**Memorandum from the Parliamentary Office**

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

**QUESTION 2862**

**DATE OF PUBLICATION OF INTERNAL QUESTION PAPER: 15/09/2017**

**(INTERNAL QUESTION PAPER 33 OF 2017)**

**Prof B Bozzoli (DA) to ask the Minister of Higher Education and Training:**

(1) With reference to the student who mistakenly received an allowance of R14 million from the National Student Financial Aid Scheme (NSFAS), (a) which entity subcontracted a certain company (name furnished) to disburse NSFAS student grants for Walter Sisulu University and (b) whether the company was vetted to ensure the quality of their service;

(2) Does the specified company disburse NSFAS grants for other higher education institutions; if so, which institutions;

(3) What restrictions are placed on student grants in terms of which outlets and on what items the grants can be spent;

(4) Has (a) his department or (b) NSFAS requested that a forensic investigation be undertaken to explain how the specified student was able to spend over R800 000 on non-student items which included the purchase of multiple iPhones;

(5) What are the relevant details of the steps his department will take to ensure that such an error is not repeated?

 **NW3169E**

**REPLY:**

(1) (a) Since 2012, Walter Sisulu University has contracted directly with Intellimali (Pty) Ltd to manage the processing of allowances to students and the subsequent purchase of goods from approved service providers.

 (b) The service providers are procured in line with university supply chain management processes. NSFAS does not have any contractual arrangement with Intellimali (Pty) Ltd.

(2) In addition to Walter Sisulu University, Intellimali is used by the following Universities, to disburse allowances to NSFAS funded students:

* Central University of Technology;
* Mangosuthu University of Technology;
* University of the Western Cape;
* University of Fort Hare; and
* University of Stellenbosch.

(3) The process used by Walter Sisulu University is as follows:

* Details of students with confirmed NSFAS funding are forwarded to Intellimali (Pty) Ltd that uses the Intellicard system.
* A food allowances is then raised on the card. For NSFAS students, it is a monthly amount of R1 400 and for other bursary funded students it varies based on the bursary stipulations.
* Students present their Intellicard to pre-approved vendors for the purchase of food. These pre-approved vendors, such as Spar, Checkers and Pick n Pay, would need to be registered on the Intellimali system.
* No cash is given to NSFAS funded students by Walter Sisulu University or Intellimali.

(4) Following the media reports regarding the payment of R14 million, NSFAS resolved to approach the incident as follows:

* Letter written to the University requesting an explanation;
* Engaged with the University service provider, Intellimali, to obtain a detailed understanding of the incident; and
* Arranged a meeting with both the University and Intellimali to gain further context to the incident and agree on a suitable approach to resolve the matter. This includes a forensic investigation being instituted by Intellimali

NSFAS undertakes to implement recommendations flowing from the report that must address internal control deficiencies and shortcomings in NSFAS’s operating model and service level agreements with universities.

(5) NSFAS has committed to take the following actions to mitigate the risk of such errors from re-occurring:

* Perform continuous reviews on its payment system and processes.
* Increase the frequency of reporting by institutions beyond the final reporting reconciliation process that is currently in place.
* Implement recommendations flowing from the report that must address internal control deficiencies and shortcomings in NSFAS’s operating model and service level agreements with universities.
* Fast track the implementation of the Student Centred Model with special focus on allowance disbursement solutions.
* Work closely with institutions to address any existing system and process challenges.
* Establish a payment task team to ensure processes are enhanced and smooth transition from third party solution providers to the NSFAS allowance disbursement system, sBux.

**COMPILER DETAILS**

NAME AND SURNAME:

CONTACT:

**RECOMMENDATION**

It is recommended that the Minister signs Parliamentary Question 2862.

MR GF QONDE

DIRECTOR–GENERAL: HIGHER EDUCATION AND TRAINING

DATE:

PARLIAMENTARY QUESTION 2862 IS APPROVED / NOT APPROVED / AMENDED.

COMMENTS

PROF HB MKHIZE, MP

MINISTER OF HIGHER EDUCATION AND TRAINING

DATE: