a financial drawdown report to the NSF 15 days after the end of each quarter, as per the signed MOA and as per the approved NSF standard operating procedures (SOPs). The financial drawdown report details the expenditure incurred, both paid and not yet paid, during the past drawdown period. This expenditure is also linked to the related budget line item, as per the approved budget for the project or programme. The verification of the financial drawdown report is performed by the responsible NSF project manager by checking the accuracy, validity and completeness of the expenditure listed on the financial drawdown report, against supporting documentation provided by the SDP, such as the bank statement of the dedicated bank account, invoices, payroll reports etc. The NSF project manager also checks whether the expenditure listed is in accordance with the approved scope and budget. Once verified as accurate and valid by the NSF project manager, the NSF project manager submits the financial drawdown report to the responsible NSF fund manager and NSF project director to check and approve the expenditure transactions after it has been confirmed that the expenditure is valid, accurate and complete and in line with the scope of the project, as per the approved MOA and implementation plan.

All the above represent the expenditure verification processes that take place 15 days after the end of quarter once service providers submit quarterly reports for verification of expenditure incurred for the quarter. The NSF has an obligation, as stipulated in the MOA, to fund all valid expenditure incurred by the service providers in accordance with the signed MOA, fund actual expenditure incurred in accordance with the upon project implementation plan, project budget and cash-flow forecast. As such, at the end of each financial year the NSF has a possible obligation to fund valid project expenditure incurred by SDPs relating to the financial year under review and not reported in the current financial year (31 March 2022), where such expenditure relating to 31 March 2022 would only be confirmed at the end of Quarter 1 of new financial year in accordance with the abovementioned verification processes of the NSF, as outlined in the signed MOA and SOP of the NSF.

At reporting date (31 March 2022), the NSF is unable to measure a reliable estimate of the incurred expenditure relating to the current financial year that has not been reported in the preceding quarterly financial reports due to expenditure verification processes that would be concluded at the end of Quarter 1 of the new (2022/23) financial year and after the Annual Financial Statements submission date, pending verification process that will validate and recognise only valid expenses incurred in line with the MOA and implementation plan.

The NSF, therefore, has a contingent liability as at 31 March 2022, pertaining to expenditure yet to be verified that relates to the current financial year and not reported in the preceding reports processed and finalised during the 2021/22 financial year, based on the past legal obligating event, which is the signed MOA that obligates the NSF to fund all approved expenditure incurred by the SDPs in accordance with approved implementation plan.

5.10 Notes to the Annual Financial Statements

28. Contingent liabilities (continued)

A contingent liability is defined in terms of Paragraph 17 of GRAP 19 as:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability

Therefore, possible expenditure that relates to the 2021/22 financial year is yet to be confirmed for its validity, accuracy and completeness in terms of the MOA and implementation plan and to be verified at the end of Quarter 1 (April–June 2022), where a sufficiently reliable estimate of the expenditure amount of the obligation cannot be made at reporting date of 31 March 2022 is disclosed a contingent liability. The NSF will, on assessment of the outcome of the expenditure verification for the April–June 2022 quarterly period, adjust the liability and expenditure amount pertaining to valid expenditure incurred by the service providers relating to the 2021/22 financial year.

29. Contingent assets

	Notes	2021/22 R'000	2020/21 R'000
Opening Balance		5 782	16
Projects handed over to the State Attorney's Office	29.1	3 357	-
Rubicon communications project		-	2 699
Emanzini Staffing Solutions project		-	3 067
Total		9 139	5 782

Legal claims instituted by NSF

Centre for Education Policy Development project (CEPD)

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 the South African post-school institutions. The project duration was approved for 1 July 2015 to 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 to 31 December 2017, with an approved budget of R88 924 557,85.

On 14 June 2017, the CEPD advised the DHET of the operational risks and challenges that the CEPD was facing and the challenge regarding its continued existence. In the correspondence, the CEPD also indicated the Board of Trustees' was inclined 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 the 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 the DHET would be terminating the agreement forthwith, effective 25 July 2017.

5.10 Notes to the Annual Financial Statements

29. Contingent assets (continued)

Since the decision was taken to be sequestrated, the NSF requested the DHET to register itself as one of the creditors of the CEPD in order to recoup any possible remaining project funds. The request for the DHET to register as a creditor was on the basis that the MOA was between the DHET and the CEPD and not between the NSF and the CEPD. Hence, the NSF could not register as a creditor. The DHET, however, failed to register a creditor of the CEPD; hence, some of the NSF project funds could not be recouped.

Rubicon communications project

Rubicon was approved by the NSF to implement the National Certificate in Clothing, Textile, Footwear and Leather Manufacturing Process at NQF Level 2 (as a learnership programme). 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. The matter is ongoing.

Emanzini Staffing Solutions project

Emanzini was awarded a WIL project to the value of R31 768 800,00 to place 488 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, Emanzini was requested to correct the identified inaccuracies, which Emanzini failed to do. Emanzini was requested to pay back an amount of R3 066 607,75, for which they did not account to the NSF's satisfaction. Emanzini failed to pay back the amount of and offered to pay only R792 000,00 as a full and final settlement. The offer was rejected by the NSF; hence the looming legal action against Emanzini.

29.1 Projects handed over to the Office of the State Attorney

29.1.1 Mbusha Business Enterprise (pty) Ltd

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 Business Enterprise is R2 277 961,04, for which Mabusha Business Enterprise could not account to the NSF's satisfaction; hence the process through the State Attorney to recoup. The Office of the State Attorney has confirmed receipt of our instructions and the matter has been allocated to the relevant legal practitioner. Summons have been issued to Mabusha Business Enterprise. The matter is due to be heard on 18 August 2022 for default judgement.

29.1.2 Elgin Community College

The DHET, through the NSF, approved grant funding of R7 043 077,50 to the Elgin Community College (ECC) to execute the NSF rural development; co-operatives; small, medium and micro enterprises (SMMEs); and Enterprise Development Programme to benefit 150 learners over a period of 12 months. During the October–December 2019 financial report, it was found that there were unauthorised over-expenditures on some budget line items by the ECC, amounting to R287 423,13, which was in contravention of the signed MOA. The NSF tried to engage the ECC 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. The Office of the State Attorney has confirmed receipt of our instruction and the matter has been allocated to the relevant legal practitioner. The Office of the State Attorney has advised that it will be issuing a letter of demand in due course.

5.10 Notes to the Annual Financial Statements

29. Contingent assets (continued)

29.1.3 Aviwe Business Development Services (BDS)

The DHET, through the NSF, approved funding to Aviwe BDS CC to the amount of R12 362 500,00 to benefit 200 Gauteng-based youth in the media sector as to benefit 200 NQF Level 5 Radio Production learners and Film and Television learners. 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 Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA). During the close out period, the NSF noted an unauthorised expenditure amounting to R364 000, which was not used 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 the ECC. The Office of the State Attorney has confirmed receipt of our instructions and the matter has been allocated to the relevant legal practitioner. The Office of the State Attorney that it will issue a letter of demand in due course.

29.1.4 Ilinge Labantu Debt Collection

The DHET, through the NSF, approved funding to Ilinge Labantu CC (Ilinge Labantu) to the amount of R4 274 125,00 to benefit 150 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 to enable the Ilinge Labantu to start with the implementation of the project. Further funding amounting to R578 645,63 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. The NSF team reviewed the submitted bank statements and noted that Ilinge Labantu made unauthorised transactions amounting to R428 000,00 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 funds. The Office of the State Attorney has confirmed receipt of our instructions and the matter has been allocated to the relevant legal practitioner. NSF officials attend to a consultation with the appointed advocate on 14 April 2021.

30. Related party transactions

The NSF reports to the Minister of Higher Education, Science and Innovation, who oversees two departments, namely: the DHET and the Department of Science and Innovation. 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.

5.10 Notes to the Annual Financial Statements

30. Related party transactions

30.1 Relationships

*	Department	The DHET
*	Advisory body within the DHET	National Skills Authority
*	Entities under the DHET	Qualification Council for Trades and Occupations (QCTO) South African Qualifications Authority (SAQA) National Student Financial Aid Scheme (NSFAS) Agricultural SETA (AGRISETA) 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 SETA) 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 (MICT SETA) 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)

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

- Entities under the Department of Science and Innovation
 - Academy of Science South Africa
 - Council of Scientific and Industrial Research
 - Human Sciences Research Council
 - National Advisory Council on Innovation
 - National Research
 - South African Council for Natural Scientific Professions
 - South African National Space Agency
 - Technology Innovation

- TVET colleges controlled by the Department of Higher Education and Training

Motheo TVET College	Mnambithi TVET College
Vuselela TVET College	Thekwini TVET College
Taletso TVET College	Mthashana TVET College
Orbit TVET College	Nkangala TVET College
South West Gauteng TVET College	Gert Sibande TVET College
Ekurhuleni East TVET College	Umfolozzi TVET College
Ekurhuleni West TVET College	Buffalo City TVET College
Mareka TVET	Flavius Mareka TVET College
Sekhukhune TVET College	Letaba TVET College
Vhembe TVET College	King Hintsa TVET College
Mopani South East TVET College	Tshwane North TVET
Waterberg TVET College	Northern Cape Rural TVET College
Sedibeng TVET College	Western Gauteng TVET College
Capricorn TVET College	Tshwane South TVET College
Maluti TVET College	Ikhala TVET College
Goldfields TVET College	Ingwe TVET College
Boland TVET College	Central Johannesburg TVET
North Link TVET College	College
College of Cape Town TVET	Lephalale TVET College
College	Northern Cape Urban TVET
False Bay TVET College	College
South Cape TVET College	East Cape Midlands TVET College
East Cape Midlands TVET College	Lovedale TVET College
West Coast TVET College	Coastal TVET College
Majuba TVET college	King Sabata TVET College
UMgungundlovu TVET College	Port Elizabeth TVET College
Ehlanzeni TVET College	
Elangeni TVET College	

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

- Public universities, over which the Minister of Higher Education, Science and Innovation has significant influence.

Cape Peninsula University of Technology	University of Johannesburg
Central University of Technology	University of KwaZulu-Natal
Durban University of Technology	University of Limpopo
Mangosuthu University of Technology	University of Mpumalanga
Nelson Mandela University	University of Pretoria
North-West University	University of South Africa
Rhodes University	University of Free State
Sefako Makgatho Health Sciences University	University of Western Cape
Sol Plaatjie University	University of Witwatersrand
Stellenbosch University	University of Venda
Tshwane University of Technology	University of Zululand
University of Cape Town	Vaal University of Technology
University of Fort Hare	

- Members of senior management

Executive Officer
Chief Financial Officer
Chief Director: Strategy, Organisational Performance and Innovation
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 Bursaries
Director Fund Management
Director Supply Chain Management
Director Financial Planning and Reporting
Director Financial Management and Administration

30.2 Related party transactions and balances – operating expenses

	2021/22 R'000	2020/21 R'000
Shared Services charged by the DHET	(15 199)	(15 123)
Donations in kind to the DHET related to Information and Communication Technology	-	(4 311)

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2021/22
R'000

Related party	Income from SETAs uncommitted surpluses and transfers from the DHET	Finance income from advance payments to skills development programmes and projects – 31 March 2022	TVET college campus assets and other additions at 31 March 2022	TVET college infrastructure assets transfer	Payments related to skills development programmes and projects	Skills development grant disbursement expense	Payables to skills development programmes and projects at 31 March 2022	Accruals balance at 31 March 2022	Provisions – SDF balance at 31 March 2022	Deferred expense balance at 31 March 2022	Receivables from skills development programmes and projects balance at 31 March 2022	Contractual Commitments for the Acquisition of PPE	Receipts	Provision for impairment – accounts receivable
DHET	100 000	-	191 329		158 241	-	(133 742)	39 874	-	-	5	713 268	-	-
BS: International Scholarship (DHET)		-			461 730	(208 528)	-	15 745	-	-	-	-	-	-
		30			-	-	-	-	-	32 066	-	-	-	-
Human Resource Development Council of South Africa (HRDSA)		11			-	(1 053)	-	-	-	3 636	-	-	12 403	-
National Skills Authority (NSA)		-			-	-	-	-	-	-	-	-	-	-
		78			12 307	(13 444)	-	-	1 339	12 731	-	-	-	-
		-			-	-	-	-	-	-	-	-	-	-
		-			-	-	-	-	-	-	-	-	-	-
		-			844	(1 171)	-	-	99	397	-	-	-	-
		0			562	(565)	-	-	3	3	-	-	-	-
		-			645	(619)	-	3	-	-	-	-	-	-
		9			420	-	-	-	-	23	-	-	-	-
		-			-	(412)	-	-	412	644	-	-	-	-
		1			1 447	(1 930)	-	-	482	482	-	-	-	-
		3			526	(671)	-	-	77	77	-	-	-	-
		0			929	(1 429)	-	-	500	500	-	-	-	-
		-			-	-	-	-	18	18	-	-	-	-
		-			596	(1 137)	-	-	41	500	-	-	-	-
NSFAS 2019-2020		17 170			404 566	(502 053)	-	-	-	462 984	-	-	-	-
BS-2: DHET- NSFAS 2021 shortfall		-			1 238 246	(3 301 989)	-	1 860	-	-	-	-	-	-
National Institute for the Humanities and Social Sciences (NIHSS)		1 427			135 106	(258 087)	-	-	31 811	222 091	-	-	-	-
BS: NRF		213			151 676	(149 460)	-	7 642	-	-	-	-	-	-
Quality Council for Trades Occupations (QCTO)		-			5 102	(5 882)	-	-	-	853	-	-	-	-

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2021/22 R'000														
Related party	Income from SETAs uncommitted surpluses and transfers from the DHET	Finance from advance payments to skills development programmes and projects – 31 March 2022	TVET college campus assets and other additions at 31 March 2022	TVET college infrastructure assets transfer	Payments related to skills development programmes and projects	Skills development grant disbursement expense	Payables to skills development programmes and projects balance at 31 March 2022	Accruals balance at 31 March 2022	Provisions – SDF balance at 31 March 2022	Deferred expense balance at 31 March 2022	Receivables from skills development programmes and projects balance at 31 March 2022	Contractual Commitments for the Acquisition of PPE	Receipts	Provision for impairment - accounts receivable
FP&M SETA	3 000	-	-	-	-	-	-	-	-	-	-	-	-	-
Boland TVET College	-	-	-	-	-	(1)	-	-	-	-	-	-	1	-
Buffalo City TVET College	4	7 096	-	-	7 096	(8 961)	-	-	-	-	-	-	2 795	-
Capricorn TVET College	138	625	-	-	625	(189)	-	-	-	4 240	-	-	-	-
Coastal TVET College	-	6 870	-	-	6 870	(5 085)	-	-	-	-	1 677	-	-	419
College of Cape Town TVET College	6	217	-	-	217	-	-	-	-	-	-	-	3	-
College of Cape Town TVET College	-	138	-	-	138	(274)	-	-	-	-	-	-	2	-
College of Cape Town TVET College	-	1 624	-	-	1 604	(8 315)	-	-	-	2 603	-	17 367	-	-
Eastcape Midlands TVET College	-	-	-	-	-	-	(131)	-	-	-	-	-	-	-
Ekurhuleni East TVET College	-	-	-	-	-	-	-	-	-	2 903	-	-	-	-
Ekurhuleni East TVET College	-	-	-	-	-	-	-	-	-	-	-	13 255	-	-
Ekurhuleni East TVET College	0	15 003	-	-	15 003	(20 064)	-	-	-	7 769	-	-	-	-
Ekurhuleni East TVET College	-	8 498	-	-	8 498	(8 543)	45	-	-	-	-	-	-	-
Ekurhuleni West TVET College	49	-	-	-	-	-	-	-	-	-	1 507	-	-	-
Ekurhuleni West TVET College	6	10 305	-	-	10 305	(10 072)	-	-	-	-	-	103	-	-
Elangeni TVET College	1	705	-	-	705	(706)	-	-	-	-	328	-	-	82
Ehlanzeni TVET College	7	-	-	-	-	(7)	-	-	-	-	5 425	-	-	5 425
Esayidi TVET College	-	-	-	112 580	-	-	-	-	-	-	-	-	-	-
False Bay TVET College	18	-	-	-	-	(37)	-	-	-	-	-	-	1 072	-
Flavius Mareka TVET College	-	533	-	-	533	(163)	-	-	-	-	474	-	-	119
Flavius Mareka TVET College	9	-	-	-	-	(37)	-	-	-	-	3 297	-	-	-
Gert Sibande TVET College	-	-	-	-	-	(1)	(4 682)	-	-	-	-	-	-	-
Goldfields TVET College	-	-	-	-	-	(410)	-	-	-	-	-	-	(613)	-
Ikhalo TVET College	62	2 523	-	-	2 523	(2 670)	-	-	-	-	2 124	-	-	531
Ingwe TVET College	37	8 592	-	-	8 592	(10 548)	-	-	-	2 247	-	-	-	-
King Hintsa TVET College	-	-	-	-	-	-	-	-	-	-	-	-	1 189	-
King Sabata TVET College	193	-	-	-	-	-	-	-	-	5 496	-	-	-	-
Lephalale TVET College	79	6 455	-	-	6 455	(7 943)	-	-	-	-	6 016	-	-	1 504
Lephalale TVET College	86	6 918	-	-	6 918	(10 548)	-	-	-	4 785	-	-	-	-
Lovedale TVET College	-	1 473	-	-	1 473	(1 070)	-	-	-	-	-	-	1 733	-

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2021/22 R'000														
Related party	Income from SETAs uncommitted surpluses and transfers from the DHET	Finance from advance payments to skills development programmes and projects – 31 March 2022	TVET college campus assets and other additions at 31 March 2022	TVET college infrastructure assets transfer	Payments related to skills development programmes and projects	Skills development grant disbursements expense	Payables to skills development programmes and projects balance at 31 March 2022	Accruals balance at 31 March 2022	Provisions – SDF balance at 31 March 2022	Deferred expense balance at 31 March 2022	Receivables from skills development programmes and projects balance at 31 March 2022	Contractual Commitments for the Acquisition of PPE	Receipts	Provision for impairment - accounts receivable
Lovedale TVET College					-	(901)	-	-	-	-	-	-	901	-
		7			2 818	-	-	-	3 354	-	3 354	-	-	3 354
Maluti TVET College		-			-	-	(296)	-	-	-	-	-	1	-
Mnambithi TVET College		1			162	(78)	-	-	-	-	-	-	156	-
Mopani South East TVET College		20			5 317	(2 420)	(140)	-	-	-	-	0	0	0
Lephalale TVET College		79			6 455	(7 943)	-	-	-	-	6 016	-	-	1 504
		86			6 918	(10 548)	-	-	-	4 785	-	-	-	-
Lovedale TVET College		-			1 473	(1 070)	-	-	-	-	-	-	1 733	-
		-			-	(901)	-	-	-	-	-	-	901	-
		7			2 818	-	-	-	3 354	-	3 354	-	-	3 354
Maluti TVET College		-			-	-	(296)	-	-	-	-	-	1	-
Mnambithi TVET College		1			162	(78)	-	-	-	-	-	-	156	-
Mopani South East TVET College		20			5 317	(2 420)	(140)	-	-	-	-	0	0	0
		54			13 255	(15 908)	0	0	0	3 019	0	0	0	0
Motheo TVET College		76			-	-	-	-	-	-	2 338	0	0	0
Mthashana TVET College		15			10 954	(14 992)	-	-	-	7 755	-	-	0	0
		-			-	-	-	-	-	-	-	-	0	0
Nkangala TVET College		-			-	-	(1 550)	-	-	-	-	-	0	0
		5			4 280	(4 481)	-	-	-	-	562	-	0	140
Northern Cape Urban TVET College		-			-	-	-	-	-	-	-	-	0	0
		-			-	-	-	-	-	-	555	-	0	0
		3			2 080	(1 690)	(174)	-	-	-	-	-	0	0
Orbit TVET College		-			-	-	-	-	-	-	564	-	0	141
Port Elizabeth TVET College		-		4 703	-	-	-	-	-	-	-	-	584	0
		59			9 110	(13 012)	-	-	-	4 388	-	16 414	0	0
Sedibeng TVET College		17			2 433	(3 544)	-	-	-	1 106	-	-	0	0
Sekhukhune TVET College		21			12 103	(10 858)	-	-	-	3 305	-	-	0	0
		-			-	-	-	-	-	-	158	-	0	39
South Cape TVET College		15			2 018	(2 644)	-	-	-	-	-	-	786	0
		1			1 226	(2 519)	-	-	-	-	1 454	-	0	363

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2021/22
R'000

Related party	Income from SETAs uncommitted surpluses and transfers from the DHET	Finance from advance payments to skills development programmes and projects – 31 March 2022	TVET college campus assets and other additions at 31 March 2022	TVET college infrastructure transfer	Payments related to skills development programmes and projects	Skills development grant disbursement expense	Payables to skills development programmes and projects at 31 March 2022	Accruals balance at 31 March 2022	Provisions – SDF balance at 31 March 2022	Deferred expense balance at 31 March 2022	Receivables from skills development programmes and projects balance at 31 March 2022	Contractual Commitments for the Acquisition of PPE	Receipts	Provision for impairment - accounts receivable
Taletso TVET College	-	-	-	-	-	-	-	-	-	-	-	-	239	0
Thekwini TVET College	2	2	2 971	2 971	2 971	(4 544)	-	-	-	-	2 172	-	0	543
Tshwane North TVET College	-	-	-	-	-	-	(8 919)	-	-	-	-	-	0	0
Tshwane South TVET College	-	-	1 208	1 208	1 208	(2 187)	-	-	-	-	-	-	0	0
	-	-	2 849	2 849	2 849	(1 695)	-	-	-	-	-	-	195	0
Umfolozo TVET College	5	5	941	941	941	(1 161)	-	-	-	-	2 185	-	0	546
	313	313	15 460	15 460	15 460	(21 524)	-	-	-	-	26 792	-	0	6 698
	-	-	-	-	-	-	-	-	-	500	-	-	-	0
	4	4	2 099	2 099	2 099	(1 722)	-	92	-	-	-	-	0	0
UMgungulou TVET College	2	2	-	-	-	(9 381)	-	-	-	-	10 644	-	0	2 661
Vhembe TVET College	1	1	17 161	17 161	17 161	(20 929)	-	-	-	7 273	-	-	0	0
Vuselela TVET College	24	24	4 515	4 515	4 515	(5 751)	-	-	-	2 949	-	-	0	0
Waterberg TVET College	6	6	23 107	23 107	23 107	(16 630)	-	-	-	4 883	-	-	0	0
West Coast TVET College	29	29	-	-	-	-	-	-	-	-	-	-	1 864	0
	-	-	-	-	-	(2)	-	-	-	-	-	-	24	0
TVET-ID: False Bay (Swartklop)	-	-	11 930	11 930	11 930	(17 406)	-	-	-	11 784	-	154 421	0	0
OP: TVET -2-Central JHB	-	-	-	-	-	-	(791)	-	-	-	-	-	0	0
UV-ID: University of Pretoria (Veterinary Programme)	-	-	-	-	-	(791)	-	-	-	-	-	-	791	0
UV-ID: University of Pretoria (MBChB Programme)	-	-	-	-	-	(83)	-	-	-	-	-	-	791	0
UV-ID: CPUT Renewable Energy Infrastructure Project	376	376	2 794	2 794	2 794	(5 360)	-	4 984	-	-	-	15	0	0
WL: NMMU (SAIMI Project)	-	-	-	-	-	-	-	-	-	-	-	-	1 960	0
Stellenbosch University- US - Investment Trends	-	-	-	-	-	(10)	-	-	-	-	-	-	0	0
Stellenbosch University- US - Macro Indicator	-	-	-	-	-	(3)	-	-	-	-	-	-	0	0
NMMU - SAIMI 2	-	-	567	567	567	-	-	-	-	-	502	-	1 960	126
NMMU - SAIMI (2021-2024)	37	37	47 641	47 641	47 641	(52 477)	-	4 799	-	-	-	-	0	0
University of Western Cape (TVET RESEARCH)	47	47	2 156	2 156	2 156	(131)	-	-	-	479	-	-	0	0
University of Cape Town (LMI Research)	-	-	4 093	4 093	4 093	(2 147)	-	431	-	-	-	-	0	0
TOTAL	103 000	20 776	204 832	241 067	2 870 192	(4 781 058)	(150 425)	75 474	38 136	814 490	72 136	915 113	30 062	22 693

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2020/21 R'000													
Related party	Income from SETAs towards TVET college campus assets and other development / Indilela Development as at March 2021	TVET college campus assets and other- Additions at 31 March 2021	TVET college campus assets and other- Disposal at 31 March 2021	Payments related to skills development programmes and projects as at 31 March 2021	Receipts related to skills development programmes and projects as at 31 March 2021	Finance income from advance payments to skills development programmes and projects as at 31 March 2021	Skills development funding expense as at March 2021	Contractual Commitments for the Acquisition of PPE as at March 2021	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions related to skills development funding expenses at 31 March 2021
DHET	-	365 859	280 102	332 404	-	143	516 760	926 296	45 896	4 535	-	516 138	-
HRDCSA	-	-	-	16 771	-	-	7 302	-	10 267	11 350	-	-	-
NIHSS	-	-	-	-	-	3 656	20 268	-	132 348	-	-	-	-
* NRF	-	-	-	-	-	1 103	149 370	-	-	-	-	10 071	-
NSA	-	-	-	8 703	-	30	5 432	-	11 454	-	-	12	-
* NSFAS	-	-	-	381 287	-	13 200	367 521	-	382 667	-	-	-	-
QCTO	-	-	-	2 224	-	32	3 055	-	-	-	-	74	-
MOA	-	-	-	29 714	-	-	-	-	-	-	-	-	-
Boland TVET College	-	-	-	-	-	43	1 483	-	-	-	-	-	-
Buffalo City TVET College	-	-	-	9 945	-	49	7 627	-	934	-	-	-	-
Capricorn TVET College	-	-	-	5 772	-	4	1 353	-	4 814	-	-	-	-
Central Johannesburg TVET College	-	-	-	12 266	-	-	2	-	-	-	-	-	-
Coastal KZN TVET College	-	-	-	6 370	-	-	1 965	-	3 462	-	-	-	-
College of Cape Town TVET College	-	-	-	1 392	-	54	3 489	-	369	-	135	-	-
East Cape Midlands TVET College	-	139	-	-	-	-	7 443	19 241	10 729	-	-	5 350	-
Ehlanzeni TVET College	-	-	-	-	-	35	-	-	4 010	-	-	-	-
Ekurhuleni West TVET College	-	-	-	6 781	-	24	7 547	-	-	-	-	-	-
Ekurhuleni East TVET College	-	-	-	13 989	-	8	18 598	21 799	-	-	-	2 709	-
Ekurhuleni West TVET College	-	-	-	-	-	-	-	10 653	5 425	-	-	-	-
Elangeni TVET College	-	-	-	8 256	-	49	9 957	-	-	328	-	-	-
Esayidi TVET College	-	-	-	708	-	23	1 327	-	-	-	-	-	-
False Bay TVET College	-	965	-	3 750	-	285	3 685	161 202	7 361	-	-	-	-
Flavius Mareka TVET College	-	-	-	3 553	-	28	1 382	-	4 114	-	-	-	-
Gert Sibande TVET College	-	-	-	388	-	30	570	-	-	-	-	-	-
Goldfields TVET College	-	-	-	-	-	-	515	-	202	-	-	-	-

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2020/21
R'000

Related party	Income from SETAs towards TVET college campus assets and other development / Indilela Development as at March 2021	TVET college campus assets and other - Additions at 31 March 2021	TVET college campus assets and other - Disposal at 31 March 2021	Payments related to skills development programmes and projects as at 31 March 2021	Receipts related to skills development programmes and projects as at 31 March 2021	Finance from advance payments to skills development programmes and projects as at 31 March 2021	Skills development programme expense as at March 2021	Contractual Commitments for the Acquisition of PPE as at March 2021	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions related to skills development funding expenses at 31 March 2021
Ikhala TVET College	-	-	-	12 665	-	3	10 309	-	2 359	-	-	-	-
Ingwe TVET College	-	-	-	2 670	-	107	9 846	-	-	-	-	329	-
King Hintsu TVET College	-	-	-	2 470	-	27	3 022	-	-	1 189	-	-	-
King Sabata TVET College	-	-	-	18 334	-	90	9 791	-	9 641	-	-	-	-
Lephalale TVET College	-	-	-	3 359	-	25	-	-	-	4 608	-	-	-
Letaba TVET College	-	-	-	3 925	-	10	2 801	-	1 241	-	-	-	-
Lovedale TVET College	-	-	-	7 128	-	-	7 798	-	2 136	-	-	-	-
Majuba TVET College	-	-	-	4 629	-	33	11 368	-	-	-	-	3 359	-
Maluti TVET College	-	-	-	-	-	-	895	-	-	-	-	296	-
Minambithi TVET College	-	-	-	1 902	-	14	1 676	-	240	-	-	-	-
Mopani South East TVET College	-	-	-	9 893	-	11	15 449	-	-	-	-	3 198	-
Motho TVET College	-	-	-	-	-	37	2 886	-	8 529	-	-	-	-
Mthashana TVET College	-	-	-	4 965	-	10	5 376	-	3 733	-	-	-	-
Nkangala TVET College	-	-	-	-	-	3	120	-	-	-	-	747	-
Northern Cape Rural TVET College	-	-	-	3 807	-	15	5 756	-	366	-	-	-	-
Northern Cape Urban TVET College	-	-	-	-	-	39	2 261	-	1 954	-	-	218	-
Northlink TVET College	-	-	-	131	-	3	225	-	-	-	-	-	-
Orbit TVET College	-	-	-	-	-	64	1 532	-	1 255	-	-	-	-
Port Elizabeth TVET College	-	407	-	-	-	116	9 809	21 738	544	584	-	-	-
Sedibeng TVET College	-	-	-	585	-	-	1 500	-	11	-	-	-	-
Sekhukhune TVET College	-	-	-	673	-	10	6 218	-	683	-	-	3 639	-
South Cape TVET College	-	-	-	2 085	-	7	2 423	-	174	-	-	-	-
South West Gauteng TVET College	-	-	-	3 014	-	82	6 399	-	-	-	-	161	-
Taletso TVET College	-	-	-	-	-	19	3 642	-	-	239	-	-	-
Thekwini TVET College	-	-	-	7 435	-	22	6 746	-	600	-	-	-	-
Tshwane North TVET College	-	-	-	-	-	-	-	-	-	-	8 919	-	-
Tshwane South TVET College	-	-	-	1 527	-	9	8 177	-	-	-	980	1 349	-
Umfolozo TVET College	-	-	-	41 494	-	120	28 075	-	22 727	1 970	-	-	-
UMgungundlovu TVET College	-	-	-	14 526	-	5	1 599	-	1 265	-	-	-	-
Vhembe TVET College	-	-	-	8 466	-	1	5 828	-	3 506	-	-	-	-
Vuselela TVET College	-	-	-	354	-	-	2 373	-	-	-	-	1 738	-

5.10 Notes to the Annual Financial Statements

30. Related party transactions (continued)

2020/21 R'000													
Related party	Income from SETAs towards TVET college campus assets and other development / Indlela Development as at March 2021	TVET college campus assets and other- Additions at 31 March 2021	TVET college campus assets and other- Disposal at 31 March 2021	Payments related to skills development programmes and projects as at 31 March 2021	Receipts related to skills development programmes and projects as at 31 March 2021	Finance income from advance payments to skills development programmes and projects as at 31 March 2021	Skills development expense as at March 2021	Contractual Commitments for the Acquisition of PPE as at March 2021	Deferred related to skills development expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions related to skills development funding expenses at 31 March 2021
Waterberg TVET College	-	-	-	-	-	1	11 301	-	-	-	-	11 366	-
West Coast TVET College	-	-	-	5 638	-	190	11 638	-	2 196	21	-	-	-
Cape Peninsula University of Technology	-	1 227	-	8 182	-	435	5 153	5 375	-	-	-	2 794	-
Central Johannesburg TVET College	-	-	-	737	-	1	794	-	-	-	-	791	-
Nelson Mandela University	-	-	-	34 912	-	452	48 636	-	5 285	-	-	-	-
Tshwane University of Technology	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Cape Town	-	-	-	1 268	-	-	3 645	-	-	-	-	2 377	-
University of Pretoria	-	-	-	12 922	-	-	83	-	-	708	-	-	708
University of Stellenbosch	-	-	-	646	-	-	204	-	-	-	13	-	-
University of the Western Cape	-	-	-	10 845	-	63	10 513	-	2 552	-	-	-	-
Walter Sisulu University	-	-	-	10 462	-	-	10 025	-	874	-	-	-	-
TOTAL	-	368 597	280 102	1 085 922	-	20 820	1 412 543	1 166 304	695 923	25 532	10 047	566 716	708

*Prior period errors corrected

As originally stated	-	-	-	-	-	-	-	-	702 104	22 135	10 047	515 340	844
Prior period correction	-	368 597	-	1 085 922	-	20 820	1 412 543	1 166 304	695 923	25 532	10 047	566 716	708

5.10 Notes to the Annual Financial Statements

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 as amended. In terms of the Pension Funds Act, 1956, the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made.

	2021/2 R'000	2020/21 R'000
Contributions for the year included in employee cost	(7 683)	(8 100)
21.	(7 683)	(8 100)

32. Operating lease rental

NSF as lessee

Future lease payments under non-cancellable operating leases:

Photocopy machines

Due within one year
Due within two to five years

	2021/22 R'000	2020/21 R'000
	68	201
Due within one year	68	133
Due within two to five years		68

Parking

Due within one year
Due within two to five years

	2021/22 R'000	2020/21 R'000
	347	690
Due within one year	347	343
Due within two to five years		347
	415	891

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 more than the budgeted revenue by 0,3%. The reason for the increase are outlined below:

SDL income for the 2021/22 financial year amounts to R3,800 billion, which is R13 million (0,3%) over the R3,787 billion originally budgeted for. This is due to continued receipt of SDL from various tax groups.

33.2 Revenue from exchange transactions

The actual revenue received from exchange transactions is under the budget by 16% due to the following reasons:

For the 2021/22 financial year the NSF received investment income of R407 million from investments held at the PIC, which is 16% (R77 million) below the R485 million budgeted for the year. The interest rate used in the PIC budget was higher than the actual interest rate on the money market for the year. The budget for finance income from advance payments catered for new projects that was meant to be registered in Quarter 3 and 4 of 2022. Delays in registering these projects resulted in the decrease in interest received.

5.10 Notes to the Annual Financial Statements

33. Notes to the statement of comparison of budget and actual amounts (continued)

33.3 Skills development funding expenses

The actual skills development funding expenses was 51,6% over the budget. The NSF budgeted R3,136 billion for skills development and the actual expenditure is R4,753 billion, which can mainly be attributed to the following:

33.4 Education and training

The NSF budgeted R2,845 billion towards the education and training of learners on various learning programmes aligned to the NSF's strategic targets, namely: education and training towards priority occupations; education and training in support of rural development; education and training in support of SMMEs and co-operatives, community education and training; and worker education. During the 2021/22 financial year, the NSF spent R4,411 billion towards the education and training of learners, which is R1,166 billion over its budget of R2,845 billion. The over-spending is due to movement from the previous year because the Minister of Higher Education approved funds of R3,3 billion from the NSF to augment the 2021 shortfall at the NSFAS for the 2021 academic year, of which R1,2 billion was disbursed to the NSFAS or the DHET towards the end of March 2022. The remaining balance was then accrued as part of reimbursement expenditure to the NSFAS for expenditure incurred in the 2021 academic year.

33.5 Improved PSET system

33.5.1 PSET system development and capacity building

During the 2021/22 financial year, the NSF expensed R87 million towards PSET system development and capacity-building initiatives, which is R25 million under the budget of R112 million. The main reason for the budget variance is due to performance on certain post-school education and training (PSET) system development and capacity-building projects.

33.5.2 Skills infrastructure development

During the 2021/22 financial year, the NSF spent R280 million towards skills infrastructure development initiatives, which is R111 million over the budget of R169 million. The variance can mainly be ascribed to refurbishment and completion of the remaining TVET college campuses. The construction is in process. The construction was delayed due to the COVID-19 lockdown regulations.

33.5.3 Skill development research, innovation and advocacy

During the 2021/22 financial year, the NSF spent R1 million towards skills development research, innovation and advocacy initiatives, which is R8 million below the budget of R9 million. The main reason for the underspending relates to implementation of the NSA Constituency Capacity Building Programme, as well as non-spending by the Human Resource Development Council (HRDC) with regard to skills development research, innovation and advocacy.

5.10 Notes to the Annual Financial Statements

33. Notes to the statement of comparison of budget and actual amounts (continued)

33.6 Employee cost

The actual employee cost is 26,7% below the budgeted employee costs. The reason for the underspending is mainly due to the slow pace at which the DHET HRM function to fill vacant positions for the NSF, taking longer than average to fill a position from the date of advertisement and taking long to advertise vacant positions. The slow pace at which the DHET's HRM function fills vacant positions has negatively impacted all the NSF's functions. Operationally, the NSF is already experiencing the dire consequences as a result thereof.

33.7 Operating expenses

The actual operating expenses is 9% below the budgeted operating expenses. 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, DHET shared services charge based on the NSF's staff establishment, operating leases of facilities and office equipment, printing and publications, resettlement costs, security, software expenses, stationery, telephone and fax, travel and subsistence. The NSF's high vacancy rate and the COVID-19 restrictions are the main attributors towards the underspending on operating expenses.

33.8 Management fees and bank charges

Management fees and bank charges are 7,9% 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.

33.9 Collection cost to SARS Levy collection costs

There was a saving of 19,2% (R11 million) on the actual levy collection costs incurred by SARS for the period in comparison to the costs budgeted due to efficiencies in the SARS collection processes.

5.10 Notes to the Annual Financial Statements

34. Irregular expenditure

Notes	2020/21 Restated R'000	2020/21 Restated R'000
Reconciliation of irregular expenditure:		
Opening balance - previous year	433 730	432 543
Add: Irregular expenditure incurred during the year	1 305 662	1 252
Exceeded approved budget to fund NSFAS shortfall project	1 305 662	
Secure hosted exchange and archiving environment of the electronic mail network		1 252
Less: Amounts condoned		(65)
Irregular expenditure awaiting condonation	1 739 392	433 730
Analysis of irregular expenditure per age classification:		
	2021/22 R'000	2020/21 Restated R'000
Current year	1 305 662	1 252
Previous years	433 730	432 543
Less: Amounts condoned		(65)
Total	1 739 392	433 730

34.1 Appointment of TVET college construction contractors

TVET college infrastructure development is centrally managed by the DHET and financed through the NSF in terms of the MOA between the DHET and the NSF. Hence, the following is managed centrally by the DHET:

1. all procurement of TVET college infrastructure development, which includes the award of tenders to the principal agent and construction contractors; and
2. implementation oversight of the TVET college infrastructure development

Irregular expenditure amounting to R22,311 million (2018/19: R4,498 million) is the result of expenditure incurred relating to bids that were awarded in contravention of Construction Industry Development Board (CIDB) standards.

Construction Industry Development Board (CIDB) Regulation 17 stipulates that a contractor's grading for general building works (GB) should be in line with the value of the contract. A potential emerging contractor (PE) should be at a grade lower than the required grade. In the terms of reference of tenders awarded, the requirements stipulated a CIDB grading of 7 GB PE, which is an indication that the project value could be up to R130 million. The two tender awards for tender DHET041 were for contracts valued at between R167 million and R194 million.

5.10 Notes to the Annual Financial Statements

34. Irregular expenditure (continued)

CIDB Regulation 25(7A) allows the award of tenders outside the tender value range; however, certain provisions are stipulated, amongst others:

- The margin of the tender exceeding the tender value range should be reasonable (according to Regulation 25(3) the limit is 20%).
- The award does not pose undue risk (in terms of experience or work capacity and financial capability were evaluated).
- In terms of CIDB Regulation 21(3), the DHET should report to the CIDB the nature of the financial or management support and the benefit derived from such support in the development of the contractor.

Two of the tenders awarded to contractors exceeded the permissible margin of the tender according to CIDB Regulation 25(3) and posed undue risks as these contractors were considered not to have the financial and work capability to successfully complete the projects.

The appointment of the above contractors was done by the DHET after the construction tender was re-advertised for the second time. The first tender was cancelled due to the DHET not receiving any proposals that met the necessary criteria. After a second re-advertisement, a significantly lower number of proposals was received. The loss of time due to the second re-advertisement led to the DHET awarding bids to construction contractors for three of the 16 construction sites.

Current status:

Determination tests for the following cases were completed by a service provider (SNG), who has handed over the reports to internal audit for processing. Based on reviews performed, further clarity and updates are required, which are expected to be completed during March 2022.

34.2 Secure hosted exchange and archiving environment of the electronic mail network

In terms of Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17, the Accounting Authority must ensure that contracts are not varied by more than 15% or R15 million for all goods and services that are not construction related.

During the 2019/20 financial year, additional costs amounting to R1,777 million were incurred on the secure hosted exchange and archiving environment services of the electronic mail network, which exceeded the 15% allowable margin as per Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17 and is, thus, irregular. The reasons for the irregular expenditure are still under determination.

Current status:

Determination tests for the following cases were completed by a service provider (SNG), who has handed over the reports to internal audit for processing. Based on reviews performed, further clarity and updates are required, which are expected to be completed during March 2022.

5.10 Notes to the Annual Financial Statements

34. Irregular expenditure (continued)

34.3 The appointment of a consultant to render events and conferencing services

Irregular expenditure amounting to R103 000 in the 2018/19 financial year was incurred as a result of the appointment of a consultant to render events and conferencing services to the DHET (including the NSF), which was in contravention with Treasury Regulation 16A6.3. The advertisement of the bid was for a period shorter than 21 days, as stipulated in Treasury Regulation 16A6.3. However, the motivation for the shorter period was not adequately supported nor was the procurement an emergency.

Current status:

The Director-General of Higher Education and Training, as Accounting Authority of the NSF, appointed the NSF Internal Audit to conduct an independent determination test in accordance with the National Treasury's Irregular Expenditure Framework. The determination test by the NSF internal audit is in progress – reporting phase.

34.4 The appointment of travel agency to render travel agency services

Irregular expenditure was incurred in the 2016/17 financial and previous financial years as a result of the appointment of a consultant to render travel agency services to the DHET (including the NSF), which was in contravention with Treasury Regulation 16A6.3. The advertisement of the bid was for a period shorter than 21 days, as stipulated in Treasury Regulation 16A6.3. However, the motivation for the shorter period was not adequately supported nor was the procurement an emergency.

Current status:

Determination tests for the following cases were completed by a service provider(SNG) who has handed over the reports to internal audit for processing- Based on reviews performed further clarity and updates are required which are expected to be complete during March 2022

34.5 Exceeded approved budget to fund the NSFAS shortfall project

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 shortfall for the NSFAS for the 2021 academic year to provide reimbursement funding to 48 919 learners who are funded by the NSFAS. The initial budget was based on the anticipated levies and total revenue to be received, as per the estimates from the National Treasury, which amounted to R4,4 billion for the 2021/22 financial year.

Approved funding to the value of R3,3 billion was made available after approval by the Minister of Higher Education on 13 June 2021. In October 2021, the NSF obtained approval from the National Treasury to retain the surplus. This letter detailed the use of R3,3 billion of the surplus for the NSFAS shortfall project. The NSFAS shortfall project was officially presented at the NSF Funding Recommendations Committee on 7 December 2021. The MOA between the NSF, the DHET and the NSFAS was concluded on 23 March 2022 and the availability of funds certificate was approved and signed on 22 March 2022 and the request for the withdrawal of the surplus funds from the PIC was made on 7 of March 2022.

The over-expenditure is mainly due to the disbursement of R1,2 billion on 30 March 2022 towards the NSFAS shortfall project using available NSF surplus funds requested from the PIC during March 2022.

5.10 Notes to the Annual Financial Statements

34. Irregular expenditure (continued)

The Ministerial approval of the R3,3 billion funding was earmarked for the NSF to augment the 2021 shortfall for the NSFAS for the 2021 academic year to provide reimbursement funding to 48 919 learners, who are funded by the NSFAS. The remaining balance of R2,1 billion was then accrued (disclosed as part of accruals for the 2021/22 financial year) as part of reimbursement expenditure towards NFSAS for expenditure incurred in the 2021 academic year, but was not yet paid by the NSF as at 31 March 2022.

35. Fruitless and wasteful expenditure disclosure

	Notes	2021/22 R'000	2020/21 R'000
Reconciliation of fruitless and wasteful expenditure			
Opening balance		67 160	5 619
Add: Fruitless expenditure incurred during the year		-	
Centre for Education Policy Development project	35 .1	-	28 965
Aliwal North TVET infrastructure project	35 .2	-	464
Sterkspruit infrastructure project	35 .3	-	1 667
Emanzini Staffing Solutions Project	35 .4		3 067
ADA holdings Ingwe TVET College Project	35 .5		13 720
Rubicon communications project	35 .6		2 458
Chippa Training Academy	35 .7		11 200
Motheo Construction Group	35 .8	3 824	
WE Chris Hani Institute	35 .9	2 534	
Closing balance		73 518	67 160

35.1 Centre for Education Policy Development project (CEPD)

The DHET, through the NSF, approved funding towards the Centre for Education Policy Development (CEPD) for the following two projects:

- 1) Capacity development project for student leadership and organisations in the South African post-school institutions. The project duration was approved for 1 July 2015 to 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 to 31 December 2017, with an approved budget of R88 924 557,85.

On 14 June 2017, the CEPD informed the DHET of the operational risks and challenges that the CEPD was facing and the challenge regarding its continued existence. In the correspondence, the 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 the 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

5.10 Notes to the Annual Financial Statements

35. Fruitless and wasteful expenditure disclosure (continued)

of the creditors of the CEPD in order to recoup any possible remaining project funds. The request for the DHET to register as a creditor was on the basis that the MOA was between the DHET and the CEPD and not between the NSF and the CEPD. Hence, the NSF could not register as a creditor. The DHET, however, failed to register as a creditor of the CEPD; hence, some of the NSF project funds could not be recouped.

Current status:

Internal audit was appointed to conduct a determination test to establish whether fruitless and wasteful expenditure was incurred. The final determination report is still outstanding – the final report is to be handed to Head of the Loss Control Function once it has been signed off for further processing. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R28 965 000.

35.2 Aliwal North TVET infrastructure project

Payment Certificate 29 of an amount of R464 140 (R403 600 excluding VAT) was paid to the contractor for remedial work relating to sewer pipe lifting. It has been indicated by management that the project is still active and the final account is yet to be done. However, the issue at hand is that remedial work was certified and paid for. This indicated that the work that was performed before the remedial work was not satisfactory and the defaults were not detected before the approval of payment.

Current status:

Delta Built Environment Consultant was appointed to investigate the audit findings raised in the 2020/21 audit by the Auditor General of South Africa (AGSA), and to provide a report as a follow-up finding and analyse those findings from a technical point of view at Aliwal North by verifying contracts, construction drawings, the Bill of Quantity, variation order and site instructions. Delta BEC has concluded the following:

- Project delays: The principal agent failed to grant or refuse the claim within the period stipulated in Clause 23.7 of the Joint Building Contracts Committee (JBCC). Therefore, the contractor's claim was refused, as per Clause 23.8 of the JBCC. The contractor has, however, given notice of disagreement, as per Clause 30.1. The dispute is ongoing between the parties.
- Claimed items without variation orders: Variation orders were provided to substantiate the items claimed. Therefore, no irregular expenditure has been identified since the payment was made in accordance with Clause 25.3 of the JBCC.
- Understatement of fruitless and wasteful expenditure: The principal agent's failure to attend to the contractor's request of inspection, which is part of the principal agent's scope of work, has resulted in fruitless and wasteful expenditure amounting to R464 140. The amount should be recovered from the principal agent.

35.3 Sterkspruit infrastructure project

Application of extension of time that was additional work required for ground improvements, which resulted in the application of extension of time for 151 days. As per the information on the application, the revised drawings were issued on 27 August 2018. However, the notice of the intension to submit a claim for a revision of practical completion was issued on 23 March 2019, which was approximately seven months after the contractor became aware of the event. This indicates that the application was in contravention of Clause 23.4.2 of JBCC Edition 6.1, which indicates that the contractor has forfeited the right to claim.

5.10 Notes to the Annual Financial Statements

35. Fruitless and wasteful expenditure disclosure (continued)

Current status:

Delta Built Environment Consultant was appointed to investigate the audit findings raised in the 2020/21 audit by the AGSA and to provide a report as a follow-up finding and analyse those findings from a technical point of view at the Sterkspruit campus under Ikhala College by verifying contracts, construction drawings, the Bill of Quantity, variation order and site instructions.

Delta Built Environment Consultant has concluded the following:

- Claimed items without variation orders: No irregular expenditure has been identified since payment was made in accordance with Clause 25.3 of the JBCC, with works validated by relevant written instructions and drawings.
- Understatement of fruitless and wasteful expenditure – claimed quantities not aligned to drawings: No irregular expenditure has been identified, although the principal agent broke protocol by issuing a site instruction without updating the Bill of Quantity, the payment was made in accordance with Clause 25.3 of the JBCC, with works validated by relevant instructions and drawings.
- Understatement of fruitless and wasteful expenditure and overstatement of TVET college infrastructure assets on account of items not found on site – the delivered fittings are not in accordance with Drawing MSW-1338- DWG-03-001/90-03. A total of R425 430 is to be recovered from the contractor.

35.4 Emanzini Staffing Solutions project

The DHET, through the NSF, approved funding towards the Emanzini Staffing Solutions project for the period September 2016 to March 2019. The approved project amount was R31 768 800,00.

Current status:

Internal audit was appointed to conduct a determination test to establish whether fruitless and wasteful expenditure was incurred. The final determination report is still outstanding. The final report is to be handed to Head of the Loss Control Function once it has been signed off for further processing. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R3 067 000.

35.5 ADA holdings Ingwe TVET College project

The DHET, through the NSF, approved funding towards the ADA holdings Ingwe TVET College project for the amount of R187 416 057,00 and period April 2014.

Current status:

Internal audit was appointed to conduct a determination test to establish whether fruitless and wasteful expenditure was incurred. The final determination report is still outstanding. The final report is to be handed to Head of the Loss Control Function once it has been signed off for further processing. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R13 720 000.

35.6 Rubicon Communications project

The DHET, through the NSF, approved funding of R4 138 750,00 towards the Rubicon Communication project for the period October 2018 to December 2019.

5.10 Notes to the Annual Financial Statements

35. Fruitless and wasteful expenditure disclosure (continued)

Current status:

Internal audit was appointed to conduct a determination test to establish whether fruitless and wasteful expenditure was incurred. The final determination report is still outstanding. The final report is to be handed to Head of the Loss Control Function once it has been signed off for further processing. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R2 458 000.

35.7 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 second 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 final determination report is still outstanding. The final report is to be handed to Head of the Loss Control Function once it has been signed off for further processing. The determination test concluded that the possible fruitless and wasteful expenditure amounts to R11 200 000.

35.8 Motheo Construction Group

Additional works or delays caused by foundation changes and late establishment.

35.9 WE Chris Hani Institute

Duplicate claim of expenditure

36. 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:

36.1 Principal-agent arrangement between the NSF and the PIC

Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and the PIC related to the management of the NSF's investments with financial institutions for the benefit of the NSF. Therefore, the PIC is the agent and the NSF is the principal. In order 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 versus 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

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

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 the NSF and the 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 the 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.

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. Therefore, the PIC is the agent and the NSF is the principal. In order 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 the NSF and the PIC is that synergies for investment management are attained. It is more cost efficient and effective for the PIC to have leverage of its existing investment management systems and capacity to manage the NSF's investment on behalf of the NSF than for the NSF to establish its own investment management systems and capacity. A significant risk associated with the relations with the PIC 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 to these Annual Financial Statements.

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

Fee paid as compensation to the PIC:

The management fees and expenses paid by the NSF to the PIC amount to R2 795 000 (2020/21: R2 457 000), which are disclosed in Note 5 to these 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.

36.2 Principal–agent arrangement between the NSF and the 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 the DHET related to the handing over of completed TVET college campuses to the respective TVET colleges (beneficiaries) for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

Principal versus 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 predetermined.

Significant terms and conditions of the arrangement:

The binding principal–agent arrangement between the NSF and the 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 the DHET:

- The preamble to the contract states that the DHET is tasked with project management for the TVET college campus development, and will act as an agent between the NSF and the TVET colleges, who are the eventual beneficiaries of the infrastructure development funded by the NSF and the SETAs.
- The DHET undertakes to manage the project effectively ensuring that the expenses are relating to the • TVET college campus development.
- The DHET undertakes to ensure that all procurement of the TVET college campus development adheres to the requirements of the PFMA, 1999 and related Treasury Regulations.
- The 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.
- The DHET undertakes to provide and assist the NSF will all relevant supporting documentation as the NSF, the NSF's auditors, employees or agents, may require with regard to the TVET college infrastructure development.

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

- The DHET undertakes to report monthly to the NSF regarding the progress of the TVET college infrastructure development.
- The NSF shall keep a proper record of all payments and expenses that the NSF is reimbursed in relation to the TVET college infrastructure development project.
- The NSF shall keep a proper record of all funding received from the SETAs and still owing by the SETAs in relation to the TVET college campus 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 the DHET related to the handing over of the completed TVET college campuses to the respective TVET colleges, for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

The benefit of this relationship between the NSF and the DHET is that DHET, as the custodian for the TVET college system, undertakes all the required procurement and stakeholder negotiations in order to ensure the project is a success. A significant risk associated with the relations with DHET is non-compliance to supply chain management (SCM) legislation and budget overruns on the TVET college infrastructure development. The risk is mitigated through the monitoring of the project and the involvement of probity officers in the procurement process, which provides oversight over the SCM processes followed.

Fee paid as compensation to the 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.

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 have not yet been handed over to the respective TVET colleges, and are, therefore, under the custodianship of the DHET:

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

TVET college campus assets and other		2021/22 R'000			2020/21 R'000		
Site	TVET college	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Aliwal North	Ikhala	136 983	-	136 983	133 661	-	133 661
Balfour	Gert Sibande	137 812	-	137 812	70 256	-	70 256
Bhambanana	Umfolozzi	196 523	-	196 523	196 523	-	196 523
Giyani	Letaba	-	-	-	-	-	-
Graaff-Reinet	Eastern Cape Midlands	121 903	-	121 903	121 807	-	121 807
Greytown	UMgungu-ndlovu	151 873	-	151 873	108 424	-	108 424
KwaGqikazi	Mthashana	115 579	-	115 579	96 785	-	96 785
Msinga	UMgungu-ndlovu	160 819	-	160 819	151 706	-	151 706
Ngqungqushe (Lusikisiki)	Ingwe	177 130	-	177 130	140 755	-	140 755
Nongoma	Mthashana	-	-	-	147 963	-	147 963
Sterkspruit	Ikhala	179 186	-	179 186	170 635	-	170 635
Thabazimbi	Waterberg	-	-	-	-	-	-
Umzimkhulu	Esayidi	-	-	-	130 573	-	130 573
Total		1 377 808	-	1 377 808	1 469 088	-	1 469 088

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 MOA have been stipulated.

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

36.3 Principal–agent arrangement between the NSF and the NSFAS

Description of the arrangement and transactions undertaken:

A principal–agent arrangement exists between the NSF and the NSFAS related to the administration and payment of bursaries to students with regard 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 versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal–agent arrangement with the 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.

Significant terms and conditions of the arrangement:

The binding principal–agent arrangement between the NSF and the NSFAS are 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 the NSF shall provide funding thereof.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The NSFAS and the National Research Foundation (NRF) 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, who the beneficiaries are who have been awarded the bursaries and how they are progressing.
- The NSFAS receives a marginal percentage of the funding to administer the bursary schemes (approximately 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 the 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 the NSFAS is that the NSFAS already has a bursary administration system in place, which does not require the NSF to duplicate such systems. A significant risk associated with the relationship with the 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 the monitoring of the bursary schemes by the NSF.

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

Resources (including assets and liabilities) of the NSF that are under the custodianship of the NSFAS:

	2021/22 R'000	2020/21 R'000
Deferred expenditure related to skills development funding	-	382 667
Accruals related to skills development funding	12 403	-
Payments related to skills development programmes and projects	-	381 287
Finance income from advance payments to skills development programmes and projects	-	13 200
Skills development funding expense	-	367 521

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 the NSFAS has paid over to students and their universities, which may not have been settled yet by the NSF, including the management fees thereon.

36.4 Principal–agent arrangement between the NSF and the NRF

Description of the arrangement and transactions undertaken:

A principal–agent arrangement exists between the NSF and the NRF related to the administration and payment of bursaries to students with regard 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 versus 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 the NSF and the 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 the NSF from time to time and that the NSF shall provide funding thereof.
- 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 bursary schemes, which is defined by the NSF.
- The NRF must report back to the NSF on the use of funds towards bursaries, who the beneficiaries are who have been awarded the bursaries and how they are progressing.
- The NRF receives a marginal percentage of the funding to administer the bursary schemes (approximately 5%). There were no significant changes to the arrangement during the current financial year.

5.10 Notes to the Annual Financial Statements

36. 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 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 benefit of this relationship between the NSF and the NRF is that the NRF already has a bursary administration system in place, which does not require the NSF to duplicate such systems. A significant risk 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 the monitoring of the bursary schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the NRF:

	2021/22 R'000	2020/21 R'000
Deferred expenditure related to skills development funding	-	-
Accruals related to skills development funding	-	10 071
Payments related to skills development programmes and projects	461 730	-
Finance income from advance payments to skills development programmes and projects	-	1 103
Skills development funding expense	15 745	149 370

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 the NRF has paid over to students and their universities, which may not have been settled yet by NSF, including the management fees thereon.

36.5 Principal–agent arrangement between the NSF and the DHET with regard 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 is funded by the NSF for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

Principal versus 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.

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

Significant terms and conditions of the arrangement:

The binding principal–agent arrangement between the NSF and the DHET are 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 the NSF shall provide funding thereof.
- 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, who the beneficiaries are who have been awarded the bursaries and how they are progressing.
- The DHET receives a marginal percentage of the funding to administer the bursary schemes (approximately 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 the 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 the DHET is that the DHET already has an international scholarship administration system in place, which does not require the NSF to duplicate such systems. A significant risks associated with the relationship with the DHET is 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 of the international scholarship schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the DHET:

	2021/22 R'000	2020/21 R'000
Deferred expenditure related to skills development funding	32 066	45 896
Accruals related to skills development funding	55 619	516 138
Payments related to skills development programmes and projects	619 971	332 404
Finance income from advance payments to skills development programmes and projects	30	143
Skills development funding expense	208 528	516 760
Transfers from DHET-Presidential Youth Programme	100 000	

5.10 Notes to the Annual Financial Statements

36. Principal–agent arrangements (continued)

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 DHET has paid over to students and their universities, which may not have been settled yet by NSF, including the management fees thereon.

37. Key management personnel

	2021/22 R'000			2020/21 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	2 018	77	-	1 467	77	
Director: Legal, Governance, Risk and Compliance	1 109	67	-	1 041	64	
Director: Public Relations and Communications	1 031	63	-	996	62	
Director: Internal Audit	1 285		-	1 246	-	
Director: Human Resource	273					
Sub-total	5 716	207	-	4 750	203	0
FINANCE						
Chief Financial Officer	1 613	-	-	948	123	
Directors: Fund Management (acting)	66	-	-	865	86	-
Directors: Financial Management and Administration (acting)		-	-	412	-	-
Directors: Financial Planning and Reporting	76		-	1 026	95	
Directors: Financial Planning and Reporting (acting)	173	1				-
Director: Supply Chain Management	1 061	64	10	996	62	
Sub-total	2 989	64	10	4 247	366	0

5.10 Notes to the Annual Financial Statements

37. Key management personnel (continued)

	2021/22 R'000			2020/21 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	189			938	70	4
Director: Initiation and Evaluation	1 175	100		1 105	68	1
Director: Bursaries	1 093	93		1 026	64	
Director: Programme Monitoring	1 075	73		1 173	73	
Director: Regional Skills Development Monitoring (FS, NW & NC)	1 061	63		996	62	
Regional Skills Development (GP, LP & MP)	1 032	63		996	62	
Director: Regional Skills Development Monitoring (KZN & EC)	1 175	71		1 105	68	6
Director: Regional Skills Development Monitoring (WC, NC & EC)	635		98	1 089	-	2
Sub-total	7 435	463	98	8 428	467	13
STRATEGY PARTNERSHIPS AND INNOVATION						
Chief Director: Strategy, Organisational Performance and Innovation	1 216	74	-	1 178	73	-
Director: ICT and Analytics			-	474	77	-
Sub-total	1 216	74	-	1 652	150	0
TOTAL	17 356	809	108	19 077	1 186	13

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.

ANNEXURES



ANNEXURE A

Commitments and Earmarked Funds as at 31 March 2022

Funds committed contractually at reporting date

Funds committed contractually are commitments where the NSF has a contractual obligation to fund skills development programmes/projects or administrative projects. With a contractual obligation there is a written agreement with specific terms between the NSF and 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

Funds earmarked towards skills development programmes and projects, which have been approved at year-end, but not yet contracted

Funds earmarked towards skills development programmes/projects, which have been approved at year-end, but not yet contracted are skills development programmes/ projects that have been approved by the Director-General of Higher Education and Training or his delegated authority as at year-end but have not yet been contracted or contracting is still in process at year-end and will be concluded after year-end.

Summary of commitments and earmarked funds as at 31 March 2022	R'000
Approved and contracted (<i>acquisition of property, plant and equipment - skills infrastructure development</i>)	1 084 881
Approved and contracted (<i>education and training, and PSET improvement</i>)	4 695 586
Approved and not yet contracted (<i>education and training, and PSET improvement</i>)	5 924 044
Total commitments	11 704 511
Total accumulated surplus at 31 Mar 2022	8 834 973
(Over)committed and earmarked at 31 Mar 2022	(2 869 538)

ANNEXURE B List of Skills Development Programmes and Projects Funded

NSF reference number	NSF project name	Contract value	Project start date	Project end date	Programme	Remaining commitment	Core business unit
SKILLS DEVELOPMENT FUNDING							
Bursaries and Scholarships							
NSF/16/1/1/1	BS: NRF	1 729 071 566,03	01-Jan-11	31-Dec-22	SKILLS DEVELOPMENT FUNDING	-	Bursaries
NSF/16/1/1/5	BS: NSFAS	1 246 167 356,25	01-Jan-19	31-Dec-22	SKILLS DEVELOPMENT FUNDING	-	Bursaries
NSF/16/1/1/3	BS: International Scholarship	134 896 285,00	15-Apr-14	31-Jul-22	SKILLS DEVELOPMENT FUNDING	-	Bursaries
NSF/17/1/1/1	BS-2: DHET-NSFAS 2021 shortfall	3 301 989 000,00	01-Apr-21	31-Dec-22	SKILLS DEVELOPMENT FUNDING	2 063 743 125,00	Bursaries
Occupational Programmes (TVET Colleges)							
NSF/16/1/2/27	OP: TVET-2: Ikhalo	40 880 737,25	18-Oct-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	2 666 654,36	Eastern Cape & KZN
NSF/16/1/2/31	OP: TVET-2: Lovedale	39 882 000,00	23-Nov-16	30-Jun-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/2/74	OP: TVET-2: West Coast	64 284 500,00	23-Jan-17	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Western Cape & Northern Cape
NSF/16/1/2/40	OP: TVET-2: Sedibeng	40 046 131,00	29-Sep-16	31-Dec-22	SKILLS DEVELOPMENT FUNDING	13 305 485,27	Gauteng, North West & Free State
NSF/16/1/2/45	OP: TVET-2: Coastal	38 155 000,00	28-Sep-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	4 097 774,97	Eastern Cape & KZN
NSF/16/1/2/46	OP: TVET-2: Elangeni	39 882 000,00	08-Dec-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	8 680 433,94	Eastern Cape & KZN
NSF/16/1/2/48	OP: TVET-2: Majuba	64 284 500,00	16-Nov-16	30-Jun-21	SKILLS DEVELOPMENT FUNDING	560 409,07	Eastern Cape & KZN
NSF/16/1/2/52	OP: TVET-2: Umfolozi	64 284 500,00	27-Sep-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/2/53	OP: TVET-2: Umgungundlovu	64 284 500,00	29-Sep-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	10 682 610,39	Eastern Cape & KZN
NSF/16/1/2/57	OP: TVET-2: Mopani South East	64 284 500,00	01-Dec-16	31-Dec-22	SKILLS DEVELOPMENT FUNDING	19 586 598,04	Limpopo & Mpumalanga
NSF/16/1/2/58	OP: TVET-2: Sekhukhune	65 559 740,25	08-Nov-16	31-Aug-22	SKILLS DEVELOPMENT FUNDING	33 204 582,75	Limpopo & Mpumalanga
NSF/16/1/2/59	OP: TVET-2: Vhembe	65 994 045,72	05-Dec-16	31-Aug-22	SKILLS DEVELOPMENT FUNDING	24 274 791,83	Limpopo & Mpumalanga
NSF/16/1/2/62	OP: TVET-2: Gert Sibande	65 092 242,57	23-Jan-17	31-Mar-21	SKILLS DEVELOPMENT FUNDING	10 116 565,56	Limpopo & Mpumalanga
NSF/16/1/2/64	OP: TVET-2: Orbit	39 882 000,00	14-Oct-16	31-Mar-22	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/2/67	OP: TVET-2: Northern Cape Rural	64 284 500,00	18-Oct-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	4 994 887,16	Western Cape & Northern Cape
NSF/16/1/2/68	OP: TVET-2: Northern Cape Urban	39 882 000,00	06-Oct-16	30-Jun-22	SKILLS DEVELOPMENT FUNDING	-	Western Cape & Northern Cape
NSF/16/1/2/70	OP: TVET-2: College of Cape Town	67 877 500,00	12-Dec-16	30-Jun-21	SKILLS DEVELOPMENT FUNDING	-	Western Cape & Northern Cape
NSF/16/1/2/71	OP: TVET-2: False Bay	36 928 772,85	19-Jan-17	30-Sep-21	SKILLS DEVELOPMENT FUNDING	-	Western Cape & Northern Cape
NSF/16/1/2/73	OP: TVET-2: South Cape	64 284 500,00	12-Jan-17	31-Dec-21	SKILLS DEVELOPMENT FUNDING	2 586 957,75	Western Cape & Northern Cape
NSF/16/1/2/81	OP: Umfolozi Maritime	103 479 456,58	30-Nov-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	682 809,42	Eastern Cape & KZN
NSF/16/1/2/49	OP: TVET-2: Nmanintshi	27 025 000,00	15-Nov-16	30-Jun-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/2/29	OP: TVET-2: King Hintsa	27 025 000,00	01-Feb-17	31-Mar-21	SKILLS DEVELOPMENT FUNDING	2 575 999,03	Eastern Cape & KZN
NSF/16/1/2/51	OP: TVET-2: Thekwini	27 131 087,83	28-Mar-17	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/2/25	OP: TVET-2: Buffalo City	59 434 094,71	12-Dec-16	30-Jun-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/2/61	OP: TVET-2: Ehlanzeni	46 977 744,00	31-Mar-17	31-Jul-21	SKILLS DEVELOPMENT FUNDING	26 182 589,08	Limpopo & Mpumalanga
NSF/16/1/2/50	OP: TVET-2: Mthashana	64 284 500,00	28-Mar-17	31-Mar-22	SKILLS DEVELOPMENT FUNDING	20 967 836,40	Eastern Cape & KZN
NSF/16/1/2/54	OP: TVET-2: Capricorn	57 877 500,00	08-Nov-16	30-Jun-22	SKILLS DEVELOPMENT FUNDING	21 682 152,81	Limpopo & Mpumalanga
NSF/16/1/2/55	OP: TVET-2: Lephalale	39 989 500,00	24-Oct-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	765 484,29	Limpopo & Mpumalanga
NSF/16/1/2/66	OP: TVET-2: Vuselela	33 475 000,00	01-Nov-16	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/2/26	OP: TVET-2: Eastcape Midlands	39 882 000,00	09-Sep-16	31-May-22	SKILLS DEVELOPMENT FUNDING	22 745 223,52	Gauteng, North West & Free State
NSF/16/1/2/36	OP: TVET-2: Motheo	66 181 470,05	28-Oct-16	31-Jul-22	SKILLS DEVELOPMENT FUNDING	27 483 906,58	Eastern Cape & KZN
NSF/16/1/2/34	OP: TVET-2: Goldfields	47 931 170,00	28-Sep-16	31-Mar-22	SKILLS DEVELOPMENT FUNDING	24 180 645,00	Gauteng, North West & Free State
NSF/16/1/2/35	OP: TVET-2: Maluti	27 025 000,00	27-Jun-18	30-Sep-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/2/38	OP: TVET-2: Ekurhuleni East	53 697 500,00	01-May-18	31-Dec-22	SKILLS DEVELOPMENT FUNDING	17 193 898,38	Gauteng, North West & Free State
NSF/16/1/2/60	OP: TVET-2: Waterberg	64 956 289,00	15-Mar-17	31-Oct-22	SKILLS DEVELOPMENT FUNDING	22 367 608,25	Limpopo & Mpumalanga
NSF/16/1/2/43	OP: TVET-2: Tshwane South	33 475 000,00	01-Jan-18	30-Jun-21	SKILLS DEVELOPMENT FUNDING	11 894 989,99	Limpopo & Mpumalanga
NSF/16/1/2/39	OP: TVET-2: Ekurhuleni West	28 726 641,97	01-Jun-18	31-Mar-22	SKILLS DEVELOPMENT FUNDING	11 038 761,32	Gauteng, North West & Free State
NSF/16/1/2/83	NSFNAD: DSPP - IOPSA	24 983 372,95	01-Aug-16	31-Dec-22	SKILLS DEVELOPMENT FUNDING	5 430 236,89	Programme Monitoring
NSF/16/1/2/28	OP: TVET-2: Ingwe	27 492 195,00	21-Nov-17	30-Jun-22	SKILLS DEVELOPMENT FUNDING	131 577,35	Eastern Cape & KZN
NSF/16/1/2/30	OP: TVET-2: King Sabata	67 452 654,00	22-Sep-17	30-Jun-22	SKILLS DEVELOPMENT FUNDING	12 575 228,97	Eastern Cape & KZN
NSF/16/1/2/56	OP: TVET-2: Letaba	27 025 000,00	16-Oct-17	30-Jun-22	SKILLS DEVELOPMENT FUNDING	2 895 433,62	Limpopo & Mpumalanga
NSF/16/1/2/84	DSPP ECA	17 320 920,30	01-Apr-18	30-Jun-22	SKILLS DEVELOPMENT FUNDING	259 233,62	Programme Monitoring
NSF/16/1/2/37	OP: TVET-2: Central JHB	33 475 000,00	30-Apr-18	31-Oct-21	SKILLS DEVELOPMENT FUNDING	23 929 098,31	Gauteng, North West & Free State
NSF/16/1/2/33	OP: TVET-2: Flavius Mireka	27 025 000,00	01-Jul-18	31-Jan-22	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/2/63	OP: TVET-2: Nkangala	27 801 515,50	01-Aug-17	30-Jun-21	SKILLS DEVELOPMENT FUNDING	23 898 584,42	Limpopo & Mpumalanga

ANNEXURE B List of Skills Development Programmes and Projects Funded

NSF reference number	NSF project name	Contract value	Project start date	Project end date	Programme	Remaining commitment	Core business unit
SKILLS DEVELOPMENT FUNDING							
Skills Programmes (Part Qualifications)							
NSF/16/1/3/11	SP: SEDA (BESD) Programme	84 000 000,00	17-Apr-12	31-Oct-23	SKILLS DEVELOPMENT FUNDING	3 384 885,80	Programme Monitoring
NSF/16/1/3/21	SP: Yikhonolokho Women and Youth Primary Co-operative Limited (YWPYC)	39 613 750,00	01-Jan-18	30-Jun-22	SKILLS DEVELOPMENT FUNDING	557 541,94	Eastern Cape & KZN
NSF/16/1/3/22	Catholic Institute of Education	23 405 721,00	01-Jul-18	31-Mar-21	SKILLS DEVELOPMENT FUNDING	-	Programme Monitoring
NSF/16/1/3/25	MPUMALANGA - DARDIEA	90 872 127,50	15-Jun-18	30-Jun-22	SKILLS DEVELOPMENT FUNDING	35 801 082,29	Limpopo & Mpumalanga
NSF/16/1/3/42	Dept of Correctional Services - DCS	87 201 694,00	20-Dec-18	31-Mar-24	SKILLS DEVELOPMENT FUNDING	37 838 386,17	Programme Monitoring
Worker Education							
NSF/16/1/5/3	WE: Chris Hani Institute	45 902 166,00	01-Apr-17	31-Mar-23	SKILLS DEVELOPMENT FUNDING	13 121 279,56	Worker Education & CCBA related
NSF/16/1/5/6	WE: Ditsela-Project 3	9 576 459,05	01-Jan-18	31-Mar-23	SKILLS DEVELOPMENT FUNDING	5 782 031,00	Worker Education & CCBA related
NSF/16/1/5/7	NSA:CCBA: 3- NACTU	4 829 760,00	01-Mar-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	1 087 474,45	Worker Education & CCBA related
NSF/16/1/5/8	WE: NALEDI	4 752 575,00	01-Jan-18	31-Mar-22	SKILLS DEVELOPMENT FUNDING	-	Worker Education & CCBA related
Workplace-based Learning							
NSF/16/1/4/27	WL: SA Airways Technical (SAAT)	23 796 600,00	30-Mar-15	31-Oct-21	SKILLS DEVELOPMENT FUNDING	2 748 555,67	Gauteng, North West & Free State
NSF/16/1/4/29	WL: NMMU (SAIMI Project)	311 301 443,09	01-Apr-15	30-May-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/4/37	WL: EC Office of the Premier	75 285 000,00	29-Feb-16	30-Jun-22	SKILLS DEVELOPMENT FUNDING	2 433 962,22	Programme Monitoring
NSF/16/1/4/68	WL: Transnet 2	64 500 000,00	11-Jan-17	31-Mar-22	SKILLS DEVELOPMENT FUNDING	15 647 322,87	Gauteng, North West & Free State
NSF/16/1/4/72	WL: Chippa Training Academy	97 831 125,00	01-Nov-19	28-Feb-22	SKILLS DEVELOPMENT FUNDING	1 019 916,54	Eastern Cape & KZN
NSF/16/1/4/79	WL: Qualitas Training	37 676 600,00	01-Jan-18	30-Jun-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/4/80	WL: SFERA TRAINING AND DEVELOPMENT	54 234 180,00	17-Jan-18	30-Jun-21	SKILLS DEVELOPMENT FUNDING	37 650 350,68	Gauteng, North West & Free State
NSF/16/1/4/78	WL: Imperial Technical Training Academy	98 032 131,97	11-Jan-18	31-Dec-23	SKILLS DEVELOPMENT FUNDING	25 804 065,51	Gauteng, North West & Free State
NSF/16/1/4/81	WL: Richards Bay Technical and Assessment Centre	45 932 858,00	01-Jan-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/4/77	WL: Lepelle Northern Water 2	28 698 250,00	02-Aug-17	31-Dec-21	SKILLS DEVELOPMENT FUNDING	3 810 801,31	Limpopo & Mpumalanga
NSF/16/1/4/82	WL: Electrical Contractors Association (ECA)	29 691 500,00	01-Jan-18	30-Jun-21	SKILLS DEVELOPMENT FUNDING	1 906 247,06	Gauteng, North West & Free State
NSF/16/1/4/85	WL: CEP - Sulinymbenzi	38 941 692,25	12-Mar-18	30-Jun-21	SKILLS DEVELOPMENT FUNDING	489 035,17	Eastern Cape & KZN
NSF/16/1/4/104	Kgabo Cars - RURAL DEV	5 321 250,00	01-Oct-18	31-Mar-22	SKILLS DEVELOPMENT FUNDING	660 677,69	Gauteng, North West & Free State
NSF/16/1/4/99	Mahube Training & Development - RURAL DEV	17 988 061,00	13-Aug-18	30-Nov-21	SKILLS DEVELOPMENT FUNDING	-	Limpopo & Mpumalanga
NSF/16/1/4/109	WL: African Global Skills-Rural Dev	9 711 012,50	04-Oct-18	28-Feb-21	SKILLS DEVELOPMENT FUNDING	463 915,19	Western Cape & Northern Cape
NSF/16/1/4/116	Tekmaton - Rural Dev	9 190 024,50	24-Oct-18	31-Jul-22	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/16/1/4/94	Africa Skills Village - Rural Dev.	17 737 500,00	03-Oct-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Limpopo & Mpumalanga
NSF/16/1/4/98	IN-TOUCH Community Development - Rural Dev	14 334 216,00	04-Oct-18	28-Feb-22	SKILLS DEVELOPMENT FUNDING	638 151,25	Limpopo & Mpumalanga
NSF/16/1/4/107	Dinaledi Management & Services - Rural Dev	8 868 750,00	17-Oct-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	944 719,96	Gauteng, North West & Free State
NSF/16/1/4/112	Masakane Trust - Rural Dev	2 865 735,75	24-Oct-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	425 276,03	Programme Monitoring
NSF/16/1/4/128	DTI: TUKISE 2	56 135 423,70	01-Oct-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	569 819,14	Programme Monitoring
NSF/16/1/4/125	Blind SA - Rural Dev	3 251 147,55	01-Oct-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	370 928,44	Gauteng, North West & Free State
NSF/16/1/4/130	NECSA 2	17 698 800,00	02-Jan-18	30-Sep-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/16/1/4/132	Future & Overall Deliveries - Rural Dev	5 641 438,75	01-Oct-18	31-Mar-22	SKILLS DEVELOPMENT FUNDING	1 676 127,76	Gauteng, North West & Free State
NSF/16/1/4/127	Kgabo Cars (PO)	1 721 772,68	01-Sep-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	226 499,10	Gauteng, North West & Free State
NSF/16/1/4/136	Department of Public Works (DPW) - Extended Public Works	228 831 488,00	01-Oct-18	31-Dec-23	SKILLS DEVELOPMENT FUNDING	185 340 588,00	Programme Monitoring
NSF/16/1/4/133	ILINGE LABANTU DEBT SOLUTIONS CC - RURAL DEV	8 611 115,50	04-Feb-19	30-Jun-21	SKILLS DEVELOPMENT FUNDING	319 361,40	Eastern Cape & KZN
NSF/16/1/4/139	NMMU -SAIMI 2	14 849 071,75	01-Apr-18	31-Dec-21	SKILLS DEVELOPMENT FUNDING	9 633 424,26	Eastern Cape & KZN
NSF/16/1/4/138	SA Wildlife College - Rural Dev	3 064 986,25	12-Apr-19	30-Sep-21	SKILLS DEVELOPMENT FUNDING	283 252,09	Limpopo & Mpumalanga
NSF/17/1/4/2	CEP - Eastern Cape	49 151 687,50	12-Feb-20	30-Sep-22	SKILLS DEVELOPMENT FUNDING	5 300 284,40	Eastern Cape & KZN
NSF/17/1/4/1	CSA - FISHERIES WILD COST	56 233 572,50	12-Feb-20	30-Jun-22	SKILLS DEVELOPMENT FUNDING	477 276,36	Eastern Cape & KZN
NSF/17/1/4/4	TOURISM WORLD - UIF	7 794 368,50	10-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/17/1/4/5	PIONEER BUSINESS CONSULTING - UIF	7 187 082,75	09-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	313 527,12	Eastern Cape & KZN
NSF/17/1/4/22	African Global Skills Academy - UIF	17 303 706,00	11-Mar-20	30-Apr-22	SKILLS DEVELOPMENT FUNDING	1 108 504,55	Limpopo & Mpumalanga
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	SKILLS DEVELOPMENT FUNDING	502 709,19	Western Cape & Northern Cape
NSF/17/1/4/15	AGB Mathe Foundation - UIF	8 949 605,66	09-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	61 808,17	Eastern Cape & KZN

ANNEXURE B List of Skills Development Programmes and Projects Funded

NSF reference number	NSF project name	Contract value	Project start date	Project end date	Programme	Remaining commitment	Core business unit
NSF/17/1/4/9	Aubrey Nyiko Business Enterprise - UIF	17 030 444,94	09-Mar-20	30-Nov-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/17/1/4/6	Avive Business Development Services - UIF	7 676 272,25	09-Mar-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	1 039 805,96	Gauteng, North West & Free State
NSF/17/1/4/31	Caroline's Fashion Enterprise - UIF	26 346 375,00	11-Mar-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	1 113 534,50	Gauteng, North West & Free State
NSF/17/1/4/27	Dithipe Development Institute - UIF	9 530 687,50	11-Mar-20	31-Jul-21	SKILLS DEVELOPMENT FUNDING	340 092,74	Limpopo & Mpumalanga
NSF/17/1/4/19	Dzunde Farming Cooperative Limited - UIF	19 616 056,00	11-Mar-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	1 571 214,92	Limpopo & Mpumalanga
NSF/17/1/4/37	Electrical Contractors Association - UIF	8 664 500,00	11-Mar-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	3 189 036,48	Gauteng, North West & Free State
NSF/17/1/4/47	EOH Abantu (Pty) Ltd - UIF	4 974 500,00	01-Oct-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	579 299,36	Gauteng, North West & Free State
NSF/17/1/4/29	Ilunge Labantu Debt Solutions - UIF	4 875 958,13	18-Mar-20	30-Sep-21	SKILLS DEVELOPMENT FUNDING	162 464,85	Eastern Cape & KZN
NSF/17/1/4/18	Liston Agri Solutions - UIF	12 543 437,50	11-Mar-20	28-Feb-22	SKILLS DEVELOPMENT FUNDING	4 752,65	Eastern Cape & KZN
NSF/17/1/4/13	LNT Trading Enterprise - UIF	11 283 476,90	11-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/17/1/4/3	Macademia Skills Academy - UIF	13 165 187,50	11-Mar-20	31-Jul-22	SKILLS DEVELOPMENT FUNDING	179 994,80	Eastern Cape & KZN
NSF/17/1/4/20	Masakane Trust - UIF	10 143 271,29	11-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	4 623 405,18	Limpopo & Mpumalanga
NSF/17/1/4/28	Masana Social Training and Development - UIF	9 271 347,00	11-Mar-20	31-Jan-22	SKILLS DEVELOPMENT FUNDING	448 109,30	Limpopo & Mpumalanga
NSF/17/1/4/14	Miasambi Catering - UIF	6 183 750,00	11-Mar-20	31-Oct-21	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/17/1/4/16	MTL Training and Projects - UIF	17 108 779,50	11-Mar-20	30-Jun-22	SKILLS DEVELOPMENT FUNDING	6 033 180,80	Eastern Cape & KZN
NSF/17/1/4/25	National Institute for the Deaf (NID) - UIF	18 970 205,00	11-Mar-20	30-Jan-23	SKILLS DEVELOPMENT FUNDING	2 940 038,54	Western Cape & Northern Cape
NSF/17/1/4/26	Ndayali's Trading Enterprise - UIF	15 155 387,00	11-Mar-20	31-Jul-22	SKILLS DEVELOPMENT FUNDING	675 617,80	Limpopo & Mpumalanga
NSF/17/1/4/32	Passionate About People - UIF	11 428 125,00	18-Mar-20	31-Dec-22	SKILLS DEVELOPMENT FUNDING	3 848 965,04	Western Cape & Northern Cape
NSF/17/1/4/35	Ratido Training Solutions - UIF	10 029 468,75	13-Mar-20	30-Nov-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/17/1/4/12	Sector Education and Skills Training Organisation - UIF	20 296 350,00	11-Mar-20	30-Jun-22	SKILLS DEVELOPMENT FUNDING	4 122 163,15	Gauteng, North West & Free State
NSF/17/1/4/17	Stable Consultants (Pty) Ltd - UIF	5 284 537,00	10-Mar-20	31-Jul-22	SKILLS DEVELOPMENT FUNDING	-	Eastern Cape & KZN
NSF/17/1/4/21	Talent Emporium Academy - UIF	15 255 299,00	13-Mar-20	31-Dec-21	SKILLS DEVELOPMENT FUNDING	-	Western Cape & Northern Cape
NSF/17/1/4/10	Thabelang Trading Enterprise - UIF	16 828 154,00	09-Mar-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/17/1/4/11	The Royal Dish - UIF	6 574 805,75	09-Mar-20	31-Jul-22	SKILLS DEVELOPMENT FUNDING	517 228,49	Gauteng, North West & Free State
NSF/17/1/4/8	Tsiku Consulting - UIF	9 603 460,00	01-Jul-20	30-Nov-21	SKILLS DEVELOPMENT FUNDING	-	Gauteng, North West & Free State
NSF/17/1/4/30	Urnthombolwazi Consultants - UIF	15 960 245,63	18-Mar-20	30-Apr-22	SKILLS DEVELOPMENT FUNDING	1 762 483,76	Eastern Cape & KZN
NSF/17/1/4/23	VPK Business Venture - UIF	13 393 426,29	11-Mar-20	31-Dec-21	SKILLS DEVELOPMENT FUNDING	342 629,49	Limpopo & Mpumalanga
NSF/17/1/4/24	CSA-UIF	10 670 000,00	11-Mar-20	31-Jul-22	SKILLS DEVELOPMENT FUNDING	4 073 083,11	Eastern Cape & KZN
NSF/17/1/4/36	WL2: City of Cape Town	99 523 500,00	19-Jun-20	31-May-23	SKILLS DEVELOPMENT FUNDING	72 763 204,10	Western Cape & Northern Cape
NSF/17/1/4/38	Wlred Nzo Development Agency	10 900 500,00	06-Sep-20	31-Mar-22	SKILLS DEVELOPMENT FUNDING	341 591,71	Eastern Cape & KZN
NSF/17/1/4/56	Masia Development Agency	58 108 009,34	07-May-21	31-Mar-22	SKILLS DEVELOPMENT FUNDING	28 349 085,84	Limpopo & Mpumalanga
NSF/17/1/4/39	NMVMU - SAIMI (2021-2024)	300 000 000,00	19-Apr-21	31-Jul-24	SKILLS DEVELOPMENT FUNDING	252 321 762,51	Eastern Cape & KZN
NSF/17/1/4/41	Dynamic Youth - Disability	20 245 213,40	01-Apr-21	31-Mar-24	SKILLS DEVELOPMENT FUNDING	11 370 035,96	Eastern Cape & KZN
NSF/17/1/4/42	NID-6 DISABILITY	23 484 162,50	02-Jul-21	30-Apr-24	SKILLS DEVELOPMENT FUNDING	16 074 426,51	Western Cape & Northern Cape
PSET SYSTEM DEVELOPMENT AND CAPACITY BUILDING							
Cross-cutting PSET System Development, Capacity Building and Support							
NSF/10/4/6	DHET PSET Improvement Projects	10 462 689 391,39	06-Mar-14	31-Mar-23	PSET SYSTEM IMPROVEMENT FUNDING	881 370 146,81	Programme Monitoring
NSF/16/2/1/1	CCPSET: NIHSS	746 883 623,00	01-Apr-20	31-Mar-23	SKILLS DEVELOPMENT FUNDING	46 009 905,42	Gauteng, North West & Free State
NSF/16/2/1/33	CCPSET: QCTO - ACCREDITATION	1 754 615,00	01-Jul-18	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	846 522,41	Programme Monitoring
NSF/16/2/1/34	QCTO: Digitisation Learner Records	19 575 750,00	01-Jul-18	30-Sep-22	PSET SYSTEM IMPROVEMENT FUNDING	10 718 932,08	Programme Monitoring
TVET College Sub-System Development, Capacity Building and Support							
NSF/16/2/4/36	TVET: SCBS Saica CFO Support	153 305 320,00	01-Aug-17	31-Dec-23	PSET SYSTEM IMPROVEMENT FUNDING	19 177 542,23	Programme Monitoring
NSF/16/2/4/38	East Cape Midlands TVET College (COS)	7 162 472,38	01-Aug-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Programme Monitoring
NSF/16/2/4/45	Sekhukhune TVET College (COS)	3 443 129,07	01-Aug-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	122 900,06	Programme Monitoring
NSF/16/2/4/42	Umfolozo TVET College (COS)	13 819 884,23	01-Aug-18	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	1 322 250,68	Programme Monitoring
NSF/16/2/4/49	Ishwane South TVET College (COS)	21 027 994,59	01-Aug-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Programme Monitoring
NSF/16/2/4/48	Mopani South East TVET College (COS)	12 465 207,43	01-Aug-18	31-Mar-22	PSET SYSTEM IMPROVEMENT FUNDING	767 632,47	Programme Monitoring
NSF/16/2/4/51	Flavius Mareka TVET College (COS)	10 896 081,26	01-Aug-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Programme Monitoring
NSF/16/2/4/56	Northern Cape Urban TVET College (COS)	4 524 847,82	01-Aug-18	31-Mar-22	PSET SYSTEM IMPROVEMENT FUNDING	733 312,01	Programme Monitoring
NSF/16/2/4/55	Orbit TVET College (COS)	9 455 613,64	01-Aug-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Programme Monitoring
NSF/16/2/4/48	HEADS-2	104 706 143,00	01-Apr-19	30-Jun-23	PSET SYSTEM IMPROVEMENT FUNDING	55 787 036,14	Programme Monitoring
NSF/16/2/4/77	GTAC - PROJECT CHARTER	17 175 484,00	01-Aug-16	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Programme Monitoring
NSF/16/2/1/52	Community College Sub-System Development, Capacity Building and Support	149 994 108,00	01-Mar-18	31-Dec-21	PSET SYSTEM IMPROVEMENT FUNDING	10 293 827,18	Programme Monitoring
SKILLS INFRASTRUCTURE DEVELOPMENT							
NSF/16/3/2/1	TVET College Infrastructure Development	2 880 000 000,00	09-Dec-13	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	724 477 205,19	Programme Monitoring
NSF/16/3/2/8	TVET-ID: DSPP - Ekurhuleni East TVET College	44 798 725,00	02-Jan-16	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	13 300 639,28	Programme Monitoring

ANNEXURE B List of Skills Development Programmes and Projects Funded

NSF reference number	NSF project name	Contract value	Project start date	Project end date	Programme	Remaining commitment	Core business unit
NSF/16/3/2/9	TVET-ID: DPPP - Ekurhuleni West TVET College	25 885 645,00	02-Jan-16	31-Oct-21	PSET SYSTEM IMPROVEMENT FUNDING	2 733 330,82	Programme Monitoring
NSF/16/3/2/11	TVET-ID: DPPP - Port Elizabeth TVET College	28 998 908,11	02-Jan-16	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	12 470 637,90	Programme Monitoring
NSF/16/3/2/10	TVET-ID: DPPP - East Cape Midlands TVET College	25 968 400,00	01-Jul-16	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	14 733 742,20	Programme Monitoring
NSF/16/3/2/13	TVET-ID: False Bay (Swartklip)	180 000 000,00	30-May-18	31-Dec-22	PSET SYSTEM IMPROVEMENT FUNDING	142 974 911,12	Western Cape & Northern Cape
NSF/16/3/2/14	SANREN- SABEN - TVET CONNECTIVITY PROJECT	309 878 444,78	03-May-18	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	148 964 629,82	Programme Monitoring
NSF/16/3/2/15	TVET-ID: DPPP:UMFOLODI TVET COLLEGE	11 080 325,00	01-Jul-19	31-Mar-23	PSET SYSTEM IMPROVEMENT FUNDING	5 467 818,27	Programme Monitoring
NSF/16/3/1/1	UV-ID: Saica Walter Sisulu University	189 454 020,00	03-Jan-12	30-Sep-21	PSET SYSTEM IMPROVEMENT FUNDING	-	Eastern Cape & KZN
NSF/16/3/1/4	UV-ID: CPUIT Renewable Energy Infrastructure Project	105 578 322,00	25-Jan-13	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	4 997 533,00	Western Cape & Northern Cape
SKILLS DEVELOPMENT RESEARCH, INNOVATION AND COMMUNICATION							
Human Resource Development and Council (HRDSA) Research, Planning, Advocacy and Communication							
NSF/17/4/1/1	HRDC-2: HRDSA [2020-2023]	58 992 845,00	01-Apr-20	31-Mar-25	PSET SYSTEM IMPROVEMENT FUNDING	42 211 683,16	Programme Monitoring
National Skills Authority Constituency Capacity Building and Advocacy							
NSF/17/1/5/2	NSA:CCBA-3- COSATU	8 428 430,00	01-Jul-19	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	4 495 299,15	Worker Education & CCBA related
NSF/17/1/5/1	NSA:CCBA-3- FEDUSA	3 841 352,00	01-Jul-19	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	1 768 891,31	Worker Education & CCBA related
NSF/17/4/2/10	NSA:CCBA-2- FEDUSA 3	2 173 500,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	1 159 423,73	Worker Education & CCBA related
NSF/17/4/2/5	NSA:CCBA-2- WNC 3	6 142 500,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	4 588 891,09	Worker Education & CCBA related
NSF/17/4/2/11	NSA:CCBA-2- APPETD 3	2 409 750,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	1 577 353,43	Worker Education & CCBA related
NSF/17/4/2/9	NSA:CCBA-2- DPSA 3	6 000 000,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	5 095 222,44	Worker Education & CCBA related
NSF/17/4/2/16	NSA:CCBA-2- DEPT - PSA (STATE)	1 842 750,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	1 198 893,75	Worker Education & CCBA related
NSF/17/4/2/3	NSA:CCBA-2- DEPT - NEDLAC	6 142 500,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	4 212 583,98	Worker Education & CCBA related
NSF/17/4/2/4	NSA:CCBA-2- SAGPO 3	2 409 750,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	1 501 634,60	Worker Education & CCBA related
NSF/17/4/2/2	NSA:CCBA-2- SAYC 3	6 350 400,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	4 920 911,25	Worker Education & CCBA related
NSF/17/4/2/1	NSA:CCBA-2- BUSA 3	2 409 750,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	2 222 167,50	Worker Education & CCBA related
NSF/17/4/2/7	NSA:CCBA-2- COSATU 3	2 173 500,00	29-Jul-20	30-Sep-23	PSET SYSTEM IMPROVEMENT FUNDING	1 577 493,47	Worker Education & CCBA related
National Skills Authority Monitoring, Research, Planning, Policy Development and Communication							
NSF/16/4/3/2	Nexia SAB&T - NSA FUND MANAGER	45 096 250	10-Apr-18	30-Jun-22	PSET SYSTEM IMPROVEMENT FUNDING	8 981 825,09	Worker Education & CCBA related
National Skills Authority Monitoring, Research, Planning, Policy Development and Communication							
NSF/17/4/4/1	University of Western Cape (TVET RESEARCH)	35 000 000	01-Apr-19	30-Jun-24	PSET SYSTEM IMPROVEMENT FUNDING	20 300 843,29	Programme Monitoring
NSF/17/4/4/2	University of Cape Town (LMI Research)	34 971 630	01-Apr-19	30-Jun-24	PSET SYSTEM IMPROVEMENT FUNDING	29 611 352,92	Programme Monitoring

ANNEXURE C Reporting on the Institutional Response to the Covid-19 Pandemic

Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the outputs in the APP (where applicable)	Immediate outcomes
Higher Health expansion	All provinces	A total of 1 781 executive and senior management members as well as screening volunteers were reached with capacity development on Covid-19 between October and December 2020. In addition, a total of 18 144 students were reached with second curriculum, peer-to-peer session modalities on human immunodeficiency virus (HIV), sexually transmitted infections (STIs), tuberculosis (TB), sexual reproductive health (SRH), gender-based violence (GBV), and mental health between October and December 2020	N/A	R80 500 000	R32 403 030	Percentage of NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outputs at the end of each financial year	90% of the NSF-funded projects aimed at PSET system improvement have achieved more than 60% of the envisaged outcomes over the five-year strategic period.
Increasing the number of community health development workers and the health workforce	N/A	N/A	N/A	R400 000 000	N/A	Number of learners funded by the NSF for education and training towards OIHD during the specified financial year	14 500 NSF-funded learners have completed their education and training towards OIHD over the five-year strategic period.
TVET college connectivity	All provinces (TVET college campuses – 285 sites)	N/A	Learners and staff at TVET college campuses	R286 031 470	R39 192 350	Percentage of NSF-funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs at the end of each financial year	90% of the NSF-funded projects aimed at increasing access to the PSET system have achieved more than 60% of the envisaged outputs over the five-year strategic period.
Rural development initiatives regarding agriculture and food safety	N/A	N/A	N/A	R600 000 000	N/A	Number of learners from rural areas funded by the NSF for education and training during the specified financial year	14 500 NSF-funded learners from rural areas have completed their education and training over the five-year strategic period.
Artisanal skills development (private companies with the capacity to produce artisans)	N/A	N/A	N/A	R500 000 000	N/A	Number of learners funded by the NSF for education and training towards OIHD during the specified financial year	14 500 NSF-funded learners have completed their education and training towards OIHD over the five-year strategic period.

ANNEXURE C Reporting on the Institutional Response to the Covid-19 Pandemic

Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the outputs in the APP (where applicable)	Immediate outcomes
Worker education in light of the impact of Covid-19 on the labour market and, thus, improving worker education interventions	N/A	N/A	N/A	R50 000 000	N/A	Number of learners funded by the NSF for worker education during the specified financial year	360 workers have completed their education and training through worker education initiatives over the five-year strategic period.
Skills development support for small business development and co-operatives	1 633 emerging entrepreneurs (EEs) in 19 sites: Bloemfontein and Botshabelo Welkom Kimberley Kuruman Queenstown Soweto, Benoni and Krugersdorp Burgersfort Bushbuckridge Klerksdorp Bela-Bela Uitenhage Tzaneen Philippi George Humansdorp uMgungundlovu Polokwane Thohoyandou Rustenburg	Small Enterprise Development Agency (Seda) (Basic Entrepreneurial Skills Development (BESD) Programme) – 1 633 EEs and 234 entrepreneurship development programmes (EDPs)	Women (53%) Black (100%) Disabled (2%) Female EDPs (60%) Black EDPs (99%)	R78 306 159	R84 000 000	Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year	1 000 SMMEs and co-operatives benefited from NSF-funded skills development initiatives where NSF-funded learners completed their education and training over the five-year strategic period.

National Skills Fund

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