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DEPARTMENT OF HIGHER EDUCATION AND TRAINING

NO. 4722 **12 April 2024**

NATIONAL STUDENT FINANCIAL AID SCHEME ACT (ACT 56 OF 1999 AS AMENDED) APPOINTMENT OF AN ADMINISTRATOR FOR THE NATIONAL STUDENT FINANCIAL AID SCHEME

I, Blade E Nzimande, MP, Minister of Higher Education and Training, in terms of Sections 17A to 17D of the National Student Financial Aid Scheme Act (Act 56 of 1999, as amended) hereby appoint SF NOMVALO **as an Administrator for the National Student Financial Aid Scheme (NSFAS). The terms of reference for the Administration are attached hereto.**



Dr BE Nzimande

Minister of Higher Education and Training

Date: 11/04/2024

TERMS OF REFERENCE

MINISTER OF HIGHER EDUCATION AND TRAINING

ADMINISTRATOR FOR THE NATIONAL STUDENT FINANCIAL AID SCHEME

Preamble and Background:

In terms of the NSFAS Act (56 of 1999, as amended), the Minister of Higher Education and Training may appoint an Administrator for NSFAS in terms of Sections 17A to 17D of the Act,

as follows:

17A Appointment of administrator

(1) Notwithstanding any other provision of this Act, the Minister may, after consultation with the board if practicable, appoint a person as administrator to take over the management, governance and administration of the NSFAS and to perform the functions of the NSFAS if-

(a) an audit of the financial records of the NSFAS or a report by a Ministerial Committee reveals financial or other maladministration of a serious nature or the serious undermining of the effective functioning of the NSFAS;

(b) any other circumstances arise that reveals financial or other maladministration of a serious nature or the serious undermining of the effective functioning of the NSFAS; or

(c) the board requests such appointment.

(2) The Minister may only act in terms of subsection (1) (a) or (b) if the appointment of an administrator is in the interests of the NSFAS and higher education and training in an open and democratic society.

(a) The Minister appoints an administrator for such period as may be determined by the Minister but such period may not exceed two years.

(b) The Minister may extend the period contemplated in paragraph (a) once for a period not exceeding six months.

17B Assistance to the administrator

An administrator appointed in terms of section 17A may, with the approval of the Minister, appoint any other person with suitable knowledge and experience to assist him or her in the performance of his or her functions.

17C Remuneration and allowances

The Minister, with the approval of the Minister of Finance, may determine the remuneration and allowances to be paid to the administrator and any other person appointed in terms of section 178.

17D Dissolution of the board

The board is dissolved from the date the Minister appoints the administrator in terms of section 17A (3) (a).

The Minister has, through engagement with NSFAS, raised serious concerns about the failure of NSFAS to effectively confirm funding for students and disburse funding timeously to students in technical vocational education and training (TVET) colleges and universities.

The NSFAS has been embroiled in an unprecedent number of challenges over recent months. In response to these challenges, the Minister engaged the Board on several occasions on various solutions, including a turnaround strategy which has not been achieved within agreed timelines.

Despite several engagements with the Minister, the entity continues to face serious challenges in its business processes, IT systems, capacity, and policies and controls.

Should these matters not be addressed urgently, the challenges facing the entity will continue to negatively impact on the effective implementation of government funding for poor and working -class students to enable them to access higher education and training, and succeed in their studies.

In my view, these circumstances, in relation to Section 1 A, 1 (b) of the NSFAS Act, the failures and delays at the entity have had a serious effect on undermining the effective functioning of the entity in carrying out its core mandate.

The Administrator may appoint the necessary technical expertise to provide support during the period of Administration, in consultation with the Department.

Terms of Reference:

The Administrator will take over the Governance, Management and Administration of NSFAS for a period of two years from the date of this Gazette.

The general and specific terms of the Administrator during this period will be to:

- Ensure the effectiveness in terms of the finalisation of funding guidelines of loan for the missing middle.

- Resolving data integration challenges as a matter of urgency, finalising all necessary funding decisions, ensuring reconciliation of funding data between universities and TVET colleges and NSFAS, ensuring that all the necessary agreements are in place and that students are accurately funded and recorded, and making sure that all NSFAS qualifying students receive funding.
- Oversee the opening of the 2025 online applications process (both bursary and loan), ensure that all necessary partnerships for managing the applications process are in place and can be effectively monitored, and develop and manage a communications plan for the application period.
- Develop, in consultation with the Department, universities and TVET colleges, an effective and realistic plan for the 2025 funding cycle and ensure that all parties understand all the roles and responsibilities, and any necessary implementation support is made available as needed.
- Ensure that the entity pays adequate attention to both TVET colleges and universities in all aspects of its core business processes.
- Put in place the necessary management and governance controls to ensure that all risks of the 2025 student funding cycle are appropriately managed, with the support of the Department and institutions as necessary.
- Ensure that adequate plans are in place to make funding decisions at the earliest possible time of the year as close to the period of registration as possible.
- To manage the day -to -day work of the entity, and steer NSFAS to address its operational challenges fully. This will include the strengthening of structures, systems and policies that will ensure good governance and effective management of the core operational mandate of NSFAS.
- To oversee all necessary forensic and other investigations necessary for the effective operation and management of the entity.
- The Administrator will report to the Minister of Higher Education and Training or her delegated officials. Besides other forms of communication and interaction with the Ministry and Department of Higher Education and Training, the Administrator must submit a written report every three months on the progress regarding the above issues.
- The Administrator may appoint technical experts where necessary to assist in the different areas.
- The Administrator will commence duties on the date of publication of this notice.

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