

# NSFAS has a horrible day in Parliament

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Troubled adverse audit described. And over 36,000 student beds still to be accredited.



The Cape Peninsula University of Technology (CPUT) in Cape Town has provided emergency accommodation to students while the institution tries to find housing for them. Archive photo: Ella Morrison

- **NSFAS officials told Parliament on Wednesday that more than 36,000 student beds at tertiary institutions still need to be accredited.**
- **Meanwhile, the Auditor-General gave NSFAS an adverse audit opinion for the 2021/22 financial year.**
- **NSFAS acknowledged its capacity issues and says it is working on a turnaround strategy.**

As the academic year begins, 36,170 student beds at both universities and Technical Vocational Education and Training (TVET) colleges still need to be accredited by the National Student Financial Aid Scheme (NSFAS).

This was revealed by the acting CEO of NSFAS, Masile Ramorwesi, during a briefing to the Parliamentary Portfolio Committee on Higher Education.

“In universities, a total of 77,331 beds have been registered, 49,411 beds have been accredited and are available for the registered NSFAS-funded students and 27,920 are still to be accredited,” Ramorwesi told Parliament.

“In TVETs, out of the total of 40,522 beds registered, 32,272 beds have been accredited and are available for the registered NSFAS-funded students and 8,250 are still to be accredited.”

He said NSFAS has appointed four “solution partners” to assist it with student accommodation.

He said that 39 “accrediting agents” were appointed in May to assist with inspections at properties. He also said an ad hoc committee had been set up to assist the board with student accommodation.

On Monday, *GroundUp* reported that students at the Cape Peninsula University of Technology have been struggling to find accommodation since 31 January, and have been [sleeping in a multipurpose hall](#) without mattresses or other furniture.

DA MP Chantel King raised this with NSFAS and questioned their capacity to accredit beds faster.

Ramorwesi responded by admitting there were capacity “challenges”.

He pointed to issues with confirming registration, an influx of accommodation providers requiring immediate inspection and grading, and catching up with the backlog of registered and accredited accommodation providers on the system.

## **NSFAS adverse audit**

Senior manager in the office of the Auditor-General, Ignatius Fourie, told MPs that NSFAS had regressed from the previous year by receiving an adverse audit opinion for the 2021/22 financial year. NSFAS has received qualified audits for the last four years.

The [Auditor-General's report](#) states that the “overarching root cause” for the adverse finding is that organisational capacity and systems were inadequate to manage and maintain the growth that NSFAS has experienced since 2018.

“Despite the numerous internal control deficiencies raised during these years, the NSFAS functions and responsibilities kept being evolved and expanded haphazardly, without weaknesses in systems, controls, and human resources being properly addressed, and attempts to stabilize the entity were not sufficient.

“In summary, NSFAS was not ready to provide substantial social benefits for so many students, in such a short period of time, taking into account where it was starting from,” the report states.

Fourie told MPs, “An adverse audit means that there were a number of material misstatements in the financial statements and the figures in the financial statements are not reliable.”

Speaking on the audit of financial statements, Fourie said the adverse opinion on the 2021/22 financial statements was due to material and pervasive misstatements identified during the audit that were not corrected.

“In terms of the reconciliation, there was a lot of data that wasn’t supported and that we couldn’t audit. There were also errors in the calculations,” said Fourie.

He said they gave NSFAS another opportunity to correct the errors and mistakes in their close-out project (COP).

“The annual financial statements were submitted to our offices in March 2023. We audited these revised results and COPs and we still had material findings. We issued our audit report in July 2023—one year later than legislatively required,” Fourie said.

Speaking on NSFAS’s system adequacy Fourie said the financial aid scheme is still “highly reliant on manual systems and processes which are prone to errors”.

Acting NSFAS chair Prof Lourens Van Staden acknowledged the capacity issues. “[This] is not due to incompetence, but due to the many vacancies in the executive management. Some of the executive managers are dealing with more than one portfolio,” he said.

He said a turnaround strategy has been “conceptualised”.

He said they have three “turnaround specialists” to assist the board.

## **Applications received**

Meanwhile, as of 12 February, Ramorwesi said NSFAS received 1,904,209 applications. Of these 989,998 have been provisionally funded, 369,320 are awaiting evaluations, 72, 574 have been withdrawn by the student, 161,492 are in progress, 139,928 applications are on the ‘not started’ status as applicants only created profiles and did not submit applications, 14,198 have been rejected. GroundUp does not understand why these numbers do not add up.

Applications close 15 February.

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