

REPORT OF THE AUDITOR-GENERAL TO THE EXECUTIVE AUTHORITY ON THE FINANCIAL STATEMENTS OF THE NATIONAL STUDENT FINANCIAL AID SCHEME FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 21 to 37, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 15 of the National Student Financial Aid Scheme Act, 1999 (Act No. 56 of 1999). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1.1 to the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Student Financial Aid Scheme at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the

financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

5. EMPHASIS OF MATTER

Without qualifying the audit opinion, attention is drawn to the following matters:

5.1 Performance information

In terms of the National Treasury Regulations the strategic plan of an entity must include key performance measures and indicators for assessing the entity's performance in delivering the desired outcomes and objectives and must form the basis for the annual report in terms of section 55 of the Public Finance Management Act, 1999. As this information was not included in the strategic plan no performance targets are presented in the performance information included in the annual report.

5.2 Additional information

The schedule of grants received for student loans and schedule of administration expenses set out on pages 38 to 40 are presented as additional information and accordingly, no opinion is expressed thereon.

6. APPRECIATION

The assistance rendered by the staff of the National Student Financial Aid Scheme during the audit is sincerely appreciated.



J M WILLIAMS for Auditor-General
Cape Town
31 July 2006

