

# finance report

NATIONAL STUDENT FINANCIAL AID SCHEME

## THE NSFAS BOARD FINANCE COMMITTEE MEETS AS

required to ensure that all funds are managed efficiently and that all parties are held accountable.

The year under review saw NSFAS managing and administering in excess of R1.2 billion in awards to students, of which R265.9 million came from NSFAS recovered funds. Bursaries awarded as a result of pass rates came to R376 million. The pass rate for loanees (number of courses passed) for the 2005 academic year was 75.6%.

Loan recoveries exceeded R26 million per month in March 2006, with total recoveries for the 2006 financial year totalling R329 million. Loan recoveries reached R28 million for the first time in May 2006, compared to R21.7 million at the same time last year. This represents a year on year increase of 29%.

NSFAS has embarked upon an exercise to obtain more accurate information regarding deceased loanees. To this end, NSFAS compared its database to that of the Department of Home Affairs. This comparison revealed that a number of loanees have passed away of whom NSFAS had not been informed by family members. However, even taking this additional write-off into account, the mortality rate of NSFAS loanees is still below the mortality rate used in the calculation of the provision for doubtful debt.



*The 2005/2006 Annual Financial Statements were submitted to the Auditor-General, the Department of Education, and Treasury within the required deadline.*

NSFAS is in the process of verifying the additional deceased data against other information databases, and the irrecoverable debt write-off as a result of the direct communication with the Department of Home Affairs, will be reflected in the financial statements for 2006/07.

NSFAS continues to focus on compliance with the Public Finance Management Act and related National Treasury regulations. Quarterly reports, budget adjustment requests, compliance certificates and other required documentation is submitted to the executive authority, the Minister of Education, and to National Treasury when required. The NSFAS Board has approved a NSFAS Procurement Policy and Delegations of Authority. The Procurement Policy is being implemented with the completion of a supplier database, and a more efficient procurement procedure. A Gifts Registry has also been introduced to ensure transparent relationships with service providers. A Materiality Framework has been completed for final approval by the NSFAS Board. Work has been ongoing to develop a comprehensive Business Continuity and Disaster Recovery framework. The disaster recovery exercise conducted is reflected in the IT section below.

NSFAS will be developing a Fraud Prevention Plan with the completion of the organisational risk assessment in the next few months. Administration expenses for 2005/06 totalled R21.5 million, of which R1.9 million comprised capital expenditure.

The scheme has committed R1.3 billion to awards for 2006/07, of which R317 million will be from recovered funds. The operational budget for 2006/07 is R31.6 million.

Without the diligence and dedication of staff in fulfilling their duties, and ensuring compliance to internal controls, it would not be possible for NSFAS to continue to have successful audits. Enhancements to business processes and IT systems allows for the continuous effective and efficient management of the growing scheme.