

Allegations: maladministration at the National Student Financial Aid Scheme

Invoking Section 17a (3)(a) of the National Student Financial Aid Scheme (NSFAS) (Act 56 of 1999, as amended), the Minister of Higher Education and Training placed NSFAS under administration (as per Government Gazette, Vol 638, No. 41851 available at https://www.gov.za/sites/default/files/gcis_document/201808/41851gon866.pdf)

According to this document and the terms of reference contained therein, **the NSFAS**

Administrator must:

1. Ensure the effective close out of the 2017 and 2018 student funding cycles.
2. Oversee the opening of the 2019 online applications process.
3. Develop, in consultation with the department, universities and TVET colleges, an effective and realistic plan for the 2019 funding cycle.
4. Put in place the necessary management and governance controls.
5. 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.
6. To manage the day-to-day work of the entity, and steer NSFAS to address its operational challenges fully.
7. To work closely with the Ministerial Committee of Inquiry appointed by the Minister.
8. To maintain a close and productive working relationship between NSFAS and the universities and TVET colleges.

Based on the above terms of reference, it is alleged that the NSFAS Administrator had, by 20 August 2019, failed to deliver against these deliverables and it comes as a shock that the Minister of Higher Education Science and Training gave a vote of confidence to Dr Randall Carolissen and renewed his term. This is confirmation that government has no interest in transforming the lives of those from poor disadvantaged background.

The following should be noted as it is the status quo of NSFAS:

1. **Irregular expenditure of about R7 billion and as a result the entity received a qualified audit from the Auditor General of South Africa (AGSA).** Amongst other things the AGSA's reports highlights the following:
 - a) Students benefited from the scheme who enrolled for courses that are not approved by NSFAS.
 - b) Disbursements in excess of bursary awards.
 - c) Disbursements without signed contracts.
 - d) Disbursements to incorrect students.

2. The overall NSFAS performance is in intensive care unit (ICU):

- a) Failure to timeously confirm student funding status.
- b) Profound lack of ability to fundraise and recover loans.
- c) Inability to disburse correct amount of money to correct students.
- d) Delayed disbursements to students due to incompetency of a senior manager appointed in this role who does not have a qualification.
- e) Some senior managers lack formal qualifications and continue to receive protection from the Administrator while those with qualifications are being victimised, if not placed on suspension.
- f) Employees who have raised significant issues about the lack of performance of the entity have been silenced, other placed on suspensions so as to instil an environment of fear in the workplace.

3. Unscrupulous procurement

- a) RFQs has been awarded to service providers for work done by internal employees.
- b) Contracts for under R500,000 awarded to friends of the Administrator so as to escape the BID Adjudication Committee and bypass SCM code of good practise.
- c) It is a capture of procurement for personal gain.
- d) Ms Mncwabe was appointed to serve on the Bid Adjudicating Committee. The highest structure for approval of all procurement tenders above R500 000 or deviation from normal tender processes.

4. Compromised internal audit / lack of internal audit independence

- a) NSFAS contracted an external service provider as internal auditors of the entity for three years.
- b) Upon arrival of the Administrator, the lead auditor of the service provider attended most NSFAS executive committee meetings where she provided advice to the administrator and the entity. Internal auditors attend these meetings by invitation only. This particular auditor (Ms Thaniya Isaacs) became part of NSFAS management decision making process, servicing as unofficial advisor to the entity. She thus lost her independence, and this is in violation of the Code of Ethics of Internal Auditors, the PFMA and Corporate Governance.
- c) The Administrator created a position which did not exist in the NSFAS organogram and appointed her as Chief Risk Compliance and Governance Officer. This position scope was broadened to include governance which violates the principle of segregation of duties between risk and compliance especially in government. This increases potential for fraud.

The question of whether the lead consultant created a job for herself is inevitable as she reported on findings which are now compromised, and her integrity is in question.

- d) She was on-boarded as an executive without any cooling off period as stipulated on page 33 of the Professional Code of Internal Auditors. Threats arising from self-interest, self-review, advocacy, familiarity and intimidation.
- e) The above discredits from her being appointed to work in an institution she consulted and passed recommendations and she was conflicted in her role and judgement.
- f) The lead consultant (Ms Issacs), her husband was the former internal auditor at NSFAS.

5. Human resources

- a) Disciplinary hearings were conducted for one Black female executive and one Black female HR Advisor. One was dismissed and it was evident that the Administrator's plan was to fire all blacks replacing them with coloureds. Both executives won their cases at work and the administrator made the life of the Human Resources (HR) Advisor unbearable and she ended up completing the remainder of her employment contract at home.
- b) Appointment of Mr Mukhtar Mohamed an Occupational Health and Safety Act (OHSA) advisor who replaced the Black female HR Advisor and came under false pretence as he was responsible for HR.
- c) Mr Mohamed is not a HR expert instead he is a chartered accountant whose previous job was Head of Facilities at SARS.
- d) More than 25 employees have been suspended and continue to be place employees on precautionary suspensions in trying to replace qualified blacks with Muslims and coloureds.
- e) Mr Mohammed withheld critical information to NEHAWU despite having access to this information which has led to a potential strike which was balloted on 26 September 2019.
- f) The Senior Manager Employee Relations received an acting allowance when the HR executive was placed on suspension even though he did not have the experience in this field. He has never been impartial or neutral instead he is assisting the employer in violating the rights of employees.
- g) The Senior Manager Employee Relations is the person investigating the cases of all suspended employees and continues to enjoy an acting allowance of the HR executive position even though the person has returned to their role.
- h) Increase in head count with obtaining approval from the department and creating new roles for the coloured community and there has been favouritism in paying acting allowances and affording opportunity for growth to an exclusive race.
- i) Before the appointment of the Administrator, NSFAS had four Black executives including one Black female. Under the Administrator, all four Black Executives have vacated their

positions due pressure and unacceptable working conditions from. Instead the Administrator has illegally appointed one Coloured female into a position not on the approved org structure – Chief Governance Risk and Compliance Officer, replacing the Chief Risk Officer position on the approved org structure. He also appointed two Black female Executives, namely a COO who did not meet the all the requirements of the advert. During the first term of Administration, this person was removed from Operations due to the dysfunctions in Operations under her leadership. Instead someone was seconded from UCT to correct the failures of Operations prior to Administration. She was instead deployed to the regions to assist institutions to resolve NSFAS challenges. During that time, she became very close to the Administrator and was later rewarded with the position of COO. The Administrator also appointed a second Black female as the Chief Corporate Services Officer, a position which is not in the approved org structure. This position usurped the positions of HR Executive and GM Corporate Services which were on the approved org structure. This second Black female (who is an ally to the Minister of Higher Education and Training) was a second HR Advisor, who intimidated and targeted the incumbent HR Executive, who was forced to leave the organisation. She suspended the incumbent GM Corporate Services and Acted in his role while still an Advisor.

- j) The Administrator also has a tendency of replacing qualified Black officials with coloureds. During the first term of Administration, all his advisors were white and coloured. This was raised as a concern by an employee, who was later placed on suspension charged with racism for raising the matter. The Administrator later appointed a Black female advisor, whom he later suspended, charged and dismissed. Instead of correcting this during his second the second of Administration, the Administrator appointed two Black allies of the Minister of Higher Education and Training.
- k) Failure by HR to provide an approved organogram.
- l) NSFAS continues to make unilateral changes (including policy changes) without consulting the union.
- m) Continued discrimination in employment practises.
- n) Inconsistent application of moratorium on Job Evaluation.
- o) Recruitment and employment in absence of business processes.

6. Failure by the Department of Higher Education Science and Training to offer oversight to NSFAS and the following should be noted:

- a) The Department approved exorbitant accommodation and salaries for the advisors when they failed to transfer skills and knowledge to NSFAS employees as promised. This is

because all these so-called experts are friends of the Administrator from SARS where he comes from.

- b) The University Branch exposed an NSFAS employee for whistleblowing when she gave a recording of an executive meeting that exposed the Administrator's intent to sabotage the Ministerial Task Team.
- c) The Department seconded Ms Tasneem Salasa at NSFAS who was appointed as acting Chief Operating Officer when she did not have a formal business qualification or relevant post-graduate qualification. Ms Salasa never occupied a leadership position on a national scale or of this magnitude, she has zero people skills and failed to draft and implement an operational strategy. However, her contract continues to be extended and her substantive role at the University of Cape Town is Manager for Bursary Unit. This has led to the University invoicing NSFAS an amount of R150 000 per month for her appointment which has not assisted and improved the performance of the entity.
- d) The Department has accepted all reports presented by the Administrator and his team which are malicious, numbers have been cooked (thumb-sucked) and some employees have been requested to twist numbers so as to create a stable picture of NSFAS to the Department.
- e) Recently the Department has extended the contracts of all advisors by one year even when NSFAS performance is in the ICU.

7. Failed introducing and implementing an IT system

- a) NSFAS continues to disburse manually and this is a high risk and is raised in the AGSA's report.
- b) The 2020 application process is already a mess and the Department has been misled into believing that all is well.
- c) The Administrator continues to support the advisor in IT who failed dismally and has appointed his nephew into a position.
- d) The NSFAS wallet DISBURSEMENT model of allowances duplicates disbursements to students

In conclusion the Department under the leadership of Dr Blade Nzimande is silent on all these issues and should be investigated and there are employees who are willing to cooperate with any investigation if a protection could be guaranteed.