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MEDIA STATEMENT

FOR IMMEDIATE RELEASE

18 APRIL 2023

SIU PRELIMINARY INVESTIGATIONS SHOW THAT MORE THAN R5 BILLION NSFAS FUNDS WAS POSSIBLY ASSIGNED TO STUDENTS WHO DID NOT QUALIFY FOR FUNDING

The Special Investigating Unit (SIU) has found that more than R5 Billion National Student Financial Aid Scheme (NSFAS) money was possibly allocated to student who did not qualify to be funded by the institution. The SIU was presenting its findings to Parliament's Standing Committee on Public Accounts (SCOPA) on Tuesday, 18 April 2023.

The SIU's investigations have so far revealed that more than 40 000 students in 76 institutions of higher education have been possibly funded incorrectly. These are students whose household income is above R350 000 and therefore would not qualify for NSFAS funding based on the funding rules. These students did not submit their parent's details upon application and therefore the means test was not properly conducted.

Furthermore, the SIU has facilitated a refund or managed to ring fence approximately R38,3 million possibly due to NSFAS from three TVET colleges. Two of this colleges are in the Western Cape and one from Mpumalanga, the SIU is in the process of engaging other institutions to determine if there are holding any overpayments that need to be ring fenced pending the finalisation of the investigation.

The SIU's investigation shows that NSFAS failed to design and implement controls that would ensure that there is an annual reconciliation between the funds disbursed to the institutions and the funded list of registered students.

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This control weakness led to overpayments and underpayments of funds to the different institutions for the period 2017 to date. To remedy this, NSFAS has recently appointed a service provider to assist them perform this reconciliation in a process called "close out reporting".

The SIU has also identified different scenarios in terms of which students were funded because of over payments, underpayments, unfunded students, double dipping and dropouts, and the involvement of syndicates in student accommodation. All these implications are because the different governance levels and senior management staff did not fully discharge their duties in terms of the all the different applicable legislation.

The SIU is in terms of Proclamation R88 of 2022 authorised to investigate allegations of corruption and maladministration in the affairs of NSFAS, and to recover any financial losses suffered by the State through corruption and negligence.

The SIU is empowered to institute civil action in the High Court or a Special Tribunal in its name, to correct any wrongdoing uncovered during both investigations caused by acts of corruption, fraud, or maladministration. In line with the Special Investigating Units and Special Tribunals Act 74 of 1996, the SIU will refer any evidence pointing to criminal conduct it uncovers to the National Prosecuting Authority (NPA) for further action.

Fraud and corruption allegations may be reported via the following platforms:

siu@hotline.co.za / **Hotline: 0800 037 774.**

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