

# audit report

## NATIONAL STUDENT FINANCIAL AID SCHEME

### **DURING THE 2005/2006 FINANCIAL YEAR NSFAS**

has again strived to be an organisation that succeeds in meeting External Audit, Internal Audit and Governance requirements through effective management, proper strategic planning and dedicated and well trained employees.

The 2005/2006 Annual Financial Statements were submitted to the Auditor-General, the Department of Education, and Treasury within the required deadline. The previous Annual External Audit executed by the office of the Auditor-General revealed that there were no critical or significant non-compliances or control weaknesses in the organisation and this resulted in NSFAS obtaining an unqualified audit report from the Auditor General's office.

The Audit Committee was pleased that the previous annual audit performed by the office of the Auditor General on the NSFAS Information Technology (IT) function revealed a sound NSFAS IT infrastructure with no critical or significant control weaknesses or breakdown in controls. As NSFAS is heavily reliant on information technology this provides the NSFAS Board, Audit Committee and management with a great deal of comfort and re-assurance.

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During the 2005/2006 financial year the NSFAS Internal Audit function has been actively involved in ensuring an adequate, effective and efficient control environment within the NSFAS Head Office and the Financial Aid offices at all the Higher Education Institutions where a great deal of NSFAS's business resides. In conjunction with NSFAS management Internal Audit has assessed the control environment within the General Administration department and assisted management in tightening the internal controls and smoothing out various processes. This has resulted in better verification of data and time savings within the processes of capturing, processing and scanning of all NSFAS loan agreement forms.

Financial aid offices are the point of initial contact for NSFAS beneficiaries. These offices are responsible for the proper completion of applications for funding, determining the most financially needy and academically able students and the completion of loan agreement forms. A key function for Internal Audit has been to implement and monitor adequate, effective and efficient controls at the financial aid offices. The Audit Committee is pleased that due to systematic annual auditing of the various campuses of higher education institutions there has been a significant improvement in compliance with the NSFAS Requirements at these institutions.

Mr Pete Smith was appointed to the NSFAS Audit Committee and has accepted the position as Chairperson of the committee. Mr Raymond Olander and Ms Carol Read were also reappointed as members of the Audit Committee and will serve a four year term.