NSFAS

National Student Financial Aid Scheme

www.nsfas.org.za



Annual Report 2023/24

Open Rubric



Table of Contents

PART A: GENERAL INFORMATION

1 General Information....6
2. List of abbreviations....8
3. Foreword by the Executive Authority....10
4. Foreword by the Chairperson....12
5. Foreword by NSFAS Acting Chief Executive Officer....14
6. Statement of responsibility and confirmation of the accuracy of the annual report....18
7. Strategic overview....19
8. Legislative and other mandates....19
8.1 Constitutional mandate....19
8.2 Legislative mandate....21
8.3 Policy mandate....22
9. Organisational Structure....24

PART B: PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives....28
2. Overview of Performance....28
2.1 Service Delivery Environment....28
2.2 Organisational environment....30
2.3 Key policy development and legislative changes....30
2.4 Performance Highlights....31
3. Institutional Programme: Performance Information....36
3.1 Programme 1: Core Business....36
3.2 Programme 2: Administration....40
4. Revenue Collection....52

PART C: GOVERNANCE

1. Introduction....56
2. Engagements with Portfolio Committees....56
3. Executive Authority....57
4. The Accounting Authority/Board....57
5. Risk management....66
6. Internal control unit....68
7. Internal Audit and Audit Committees....68
8. Compliance with laws and regulations....70
9. Fraud and corruption....71
10. Minimising conflict of interest....73
11. Code of conduct....73
12. Health, safety and environmental issues....73
13. Social responsibility....77
14. Audit committee report....77
15. B-BEEE compliance performance information....82

PART D: HUMAN RESOURCES MANAGEMENT

1. Overview of HR matters at the public entity....86
2. Human Resources Oversight Statistics....89

PART E: PFMA COMPLIANCE REPORT

1. Irregular, Fruitless and Wasteful Expenditure and Material Losses....96
1.1 Information on irregular expenditure....96
1.2 Information on fruitless and wasteful expenditure....96
2. Payment of suppliers....96
3. Supply Chain Management (SCM)....97
3.1 Contracts entered into by other means....97
3.2 Contract variations and expansions....97

PART F: FINANCIAL INFORMATION

Report of the Auditor-General to Parliament on the National Student Financial Aid Scheme....104
Annual Financial Statement....128

Part A: General Information

In this section

1 General Information....6
2. List of abbreviations....8
3. Foreword by the Executive Authority....10
4. Foreword by the Chairperson....12
5. Foreword by NSFAS Acting Chief Executive Officer....14
6. Statement of responsibility and confirmation of the accuracy of the annual report....18
7. Strategic overview....19
8. Legislative and other mandates....19
8.1 Constitutional mandate....19
8.2 Legislative mandate....21
8.3 Policy mandate....22
9. Organisational Structure....24

1. General Information

Entity	National Student Financial Aid Scheme
Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The nature of the activities of the National Student Financial Aid Scheme (NSFAS) is to provide financial assistance in the form of loans or bursaries to eligible students at public universities and Technical and Vocational Education and Training (TVET) colleges and to administer such loans and bursaries. Following the pronouncement of the bursary funding programme by the former President of the Republic of South Africa in December 2017, from the 2018 academic year, financial assistance from the Department of Higher Education and Training (and certain other funders) to all eligible students is now in the form of bursaries. For students who commenced studies prior to the 2018 academic year, and where financial assistance was provided in the form of loans, NSFAS is required to recover the loans from the students once they are employed and earning more than R30,000 per annum.
Accounting Authority	In terms of section 17A(3)(a) of the NSFAS Act 56 of 1999, NSFAS was put under Administration on 12 April 2024 by the Minister of Higher Education and Training. The Minister approved Mr Sithembiso Freeman Nomvalo and appointed him as the Administrator from 12 April 2024 to 11 April 2026. The terms of reference of the Administrator were published in the 4722 in Government Gazette no 50482. It reads: Furthermore, on 1 August 2024 as amended, the period of appointment of the Administrator published under no 4722 in Government Gazette no 50482 of 12 April 2024, was revised to be earlier of either 31 December 2024 or any date when the Minister appoints a new Board in terms of section 5 of the NSFAS Act, at which date, the appointment of the Administrator shall come to an end.
Registered office	18 - 20 Court Road Wynberg Cape Town 7800
Business address	The Halyard 4 Christiaan Barnard St, Cape Town City Centre Cape Town 8001
Country of incorporation and domicile	Private Bag X1 Plumstead Cape Town 7801
Bankers	FNB Corporate Bank (Cape Town), a division of FirstRand Bank Limited Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa
Website	www.nsfas.org.za

2. List of Abbreviation/ Acronyms

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIP	Audit Improvement Plan
AOPO	Audit of Predetermined Objectives
AP	Annual Performance
AR	Annual Report
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
ASISA	Association for Savings and Investment South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CAMS	Corporate Access Management Services
CACH	Central Application Clearing House
CCSO	Chief Corporate Services Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICTAS	Corporate Governance of Information and Communications Technology Assessment Standards
CSIR	Council of Scientific and Industrial Research
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
DMV	Department of Military Veterans
DOH	Department of Home Affairs
DOL	Department of Labour
DSD	Department of Social Development
DSU	Disability Support Unit
ECPG	Eastern Cape Provincial Government
EE	Employment Equity
EEA	Employment Equity Act
EES	Employment Engagement Survey
EME	Exempted Micro Enterprises
EO	Executive Officer
ESS	Employee Self-Service
ETDP	Education, Training and Development Practices
EXCO	Executive Committee
EXMA	Executive Management
FRM	Funder Relationship Management
FTENs	First-Time Entering Students
GDP	Gross Domestic Product
GIP	Graduate Internship Programme
GM	General Manager
GRAP	General Recognised Accounting Practices
HE	Higher Education
HR	Human Resources
HRM	Human Resources Management System
ICT	Information and Communication Technology
ISO9000	International Standards on Quality Management
IT	Information Technology
KPI	Key Performance Indicator
LRA	Labour Relations Act
MEC	Member of the Executive Council
MoA	Memorandum of Agreement
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MTT	Ministerial Task Team
NBA	NSFAS Bursary Agreement
NCA	National Credit Act
NCOP	National Council of Provinces
NCR	National Credit Regulator
NCV	National Certificate Vocational
NDP	National Development Plan
NOCLAR	Non-Compliance to Laws and Regulations
PWD	Persons with Disabilities
PSET	Post-School Education and Training
QMS	Quality Management System
QSE	Qualifying Small Enterprises
RMA	Rand Mutual Assurance
SAICA	South African Institute of Chartered Accountants
SAMSA	South African Maritime Safety Authority
SARS	South African Revenue Service
SCER	Select Committee on Education Recreation
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SETA	Sector Education and Training Authority
SATVETSA	South African Technical Vocational Education and Training Student Association
SAPCO	South African Public Colleges Organisation
SAUS	South African Union of Students
SIU	Special Investigating Unit
USAf	Universities South Africa

3. Foreword by the **Executive Authority**



Mr Buti Manamela
Minister of Higher Education and Training

I am pleased to submit the 2023/24 Report of the National Student Financial Aid Scheme (NSFAS). This report not only signifies a culmination of our hard work over the past year but also represents a commitment to ensuring that NSFAS is fully compliant, upholding the principles of transparency, accountability, and good governance.

Throughout our nation's history, access to quality education has been a critical pathway for social mobility and economic empowerment. In South Africa, where the legacy of inequality still casts a long shadow, it is our moral and political imperative to provide funding to students from the working class and impoverished backgrounds. Education is a fundamental human right, and by investing in the education of our youth, we are investing in the future of our nation. This funding empowers individuals to break the cycle of poverty and contribute meaningfully to the economy, thereby fostering a more equitable society for all.

However, as we celebrate the achievements of NSFAS, we must also acknowledge the challenges we have faced. In recent years, state funding has diminished, creating significant pressure on our ability to meet the growing demands for student assistance. It is imperative that we address this funding gap and find innovative solutions that ensure our commitment to education remains steadfast.

The mandate of NSFAS is clear: to provide financial aid to students from disadvantaged backgrounds so they can pursue their higher education goals and ultimately transform their lives. We have made notable strides in this regard, with over 1.5 million beneficiaries since the scheme's inception—each one a testament to the power of education. However, challenges persist, from operational inefficiencies to the need for enhanced governance structures to combat corruption. We are determined to address these issues comprehensively. We have initiated significant reforms aimed at enhancing corporate governance, fostering greater accountability, and ensuring that NSFAS operates with the utmost integrity.

The fight against corruption remains a top priority, and I assure you that we are enhancing our operational systems to bolster transparency and accountability at all levels of NSFAS. The implementation of robust monitoring and reporting mechanisms will not only improve operational efficiency but will also ensure that the funds reach their intended recipients without delay. We are committed to establishing a system that stands as a model of good governance for public funding in education.

As we move forward, I call on all South Africans—individuals, businesses, and civil society—to support NSFAS in its important mission. Your investment in education is an investment in our collective future. Together, let us ensure that every young South African has access to quality education, regardless of their financial circumstances. By working collectively, we can provide the support our students so desperately need and uphold the promise of a brighter tomorrow for our nation.

I would like to take this opportunity to express my sincere gratitude to the Administrator and his team for their dedication and outstanding efforts in transforming the entity. I also extend a warm welcome to the new Board, and I look forward to working collaboratively with you in the coming years.

Furthermore, I wish to acknowledge our valued stakeholders—institutions of higher learning, student bodies, and government partners—for their unwavering support. Together, we have achieved significant progress, and I remain confident that, through our continued commitment and collaboration, we can effectively address the challenges ahead.

Let us proceed with renewed energy and determination, steadfast in our mission to ensure that no student is left behind in our pursuit of education for all.

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Mr Buti Manamela
Minister of Higher Education and Training
Date:

4. Foreword by the **Chairperson**



Dr Karen Stander
NSFAS Board Chairperson

It is with a deep sense of responsibility and optimism that I present this Chairperson's Foreword for the 2023/2024 Annual Report of the National Student Financial Aid Scheme (NSFAS). This reporting period marks both a critical point in the institutional life of NSFAS, the entity having been placed under administration and a Board being appointed in the same financial year, which marked the beginning of the implementation of our five-year strategic plan (2025–2030), which charts a decisive path toward institutional renewal, governance accountability, and student-centred transformation.

NSFAS continues to serve as a critical enabler within the Post-School Education and Training (PSET) sector, unlocking access to higher education for students from poor and working-class backgrounds, and increasingly expanding its reach to those in the 'missing middle'. This mandate, grounded in constitutional and legislative imperatives, directly contributes to the realisation of the National Development Plan (NDP) and Sustainable Development Goal 4.

Our strategy recognises the differentiated needs of students and seeks to respond through segmented funding models, a student-centred operational philosophy, and decentralised service delivery. The 2023/24 period focused on laying the groundwork for institutional reorganisation, rebuilding stakeholder trust, and transitioning NSFAS into a resilient, digitally enabled public investment entity. While challenges remain, these strategic pivots signal a movement from crisis to reform, and from fragility to capability.

NSFAS's strategic repositioning would not be possible without our enduring partnerships across the higher education ecosystem. Our ongoing collaboration with USAF, SAPCO, SAUS, and SATVETSA has enabled a coordinated approach to funding, appeals, and student support services. These strategic relationships affirm our commitment to co-creating a student-centred, inclusive, and ethically governed funding system. It is in the strength of these relationships that we find the momentum to advance reforms and implement the Comprehensive Student Funding Model.

We also acknowledge our increasing reliance on technology, data partnerships, and public-private arrangements, which enable us to better manage eligibility assessments, disbursements, and loan recoveries.

Upon our appointment on 1 February 2025 which was at the tail-end of this financial year (31 March 2025), the Board was confronted with significant governance and operational challenges. Chief among them were the persistent audit limitations and material misstatements identified by the Auditor-General of South Africa (AGSA) in respect of the 2023/24 financial year. As reported, these included misstatements in financial disclosures, deficiencies in predetermined objectives (Programme 1: Core Business and Programme 2: Student-Centred Model), as well as issues related to revenue management and internal controls.

The late submission of annual financial statements and the failure to implement an effective monitoring and evaluation system as required by Treasury Regulation 30.2.1, reflect systemic weaknesses that demand urgent attention. These audit outcomes underscore the need to restore the credibility of NSFAS and reinforce the integrity of our financial and performance reporting systems.

PART A - OUR MANDATE

In response, the Board has prioritised a turnaround strategy based on six interrelated levers:
1. Organisational Design and Realignment
2. Loan Management Strategy
3. Sustainable Funding Framework
4. Transitional Framework for Student Accommodation
5. ICT Assessment and Digital Transformation Strategy
6. Revised Business Operating Model

We are also advancing the recommendations made by AGSA, particularly around organisational redesign, skills acquisition, filling of critical vacancies, data integration, ICT modernisation, and the finalisation of historic Close-Out Project balances.

Over the medium-term, the Board's focus will be on institutional regeneration. We are committed to restoring governance maturity, financial accountability, student trust and stakeholder trust. This entails the establishment of a digitally enabled, decentralised operational model and the refinement of the NSFAS funding framework to ensure sustainability and equity.

Our long-term vision is to embed NSFAS as a model public entity which is transparent, responsive, and driven by data. We are resolute in transitioning NSFAS from a transactional disbursement agency to a transformative public investment vehicle that contributes to national development through human capital empowerment.

I extend my deepest appreciation to the Honourable Minister of Higher Education and Training, Dr Nobuhle Nkabane, for her strategic oversight and commitment to the sector. I also acknowledge the leadership of the Acting Chief Executive Officer, Mr Waseem Carrim, whose tenure has been marked by action-oriented reform and operational stability.

To the Board Deputy Chairperson and fellow Board members, thank you for your steadfast commitment and courageous stewardship you have shown through this short period of time. I further express my gratitude to the management and staff of NSFAS, whose continued dedication fuels the progress we are making.

This Annual Report reflects not only our accountability to the public but also our aspirations for the future. As custodians of public trust and student dreams, we remain committed to bold, ethical, and transparent leadership. We know the path ahead requires resilience, collaboration, and above all, integrity. The turnaround has begun. The transformation will continue and with our collective resolve, the future NSFAS will be one that every South African can believe in.



Dr Karen Stander
Board Chairperson

5. Foreword by NSFAS **Acting Chief Executive Officer**



Mr Waseem Carrim
Acting Chief Executive Officer

It is with great humility and a sense of responsibility that I present the NSFAS 2023/24 Annual Report. Over the years, our student-centred model has evolved to encompass broader initiatives, including the pilot implementation of student accommodation and direct payment of allowances. While these projects have marked significant operational milestones, they have also highlighted inherent challenges particularly the shift from a decentralised system reliant on institutions to a centralised application process that, at times, exceeded our current capacity.

These developments have underscored the urgent need to review and reform our operational model, especially concerning student accommodation and allowance payments. The temporary return of the student allowance payments to universities, and the interim arrangements for TVET colleges through our banking partners, reflect our commitment to resolving outstanding legal matters before establishing a definitive payment framework.

The past year has also brought internal challenges, notably capacity constraints, leadership transitions, and a governance vacuum following the dissolution of the previous Board. High turnover at executive and senior management levels, combined with strategic recruitment limitations, has impacted operational effectiveness and decision-making continuity. Addressing these issues is paramount as we seek to stabilise leadership, restore governance, and build a resilient organisation capable of fulfilling its mandate.

Our strategic focus moving forward will centre on restoring public trust through transparent governance, ensuring financial sustainability via a clear sustainability framework, and enabling a student-centric approach through efficient application processes, timely disbursements, and effective student accommodation.

We aim to harness data and ICT systems to support the student journey and stakeholder engagement, while diligently implementing all recommendations from the Auditor General South Africa (AGSA) and the Special Investigation Unit (SIU) to strengthen our controls. At the core of our efforts is a firm commitment to ethical leadership, governance with integrity, and a zero-tolerance stance on fraud, corruption, and wastage.

Despite sustained efforts during the 2023/24 financial year, the audit outcome for the year remained adverse, with material findings noted on the financial statements, compliance with legislation, and the annual performance report. This outcome highlights systemic challenges relating to NSFAS financial reporting, internal control, and data governance capabilities.

To strengthen financial management, NSFAS will implement rigorous internal controls and oversight mechanisms, including regular financial reviews and audits. We will further strengthen the compliance function to monitor compliance with financial policies, improve transparency, and ensure accountability. Additionally, we will adopt best practices in financial reporting to provide stakeholders with clear and accurate financial statements that reflect the entity's financial health.

We will analyse and interpret spending trends to identify areas of inefficiency and opportunities for cost optimisation. A comprehensive financial sustainability framework will be developed, focusing on strategic resource allocation, cost containment, and diversified funding sources. This will ensure that NSFAS maintains fiscal discipline while fulfilling its mandate of student funding and support.

Overview of the student funding budget	2023/24	2024/25	2025/26	2026/27	2027/28
	R'000	R'000	R'000	R'000	R'000
DHET – University*	43,429,406	37,915,950	39,298,616	41,251,303	43,116,712
DHET - TVET Colleges*	8,899,134	8,731,769	9,123,021	9,542,811	9,974,343
Total	**52,328,540**	**46,647,719**	**48,421,637**	**50,794,114**	**53,091,055**
Missing Middle Loan	0	950,000	950,000	950,000	950,000
Total	**52,328,540**	**47,597,719**	**49,371,637**	**51,744,114**	**54,041,055**
Administration	318,548	332,709	347,469	363,388	379,813
Total	**52,647,088**	**47,930,428**	**49,719,106**	**52,107,502**	**54,420,868**

The table provides an overview of the student funding budget for the 2024/25 to 2027/28 financial years, indicating a steady annual increase of approximately 4% across all funding components, excluding loans. While this growth is adequate to offset inflation, it falls short of addressing real year-on-year growth in the number of students that are eligible for NSFAS funding. To mitigate this risk, a financial sustainability framework will be developed and additional fund-raising initiatives will be explored.

For the DHET university allocations, the budget grows steadily from R37.92 billion in 2024/25 to R43.12 billion in 2027/28. This represents an overall increase of approximately 13.7% over the four-year period, indicating a strong commitment to sustaining and expanding access to university education. Year on year the organisation is over committed on this allocation. Similarly, allocations to TVET colleges rise from R8.73 billion in 2024/25 to R9.97 billion in 2027/28, a growth of about 14.2%. This increase supports ongoing efforts to strengthen the TVET sector, which plays a crucial role in skills development.

The "missing middle" loan funding remains constant at R950 million annually. While this consistency provides predictability, the fixed amount may warrant future review to ensure it keeps pace with inflation and the rising cost of education, as well as the potential growth in eligible student numbers.

Administrative costs also see a gradual increase, from R332.7 million in 2024/25 to R379.8 million in 2027/28, reflecting a 14.1% rise. This accounts for inflationary pressures.

Overall, the total budget for student funding increases from R47.93 billion in 2024/25 to R54.42 billion in 2027/28. This is a cumulative increase of approximately 13.5%, demonstrating a sustained commitment to investing in the higher education and training sector. The steady growth supports inflation but there is a risk that it is not sufficient to support expansion in student numbers or in NSFAS staff capacity and systems. The development of a funding model seeks to address these risks.

In response to the audit findings, NSFAS commits to addressing all issues raised by the AGSA by implementing the recommended corrective actions, such as increasing capacity, strengthening internal controls, enhancing risk management, and improving financial processes. We will establish an audit action plan with clear timelines and accountability measures to ensure timely resolution of audit queries. The process is currently driven through the established Business Unit Risk Committees , where the closure of internal and external audit findings is monitored and reported. Progress on these measures will be transparently communicated to stakeholders to rebuild confidence and demonstrate our commitment to good governance.

In response to the findings, NSFAS has committed to a series of interventions aimed at improving future audit outcomes and ensuring compliance with the Public Finance Management Act (PFMA) and Generally Recognised Accounting Practice (GRAP) standards. One of the key focus areas is the enhancement of close-out and reconciliation processes. This involves strengthening data exchange protocols with institutions to ensure accurate and timely reconciled records of student funding. To support this effort, a Reconciliation Methodology is being developed and implemented. The Finance department's capacity is also being expanded to prevent delays in the preparation and submission of annual financial statements.

In terms of financial systems and controls, NSFAS is introducing a Student Loan Management System and a disbursement solution. Additionally, a comprehensive review and implementation of the ICT strategy is underway.

To enhance performance and compliance, NSFAS is increasing capacity within the Planning and Performance Unit to avoid delays in the development and submission of Annual Performance Reports (APRs). Key Performance Indicators (KPIs) are being aligned to well-defined, measurable, and reportable processes, supported by automated data extraction. This alignment is guided by the approved Strategy 2025/26. A rigorous internal control regime is also being instituted to ensure the timely and accurate preparation of audit files and responses to requests for information.

Governance and oversight mechanisms are being reinforced through clearer delegations of authority, improved consequence management, and the regular review and approval of internal policies and procedures.

NSFAS remains firmly committed to restoring the integrity of its financial and performance reporting and aims to improve its audit outcome by the conclusion of the 2025/26 audit cycle, set for July 2026. We have continued to embed a proactive risk management culture across all levels of the organisation. In collaboration with the Audit and Risk Committee, we will ensure that our risk registers remain a dynamic tool that informs decision-making, resource allocation, and project execution. Emerging risks, including cyber threats and supply chain vulnerabilities will receive particular focus, ensuring that our organisation remains agile and resilient.

To keep stakeholders informed, NSFAS will enhance communication strategies through regular updates on financial performance, risk management, and governance initiatives. We will also provide comprehensive disclosures in the Annual Financial Statements (AFS) to ensure transparency. Additionally, stakeholder engagement forums will be held periodically to foster dialogue, gather feedback, and strengthen collaborative efforts towards achieving our strategic objectives.

Recognising the importance of a skilled workforce, NSFAS will invest in capacity-building initiatives for finance and compliance teams to ensure adherence to best practices. We will also leverage technology and data analytics to improve financial management, reporting accuracy, and decision-making processes.

These solutions reflect NSFAS's commitment to sound financial management, transparency, and accountability. By implementing these measures, we aim to strengthen stakeholder confidence, ensure sustainable operations, and effectively support our core mandate of student funding.

In conclusion, I wish to extend my sincere appreciation to all colleagues, partners, and stakeholders who have supported NSFAS through these challenging times. Your dedication and resilience are vital as we embark on this journey of renewal and rebuilding trust, steering NSFAS toward a sustainable and impactful future.

Mr Waseem Carrim
Acting CEO, NSFAS





6. Statement of responsibility and confirmation of the accuracy of the annual report

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

- All information and amounts disclosed in the annual report are consistent with the AFS 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 AFS (Part F) have been prepared in accordance with the **GRAP** standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the AFS and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance regarding the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors were 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 2024.

Yours faithfully

Acting Chief Executive Officer
Name: Mr Wassem Carrim
Date: 25 July 2025

Board Chairperson
Name: Dr Karen Stander
Date:

7. Strategic overview

Vision

A model public entity that enables access to public universities and TVET colleges through financial aid to students who are financially and academically eligible.

Mission

To be an effective and efficient provider of financial aid to deserving students from poor and working-class families, in a sustainable manner that facilitates and promotes access to and success in further higher education and training. This will be achieved by actively collaborating with all relevant stakeholders.

The mission statement is made up of three distinct elements that describe why NSFAS exists, what we do, and the impact on our constituency:

- NSFAS exists to provide financial aid to eligible students at public TVET colleges and public universities.
- NSFAS identifies eligible students, provides financial aid, and recovers student loan repayments to replenish the funds available for future generations of students.
- NSFAS supports access to, and success in, higher education and training for students from poor and working-class families who would otherwise not be able to afford to study.

Our Values

Value	Behaviour
Accessibility	We create an environment that allows efficient, effective, and direct access to NSFAS and the funding it provides to eligible students.
Transparency	We are open and honest.
Stewardship	Going beyond the call of duty and valuing the organisational resources.
Intergrity	Displaying ethical behaviour and having the courage to do the right thing.
Accountability	We take responsibility for our actions that drive performance management.
Respect	Collegiality, professionalism, work ethic and tolerance for diversity
Innovation	Anticipating change and being a learning organisation.

8. Legislative and other mandates

8.1 Constitutional mandate

The Constitution of the Republic of South Africa, 1996

The establishment of the National Student Financial Aid Scheme (NSFAS) is fundamentally grounded in several key sections of the Constitution of the Republic of South Africa (Act 108 of 1996).

The most critical sections include:

1. **Section 29 – Education, Training, and Access**

   a. **Subsection (1):** Everyone has the right to basic education, including adult basic education.

      Subsection (2): The state must take reasonable measures to achieve the progressive realisation of this right, including making higher education accessible, affordable, and equitable.

2. **Section 33 – Just Administrative Action**

a. Ensures that administrative decisions, including those related to student funding, are made fairly, transparently, and according to law.

Implication: The processes of NSFAS must comply with principles of administrative justice, ensuring fair and transparent distribution of funds.

3. **Section 195 – Principles of Good Public Administration**

a. Emphasises that government institutions must promote efficient, economical, and effective use of resources and provide equitable and unbiased services.

Implication: NSFAS's operations must align with these principles, promoting social equity and efficient resource management.

4. **Section 7 – State's Obligation to Respect, Protect, Promote, and Fulfil Rights**

a. The state has a duty to uphold the rights enshrined in the Bill of Rights, including the right to education.

Implication: Establishing NSFAS is a direct action to fulfil the state's constitutional obligation to enable access to higher education.

Implication for NSFAS: This section underscores the state's obligation to ensure access to higher education for all, which forms the constitutional basis for establishing financial aid schemes like NSFAS to support students from disadvantaged backgrounds.

NSFAS contributes to the attainment of the rights described in section 29 by providing financial aid to students from poor and working-class families. NSFAS enables these students to access post-school education, thereby redressing the results of past racially discriminatory laws and practices. The mandate includes recovering student loans and raising funds for student loans and bursaries.

Summary:
The most critical constitutional provisions underpinning the establishment of NSFAS are Section 29, which explicitly affirms the right to education and the state's duty to facilitate access, and Sections 33 and 195, which establish principles of fair and effective administration aligned with social justice objectives.

Note:
While these sections provide the constitutional foundation, the operational aspects of NSFAS are further supported and detailed through enabling legislation, primarily the Higher Education Act (No. 101 of 1997) and subsequent amendments, which give legal authority to the scheme's establishment and functions.

NSFAS's core objectives are based on the following Constitutional mandate:

(i) The Constitution of the Republic of South Africa,1996

NSFAS was established according to the National Student Financial Aid Scheme Act (Act 56 of 1999 as amended) and incorporated TEFSA (Tertiary Education Fund of South Africa) from 1993 to 2000. TEFSA was the primary non-profit company in terms of Section 21 of the Companies Act and ceased to operate in July 2000. All existing loans on the TEFSA books were transferred to NSFAS.

The Constitution of the Republic of South Africa (Act 108 of 1996), also establishes two key bodies that play an oversight role over NSFAS. The Portfolio Committee on Higher Education and Training is established by the rules of the National Assembly as enshrined in section 57(2) (a). The Committee is therefore an extension of the National Assembly and derives its mandate from Parliament. The Select Committee on Education and Recreation is a committee of the NCOP. One of the functions of this Committee is to monitor the financial and non-financial performance of government departments and their entities to ensure that national objectives are met.

(ii) The NSFAS Act 56 of 1999, as amended, is established to provide the following:

- Provide bursaries to eligible students;
- Develop criteria and conditions for the granting of bursaries to eligible students in consultation with the Minister of Higher Education, Science and Innovation;
- Raise funds;
- Recover past loans;
- Maintain and analyse a database and undertake research for the better utilisation of financial rsources;
- Advising the Minister on matters relating to financial aid for students; and
- Undertaking other functions assigned to it by the NSFAS Act 56 of 1999 as amended or by the Minister.

(iii) Following various ministerial and task team reports over the past few years, the DHET has recognised the need for the NSFAS Act to be reviewed. A task team was put in place to consider the critical changes that need to be made to the Act. These changes had to be in line with key recommendations from the MTT report and the NSFAS practices which evolved in response to changing needs within the sector and codified through rules produced by NSFAS.

Following the fee-free education announcement, the Minister of Higher Education and Training published regulations in the (Government Gazette Vol. 631, No. 413901) to the NSFAS Act for public comment which confirms NSFAS's mandate, in consultation with the Minister (Government Gazette Vol. 634, No. 415542) in that it may determine and revise criteria for eligibility for financial aid and set different eligibility criteria for different forms of financial aid.

The regulations also expand NSFAS's mandate to include:

- Entering into PPPs to enable NSFAS to extend, and/or administer, and/or recover loans granted for financial aid; and
- Making payment of such amount of the loan or bursary as is not payable to the institution, to the borrower or bursar or the approved service provider for payment to the borrower or bursar.

8.2 Legislative mandate

The legislations outlined below make provision for government planning, monitoring of performance, reporting and evaluation.

(i) Public Service Regulations, 2016

Chapter 3 of the Public Service Regulations provides requirements for the preparation of strategic plans, annual reports and the Service Delivery Improvement Plan. Regulation 25 outlines the requirements for the development of strategic plans and related reporting systems. Regulation 31 makes provision for the development, tabling, and submission of annual reports. Regulation 38 provides the requirements of the Service Delivery Improvement Plans which must be informed by the Strategic Plans.

ii) The Republic of South Africa (1997) Higher Education Act, No. 101 of 1997 aims to:

- Regulate higher education;
- Provide for the establishment, composition, and functions of a Council on Higher Education;
- Provide for the establishment, governance, and funding of public higher education institutions;
- Provide for the appointment and functions of an independent assessor;
- Provide for the registration of private higher education institutions;
- Provide for quality assurance and quality promotion in higher education; and
- Provide for transitional arrangements and the repeal of certain laws; and to provide for matters connected therewith.

iii) The Continuing Education and Training Act, No. 16 of 2006 aims to:

- Enable students to acquire-
  i The necessary knowledge;
  ii Practical skills; and
  iii Applied vocational and occupational competence.

• Provide students with the necessary attributes required for:-

i Employment
ii Entry to a particular vocation, occupation, or trade; or
iii Entry into a higher education institution.
The Act applies to all education institutions established or declared as public colleges or registered as private colleges in terms of this Act.

iv) Public Finance Management Act 1 of 1999

As a public entity, NSFAS is also subject to the Public Finance Management Act (PFMA), Act 1 of 1999, in terms of which NSFAS is listed as a Schedule 3A public entity. The NSFAS Act specifies that the board must manage, govern, and administer NSFAS. The Act requires the board to establish a five-member board executive committee and a board finance committee. NSFAS is listed as a Schedule 3A national public entity in terms of the PFMA. These entities are extensions of a department with the mandate to fulfil a specific economic or social responsibility of government. Boards of public entities have considerable fiduciary responsibility, including the "reasonable protection of the assets and records of the public entity" and prevention of "any prejudice to the financial interests of the state".

v) Treasury Regulations, 2005

The Treasury Regulations outline the requirements for the development and submission of strategic plans, as well as related quarterly performance reporting. In addition, National Treasury Note 33 of 2011 regulates the development of Strategic and Annual Performance Plans according to the framework for Strategic Plans and Annual Performance Plans.

vi) Public Audit Act, 2004 (Act 25 of 2004)

This Act assigns the supreme auditing function to the Auditor-General, which includes the auditing of the administrations of public entities. Audit reports on all entities are tabled in Parliament.

vii) National Credit Act (Act 34 of 2005)

NSFAS is subject to the National Credit Act (NCA) (Act 34 of 2005), which requires all credit providers to register with the National Credit Regulator (NCR). The NCA prevails over all other legislation dealing with the provision of credit. NSFAS is registered as a credit provider under registration number NCRP 2655.

8.3 Policy mandate

Government priorities

Government priorities that NSFAS contributes to as per the 2019 State of the Nation Address (SONA) and the MTSF.

Priority	Description	Contribution
Priority 1	Building a capable, ethical and developmental state	Indirect contribution
Priority 2	Economic Transformation and Job Creation	Indirect contribution
Priority 3	Education, Skills and Health	Indirect contribution
Priority 7	A Better Africa and World	Indirect contribution

National Development Plan - 2030

The outcomes of the NDP which NSFAS directly and indirectly contributes to:

Outcome	Description	Contribution
Outcome 5	Skilled and capable workforce to support an inclusive growth path.	Direct contribution

Outcome	Description	Contribution
Outcome 2	Further and higher education and training that allows people to fulfil their potential. An expanding higher education sector that boosts incomes and productivity and shifts South Africa towards a knowledge-based economy.	Direct contribution

The NDP - 2030 provides the policy framework within which NSFAS has developed its strategic plan. It details the challenges that the country is facing as well as the strategic choices that must be made to create a better life for all South Africans.

The NDP provides extensive detail on the nine challenges facing South Africa, amongst these and of particular importance to NSFAS is the challenge that "**The quality of school education for black people is poor**". As a response to these challenges, the NDP aims to eliminate poverty and reduce inequality by 2030 by:

• Raising employment through faster economic growth;
• Improving the quality of education, skills development, and innovation; and
• Building the capability of the state to play a developmental, transformative role.

On improving education, skills development, and innovation, the NDP further provides a broad framework for student financial aid in South Africa:

(i) Funding for qualifying students

"Provide all students who qualify for the National Student Financial Aid Scheme with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses".

(ii) Collections

"The National Student Financial Aid Scheme… should be recovered through arrangements with the South African Revenue Service".

Policy Framework for the Government-Wide Monitoring and Evaluation System (2005)

The framework identifies programme performance information as one of the data terrains underpining GWME, focusing on information that is collected by government institutions in the course of fulfilling their mandates and implementing government policies.

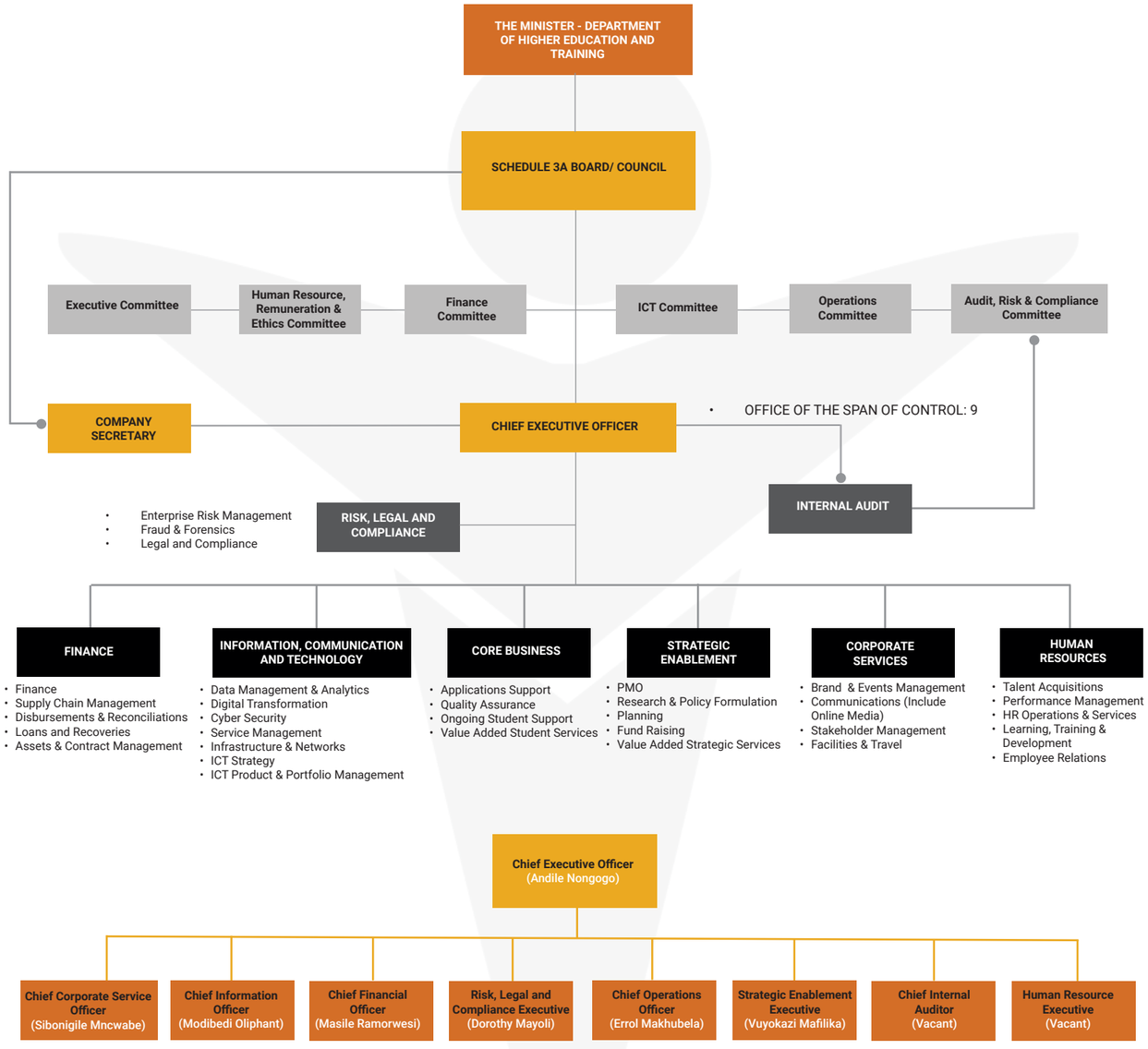
Framework for Managing Programme Performance Information (2007)

The framework outlines the key concepts in the design and implementation of management systems to define, collect, report, and use performance information in the public sector. This framework stipulates that performance information is essential to focus the attention of the public and oversight bodies on whether public institutions are delivering value for money, by comparing their performance against their budgets and service delivery plans and to alert managers to areas where corrective measures are required.

Medium-Term Strategic Framework

The MTSF is the government's strategic plan for the 2020–2025 electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the NDP. The MTSF sets out the actions the government will take and the targets to be achieved. It also provides a framework for the other plans of national, provincial, and local governments. The MTSF sets targets for the achievement of the NDP goals over its five-year period for each of the 14 outcomes.

9. Organisational Structure



***Disclaimer (the organisation experienced labour turnover in the FY23/24 period in the Executive and Top Management structure, the below indicates the narrative of the employee movement in those positions**

- CEO Position: Andile Nongogo 1 April 2023 – 23 October 2023; Acting CEO: Masile Ramorwesi
- CFO Position: Masile Ramorwesi 1 April 2023 – then moved to the Acting CEO position
- CIO Position: Modibedi Oliphant 1 April 2023 – 29 September 2023; Acting CIO: Thulani Melula
- COO Position: Vacant 1 April 2023 – 30 November 2023; Errol Makhubela 1 December 2023 – present
- Human Resources Executive: Vacant 1 April 2023 – 31 March 2024
- Risk Legal and Compliance Executive: Vacant 1 April 2023 – 31 March 2024
- Strategic Enablement Executive: Vacant 1 April 2023 – 12 February 2023; Vuyokazi Mafilika 13 February 2024 - present.



Part B: Performance Information

In this section

1. Auditor's Report: Predetermined Objectives....28
2. Overview of Performance....28
2.1 Service Delivery Environment....28
2.2 Organisational environment....30
2.3 Key policy development and legislative changes....30
2.4 Performance Highlights....31
3. Institutional Programme: Performance Information....36
3.1 Programme 1: Core Business....36
3.2 Programme 2: Administration....40
4. Revenue Collection....52

PART B: PERFORMANCE INFORMATION

1. Auditor's Report: Predetermined Objectives

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit opinion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 104 of the Report of the Auditors Report, published as Part F: Financial Information.

2.Overview of Performance

2.1 Service Delivery Environment

The year 2023-24 has been particularly difficult given that the organisation attracted several negative press publicities ranging from claims of late student payments, challenges relating to the direct payment channel, and the release of the Chief Executive Officer from the organisation, and the stepping down of the Board Chairperson.

The above factors and other related matters contributed to the overall performance of the organisation. In September 2023, the Board convened a lekgotla session bringing together stakeholders, including student representatives, labour unions, and institutional representatives from the post-education sector and provided a platform for sector stakeholders to develop a plan in response to the challenges affecting the scheme and identify areas of improvement and solutions to the challenges confronting the students. The implementation of new policies, such as direct payment and student accommodation, featured high on the agenda on matters that were in the spotlight.

2.2 Organisational environment

The financial year 2023-24 was by far the most trying in terms of leadership and governance of the organisation since the institution was placed under administration in 2018. In August 2023, the NSFAS board placed the Chief Executive Officer (CEO) on special leave and subsequently terminated his contract in October of the same year on the basis and grounds of breach of policies and trust relationship. In the same period, the Chief Information Officer (CIO) resigned, which left the organisation in a precarious situation given the entity's numerous IT system challenges over the years.

Whilst the board moved swiftly to appoint an acting CEO, leadership changes at the helm of the organisation continued to spiral culminating in the Board Chairperson taking leave of absence following the allegations surfaced by the Organisation Undoing Tax Abuse (OUTA). The Higher Education and Training Minister, Professor Blade Nzimande, immediately appointed Professor Lourens Van Staden as acting Chairperson of NSFAS.

The clear leadership instability and its effect was widely spread within the organisation and had far-reaching consequences in the education financing eco-system in terms of the organisational reputational risk and future, including increase of litigation against NSFAS as well as an increase in student complaints.

Following the conclusion of organisational structure in March 2022, the entity went on a high drive to fill critical managerial posts ranging from the executive level, senior management, and specialist levels to ensure that critical capacity is in place to deliver on the mandate. This intervention was certainly met with transitional challenges such as the onboarding of staff in new posts that were left vacant for extended periods and leading under a volatile and complex environment where criticism from the public, oversight bodies, and student communities continued.

The post of Executive: Core Business was filled in December 2023 to strengthen the organisation's key operations where applications processing, disbursements of allowances, and customer care experience are handled. Coupled with this was the reassignment of the Executive for Corporate Services to lead the student accommodation pilot programme and initiatives to regionalize the entity close to where the students are located. The post of the Executive: Strategic Enablement was filled in February 2024 which resulted in ensuring the backlog for compliance documents is eradicated as well as funding policy environment is stabilised. Other appointments at the Senior Management Level included the head of Policy and Research, Planning and Performance, Labour Relations, Enterprise Risk Management, Student Accommodation and Organizational Development and Talent Management Senior Managers to manage the policy environment, ease labour relations affairs and improve organisational capacity, planning and compliance requirements.

The additional capacity brought much needed relief at a senior management level, which allowed dedicated focus on areas which required appropriate attention and decision making. Previously you would find that managers were performing functions for 2 or more roles due to capacity constraints which in turn compromised quality and performance.

The Risk, Legal and Compliance department has registered achievements which include the following:

• **Recruitment of the Legal and Risk management team:** The individuals appointed in the Risk and Legal department bring a wealth of experience and expertise, enabling the department to navigate complex legal matters and proactively manage potential risks. Their contributions have strengthened the overall risk management capabilities of the department.

• **Approval of Governance Frameworks:** These frameworks provide a structured approach to identifying, assessing, and mitigating risks throughout the organisation. By implementing these frameworks, the department will be able to enhance risk management practices and ensure long-term sustainability of the organisation.

• **Execution of compliance implementation plan:** Further strengthen the compliance function to monitor compliance with financial policies, improve transparency, and ensure accountability. Additionally, we will adopt best practices in financial reporting to provide stakeholders with clear and accurate financial statements that reflect the entity's financial health.

• **Effective management of litigations:** Through the team's strategic approach, the department effectively managed and resolved legal disputes, safeguarding the organisation's reputation and mitigating any potential financial and operational risks.

•**Training and awareness programs:** The department organized various training and awareness programmes to educate employees about their responsibilities in maintaining compliance, risk management as well as fraud management. These programs included workshops, online training, covering topics such as anti-money laundering, fraud and corruption.

• **Collaboration with law enforcement:** The forensic unit worked closed with law enforcement agencies to ensure that cases were properly investigated and finalized. They shared findings, evidence, and information with law enforcement authorities, fostering a collaborative approach to holding those affected accountable.

• The recoveries performed by the SIU directly addresses the MI that was raised by the AG regarding the recommendation that appropriate action should be taken to recover the money owed by tertiary institutions to the NSFAS. As the investigation progresses the SIU directly recovers the moneys declared by the various institutions.

- The Forensic unit also manages the investigation of the SIU into the affairs of the NSFAS covering the period **2016 – 2022**. The investigation is continuing, and limited findings have been shared with the NSFAS. As part of this investigation process the SIU also recovered money from institutions and individuals amounting to **R2 065 645 974,** to date **R858 978 309** has been paid over to NSFAS, with the remaining balance to be paid over in due course. The recovered fees will be recognised and measured according to the nature of the recoveries once the NSFAS receives the detailed remittances.

- The Forensic unit also collaborated closely with internal stakeholders, such as legal teams, human resources, and management, to ensure that appropriate actions were taken against employees involved in misconduct. They provided evidence and recommendations to support disciplinary processes and worked collaboratively to implement corrective measures.

At present the Forensic unit faces the following constraints that impacts on the execution of the work of Forensic:

• Limited budget allocation
• Under capacitation of human resource capacity

The above challenges will be resolved once the allocated Forensic budget is reviewed and increased accordingly.

2.3 Key policy development and legislative changes

The entity has made positive strides in its implementation of the Student-Centred Model and the development of the NSFAS Student Accommodation Portal. This model places the needs of students at the heart of the scheme's operations and was intended to streamline all processes that affect the disbursement of funds for tuition, transport, food, and accommodation.

Throughout the years the scheme has gone through a series of policy changes and improvements in its processes as well as funding eligibility criteria. The change was mainly to ensure that the funding solution being offered to students in higher education and learning is moving with the times and is fit for purpose. An important milestone in the funding policy space was the introduction of the comprehensive student funding model by the Department which ushered in the return of loans. This expanded the pool of students who have the opportunity to receive financial aid from 350 000 to 600 000 targeting the "missing middle" by offering loans. Over and above that the policy made provision for financial support to those students who wish to pursue postgraduate studies.

These changes were preceded by a series of consultations with all affected stakeholders before the release of the guidelines in January 2024. The scheme consulted with the Universities South Africa (USAF), South Africa's Public College Organization (SAPCO), the South African Technical and Vocational Education and Training Student Association (SATVETSA), and South African Union of Students (SAUS) to ensure that the guidelines are responsive to the challenges faced by students. The loan scheme funding conditions and criteria were approved on the 19 February 2024 by the Minister and encouraged NSFAS to consult on these guidelines extensively to ensure they are responsive.

Later in the year, an Ad Hoc Committee on Student Accommodation accompanied by the NSFAS Management and Board Members visited several institutions to engage on the preparations and readiness for the implementation of the new student accommodation process, ahead of the 2024 academic year.

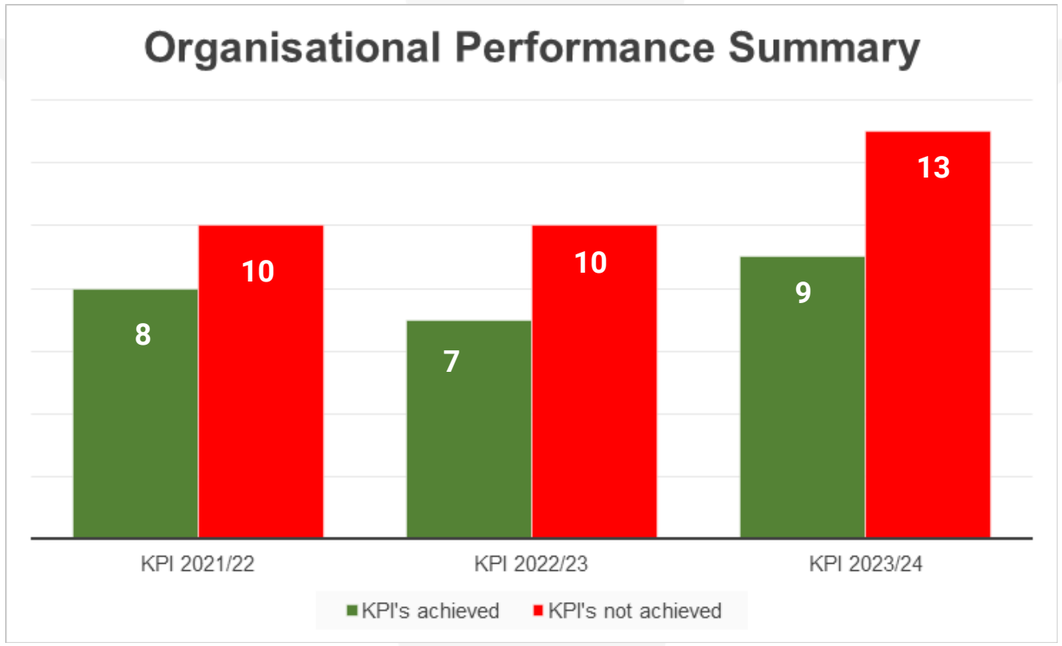
The entity remained steady and committed to providing accessible, decent, safe, and academically conducive student accommodation for all students in partnership with institutions and providers. This includes the implementation of a centralized student accommodation management process through a Student Accommodation portal and a universal CAP on accommodation costs for NSFAS beneficiaries.

2.4 Performance Highlights

The performance report on the predetermined objectives is based on the strategic outcomes, key performance indicators (KPIs) and targets outlined in the revised 2020/25 Strategic Plan and the 2023/24 Annual Performance Plan that was approved on 13 March 2023.

The overall performance of the entity is summarised in the graph below:

Figure 1: Performance Summary



The overall performance of the organisation for the year 2023-24 is 41%, indicating achievement of 9 out of 22 targets. Details on targets achieved and not achieved are provided below and linked to specific outcomes.

Targets achieved

The performance targets that the entity achieved are based on the following strategic outcomes:

Outcome 1 – Increased number of eligible students being funded fairly and equitably

Output Indicator	Achievement
KPI 4.2 Percentage of prospective SASSA beneficiary applicants that applied for funding	The entity has exceeded its target of 44% for this KPI. The applications received from prospective SASSA beneficiaries reached 52.6%.

Outcome 2 – Improvement in the stakeholder community perception of the organisation

KPI 2.4 Application system availability to applicants	The availability of the Student Portal remained at 99.3% at the end of 31st March 2024, exceeding the target of 95%.
KPI 4.3 Research Study on eligible cohorts of NSFAS beneficiaries in targeted areas	The entity has met its target of producing 4 research reports for the period under review.
KPI 4.7 Reduction in the average call waiting time for the NSFAS Call Centre	The entity has far exceeded its 2% target in the reduction of the average call waiting time.
KPI 4.9 Improve communications and brand awareness	Eleven (11) Marketing and Communication awareness campaigns were conducted.

Outcome 3 – A well governed organisation and a strong internal control environment

KPI 2.1 Status level 3 for CGICT achieved	The entity has achieved the target of level 3 on Corporate Governance of ICT for this KPI.
KPI 2.3 Percentage of implementation of the Organizational ICT Digital - Strategy	The organisation has achieved a 62% status on the implementation of the project.

Outcome 4 – An optimal efficient and effective operating business

Output Indicator	Achievement
KPI 3.3 Percentage of staff that have undergone on-the-job training per annum	The entity has achieved 88% for the employees who have attended on the job training for the fourth quarter. This is above the 80% target that was set for the year.
KPI 3.4 Number of change management programmes conducted by HR per annum that positively impact/ transform the culture of the NSFAS	NSFAS has conducted six (6) change management programmes during the year.

Targets not achieved

Outcome 1 – Increased number of eligible students being funded fairly and equitably

Output Indicator	Comment
KPI 4.1 Approved NSFAS Eligibility Criteria and Conditions for Financial Aid released before registration at institutions.	The funding conditions and criteria were developed and concurred in January in preparation for the academic year. Delays were due to extensive consultation and certain areas that were contentious and challenged by stakeholders.
KPI 4.4 Number of students receiving NSFAS bursaries annually.	The target was not met due to a lower-than-expected number of TVET beneficiaries being funded. Specifically, continuing TVET students were not funded in the 2023 academic year because of failure to meet the academic progression criteria. The academic failure rate of TVET continuing students was higher than expected.

Output Indicator	Comment
KPI 4.5 Percentage of all valid appeals received within the approved appeal window where the evaluation of the appeal is completed within 45 working days	The entity did not meet its target of 90% on appeals. Lack of tools and systems to ensure reliable reporting against the target.

Outcome 2 – Improvement in the stakeholder community perception of the organisation'

Output Indicator	Comment
KPI 1.1 Percentage of funded students disbursed within 31 calendar days of receipt of valid registration data.	The entity has achieved an overall level of 70% for the 2023/24 financial year which is lower than the targeted 80%. Registration data exceptions and other disbursement anomalies were finalised only by quarter four.
KPI 4.6 Number of quality engagements held with NSFAS customers and stakeholders.	The entity has not met its target of four (4) quality engagements. Whilst the engagements were held, the quality aspect thereof could not be evidenced as no surveys were conducted.

Outcome 3 – A well-governed organisation and a strong internal control environment

Output Indicator	Comment
KPI 1.2 The amount to be collected from loan book debtors.	During year under review, the entity recovered R144m of the yearly target of R300m. The entity operated without a loan management system, and this had a significant impact on the recovery of funds.
KPI 1.3 Unqualified Audit opinion obtained from AGSA.	Despite sustained efforts during the audit cycle, the audit outcome for the 2022/23 financial year remained adverse, with material findings noted on the financial statements, compliance with legislation, and the annual performance report. This outcome highlights systemic challenges that continue to undermine NSFAS's financial reporting, internal control, and data governance capabilities.
KPI 2.2 Improve the Organisational Cyber Security Maturity Posture to level 3 of NIST Standard.	The set target of level three (3) was not achieved due to resource constraints, such as a lack of skilled personnel or budgetary limitations, which hindered the unit's ability to conduct the cybersecurity maturity assessment. This was also complicated by a change in leadership and prioritisation of other initiatives.
KPI 3.5 Percentage of employees who sign performance contracts at the beginning of the financial year and have conducted four (4) quarterly performance reviews in line with policy.	The entity underperformed by 86.5%. Line managers and employees have not submitted IPCs as required by policy. • The large-scale change within the entity, including the organisation redesign, job profiling and matching and placing exercises significantly impacted individual performance management processes. • These activities had dependencies for successful performance management implementation and the delay in their successful implementation created challenges in performance management.

Outcome 3 – A well-governed organisation and a strong internal control environment

Output Indicator	Comment
KPI 3.5 Percentage of employees who sign performance contracts at the beginning of the financial year and have conducted four (4) quarterly performance reviews in line with policy.	• Line managers and employees were hesitant to conclude IPCs without clear, formalised job descriptions or being matched to positions in terms of the entity matching and placing process.
KPI 3.6 Percentage of women employed in management positions.	The entity achieved 35% out of the set target of 50%. Delays in the recruitment processes and newly formed panels negatively impacted the target.

Outcome 4 – An optimal efficient and effective operating business

KPI 3.1 The number of working days within which funded vacancies are filled per annum (time to fill -90 working days).	16 out of 30 vacancies were filled within 90 days. Unavailability of panel members for the shortlisting and selection processes resulted in delays. Critical skills were difficult to source.
KPI 3.2 Approved continuous development courses for management employees.	The entity did not meet its target of 100% for the development of management employees. The overall achievement stood at 84% for training. The first phase of the programme was intentionally focused on senior managers to establish strong leadership for future phases and consequently affected the overall performance of the set target.
KPI 4.8 A framework for the measurement of current beneficiaries, potential beneficiaries, and other stakeholders' satisfaction	The entity did not meet its target of 80% customer satisfaction from the engagements, as no surveys were conducted. Whilst a framework, "the Net Promoter Score Tool" was developed, and a baseline gathered, no surveys were conducted.



PART B - ANNUAL PERFORMANCE REPORT

3. Institutional programme performance information

Key performance indicators, planned targets, and actual achievements.

3.1 Programme 1: Core Business

Purpose – To contribute towards students' success by being a leading resource provider within the higher education eco system.

Table 1: Report against the tabled annual performance plan

ACHIEVED NOT ACHIEVED

Programme 1 : Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Annual Target 2023/2024**	***Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**
Outcome 2: Improvement in the stakeholder community perception of the organisation	Funding of qualifying Students	**KPI 1.1** Percentage of funded students disbursed within 31 calendar days of receipt of valid registration data	New Indicator	N/A	80%	70% NOT ACHIEVED	(10%)	Registration data exceptions and other disbursement anomalies were finalised by quarter 4 due to capacity constraints.
Outcome 3: A well governed organisation and a strong internal control environment	Recovered monies from debtors	**KPI 1.2** The amount to be collected from loan book debtors	R303 533 178	R388.5 million	R300 million	R144 million NOT ACHIEVED	(R156 million)	The entity operated without a loan management system. This had a significant impact on our ability to send statements to debtors, and as a result, impacted our ability to recover funds.
	Unqualified Audit opinion	**KPI 1.3** Unqualified Audit opinion obtained from AGSA	Unqualified audit opinion with findings for the 2020/21 financial year	Adverse audit opinion with findings for the 2021/22 financial year	Unqualified Audit opinion obtained from AGSA	Adverse audit opinion with findings for the 2022/23 financial year NOT ACHIEVED	(100%)	The entity was unable to achieve an unqualified audit opinion due to significant deficiencies in its systems, constraints in human resources and dependency on institutions to provide valid data timeously. Inadequate systems, and institutions not submitting valid data timeously hindered accurate and reliable financial reporting, while limited staffing capacity impacted the organization's ability to meet audit standards and compliance requirements. These challenges prevented the entity from fully addressing critical audit areas, underscoring the need for system improvements and increased investment in skilled personnel to strengthen future audit outcomes.

PART B - ANNUAL PERFORMANCE REPORT

ACHIEVED NOT ACHIEVED

Programme 1 : Core Business

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Outcome 3: A well governed organisation and a strong internal control environment	Governance of ICT	KPI 2.1 Status level 3 for CGICT achieved.	Level 1	-	Level 3 as per DPSA's ICT Framework	Level 3 achieved ACHIEVED	Not Applicable	None
	Enhanced Cyber Security Framework	KPI 2.2 Improve level of maturity with respect to Cyber Security	Level 0	-	Level 3 of maturity with respect to the National Institute of Standards and Technology (NIST) Cyber Security Framework	- NOT ACHIEVED	-	The set target of level three (3) was not achieved due to resource constraints, such as a lack of skilled personnel or budgetary limitations, which hindered the unit's ability to conduct the cybersecurity maturity assessment. This was also complicated by a change in leadership and prioritisation of other initiatives.
	NSFAS digitized environment	KPI 2.3 Percentage of implementation of the Organizational ICT Digital Strategy	New indicator	New indicator	50% implementation of the Organizational ICT Digital Strategy as per each project's charter.	62% implementation rate ACHIEVED	12%	Continuous improvement efforts were prioritised to optimize performance and maximize the impact on the overall digital strategy implementation as per each project charter.
Outcome 2: Improvement in the stakeholder community perception of the organisation	Reduced system downtime	KPI 2.4 Application system availability to applicants	New indicator	New indicator	95% of Application system availability to applicants	99.5% ACHIEVED	4.5	Regular and effective maintenance of the Student Portal systems has contributed to higher availability. Timely updates, bug fixes, and system optimizations ensuring that the portal operates smoothly and remains accessible to users.

PART B - ANNUAL PERFORMANCE REPORT

3.2 Programme 2: Administration

Purpose – To provide fair and equitable access to financial and other resources for eligible students in an efficient, transparent, professional and student centric manner.

ACHIEVED NOT ACHIEVED

Table 2: Report against the tabled annual performance plan

Programme 2: Administration									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Annual Target 2023/2024**	***Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**
Outcome 4: An optimal, efficient, and effective operating business	Skilled and competent appointments	KPI 3.1 The number of working days within which funded vacancies are filled per annum (time to fill)	New Indicator	New Indicator	To appoint candidates for approved and funded vacancies within 90 days.	16 out of 30 vacancies were filled in within 90 days. That is 53% NOT ACHIEVED	(47%)	Unavailability of panel members for the shortlisting and selection processes resulted in delays. Critical skills were difficult to source.
	Enhance leadership management skills	KPI 3.2 Approved continuous development courses for management employees	New Indicator	New Indicator	100% of management employees on bands D and E must have been developed in line with organisational skills shortages and requirements for the year.	84% NOT ACHIEVED	(16%)	The first phase of the programme was intentionally focused on senior managers to establish strong leadership for future phases, and consequently affected the overall performance of the set target.
	Continuous staff skills development	KPI 3.3 Percentage of staff that have undergone on-the-job training per annum	New Indicator	New Indicator	80% attendance of departmental employees across the organisation relating to departmental way of operation (policy, process, and content) or any other on-thejob training interventions.	88% ACHIEVED	8%	The actual attendance target was exceeded by 8% because of increased awareness and interest in the training programs offered

PART B - ANNUAL PERFORMANCE REPORT

ACHIEVED NOT ACHIEVED

Programme 2: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Outcome 4: An optimal, efficient, and effective operating business	Enhance leadership management skills	KPI 3.4 Number of change management programmes conducted by HR per annum that positively impact/transform the culture of the NSFAS	New Indicator	New Indicator	4	6 ACHIEVED	2	More efforts were put in place to raise leadership effectiveness to promote a better culture, boost team performance, and resolve conflicts effectively as a result of the rise in workplace complaints and disputes.
Outcome 3: A well governed organization and a strong internal control environment	Performance, commitment, monitoring and management	KPI 3.5 Percentage of employees who sign performance contracts at the beginning of the financial year and have conducted four (4) quarterly reviews at the end of the financial year	New Indicator	New Indicator	100% of the staff compliment have signed performance contracts and have completed quarterly performance reviews	13.53% NOT ACHIEVED	(86.47%)	Delays in the organisational redesign, matching, and placement negatively impacted the contracting processes. The few contracts signed during the year under review fell outside the required deadline and no reviews were conducted.
	Females appointed in management positions	KPI 3.6 Percentage of women employed in a management position in the financial year	New Indicator	50%	50% of women employed in band D and E management positions	35% NOT ACHIEVED	(15%)	The were delays in our recruitment processes, due to the newly formed panels, and this in turn impacted the number of females recruited
Outcome 1: Increased number of eligible students being funded fairly and equitable	Funding criteria for eligible beneficiaries	KPI 4.1 Approved NSFAS Eligibility Criteria and Conditions for Financial Aid released before start of registration at institutions	New Indicator	New Indicator	Eligibility Criteria distributed before registration for the next academic year	NOT ACHIEVED	Not applicable	The funding conditions and criteria were developed and concurred in January in preparation for the academic year. Delays were due to extensive consultation and certain areas that were contentious and challenged by stakeholders.
Outcome 1: Increased number of eligible students being funded fairly and equitable	Funded SASSA beneficiaries post matric	KPI 4.2 Percentage of prospective SASSA beneficiary applicants that applied for funding	New Indicator	New Indicator	44% of the Matric Registered SASSA Beneficiaries	52.6% of the Matric Registered SASSA Beneficiaries ACHIEVED	8.6%	This is the result of more SASSA beneficiaries applying for NSFAS funding.

PART B - ANNUAL PERFORMANCE REPORT

ACHIEVED NOT ACHIEVED

Programme 2: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	*Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Outcome 2: Improvement in the stakeholder community perception of the organisation	Research study focused on NSFAS beneficiaries	KPI 4.3 Research Study on eligible cohorts of NSFAS Beneficiaries in targeted areas	New Indicator	New Indicator	Four (4) research reports	Four (4) research reports submitted ACHIEVED	Not applicable	Not applicable
Outcome 1: Increased number of eligible students being funded fairly and equitable.	Escalating number of South African students funded by NSFAS.	KPI 4.4 Number of students receiving NSFAS bursaries annually (Number of TVET, Universities, Funders).	New Indicator	New Indicator	TVET: 337 224 Universities: 439 659 Other Funders: 15 000 Total: 791 883	TVET: 254 409 Universities: 505 845 Other Funders – 17 392 Total: 777 646 NOT ACHIEVED	TVET: -82 815 Universities: +66 186 Other Funders: +2 392 Total: -14 237	The target was not met due to a lower-than-expected number of TVET beneficiaries being funded. Specifically, continuing TVET students were not funded in the 2023 academic year because of failure to meet the academic progression criteria. The academic failure rate of TVET continuing students was higher than expected. For Universities and other funders, there was an increase in the number of students qualifying for funding.
	Timely closure of appeals and evaluation on applications	KPI 4.5 Percentage of all valid appeals received within the approved appeal window where the evaluation of the appeal is completed within 45 working days	New Indicator	New Indicator	90% consistent quarterly achievement	0% NOT ACHIEVED	(90%)	Lack of tool and system to ensure reliable reporting against the target.

PART B - ANNUAL PERFORMANCE REPORT

ACHIEVED NOT ACHIEVED

Programme 2: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Annual Target 2023/2024**	***Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**
Outcome 2: Improvement in the stakeholder community perception of the organisation	Continuous external and internal stakeholders	KPI 4.6 Number of quality engagements held with NSFAS customers and stakeholders	New Indicator	New Indicator	4	NOT ACHIEVED	Not Applicable	The entity has not met its target of four (4) quality engagements. Whilst the engagements were held, the quality aspect thereof could not be evidenced as no surveys were conducted..
	Interactive communication with beneficiaries	KPI 4.7 A reduction in average call waiting times for the NSFAS Call Centre	New Indicator	New Indicator	2% reduction in average call waiting time	22% reduction in call waiting time. ACHIEVED	22%	The system and process management had a positive impact on the call waiting time.
Outcome 4: An optimal, efficient, and effective operating business	Impactful external and internal stakeholders	KPI 4.8 A framework for the measurement of current beneficiaries, potential beneficiaries, and other stakeholders' satisfaction	New Indicator	New Indicator	80% positive customer satisfaction feedback from of all student and stakeholder satisfaction surveys received.	NOT ACHIEVED	80%	Whilst a framework, "the Net Promoter Score Tool" was developed, and a baseline gathered, no surveys were conducted. The lack of survey data meant that the entity relied on anecdotal evidence and informal feedback, which may not comprehensively reflect the overall satisfaction levels.
Outcome 2: Improvement in the stakeholder community perception of the organisation	Enhanced brand awareness and reputation management	KPI 4.9 Improve communications and brand awareness	New Indicator	New Indicator	Ten (10) Marketing and Communication awareness campaigns, transcending over both internal and external campaigns	Eleven (11) Marketing and Communication awareness campaigns run ACHIEVED	1	Campaigns are driven by business needs and there was an additional campaign to address critical issues at the time.

PART B - ANNUAL PERFORMANCE REPORT

Table 3: Linking performance with budgets

2023/24					2022/23		
Programme	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**		**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	R'000	**R'000**	**R'000**		**R'000**	**R'000**	**R'000**
Administration	566,557	584,251	(17,694)		665,761	412,200	253,561
Student-centred financial aid	58,333,662	42,702,710	15,630,952		59,739,653	41,191,080	18,548,573
Depreciation and amortisation and write-offs	-	3,286,185	(3,286,185)		930,603	2,278,870	(1,348,267)
Total	**58,900,219**	**46,573,146**	**12,327,073**		**61,336,017**	**43,882,150**	**17,453,867**

**2022/23 balances have been restated.*

For the financial year ending 2023/24, the organisation budgeted R631.6 million for administrative activities and R42.7 billion for the student-centered model program. From the total budget, the organisation generated actual revenue of R48.2 billion and spent R46.6 billion representing 78% of the initial budget. When broken down by programs, 93% of the administrative budget was spent. This high utilisation was primarily due to significant activities such as engagements with the Special Investigating Unit (SIU), preparation of annual financial statements and audit processes, ICT-related expenditure, and employee compensation. On the other hand, 72% of the student-centered budget was utilised for student funding across both TVET colleges and Universities. While this is a lower percentage than the administrative spend, it reflects the complexities of disbursement timelines, compliance requirements, and demand-driven variations in student enrolment and eligibility.

Strategy to overcome areas of under performance

Student debt recovery

Considering the challenges that the organisation faces in recovering debts, management will finalise the procurement of a new automated loan account administration system that allows for regular statements to be sent to debtors with their latest balances, continue to work with SARS to determine which of our current debtors are employed to ensure that recoveries are well targeted. Further to this, the organisation will hand over additional accounts to external debt collectors (EDC's) to drive recoveries via increased engagement and communication with debtors, as well as target debtors who were previously making regular payments but have stopped without cause.

Governance and accountability

Challenges identified through various audits will be included in the internal audit plan and closely monitored through the governance structures. Completing the close-out project is also critical to the audit improvement plan. More internal resources will be assigned to ensure close out project completion. The entity has recently appointed Senior Managers within the Legal and Risk Management environment. This initiative will assist in navigating complex legal matters and proactively manage potential risks, improve governance, and compliance controls and strengthen the overall risk management capabilities of the department.

Disbursement of funds to students

The entity is still experiencing challenges in disbursing funds to institutions and ultimately students due to systems defects and capacity constraints in relation to the disbursement unit. The National Student Financial Aid Scheme (NSFAS) has implemented several interventions to improve the payment process to students. These measures address past issues related to administrative inefficiencies and delays in disbursing funds. Additional capacity will be brought on board to strengthen the disbursement function.

The entity is working jointly with DHET and institutions to resolve data submission issues that have contributed to payment delays. To accommodate more students and ensure no eligible students miss out, NSFAS will continue to carefully and proactively manage the application window periods for both bursaries and loans. The use of extension, where appropriate, will be considered to provide students with additional time to complete their applications, potentially reducing last-minute errors and delays in processing.

ICT

NSFAS continues to redesign its ICT system to leverage modern technologies. The enhancements will support the student-centred funding model and aim to integrate data seamlessly with public universities and Technical and Vocational Education and Training (TVET) colleges. ICT has undertaken several key initiatives to bolster its cybersecurity measures which include the following:

- Upgrading IT infrastructure to include advanced security features, aiming to protect against a wide range of cyber threats;
- Deployment of more robust firewalls, intrusion detection systems, and regular security audits to identify and mitigate vulnerabilities;
- Recognising the importance of human factors in cybersecurity, the IT unit instituted information awareness for the staff. These programs focus on phishing attempts, and responding effectively to security incidents; and
- Active collaboration with cybersecurity experts and agencies to develop and implement best-in-class security protocols.

These improvements are crucial given the increasing sophistication of cyber threats and the need to protect sensitive student and financial data.

Stakeholder engagement

In a bid to improve its relations with stakeholders, the entity has reviewed its approach to the stakeholder framework and will also prioritise stakeholders' needs, building strong relationships, maintaining clear communication, and ensuring ongoing involvement throughout.

This will provide us with a stakeholder engagement plan that sets out clear communication objectives that is transparent and consistent as we build credibility. The plan will be evaluated and monitored including platforms that are being utilised whether they are effective. Regular updates are now provided through the NSFAS portal, helping to keep all stakeholders informed about the progress and any issues that might arise. The entity is also actively engaging with Student Representative Councils (SRCs) and university management to address concerns raised through various platforms including the media.

Performance Information

The Planning and Performance Unit capacity is prioritised, and this will be coupled with capacity-building workshops on government-wide frameworks that guide planning, effective performance monitoring, reporting, and evaluation. Development of policies, standard operating procedures, instituting quarterly performance review sessions, and planning and compliance calendar will be amongst other interventions to ensure that the entity adheres to timelines and improves on its accountability. The planning and performance policy is under review and once finalised will be implemented to institutionalise planning culture.

Organisational capacity

In the 2022-2023 financial year, the entity started the process of documenting roles and responsibilities for the new structure through projects of matching and placing, job description, and job evaluation. This project continues and will assist the organisation to have a fit-for-purpose organisational structure, ensure operational efficiency, and the execution of the organisational mandate. In addition, the organisation developed coaching and mentoring programs both for senior management and executives to contribute towards high-performance culture and improvement of service delivery.

PART B - ANNUAL PERFORMANCE REPORT

4. Revenue collection

Table 4: Revenue Collection

	2023/24				2022/23		
Recoveries monies	**Estimate**	**Actual amount collected**	**Over/(Under) Expenditure**		**Estimate**	**Actual Amount Collected**	**Over/(Under) Collection**
	R'm	**R'm**	**R'm**		**R'm**	**R'm**	**R'm**
Recoveries monies	300	144	156		388	155	232
Total	**300**	**144**	**156**		**388**	**155**	**232**

The most significant contributor to the continued decline in recoveries, is the absence of an automated loan management system within the organisation. The previous system was decommissioned in November 2022. NSFAS continues to attempt recovery of loans from debtors, however as NSFAS has approximately 800 000 debtors with outstanding loan balances, the manual processes currently in place in lieu of an automated system are insufficient to properly administer the loan book.

The majority of debtors have not received up to date statements of account for a number of years, and without this regular communication with debtors, recoveries have trended downwards.

The following strategies will be used to strengthen debt collection:

- Procure a new automated loan account administration system that allows for regular statements to be sent to debtors with their latest balances.
- Continue to work with SARS in order to determine which of our current debtors are employed, so that employed debtors can be targeted first for recoveries.
- Hand over additional accounts to external debt collectors (EDC's) to drive recoveries via increased engagement and communication with debtors.
- Target debtors who were previously making regular payments but have stopped without cause.

Despite significant operational and system-related challenges, the entity is committed to managing loan book debt, whilst maintaining compliance, and preparing for system modernisation. Priorities include improving recoveries, better debtor engagement, and laying the foundation for long-term automation.

Part C: Governance

In this section

1. Introduction....56
2. Engagements with Portfolio Committees....56
3. Executive Authority....57
4. The Accounting Authority/Board....57
5. Risk management....66
6. Internal control unit....68
7. Internal Audit and Audit Committees....68
8. Compliance with laws and regulations....70
9. Fraud and corruption....71
10. Minimising conflict of interest....73
11. Code of conduct....73
12. Health, safety and environmental issues....73
13. Social responsibility....77
14. Audit committee report....77
15. B-BEEE compliance performance information....82

PART C: GOVERNANCE

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, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Governance of the NSFAS is guided primarily by the NSFAS Act, PFMA and the King IV Report on Corporate Governance for South Africa. The Accounting Authority is committed to ensuring that principles, processes and practices enable the NSFAS to conduct its business with sound corporate governance principles, ethical culture, good governance. The Executive Authority is committed to upholding sound corporate governance as it is vital to creating stakeholder value and ensuring accountability, transparency, ethical behaviour, fairness, responsibility and social development.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance. Below is a list of governance structures and dates of engagements with Parliamentary Committees during 2023/24 financial year.

2. Engagements with Portfolio Committees

Table 5: Portfolio Committees

Committee	Duration	Subject	Date
Portfolio Committee of Higher Education and Training	09H00 – 13H00	Briefing by the National Student Financial Aid Scheme (NSFAS), Quality Council for Trades and Occupations (QCTO) and South African Qualifications Authority (SAQA) on the Revised Strategic Plan 2020 – 2025 and APP 2023/24	10 May 2023, Wednesday
Portfolio Committee of Higher Education and Training	09H00 – 13H00	Briefing by the National Student Financial Aid Scheme (NSFAS) on: • Annual Report 2021/22 • Update in the disbursement of funding and allowances to students. • Update on resolving outstanding student appeals. • Progress towards opening funding applications for 2024 academic year	06 September 2023, Wednesday
Portfolio Committee of Higher Education and Training	09H00 – 13H00	Briefing by the National Student Financial Aid Scheme (NSFAS) on: turn-around strategy/ plan to resolve the problems related to the new direct-payment system; delays in resolving student appeals and accreditation of student accommodation; plans to improve the information and communication technology (ICT) systems and plans to achieve day-zero of outstanding appeals and query resolution matters. Briefing by Tenet Technology, eZaga, Noracco Corporation and Coinvest Africa on their background and profile, contract with NSFAS, disbursement of allowances to students, challenges experienced and plans in place to address them.	03 October 2023, Wednesday

Table 5: Portfolio Committees

Committee	Duration	Subject	Date
Portfolio Committee of Higher Education and Training	09H00 –14H00	Briefing by the DHET, USAF, SAPCO, SAUS, SATVETSA and NFSAS on the readiness for the 2024 academic year.	29 November 2023, Wednesday
Portfolio Committee of Higher Education and Training	09H00 – 13H00	**Briefing by the National Student Financial Aid Scheme on:** • Annual Report 2021/22. • Update on the implementation of the Werkmans Report. • Update on funding of students at universities and TVET colleges for the 2024 academic year and related matters. • Update on governance and management.	14 February 2024, Wednesday

3. Executive Authority

Table 6: Reports submitted to the Executive Authority

Reports	Date
NSFAS 1st Quarter Report	31 July 2023
NSFAS 2nd Quarter Report	31 October 2023
NSFAS 3rd Quarter Report	14 February 2024
NSFAS 4th Quarter Report	31 May 2024
NSFAS 2021/22 Annual Report	07 November 2023

4. The Accounting Authority/Board

Introduction

As outlined in the NSFAS Act, the Board assumes the critical role of being the Accounting Authority for NSFAS, and NSFAS is managed, governed, and administered by the Board. Composed of a balanced mix of non-executive directors possessing the necessary skills, the Board holds a central position in strategically guiding NSFAS and ensures impartiality and objectivity in its decision-making processes.

The previous NSFAS Executive Officer commenced their tenure on 1 December 2020, while the NSFAS Board officially commenced its duties on 1 January 2021, serving as the Accounting Authority for a designated four-year term as stipulated by the NSFAS Act.

The responsibilities and duties of the NSFAS Board

The responsibilities and duties of the NSFAS Board are outlined as follows:

- **Absolute Responsibility and Accountability:** The Board assumes absolute responsibility for NSFAS's performance and is directly answerable to the Minister of Higher Education, Science, and Innovation. It provides strategic guidance to the organisation.

- **Compliance and Communication:** The Board diligently adheres to statutory obligations delineated in sections 50 to 55 of the Public Finance Management Act (PFMA), ensuring adherence to pertinent laws, regulations, and business codes. Transparent and open communication with stakeholders is prioritised.

- **Informed Decision-making:** Board members are granted unrestricted access to pertinent organisational information, facilitating informed decision-making in the best interest of NSFAS and its stakeholders.

- **Strategic Oversight:** The Board is responsible for formulating, monitoring, and evaluating NSFAS's strategic initiatives, annual performance plans, budgets, and business strategies. Key risk areas are identified and proactively managed.

- **Conflict Management:** The Board maintains vigilance in identifying and addressing potential conflicts of interest among management, Board members, and employees. Acceptance of unauthorised payments by Board members is strictly prohibited.

- **Delegation and Oversight:** Delegation of authority is meticulously outlined, with specific powers reserved for the Board. Delegated authority undergoes periodic review and evaluation.

- **Financial Oversight:** The Board approves NSFAS's annual financial statements, ensuring accuracy, adherence to accounting standards, and transparent presentation of financial affairs.

- **Board Evaluation:** An annual review of the Board's composition, skills, and individual contributions is conducted to enhance overall effectiveness.

- **Integrity and Governance:** Upholding the highest standards of integrity and accountability, the Board maintains a delicate balance between governance principles and organisational performance.

- In essence, the NSFAS Board epitomises principles of transparency, accountability, and strategic vision, underscoring its commitment to the effective management of student financial aid resources.

Functions of NSFAS

The functions of NSFAS include:

- Allocating funds for loans and bursaries to eligible students.
- Developing criteria and conditions for the disbursement of loans and bursaries in consultation with the Minister.
- Raising funds as per the provisions of section 14(1).
- Recovering loans.
- Maintaining and analysing a database and conducting research to optimise financial resource utilisation.
- Advising the Minister on matters pertaining to student financial aid.
- Carrying out other functions as assigned by the NSFAS Act or the Minister

Board charter

As recommended by the King Code, the Board has a charter setting out its responsibilities. The NSFAS Board Charter, at a minimum, sets out the following responsibilities for the NSFAS Board:

- Adopting strategic plans ;
- Monitoring operational performance and management; and
- Determining policy processes to ensure the integrity of the public entity risk management and internal controls.

PART C - GOVERNANCE

- **Compliance and Communication:** The Board diligently adheres to statutory obligations delineated in sections 50 to 55 of the Public Finance Management Act (PFMA), ensuring adherence to pertinent laws, regulations, and business codes. Transparent and open communication with stakeholders is prioritised.

- **Informed Decision-making:** Board members are granted unrestricted access to pertinent organisational information, facilitating informed decision-making in the best interest of NSFAS and its stakeholders.

- **Strategic Oversight:** The Board is responsible for formulating, monitoring, and evaluating NSFAS's strategic initiatives, annual performance plans, budgets, and business strategies. Key risk areas are identified and proactively managed.

- **Conflict Management:** The Board maintains vigilance in identifying and addressing potential conflicts of interest among management, Board members, and employees. Acceptance of unauthorised payments by Board members is strictly prohibited.

- **Delegation and Oversight:** Delegation of authority is meticulously outlined, with specific powers reserved for the Board. Delegated authority undergoes periodic review and evaluation.

- **Financial Oversight:** The Board approves NSFAS's annual financial statements, ensuring accuracy, adherence to accounting standards, and transparent presentation of financial affairs.

- **Board Evaluation:** An annual review of the Board's composition, skills, and individual contributions is conducted to enhance overall effectiveness.

- **Integrity and Governance:** Upholding the highest standards of integrity and accountability, the Board maintains a delicate balance between governance principles and organisational performance.

- In essence, the NSFAS Board epitomises principles of transparency, accountability, and strategic vision, underscoring its commitment to the effective management of student financial aid resources.

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- Maintaining and analysing a database and conducting research to optimise financial resource utilisation.
- Advising the Minister on matters pertaining to student financial aid.
- Carrying out other functions as assigned by the NSFAS Act or the Minister

Board charter

As recommended by the King Code, the Board has a charter setting out its responsibilities. The NSFAS Board Charter, at a minimum, sets out the following responsibilities for the NSFAS Board:

- Adopting strategic plans ;
- Monitoring operational performance and management; and
- Determining policy processes to ensure the integrity of the public entity risk management and internal controls.

Composition of the Board

With the inception of the new Board on 1 January 2021 as appointed by the Minister of Higher Education, Science and Innovation, the Board consists of 13 members of whom:

- One member must be employed by the DHET ;
- One member must be nominated by the Minister of Finance (pending);
- One member must be designated by the Minister as Chairperson of the NSFAS Board; and
- Three members must be nominated by national organisations representing students.

As part of the composition of the Board, not more than four members may be co-opted by the Board in terms of a process determined by the Board and the Executive Officer, who is the secretary and who has no voting rights.

During the period ending 31 March 2024, there were four resignations from Ms Pretty Makukule; Mr. Sanele Zondi and Mr. Sibonelo Cyril Madiba.

The Board members, designation, qualifications, areas of expertise, directorship in other entities, attendance of the Board meetings, new appointments, and resignations are illustrated in the table below:

Table 7: Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships (List the entities)
Ernest Khosa	Chairperson	01-Jan-21	11 April 2024	• Higher Diploma in Company Law • Master of Science (International Development Finance) • Master of Arts (Development) • B.A. (Honours) • B.A. (Humanities)	Research and governance	Khosa Associates Executive Chairman 2005 – current SACAA – Chairman current
Yonke Twani	Board Member	01-Jan-21		• N6 Public Management • Tourism Level 4	Student leadership and governance	Founder and CEO Organisation Masithethe South Africa (MSA) July 2018 –Present
Bamanye Matiwane	Board Member	01-Jan-21		• Bachelor of Arts Honours in Sociology	Student leadership and governance	None
Julie Beya	Board Member	01-Jan-21		• Postgraduate Diploma in Public and Development Management • Postgraduate Diploma in Marketing Management • Bachelor of Social Sciences Degree	• Project management and administration • Internal and external stakeholder relations • Formulating monitoring and evaluation tools	None
Cyril Madiba	Board Member	01-Jan-21	4 March 2024	• BCom Accounting Degree • BCom Accounting Honours Degree • Chartered Accountant	• Banking and financial services industry across auditing, investment banking, finance and change management	Organisation: Cyril Ramaphosa Foundation Period: Nov 2019– Present Role: Chairperson Organisation: The Growth Switch Period: Feb 2020 – Present Role: Founder
Max Fuzani	Board Member	01-Jan-21		• BSc Sci Degree (Industrial • Sociology and Government and Public Policy) • Executive Development (NQF level 8)	Project management	None
Pumela Msweli	Board Member	01-Jan-21		• PhD - Exeter University • MPhil Development Finance • Master's in business administration • Postgraduate Diploma in Marketing • Bachelor of Science	Governance and academic leadership	None
Sanele Zondi	Board member	01-Jan-21	24 October 2023	• Master's in Business Administration, MBA (NQF9) • Board Leadership Programme Certificate • Executive Development Programme Certificate • BA Honours - Public Administration (NQF8) • BTech Degree in Marketing (NQF7) • Diploma in Marketing (NQF6)	Strategy, stakeholder relations and communications	Umfolozi Technical and Vocational Education and Training College Designation: Chairperson of College Council 15 November 2018– Currently serving KZN Gaming and Betting Board Designation: Board Director (Non-Executive) Period: 13 April 2018– Currently serving Richards Bay Industrial Development Zone (RBIDZ) Designation: Board Director (Non-Executive) Period: 15 November 2017–Currently serving

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board director-ships (List the entities)
Pretty Makukule	Board Member	01-Jan-21	21 August 2023	• CA(SA) • ACMA, CGMA • MBA • Post Graduate Diploma in Applied Accounting Science • Advanced Diploma in Accounting Science • BCom	• Financial Management	None
Reshma Mathura	Board Member	01-Jan-21		• MBA • BCom (Hons) • BCom • CA(SA)	Financial management, including financial reporting and governance, financial planning and budgeting, cost management, payroll, asset and expenditure management, revenue management, management of accounts receivable and payable, bank and cash management and treasury management.	None
Lisa Sefttel	Board Co-opted Member	25-Feb-21		• Bachelor of Arts • Honours in Industrial Sociology • Diploma in Public and Development Management	Human resources and public relations	None
Melosi Baloyi	Board Co-opted Member	25-Feb-21		• Fellow of the Actuarial Society of South Africa (FASSA) • Fellow of the Actuarial Society of Kenya (FeASK) Microinsurance Practising Certificate holder • BSc Actuarial Science (cum laude), University of Pretoria • RE1 Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs	• Actuarial consulting experience • Actuarial modelling and valuations – micro life insurance and reinsurance	Actuarial So-ciety of South Africa: Chair-man of the Microinsurance Committee Actuaries lek-gotla - Deputy President Partner and CEO: Xivoni Actuaries and Consultants: December 2016 - Present Co-founder and CEO: Itenity Holdings: December 2019 - Present

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships (List the entities)
Melosi Baloyi	Board Co-opted Member	25-Feb-21				Founder and CEO: Baloyi ML Investment Holdings: December 2019 - Present
Prof. Lourens van Staden	Board Co-opted Member	20 September 2023		• Bachelor of Science • Masters Degree in Technika Mechanical • PhD in Mechanical, , electrical and Civil Engineering education	• Higher Education administration, research and teaching • Human resources • Governance • Policy formulation	Administrator at Mangosuthu University of Technology
Prof Ntombizozuko Dyan-Mhango	Board Co-opt-ed Member	20 September 2023		• Bachelor of Law • LLM: International Human Rights and Humanitarian Law • Doctor of Juridical Science	·Higher Education ·Research and Teaching	None
Mr. Lucky Masuku	Board Co-opt-ed Member	20 September 2023		• National Diploma in Marketing • BTech Business Administration • BTech Management • Honours in Public Management & Governance	• Higher Education Administration • Governance • Stakeholder Management • Management	None

Committees

The following Board Committees are currently fully operational:

- Audit and Risk Committee;
- Finance Committee;
- Executive Committee;
- Human Resources Remunerations and Ethics Committee;
- Information, Technology, and Communication Committee; and
- Operations Committee.

The table below provides the list of the members for each of these committees, and the number of meetings held during the year.

Table 8: Board Committees and meetings held

Committee	No. of meetings held	No. of members	Names of members
Audit and Risk Committee	7	7	• Mr. Bulelani Mahlangu (Chairperson) • Mr. Phukuile Jonas Masudubele • Ms. Nomahlubi Dube (alternate member) • Ms.Kgabiso Molokoene • Mr. Reshma Mathura • Dr. Len Konar • Adv. Simthandile Peter
Finance Committee	4	3	• Mr. Ernest Khosa (resigned 11 April 2024) • Ms. Pretty Makukule (resigned) • Mr. Lucky Masuku • Ms. Reshma Mathura • Mr. Thomas Kgokolo (resigned 1 July 2023) • Ms. Khumo Mzosovana
Executive Committee	8	4	• Mr. Ernest Khosa • Ms. Pretty Makukule • Mr. Bamanye Matiwane • Mr. Sanele Zondi • Prof. Pumela Msweli • Mr. Max Fuzani
Human Resource Committee	13	4	• Mr. Max Fuzani • Ms. Julie Beya • Ms. Lisa Sefte
Information and Communications Technology Committee	4	3	• Mr. Sanele Zondi (resigned) • Ms. Lindiwe Matlali (resigned) • Mr. Cyril Madiba (resigned) • Mr. Melosi Baloyi • Mr. Bamanye Matiwane • Prof Ntombizozuko Dyan - Mhango
Operations Committee	5	4	• Prof. Pumela Msweli • Mr. Yonke Twani • Mr. Melusi Baloyi • Prof Lourens van Staden
Independent Appeals Tribunal	11	9	• Adv. Kwena Thomas Ntsewa • Ms. Tasneem Salasa • Ms. Kula • Ms. Fundiswa Sotenjwa • Mr. Lukhanyo Daweti • Mr. Yandisa Ndzoyiya • Mr. Wongani Mgwali • Mr. Thabelo Bafokeng • Mr. Yonke Twani

Remuneration of Board members

The Board fee compensates members for time spent on preparation for meetings, research, and other official activities as requested by the Chairperson of the Board, as well as travelling to and from the meeting venue and/or unavoidable staying over.

The rate per day is the maximum allowable remuneration in a 24-hour day irrespective of the number of committees that the member serves on.

The National Treasury's circular on Board and committee remuneration provides clarity regarding the remuneration of public officials as employees of the national, provincial, and local government or agencies and entities of government. These members are not entitled to any additional remuneration for serving as Board members or committee members of public entities. The National Treasury's prescribed NSFAS Board remuneration rates determined at category B1 as follows:

Board member remuneration) including any fees related to interviews, board events and special board meetings):

Table 9: Remuneration of Board members

Name	Meeting fee R	Other allowance R
Mr. Ernest Khosa	R856,994.00	
Mr. Yonke Twani	R607,842.00	
Mr. Bamanye Matiwane	R456,410.00	
Ms. Julie Beya	R440, 075.50	
Mr. Cyril Madiba	R433,647.50	
Mr. Max Fuzani	R315,739.50	
Prof. Pumela Msweli	R241,849.00	
Mr. Sanele Zondi	R260,665.00	
Ms. Pretty Makukule	R0.00	
Ms. Khumo Mzozoyana	R152,887.00	
Ms. Reshma Mathura	R96,783.00	
Ms. Lisa Seftel	R0.00	
Mr. Melusi Baloyi	R217,854.00	
Prof Lourens van Staden	R165,918.50	
Prof Ntombizozuko Dyan-Mhango	R142,218.00	
Mr. Lucky Masuku	R0.00	
Ms. Tasneem Salasa	R56,824.50	
Mr. Thabelo Mofokeng	R67,279.50	
Mr. Thomas Kgokolo		
Mr. Wongani Mgwali	R67,279.50	
Mr. Lukhanyo Daweti	R67,279.50	
Mr. Yandisa Ndzoyiya	R67,279.50	
Adv. Kwena Thomas Ntsewa	R156,906.00	
Adv. Simthandile Gugwini- Peter	R74,945.50	
Dr. Len Konar	R107,568.00	
Mr. Bulelani Mahlangu	R181,150.00	

On 1 March 2023, the previous Board appointed the Independent Appeals Tribunal which consisted of external members, tasked with an independent oversight on student funding appeals, to ensure the integrity and fairness of the appeal process.

The Tribunal was composed of the following members:

1. Adv. Kwena Ntsewa (Chairperson)
2. Mr. Lukhanyo Daweti
3. Mr. Lubabalo Yandisa Ndzoyiya
4. Mr. Wongani Mgwali
5. Mr. Thabelo Mofokeng
6. Ms. Tasneem Salasa
7. Ms. Zodwa Kula
8. Ms. Fundiswa Sotenjwa

The Independent Appeals Tribunal's term of office lapsed upon the dissolution of the Board on 12 April 2024.

5. Risk management

In accordance with the NSFAS Enterprise Risk Management Framework, risk management has been adopted as a critical governance requirement in order to address all factors that may hinder or prevent NSFAS from achieving all its goals and objectives. NSFAS through the Accounting Authority, Audit and Risk Committee, Business Unit Risk Management Committee (which is composed of the NSFAS management team and staff members) is committed to the optimal management of risk in order to achieve its vision, mission, objectives, strategies and plans and to protect our core values. The Accounting Authority ("the Board") has committed NSFAS to a process of risk management that is aligned with the principles of good corporate governance, as supported by legislation and leading practice.

During the year the Accounting Authority and management team conducted an organisation strategic session, with the purpose of alignment of the organisation's strategy to the strategic risks identified with mitigations to address the risks. The strategic risks highlighted critical areas of focus and emphasised accountability by the management team.

The NSFAS Enterprise Risk Management Framework has been developed and approved, and guided the enterprise-wide risk management approach, adopting a Top-down, Bottom-up risk management approach. The NSFAS organisational risks are managed by applying the Top-down approach to shape the organisation's performance guided by the organisation's strategic objectives in support of risk-informed decisions at the management level.

The strategic and operational risks identified are mitigated and monitored through various project management programmes streaming across the value chain of the organisation.

Figure 2: NSFAS risk management approach



Through the Enterprise Risk Management Framework, NSFAS has adopted a standard approach to enterprise risk management to ensure that all risks that could affect our people, process, system, finance, stakeholders, reputation, and environment are continuously identified, assessed, and treated to an acceptable level by:

- Continuously providing risk management workshops and training to enable management to make risk-based decisions;
- Conducting quarterly risk management forums with the management team to discuss and prioritise risks;
- Identifying opportunities, matching the risk and the rewards in the organisation;
- Applying consistent risk management practices across the organisation; and
- Incorporating governance and risk management in the employment contracts of all employees.

The strategic risk profile was conducted and approved by the Accounting Authority. The strategic risks are continuously monitored and assessed for residual risk exposures. The objective of the risk assessment process is to:

- Ensure all material and emerging risks with the potential to negatively impact NSFAS strategy are identified, assessed, and recorded.
- Provide assurance to the Board that adequate and effective risk mitigation strategies are implemented across the organisation.

Following this process, it is concluded that the key strategic risk profile is a complete and accurate representation of strategic risks concerning NSFAS's strategic objectives.

The Audit and Risk Committee advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. In addition, the Audit and Risk Committee advises NSFAS on its ongoing risk management and independently monitors the effectiveness of the system of risk management quarterly since the inception of the Audit and Risk Committee on 1 June 2020.

6. Internal control unit

NSFAS does not have an internal control unit.

7. Internal Audit and Audit Committees

The Audit and Risk Committee ensured that the internal audit function was independent and had the necessary resources, standing, and authority to enable it to discharge its duties.

The internal audit team reported administratively to the Chief Executive Officer (CEO) and functionally to the Audit and Risk Committee. The internal audit in-house function was established to increase risk coverage and build institutional knowledge. The main objective of the internal audit department is to contribute to the improvement and sustainability of both overall governance and the strengthening of the internal control environment over time.

Objectives

The objectives of the internal audit are:

- To assist the NSFAS Board and executive management in protecting the reputation, sustainability and assets of NSFAS;
- To provide independent, reliable, valued, insightful, and timely assurance to the NSFAS Board and executive management over the effectiveness of governance, risk management and control over current, systematic and evolving risks in the context of the current and expected business environment;
- To own and drive the combined assurance model within NSFAS that includes predominantly: internal audit, risk management, quality assurers, environmental and occupational health and safety, external audit, other external assurance providers and management, in doing so supporting the achievement of NSFAS's business objectives.

Activities

The internal audit's key activities are:

- Assessing the organisation's risk management and internal control systems as included in the Annual Internal Audit Plan;
- Furnishing members of the executive team with reports that identify control problems, and make practical, cost-effective recommendations with a view to their improvement;
- Assessing whether key risks to the organisation have been identified and assess how effectively these are being managed;
- Evaluating plans and actions taken to correct reported conditions;
- Confirming that corrective actions are taken in response to reported weaknesses and evaluating whether they effectively eliminate the problems; and
- Performing specific reviews at the request of the Audit and Risk Committee, the Executive Officer, the Board and executive members.

It also includes the following, as may become necessary during the execution of an internal audit project:

- Ensuring that significant financial, managerial and operational information is accurate, reliable and timely;
- Evaluating whether employees' actions comply with policies, standard procedures, applicable laws and regulations and the company's Code of Conduct;
- Evaluating whether resources are acquired economically, used efficiently and are adequately protected;
- Ensuring quality and continuous improvement are fostered in NSFAS's organisational control process;
- Ensuring significant legislative or regulatory issues affecting the organisation are recognised and addressed appropriately;

- Ensuring that interaction with the various governance groups within NSFAS occurs as appropriate; and
- Evaluating whether the organisation's plans and objectives are achieved.
- Internal Audit also has within its scope a requirement to provide assurance on:
- The risk and control culture of the organisation including assessing whether processes, actions, and "tone from the top" and "tone in the middle" are in line with the values, ethics, risk appetite, and policies of the organisation; and
- Management's control awareness (approach taken by all levels of management) and internal control, including management's approach to addressing known issues.

Summary of internal audit work completed

During the period April 2023–March 2024, the in-house NSFAS Internal Audit function performed the following audit work in providing assurance to management:

Three (3) standard audits focusing on the adequacy and effectiveness of controls and internal processes relating to:

- Disbursement of Funds and Fund Management (DHET Funds – for the 2022 financial year); and
- Applications 2024 - TVET's & Universities (Applications, Data Management, Case Management & Student Selection); and
- Applications for Loan Scheme 2024 - TVET's & Universities.
- Ten (10) limited-scope reviews focusing on specific processes or control deficiencies to assist management in identifying gaps or control breakdowns as well as the root causes for these for effective risk remediation; and
- Six (6) Special Reviews emanating from requests by management for internal audit to provide assurance focusing on specific processes or control deficiencies to assist management in identifying gaps or control breakdowns as well as the root causes for these for effective risk remediation.

Audit and risk committee

An Audit and Risk Committee was established in terms of the PFMA and was in operation from May 2020. The process for establishing such a committee commenced with the adoption of a process guide for the establishment of an independent Audit and Risk Committee. Members were appointed in terms of this guide and approved by the Board, with the concurrence of the Minister of Higher Education Science, and Innovation.

Members consist of a representative from DHET, a representative from the National Treasury, and four independent members, as per the table below:

Table 10: Relevant information on the Audit Committee Members and meeting attendance

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Mr. Bulelani Mahlangu	BCom Accounting Chartered Accountant (SA) MSc Finance Management	Chair (Independent and external)	N/A	15 May 2020	N/A	7
Mr. Phukuile Jonas Masudubele	BCom (Acc)	Member (Independent and external) (National Treasury representative)	N/A	15 May 2020	N/A	5

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Ms. Nomahlubi Dube	BCom Honours (Business Management) Professional internal auditor	Alternate Member (Independent and external) (National Treasury representative)	N/A	15 May 2020	N/A	Alternate member from National Treasury
Ms. Reshma Mathura	MBA BCom (Hons) B Com Accounting Chartered Accountant (SA)	Member (Independent and external)	N/A	1 February 2021	N/A	6
Dr. Len Konar	Doctor of Commerce Master of Accounting Sciences Postgraduate Diploma in Accounting B. Com	Member (Independent and external)	N/A	1 April 2022	N/A	6
Adv. Simthandile Peter	LLB	Member (Independent and external)	N/A	1 April 2022	N/A	5
Ms. Kgabiso Molokane	Masters in Educational Planning and Management B.Com	Member (Independent and external)	N/A	3 May 2023	N/A	4

8. Compliance with laws and regulations

NSFAS remains committed to operating in compliance with all applicable legislations and regulations. Compliance is the outcome of NSFAS meeting its compliance obligations. It remains aligned with the NSFAS overall strategic objectives and the NSFAS Enterprise Risk Management Framework. NSFAS Compliance Universe is in place to highlight overarching principles and commitment to action for the organisation to achieve compliance.

NSFAS identified high-priority laws and regulations to comply with as follows:

- The Constitution of the Republic of South Africa (Act 108 of 1996)
- Public Finance Management Act (Act 1 of 1999)
- NSFAS Act (Act 56 of 1999)
- The National Credit Act (Act 34 of 2005)
- Protection of Personal Information Act (Act 4 of 2013)
- Treasury regulations for departments, trading entities, constitutional institutions, and public entities.

9. Fraud and corruption

Fraud prevention plans and the progress made in implementing the fraud prevention plan

NSFAS fraud prevention plan was approved by the Audit and Risk Committee for implementation. The fraud prevention plan has not been implemented fully as the entity mainly focused on reactive forensic work. The relevant policies are in place and fraud awareness sessions have been held with NSFAS staff during the financial year.

Reporting pathways for forensic investigations

Employees within the NSFAS and third parties have various pathways to escalate or bring matters that they would want to report to the attention of the Forensic Unit. The Forensic Unit can receive matters for investigation through the following pathways:

- **Vuvuzela Hotline** – The hotline is administered by an external service provider. Calls are received directly by the external service provider and referred to the Legal Unit which manages the hotline. Matters that appear to be fraudulent and corrupt in nature are referred to the Forensic Unit for investigation.
- **NSFAS management team** – The NSFAS management team may also refer matters of concern that have come to their attention to the Forensic Unit for investigation.
- **Direct referrals to the Forensic Unit** – Matters of concern may be referred directly to the Forensic Unit for further investigation by concerned employees or external stakeholders who may wish to remain anonymous.

Prioritisation process

Investigations will be prioritised in consultation with the CGRC and the CEO. Factors that are considered when prioritising cases are as follows:

- The impact of the allegation, if proven true.
- The strength of the case based on preliminary evidence.
- The extent to which the matter has been publicised and bears the risk of reputational damage.
- Legal obligations to investigate a matter.

Investigation process

All investigations shall be proportionate to the matter under review. Consideration shall be given to minimising the impact on business in the execution of an investigation without jeopardising the investigation itself. During the execution of the investigation, the forensic investigators may require the NSFAS staff to:

- Cooperate with the investigation by availing themselves for consultations with the forensic investigators.
- Provide forensic investigators with any records, information or data within the possession and control of staff.

The forensic investigators may also consult with external service providers and stakeholders relevant to the investigation.

After an investigation, a forensic investigation report accompanied by exhibits and annexures will be issued to relevant stakeholders.

Preliminary investigation

Upon receipt of a reported matter, the Forensic Unit will engage the reporter of the matter to gain an understanding of the issue that has been reported. During this stage, the forensic investigator will:

- Assess the information presented and request any additional information necessary to ascertain whether further investigative work is required.
- Discuss the outcome of the findings of the preliminary investigation with the Lead Forensic Investigator and CGRC.
- Conduct full investigation once further confirmatory evidence that points to possible wrongdoing is found.

Scoping of the investigation

Upon completion of the preliminary investigative work of the reported matter, the forensic investigators will establish the nature of the investigation and discuss this with the CGRC to determine the scope of the investigation.

The scope of the investigation must be identified and described for each investigation. The forensic investigator must assess and record as a minimum the following requirements for the forensic investigation:

- The allegation.
- Implicated individuals and departments.
- Geographic and business locations.
- Technical, data and other resource requirements.
- Potential risks and restrictions.
- Other individuals with knowledge who may not be implicated.
- The period to be covered by the investigation.

Planning of the investigation

Once the scope of the investigation is established, the forensic investigators should proceed to plan the execution of the forensic investigation.

The details of the investigation plan will be discussed with the Manager: Forensic investigator, Lead: Forensic investigator and CGRC. The various roles and responsibilities of team members within the investigation should be clearly identified.

The investigation plan should be shared with all team members and revisited throughout the investigation for relevance.

Execution of forensic investigations

Various investigation procedures will be followed to ensure that evidence that is relevant to the investigation is obtained and managed accordingly.

Reporting

The outcome of a forensic investigation must be reported to the relevant stakeholders and can be either written, verbal or both.

Post investigation requirements

Following the completion of the forensic investigation, the forensic investigator may be required to assist during any litigation process whether civil or criminal or any internal process.

- NSFAS HR department
- The state or
- Any other NSFAS legal counsel

10. Minimising conflict of interest

At the commencement of the financial year, each SCM official signs a code of conduct which includes amongst other details, a declaration of interest. In addition to this, as part of the procurement evaluation process, prior to the awarding of a procurement transaction below R1 million (VAT included), the SCM officials declare any interest in relation to the recommended service provider and its directors. Should a potential conflict of interest be identified, the respective SCM official will be removed from the evaluation and award approval process, following which the procurement award will be approved by the CFO.

For procurement transactions that exceed R1 million (VAT included), each NSFAS bid committee member representing the bid specification committee, bid evaluation committee, and bid adjudication signs the declaration of interest register which would note any potential conflict of interest. Should a potential conflict of interest be identified, the bid committee member will be asked to be recused from the respective meeting.

For the 2023–2024 financial year, no conflicts of interest were identified.

11. Code of conduct

The primary purpose of the code is to promote exemplary conduct. Due to the nature of the business of the organisation, confidentiality is always expected from employees and any breach is addressed properly. Employees are expected to adhere to the organisational policies and procedures. Notwithstanding this, an employee shall be guilty of misconduct and may be dealt with in accordance with the relevant legislation or collective agreements if she or he contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

In line with embedding the principle of the Code of Conduct, an NSFAS employee:

- strives to achieve the objectives of NSFAS cost-effectively and in the public's interest.
- is punctual in the execution of her or his duties.
- executes her or his duties in a professional and competent manner.
- does not engage in any transaction or action that conflicts with the organisation's rules and procedures.
- recuses herself or himself from any official action or decision-making process which may result in improper personal gain, and this should be properly declared by the employee.
- will avail herself or himself for ongoing training and self-development throughout her or his career while in service of NSFAS.
- shall report to the appropriate authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the reputation of NSFAS and the public interest.
- gives honest and impartial advice, based on all available relevant information, to higher authority when asked for assistance of this kind; and
- honours the confidentiality of all NSFAS matters and documents.

12. Health, safety and environmental issues

Introduction

Occupational Health and Safety (OHS) is integral to fostering a safe and healthy work environment within the organization. The mission of the OHS Department is to cultivate a culture of safety, ensuring that all employees, students, and visitors are safeguarded from workplace hazards and health risks. The department is committed to compliance with relevant regulations, effective risk management, and the implementation of best practices in occupational health and safety.

Key Performance Indicators (KPIs)

To evaluate the effectiveness of OHS initiatives, the following Key Performance Indicators are monitored:

- **Incident Rates:** Tracking accidents and injuries to identify trends and areas for improvement.
- **Compliance:** Monitoring adherence to health and safety regulations through regular audits.
- **Training and Awareness Programs:** Assessing the number of training sessions conducted and their effectiveness.
- **Employee Feedback and Satisfaction Levels:** Gathering insights from employees to enhance safety practices.

Facilitating Emergency Preparedness in OHS

1. Emergency Response Plan Development

- **Clear Protocols:** Comprehensive emergency response plans have been established, detailing specific actions to be taken during various types of emergencies.
- **Defined Roles and Responsibilities:** Responsibilities for employees during emergencies have been clearly articulated to ensure organized and efficient responses.

2. Training and Drills

- **Regular Training Sessions:** Training programs on emergency procedures, evacuation routes, and the use of emergency equipment are conducted routinely.
- **Simulated Emergencies:** Emergency drills are regularly executed to familiarize employees with established procedures, thereby reducing panic during actual incidents.

3. Communication Systems

- **Emergency Communication Protocols:** A dedicated WhatsApp group has been established to facilitate clear communication strategies for informing employees during emergencies, including alerts and updates.
- **Testing of Fire Escape Doors:** Regular testing of fire escape routes conducted to ensure accessibility and functionality.

4. Emergency Evacuation Procedures

Comprehensive emergency evacuation procedures have been developed and effectively communicated throughout the organization. Conducting more frequent drills and refresher training sessions assisted employees to ensure that they are well-prepared and confident in their roles during emergencies.

5. Incident Management Systems

An incident management procedure has been implemented to ensure effective tracking and response to incidents.

Performance Analysis

Incident Rates

This report provides an account of **serious incidents** as defined under **Section 24 of the Occupational Health and Safety Act** (OHS Act 85 of 1993) for the years **2023 and 2024**. These incidents include serious injuries that pose a significant risk to health and safety and are legally required to be reported to the relevant authorities.

Table 11: OHS Incident Overview

Category	2023/24 Financial Year
Section 24 Incidents	9
Near Misses	8
Minor Injuries	2
Total	19

Note: Toolbox talks conducted following incidents to analyze what occurred, reinforce safety protocols, and encourage open communication.

Promoted a non-punitive reporting culture that emphasizes learning from incidents can encourage more open communication and improve overall safety.

Addressing Employee Engagement in OHS

1. Comprehensive Training Programs

Training programs encompass relevant topics such as hazard identification, safe work practices, emergency procedures, and the use of personal protective equipment (PPE). A schedule for ongoing training and refresher courses has been established to ensure safety practices remain current.

NB: Regularly reviewed and updating training content based on employee feedback and emerging best practices enhanced the relevance and impact of safety training programs.

2. Feedback Mechanism

A feedback system encourages employees to complete evaluation forms following training sessions to enhance the quality of future training.

Established a transparent system for communicating how employee feedback is utilized can foster trust and encourage ongoing participation.

3. Peer Mentorship

A mentorship program has been developed i.e. paired experienced employees with new staff to facilitate knowledge transfer and reinforce safe practices through direct, face-to-face interactions.

Investing in Training and Development

1. Role-Specific Training

Tailored training programs provided to ensure employees understand their specific safety obligations. Senior management have participated in legal liability training to clarify their roles and responsibilities regarding health and safety, obtaining certificates of competence.

2. Toolbox Talks

A consistent schedule for toolbox talks has been developed, occurring bi-weekly via internal communication.

Building a Safety Culture

1. Open Communication

An environment has been fostered where employees feel comfortable reporting hazards and near misses, promoting individual accountability and creating a collaborative community focused on risk reduction.

2. Risk Management Compliance

An effective risk management strategy has been implemented to enhance compliance with OHS practices, focusing on the identification and mitigation of potential hazards.

Enhancing Leadership Commitment

1. Engagement with Leadership

The business case for prioritizing OHS has been presented to top management, highlighting the potential for cost savings, legal compliance, and improved employee morale.
Regular updates regarding OHS performance metrics and incidents provided to maintain leadership's ongoing commitment.

Promoting Continuous Improvement

1. Regular Safety Audits

Safety audits are conducted regularly to identify opportunities for improvement within safety practices.

NB: Implemented regular safety audits and developed a standardized compliance checklist for all departments which assisted in monitoring the adherence to safety regulations.

2. Medical Surveillance

An Occupational Risk Exposure assessment has been developed to identify and manage risks associated with employee exposure.

3. Documentation and Procedures

All safety procedures are documented and easily accessible to employees.

4. Health & Safety Committees

It has been established, it helps ensure that safety remains a priority in the workplace, benefiting both the employees and the employer.

NB: A health and safety committee helps bridge the communication gap between management and employees. It allows for discussions on safety concerns, suggestions for improvement, and keeps employees informed about safety policies and practices.

Established clear roles and responsibilities related to health and safety for all employees, ensuring that everyone understands their obligations and can be held accountable.

5. No employee Feedback and Satisfaction Levels

Implemented structured feedback mechanisms, in the form of Surveys and Questionnaires.

Regularly distributed surveys that allow employees to provide anonymous feedback on safety practices, training effectiveness, and overall workplace conditions. This data assisted in identifying areas for improvement.

6. Resource Allocation

Challenge: Limited resources may hinder the implementation of comprehensive safety programs or the timely updating of safety equipment.

Conclusion

By implementing these strategies, the organization can significantly enhance emergency preparedness, strengthen the safety culture, and ensure effective risk management. This comprehensive approach serves not only to protect employees but also to contribute to the overall safety and compliance of the workplace.

13. Social responsibility

No social responsibility projects in the financial year under review were initiated.

14. Audit committee report

Appointment of the Audit and Risk Committee (ARC)
The NSFAS Board appointed the current ARC effective 1 April 2022, and it operates under formally approved terms of reference.

Membership
The ARC is required to meet a minimum of 4 times per year as per its approved terms of reference. During their term, the following meetings were held:

Table 12: Audit and Risk Committee (ARC) Membership

Member	Number of Meetings Attended
Mr B Mahlangu (Chairperson)	7
Dr. Len Konar	6
Adv Simthandile Peter-Gugwini	5
Dr R Mathura (Board)	6
Mr P Masudubele (National Treasury)	5
Ms. Kgabiso Molokoane	4

The Chairperson of the Audit and Risk Committee (ARC) reports to the Accounting Authority each time after the ARC meetings, about the committee's deliberations, decisions, recommendations, and approvals per its Terms of Reference.

Audit & Risk Committee Responsibility

The ARC, which is an independent structure, reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999 (PFMA) and Treasury Regulation 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter, regulated its affairs in compliance with this charter, and discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Section 51(1)(a)(i) of the PFMA states that the Accounting Authority must ensure that a public entity has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.

The NSFAS has an internal audit function that operates in terms of an approved Internal Audit Charter, and the ARC was satisfied that it operated independently of management. The ARC was also satisfied with the quality of the internal audit reports received during the year; the overall assessment of each engagement is set out in the table below.

The ARC was responsible for ensuring that the organization's internal audit function is independent and has the necessary resources, skills, standing, and authority within the organization to enable it to discharge its responsibilities effectively. The ARC remains concerned that the internal audit function is not yet fully resourced in terms of the skills required. The Internal Audit function has unrestricted access to the ARC.

The ARC reviewed and approved the Internal Audit Plan. Internal audit activities are measured against the approved internal audit plan and the Head: Internal Audit tables progress reports in this regard to the ARC.

The Internal Audit Unit was responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all of the significant areas of the organization's operations. The Internal audit function is currently capacitated through a co-sourced model.

The following reports were issued by Internal Audit during the year:

Table 13: Reports issued by Internal Audit

NAME OF THE AUDIT	CONTROL ENVIRONMENT ASSESSMENT
STANDARD AUDITS	
Disbursement of Funds and Fund Management (DHET Funds – for the 2022 financial year)	Unsatisfactory
Applications 2024 - TVET's & Universities (Applications, Data Management, Case Management & Student Selection)	Unsatisfactory
Applications for Loan Scheme 2024 - TVET's & Universities	Unsatisfactory
Issue Assurance Report – Applications 2022 Audit Issues	Unrated
LIMITED SCOPE REVIEWS	
Q4 2022/23 Annual Performance Plan Reporting Review	Needs Improvement
2021/22 Annual Financial Statement Preparation Review & 2021/22 COMAFs Issue Assurance	Unrated
Q1 2023/24 Annual Performance Plan Reporting Review	Needs Improvement
2022/2023 Annual Performance Report (APR) Review	Needs Improvement
Human Resources – 2022/23 Annual Staff Performance Assessment Review	Unsatisfactory
Q2 2023/24 Annual Performance Plan Reporting Review	Unsatisfactory
2024/25 Annual Performance Plan (APP) Review	Satisfactory
ICT Digital Strategy Implementation Assessment Review	Poorly Controlled
Q3 2023/24 Quarterly Performance Reporting Review	Needs Improvement
SPECIAL REVIEWS	
Student Allowance Verification and Allocation Process Review - King Sabata Dalindyebo TVET College (KSD)	Unrated
Student Allowance Verification and Allocation Process Review - Letaba TVET College	Unrated
Special Review on ERP Project (Project Nameless) – Business Requirements Documentation	Unrated
Special Review on ERP Project (Project Nameless) – ERP Software Licenses	Unrated
High-Level Student Accommodation Off-Take Agreement Process Review	Unrated
Institutional Risk Assessment (Uni's & Tvet's), Refined Agreed Upon Procedures, and determining the audit landscape for future audit execution by NSFAS Internal Audit.	Unrated

The findings listed above and in the previous audit, are consistent with the findings of the Auditor-General South Africa (AGSA) and point to a very weak and ineffective control environment at the NSFAS. The general ICT control environment remains weak and significant shortcomings were identified in data management, in terms of data accuracy, data extraction, data integrity, and data completeness. The ARC has consistently raised the issue of lack of capacity and the absence of fit-for-purpose systems, and data integrity-related challenges. For example, at the time of writing this report, the Chief Information Officer (CIO) position has been vacant for more than 18 months. The ARC was informed by the Administrator that even though the interviews had been conducted, the filling of Executive positions had been put on hold by DHET.

The ARC is satisfied that adequate, objective internal audit policies and procedures exist and are being developed within the organization and that the organization's Internal Audit function has complied with the internal audit standards, and the required legal, regulatory, and other responsibilities as stipulated in its charter during the period under review.

Risk and Compliance Management

The ARC was responsible for overseeing risk management and reviewing the internal controls, as independent reviews on the effectiveness of the internal controls were conducted by the internal audit function, and they covered areas of financial, operational, compliance, and risk management.

Huge improvements have taken place in the area of Risk Management, and Management is urged to properly resource this unit.

The ARC has reviewed the risk register and the reports from management and is generally satisfied with the maturity of the risk management process.

Forensic and legal matters were consistently reported on, and the reports were comprehensive and acted upon.

Regarding fraud-related issues, there were 106 matters that were reported to the Forensic Unit during the year under review. As at 31 March 2024, 73 had been finalised, 6 were active, and 27 were ongoing investigations. The ARC has urged the Unit to develop a comprehensive fraud prevention plan, amongst other interventions to address the shortcomings.

We note and appreciate the positive impact the SIU has had in terms of recovering some of the funds from the institutions that received funds in excess of their entitlement. We urge Management to ensure that all such funds get transferred to NSFAS, timeously so.

In-Year Management and Quarterly Report

The NSFAS has been reporting quarterly to the National Treasury and the Department of Higher Education and Training, as required by the PFMA.

The ARC continued to flag the issue of the financial sustainability of the NSFAS and agreed with the Internal Audit Unit on the concerns about the inappropriate formulation and measurability of some of the Key Performance Indicators (KPIs). Data integrity has consistently been a problem and a challenge.

Evaluation of Financial Statements

During the reporting period, the ARC reviewed the Annual Financial Statements and is satisfied that the Annual Financial Statements have been prepared in terms of GRAP and the PFMA.

The Annual Financial Statements were reviewed, with the following focus:

- Significant financial reporting judgments and estimates contained in the Annual Financial Statements.
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context, including matters relating to any irregular, fruitless, and wasteful expenditure.
- Changes in the Accounting Policies and Practices.

- Significant adjustments resulting from the Audit.
- Compliance with accounting standards and legal requirements.
- Explanation of the accounting treatment adopted.
- Reasons for year-on-year fluctuations.
- Asset valuations; and
- The basis for the going concern assumption.

ARC discharged the following responsibilities with respect to the annual financial statements:

- Reviewed the disclosures of the audited financial statements included in the annual report;
- Reviewed the Auditor-General South Africa (AGSA) Management Report and management's responses thereto;
- Reviewed the information on predetermined objectives included in the annual report; and
- Reviewed the significant adjustments resulting from the audit.
- Significant progress has been made in terms of the close-out project; however, incomplete submissions by some of the TVET Colleges resulted in the NSFAS management not being able to conclude on the final amounts at year-end.

Programme Performance Information Management

The ARC has noted the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework.

During the period under review, quarterly reports were presented by management to enable the ARC to:

- Review and comment on compliance with statutory requirements and program performance information best practices and standards.
- Review and comment on the alignment of the annual performance plan, budget, strategic plan, corporate plan, and annual performance plans.
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the public entity.
- Review of reported non-compliance with legislation.
- Review of compliance with in-year reporting requirements.
- Assess internal audit reports on reviews carried out on quarterly performance reports.

The ARC also reviewed the annual report of the organization and the organization's performance against predetermined objectives.

The ARC remained concerned that NSFAS, as has been the case in previous years, was doing poorly in terms of achieving its KPIs.

The ARC is satisfied that the annual performance report has been prepared in terms of the PFMA, the Treasury Regulations, and any other related regulatory requirements for reporting program performance information.

Auditor's Management Report and Auditor's Report
Although some improvements have been observed by the AGSA within the NSFAS, the ARC notes the seriousness of the AGSA's findings, especially the repeat findings.

Management has attempted to address the findings related to the reported Material Irregularities but also notes that these are still to be fully resolved. The ARC also appreciates the seriousness of these findings and the importance of resolving them speedily.

The ARC accepts and concurs with the conclusions of the AGSA on the annual financial statements.

The ARC is urging Management to establish sufficient and appropriate capacity to deal with all the concerns identified by the AGSA and Internal Audit and reviewed by the ARC.

The ARC confirms that it has been actively involved throughout the audit process and has been thoroughly informed of the issues giving rise to the audit opinion.

The external audit function, performed by the Auditor-General South Africa, is independent of the organization. The ARC has met with the external auditors to ensure that there are no unresolved issues.

Bulelani Mahlangu
Chairperson of the Audit & Risk Committee
NSFAS
25 March 2025

15. B-BEEE compliance performance information

The entity has not conducted the certification process for the 2023-2024 financial year due to the entity's late finalisation of the 2023-2024 audited financial statements. The AGSA issued the audit report on 30 April 2025.

The entity engaged a B-BBEE-accredited rating agency to conduct the certification process for NSFAS for the 2022-2023 financial year. The NSFAS achieved a score of 44.80 points out of a maximum of one hundred points, which resulted in NSFAS receiving a non-compliant B-BBEE rating.

The reason, therefore, is attributable to NSFAS scoring zero points for the following rating categories:

- Enterprise development
- Socio-economic responsibility

The points scored by NSFAS relate to procurement only. NSFAS has engaged the BBBEE Commission and other relevant stakeholders to better understand the areas and processes for improvement.



Part D: Human Resource Management

In this section

1. Overview of HR matters at the public entity.....86
2. Human Resources Oversight Statistics.....89

PART D: Human Resources Management

1. Overview of HR matters at the public entity

The HR focus for the period in review was to improve organisation effectiveness in alignment with the revised organisation structure. A key imperative to improving efficiencies within the organisation, was designing a fit-for-purpose human resources business unit capable of:

- enabling the entity to deliver on its strategic mandate; and
- enhancing and improving organisational discipline through improved people management practices

The human resources operating model was reviewed to accommodate a business partnering and shared services offering suited to our growing workforce. Human Resources Business Partnering is at the centre of this model and is supported by remuneration and benefits, payroll and a team of Human Resources Advisors. A talent management sub-unit which encompasses organisational design and development, talent acquisition, learning and development, performance management and change management as well as the discipline of psychometric assessments, is in the process of being capacitated. The latter functions as a centre of excellence supporting the client-facing human resources business partnering model.

Operationalising this model remains a work in process as a robust recruitment drive is in place to build capacity.

Set HR priorities for the year under review and the impact of these priorities

Priorities set for the year were as follows:

Capacity building within human resources

This process is still underway; however, key roles have been filled namely: Senior Manager: OD and Talent Management; Senior Manager: Employee Relations as well as Talent Acquisition Specialist. All roles have been activated for recruitment, bar, HR Analytics. The OD and Change Specialist role is at offer stage and various roles, such as the Remuneration and Benefits Specialist; Employee Wellness Specialist and Senior Manager HR Operations are at shortlisting stages.

Implement the Paterson grading system

The findings based on the review of the most recent job evaluation project were addressed and an updated preliminary report was prepared. The report is pending a review from the job evaluation committee. This committee constitutes key stakeholders from labour as well as management. Some roles were approved by the Board and therefore recruited at the new grades, with reconciliation to the Equate job levels and salary benchmarking.

Workforce planning framework and key strategies to attract, retain a skilled and capable workforce

The approved hybrid structure, aligned to the Paterson grading system, seeks to build capacity at various talent segments in support of a student-centric model. Talent is segmented into critical skills; scarce skills; key- person- dependency as well as bench strength. Scarce skills are particularly focused on the Information, Communication and Technology business unit with an emphasis on Data Analytics. Specialists; Middle Managers and Senior Managers are critical skills required to operationalise the strategy and move the entity in the desired direction.

A matching and placing exercise conducted in the current period, served to re-align existing skills to roles within the new structure. Key strategies to attract talent are outward focused by means of “Buy”-strategies such as job advertisementt; word of mouth; recruitment agencies and head-hunters.

Employee Performance Management Framework

NSFAS utilises a Performance Management Framework (PMF) to formalise the planning and management of individual performance. Individual and organisational performance management are integrated through the process of cascading organisational goals and objectives. In terms of the Performance Management Framework, employees are required to complete a formal Individual Performance Contract (IPC) and four Individual Performance Reviews (IPRs) for the performance year in review. Given the amendment and approval of a new performance management policy during the first quarter of the financial year, a decision was taken to adjust the IPR submission requirement from four to three IPRs for the review period.

In the previous financial year the entity underwent a large-scale change, including an organisational redesign, job profiling and matching and placing exercises which significantly impacted individual performance management processes. These activities were considered to be dependencies for successful performance management implementation, and the delay in their successful implementation created challenges in performance management.

Whilst the entity has a performance management system, the associated tools and templates in place, the ability to facilitate performance contracting between line manager and employee was impacted by these organisational design initiatives. Line managers and employees were therefore unable to successfully concluded performance contracting and review activities for the year.

Employee Wellness Programmes

The NSFAS provides wellness service to our employees and their families to ensure their mental health and wellbeing. This provides a range of services to provide financial, legal, psychological and physical wellbeing of NSFAS employees and their families. There is a co-sourcing model where cases are referred to an external service provider for finalisation and recommendation to management, the current providers are Momentum and Discovery.

HR Policy Development

Our policy philosophy is to attract, retain and enable high performance. This will ensure that HR strategies are legislatively compliant, internally integrated, and aligned to market best practice.

The following policies were approved by the Board during the financial year:

- Talent Acquisition / Recruitment Policy
- Disciplinary Policy
- Condition of Service Policy
- Employee position movement policy
- Annual Leave

Challenges Faced by the Public Entity

The entity experienced major disruptions at leadership level during the period under review. These disruptions led to reduced employee morale which has direct impact on job satisfaction and productivity.

A result of various factors contributed to an increase in labour organisation activities that further impacted employees:

- Implementation of job evaluation is at this stage delayed by the majority union and its preference for a former job evaluation process outcome.
- The historically poor culture of performance management has created an environment that has been slow to respond to the pressure for change and organisational improvement that is required.
- System challenges have significantly impacted human capital and employee ability to perform.
- The operating model and organisational structure has taken longer than initially planned.
- Employee relations have also been strained during the fiscal period, culminating in a picketing exercise by the majority union during the second quarter. Continuous dialogue has improved the situation significantly and Management continues to work with the union toward mutually beneficial outcomes. The establishment of a second union during the fiscal period also created some destabilising dynamics within the entity. Union dynamics and the nature of membership resulted in a strain on the organisational climate. Management has recognised both unions and continues to engage with both as key stakeholders of the entity.
- The period under review also saw the outcome of forensic investigations. This resulted in the termination of the employment relationship with individuals in key/Executive roles within the entity.
- Consistent public relations and media coverage of the entity throughout the financial period also impacted the entity corporate image, exacerbated by student protests and interest group attention.
- The internal climate and employee morale has been negatively impacted by the scale and intensity of human resources related challenges. A significant number of employees have accessed employee wellness related benefits, signalling health and wellness related challenges within the entity.

Future HR plans/goals

The HR driving factors for the next performance period are centred around implementation of the Paterson grading system and ensuring that all employees have clear job descriptions. Further to this, and with leadership support, the human resources department would like to establish a culture of performance and feedback and in so doing, reward our employees effectively through performance incentives and notch increases. Human resources aim to support the entity by embedding our values in all activities and ensuring effective change management processes applicable to our unique culture.

The updated policies and standard operating processes will be socialised through a variety of awareness sessions in collaboration with the Compliance Business Unit.

2. Human Resources Oversight Statistics

Table 14: Personnel Cost by Programme/activity/objective

Programme/activity/objective	Total expenditure of the entity (R'000)	Number of employees	Average personnel cost per employee (R'000)
Salary cost	210,107	332	633

Table 15: Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of. Personnel Expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top Management	12,396	5.90%	5	2,479
Senior Management	30,676	14.60%	20	1,534
Professional qualified	63,242	30.10%	44	1,437
Skilled Technical	58,410	27.80%	89	656
Semi-Skilled	45,383	21.60%	174	261
Unskilled	0	0.00%	0	0.00
TOTAL	**210,107**	**100.00%**	**332**	**633**

Table 16: Performance Rewards

Level	Performance Rewards	Personnel Expenditure (R'000)	% of. Performance Rewards to total personnel cost
Top Management	5	0	0.00%
Senior Management	20	0	0.00%
Professional qualified	44	880	14.33%
Skilled Technical	89	1,780	28.99%
Semi-Skilled	174	3,480	56.68%
Unskilled	0	0	0.00%
TOTAL	**332**	**6,140**	**100%**

Table 17: Training Costs

Programme/activity/objective	Training expenditure R	Number of employees trained	Average training cost per employee R
Coaching and Mentoring	709,160.15	64	11,080.63
Risk Enterprise Management	83,712.00	10	8,371.20
Compliance & Risk Management and implementation	119,600.00	43	2,781.40
PDP	1,030,906.00	43	23,974.56
TOTAL	**1,943,378.15**	**160**	**12,146.11**

Table 18: Employment and vacancies

Programme/activity/ objective	Employment at beginning of period	Number of positions based on approved new organogram	Number of employees at end of the FY period (formula)*	Vacancies for Approved new Organisational Structure FY23/24	% of vacancies
Top Management	4	10	5	2	20.00%
Senior Management	20	33	20	12	36.36%
Professional qualified	42	94	44	44	46.81%
Skilled Technical	92	115	89	26	22.61%
Semi-Skilled	179	173	174	7	4.05%
Unskilled	0	0	0	0	0.00%
TOTAL	**337**	**425**	**332**	**91**	**21.41%**

** Number of employees are not based on the approved structure*

The acquisition strategy, from a workforce planning perspective, is aimed at hiring skills at specific levels. The skills required to capacitate the new organisation structure requires skills in the following talent segments:

- Scarce Skills (IT)
- Middle Management
- Senior Management

These skills are currently not available within the organisation. Succession planning has not been practiced and readiness of employees to move into above roles has not been sufficiently determined. Employees are accommodated through internal recruitment processes where, at junior levels, some roles are relaxed in terms of minimum requirements. The latter is in line with the last wage negotiation agreement with labour. TTH (Time to Hire) and TTF (Time to Fill) are not impacted due to a lack of talent in the external environment. TTH and TTF are impacted because of tedious internal recruitment processes which impede efficiency and as a result the APP target to hire within 90 days was not attainable. This objective, within the NSFAS environment does not comply with SMART principles.

Employment Changes

Trends per Occupational level
25% of Top Management resigned over a 4 -year period. The highest resignation rates within the entity are amongst Senior Managers and Professionals. An average of 8 Senior Managers resigned over a 4-year period, followed by an average of 4 Professionals. Recruitment efforts are geared toward replacements at these levels.

The entity experienced a high turnover of Senior Managers during the COVID period.

Table 19: Employment Turnover

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	4	3	2	5
Senior Management	20	10	10	20
Professional qualified	42	11	9	44
Skilled Technical	92	2	5	89
Semi-Skilled	179	0	5	174
Unskilled	0	0	0	0
TOTAL	**337**	**26**	**31**	**332**

Table 20: Reasons for staff leaving

Termination reason	Terminations
Death	0
Resignation	19
Dismissal	6
Retirement	1
ILL Health	0
Expiry of Contract	2
Other	3
TOTAL	**31**

Table 21: Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written Warning	-
Dismissal	6
TOTAL	**6**

Table 22: Equity Target and Employment Equity Status (Male)

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	3	0	4	0	0	0	0
Senior Management	9	8	1	7	2	1	1	1
Professional qualified	13	11	7	13	2	1	2	2
Skilled Technical	22	15	1	17	0	0	0	1
Semi-Skilled	22	51	12	55	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**68**	**88**	**21**	**96**	**4**	**2**	**3**	**4**

Table 23: Equity Target and Employment Equity Status (Female)

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	3	0	0	0	1
Senior Management	4	8	2	7	1	1	0	2
Professional qualified	15	11	5	12	0	0	0	1
Skilled Technical	46	16	20	16	0	0	0	5
Semi-Skilled	97	74	40	52	0	0	2	10
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**165**	**112**	**67**	**90**	**1**	**1**	**2**	**19**

Table 24: Equity Target and Employment Equity Status (Disability)

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled Technical	0	1	1	2
Semi-Skilled	1	2	2	3
Unskilled	0	0	0	0
TOTAL	**1**	**3**	**3**	**5**



Part E: PFMA Compliance Report

In this section

1. Irregular, Fruitless and Wasteful Expenditure and Material Losses....96
1.1 Information on irregular expenditure....96
1.2 Information on fruitless and wasteful expenditure....96
2. Payment of suppliers....96
3. Supply Chain Management (SCM)....97
3.1 Contracts entered into by other means....97
3.2 Contract variations and expansions....97

PART E : PFMA Compliance Report

1. Irregular, Fruitless and Wasteful Expenditure and Material Losses

1.1 Information on irregular expenditure

Table 25: Reconciliation of irregular expenditure (rounded figure)

Description	2023/24 R'000	2022/23 R'000
Opening balance	84,513,344	84,328,598
Add: Irregular expenditure	438,155	184,746*
Closing balance	**84,951,499**	**84,513,344**

* 2022/23 irregular expenditure balances have been restated.

A substantial portion of the irregular expenditure arises from non-compliance with the National Student Financial Aid Scheme (NSFAS) Act 56 of 1999. This contravention occurred due to the funding of students who did not meet specific eligibility criteria, such as the "N+ rule" and the requirement that combined household income must not exceed R350,000 per annum. The remaining balance pertains to expenditure incurred because of non-compliance with Supply Chain Management (SCM) regulations and legislation. The identified irregular expenditure is currently under investigation to determine the extent of non-compliance and to implement corrective measures.

1.2 Information on fruitless and wasteful expenditure

Table 26: Reconciliation of fruitless & wasteful expenditure

Description	2023/24 R'000	2022/23 R'000
Opening balance	24,702	-
Add: Fruitless and wasteful expenditure	38,181	24,702
Closing balance	**62,883**	**24,702**

* 2022/23 fruitless & wasteful expenditure balances have been restated.

A substantial amount of fruitless and wasteful expenditure identified in the 2022/23 and 2023/2024 financial years pertains to laptops procured during the COVID-19 pandemic for distribution to students. The remaining laptops have depreciated in value since acquisition, and the resultant decline has been recognised as fruitless and wasteful expenditure. Additionally, in the 2022/23 financial year, further fruitless and wasteful expenditure was identified concerning the procurement of Enterprise Resource Planning (ERP) system licences that were not utilised during the financial year.

2. Payment of suppliers

Table 27: Payment of Suppliers

Description	No of invoices	Consolidated amount
Valid Invoices received	4,607	318,824,515
Invoices paid within 30 days or agreed period	419	187,511,935
Invoices paid after 30 days or agreed period	4,125	108,246,534
Invoices older than 30 days or agreed period (unpaid and without dispute)	10	14,844,683
Invoices older than 30 days or agreed period (unpaid and in dispute)	53	8,221,363

Payment delays are largely due to late approvals to pay invoices, deviations from agreed upon process, and limited human resources as a result of long outstanding vacancies. Disputes relate to payments not made due to legal proceedings that are underway, and where NSFAS does not agree with invoices issued by service providers. The unpaid categories include small historical balances that need to be written off.

3. Supply Chain Management (SCM)

3.1 Contracts entered into by other means

Tabled below are details of contracts entered into by other means:

Table 28: contracts entered into by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Caseware license annual renewal	Adapt IT (Pty) Ltd	Sole supplier	N/A	116
Emergency - procurement: Incident Threat Analysis and Security Services	Fuse Forensic Security (Pty) Ltd	Emergency	N/A	1,983
ITWeb Security Summit	IT Web (Pty) Ltd	Single source – conference/Summit	N/A	20
Procurement of cybersecurity forensic investigation on an emergency basis	Take Note IT (Pty) Ltd	Emergency	N/A	5,244

3.2 Contract variations and expansions

Tabled below are details of contract variations and expansions

Table 29: Contract variations and expansions

Project description	Name of the supplier	Contract modification type (expansion or variations)	Contract numbers	Original contract values R'000	Value of contract expansion/s or variation/s (if applicable) R'000	Value of the contract R'000
SAGE Accpac license, support and new projects	Applico (Pty) Ltd	One calendar month extension to allow implementation of outstanding projects	RFQ029/2022	575	N/A	575

Tabled below are details of contract variations and expansions

Project description	Name of the supplier	Contract modification type (expansion or variations)	Contract numbers	Original contract values R'000	Value of contract R'000 expansion/s or variation/s (if applicable) R'000	Value of the contract R'000
Data Centre Hosting Services	Liquid Telecommunications SA (Pty) Ltd	Six (6) months extension to ensure ample time to conduct a thorough tender process to secure the most suitable service provider is appointed.	RFQ086/2022	888	1,023	1,911
Infrastructure replacement and disaster recovery services	Dimension Data (Pty) Ltd	Six (6) months extension to ensure ample time to conduct a thorough tender process to secure the most suitable service provider is appointed.	SCMN003/2019	15,101	2,664	17,766
Provision and Implementation of a cloud-based/ hosted contact centre solution	EOH/Hymax SA (Pty) Ltd	12 months extension to ensure continuation of services	SCMN003/2020	13,000	Nil	13,000
Assistance with evaluation of offtake agreement proposals	Maine Management and Chartered Accountant Inc	Time based extension up until all project deliverables are met	SCMN009/2021	2,995	Nil	2,995
Panel of ICT co-sourcing services	1. Hash Topic (Pty) Ltd 2. People Technology Processes Integrated 3. Adapt IT (Pty) Ltd 4. EOH Mthombo (Pty) Ltd 5. Qualitative Innovation Solutions (Pty) Ltd	Three (3) months extension – allowing NSFAS sufficient time to institute an official process to source a new ICT co-sourcing panel	SCMN006/2021	Various panel rates – on an as and when required basis	Nil	Various panel rates – on an as and when required basis

Project description	Name of the supplier	Contract modification type (expansion or variations)	Contract numbers	Original contract values R'000	Value of contract R'000 expansion/s or variation/s (if applicable) R'000	Value of the contract R'000
Panel of ICT co-sourcing services	6. Eclipse Holdings (Pty) Ltd 7. Idol Consulting Firm (Pty) Ltd 8. Nambiti Technologies (Pty) Ltd 9. Dimension Data (Pty) Ltd 10. Tipp Focus Holdings (Pty) 11. Tirisan Tech Solutions 12. Columbus Technologies (Pty) Ltd 13. Lutramark (Pty) Ltd	Three (3) months extension – allowing NSFAS sufficient time to institute an official process to source a new ICT co-sourcing panel	SCMN006/2021	Various panel rates – on an as and when required basis	Nil	Various panel rates – on an as and when required basis
Resolution of Audit Findings / Close Out	Lunika Chartered Accountants	Time-based extension to allow the project team to implement the AGSA recommendations. The time to be used to facilitate the handover of the project.	SCMN009/2021	5,672	Nil	5,672
Marketing and Advertising Agency Services	K2015336825 (South Africa (Pty) Ltd t/a Oracle Media	3 months extension required to finalise the appointment of the new marketing and advertising agency and therefore would like to extend the current contract with Oracle Media for a period of 3 months to allow the evaluation and onboarding of the new service provider.	SCMN008/2021	Various rates – on an as and when required basis	Nil	Various rates – on an as and when required basis
Media Monitoring Services	Meltwater South Africa (Pty) Ltd	Four (4) months extension period required for continuation of services to allow SCM process of appointing new service provider.	RFQ085/2021	499	74	573

Tabled below are details of contract variations and expansions

Project description	Name of the supplier	Contract modification type (expansion or variations)	Contract numbers	Original contract values R'000	Value of contract R'000 expansion/s or variation/s (if applicable) R'000	Value of the contract R'000
Marketing and Advertising Agency Services	K2015336825 (South Africa (Pty) Ltd t/a Oracle Media	4 months extension required to finalise the appointment of the new marketing and advertising agency and therefore would like to extend the current contract with Oracle Media for a period of 4 months to allow the evaluation and onboarding of the new service provider.	SCMN008/2021	Various rates – on an as and when required basis	Nil	Various rates – on an as and when required basis
Provision of Information to and from the Credit Bureau	VerCred Credit Bureau (Pty) Ltd	Variation required for continuation of services to allow SCM process of appointing new service provider.	RFQ075/2022	1,000	150	1,150
Panel of External Debt Collection	1. Bafana Ncube Inc. 2. BAS Collectors and Correctors (Pty) Ltd 3. Khumalo Masondo Attorneys Inc. 4. Morkalio Revenue Solutions (Pty) Ltd 5. New Integrated Credit Solutions (Pty) Ltd	Time based extension required for continuation of services to allow SCM process of appointing new service provider.	SCMN009/2020	N/A - Various rates – Panel	Nil	N/A - Various rates – Panel

Tabled below are details of contract variations and expansions

Project description	Name of the supplier	Contract modification type (expansion or variations)	Contract numbers	Original contract values R'000	Value of contract R'000 expansion/s or variation/s (if applicable) R'000	Value of the contract R'000
Panel of ICT co-sourcing services	1. Hash Topic (Pty) Ltd 2. People Technology Processes Integrated 3. Adapt IT (Pty) Ltd 4. EOH Mthom-bo (Pty) Ltd 5. Qualitative Innovation Solutions (Pty) Ltd 6. Eclipse Holdings (Pty) Ltd 7. Idol Consulting Firm (Pty) Ltd 8. Nambiti Technologies (Pty) Ltd 9. Dimension Data (Pty) Ltd 10. Tipp Focus Holdings (Pty) Ltd 11. Tirisan Tech Solutions 12. Columbus Technologies (Pty) Ltd 13. Lutramark (Pty) Ltd	Three (3) months extension – allowing NSFAS sufficient time to institute an official process to source a new ICT co-sourcing panel	SCMN006/2021	Various panel rates – on an as and when required basis	Up until new panel is appointed	Various panel rates – on an as and when required basis
Infrastructure replacement and disaster recovery services	Dimension Data (Pty) Ltd	Five (5) months extension to ensure ample time to conduct a thorough tender process to secure the most suitable service provider is appointed.	SCMN003/2019	17,766	3,064	20,830

Part F: Financial Information

In this section

Report of the Auditor-General to Parliament on the National Student Financial Aid Scheme....104
Annual Financial Statement....128

Report of the auditor-general to Parliament on the National Student Financial Aid Scheme

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of the National Student Financial Aid Scheme (NSFAS) set out on pages 128 to 196, which comprise the statement of financial position as at 31 March 2024, 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, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the NSFAS as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for adverse

Amounts owing by institutions, amounts due to institutions, amounts owing by students and amounts due to students

3. The entity did not reliably present assets and liabilities, linked to higher education institutions and students, in accordance with *GRAP 1, Presentation of financial statements*. The entity did not accurately reconcile cost of study records provided by institutions to the entity's own disbursement records. Amounts owing by institutions, amounts due to institutions, amounts due to students and amounts owing by students were materially affected for the current and prior year. There was a consequential impact on bursaries – TVET colleges, bursaries – universities, impairments-amounts owing by institutions and students, prepayments to institutions, current and non-current student loans, accumulated surplus, related disclosure notes, note 3 prior year adjustments, note 48 segment information and note 41 accounting by principals and agents. I could not determine the value of these misstatements as it was impracticable to do so. These misstatements are considered material and pervasive to the financial statements as a whole. In addition, higher education institutions did not submit evidence of student study records for some students between the 2017 and 2023 academic years. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to amounts owing to institutions stated at R10 152 million (2023: R9 180 million), amounts due to institutions stated at R11 615 million (2023: R11 146 million), amounts owing by students stated at R2 785 million (2023: R1 400 million) and amounts due to students stated at R1 971 million (2023: R1 540 million) in the financial statements.

4. Furthermore, amounts owing by institutions and amounts owing by students were not correctly measured in accordance with GRAP 104, Financial instruments as inappropriate assumptions were used in recognising impairment for amounts owing by institutions and students at the end of the reporting period, and for the prior year. Consequently, amounts owing by institutions are understated, amounts owing by students are overstated and impairment – amounts owing by institutions and students as well as accumulated surplus are materially affected for the current and prior year. I could not determine the value of the misstatement as it was impracticable to do so.

Receivables from non-exchange transactions

5. The entity did not reliably present receivables linked to the funding of students, in accordance with GRAP 1, Presentation of financial statements. The entity incorrectly included funded students as unfunded in receivables from non-exchange transactions. Consequently, unfunded students

Included in note 6 to the financial statements is overstated by R754 million for the current and prior year. There was a consequential impact on bursaries – TVET colleges, bursaries – universities, amounts owing by institutions, amounts due to institutions, amounts due to students, amounts owing by students and accumulated surplus.

6. In addition, the entity did not assess at the end of the reporting period, and for the prior year, whether there was objective evidence that unfunded students were impaired in accordance with GRAP 104, Financial instruments. The entity did not consider the historic loss experienced for assets with similar credit risk profile to impair the unfunded student balance. Consequently, unfunded students included in note 6 to the financial statements is overstated, impairment loss understated, and accumulated surplus overstated for the current and prior year. I could not determine the value of misstatements as it was impracticable to do so.

Bursaries - Universities

7. Items that did not meet the definition of bursary expenditure in accordance with *GRAP 1, Presentation of Financial Statements* were recognised due to students being incorrectly funded against the approved criteria. Consequently, bursaries - universities was overstated by R884 million. There was a consequential impact on amounts owing by institutions, amounts due to institutions, amounts due to students, amounts owing by students and accumulated surplus.

8. In addition, the entity did not reliably present bursary expenditure, in accordance with *GRAP 1, Presentation of financial statements* as differences were identified between the amount disclosed in the financial statements and the supporting student statement of account. Consequently, bursary expenditure was overstated by R845 million. There was a consequential impact on amounts owing by institutions, amounts due to institutions, amounts due to students, amounts owing by students and accumulated surplus. Furthermore, I was unable to obtain sufficient appropriate audit evidence for payments by third party service providers to students to determine the full extent of the misstatement since a litigation process is ongoing. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to bursaries - universities, stated at R35 542 million in the financial statements.

Bursaries - TVET colleges

9. I was unable to obtain sufficient appropriate audit evidence for payments by third party service providers to students to determine the full extent of the misstatement since a litigation process is ongoing. I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to bursaries – TVET colleges, stated at R7 161 million in the financial statements.

Net cash flow from operating activities

10. Net cash flows from operating activities were not correctly prepared and disclosed as required by Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. Receipts for grants and subsidies received and administration costs were understated by R3 922 million (2023: R3 656 million), while payments for student awards were understated by R3 456 million (2023: R3 258 million). Furthermore, interest income was understated by R1 241 million (2023: R507 million) due to accrued interest of R466 million (2023: R394 million) incorrectly included as cash flows, while interest income for operational funds of R1 708 million (2023: R901 million) were treated as cash flows from investing activities. Consequently, net cash flows from operating activities were understated by R1 708 million (2023: R893 million) in the financial statements.

Net cash flow from investing activities

11. Net cash flows from investing activities were not correctly prepared and disclosed as required by Standards of *GRAP 2, Cash flow statements*. This was due to interest income from operational funds incorrectly included as an investing activity. Consequently, net cash flows from investing activities were overstated by R1 708 million (2023: R901 million) in the financial statements.

Contingencies

12. The entity did not disclose the contingent liability relating to missing eligible students in note 40 as required by GRAP 19, Provisions, Contingent Liabilities and Contingent Assets, as management did not appropriately consider the agreements concluded with institutions. Consequently, contingent liabilities are understated. I could not determine the value of the misstatement as it was impracticable to do so.

13. In addition, the entity has disclosed unfunded students as a receivable from non-exchange transactions, while a portion should be accounted for as a contingent asset as required by GRAP 19, Provisions, Contingent Liabilities and Contingent Assets. This was due to the entity not having an unconditional right to funds paid to institutions were reasons for no longer funding these students were not provided. Consequently, unfunded students included in note 6 to the financial statements is overstated and contingent assets understated. I was unable to determine the value of the misstatement as it was impractical to do so.

Irregular expenditure – corresponding figure

14. The entity did not present irregular expenditure for the prior year completely, in accordance with GRAP 1, Presentation of financial statements, because expenditure of continuing students not meeting academic eligibility due to having not passed the minimum number of courses required being omitted. Consequently, irregular expenditure was understated for the prior year. In addition, I was unable to confirm that all irregular expenditure was included in note 46 to the financial statements for the prior year, as required by section 55(2)(b)(i) of the PFMA, as sufficient appropriate audit evidence was not provided to confirm that students met the applicable eligibility criteria for funding or that contracts existed. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure for the prior year stated R185 million.

Context for opinion

15. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

16. 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.

17. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Responsibilities of the accounting authority for the financial statements

18. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

19. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

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

20. 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.

21. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 116, forms part of our auditor's report.

Report on the audit of the annual performance report

22. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

23. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measures the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 1: Core Business	36 - 39	The programme relates to outputs regarding the social and economic well-being of students as education plays a major role in the success of the individual student, their future economic prospects and their place in society.

24. I was engaged to evaluate the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

25. The material findings on the reported performance information for the selected programme are as follows:

Programme 1: Core Business

KPI 1.1 Percentage of funded students disbursed within 31 calendar days of receipt of valid registration data

26. An achievement of 70% was reported against a target of 80%. I could not determine whether the reported achievement was correct, as the indicator was not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

27. Furthermore, the indicator in the annual performance report differed from what was committed to in the approved initial planning documents. The reported indicator was *KPI 1.1 Percentage of funded students disbursed within 31 calendar days of receipt of valid registration data*, while the planned indicator was *KPI 1.1 A percentage of funded students paid within 30 working days a specified period of receipt of valid registration data from institutions*.

KPI 1.2 The amount to be collected from loan book debtors

28. The indicator was not clearly defined during planning processes. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

KPI 2.4 Application system availability to applicants

29. Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its related target of 95% of application system availability to applicants. Consequently, the entity has found it difficult to determine the correct achievement to be reported against the planned target. The difficulties stem from the method of calculation per the technical indicator description for the target that is inconsistent to the indicator wording which impacts on reliability of the actual achievement. Furthermore, I could not determine if the reported achievement were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and were not reliable for determining if the targets had been achieved.

30. Additionally, the indicator in the annual performance report differed from what was committed to in the approved initial planning documents. The reported indicator was KPI 2.4 Application system availability to applicants with a target of 95% of Application system availability to applicants while the planned indicator was KPI 2.4 Percentage of the Organizational ICT Digital Transformational Strategy Execution with a target of "System Availability and Uptime of 90% to 95%.

Other matter

31. I draw attention to the matter below.

Material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for core business. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

33. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

34. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

35. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

36. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

37. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

38. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of revenue, expenditure, current assets, non-current assets, current liabilities, non-current 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 an adverse opinion .

Expenditure management

39. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 46 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with the National Student Financial Aid Scheme Act 56 of 1999.

Revenue management

40. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Strategic planning

41. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by Treasury Regulation 30.2.1.

42. Quarterly reports were not prepared as required by treasury regulation 30.2.1
43. Quarterly reports were not submitted, discussed or presented to the executive authority as required by treasury regulation 30.2.1

Procurement and contract management

44. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the supply chain management (SCM) policies of the entity, as required by Treasury Regulation 16A6.2(b). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes related to student accommodation.

45. Some of the contracts were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by PFMA 57(b). This non-compliance was identified in the procurement processes related to student accommodation.

46. A contract was awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and Preferential Procurement Regulation 2017. This non-compliance was identified in the procurement processes related to student accommodation.

47. A tender which failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable in accordance with 2017 Preferential Procurement Regulation 5(6). This non-compliance was identified in the procurement processes relating to student accommodation.

48. A contract was awarded to bidders based on pre-qualification criteria that were not stipulated and/or differed from those stipulated in the original invitation for bidding, in contravention of the 2017 Preferential Procurement Regulation 4(1) and 4(2). This non-compliance was identified in the procurement processes related to student accommodation.

Other information in the annual report

49. 49. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

50. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

51. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

52. I am unable to conclude whether the other information is materially misstated relating to the reported performance information because I was unable to obtain sufficient appropriate audit evidence for Programme 1: Core business.

53. I did not receive the other information prior to the date of this auditor's report. When I do receive and read the other information relating to the financial statements and compliance with legislation, and 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

54. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

55. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

56. The organisation faced continued leadership instability and sustained vacancies in critical positions during the year under review. Persistent leadership instability at the top contributed to delays in filling critical vacancies, which in turn, hindered the entity's ability to build the requisite capacity and expertise within its finance, performance information and information technology (IT) units, limiting the entity's ability to effectively manage the intricate reporting demands and to deal with the data volume of the entity.

57. The entity's legacy IT systems, which are not integrated with those of higher education institutions, are insufficient to support the growing operational demand. This has resulted in a high level of manual effort that is prone to errors, further compounded by internal challenges, including skills and capacity shortages, which has contributed to the absence of a reliable audit trail. Consequently, the entity continues to experience delays and errors in verifying student information and processing funding disbursements due to incomplete and inaccurate data.

58. Despite significant effort by the entity to enhance the close-out process and improve associated procedures, the manual nature thereof, prone to human error, meant that the intended improvement was not fully achieved. Furthermore, this focused effort on the close-out process diverted attention from other critical areas, resulting in unresolved issues in the 2023-24 financial statements submitted for audit.

59. The recurrence of findings across financial reporting, compliance and performance information indicates that the action plans developed were not effective in addressing the underlying root causes, highlighting the need for improved implementation of preventative controls to ensure sustainable corrective action.

Material irregularities

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

Material irregularities identified during the audit

61. The material irregularity identified is as follows:

Repeat disclaimer on annual performance report

62. Appropriate procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action were not established as required by section 30.2.1 of the Treasury regulations.

63. The non-compliance is likely to result in disruptions in operations of the auditee as it is not easy to identify and respond to service delivery challenges that might arise.

64. The accounting authority was notified of this material irregularity on 31 January 2025.

65. The accounting authority has developed a Planning Project Plan to confirm the planning processes required, to identify any deficiencies in the 2025/26 APP KPIs and TIDs, are implemented at least quarterly, and can be appropriately rectified through the APP revision.The accounting authority plans to complete the remaining actions by 31 May 2026.

66. I will follow up on the implementation of the planned actions during my next audit.

Status of previously reported material irregularities

Disbursement in excess of contract amount

67. The entity disbursed tuition fees and allowances to students above the maximum amounts stipulated in written agreements with the respective students. In some cases, this was due to the written agreements being incorrectly generated with erroneously low amounts, while in other cases this was because the entity disbursed more than the total cost of study for the students.

68. The over-disbursements occurred in the 2017-18 financial year. Effective internal controls as required by section 51(1)(a)(i) of the PFMA were not in place to prevent the overdisbursements.

69. The non-compliance is likely to result in a material financial loss if the over disbursements are not recovered from students and tertiary institutions.

70. I notified the NSFAS administrator (accounting authority at the time) of the material irregularity on 15 October 2020 and invited him to make a written submission on the actions that have been and/or that will be taken to address the matter.

71. The former accounting authority enlisted an external service provider on 16 March 2023, to assist with a full investigation to quantify all errors and to assist with the resolution of all scenarios where over-disbursements had occurred. This was termed the close-out project. The former accounting authority did not accurately quantify the cumulative over-disbursement as at 31 March 2022 and, I notified the former accounting authority on 4 November 2022 of the following recommendations, which had to be implemented by 4 August 2023:

    a. The financial loss relating to disbursements in excess of the contract amount should be quantified. The quantification should focus exclusively on loan agreements and should consider the latest available information, including the results of the close-out project.

    b. Appropriate action should be taken to obtain legal advice on the process to be followed to recover the money (disbursements in excess of contract amounts). Based on the legal advice, the feasibility and cost effectiveness of recovering the money should be determined. If it is determined that such recovery is feasible and cost effective, such money should be recovered.

72. The former accounting authority requested an extension for the implementation of the recommendations up to 30 August 2024, which was duly considered. An extension was granted up to 30 June 2024 for the implementation of the recommendation on condition that progress reports must be submitted on 31 January 2024 and 30 April 2024 detailing the progress that has been made in implementing the recommendations. The progress reports were submitted and duly assessed and feedback provided to the entity on the aspects that had to be addressed at the revised implementation date.

73. In June 2024, the NSFAS administrator requested a further extension for the implementation of the recommendation to 31 July 2025, which was duly considered and granted on condition that progress reports must be submitted on 30 November 2024 and 31 March 2025 detailing the progress that has been made with the close-out project and the assessment of the options available for recovering the financial loss suffered, as outlined in a legal opinion that was obtained. The 30 November 2024 progress report was submitted on 9 December 2024, while an extension for the 31 March 2025 progress report was requested and granted to 30 April 2025.

74. I will follow-up on the implementation of the recommendations at the revised due date.

Collection of money owed by tertiary institutions

75. The entity is owed money by tertiary institutions (universities and TVET colleges) for monies not used by students due to students deregistering or being awarded bursaries from other donors, or due to disbursements exceeding the student's total cost of study. In such circumstances, the funds disbursed by the entity must be repaid. In the past, institutions declared the amounts as owing to the NSFAS through a process referred to as 'final reporting'.

    This process has not taken place for the majority of institutions for at least the past five financial reporting periods. The monies were not declared by the respective institutions and were thus not recorded in the accounting records and collected by the entity.

76. The above resulted in non-compliance with section 51(1)(a)(i) of the PFMA. The period for which the final reporting was not completed stretched from 1 April 2017 to 31 March 2022.

78. I notified the former NSFAS administrator (accounting authority at the time) of the material irregularity on 4 November 2020 and he was invited to make a written submission on the actions that have been and/or that will be taken to address the matter.

79. The former accounting authority enlisted an external service provider on 16 March 2023, to assist with the reconciliation process between NSFAS data and institutions' data at a student level for the 2017, 2018, 2019, 2020 and 2021 academic years, as part of the close-out project. The former accounting authority did not accurately quantify the extent of over-disbursement and I notified the former accounting authority on 4 November 2022 of the following recommendations, which had to be implemented by 4 August 2023:

    a. The financial loss quantification for the 2017 to 2021 academic years relating to money owed by tertiary institutions should be re-performed. The quantification should consider the latest available information, including the results of the close-out project.

    b. Appropriate action should be taken to recover the money owed by tertiary institutions. The recovery process should not be unduly delayed.

    c. Reasonable steps should be taken to implement internal controls to detect money owed by tertiary institutions. The controls should, at a minimum include:

    - Regular reconciliations between the cash payments to institutions and the total of detailed disbursement schedules to determine if any excess payments exist.
    - Annual reconciliations between NSFAS, tertiary institutions and Higher Education Management Information System (HEMIS) data for each academic year.

    d. The current agreements between the NSFAS and the tertiary institutions should be revised. The revised agreements should, at a minimum include:

    - The roles and responsibilities of both the NSFAS and the tertiary institutions in relation to performing the necessary reconciliations.
    - The necessary information tertiary institutions will be required to provide, and by when such information should be provided, to enable the reconciliations to be performed in a timely manner.

80. The former accounting authority requested an extension for the implementation of the recommendations up to 30 August 2024, which was duly considered. An extension was granted up to 30 June 2024 for the implementation of the recommendation on condition that progress reports must be submitted on 31 January 2024 and 30 April 2024 detailing the progress that has been made in implementing the recommendations. The progress reports were submitted and duly assessed and feedback provided to the entity on the aspects that had to be addressed at the revised implementation date.

81. In June 2024, the NSFAS administrator requested a further extension for the implementation of the recommendation to 31 July 2025, which was duly considered and granted on condition that progress reports must be submitted on 30 November 2024 and 31 March 2025 detailing the progress that has been made with the close-out project and the assessment of the options available for recovering the financial loss suffered, as outlined in a legal opinion that was obtained. The 30 November 2024 progress report was submitted on 9 December 2024, while an extension for the 31 March 2025 was requested and granted to 30 April 2025.

82. I will follow-up on the implementation of the recommendations at the revised due date.

Interest not charged on student loan accounts

83. According to the entity's policy on interest, interest on student loans must be charged one year after students had graduated or exited their respective tertiary institutions. The entity did not

have up-to-date information on students who have graduated or exited institutions of higher learning. As a result, such students were flagged as students for many years, without interest being charged.

84. Effective and appropriate steps to record and collect interest revenue were not taken as required by section 51(1)(b)(i) of the PFMA. The non-compliance is likely to result in a material financial loss if the interest is not recovered from loan recipients.

85. I notified the former NSFAS administrator (accounting authority at the time) of the material irregularity on 4 November 2020 and he was invited to make a written submission on the actions that have been and/or that will be taken to address the matter.

86. The former accounting authority enlisted an external service provider on 16 March 2023, to investigate the root causes, calculate the estimated interest loss and carry out a phased-in approach to correct the affected records, as part of the close-out project. The former accounting authority did not accurately quantify the interest and, I notified the former accounting authority on 4 November 2022 of the following recommendations, which had to be implemented by 4 August 2023:

    a. The financial loss relating to the interest not charged should be quantified, taking into account the latest available information, including the results of the close-out project.

    b. Appropriate action should commence to recover all the interest not charged in accordance with the policies of the NSFAS. The recovery process should not be unduly delayed.

    c. Reasonable steps should be taken to ensure that internal controls exist to verify that interest is charged on the loan management system in accordance with the policies of the NSFAS.

87. The former accounting authority requested an extension for the implementation of the recommendations up to 30 August 2024, which was duly considered. An extension was granted up to 30 June 2024 for the implementation of the recommendation on condition that progress reports must be submitted on 31 January 2024 and 30 April 2024 detailing the progress that has been made in implementing the recommendations. The progress reports were submitted and duly assessed and feedback provided to the entity on the aspects that had to be addressed at the revised implementation date.

88. In June 2024, the NSFAS administrator requested a further extension for the implementation of the recommendation to 31 July 2025, which was duly considered and granted on condition that progress reports must be submitted on 30 November 2024 and 31 March 2025 detailing the progress that has been made with the close-out project and the assessment of the options available for recovery of the financial loss suffered, as outlined in a legal opinion that was obtained. The 30 November 2024 progress report was submitted on 9 December 2024, while an extension for the 31 March 2025 was requested and granted to 30 April 2025.

89. I will follow-up on the implementation of the recommendations at the revised due date.

Annual financial statements not submitted for auditing (2023-24)

90. The annual financial statements for the financial year ending 31 March 2024 was not submitted for auditing by 31 May 2024, as required by section 55(1)(c) of the PFMA and resulted in delays in the following legislative processes being complied with for the financial year ending 31 March 2024:

    a. The auditing of the financial statements by the auditor-general;
    b. Submission of the audited financial statements and annual report to the executive authority responsible for the public entity;
    c. The submission and tabling of the annual report in Parliament for oversight.

91. The non-compliance is likely to result in substantial harm to the public entity, as there are a lack of accountability and transparency for the fiscal and financial affairs.

92. I notified the NSFAS administrator of the material irregularity on 8 August 2024 and invited him to make a written submission on the actions that have been taken and/or that will be taken to address the non-compliance.

93. On 16 December 2024, the annual financial statements for the year ended 31 March 2024 was received and the matter was resolved.

Other reports

94. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. 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.

95. The Special Investigation Unit (SIU) was issued with a presidential proclamation (R88 of 2022) to investigate the affairs of NSFAS relating to alleged maladministration in relation to the management of the entity's finances as well as the allocations of loans, bursaries and any other funding payable to students in terms of the provisions of the National student Financial Aid Scheme Act 56 of 1999. The investigation is still ongoing at the date of this report

96. The former accounting authority appointed a law firm to investigate the allegations of irregularities relating to the appointment of direct payment service providers. It relates to an award made during the 2022-23 financial year and was tabled in a meeting of the former accounting authority on 18 October 2023. The investigation impacted irregular expenditure, and the non-compliance reported.

Auditor-General

Cape Town

30 April 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the 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 entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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.

PART F - FINANCIAL INFORMATION

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 57(b)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2 Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
Nnational Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

General Information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

The nature of the activities of NSFAS is to provide financial assistance in the form of loans or bursaries to eligible students at Public Universities and Technical and Vocational Education and Training (TVET) colleges, and to administer such loans and bursaries. Following the pronouncement of the bursary funding programme by the former President of the Republic of South Africa in December 2017, financial assistance from the Department of Higher Educationand Training (and certain other funders) to all eligible students is now in the form of bursaries from the 2018 academic year onwards. For students who commenced studies prior to the 2018 academic year, and where financial assistance was provided in the form of loans, NSFAS is required to recover the loans from the students once theyare employed and earning above R30 000 per annum.

Non-executive Board Members

Ernest Khosa (Chairperson)	Resigned on 11 April 2024
Bamanye Matiwane (Board Member)	Terminated on 11 April 2024
Yonke Twani (Board Member)	Terminated on 11 April 2024
Jullie Beya (Board Member)	Terminated on 11 April 2024
Cyril Madiba (Board Member)	Resigned on 4 March 2024
Max Fuzani (Board Member)	Terminated on 11 April 2024
Pumela Msweli (Board Member)	Terminated on 11 April 2024
Sanele Zondi (Board Member)	Resigned on 25 October 2023
Pretty Makukule (Board Member)	Resigned on 1 September 2023
Reshma Mathura (Board Member and ARC Member)	Terminated on 11 April 2024
Lisa Seftel (Board Co-opted Member)	Terminated on 11 April 2024
Melusi Baloyi (Board Co-opted Member)	Terminated on 11 April 2024
Prof Lourens van Staden (Board Member)	Terminated on 11 April 2024
Lucky Masuku (Board Member)	Terminated on 11 April 2024
Prof Ntombizozuko Dyani-Mhango (Board Member)	Terminated on 11 April 2024
Kgabiso Molokoane (Board Member) Representative from Dept of Higher Education	Terminated on 11 April 2024

Accounting Authority

Board Chairperson
Ernest Khosa
1 January 2021 to 11 April 2024

Acting Board Chairperson
Prof Lourens van Staden
12 January to 11 April 2024

Administrator
Sithembiso Freeman Nomvalo
12 April 2024 to 31 January 2025

Board Chairperson
Dr Karen Stander
01 February 2025 to present

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

General Information

Registered office	The Halyard 4 Christiaan Barnard Street Cape Town City Centre Cape Town 8000
Business address	The Halyard 4 Christiaan Barnard Street Cape Town City Centre Cape Town 8000
Postal address	Private Bag X1 Plumstead Cape Town 7801
Bankers	FNB Corporate Bank (Cape Town), a division of FirstRand Bank Limited
Auditors	Auditor-General South Africa
Website	www.nsfas.org.za

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Index

	Page
Accounting Authority Statement of Responsibilities and Approval	122
Accounting Authority's Report	123 - 127
Statement of Financial Position	128
Statement of Financial Performance	129
Statement of Changes in Net Assets	130
Cash Flow Statement	131
Statement of Comparison of Budget and Actual Amounts	132
Accounting Policies	133 - 148
Notes to the Annual Financial Statements	149 - 196

The following supplementary information does not form part of the annual financial statements and is unaudited:

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority Statement of Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of 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 then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

In the prior period, the Auditor-General South Africa's audit report highlighted some weaknesses in the effectiveness of internal control. The Accounting Authority together with management continued the process of strengthening the control environment. These measures include, amongst others, system improvement, approval of the revised organisational structure, and revision and adoption of new policies and processes. Based on these interventions the Accounting Authority is of the view that the entity's system of internal controls is being strengthened on an ongoing basis to provide a reasonable platform for the preparation of reliable annual financial statements.

The organisation is in the initial stages of embedding Risk Management and Compliance in the organisation.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The entity has disclosed irregular expenditure in note 46. It should be noted that most of the irregular expenditure was incurred in the prior periods, and was identified as part of the process to address previous AGSA findings and part of a management clean-up exercise. Where possible and appropriate the Accounting Authority will institute consequence management. The entity will also initiate a process of applying to the National Treasury for the condonement of this irregular expenditure.

As the Accounting Authority I have reviewed the entity’s cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, I am satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future.

The organisation applies a co-sourced internal audit model. The internal audit function provides independent assurance on the organisation's risk management, governance and internal control processes.

The Auditor-General South Africa is responsible for independently auditing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 128 to 197, which have been prepared on the going concern basis, are approved on 30 April 2025.

Dr Karen Stander
Board Chairperson

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

The Accounting Authority submits their report for the year ended 31 March 2024.

1. Review of activities

Main business and operations

The National Student Financial Aid Scheme is a statutory entity established in terms of the National Student Financial Aid Scheme Act (Act 56 of 1999) as amended.

Performance highlights

- 256 228 students (254 409 funded by DHET and 1 819 by other funders) were assisted at 50 TVET Colleges in the 2023 academic year and 238 287 in the 2022 academic year.
- 521 418 students (505 845 funded by DHET and 15 573 by other funders) were assisted at 26 public universities in the 2023 academic year compared to 572 089 in the 2022 academic year.
- In total, 777 646 students (760 254 by DHET and 17 392 students by other funders) were assisted in the 2023 academic year and 810 376 in the 2022 academic year.
- For the 2023/24 financial year a total of R42.7bn was disbursed as compared to 2022/23 where a total of R41.2bn was disbursed. This includes:
  - R7.2bn (2023: R5.0bn) to TVET colleges.
  - R35.5bn (2023: R36.2bn) to universities.
- Total disbursements since inception amount to R298.5bn (2022: R255.8bn).
- Nominal value of loan balances: R44.5bn (2023: R42.4bn).
- Carrying value of loan balances: R2.4bn (2023: R4.8bn).
- Loan collections (repayments received) fell by 39% to R144.7million after falling by 21 percent in the prior financial year.

The activities of the entity for the accounting period under review are detailed in the annual financial statements. The results are summarised below:

Results (Figures in R'000)	2024	2023
New grants for student loans and bursaries (I)	45 628 839	45 542 023
Bursaries awarded	(42 702 710)	(41 191 080)
University bursaries (II)	(35 541 881)	(36 168 126)
TVET Colleges 100% bursaries (II)	(7 160 829)	(5 022 954)
Operational expenses (III)	(583 748)	(412 200)

I During the period under review grants were received from the South African Government via the Department of Higher Education and Training (DHET), the Department of Basic Education, the Department of Agriculture, Forestry and Fisheries, the Department of Defence and Military Veterans, Department of Labour, the Department of Justice and Constitutional Development, Manufacturing, Engineering and Related Servies SETA and various other donors.

II 100% Bursaries (bursaries awarded to University and TVET Colleges) less credit balances due to NSFAS by institutions. .

III Operational expenses comprise employee related costs, consulting and professional fees, audit fees and general expenses..

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

2. Nature of activities

NSFAS is mandated to provide financial assistance in the form of loans and bursaries to eligible students at public higher education institutions. NSFAS also disburses bursaries to students at Technical and Vocational Education and Training (TVET) Colleges.

The activities include the administration of student loans and bursaries and the recovery of loans from students once they are employed and earning in excess of R30 000 per annum. Up to 40% of a student loan awarded in a particular year can be converted into a bursary dependent upon the number of courses a student passes in that year of study.

Following the pronouncement of the bursary funding programme by the former President of the Republic of South Africa in December 2017, financial assistance from the Department of Higher Education and Training (and certain funders) to all eligible students is now in the form of bursaries from the 2018 academic year onwards.

Repayment of student loans

Before 2018 academic year, full bursaries were earmarked for, amongst others, scarce skills and carried conditions specified by individual donors, mainly national government departments. Some of these bursaries may become repayable if the conditions are not fulfilled by the beneficiaries. Following the Presidential pronouncement on 16 December 2017, all financial assistance offered by DHET and administered by NSFAS to qualifying students is now in the form of bursaries from the 2018 academic year onwards.

Bursary programme

Before 2018 NSFAS mainly provided loans to students and based on academic progression some loans were converted into bursaries. In 2018 NSFAS became a bursary scheme, the qualification criteria is that students whose household income is up to R350 000 are fully funded, however, for those students that had entered the system before 2018, the family income qualification threshold remained at R122 000. Furthermore, students with disabilities qualify if the household income does not exceed R600 000.

3. Special Investigation Unit investigations

In August 2022, President Cyril Ramaphosa authorised the Special Investigations Unit (SIU) to investigate allegations of corruption and maladministration in NSFAS's operations and to recover any financial losses suffered by the NSFAS due to corruption and negligence under Proclamation R.88 of 2022. The proclamation covers allegations of unlawful and improper conduct that occurred between 1 April 2016 and 26 August 2022.

The SIU probe focuses on management of NSFAS's finances and allocation of loans, bursaries, and other funding payable to students by the provisions of the National Student Financial Aid Scheme Act, 1999, Act No. 56 of 1999.

As at the date of this report the SIU has collected R859 020 046, in April 2024 the SIU transferred R477 687 946 of the amount collected. The SIU collections which fall in the current financial period have been included in these financial statements. NSFAS continues to work with SIU in their efforts to recover the funds which are due to the State."

4. Going concern

We draw attention to the fact that at 31 March 2024, the entity had a surplus of R 1 602 429 000 and that the entity's total assets exceed its liabilities by R 23 397 402 000.

The Accounting Authority have reviewed the entity's cash flow forecast for the year to 31 March 2025 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 annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

5. Effectiveness of internal controls

In the prior period, the Auditor General South Africa's audit report highlighted some weaknesses in the effectiveness of internal control. The Accounting Authority together with management continued the process of strengthening the control environment. These measures include amongst other, system improvement, approval of the revised organisational structure, and revision and adoption of new policies and processes. Based on these interventions the Accounting Authority is of the view that the entity's system of internal controls is being strengthened on an ongoing basis to provide a reasonable platform for the preparation of reliable annual financial statements.

6. Assumptions used in the Student loans valuation model

NSFAS is required, by the Standards of Generally Recognised Accounting Practice, to determine the fair value of student loans at the initial recognition stage at fair value and subsequently at amortised cost for financial reporting purposes. The assumptions used in the valuation model are based on an analysis of the NSFAS loan book historical data and other relevant sources of information.

The primary assumptions in the valuation of the loan book that are not directly driven by market variables and where judgement is required reflect the progression of the student from receiving a loan, to exiting the university, to commencing payment and then the pattern of payment once payment has commenced. The assumptions are set about the experience of the entity over time.

Assumption setting history:

In the current year under review the assumptions were not changed materially but were reviewed to include experience for the 2023/24 financial year. In addition to this the payer definition was amended to only include debtors who had made payments in the preceding 2 years. The classification of students and debtors was also reconsidered to use externally available data (HEMIS) to determine this.

All the valuation effects have been accounted for appropriately.

7. Accounting Authority

On 11 April 2024, the Minister of Higher Education, and Training dissolved the Board in accordance with section 17A(3)(a) of the NSFAS Act (Act 56 of 1999), as amended. Mr Sithembiso Freeman Nomvalo was appointed as Administrator in terms of sections 17A to 17D of the Act, with effect from the date of Board dissolution until 31 March 2025 or until the date the Minister appoints a new Board in terms of Section 5 of the NSFAS Act, whichever occurs first and Upon the appointment of the new Board, the administrator's role will terminate, and the administrator will assist with transitional processes, if necessary, for a defined period as stipulated in a separate agreement, to ensure a smooth transfer of governance. On 01 February 2025, the Minister appointed a new Board, chaired by Dr Karen Stander.

8. Non-executive Board Members

The Board Chairperson and Board Members of the entity during the 2023/24 financial year as shown below and their services were terminated on the 11 April 2024 when the entity was placed under administration.

Name	Resignation / Termination Date
Ernest Khosa (Chairperson)	Resigned on 11 April 2024
Bamanye Matiwane (Board Member)	Terminated on 11 April 2024
Yonke Twani (Board Member)	Terminated on 11 April 2024
Jullie Beya (Board Member)	Terminated on 11 April 2024
Cyril Madiba (Board Member)	Resigned on 4 March 2024
Max Fuzani (Board Member)	Terminated on 11 April 2024
Pumela Msweli (Board Member)	Terminated on 11 April 2024
Sanele Zondi (Board Member)	Resigned on 25 October 2023
Pretty Makukule (Board Member)	Resigned on 1 September 2023
Reshma Mathura (Board Member and ARC Member)	Terminated on 11 April 2024
Lisa Seftel (Board Co-opted Member)	Terminated on 11 April 2024
Melusi Baloyi (Board Co-opted Member)	Terminated on 11 April 2024

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

8. Non-executive Board Members (continued)

Prof Lourens van Staden (Board Member)	Terminated on 12 April 2024
Thomas Kgokolo (FinCom Member)	Terminated 1 July 2023
Khumo Mzozoyana (FinCom Member)	Terminated on 12 April 2024
Lucky Masuku (Board Member)	Terminated on 11 April 2024
Prof Ntombizozuko Dyani-Mhango (Board Member)	Terminated on12 April 2024
Kgabiso Molokoane (Board Member)	Terminated on 12 April 2024
Representative from Dept of Higher Education	

9. Corporate governance

General

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a quarterly basis.

The organisation applies a co-sourced internal audit model. The internal audit function provides independent assurance on the organisation's risk management, governance, and internal control processes.

10. Student disbursements per academic year

Student funding per institution	Academic year 2023		Academic year 2022	
Figures in Rand thousand	R'000	Number of students	R'000	Number of students
Universities	(39 412 444)	521 418	(35 817 853)	572 089
TVET Colleges	(7 303 959)	256 228	(5 278 480)	238 287
	(46 716 403)	777 646	(41 096 333)	810 376

Since its inception in 1991, the entity has awarded approximately R298.5bn (2022: R255.8bn) in loans and bursaries to students, with a total of 6 963 183 students assisted (4 197 774 university students, 2 765 409 TVET students and 1 986 other institution students). For the year under review, the entity assisted 777 646 (2022: 810 376) students with awards.

PART F - FINANCIAL INFORMATION

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Report

10. Student disbursements per academic year (continued)

Student Funding per Funder	Academic Year 2023		Academic Year 2022	
Figures in Rand thousand	R'000	Number of students	R'000	Number of students
DHET Funded students	44 943 807	758 125	41 694 762	792 581
DHET Funded students with disabilities	128 807	2 129	126 374	1 807
Funza Lushaka teacher bursaries	1 215 568	11 503	1 209 777	12 572
National Skills Fund	70 216	1 852	120 504	349
SAICA partnership - Thuthuka Fund	56 163	700	50 290	722
Sector Education and Training Authorities	11 568	286	9 851	76
Other funding categories (I)	290 275	3 051	314 970	2 269
Total	**46 716 404**	**777 646**	**43 526 528**	**810 376**

I Other funding categories include funds from government entities such as sector education training authotities, private donors and funds recovered from institutions.

The difference in totals of the above tables (Student Funding per Institution and Student Funding per Funder) compared to the Statement of Financial Performance Bursary Expenditure is as a result of external funders removed due to Agent Principal reporting requirements, refer to note 41.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand thousand	Notes	2024	Restated* 2023
Assets			
Current Assets			
Inventories	4	15 713	53 894
Receivables from exchange transactions	5	875	613
Receivables from non-exchange transactions*	6	1 681 101	3 350 104
SIU recoveries*	7	539 985	38 548
Prepayments to institutions	8	7 057 695	5 142 237
Student loans	9	249 305	359 810
Amounts owing by institutions*	10	10 152 485	9 179 692
Amounts owing by students*	11	2 784 790	1 399 875
Cash and cash equivalents	12	16 385 288	13 850 397
		38 867 237	**33 375 170**
Non-Current Assets			
Property, plant and equipment*	13	28 989	35 144
Intangible assets*	14	55 551	9 370
Student loans	9	2 156 733	4 458 631
		2 241 273	**4 503 145**
Total Assets		**41 108 510**	**37 878 315**
Liabilities			
Current Liabilities			
Operating lease liability		5 595	4 322
Trade and other payables	15	136 991	393 106
Movement in SIU recoveries*	7	539 985	38 548
Provisions	16	22 560	23 423
Finance lease obligation	17	50 726	-
Amounts due to students*	18	1 970 571	1 539 773
Amounts due to institutions*	19	11 614 846	11 146 192
Student funds received in advance*	20	2 609 884	1 550 347
		16 951 158	**14 695 711**
Non-Current Liabilities			
Student funds received in advance*	20	759 950	1 387 632
Total Liabilities		**17 711 108**	**16 083 343**
Net Assets		**23 397 402**	**21 794 972**
Reserves			
Accumulated surplus*		23 397 402	21 794 972
Total Net Assets		**23 397 402**	**21 794 972**

* See Note 3

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand thousand	Notes	2024	Restated* 2023
Revenue			
Revenue from exchange transactions			
Administration fees	21	47 150	43 189
Commission received	22	-	101
Other income	23	5 813	2 925
Interest revenue	24	2 174 939	1 295 546
Total revenue from exchange transactions		**2 227 902**	**1 341 761**
Revenue from non-exchange transactions			
Unallocated debtor receipts	25	285	355
Administration grants	26	318 549	366 562
Grants received for student awards*	27	45 628 839	45 542 023
Total revenue from non-exchange transactions		**45 947 673**	**45 908 940**
Total revenue		**48 175 575**	**47 250 701**
Expenditure			
Employee related costs	28	(210 107)	(183 626)
Depreciation and amortisation	29	(16 567)	(15 211)
Audit fees	30	(18 062)	(15 332)
Consulting and professional fees	31	(158 961)	(66 945)
Interest paid	32	(503)	-
Bursaries - TVET Colleges*	33	(7 160 829)	(5 022 954)
Bursaries - Universities*	33	(35 541 881)	(36 168 126)
General Expenses		(196 618)	(146 297)
Total expenditure		**(43 303 528)**	**(41 618 491)**
Operating surplus		**4 872 047**	**5 632 210**
Debtors written off	5	(606)	-
Impairment - Amounts owing by institutions and students	10 & 11	(496 166)	(1 852 370)
Impairment - student loans	9	(2 734 665)	(390 801)
Inventories write-downs	4	(38 181)	(20 488)
		(3 269 618)	**(2 263 659)**
Surplus for the year	36	**1 602 429**	**3 368 551**

* See Note 3

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand thousand	Accumulated surplus	Surplus for the year	Total net assets
Opening balance as previously reported	18 179 655		18 179 655
Prior year adjustments	246 767		246 767
Balance at 01 April 2022 as restated*	**18 426 422**		**18 426 422**
Changes in net assets			
Surplus for the year as previously reported		4 476 654	4 476 654
Prior year adjustments		(1 108 103)	(1 108 103)
Restated surplus for period*		3 368 551	
Transfer of income surplus to capital	3 368 551	(3 368 551)	
Balance at 01 April 2023 as restated*	**21 794 972**		**21 794 972**
Changes in net assets			
Surplus for the year		1 602 429	1 602 429
Transfer of capital surplus to capital	1 602 429	(1 602 429)	
Total changes	1 602 429		1 602 429
Balance at 31 March 2024	**23 397 402**		**23 397 402**
Note	3		

* See Note 3

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand thousand	Notes	2024	Restated* 2023
Cash flows from operating activities			
Receipts			
Grants for student awards and administration costs		45 931 054	46 127 798
Student loan repayments - capital		144 711	239 241
		46 075 765	46 367 039
Payments			
For student awards		(45 167 137)	(44 589 282)
To employees and suppliers		(542 307)	(414 352)
		(45 709 444)	(45 003 634)
Net cash flows from operating activities	34	**366 321**	**1 363 405**
Interest received - debtors	24	466 496	394 189
Net cash flows from operating activities		**832 817**	**1 757 594**
Cash flows from investing activities			
Purchase of property, plant and equipment*	13	(5 233)	(23 101)
Purchase of other intangible assets	14	-	(12 970)
Interest received - funds	24	1 708 443	901 357
Net cash flows from investing activities		**1 703 210**	**865 286**
Cash flows from financing activities			
Finance lease payments		(633)	-
Finance lease interest payments		(503)	-
Net cash flows from financing activities		**(1 136)**	**-**
Net increase in cash and cash equivalents		**2 534 891**	**2 622 880**
Cash and cash equivalents at the beginning of the year		13 850 397	11 227 517
Cash and cash equivalents at the end of the year	12	**16 385 288**	**13 850 397**

* See Note 3

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Administration fees	50 610	-	**50 610**	47 150	**(3 460)**	49.1
Student accommodation	-	1 804	**1 804**	-	**(1 804)**	49.2
Other income	22 311	127 684	**149 995**	5 813	**(144 182)**	49.3
Interest revenue	904 802	16 063	**920 865**	2 174 939	**1 254 074**	49.4
Total revenue from exchange transactions	**977 723**	**145 551**	**1 123 274**	**2 227 902**	**1 104 628**	
Revenue from non-exchange transactions						
Unallocated debtor receipts	-	-	**-**	285	**285**	49.5
Administration grants	318 548	110 600	**429 148**	318 549	**(110 599)**	49.6
Grants received for student awards	49 707 165	8 430 500	**58 137 665**	45 628 839	**(12 508 826)**	49.7
Total revenue from non-exchange transactions	**50 025 713**	**8 541 100**	**58 566 813**	**45 947 673**	**(12 619 140)**	
Total revenue	**51 003 436**	**8 686 651**	**59 690 087**	**48 175 575**	**(11 514 512)**	
Expenditure						
Employee related costs	(224 165)	17 000	**(207 165)**	(210 107)	**(2 942)**	49.8
Depreciation and amortisation	-	-	**-**	(16 567)	**(16 567)**	
Consulting and professional fees	(25 766)	(122 968)	**(148 734)**	(177 023)	**(28 289)**	49.9
Interest paid	-	-	**-**	(503)	**(503)**	
Bursaries - TVET Colleges	(8 954 222)	55 088	**(8 899 134)**	(7 160 829)	**1 738 305**	49.10
Bursaries - Universities	(40 752 943)	(8 681 585)	**(49 434 528)**	(35 541 881)	**13 892 647**	49.11
General Expenses	(140 564)	(70 094)	**(210 658)**	(196 618)	**14 040**	49.12
Total expenditure	**(50 097 660)**	**(8 802 559)**	**(58 900 219)**	**(43 303 528)**	**15 596 691**	
Operating surplus	**905 776**	**(115 908)**	**789 868**	**4 872 047**	**4 082 179**	
Debtors written off	-	-	**-**	(606)	**(606)**	49.13
Impairment - Amounts owing to institutions and students	-	-	**-**	(496 166)	**(496 166)**	49.14
Impairment - Student loans	-	-	**-**	(2 734 665)	**(2 734 665)**	
Inventories write-downs	-	-	**-**	(38 181)	**(38 181)**	49.15
	-	**-**	**-**	**(3 269 618)**	**(3 269 618)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**905 776**	**(115 908)**	**789 868**	**1 602 429**	**812 561**	

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1. Presentation of Annual Financial Statements

The National Student Financial Aid Scheme is a statutory body established by the National Student Financial Aid Scheme Act (Act 56 of 1999) as amended and is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended (PFMA).

1.1 Basis of preparation

The annual financial statements have been prepared in accordance and are in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations (IGRAP), guidelines and directives issued by the Accounting Standards Board of South Africa in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement unless specified otherwise. They are presented in South African Rand and rounded to the nearest thousand (R'000), except where otherwise noted.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Statement of Cash Flows has been prepared in accordance with the direct method.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, except for where specified.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Comparative figures

When the presentation or classification of items in the annual financial statements is amended prior period comparative amounts are restated. The nature and the reason for reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as it is practicable, and prior period comparatives are restated accordingly. See note 3 for prior period adjustments.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that may have a significant risk of material adjustment within the next financial year include:

1.4.1 Impact of the Bursary Funding Programme on the valuation of Student Loans

On 16 December 2017, former President Zuma announced a new bursary funding programme for students from poor and working-class families whose gross combined family household income is up to a maximum of R350 000 per annum, with effect from the 2018 academic year studying at public higher education institutions.

The pronouncement was silent regarding the current debt owed to NSFAS. The DHET subsequently clarified that the issue of NSFAS's previous debt will be dealt with after a due diligence exercise has been completed by the DHET in consultation with the Department of Planning, Monitoring and Evaluation (DPME) and the National Treasury.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Government has not decided on whether or not the student debt will be written off. Recoveries of loans provided to students before the 2017 announcement will remain a critical component of the overall NSFAS strategy.

The Department of Higher Education and Training, in collaboration with National Treasury and the DPME, undertook a due diligence exercise to quantify the historic debt of NSFAS-qualifying senior students (who qualified on the R122 000 family income threshold per annum) who were registered in the 2018 academic year. These are known as "capped" students. The due diligence exercise quantified the debt that NSFAS supported students, who registered in 2018 and who had received insufficient funding in prior years of study, owe to universities. The funds allocated to NSFAS in March 2019 will be utilised to settle historic debt for students that were funded under the NSFAS cap funding in 2018 and 2019, to effectively deal with student debt going forward and allow the group of students who qualify (as described above) to graduate debt-free.

As disclosed in the accounting policies, the fair value of student loans on initial recognition is estimated by using an actuarial discounted cash flow model.

Management determined that it would be appropriate to value the entire student loan book to determine recoverability assuming that collections will continue based on the following:

- All debt remains payable per current terms (loan agreement forms) and the NSFAS Act (Act 56 of 1999).
- In the interest of prudence, the current year's assumptions (relating to collections estimations) were reversed.

1.4.2 Useful lives and residual values of property, plant and equipment and intangible assets

All classes of property, plant and equipment and intangible assets are depreciated on a straight-line basis over the asset's expected useful life to their estimated residual value. NSFAS reviews estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period if there is an indication that the useful lives or residual values may have changed, these are revised on a prospective basis.

1.4.3 Impairment of Exchange / Non-exchange Receivables / Student Loans / Amounts owing by Institutions and Students / Prepayments to Institutions

The entity assesses accounts receivable for impairment at the end of each reporting period as part of the close out project. In determining whether receivables are impaired, the entity considers various factors which include disputes with students and institutions, inability to recoverability due to lack of confirmations received from students and institutions (close out reports) and increased credit risk of the students and institutions.

An impairment loss is recognised when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cashflows discounted at the effective interest rate computed at initial recognition.

1.4.4 Impairment of property, plant and equipment

The entity assesses its property, plant and equipment for impairment if there is an indication that it may be impaired. If property, plant and equipment is impaired, the entity impairs the carrying value of the asset to its recoverable amount. The estimation of the recoverable amount is subject to several sources of estimation uncertainty.

1.4.5 Inventory net realisable value

The entity assesses computers that are held as inventory for net realisable value; the assessment is based on selling prices of similar computer models. The selection of similar models is a source of estimation uncertainty.

1.4.6 Classification of leases

At inception of a contract, NSFAS assesses whether a contract is, or contains a lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

1.4.7 Contingent assets and contingent liabilities

The existence of the obligation (or potential inflows of economic benefits) arising from legal claims against (or in favour of) the entity may only be determined through the outcome of legal proceedings. Management applies its judgement in determining whether a present obligation (or potential inflow) exists, and therefore whether such claims should be recognised as provisions or disclosed as contingent liabilities / contingent assets.

1.4.8 Accounting by principal and agent

The entity has entered into agreements with funders; the entity used judgement in determining the nature of relationship with the funders whether the relationship is that of a principal or agent. The entity also used judgment in determining which principal or agent transaction and balances will be disclosed separately or in aggregate.

1.5 Property, plant and equipment*

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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment* is initially measured at cost at the acquisition date and subsequently at cost less accumulated depreciation and impairment.

The cost of an item of property, plant and equipment* is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment* have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment*.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment* and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment*, the carrying amount of the replaced part is derecognised.

Subsequent measurement - cost model

Property, plant and equipment* is carried at cost less accumulated depreciation and any impairment losses. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation

Property, plant and equipment* are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment* have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	50 years
Furniture and office equipment	Straight-line	5 years
Information technology equipment	Straight-line	3 to 5 years
Leasehold improvements	Straight-line	5 years

The residual value, the useful life of an asset and the depreciation method are reviewed annually, and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.5 Property, plant and equipment* (continued)

Impairment

All NSFAS's items of property, plant and equipment* are considered to be non-cash generating assets for the purposes of considering impairment as no commercial return is generated from these assets. If there is an indication of impairment, the NSFAS considers the impact based on the recoverable service amount, and any impairment loss is recognised in the Statement of Financial Performance.

If there is an indication that an asset may be impaired, its recoverable service amount is estimated. The estimated recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the de-recognition of an item of property, plant and equipment is recognised in the Statement of Financial Performance.

1.6 Intangible assets*

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets* are measured initially at cost and subsequently cost less accumulated amortisation and impairment losses.

Amortisation is provided to write down the intangible assets*, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 to 5 years

The gain or loss arising from the derecognition of an item of intangible assets* is included in surplus or deficit when the item is derecognised.

Computer software

Expenditure on internally developed software is recognised as an asset when the entity can demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life.

The internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Statement of Financial Performance on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable service amount, it is written down immediately to its recoverable service amount and an impairment loss is charged to the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.6 Intangible assets* (continued)

Intangible assets are derecognised when the assets are disposed of, or when there is no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an intangible asset is included in the surplus or deficit when the asset is derecognised.

1.7 Financial instruments

Classification and measurement

All financial instruments are initially measured at fair value. The financial instruments included in the financial statements were classified into the following categories which indicates the measurement bases for subsequent measurement purposes:

- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Classification of financial instruments depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Financial assets comprise cash and cash equivalents, receivables from non-exchange transactions, amounts owing by institutions, amounts owing by students, student loans and receivables from exchange transactions.

Cash and cash equivalents comprise cash balances, and call deposits with original maturities of three months or less.

Financial liabilities comprise operating lease liability, payables, student funds received in advance, amounts due to institutions and amounts due to students.

Recognition and derecognition

The entity initially recognises financial assets and liabilities when the entity becomes a party to the contractual provisions of the instrument. The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, are settled or waived, or it transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained significant risks and rewards of ownership of the financial asset has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and can exercise that ability unilaterally and without needing to impose additional restrictions on transfer. Newly created rights and obligations shall be measured at their fair values at the date of derecognition.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received, including any new asset obtained less any new liability assumed, is recognised in the surplus or deficit.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire or waived. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in surplus or deficit.

Impairment of financial assets

At each reporting date, the entity assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is/are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the entity on terms that the entity would not otherwise consider, indications that a borrower or issuer will enter bankruptcy or other observable data relating to an entity or assets such as adverse changes in the payment status of borrowers or issuers in the entity, or economic conditions that correlate with defaults in the entity.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Financial instruments (continued)

The student loans offered by the entity are impaired based on mortality, actual transition from student state and changes in payment experience. Mortality is assessed on an annual basis on those deaths assumed to have occurred, but not yet recognised and is included in impairment.

The entity writes off a student loan, when the entity determines that the loan is uncollectable. This determination is made after notification of the death or permanent disability of the borrower.

The entity considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that may have been incurred but not yet identified. Loans and receivables, such as the student loans offered by the entity that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the Statement of Financial Performance and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the Statement of Financial Performance.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed.

The entity considers evidence of impairment for amounts owing by institutions at a specific asset level. All institutions are assessed for specific impairment. Therefore, the entity has considered that institutions with long outstanding balances, which have no movement on the financial system since 2017 and no commitment to make a payment on the amount owing by that specific institution should be impaired.

The impairment test is performed by academic year and amounts are considered to be impaired where there has been no payments by institutions for 5 financial years after the respective academic years.

Student loans

Measurement

The student loans offered by the entity are unique within the market. The primary focus of these loans is not profit generation, but rather to provide affordable financing for university students from low income households. The loans have no fixed repayment terms, and the debt is only due and payable one year after exit from the tertiary institution and if the student has become employed, and earning more than R30 000 per annum. Repayments are calculated on a sliding scale based on the debtor's annual salary.

In prior years, a student could apply for a new loan for each year of study which, if granted, resulted in the student having multiple loans payable. From the 2017 academic year onwards, students who qualify for funding will have funding approved for the entire qualification. Funding for subsequent years is dependent on students meeting progression requirements.

Student loans are recognised initially at fair value at inception. The fair value of the loans on initial recognition is estimated by using an actuarial discounted cash flow model which includes assumptions that are supported by observable market inputs and others that are based on historical loan repayment data. The subsequent value is calculated based on amortised cost using the original effective yield of the loans, adjusted for impairment.

The model estimates the fair value at initial recognition as well as the ongoing amortised cost by estimating a cash flow profile for broadly homogenous groups of loans. The student loans are separated into smaller groups with similar characteristics such as age of loan, loan number and the gender and age of the borrower. The fair value of these homogenous groups is calculated individually and then combined to calculate the aggregated value of the portfolio.

Residual valuation adjustments may be necessary due to the manually processed loans and bursaries. These are effectively timing differences recognised at the reporting date. Any residual valuation adjustments passed to bring the student loan book in line with the valuation is disclosed as Other losses in the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Financial instruments (continued)

Social benefit component of student loans

Prior to the 2018 academic year, a concessionary loan, in the NSFAS context, was a loan granted to or received by students on terms that were not market related. The primary focus of student loans is not profit generation, but rather to provide affordable financing for students from low income households studying in institutions of higher learning. As a result, these loans are granted on terms that are not market related. On initial recognition, the entity analyses these loans into their component parts and accounts for each component separately. The entity accounts for the component that is a social benefit in surplus or deficit. The component of the loan that is a social benefit is determined as the difference between the fair value of the loan and the expected loan proceeds to be repaid. Subsequent to initial recognition, the entity measures the loan component at amortised cost using the effective interest rate method less impairment losses.

Amounts due to Institutions and Students

Amounts owing to institutions arise where NSFAS has an obligation to settle the debt of a student arising from bursary agreements and agreements entered into with the relevant tertiary institutions. These obligations are classified as financial liabilities measured at amortised cost included in payables from non-exchange transactions as it relates to bursary funding. Initial recognition occurs when NSFAS receives a claim from the tertiary institution for a student that is approved and validated as eligible by NSFAS. Initial measurement is based on the course fees applicable for eligible students. These obligations are due on demand and are expected to be settled within 12 months. Delays in settlement occurs when NSFAS are not receiving close out reports from the universities in time and/or cannot confirm the eligibility of the claim. These delays are not considered in the classification of the liability as a current obligation.

Where NSFAS receives claims from the relevant institutions, and the claim cannot be validated based on our internal records, NSFAS relies on the registration data. Where NSFAS verified that the student does not qualify for assistance (ineligible), the amount claimed is excluded from the amounts due to institution and/or student.

Although social benefit obligations are not within the scope of GRAP 19 *Provisions, Contingent Liabilities and Contingent Assets*, NSFAS applied the principles in that Standard to develop its accounting policies for the recognition, measurement, and presentation of these, applying the principles in GRAP 3, *Accounting Policies Changes in Accounting Estimates and Errors*, paragraph 10.

The Close out process was finalised for academic periods 2017 - 2023 for the 2023/2024 financial period. There are some institutions that failed to submit student data during the reconciliation period. NSFAS elected to disclose the amounts for non-submitting institutions using registration data without adjusting for estimates. NSFAS elects to use the available registration data to inform recognition of assets and liabilities. This information is verifiable and supportable as registration was received from the institutions.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. “Contract” and “contractual” refer to an agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid, usually because the agreement is enforceable by law.

NSFAS has a contractual obligation to pay an agreed amount to the institution therefore this amount represents a financial liability in terms of the agreement.

Student loans and Bursary

In terms of Section 4(a) of the NSFAS Act (Act 56 of 1999), NSFAS is mandated to "allocate funds for loans and bursaries to eligible students".

Before the introduction of the NSFAS bursary funding programme after the December 2017 Presidential pronouncement, NSFAS disbursed funds as either loans or bursaries. Loans issued were further segmented, and sub-classified as one the following:

- 100% loans
- Convertible loans

Convertible and final-year loans have a convertible bursary element based on the student’s academic performance where the loan was fully or partially converted to a bursary (expensed). (Refer to the bursary policy below).

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Financial instruments (continued)

On 16 December 2017, former President Zuma announced a new bursary funding programme. The new bursary funding programme is for students from poor and working-class families whose gross combined family household income is up to a maximum of R350 000 per annum from the 2018 academic year for students studying at public higher education institutions.

The Presidential pronouncement was silent regarding the current debt owed to NSFAS. The Department of Higher Education and Training (DHET) subsequently clarified that the issue of NSFAS previous debt will be dealt with after a due diligence exercise has been completed by the DHET in consultation with the Department of Planning, Monitoring and Evaluation (DPME) and the National Treasury.

The government has not pronounced on whether or not the student debt will be written off. Recoveries of loans provided to students pre the 2017 announcement will remain a critical component of the overall NSFAS strategy.

The DHET, in collaboration with the National Treasury and the DPME, undertook a due diligence exercise to quantify the historic debt of NSFAS-qualifying senior students (who qualified on the R122 000 family income threshold per annum) who were registered in the 2018 academic year. These are known as "capped" students. The due diligence exercise quantified the debt that NSFAS-supported students, who registered in 2018 and who had received insufficient funding in prior years of study, owe to universities. The funds allocated to NSFAS in March 2019 will be utilised to settle the historic debt for students that were funded under the NSFAS cap funding in 2018 and 2019, to effectively deal with student debt going forward and allow the group of students who qualify (as described above) to graduate debt-free.

Student Loans / Credits

After passing the eligibility criteria, loans were awarded to eligible students. Historically the value of these loans was capped with the maximum thresholds determined annually. Maximum caps were determined based on the funder. Where the registration information reflected amounts less than the maximum cap, these students received full funding.

The loan value included in the Statement of Financial Position is recorded at the loan value granted to the student, net of any credits returned by the institution as a result of unutilised funds at the end of the academic year. A portion of these loans have been convertible (into a bursary), with the value of the bursary conversion dependent on the student results. (Refer to the bursary policy below).

Recognition of student loan

Student loans are recognised when:

– it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

– the cost or fair value of the asset can be measured reliably.

Initial measurement

As disclosed in the accounting policies, the fair value of student loans on initial recognition is estimated by using an actuarial discounted cash flow model.

Management determined that it would be appropriate to value the entire loan book assuming collections will continue based on the fact that all debt remains payable per current terms (loan agreement forms) and NSFAS Act (Act 56 of 1999).

Subsequent measurement

After initial recognition, student loans are measured at amortised cost using the effective interest method, less any impairment allowances.

In instances where Institutions have not confirmed the credits due to NSFAS, an estimate is made of the credit amount based on historical information using the total historical credit as a percentage of the total loan amount, and changes to these estimates, if necessary, are processed prospectively. This is done on an annual basis and to the extent that this does not meet the Asset definition in terms of GRAP 1, this is disclosed as a contingent asset. Refer to note 40 & 51.

Impact of the Bursary Funding Programme on the Valuation of the Loan Book

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Financial instruments (continued)

After the change to a predominantly bursary administering entity from a loan administering entity, our major funder DHET no longer provides funding in the form of loans and consequently, the relative value of the student loan book has decreased over the past two reporting periods.

Derecognition

Student loans (financial assets) are derecognised to the extent that they are partially converted to a bursary, settled or written off as irrecoverable. Any gains or losses are recognised in the statement of Financial Performance.

Bursaries

After passing eligibility criteria, funded students who have secured registration at a public tertiary institution are offered bursaries. Bursaries are offered at a value equal to that provided in the registration data received from the public institution, or the amounts capped depending on the bursary funder, whichever is less.

Before the introduction of the NSFAS bursary funding programme, NSFAS disbursed funds as either loans or bursaries.

Based on the categories of loans in the background information, convertible and final-year loans have a convertible bursary element based on the student's academic performance where the loan was fully or partially converted to a bursary (expensed).

Following the December 2017 Presidential pronouncement, the updated NSFAS Bursary funding programme provides financial support for students from poor and working-class families studying at a public higher education institution. This could include either Universities or TVET colleges. Funds are awarded to eligible students in the form of bursaries.

Bursary expenditure (attributable to Universities or TVET colleges) comprises tuition and allowances. Tuition is paid over to the respective institutions where the eligible students are registered. These institutions then credit the eligible student fee account. Allowances are either paid over to the institutions, in which case the institutions disburse those allowances to the eligible students, or are disbursed to the students directly.

Bursaries are either processed systematically (by the NSFAS loan and bursary system) through the NSFAS disbursement process, or by manual claims process where these are not able to follow the standard disbursement process.

Bursary expenditure: Universities and TVET Colleges

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Recognition

Bursary expenditure (both University and TVET) for bursaries both pre and post December 2017 Presidential pronouncement, are further subdivided into the following categories and the associated expenditure is recognised as follows:

- 100% bursaries (tuition, accommodation and allowances paid to the respective institutions): Recognised once the expected costs data (RegData) for an eligibleand fully funded student has been:
  - received from an institution, and
  - validated and disbursed by NSFAS
- Loan conversion bursaries: Recognised once the student academic results are received and the applicable conversion is processed.
- Allowances paid directly to students via the NSFAS wallet (direct payments): Recognised once the cash vouchers are created and NSFAS is liable to settle potential merchant claims after the voucher utilisation.
- Manual claims (this includes funders other than DHET): Recognised once the expected costs data (RegData) for an eligible and fully funded student has been:
  - received from an institution, and
  - validated and disbursed by NSFAS

For all of the above categories, the initial bursary expenditure amount recognised may be adjusted at the end of the financial reporting period based on the latest validated cost of study data received from the institutions, as a student actual costs may differ from the expected costs at the end of the academic cycle.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Financial instruments (continued)

Even though NSFAS disburses funds to eligible students for specific academic years, NSFAS recognises bursary expenditure in the financial year incurred and this is recognised net of any credits in respect of unutilised funds declared by the respective institutions or identified through the close out process.

All movements to bursaries expenditure (TVET Colleges and Universities) due to the implementation of the Close out project: Final reporting will be treated as tuition fees as all claims are institution driven.

Measurement

Bursary expenditure is measured at the fair value of the consideration paid or exchanged; net of credits returned by institutions. Credits may be returned by institutions for unutilised funds at the end of the academic year.

To the extent that credits have not yet been declared by the respective institutions, and where reliable information exists to estimate the applicable credits, these credits are estimated, and the associated expenditure reduced. To the extent that this does not meet the Asset definition in terms of GRAP 1, this is disclosed as a contingent asset. Refer to note 40 & 51.

In instances where Institutions have not confirmed the subjects enrolled and subjects passed for a bursary conversion to be done by the end of the financial year, an estimate of the bursary amount is calculated based on the most representative data. This may include average pass rates per institution received for the current or prior financial year. Where these estimates require a revision, due to updated results being received, this is accounted for as a change in estimate with adjustments being made prospectively.

1.8 Prepayments

Prepayments to institutions

Payments are made to institutions during January, February and March of each year for initial student registration fees as well as payments made throughout the year towards allowances and tuition fees to assist with the administration of NSFAS funding.

NSFAS classifies payments made to tertiary institutions during January to March of each academic year (1 January to 31 December) as prepayments. Included in the prepayments balance is historical upfront debt payments where the decision to recover the amount is still outstanding.

An executive decision was made to treat historic debt payments as upfront payments.

Prior year prepaid amounts (not fully utilised during the period for which they were intended) are included in prepayments at reporting date.

Prepayments are initially measured at the value of funds disbursed to institutions and subsequently measured at the same value.

Prepayments to institutions are recognised when payments are made to tertiary institutions based on initial registration information obtained from the institutions but the funds advanced have not yet been allocated to students based on NSFAS validation processes. These amounts are not discounted due to the short-term nature thereof. These prepayments are settled by the confirmation of valid claims. The settlement of the advance results in the recognition of bursary expenditure by NSFAS or a derecognition of obligations where NSFAS receives funds from other institutions as an agent (refer to the accounting policy on Principal Agency Agreements).

Prepayments are considered for impairment when recoverability is in doubt. Indicators of impairment include disputes with the institutions, inability to verify recoverability due to lack of confirmations received from institutions (close-out reports) and an increase in the credit risk of the institution to whom the advance was made (e.g. insolvency).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.9 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

An accrual is recognised for the amount expected to be paid under short-term cash benefits if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The liability for employee entitlements to wages, salaries and annual leave represents the amount which the entity has a present obligation to pay as a result of employees' services provided to the Statement of Financial Position date. The liability has been calculated at undiscounted amounts based on current wage and salary rates.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

In instances where Institutions have not confirmed the credits due to NSFAS, an estimate is made of the credit amount based on historical information using the total historical credit as a percentage of the total loan amount, and changes to these estimates, if necessary, are processed prospectively. This is done on an annual basis and to the extent that this does not meet the asset definition in terms of GRAP 1, this disclosed as a contingent asset.

To the extent that credits have not yet been declared by the respective Institutions, and where reliable information exists to estimate the applicable credits, these credits are estimated, and the associated expenditure reduced. To the extent that this does not meet the liability definition in terms of GRAP 1, this is disclosed as a contingent liability.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.14 Revenue from exchange transactions

Exchange transactions are defined as transactions where the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other entity in exchange. Interest on student loans and interest on investments, administration fees, other income and commission revenue are classified as revenue from exchange transactions.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest received

Finance income comprises interest on funds invested and interest received on student loans.

Finance income is recognised using the effective interest method over the estimated life of the financial assets.

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions shall be recognised using the accounting treatment when:

a) It is probable that the economic benefits or services potential associated with the transactions will flow to the entity: and

b) the amount of the revenue can be measured reliably.

Irrecoverable debts recovered

Amounts received after student loans have been written off as irrecoverable debts are recorded as other income.

Administration fees and NSFAS Wallet commission

Revenue is recognised on the accrual basis in accordance with the substance of the relevant agreements and measured at fair value of the consideration receivable.

Student accommodation

NSFAS partners with Service Providers to facilitate student accommodation through a platform enabling Accommodation Providers to list their facilities for students. The Accommodation Providers pay fixed and licensing fees based on the number of occupied beds, which are collected by the Service Providers. The Service Providers retain a percentage of these fees and remit the balance to NSFAS. NSFAS recognises its portion of these fees as income when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, i.e. upon invoicing.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value 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 liability to repay the amount. Administration grants and grants received for student loans and bursaries are considered to be revenue from non-exchange transactions.

Measurement

Revenue from a non-exchange transaction is measured at the fair value of the consideration received or receivable.

Unconditional grants, transfers and donations received

Unconditional grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.16 Accounting by principals and agents

Identification

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).

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.

Identifying whether an entity is a principal or an agent

When an entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

An entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

When an entity is an agent, it would not recognise revenue and expenses resulting from those transactions with third parties. It only recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal.

1.17 Student funds received in advance

Classification

Student funds received in advance amounts are classified as non-current where the bank accounts have had no movement other than interest in the past 12 months, and the expectation is that the funder will not be requiring NSFAS to return the funds within the next 12 months. Furthermore, NSFAS pro-actively engages all the dormant funders to confirm whether the funds should be returned or used for the original intended purpose.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.17 Student funds received in advance (continued)

Student funds received in advance adjustment amounts are classified as non-current liabilities because the balances have not satisfied the definition of a current liability, according to Grap 1.17. All other liabilities shall be classified as non-current, The student funds received in advance adjustment amounts are not expected to be settled in the normal operating cycle, nor are they due to be settled within twelve months after the reporting date, nor does the entity have an unconditional right to settle the obligation for at least twelve months after the reporting date.

Derecognition of Student funds received in advance and recognition of revenue

Where funds have been disbursed to students and NSFAS assesses that the specific conditions are not met, this will be disclosed as Irregular expenditure. Where the transferor does not exercise its right to enforce a requirement to return the funds disbursed for three consecutive reporting periods, the associated revenue will be recognised in that third reporting period.

In the assessment of the likelihood that the funder will exercise its rights, the results of communications to funders are considered and the operating status of the entity is also investigated. These factors affect the decision to recognise revenue.

1.18 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified under the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Irregular expenditure

Irregular expenditure is an expenditure that is contrary to the Legislative prescripts. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the statement of Financial Performance.

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not under a requirement of any applicable legislation.

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before year-end and / or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required, except for updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement by the Accounting Authority is obtained at year-end must be recorded in the irregular expenditure register.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury, or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must, thereafter, be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.20 Segment information (continued)

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.21 Budget information

The budget figures have been prepared under the applicable GRAP standards, and are consistent with the accounting policies adopted by the Accounting Authority for the preparation of these financial statements. The amounts are presented as a separate additional financial statement, named the Statement of Comparison of Budget and Actual amounts. Explanatory comments are provided in the notes to the Annual Financial Statements, firstly stating reasons for overall growth or decline in the budget, and, secondly, motivating overspending or underspending on line items. The annual budget figures included in the financial statements are for the entity. These figures are those approved by the Accounting Authority both at the beginning and during the year.

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

Variances of 10% or more between budget and actual amounts are regarded as material. All material differences are explained in the notes to the annual financial statements.

1.22 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by South African government. As a consequence of the constitutional independence of the tree spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

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

1.23 Reserves

The reserve comprises accumulated surpluses.

The Statement of Financial Performance shows a surplus arising from how NSFAS accounts for its revenue in terms of GRAP 23 and the related expenses. While NSFAS accounts for the total transfers received as revenue, disbursements (100% conversion bursaries and valuation adjustments) are recognised as expenses. The surplus in the Statement of Financial Performance is not represented by cash and is not available for normal operations.

2. Events after reporting date

Events after 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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 Financial Instruments (Revised 2019)	1 April 2025	Impact not yet known

3. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

Assets	Note	As previously reported	Restatement of opening balance	Correction of error	Restated
Receivables from non-exchange transactions	3.1	3 512 066	(161 962)	-	3 350 104
SIU Recoveries	3.8	-	-	38 548	38 548
Amounts owing by institutions	3.1	10 752 449	(1 572 757)	-	9 179 692
Amounts owing by students	3.1	1 165 860	234 015	-	1 399 875
Property, plant and equipment	3.2	34 932	-	212	35 144
Intangible assets	3.3	10 377	-	(1 007)	9 370
		15 475 684	**(1 500 704)**	**37 753**	**14 012 733**

Liabilities	Note	As previously reported	Restatement of opening balance	Correction of error	Restated
Amounts due to students	3.1	(1 954 221)	414 448	-	(1 539 773)
Amounts due to institutions	3.1	(11 063 746)	(82 446)	-	(11 146 192)
Student funds received in advance	3.9	(2 883 777)	785 607	(839 809)	(2 937 979)
Unallocated receipts - SIU Recoveries	3.8	-	-	(38 548)	(38 548)
Trade and other payables	3.4	(755 470)	(187 133)	549 497	(393 106)
		(16 657 214)	**930 476**	**(328 860)**	**(16 055 598)**

Statement of financial performance

2023

	Note	As previously reported	Restatement of opening balance	Correction of error	Re-classification	Restated
Grants received for student awards	3.5	44 702 214	-	839 809	-	45 542 023
Employee costs	3.6	(186 217)	-	-	2 591	(183 626)
Bursaries - Universities	3.1	(35 817 853)	(350 273)	-	-	(36 168 126)
Bursaries - TVETs	3.1	(5 278 480)	805 023	(549 497)	-	(5 022 954)
Depreciation and amortisation	3.2	(14 416)	-	(795)	-	(15 211)
General expenses	3.7	(143 706)	-	-	(2 591)	(146 297)
Impairment - Amounts owing to institutions and students	3.1	-	(1 852 370)	-	-	(1 852 370)
Surplus for the year		**3 261 542**	**(1 397 620)**	**289 517**	**-**	**2 153 439**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

3. Prior-year adjustments (continued)

Errors and restatement of opening balances

The following prior period adjustments were processed:

3.1. Close out project

NSFAS embarked on a Close Out Project, which is aimed at reconciling and resolving funding cycle data and funds between NSFAS and all public TVETs and Universities for academic years, from 2017 to date. At a high level, the project entails the following:

- Matching registration data received from Institutions to the approved funded list and LAF/SOP/NBA (Award amount) at student level.
- Agreeing the above to actual amounts disbursed and paid for each student (tuition and allowances).
- Reconciling consolidated, end to end NSFAS data for each academic year, including reversals and transfers.
- Determining the amounts owed to / due from Institutions, considering other prepayment made to Institutions.
- Resolving any differences arising from above with institutions.

The Close Out Project identified that closing balances and transactions pertaining to 31 March 2023 were misstated. The correct amounts have been determined, and adjustments have been processed accordingly for the affected accounts which are listed below:

- Receivables from non-exchange transactions,
- Amounts owing by students,
- Amounts owing by Institutions,
- Bursaries - Universities,
- Bursaries - TVETs.

3.2 Property, plant and equipment

Adjustments to the Land and buildings, furniture and fittings, leasehold improvement depreciation which was incorrectly calculated using the incorrect purchase date. Adjustment to the computer equipment depreciation which was incorrectly calculated over 5 years instead of 3 years of useful life.

3.3. Intangible assets

Adjustment to the intangible assets amortisation which was incorrectly calculated using the incorrect purchase date.

3.4. Trade and other payables

The NSFAS Wallet vouchers were discontinued and as there was no further obligation due to contract termination, the liability was to be derecognised in the prior year, but was incorrectly retained.

3.5 Grants received for student awards

The grants received from DHET were incorrectly reduced by the movement in 'student funds received in advance'. The related accounts have been restated to correct this error.

3.6. Employee cost

An adjustment was made in relation to the fees to Non-executive Board Members, which was incorrectly included in the employee related costs.

3.7 General expenses

An adjustment was made in relation to the fees to Non-executive Board Members, which was incorrectly included in the employee related costs. This has now been moved to general expenses.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

3. Prior-year adjustments (continued)

3.8 SIU recoveries

The SIU collected funds on behalf of NSFAS, the funds collected were not recorded in the financial statements, this correction is to include the funds collected as SIU recoveries receivable and unallocated receipts liability.

3.9 Student funds received in advance

Recognising a prior period error as a result of COP data.

4. Inventories

Inventory	15 713	53 894

The inventory represents digital devices procured from appointed third-party service providers, which has not yet been delivered to NSFAS students as part of the student laptop project. The digital devices were impaired, and therefore the inventory was written down by R38 181 270 (2023: R20 488 000).

Inventory pledged as security

No inventory was pledged as security for liabilities.

5. Receivables from exchange transactions

NSFAS Wallet - commission receivable (I)	-	314
Student accommodation - licensing fees	867	-
Other debtors (II)	8	299
	875	**613**

I NSFAS Wallet - commission receivable relates to commission earned on transactions for the NSFAS Wallet voucher system used to disburse allowances to students funded by NSFAS through the implementation of the student-centred model. The NSFAS Wallet was discontinued and the amount of R314 301 was written off.

II Included in other debtors was accrued income of R291 778 relating to auctioned assets which was written off.

6. Receivables from non-exchange transactions*

Grants receivables	-	2 063 743
Unfunded students*	1 681 101	1 286 361
	1 681 101	**3 350 104**

* Unfunded students are those students where NSFAS initially funded but did not meet the criteria and became unfunded or the registration was incorrect, which would need be recovered.

7. SIU Recoveries

SIU Recoveries	539 985	38 548
Unallocated receipts - SIU recoveries	539 985	38 548

The SIU recovered funds on behalf of NSFAS as directed Special Investigations Units proclamation R88 of 2022. These amounts represent the amounts that were collected from institutions and students. The funds have not yet been allocated to institutions and students a corresponding unallocated receipts liability has been raised.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
8. Prepayments to institutions		
TVET Colleges	580 151	580 151
Universities	5 120 588	3 054 519
Prefunders / other funders	22 995	173 484
	5 723 734	**3 808 154**
Prior year prepayment balances		
TVET Colleges	315 244	315 244
Universities	133 305	133 305
Prefunders / other funders	158 606	158 728
	607 155	**607 277**
Historic debt 2017 - 2018	**726 806**	**726 806**
Prepayments to institutions	**7 057 695**	**5 142 237**

Upfront payments are made to institutions during January, February and March each year. Advance payments are made in subsequent months to ensure the uninterrupted funding of eligible students.

Prior year prepayment balances relate to upfront balances for which disbursements have not yet been processed.

9. Student loans

Student loan nominal value

The nominal balance is the total obligations that borrowers have including loan principal and interest. The change in nominal value from year to year reflects the net growth (or decline) of the portfolio through new lending less repayments, bursary conversations, and other adjustments such as irrecoverable debt written-off due to death and permanent disability. The nominal balance is the basis for the calculation of the 'Student loan Carrying Value' as reflected in the Statement of Financial Position.



NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
9. Student loans (continued)		
Reconciliation of student loans (exchange)		
Opening balance	4 818 441	5 054 155
Interest	466 973	394 328
Repayments (I)	(139 089)	(239 241)
Impairment	(2 734 665)	(390 801)
	2 411 660	4 818 441
Unallocated receipts	**(5 622)**	**-**
	2 406 038	**4 818 441**
Current (II)	249 305	359 810
Non-current	2 156 733	4 458 631
	2 406 038	**4 818 441**
The relationship between the Nominal Value and Carrying Value is as follows:		
Nominal value	44 543 037	42 394 365
Less accumulated valuation and impairment adjustment	(42 136 999)	(37 575 924)
	2 406 038	**4 818 441**

I Collections (repayments received) fell by 39% to R144.7 million (of which R139.1 million could be allocated to student loan accounts, and R5.6 million is not yet allocated as the payer did not provide a reference) after falling by 21% in the previous financial year.

II The current portion of the student loan is measured as the expected cash flows for the next twelve months based on the amortised cost calculations.

The impact on the loan book valuation of the current year collection experience was as follows:

- For a significant number of accounts, the date on which the student exited their institution (either by graduating or stopping studying) was updated using the latest available exit date data from DHET. These changes to the exit dates significantly impacted the valuation model which uses historic payment data to estimate at what point a student who has exited their studies will likely begin repayment.

10. Amounts owing by institutions

Amounts owing by institutions	11 944 877	10 724 007
Impairment provision	(1 792 392)	(1 544 315)
	10 152 485	**9 179 692**

The balance comprises of the overpayments made by NSFAS to Institutions on behalf of students. NSFAS made payments to the Institutions that were greater than the full cost to study of the student.

An impairment provision has been raised for the amounts owing by Institutions. The impairment provision accounts for the uncertainty of the balance due to some institutions not submitting data and the data submitted by some institutions having validation issues during the close out process. 50% of institution balances not submitting during the close out process have been provided for 30% of institution balances that were submitted but had validation issues have been provided for.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
11. Amount owing by students*		
Amounts owing by students	3 340 935	1 707 930
Impairment provision	(556 145)	(308 055)
	2 784 790	**1 399 875**

An impairment provision has been raised for the amounts owing by students. The impairment provision accounts for the uncertainty of the balance due to some institutions not submitting data and the data submitted by some institutions having validation issues during the close out process. 50% of student balances not submitting during the close out process have been provided for 30% of institution balances that were submitted but had validation issues have been provided for.

Additional text

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3 155	2 514
Short-term deposits	16 382 133	13 847 883
	16 385 288	**13 850 397**

Cash and cash equivalents include R1 337 369 354 (2023: R785 363 734) recovered funds that NSFAS holds for re-injection into student loans. A further R14 210 973 286 (2023: R12 080 603 455) is held by NSFAS on behalf of funders for allocation by the entity on instruction by the funder and represents unspent grants and interest thereon. The balance of R181 372 976 (2023: R271 249 828), comprises operational funds attributed to administration grants and fees.

A further amount of R655 572 384 (2023: R713 179 983) is committed for the redemption of NSFAS Wallet vouchers. The balance of R181 372 977 (R271 249 828, comprises operational funds attributed to administatration grants and fees.

PART F - FINANCIAL INFORMATION

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

13. Property, plant and equipment*

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land*	770	-	770	770	-	770
Buildings	4 047	(1 619)	2 428	4 047	(1 538)	2 509
Furniture and fixtures	6 932	(3 808)	3 124	6 932	(2 602)	4 330
IT equipment	24 171	(19 518)	4 653	18 938	(15 291)	3 647
Leasehold improvements	29 370	(11 356)	18 014	29 370	(5 482)	23 888
Total	**65 290**	**(36 301)**	**28 989**	**60 057**	**(24 913)**	**35 144**

Reconciliation of property, plant and equipment* - 2024

	Opening balance	Additions	Depreciation	Total
Land*	770	-	-	770
Buildings	2 509	-	(81)	2 428
Furniture and fixtures	4 330	-	(1 206)	3 124
IT equipment	3 647	5 233	(4 227)	4 653
Leasehold improvements	23 888	-	(5 874)	18 014
	35 144	**5 233**	**(11 388)**	**28 989**

PART F - FINANCIAL INFORMATION

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

13. Property, plant and equipment* (continued)

Reconciliation of property, plant and equipment* - 2023

	Opening balance	Additions	Depreciation	Total
Land*	770	-	-	770
Buildings	2 579	-	(70)	2 509
Furniture and fixtures	4 357	1 042	(1 069)	4 330
IT equipment	5 586	1 381	(3 320)	3 647
Leasehold improvements	8 402	20 678	(5 192)	23 888
	21 694	**23 101**	**(9 651)**	**35 144**

* Land and buildings comprise erf numbers 66447, 66458, 66460 and 66461 in Wynberg, Cape Town.

Pledged as security

At the reporting date, NSFAS had no property, plant and equipment pledged as security.

PART F - FINANCIAL INFORMATION

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

14. Intangible assets*

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	19 152	(14 105)	5 047	19 152	(9 782)	9 370
Student Accommodation Platform	51 360	(856)	50 504	-	-	-
Total	**70 512**	**(14 961)**	**55 551**	**19 152**	**(9 782)**	**9 370**

Reconciliation of intangible assets* - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	9 370	-	(4 323)	5 047
Student Accommodation Platform	-	51 360	(856)	50 504
	9 370	**51 360**	**(5 179)**	**55 551**

Reconciliation of intangible assets* - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 959	12 970	(5 559)	9 370

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
15. Trade and other payables		
Trade payables	114 018	78 662
Accruals	5 757	9 206
Accrued leave pay due to employees	10 995	4 049
Accrued bonusses due to employees	4 543	3 240
NSFAS Wallet - unutilised vouchers	-	109 150
Long service award provision	53	41
Suspense account	-	187 133
Other creditors	1 625	1 625
	136 991	**393 106**

16. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Reversed during the year	Total
Credit balances to be refunded (I)	23 423	(863)	22 560

Reconciliation of provisions - 2023

	Opening Balance	Amount paid as refunds (II)	Reversal of provisions (III)	Deceased refund debtors (IV)	Closing balance (V)
Credit balances to be refunded (I)	24 934	32	(1 441)	(102)	23 423

I. During the 2010 Ministerial Review it was discovered that the NSFAS Loan and Bursaries Management System had not applied the legal principle of in duplum to accrue interest on student loans in compliance with the National Credit Act. As a result, some loan accounts have been overpaid and therefore effectively have credit balances. It was also discovered during the 2010 audit that the loan management system had since inception been applying repayment incorrectly against student debt, by applying the student repayments against the outstanding capital balance first, rather than accrued interest. The Board resolved that where students have been advantaged, NSFAS will not attempt to recover the additional interest, as this was an error on NSFAS's part. However, where students have been charged interest in excess of in duplum, every attempt should be made to trace the respective account holders and to refund the credit balances.

II. This amount represents refunds paid in the current (and prior) periods in respect of historical debtors (as above).

III. The balance of R22 560 322 has been matched and refunds to the debtors will be processed in the next financial year. An amount of R863 050 (2023: R1 440 764) could not be matched and has therefore been reversed to income.

IV. List of refund debtors was compared to the Home Affairs database and showed a match of Nil (2023: 59) decreased debtors. This amount has been recognised as income.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
17. Finance lease obligation		
Minimum lease payments due		
- within one year	7 386	-
- in second to fifth year inclusive	43 340	-
- later than five years	(16 297)	-
Present value of minimum lease payments	**34 429**	**-**
Present value of minimum lease payments due		
- within one year	7 386	-
- in second to fifth year inclusive	43 340	-
	50 726	**-**

The finance lease relates to an online student accommodation solution software. NSFAS is a lessee in an agreement with respective service providers for the provision of a student accommodation solution. The lease commenced in March 2024 for a period of 5 years. Contractually, payments are recouped through the arrangement whereby NSFAS pays for student accommodation.

18. Amounts due to students*

Allowances due to students from 2017 to 2024 academic years.

Amounts due to students		
Amounts due to students	1 970 571	1 539 773

Amounts due to students represent allowance which were due to eligible students for their academic year of study but they were not paid. The allowance due to students was previously included in the amounts due to institutions however they were separated and adjusted as a prior period error.

19. Amounts due to institutions*

Payments due to institutions for student loans and bursaries awarded.

Amounts due to institutions (I)	11 614 846	11 146 192

Amounts due to institutions represent disbursements approved, but not yet paid at the end of the academic year. Some institutions did not submit full cost of study but NSFAS relied on the registration data submitted by the institutions to calculate amounts due per academic year.

20. Student funds received in advance*

Unspent portions of Student funds received in advance, including interest received, represents a liability. These amounts are held in segregated call accounts until utilised.

Grants received in advance - current	24 443	65 067
Student funds received in advance - current liability	2 585 441	1 485 280
Student funds received in advance - non-current liability	759 950	1 387 632
	3 369 834	**2 937 979**

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
21. Administration fees (exchange)		
Sector Education and Training Authorities (SETA)	7 239	4 394
Department of Agriculture, Forestry and Fisheries	1 253	1 400
Department of Labour Compensation Fund (COID)	5 304	3 592
Department of Defence and Military Veterans	-	579
Funza Lushaka	33 354	33 224
	47 150	**43 189**
22. Commission received		
NSFAS Wallet	-	101

The entity implemented a mobile payment solution (NSFAS Wallet) for the disbursement of allowance to students registered at institutions. No commission was received as NSFAS discontinued the mobile payment solution.

23. Other income		
Student accommodation - Accreditation fee income (I)	2 671	-
Student accommodation - Licence fee income (II)	867	-
Reversal of provision (III)	863	1 512
Other	565	1 081
Bank SETA money recovered	847	332
	5 813	**2 925**

I NSFAS enters into contractual agreements with Accommodation Providers, who in turn subcontract Accreditation Providers to accredit student accommodations. Accreditation providers perform the accreditation of accommodation facilities and charge a fee to Accommodation Providers for their services. This fee is paid directly to Service Providers, who deduct a 5% share of the total as their fee and remit the remaining amount to NSFAS.

NSFAS retains 15% of the total fee as its share, which is recognised as revenue from non-exchange transactions, as no goods or services are directly provided by NSFAS to earn it. The remaining 80% of the total fee, represents the portion due to the Accreditation Providers.

II This fee relates to the licensing of the student accommodation platform, whereby Accommodation Providers pay a percentage of occupied bed revenue, with the Service Providers retaining a share and remitting the balance to NSFAS.

III. Refer to note 16

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
24. Interest revenue		
Interest charged on receivables (debtors)	466 496	394 189
Interest on funds invested*	1 708 443	901 357
	2 174 939	**1 295 546**

* Interest on funds invested relates to the following categories:

By funding source		
Administration grants and fees	25 628	7 653
Donor funds	1 578 636	844 699
Recovered funds	104 179	49 005
	1 708 443	**901 357**
By investment type		
Call accounts	1 684 268	884 761
Corporation for Public Deposits	24 175	16 596
	1 708 443	**901 357**
25. Unallocated debtor receipts (non-exchange)		
Unallocated debtor receipts	285	355

Amounts received by the entity without a valid reference to loan accounts or not yet allocated at year-end to individual loan accounts, are recorded in the annual financial statements against student loans. Every attempt is made to establish the identity of the depositor with the relevant bank. When these unidentified amounts have been outstanding for more than five (5) years, they are written-off to income. If debtors subsequently claim and prove amounts, that had previously been deposited by them, the amounts will at that stage be set off against the students' loan accounts as payments and reflected as an expense in the financial statements. The amount written back to income is R284 656 (2023: R354 988).

26. Administration grants (non-exchange)		
Department of Higher Education and Training (DHET)	318 549	366 562
27. Grants received for student awards (non-exchange)		
Operating grants		
Department of Higher Education and Training (DHET) (I)	45 628 839	45 542 023

I. Includes grants to provide for loans and bursaries for students studying at Technical and Vocational Education Training Colleges and Universities, received from the Department of Higher Education and Training (DHET).

28. Employee related costs		
Basic salaries	124 048	115 968
Leave pay provision charge	6 946	(6 921)
Employee benefits - other	79 113	74 579
	210 107	**183 626**

Employee benefits - other include Medical Aid and Pension fund contributions, disability and all other costs. The entity operates a defined contribution retirement plan for all employees.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
29. Depreciation and amortisation		
Property, plant and equipment*	11 387	9 651
Intangible assets	5 180	5 560
	16 567	**15 211**
30. Audit fees		
Audit fees	18 062	15 332
External audit fees		
Fees for the 2021/22 audit	8 922	15 332
Fees for the 2022/23 audit	9 140	-
	18 062	**15 332**
31. Consulting and professional fees		
Other professional fees	113 358	41 579
Finance	18 341	14 766
ICT	6 786	2 236
Legal expenses	18 900	8 364
Accreditation fees	1 576	-
	158 961	**66 945**
32. Interest paid		
Interest on finance lease	503	-

33. Bursary expenditure

Bursary expenditure incurred during the year can be further broken down by type, comprising Tuition and Allowances. Tuition and allowances by year and institution type are shown below.

2024	**Tuition**	**Allowance**	**Total**
Institution			
University	28 143 027	7 398 854	35 541 881
TVET Colleges	2 472 225	4 688 604	7 160 829
	30 615 252	**12 087 458**	**42 702 710**

2023	**Tuition**	**Allowance**	**Total**
Institution			
University	27 309 257	8 858 869	36 168 126
TVET Colleges	1 995 033	3 027 921	5 022 954
	29 304 290	**11 886 790**	**41 191 080**

Included in the above allowances (Universities and TVETs) is inventory, with regards to student learning devices (laptops) recognised as expense in the current year as follows:

TVET Colleges	-	139 728

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
34. Cash generated from operations		
Surplus	1 602 429	3 368 551
Adjustments for:		
Depreciation and amortisation	16 567	15 211
Impairment - student loans	2 734 665	390 801
Inventory write-down	38 181	20 488
Debtors written off	606	-
Impairment - amounts owing to institutions and students	496 166	1 852 370
Interest income	(2 174 939)	(1 295 546)
Interest paid	503	-
Movement in operating lease	1 273	2 824
Movements in provisions	(863)	(1 511)
Changes in working capital:		
Inventories	-	139 810
Receivables from exchange transactions	(868)	10 794
Other receivables from non-exchange transactions	1 669 003	1 212 416
Prepayments to institutions	(1 915 458)	(3 071 311)
Student loans	(322 262)	(155 086)
Amounts owing by institutions*	(1 220 869)	(1 841 636)
Amounts owing by students*	(1 633 005)	(454 457)
Trade and other payables	(256 115)	(298 339)
Movement in SIU recoveries*	(501 437)	-
Movement in unallocated SIU recoveries*	501 437	-
Amounts due to institutions*	468 654	998 279
Student funds received in advance*	431 855	172 643
Amounts due to students*	430 798	297 104
Cash generated from operations	**366 321**	**1 363 405**

35. Taxation

The entity has obtained income tax exemption from the Commissioner of the South African Revenue Service under Section 10(1)(cA)(i) of the Income Tax Act, 1962 as amended. This exemption is applicable from the date on which the entity was established.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

36. Surplus for the year

Surplus for the year for the year is stated after accounting for the following:

Operational		
Administration grants	318 549	366 562
Administration fees	47 150	43 189
Interest received	2 174 939	1 295 546
Other income	6 098	3 280
Commission income	-	101
Less: Administration and investment costs	(600 818)	(427 411)
Total operational	**1 945 918**	**1 281 267**
Grants received for student awards	45 628 839	45 542 023
Bursaries - Universities	(35 541 881)	(36 168 126)
Bursaries - TVET Colleges	(7 160 829)	(5 022 954)
Impairment adjustments	(3 269 618)	(2 263 659)
Total capital	**(343 489)**	**2 087 284**
TOTAL	**1 602 429**	**3 368 551**

37. Debtors loan book movements (non-exchange)

Assumption set used in the loan valuation model:

For the 31 March 2024 valuation it was considered appropriate to perform the valuation using the prior year assumptions. The only model estimation change was the flagging of payers vs non-payers and an ever payer definition was applied (and not flagging a student payer if a payment was made over the past two years)

Impairment adjustments

The impairment adjustment in the current year assumptions has been updated and adjusted to take into account:

- payer is flagged as an ever payment indicator;
- reassessment of the assumptions based on data up to 31 March 2024; and
- truncation of payments after 300 months.

As a result of the impact of changes in assumptions, impairment adjustment, change in the repo rate and experience adjustments, a net difference in the value of the student portfolio of (R2 734 665 333) (2023: (R327 292 450)) was recorded.

The table below shows the impact of the change in assumptions and impairment adjustments per loan year of issue:

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

37. Debtors loan book movements (non-exchange) (continued)

Year of issue of student loan		
1991 - 2002	14 221	(1 645)
2003 - 2008	(43 584)	(43 501)
2009	(47 749)	(12 267)
2010	(47 108)	(13 474)
2011	(35 757)	(19 761)
2012	(43 185)	(24 425)
2013	(49 193)	(45 060)
2014	(35 721)	(29 466)
2015	(36 484)	(28 276)
2016	(113 929)	(28 234)
2017	(254 913)	(70 040)
2018	1 169	(1 295)
2019	(2 048)	(848)
	(694 281)	**(318 292)**

To enable the user of the financial statements to have a sense of the potential impact of changes to certain assumptions in the model, the following sensitivity analysis has been performed:

Sensitivity to 100 basis points changes in the repo rate

The assumption for the change in repo rate is key to the determination of the value of the loans. The table below considers the impact of a change in the repo rate 100 basis points since exit.

2024	Amortised value (base)	100 basis points increase	Change	100 basis points decrease	Change
Non-payer	1 605 047	12 881	0.35 %	(12 087)	-0.33 %
Payer	800 991	2 967	0.37 %	(2 731)	-0.34 %
	2 406 038	**15 848**	**0.36 %**	**(14 818)**	**-0.34 %**

2023	Amortised value (base)	100 basis points increase	Change	100 basis points decrease	Change
Non-payer	4 287 311	18 973	0.44 %	(18 694)	-0.44 %
Payer	531 130	1 516	0.29 %	(1 392)	-0.26 %
	4 818 441	**20 489**	**0.43 %**	**(20 086)**	**-0.42 %**

Sensitivity to change in the transition from Exit to Payer.

The assumption for the transition from debtor to payer is key to the determination of the value of the loans. The table below considers the impact of a level change in the transition from exit to paying percentages by 10% at each duration since exit.

2024	Amortised value (base)	10% increase in T2	Change	10% decrease in T2	Change
Non-payer	1 605 047	526 733	14.40 %	(484 980)	-13.30 %
Payer	800 991	-	- %	-	- %
	2 406 038	**526 733**	**11.80 %**	**(484 980)**	**-10.90 %**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

37. Debtors loan book movements (non-exchange) (continued)

2023	Amortised value (base)	10% increase in T2	Change	10% decrease in T2	Change
Non-payer	4 287 311	497 029	11.60 %	(482 022)	-11.20 %
Payer	531 130	-	- %	-	- %
	4 818 441	**497 029**	**10.30 %**	**(482 022)**	**- %**

Sensitivity to change in the payment profile.

2024	Amortised value (base)	10% decrease in payment profile	Change
Non-payer	1 605 047	(129 578)	-3.5 %
Payer	800 991	(60 033)	-7.5 %
	2 406 038	**(189 611)**	**-4.4 %**

2023	Amortised value (base)	10% decrease in payment profile	Change
Non-payer	4 287 311	(163 902)	-3.8 %
Payer	531 130	(31 661)	-6.0 %
	4 818 441	**(195 563)**	**-4.1 %**

38. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	875	875
Receivables from non-exchange transactions	1 681 101	1 681 101
Cash and cash equivalents	16 385 288	16 385 288
Student loans	2 406 038	2 406 038
Amounts owing by other institutions (exchange)	10 152 485	10 152 485
Amounts owing by students	2 784 790	2 784 790
	33 410 577	**33 410 577**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

38. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Amounts due to institutions (non-exchange)	11 614 846	11 614 846
Payables from exchange transactions	136 991	136 991
Amounts due to students	1 970 571	1 970 571
	13 722 408	**13 722 408**

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	613	613
Receivables from non-exchange transactions	3 350 104	3 350 104
Cash and cash equivalents	13 850 397	13 850 397
Student loans	4 818 441	4 818 441
Amounts owing by other institutions (exchange)	9 179 692	9 179 692
Amounts owing by students	1 399 875	1 399 875
	32 599 122	**32 599 122**

Financial liabilities

	At amortised cost	Total
Amounts due to institutions (non-exchange)	11 146 192	11 146 192
Payables from exchange transactions	393 106	393 106
Amounts due to students	1 539 773	1 539 773
	13 079 071	**13 079 071**

39. Commitments

Authorised operational expenditure

Already contracted for but not provided for		
• Computer expenses	-	208
• Consulting and other services (I)	68 326	117 050
	68 326	**117 258**

I The decrease from the prior year is due to multi-contract obligations that came to an end during the current year with the exception of operating lease commitments.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023
39. Commitments (continued)		
Operating leases - as lessee (expense)		
Minimum lease payments due (II)		
- within one year	27 085	25 432
- in second to fifth year inclusive	54 171	81 256
	81 256	**106 688**

II The minimum lease payments comprises of lease agreements for NSFAS office space. The lease payments are disclosed as part of general expenses.

Total operational commitments		
Already contracted for but not provided for	**149 582**	**223 946**

40. Contingencies

40.1. Contingent liability: Financial structure

NSFAS holds a Corporate Access Management Services / Payment and Collections Services agreement (CAMS / PACS) with the corporate bankers that facilitates electronic payments and debit order processing. The Payments and Collections Services agreement that facilitates debit order deductions from debtors requires a settlement facility of R20 000 000 (2023: R20 000 000). A 10% notional risk is effected on the debtor's facility in the event of unpaid collections.

NSFAS has entered into agreements with various donors and educational institutions to fund students. The arrangement is that institutions will advance loans to students on NSFAS loan agreement forms. NSFAS then accounts for these loans as part of the NSFAS loan book. These arrangements do not include any transfer of cash between NSFAS and the universities. Any recoveries against this portion of the book are then re-injected to fund future generations of students. This arrangement is in line with NSFAS mandate of increasing the pool of funds available to students. The total amount of institution recoveries that are available to fund future students as at the reporting date is R135 320 383 (2023: R160 015 648). As a result, there is a possibility that in future more universities might request money back from the recoveries.

40.2. Contingent liability: Claim for services rendered

A supplier is claiming an unpaid invoice from its Reseller and NSFAS, which is in conflict with the terms of NSFAS' Service Level Agreement. This contingency amounts to R604 874 plus interest at a rate of 10.25% per annum.

40.3. Contingent liability: Unfair dismissal

NSFAS was served a Statement of claim for unfair dismissal. The dispute has been struck off pending a decision of the granting of a condonation.

40.4. Contingent liability: Irregularly awarded contract

Service provider claims an amount of R1.1 million arising from irregular contract. NSFAS revised its pleading to argue that the claimed amount arose out of an illegal contract because the service provider was never awarded a contract through the supply chain management process. The filing of the amended pleadings was 6 February 2024.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

40. Contingencies (continued)

40.5. Contingent liability: College

A College filed a claim in the amount of R17 930 251 that is allegedly due to them by NSFAS. NSFAS alleged liability arises from a Memorandum of Agreement that was concluded between the parties in or around May 2019. The Agreement related to the Department of Higher Education Training (DHET) Technical and Vocational Education and Training College (TVET College) Bursary Scheme and, in terms of this Agreement, the College became a designated higher education institution to administer DHET Bursary Scheme on behalf of the NSFAS. The matter is in abeyance and could potentially be settled once all Close Out processes are finalised.

40.6. Contingent liability: Contractual dispute

No service provider issued a letter of dispute to what they viewed the illegal, unfair and unjust administration action on the part of NSFAS, for cancelling the initial purchase order issued to MLO. The claim is estimated to be R90 000.

40.7. Contingent liability: Unfunded post-grad LLB students

On 9 December 2021, an adverse judgement was delivered against NSFAS by the Gauteng Division of the High Court, halting the unfunding of post-grad LLB students. NSFAS was directed to continue funding the students and thus appealed to the decision at the SCA. The appeal was heard on 9 May 2023 where judgement has been reserved. SCA judgement was delivered on 7 May 2024 in favour of NSFAS. The matter will now be taken to the constitutional court.

40.8. Future Student funding

The student-centred model makes it possible for students registered at both Universities or TVET colleges to apply directly to NSFAS for loans and bursaries rather than through their respective institutions. Eligible students have loans and bursaries approved for the duration of their studies, subject to their meeting the promotion requirements, rather than being required to reapply for funding for each subsequent academic year. The fact that students' contract with NSFAS for the duration of their course creates a possible obligation under this contractual commitment. Uncertainties exist in both the amount (bursary amount of future studies), as well as the timing of the outflow as students could return for as long as they are within the bounds of the N+ rules.

The possible obligation is only confirmed once the student meets the necessary progression requirements and registers at a public institution. This possible contractual commitment by the entity to fund students for the duration of their studies, if they meet the promotion requirements, has resulted in an estimated contingent liability of R54 601 695 853 (2023: R49 851 991 535).

The estimate uses actual historic student data and parameters including course duration, the N+ rules as well as the amounts to be funded. The probability of students returning in the upcoming years is estimated and the contingency is then calculated on a compound basis using the inflation rate linked to bond rates ranging from 5.8% (2024) to 4.4% (2033). In line with the student-centred model, the population includes students who signed NSFAS agreements from 2017 onwards. Estimated future liabilities are then discounted at rates of between 8.6% (2024) to 12.9% (2033).

Sensitivity analysis for contingent liabilities of future student funding

A change of 100 basis points in inflation rates at the reporting date would have increased / decreased the contingency by R1 094 891 932 or R1 073 569 475 respectively. This analysis assumes that all other variables remain constant. A change of 5% increase in the take-up rate or enrolment of continuing students would have increased the contingency by R20 708 548 635. This analysis assumes that all other variables remain constant.

40.9. Contingent liability - Retention of surplus

As per section 53(3) of PFMA public entities may not retain cash surplus without obtaining prior approval of the National Treasury, at end of period. NSFAS has not obtained approval from National Treasury to retain a surplus recognised in the Statement of Changes of Net Assets.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

40. Contingencies (continued)

40.10. Contingent liability - Dispute with supplier

The supplier has proposed a settlement of amount of R162 million which NSFAS has declined. The matter will proceed to court. Seeking an urgent interdict to stop NSFAS' decision to move away from direct payment providers (DPPs) to pay students.

The matter has also been enrolled at the special tribunal court to claim back all the profits from the SLA's.

40.11. Contingent liability - Student accommodation

A supplier claimed NSFAS had excluded them from being accredited for accommodating students at a university. The supplier initiated a claim for having accommodated NSFAS students without payment. There is no potential settlement amount as yet as NSFAS was only cited as an interested party in the matter.

40.12. Contingent liability - Dispute with supplier

A dispute arose with a supplier for post contract services provided which were requested by the former COO of NSFAS. NSFAS and the supplier were unable to agree on a price of the services rendered as they were not in the original contract. The matter went to mediation and thereafter an independent opinion was requested. To date, no resolution on the matter has been reached.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

41. Accounting by principals and agents

NSFAS receives funds from various funders. These are funders mainly from the government who provide funds for purposes of providing financial aid to eligible students at Public Universities and Technical and Vocational Education and Training (TVET) colleges.

An assessment of a principal agent relationship was performed by assessing the contractual relationship between NSFAS and the funders. The terms and conditions are that the funds should be used for student funding in the form of loans or bursaries. The funding requirements differ per funder based on the contract. Other funders pay administration fees to NSFAS.

For risk mitigation the funds are kept in specific ring-fenced accounts per funder. Quarterly reconciliations are communicated to the funders on the utilisation of funds.

NSFAS as the agent

NSFAS acts as an agent with respect to funding arrangements with all the funders.

NSFAS administers such loans and bursaries on behalf of the funders in terms of the NSFAS Act No. 56 of 1999.

For the financial year ended 31 March 2024, NSFAS had custodianship of financial resources as allocated for funding purposes. NSFAS carries the risk of managing funds from funders. The entity recognised administration fees as a result of NSFAS being an agent for some of the funders.

Material and Other Funders

The NSFAS materiality framework 2023/24 was used to determine which funders would be aggregated together and which funders will remain as separate lines in the tables below.

PART F - FINANCIAL INFORMATION

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

41. Accounting by principals and agents (continued)

41.1 Funder 2024	Bank	Amounts owing	Amounts due	Amounts received	Amounts disbursed	Agency fees	Interest
*Department Of Basic Education (Funza Lushaka)	711 154	-	-	(1 334 160)	1 213 648	(33 354)	(70 232)
Other	662 783	30 197	(4 636)	(455 465)	473 452	(13 797)	(54 946)
	1 373 937	**30 197**	**(4 636)**	**(1 789 625)**	**1 687 100**	**(47 151)**	**(125 178)**

Funder 2023	Bank	Amounts owing	Amounts due	Amounts received	Amounts disbursed	Agency fees	Interest
*Department Of Basic Education (Funza Lushaka)	539 858	-	-	(1 711 804)	1 193 222	(33 224)	(54 500)
*NSF	352 773	16 462	(5 813)	(498 493)	170 002	-	(24 282)
Other	323 823	136 178	(8 615)	(379 749)	228 869	(5 762)	(9 948)
	1 216 454	**152 640**	**(14 428)**	**(2 590 046)**	**1 592 093**	**(38 986)**	**(88 730)**

*Material funder(s)
The Department of Basic Education (Funza Lushaka) and National Skills Fund is considered material funder for NSFAS.

Other - Non-material funders

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

	2024	Restated* 2023

41. Accounting by principals and agents (continued)

The following have been considered as immaterial and have been classified as other:

Department of Social Development (DSD)	Department of Agriculture, Forestry and Fisheries
Department of Agriculture. Land reform and Rural development AB-INBEV (SAB)	Department of Agriculture, Land reform and Rural development NSF
Department of Military Veterans (DMV)	Department for International Development
EU Foundation Phase Funza Lushaka Bursaries	Gauteng Gambling Board
Compensation Fund (COID)	Culture Art Tourism Hospitality Sport Sector Education and Training Authority
KZN Provincial Government Premier	Broad-Based Black Economic Empowerment
Nedbank	Rand Mutual Assurance
Metallon	Swiss Development Corporation
Ntabankulu	Nelson Mandela Metropolitan University
Medical University of South Africa	University of the Witwatersrand
Technikon South Africa	Agricultural Sector Education and Training Authority
Construction Education and Training Authority	Energy & Water Sector Education Training Authority
Food & Beverage Manufacturing Sector Education and Training Authority	Fibre Processing and Manufacturing (FP$M) SETA
Media, Information and communication Technologies Sector Education and Training Authority	Health and Welfare Sector Education and Training Authority
Insurance Sector Education and Training Authority	The Local Government Sector Education and Training Authority
Safety and Security Sector Education and Training Authority	Services Seta
Transport Education Training Authority	Wholesale and Retail Sector Education and Training Authority
Education Training and Development Practices Sector Education Training Authority	Eastern Cape Provincial Government
Thuthuka	TRC/DEREP
Mining Qualification Authority	Financial & Accounting Sector Education and Training Authority
NSF RSP	NSF GEN

41.2 Principal arrangement: Debt collectors

The parties have agreed that the debt collectors act on behalf of NSFAS in the provision of external debt collection services in the onboarding of debtors, collecting on outstanding loans and arrears of overdue debtors by obtaining payroll deduction mandates or full outstanding balance settlements and by means of direct deposit where debtors pay money directly into the NSFAS account.

As remuneration for the services to be provided by the agent, NSFAS shall pay a percentage fixed collection fee, including VAT and disbursements, for the duration of the contract period.

NSFAS will only settle commission invoices after successful collections have taken place, i.e. money received in NSFAS bank account.

Fee paid

Fee paid as compensation to the agent - Debt collectors	5 604	10 019

Resource and / or cost implications for the entity if the principal-agent arrangement is terminated

Debt collectors' rights and consequences

NSFAS reserves the right to terminate the arrangement, provided that a 3 (three) month early termination is provided. All able costs incurred as a consequence of the termination, the agent for services rendered before termination, shall become due and payable even if they have not been invoiced.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

42. Related parties

Relationships Board members	Refer to the Accounting Authority's report note 8 Non-executive Board Members expenses and Executive Management emoluments note 43
Executive Authority (Minister of Higher Education, Science and Technology)	Dr Bonginkosi Emmanuel Nzimande (April 2023 - June 2024) Dr Nobuhle Pamela Nkabane (Present)
Controlling entity	Department of Higher Education and Training
Entities with significant influence	Department of Agriculture, Forestry and Fisheries Department of Basic Education Department of Defence and Military Veterans Department of Justice and Constitutional Development Department of Labour
Public Entities	Agricultural Sector Education and Training Authority Bank Sector Education and Training Authority Chemical Industries Education and Training Authority Construction Education and Training Authority Culture Art Tourism Hospitality Sport Sector Education and Training Authority Education Training and Development Practices Sector Education Training Authority Fiber Processing and Manufacturing Sector Education and Training Authority Financial and Accounting Services Sector Education and Training Authority Food and Beverage Sector Education and Training Authority Health and Welfare Sector Education and Training Authority Insurance Services Sector Education and Training Authority Local Government Education and Training Authority Manufacturing Engineering and Related Service Sector Education and Training Authority Mining Qualifications Authority Media Information and Communication Technologies Sector Education and Training Authority National Skills Fund Safety and Security Sector Education and Training Authority Services Sector Education and Training Authority Energy and Water Sector Education and Training Authority Transport Education and Training Authority Wholesale and Retail Sector Education and Training Authority National Institute for Humanities and Social Sciences

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

42. Related parties (continued)

TVET Colleges	Boland Colleges Buffalo City Colleges Capricorn College for TVET Central Johannesburg College Coastal KZN TVET College College of Cape Town for TVET East Cape Midlands Ehlanzeni TVET College Ekurhuleni East College for TVET Ekurhuleni West College for TVET Elangeni College for TVET Esayidi TVET College False Bay College for TVET Flavius Mareka TVET College Gert Sibande TVET College Goldfields TVET College Ikhala Public Further Education and Training College Ingwe Public TVET College King Hintsa Public TVET College King Sabata Dalindyebo TVET College Lephalale TVET College Letaba TVET College Lovedale Public TVET College Majuba College for TVET Maluti TVET College Mnambithi TVET College Mopani South East TVET College Motheo TVET College Mthashana TVET College Nkangala TVET College Northern Cape Rural TVET College Northern Cape Urban TVET College Northlink TVET College Orbit TVET College Port Elizabeth TVET College Sedibeng College for TVET Sekhukhune TVET College South Cape College South West Gauteng College Taletso TVET College Thekwini TVET College Tshwane North College for TVET Tshwane South College for TVET Umfolozi College for TVET Umgungundlovu TVET College Vhembe TVET College Vuselela TVET College Waterberg TVET College West Coast College Western College for TVET
Related party transactions	
Department of Higher Education and Training	For further detail on grants received by NSFAS from Department of Higher Education and Training during the financial period. Refer to notes 26 and 27
Public Entities	For further detail on public entities that NSFAS transacted with during the financial period and had balances for as at year end. Refer to note 41

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

42. Related parties (continued)

There were no transactions that were not in the ordinary course of business to the state. Transactions between NSFAS and the listed entities are consistent with a normal operating relationship: arm's length transactions have been omitted from the presentation.

43. Non-executive Board Members expenses and Executive Management emoluments

Key management

	Board fees	Financial Committee fees	HRRC fees (I)	Total package 2024	Total package 2023
Board Expenses					
Meeting fees	4 414	57	193	4 664	1 760
Travel and accommodation	-	-	-	-	2 326
	4 414	**57**	**193**	**4 664**	**4 086**

	Board fees	Financial Committee fees	HRRC fees (I)	Total package 2024	Total package 2023
***Board meeting fees and expenses per board member**					
Ernest Khoza (Chairperson)	829	27	2	858	1 820
Bamanye Matiwane (Board Member)	450	6	-	456	615
Yonke Twani (Board Member)	608	-	-	608	231
Jullie Beya (Board Member)	372	-	68	440	190
Lindiwe Matlali (Board Member) #	-	-	-	-	100
Cyril Madiba (Board Member)	434	-	-	434	154
Max Fuzani (Board Member)	255	7	53	315	322
Pumela Msweli (Board Member)	236	6	-	242	244
Sanele Zondi (Board Member)	261	-	-	261	127
Pretty Makukule (Board Member) *	-	-	-	-	-
Reshma Mathura (Board Member and ARC Member)	86	-	11	97	157
Lisa Seftel (Board Co-opted Member) *	-	-	-	-	-
Melusi Baloyi (Board Co-opted Member)	218	-	-	218	126
Khumo Mzozoyana (Board Member)	125	11	16	152	-
Prof Lourens van Staden (Board Member)	164	-	2	166	-
Prof Ntombizozuko Dyani-Mhango (Board Member)	121	-	22	143	-
Bulelani Mahlangu (ARC Chairperson)	83	-	9	92	-
Dr Len Konar (ARC Member)	102	-	5	107	-
Adv Simthandile Gugwini-Peter (ARC Member)	70	-	5	75	-
Lucky Masuku (Board Member) *	-	-	-	-	-
Kgabiso Molokoane (Board Member) *	-	-	-	-	-
Phukuile Masudubele (ARC Member) *	-	-	-	-	-
	4 414	**57**	**193**	**4 664**	**4 086**

I Human Resources and Remuneration Committee fees.
* Personnel employed by the state and not eligible for emoluments from NSFAS.
\# Lindiwe Matlali (Board Member) resigned on 31 March 2023.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

43. Non-executive Board Members expenses and Executive Management emoluments (continued)

Non-executive Board Members expenses and Executive Management emoluments

	Meeting fees	Total package 2024	Total package 2023
Board Sub-committees expenses			
Meeting fees	461	461	401
Travel and accommodation	-	-	102
	461	**461**	**503**

	Meeting fees	Total package 2024	Total package 2023
Board Sub-committees' fees and expenses per member			
Bulelani Mahlangu (ARC Chairperson)	61	61	127
Joe Samuels (ARC member)	-	-	24
Crystall Abdoll (ARC member)	-	-	44
Reshma Mathura (FinCom member)	-	-	16
Dr Len Konar (ARC member)	5	5	26
Thomas Kgokolo (FinCom member)	-	-	116
Khumo Mzozoyana (FinCom member)	38	38	68
Kwena Ntsewa (IAT member)	40	40	18
Lukhanyo Daweti (IAT member)	16	16	28
Thabelo Mofokeng (IAT member)	16	16	14
Tasneem Salasa (IAT member)	-	-	11
Wongani Mgwali (IAT member)	5	5	11
Prof Lourens van Staden (Board Member)	186	186	-
Prof Ntombizozuko Dyani-Mlango	84	84	-
Simthandile Gugwini-Peter	5	5	-
Lubabalo Ndzoyiya	5	5	-
	461	**461**	**503**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

43. Non-executive Board Members expenses and Executive Management emoluments (continued)

	Salary or fee	Acting allowance	Retirement fund contribution	Medical contribution	Other	Total package 2024	Total package 2023
Executive Managers							
Andile Nongogo (Executive Officer) (a)	1 878	-	-	-	17	1 895	3 293
Nthuseng Mphahlele (Chief Corporate Services Officer)	-	-	-	-	-	-	1 925
Kagisho Mamabolo (Acting Chief Corporate Services Officer)	-	-	-	-	-	-	134
Masile Ramorwesi (Chief Financial Officer and Acting CEO) (b)	1 996	683	-	146	29	2 854	1 480
Modibedi Oliphant (Chief Information Officer) (c)	914	-	-	-	-	914	1 528
Che Muller (Acting Chief Financial Officer) (d)	-	243	-	-	-	243	-
Sibongile Mncwabe (Chief Corporate Services Officer)	1 621	-	90	-	-	1 711	-
Abegail Mafilika (Strategic Enablement Executive) (e)	218	185	17	9	-	429	-
Serofe Mayoli (Risk, Legal and Compliance Executive)	1 499	-	112	56	168	1 835	-
Errol Makhubela (Chief Operations Officer)	257	-	32	-	152	441	-
Thulani Melula (Acting Chief Information Officer)	-	35	-	-	-	35	-
	8 383	**1 146**	**251**	**211**	**366**	**10 357**	**8 360**

a. Andile Nongogo (Executive Officer - Contract terminated on 23 October 2023 (no replacement)
b Masile Ramorwesi (Chief Financial Officer & Acting CEO) - Contract terminated on 11 June 2024 (no replacement)
c Modibedi Oliphant (Chief Information Officer) - Contracted terminated on 29 September 2023
d Che Muller (Acting Chief Financial Officer) - Acting position ended in April 2024
e Abegail Mafilika (Acting Core Business Executive) - Acting position ended 30 September 2023
f Errol Makhubela (Chief Operations Officer) - Appointment start date 01 December 2023
g Serofe Mayoli (Risk, Legal and Compliance Executive) - Appontment start date 17 April 2023
Thulani Melula (Acting Chief Information Officer) - Acting position started on 11 October 2023

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

44. Risk management

Financial risk management

The Accounting Authority has overall responsibility for the establishment and oversight of the entity's risk management framework. The Accounting Authority has established the Audit and Risk Committee, which is responsible for oversight and monitoring compliance with the entity's risk management policies.

The entity manages its net assets to ensure that it will be able to continue as a going concern, while meeting its overall objectives. The strategy is consistent with that applied in prior years. Funding is obtained primarily from grants received for student awards.

The entity has exposure to the following risks from its use of financial instruments:

Liquidity risk

Market risk

Credit risk

This note presents information about the entity's exposure to each of the above risks. Further quantitative disclosures are included throughout theses financial statements.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The entity has invested all recovered surplus funds with the Corporation for Public Deposits of the South African Reserve Bank. The other surplus funds were invested with fixed-income managers.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is considered medium due to the entity's conservative funding structure and its own cash generation. Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of the expected cash flow. NSFAS engages with the Department of Higher Education and Training on a continuous basis to ensure that it has the cash flows to meet the expected payments to universities as they fall due.

Fair value

The carrying value of financial instruments approximates fair value, due to the short-term nature of the receivables and payables.

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Amounts payable (I)	121 453	-	-	-
Amounts due to institutions	11 614 846	-	-	-
Amounts due to students	1 970 571	-	-	-

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Amounts payable (I)	385 817	-	-	-
Amounts due to institutions	11 146 192	-	-	-
Amounts due to students	1 539 773	-	-	-

I These balances exclude accrued leave pay and accrued bonusses due to employees as these are not financial liabilities,

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand 2024 Restated* 2023

44. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the entity if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the entity's receivables from student loans, receivables from non-exchange transactions, amounts owing by students and institutions. This risk is mitigated by the loan terms which make the loans due and payable only in the event of a borrower becoming employed and having an income above a pre-determined threshold level. Furthermore, this risk is mitigated by agreements with funders (non-exchange), the close-out process confirmations and recovery mechanisms such as those instituted through that with the Special Investigations Unit. The SIU is mandated to provide data on payments collected and received from parties owing to NSFAS. Due to the cyclical nature of NSFAS' agreements with institutions, the credit risk for amounts owing by institutions is viewed as minimal. Fair value financial assets, loans and receivables and cash and cash equivalents are exposed to credit risk. The initial day-one loss adjustment is therefore not considered to be a reflection of credit risk but represents the social benefit element of the loans.

The maximum credit risk exposure is R33 950 562 (2023: R32 637 670). which is the total of all assets excluding inventory, prepayments, property, plant and equipment, and intangible assets.

The entity limits its exposure to credit risk on loans advanced as a result of implementing legislative policy. The granting of student loans is governed by well-established criteria, including a national means test. Internal systems are regularly enhanced to ensure constant improvement in the entity's loan recovery strategy.

Allowance for impairment

NSFAS recognises impairment losses when there exists objective evidence for impairment. In the case of amounts owing by students and institutions that have not been validated or have data issues from the close-out process, management uses its judgement to determine whether any impairment should be provided for.

The entity establishes an allowance for impairment that represents its estimate of incurred losses in respect of its assets. A collective loss is established for groups of similar assets in respect of losses that may have been incurred but not yet identified, on an individual basis. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and in the case of the student loan portfolio based on the mortality over the following year.

Impairment is calculated as the difference between the expected cash flow profile and the experienced payment transitions from the student state and mortality.

Credit quality of student loans.

GRAP 104 - Financial instruments require the disclosure of:

- Credit quality of financial assets that are neither past due nor impaired.
- Credit quality of financial assets that are past due but not impaired.

All student loans are collectively impaired based on mortality, actual transition from student state and changes in payment. Accordingly no additional disclosures are required in respect of the credit quality of student loans.

Write off policy

The entity writes off a student loan and any related allowances for impairment losses when the entity determines that the loan is uncollectable. This determination is made after verification of the notification of the death or permanent disability of the debtor.

A list of identity numbers is verified against the Department of Home Affairs database quarterly for verification of deceased debtors while medical certification of permanent disability is required. The specific loans are then written off on approval by the Accounting Authority.

During the financial year under review the entity wrote off debts amounting to R158 510 992 (2023: R120 950 363) after verification of deceased and permanently disabled debtors in respect of whom the required notification had been received.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

44. Risk management (continued)

Loans and other receivables and cash and cash equivalents

The entity only deposits cash with major banks with high-quality credit standing (P-3 short-term local currency credit rating) and limits exposure to any one counterparty. Consequently, the entity does not consider there to be any significant exposure to credit risk.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The entity is exposed to one primary type of market risk, namely interest rate risk.

Interest rate risk

Interest rate risk refers to the impact on future cash flows from student loans. Interest rate risk on other financial assets is not significant as the investment profile is conservative in nature. Interest rate risk on student loans is managed principally by linking interest charged on outstanding student loans to the Repurchase (REPO) rate, as determined by the South African Reserve Bank from time to time.

Interest rate risk profile

At the reporting date, the interest rate profile of the entity's interest-bearing financial instruments was:

Variable rate instruments		
Student loans	2 406 038	4 818 441
Other variable rate instruments (I)	16 385 288	13 850 397
	18 791 326	**18 668 838**

Refer to note 12.Cash and cash equivalents

Valuation sensitivity analysis for variable rate interest instruments
A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) surplus of deficit by R163 852 880 (2023: R138 503 970). This analysis assumes that all other variables remain constant.

Valuation sensitivity analysis for student loans
A change of 100 basis points in the interest rates at the reporting date would have increased / (decreased) surplus of deficit by the amounts shown below. The analysis assumes that all other variables remain constant.

31 March 2024	**Absolute difference (R'000s)**	**Relative difference**
100 basis points increase	15 847	0.36 %
100 basis points decrease	(14 818)	0.33 %

31 March 2023	**Absolute difference (R'000s)**	**Relative difference**
100 basis points increase	20 489	0.43 %
100 points decrease	(20 086)	0.42 %

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

45. Going concern

We draw attention to the fact that at 31 March 2024, the entity had a surplus of R 1 602 429 for the year and that the entity's total assets exceed its liabilities by R23 397 402.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of NSFAS to continue as a going concern is dependent on a number of factors. The going concern assessment was based on the below financial, operating and other considerations:

- The budget to support the APP for the financial year 2024-25 was approved with an overall spend of R43.5 billion;
- The current assets exceed current liabilities by R 21 916 079, of the current ratio is at 2.4:1:
- The accumulated surplus amounted to R 23 397 402;
- There are no long-term liabilities or borrowings against the NSFAS other than Student funds received in advance transactions of R 3 369 834 ; and
- All contingent liabilities against NSFAS, if successful, can be settled.

46. Irregular expenditure

Opening balance as restated		
Non-compliance with the composition of the bid-adjudication committee	9 899	2 125
Disbursements to students exceeding the N+ rule	5 414	133 679
Disbursements to students whose household income exceeded R350 000	225 207	200
Student funding - Eligibility criteria not met	-	526
Unfunded students	164 120	-
Non compliance with SCM process	1 684	-
Office lease space - Non-compliance with the appointment process of the service providers	25 432	48 216
Accommodation accreditation	1 576	-
Student accommodation solution provider	4 823	-
Irregular Expenditure	**438 155**	**184 746**

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

46. Irregular expenditure (continued)

Irregular expenditure that has been disclosed in the current year relates to the following:

46.1 Non-compliance with the composition of the bid adjudication committee

In the prior year it was noted that the bid adjudication committee did not comprise of the appropriate number of members per the Code of Conduct for bid adjudication committees. Thus, any decisions made by the committee would constitute irregular expenditure as the composition requirements were not met and thus posed a risk of inadequate or inappropriate adjudication of bids which would then lead to the recommendation of suppliers who do not have the capacity to meet the direct payment tender.

46.2 Disbursements to students who exceeded the N+ rule

The NSFAS N+ rules sets the limit for the duration that a student may receive financial aid from NSFAS. The University N+ rule is based on the number of years that the student is registered in the higher education sector, whereas the TVET N+ rule is based on NSFAS funded academic terms at the respective TVET's. Per NSFAS funding policies, students that exceed the N+ rule at their respective Universities or TVET colleges will no longer be eligible for this financial assistance. All students receiving NSFAS aid have to adhere to the N+ rule whereas students with disabilities will adhere to N+ rules.

NSFAS funded students who did not meet the N+ rules, leading to irregular expenditure as these disbursements were not aligned with NSFAS' funding policies.

46.3 Disbursements to students whose household income exceeded R350 000

Included in the NSFAS funding eligibility criteria is the assessment of a student's household income. The determination of what constitutes household income depends on various criteria. All students (except those with disabilities), irrespective of when they first registered at an institution will be assessed as financially eligible if the applicant's combined annual household income is R350 000 or less.

NSFAS funded students whose households had a combined income exceeding R350 000 per annum, leading to irregular expenditure as these disbursements were not aligned with NSFAS' funding policies.

46.4 Unfunded students

Unfunded students are those students where NSFAS initially funded but did not meet the criteria and became unfunded or the registration was incorrect, which would need to be recovered. This led to irregular expenditure as disbursements were erroneously made to these students who should not have received funding in the current year.

46.5 Office space - Non-compliance with the appointment process of service providers

NSFAS contracted Dynamic SA to lease their office premises as part of an operating lease. Prior year findings noted that the fitment costs variations incurred with regards to the lease were not reasonable and a bidder for the supply of the operating lease was disqualified although the winner of the bid did not comply with all of the bid specification requirements. As a result of the aforementioned events, any expenditure incurred in relation to the operating lease will be treated as irregular.

46.6 Services to provide accreditation of accommodation - non-compliance with appointment

The entity appointed a panel of service providers to accredit student accommodation. However some elements the appointment process such as bid specification drafting without conducting a full needs analysis, constitution of the bid committees and the evaluation thereof was not in compliance with Treasury Regulations prescripts, thus constituting irregular expenditure.

46.7 Student accommodation solution provider - non compliance with appointment

The entity appointed service providers to provide a student accommodation solution. However some elements the appointment process was not in compliance with Treasury Regulations prescripts, thus constituting irregular expenditure. Due to the nature of the contract between NSFAS and the service providers, elements of revenue-sharing associated with the awarded contract would also be deemed irregular. NSFAS has considered a licensing fee amount of R4 823 249 as irregular.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

47. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure made in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is reported in the annual financial statements when it is confirmed.

Student laptops - decline in value	38 181	20 488
Microsoft Licence - not utilised	-	4 214
Closing balance	**38 181**	**24 702**

Fruitless and wasteful expenditure that has been disclosed in the current year relates to the following:

Student laptops - decline in value

In the prior and current year it was noted that laptops procured for students in 2020 have declined in net realisable value. As these laptops have still not been distributed, the write-downs to net realisable value could have been avoided, and thus constitute fruitless and wasteful expenditure. The write-down to net realisable value has been recognised as an expense in the Statement of Financial Performance in the year that the write-downs occured,

Fruitless and wasteful expenditure for 2022/23 was not discovered in the previous financial year and identified and confirmed in the current year.

Licence - not utilised:

In the prior year, expenditure associated with the purchase of an ERP system licence and related development costs for an ERP system could have been avoided due to the timing and non-utilisation thereof.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	2024	Restated* 2023

48. Segment information

General information

Identification of segments

For management purposes, the NSFAS is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The information relating to regularly reviewed by management to make funding decisions. The revenue and bursary expenditure and the related surplus are considered regularly by management in making funding decisions. Other financial information is not assessed per segment for reporting or decision-making purposes.

The key functional segments comprise of:

The segments are organised around the type of service delivery. NSFAS' core mandate is to provide financial aid, as a result student funding and administration of these are considered reportable segments.

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Student funding	Student bursaries
NSFAS governance and administration	Governance and administration

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Segment information (continued)

Statement of Financial Performance

2024

	Student Funding	NSFAS governance and administration	Total
Exchange revenue			
Administration fees	-	47 150	47 150
Interest revenue	2 149 215	25 724	2 174 939
Student accommodation	-	-	-
Other income	-	5 813	5 813
Total exchange revenue	2 149 215	78 687	2 227 902
Unallocated debtor receipts	285	-	285
Administration grants	-	318 549	318 549
Grants received for student awards	45 628 839	-	45 628 839
Total non-exchange revenue	45 629 124	318 549	45 947 673
TOTAL REVENUE	47 778 339	397 236	48 175 575
Expenditure			
Employee related costs	-	(210 107)	(210 107)
Depreciation and amortisation	-	(16 567)	(16 567)
Interest paid	-	(503)	(503)
Bursaries - TVET Colleges	(7 160 829)	-	(7 160 829)
Bursaries - Universities	(35 541 881)	-	(35 541 881)
Audit fees	-	(18 062)	(18 062)
Consulting and professional fees	-	(158 961)	(158 961)
Accreditation fees	-	-	-
General expenses	-	(196 618)	(196 618)
Total expenditure	(42 702 710)	(600 818)	(43 303 528)
Operating surplus	5 075 629	(203 582)	4 872 047
Impairment - Amounts owing to institutions and students	(496 166)	-	(496 166)
Write off of debtors	(606)	-	(606)
Impairment - student loans	(2 734 665)	-	(2 734 665)
Inventory write-downs	(38 181)	-	(38 181)
SURPLUS FOR THE YEAR	**1 806 011**	**(203 582)**	**1 602 429**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Segment information (continued)

2023

	Student Funding	NSFAS governance and administration	Total
Exchange revenue			
Commission received	-	101	101
Administration fees	-	43 189	43 189
Interest revenue	1 287 894	7 652	1 295 546
Other income	-	2 925	2 925
Total exchange revenue	1 287 894	53 867	1 341 761
Unallocated debtor receipts	-	355	355
Administration grants	-	366 562	366 562
Grants received for student awards	45 542 023	-	45 542 023
Total non-exchange revenue	45 542 023	366 917	45 908 940
TOTAL REVENUE	46 829 917	420 784	47 250 701
Expenditure			
Employee related costs	-	(186 217)	(186 217)
Depreciation and amortisation	-	(15 211)	(15 211)
Bursaries - TVET Colleges	(5 022 954)	-	(5 022 954)
Bursaries - Universities	(36 168 126)	-	(36 168 126)
Audit fees	-	(15 332)	(15 332)
Consulting and professional fees	-	(66 945)	(66 945)
General expenses	-	(143 706)	(143 706)
Total expenditure	(41 191 080)	(427 411)	(41 618 491)
Operating surplus	5 638 837	(6 627)	5 632 210
Impairment - Amounts owing to institutions and students	(1 852 370)	-	(1 852 370)
Impairment - student loans	(390 801)	-	(390 801)
Inventory losses / write-downs	(20 488)	-	(20 488)
SURPLUS FOR THE YEAR	**3 375 178**	**(6 627)**	**3 368 551**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Segment information (continued)

Statement of Financial Position

2024

	Student funding	NSFAS governance and administration	Total
Current Assets			
Inventories	15 713	-	15 713
Prepayments to institutions	7 057 695	-	7 057 695
Student Loans	249 305	-	249 305
Amounts owing by institutions	10 152 485	-	10 152 485
Receivables from exchange transactions	-	875	875
Amounts owing by students	2 784 790	-	2 784 790
Receivables from non-exchange transactions	1 681 101	-	1 681 101
Cash and cash equivalents	16 203 915	181 373	16 385 288
Non-Current Assets			
Property, plant and equipment	-	28 989	28 989
Intangible assets	-	55 551	55 551
Student Loans	2 156 733	-	2 156 733
Current Liabilities			
Operating lease liability	-	(5 595)	(5 595)
Provisions	(22 560)	-	(22 560)
Finance lease obligation	-	(50 726)	(50 726)
Amounts due to students	(1 970 571)	-	(1 970 571)
Amounts due to institutions	(11 614 846)	-	(11 614 846)
Student funds received in advance	(2 609 884)	-	(2 609 884)
Trade and other payables	(45 719)	(91 272)	(136 991)
Non-Current Liabilities			
Student funds received in advance	(759 950)	-	(759 950)
Net Assets			
Accumulated surplus	(23 397 402)	-	(23 397 402)
Total segment assets and liabilities	**(119 195)**	**119 195**	**-**

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Segment information (continued)

2023

	Student funding	NSFAS governance and administration	Total
Current Assets			
Inventories	53 894	-	53 894
Prepayments to institutions	5 142 237	-	5 142 237
Student Loans	359 810	-	359 810
Amounts owing by institutions*	9 179 692	-	9 179 692
Receivables from exchange transactions	-	613	613
Amounts owing by students*	1 399 875	-	1 399 875
Receivables from non-exchange transactions	3 350 104	-	3 350 104
Cash and cash equivalents	13 579 143	271 254	13 850 397
Non-Current Assets			
Property, plant and equipment	-	35 144	35 144
Intangible assets	-	9 370	9 370
Student Loans	4 458 631	-	4 458 631
Current Liabilities			
Operating lease liability	-	(4 322)	(4 322)
Provisions	(23 423)	-	(23 423)
Amounts due to students	(1 539 773)	-	(1 539 773)
Amounts due to institutions	(11 146 192)	-	(11 146 192)
Student funds received in advance	(1 550 347)	-	(1 550 347)
Trade and other payables	(341 990)	(51 116)	(393 106)
Non-Current Liabilities			
Student funds received in advance	(1 387 632)	-	(1 387 632)
Net Assets			
Accumulated surplus	(21 794 972)	-	(21 794 972)
Total segment assets and liabilities	**(260 943)**	**260 943**	**-**

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

49. Budget information

Material differences between budget and actual amounts

The Minister approved the initial budget as per the budget submitted in the Annual Performance Plan. The variances arose due to refinements performed by NSFAS on the initial approved budget. All changes to the initial approved budget were approved by the Accounting Authority.

Statement of Financial Performance

49.1 Administration fees

Administration fees are based on a percentage of the grants received by NSFAS. During the current year, there was a reduction in the grants received and thus, in turn, a reduction in the administration fees earned by NSFAS.

49.2 Student accommodation

NSFAS partners with service providers and accommodation providers to facilitate student accommodation. NSFAS received licensing fees through contractual arrangement.

49.3 Other income

Other income budgeted for relates to the movement of recoveries funding to fund the Debt Collection Commission expenditure. Other income actually received relates to the reimbursive portion of skills development levies received from the Bank SETA and insurance claims received for lost or stolen staff laptops.

49.4 Interest revenue

There are funds related to student funding and administration funding that are yet to be disbursed. As these amounts are held in call accounts, they are currently earning interest. Due to high interest rates, this resulted in NSFAS generating higher interest than anticipated.

49.5 Unallocated debtor receipts

NSFAS received amounts with relation to students and institutions owing it. As these receipts did not have a valid reference in order to identify the depositor, these initially constitute unallocated debtor receipts. If outstanding for more than five years, these are written back to income.

49.6 Administration grants

In January 2024 NSFAS received approval to increase its budget by R240 million. This represents a R20 million (3%) decrease in budget as compared to the prior year. The significant differences relate to the once-off ICT ring fenced funds (R54 million) and the recoveries reprioritisation (R186.9 million), in addition to the income in the current year of the Administration portion of the seed funding for the missing middle loan funding and rolled forward ear marked funds.

49.7 Grants received for student awards

The variance noted was a result of a reduction in the grants actually received due to budget cuts experienced by government departments. This resulted in decreases to the grants allocated to Universities and TVET's by 10% over the period.

49.8 Employee related costs

Employee related expenditure increased as vacancies were filled in line with the new organisational structure.

49.9 Consulting and professional fees

Due to capacity constraints and the high staff turnover, the organisation requires consultants to assist with the implementation of new policies, strategies and roll out of a number of projects. Delays in the audit of 2 financial years resulted in high audit fees.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

49. Budget information (continued)

49.10 Bursaries - TVET Colleges

Bursaries expenditure relates to the number of students funded (tuition and allowances).

49.11 Bursaries - Universities

Some institutions had lower than expected spend related to duplicate registration exceptions, funding status changed, students blocked, pre-funder alternative funding (double dipping), indentified University payments held back pending the reconciliations in progress, due to implementation of direct payments 5 months were paid to institutions whilst another 5 months was paid directly to students, cancelled registration not yet processed, and a manual disbursement process.

49.12 General expenses

These costs relate to expenditure on data management, documents management, credit management and student accommodation initiative. Underspending is due to cost contrainment measures in travel and accommodation hence the decrease in spending.

49.13 Debtors written off

In its assessment for the current financial year, NSFAS wrote off debtors based on evidence that the debt would not be recovered.

49.14 Impairment - student loans

NSFAS' valuation of its student loan book in the current financial year and assumptions used.

*49.*15 Inventory write-down

After communication with the laptop provider, it was determined that the laptops worth less than originally determined which was not budgeted for.

50. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

51. Non-submitting institutions

The Close out process was finalised for academic periods 2017 - 2023 during the 2024 financial period. There are some institutions that failed to submit student data during the reconciliation period. NSFAS elected to disclose the amounts for non-submitting institutions using registration data without adjusting for estimates. NSFAS elects to use the available registration data to inform recognition of assets and liabilities. This information is verifiable and supportable as registration data was received from the institutions. There is a risk that the amounts due and amounts owing from institutions can change within the next financial year, should the institutions choose to submit the outstanding information. This would affect notes 3, 8, 10, 16 and note 33.

52. Events after the reporting date

The Special Investigating Unit has recovered some funds from the institutions to the value of R 539 985 181 (2023: R38 548 063).

The board is not aware of any other material event which occurred after the reporting date and date of this report.

NATIONAL STUDENT FINANCIAL AID SCHEME
Annual Financial Statements for the year ended 31 March 2024

Supplementary Information

Figures in Rand thousand	2024	Restated* 2023
1. General expenses		
Advertising	5 545	1 261
Agency fees	12 692	2 125
Assessment rates & municipal charges	559	358
Bank charges	1 034	831
Cleaning	-	224
Collection costs	56 620	10 019
Commission paid	-	3 634
Compliance - National Credit Regulator	330	248
Computer expenses	2 209	2 691
IT expenses	28 209	27 968
Electricity	2 087	1 720
Insurance	668	553
Lease rentals on operating lease	29 293	27 252
Media costs	256	250
Motor vehicle expenses	-	2
Office expenses	544	312
Placement fees	1 691	125
Printing and stationery	168	214
Promotions	32	812
Renovation costs	-	424
Repairs and maintenance	597	674
Payroll services	5 825	670
Security services	823	867
Subscriptions and membership fees	2 437	2 996
Telephone and fax	15 656	14 659
Training	1 031	2 000
Travel -local	28 312	25 067
TVET Assistance	-	15 750
	196 618	**143 706**



NSFAS

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