



# National Skills Fund ANNUAL REPORT 2020/21



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



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# 1. GENERAL INFORMATION



# 1. GENERAL INFORMATION

## 1.1. Public Entity's General Information

**Registered name:** National Skills Fund

**Physical address:** Ndinaye House  
178 Francis Baard Street  
Pretoria  
0002

**Postal address:** Private Bag X174  
Pretoria  
0001

**External auditors name:** Auditor-General of South Africa

**External auditors address:** Lynwood Bridge Office Park  
Daventry Street  
Lynwood Manor  
Pretoria  
0001

### Regional offices:

**KwaZulu-Natal:** Thekwini TVET College  
262 D'Aintree Avenue  
Asherville  
Berea  
Durban  
4091

**Western Cape:** 6<sup>th</sup> Floor, Golden Acre  
9 Adderley Street  
Cape Town  
8001

**Switchboard number:** 012 943 3101

**Website address:** <http://www.dhet.gov.za/SitePages/NSF.aspx>

**Email:** NSF@dhet.gov.za

**Bankers:** National Treasury  
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Pretoria  
0002  
First National Bank  
215 Francis Baard Street  
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0002

**Standard Bank**  
Hillcrest Office Park  
177 Dyer Street  
Falcon Place  
Hillcrest  
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0028

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Sandown  
Sandton  
2196

## 1.2. LIST OF ABBREVIATIONS AND ACRONYMS

<b>AgriSETA</b>	Agricultural Sector Education and Training Authority
<b>AGSA</b>	Auditor-General of South Africa
<b>AIMS</b>	African Institute for Mathematical Sciences
<b>APP</b>	Annual performance plan
<b>BESD</b>	Basic Entrepreneurial Skills Development
<b>BUSA</b>	Business Unity South Africa
<b>CA (SA)</b>	South African Chartered Accountant
<b>CATHSSETA</b>	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
<b>CEPD</b>	Centre for Education Policy Development
<b>CET</b>	Community education and training
<b>CETA</b>	Construction Education and Training Authority
<b>CFO</b>	Chief Financial Officer
<b>CHE</b>	Council on Higher Education
<b>CHIETA</b>	Chemical Industries Education and Training Authority
<b>cidb</b>	Construction Industry Development Board
<b>CoS</b>	Centre of specialisation
<b>Cosatu</b>	Congress of South African Trade Unions
<b>Covid-19</b>	Coronavirus
<b>CPUT</b>	Cape Peninsula University of Technology
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>DARDLEA</b>	Department of Agriculture, Rural Development, Land and Environmental Affairs
<b>DHET</b>	Department of Higher Education and Training
<b>DoEL</b>	Department of Employment and Labour
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DSI</b>	Department of Science and Innovation
<b>DSPP</b>	Dual System Pilot Project
<b>DTI</b>	Department of Trade and Industry (now Department of Trade, Industry and Competition)
<b>EC</b>	Eastern Cape
<b>ECA(SA)</b>	Electrical Contractors Association of South Africa
<b>EPWP</b>	Expanded Public Works Programme
<b>ERP</b>	Enterprise resource planning
<b>ETDP SETA</b>	Education, Training and Development Practices Sector Education and Training Authority
<b>EWSETA</b>	Energy and Water Sector Education and Training Authority
<b>Fasset</b>	Finance and Accounting Services Sector Education and Training Authority
<b>FEDUSA</b>	Federation of Unions of South Africa

<b>FET</b>	Further education and training
<b>FoodBev SETA</b>	Food and Beverages Manufacturing Sector Education and Training Authority
<b>FP&amp;M SETA</b>	Fibre Processing and Manufacturing Sector Education and Training Authority
<b>FS</b>	Free State
<b>GEPF</b>	Government Employees Pension Fund
<b>GP</b>	Gauteng
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HEAIDS</b>	Higher Education and Training HIV/AIDS Programme (now Higher Health)
<b>HESI</b>	Higher Education Science and Innovation
<b>HIV/Aids</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>HRDCSA</b>	Human Resource Development Council of South Africa
<b>HRDS</b>	Human Resource Development Strategy
<b>HRM</b>	Human Resources Management
<b>HSRC</b>	Human Sciences Research Council of South Africa
<b>HWSETA</b>	Health and Welfare Sector Education and Training Authority
<b>ICT</b>	Information and communication technology
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IGRAP</b>	Interpretations of the Standards of Generally Recognised Accounting Practice
<b>IMA</b>	Management Agreement
<b>INDLELA</b>	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
<b>INSETA</b>	Insurance Sector Education and Training Authority
<b>IOPSA</b>	Institute of Plumbing South Africa
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>IT</b>	Information technology
<b>KZN</b>	KwaZulu-Natal
<b>LGSETA</b>	Local Government Sector Education and Training Authority
<b>LP</b>	Limpopo
<b>merSETA</b>	Manufacturing, Engineering and Related Services Sector Education and Training Authority
<b>MICT SETA</b>	Media, Information and Communication Technologies Sector Education and Training Authority
<b>MP</b>	Mpumalanga
<b>MQA</b>	Mining Qualifications Authority

<b>MTEF</b>	Medium-term Expenditure Framework
<b>MTSF</b>	Medium-term Strategic Framework
<b>NACTU</b>	National Council of Trade Unions
<b>NAMB</b>	National Artisan Moderation Body
<b>Nated</b>	National Accredited Technical Education Diploma
<b>NC</b>	Northern Cape
<b>NCV</b>	National Certificate: Vocational
<b>NDP</b>	National Development Plan
<b>Necsa</b>	South African Nuclear Energy Corporation
<b>Nedlac</b>	National Economic Development and Labour Council
<b>NIHSS</b>	National Institute for Humanities and Social Sciences
<b>NPPSET</b>	National Plan for Post-school Education and Training
<b>NQF</b>	National Qualifications Framework
<b>NRF</b>	National Research Foundation
<b>NSA</b>	National Skills Authority
<b>NSDP</b>	National Skills Development Plan
<b>NSDS</b>	National Skills Development Strategy
<b>NSF</b>	National Skills Fund
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>NW</b>	North West
<b>PFMA</b>	Public Finance Management Act, 1999 (Act 1 of 1999)
<b>PGC</b>	Project Grants Committee
<b>PIC</b>	Public Investment Corporation
<b>PSET</b>	Post-school education and training
<b>PSETA</b>	Public Service Sector Education and Training Authority
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>RFP</b>	Request for proposal
<b>SA</b>	South Africa
<b>SABEN</b>	South African Broadband Education Networks
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SAIMI</b>	South African International Maritime Institute
<b>SANReN</b>	South African National Research Network
<b>SAQA</b>	South African Qualifications Authority
<b>SARETEC</b>	South African Renewable Energy Technology Centre
<b>SARS</b>	South African Revenue Service
<b>SASSETA</b>	Safety and Security Sector Education and Training Authority

<b>SDA</b>	Skills Development Act, 1998 (Act 97 of 1998)
<b>SDG</b>	Sustainable Development Goal
<b>SDL</b>	Skills development levy
<b>SDP</b>	Skills development provider
<b>Seda</b>	Small Enterprise Development Agency
<b>SETA</b>	Sector Education and Training Authority
<b>SMME</b>	Small, medium and micro enterprise
<b>SOP</b>	Standard operating procedure
<b>SP</b>	Strategic plan
<b>TB</b>	Tuberculosis
<b>TCCP</b>	TVET College Connectivity Programme
<b>TETA</b>	Transport Education and Training Authority
<b>TVET</b>	Technical and vocational education and training
<b>UIF</b>	Unemployment Insurance Fund
<b>UKITA</b>	United Khayelitsha Informal Traders Association
<b>W&amp;RSETA</b>	Wholesale and Retail Sector Education and Training Authority
<b>WC</b>	Western Cape
<b>WIL</b>	Work-integrated learning
<b>WP-PSET</b>	White Paper for Post-school Education and Training



### 1.3. FOREWORD BY THE EXECUTIVE AUTHORITY



**Dr BE Nzimande, MP**  
**Minister of Higher Education, Science**  
**and Innovation**

The challenging socio-economic climate brought about by the coronavirus (Covid-19) undeniably sets the context for the Annual Report of the National Skills Fund (NSF) for the 2020/21 financial year. Adapting to a new normal has been the order of the day since the advent of the pandemic in March 2020 and throughout the 2020/21 financial year and the period under review.

The approach taken by the government for the nationwide lockdown was based on the principles of physical distancing, restriction of movement and stringent basic hygiene practices. The lockdown was implemented with a single purpose: to save lives. By delaying the spread of the virus, the aim was to allow time to prepare health facilities and mobilise the essential medical supplies needed to meet the inevitable increase in infections.

Yet, while the nationwide lockdown was effective to contain the spread of Covid-19, it could not be sustained beyond 30 April 2020. In May 2020, the government began to implement the gradual and phased recovery of economic activity. The revised restrictions, based on the government's risk-adjusted strategy to allow for a deliberate and cautious approach to the easing of the current lockdown restrictions, were implemented throughout the 2020/21 financial year.

The NSF, as with all other post-school education and training (PSET) institutions, therefore, phased-in the commencement of learning activity informed by the risk-adjusted strategy for the entire PSET sector, based on the national Covid-19 protocols.

#### High-level strategic overview

In the current strategic review period, 2020-2025, the NSF is expected to continue with its contribution to the PSET system in offering individuals alternative pathways to continue their learning after leaving the schooling system. The responsibility to plan for and fund these alternative pathways, specifically bursaries and scholarships in scarce and critical skills, artisan development, work integrated learning and skills development programmes, is largely ascribed to the skills subsystem. The NSF and 21 sector education and training authorities (SETAs) are key institutions in delivering this mandate.

The lists of critical skills, occupations in high demand (OIHD) and priority occupations identify the skills needs across the economy and assist to align skills planning with economic planning to ensure that skills are not a constraint on economic growth and to promote the use of labour market intelligence for skills provisioning. The lists serve to fast-track recruitment from South Africa and have been identified as critical enablers of the economic recovery and reconstruction effort. The lists continue to inform the NSF's funding, focussing on bursaries and scholarships and other short- to medium-term funding

windows for apprenticeship, digital technology, rural development and some interventions geared towards marginalised groups.

In order to address the interventions identified in the Economic Reconstruction and Recovery Plan (ERRP), the NSF identified critical areas for funding support, targeting unemployed youth and vulnerable groups, including women and people with disabilities, particularly in rural areas. New priorities include the funding of additional students studying towards digital occupations in universities and technical and vocational education and training (TVET) colleges, as well as prioritising small, medium and micro enterprises (SMMEs) and co-operative skills development.

### Key performance highlights

A total of 34 994 learners have benefited from the NSF's R1,452 billion expenditure during the 2020/21 financial year towards education and training programmes. This includes undergraduate and postgraduate bursaries and scholarship recipients funded through strategic partnerships with the National Student Financial Aid Scheme (NSFAS), the National Research Foundation (NRF), the National Institute for Humanities and Social Sciences (NIHSS) and the international scholarships unit of the Department of Higher Education and Training (DHET).

The rollout of the last mile internet connectivity to all TVET campuses through the NSF's R281 million for the first phase of the TVET Colleges Connectivity Programme (TCCP) is a key intervention that has continued in the review year. The TCCP aims to end bandwidth poverty within the sector by connecting all 50 public TVET colleges and their campuses to the South African National Research Network. At the end of March 2021, of the targeted 225 campus sites, 46 were live, 15 were commission ready and 25 were in the final testing stages and the remaining sites were all in process.

The NSF's funding injection to Higher Health has also made a meaningful contribution to enabling the provision of health and wellness programmes in our PSET communities throughout this period.

### Strategic relationships

In the review period, engagements were being held with the National Treasury to match NSF funding towards bolstering the Presidential Youth Employment Programme. In partnership with Department of Communications and Digital Technologies, the NSF has been at work on a funding opportunity for the provision of training on digital technologies. In terms of rural development, the NSF is in collaboration with the Department of Small Business Development and the Department of Agriculture, Land Reform and Rural Development. These engagements are designed to build and maintain intergovernmental relations towards improved responsiveness, coordination and sustainability of government programmes, which the NSF has earmarked to contribute towards in the medium to long term.

The National Skills Authority (NSA) and Human Resources Development Council of South Africa (HRDCSA) remain important stakeholders in support of building a national skills planning mechanism and contributing to the development of a comprehensive skills response to the country's post-Covid-19 economic and social recovery plan.

### Overcoming the challenges faced by the Accounting Authority

The NSF is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), as it was listed by the Minister of Finance on 12 October 2012 retrospectively, with effect from 1 April 2012. However, the listing as an entity does not determine the legal persona status of the NSF. Instead, it prescribes the compliance framework that the NSF must adhere to in terms of the PFMA, 1999, which includes the legislated strategic planning and annual reporting process. This means continued reliance on the DHET to perform support functions.

The Director-General of Higher Education and Training remains responsible for the control of the NSF as delegated by the founding act of the entity, the Skills Development Act, 1998 (Act 97 of 1998) (SDA). Within

the current legislative prescripts, the Director-General of Higher Education and Training is, ultimately, accountable to Parliament for the NSF's performance, strategic direction and money spent by the fund. Within the framework of the Director-General of Higher Education and Training's delegations of authority, the day-to-day operations of the NSF are managed by the Executive Officer.

While the 2020/21 audit was underway, the Accounting Authority and the Executive Officer of the NSF were placed on precautionary suspension, to allow a forensic investigation into the affairs of the NSF, following a disclaimer audit opinion for the 2019/20 financial year. The forensic investigation, currently underway, will be completed within three months and will inform any further steps to be taken.

I have appointed Dr Phil Mjwara, who is the Director-General of Science and Innovation, as the acting Director-General of Higher Education and Training. By virtue of holding this office, Dr Mjwara will serve as the Accounting Authority of the NSF during his tenure with the DHET.

For PSET system building interventions funded by the NSF, a significant portion of these projects is allocated to the DHET.

In fulfilling the dual role of the Accounting Authority of the NSF and the Accounting Officer of the DHET, Dr Mjwara has an important role to play in rallying the support of the DHET entities and branches implementing NSF-funded programmes and those expected to perform support services to the NSF.

### Medium- to long-term strategic focus

Since its early years, as prescribed by the SDA, 1998, the NSF has been funding skills development initiatives that are identified as national priorities by the different iterations of the National Skills Development Strategy (NSDS I, II and III from 2001 to 2020) and, more recently, the National Skills Development Plan (NSDP) 2030.

To achieve its mandate, in the medium to long term, the NSF's strategic focus will remain focussed on funding education and training of learners, PSET system support and capacity-building, skills infrastructure development, and skills development research, innovation and advocacy.

Furthermore, as the NSF initiates new skills funding initiatives for the 2020-2025 strategic period, aligning funding priorities to the national economic recovery and revitalisation strategy is critical. All education and training initiatives funded up to 2025 must translate to 75 000 beneficiaries completing their education and training programmes.

The completion of the remaining TVET college construction sites remains a critical intervention for increasing the capacity of TVET colleges to provide access for young people who are not in employment, education or training (NEET) and enrolling more students in critical occupational programmes. This includes five sites expected to be completed during the 2021/22 financial year, three in KwaZulu-Natal KZN and two in the Eastern Cape. The construction of the new Gert Sibande TVET Balfour Campus in Mpumalanga is expected to be completed in the 2022/23 financial year.

In bridging the digital divide that exists between public universities and public TVET colleges, the completion of the connectivity project remains an imperative in the medium term. The second phase of the TCCP, to be rolled out in the long term, will cover additional information and communication technology (ICT) infrastructure and building the TVET capacity to maintain the infrastructure.

Innovation and creative responses to the development of a new portfolio on digital technology and innovation are also earmarked in the medium to long term.

### Acknowledgements and appreciation

As a custodian of public funds, the NSF has an obligation to the public, through Parliament. Hence, implementing the recommendations by the SCOPA in order to conduct a forensic investigation into the NSF remains an imperative in the 2021/22 financial year.

Further, the Ministerial Task Team (MTT) has commenced with the evaluation and review of the general operations of the NSF, including, but not limited to its efficiency and relevance to national priorities. The three-member MTT is chaired by Ms Yedwa Mbali Mjiako with extensive background in internal auditing and financial services. The MTT Chairperson is supported by Ms Margaret Phiri, who is an independent qualified chartered accountant, registered auditor and tax practitioner, and Mr Kishore Gobardan, who is the Executive Director: Institutional Planning and Governance at the University of KwaZulu-Natal.

Dr Mjwara, the Accounting Authority at the time of tabling this Annual Report, as the transitional custodian of the fund, has an important role of performing oversight on the NSF.

I have entrusted the continued operations of the entity during this time to Dr Mjwara, together with Mr David Mabusela, the DHET Chief Director: INDLELA, whom I have appointed to act as the Executive Officer of the NSF.



**Dr BE Nzimande, MP**  
**Minister of Higher Education, Science and Innovation**  
**Executive Authority of the National Skills Fund**



## 1.4. FOREWORD BY THE DEPUTY MINISTER



**Mr B Manamela, MP**  
**Deputy Minister of Higher Education, Science and Innovation**

Following the declaration of the National State of Disaster in March 2020, the Minister of Higher Education, Science and Innovation held a series of consultations with the heads of various post-school education and training (PSET) institutions and social partners to discuss various critical protocols to ensure an appropriate response to Covid-19.

The PSET system has not been immune to the prevalent measures adopted by the government as part of its Covid-19 response, which included the banning of international travel, restrictions on domestic travel to only essential activities, restrictions on the size of gatherings and the recommendation for the use of alternatives to face-to-face meetings. The resultant Ministerial directives, issued on 17 March 2020, and the Occupational Qualifications Sub-Framework Policy, published on

29 June 2020, through government gazettes, have been the prevailing policy instruments in managing service delivery in the Covid-19 environment.

The start of the 2020/21 financial year was, thus, plagued by challenges that required agility to act within the constrained environment. All PSET institutions were closed from 18 March 2020, as per the directives issued by the Minister of Higher Education, Science and Innovation. The gradual phasing in of economic activity in line with the government's risk-adjusted strategy ultimately determined the timing of the resumption of learning activity, including workplace-based learning programmes such as learnerships and apprenticeships implemented through employers.

### **PSET health and wellness partner**

A significant intervention in the review period has been the Higher Health Covid-19 programme, which was implemented throughout the 2020/21 financial year across PSET communities and various digital platforms. The Department of Higher Education and Training (DHET) partnership with Higher Health aims to develop skills support programmes and strengthen the core systems of PSET institutions in managing and mitigating the causes, challenges and consequences of the human immunodeficiency virus (HIV), sexually transmitted infections (STIs), tuberculosis (TB), sexual productive health, gender-based violence and other health and wellness factors affecting the student community.

During the 2020/21 financial year, enabled by the National Skills Fund's (NSF's) funding, the partnership was extended to deal with Covid-19 matters among the PSET community of more than 2,5 million beneficiaries.

Higher Health's Covid-19 support programmes and interventions that were implemented in the review year targeted the entire PSET system, including the community education and training (CET) colleges and workplace-based learning programmes that are funded through the NSF and sector education and training

authorities (SETAs). This support has been with regard to accessing communication about the disease and protection measures, capacity development and skills training for PSET students as well as the procurement of protective personal equipment (PPE).

### Maintaining focus on medium-term priorities

The 2020/21 financial year is the second year of the government's 2019–2024 Medium-term Strategic Framework (MTSF). Therefore, it is essential to take stock of the NSF's contribution towards the DHET priority outcomes geared to the achievement of MTSF Priority 2: Education, skills and health. Equally importantly will be to maintain focus on the full implementation of all planned interventions for the remaining MTSF period.

Through strategic partnerships with the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation (NRF), the NSF continued in the 2020/21 financial year to drive key skills strategies, promote equity targets of race and access to higher education by awarding undergraduate and postgraduate bursaries and scholarships. Through the NSF Technical and Vocational Education and Training (TVET) Colleges Phase II funding window, which was funded up to the 2020/21 financial year, the NSF supported enrolment at TVET colleges for occupational programmes, National Certificate Vocational (NCV) programmes, and National Accredited Technical Education Diploma (NATED) or Report 191 engineering and business studies. Workplace-based learning programmes implemented by skills development providers (SDPs), which includes private providers contracted to implement Unemployment Insurance Fund (UIF) Labour Activation Programme, were also funded by the NSF in the review year. Additionally, the NSF continued to support worker education initiatives implemented through worker initiatives, all of which contribute to expand access to PSET opportunities.

Capacity development interventions funded by the NSF through the DHET have also continued in the review year towards realising improved success and efficiency of the PSET system. Mainly focussed on the TVET college sector in the 2020/21 financial year, NSF-funded capacity-building initiatives include the TVET college infrastructure project involving the construction and

refurbishment of new campus sites, the TVET College Connectivity Programme (TCCP) and the apprenticeship Centre of Specialisation (CoS) Programme.

The NSF has, thus, continued to positively contribute towards the realisation of an expanded, more effective and integrated PSET system, specifically within the TVET colleges and university sectors. However, the NSF evaluation study for the 2015/16 to 2019/20 period, which was completed during the 2020/21 financial year recommends that the NSF direct more attention to the support of skills infrastructure development within the community college sector. This determination is consistent with the National Plan for PSET and the National Skills Development Plan (NSDP) 2030, which put emphasis on the NSF ensuring increased support to marginalised groups and those who are unemployed, particularly young people.

In gearing the DHET and PSET system to better understanding the demand and supply of skills and to ensure the responsiveness of the PSET system, the NSF has continued to fund research through the National Skills Authority (NSA), the Human Resource Development Council of South Africa (HRDCSA) and the Labour Market Intelligence (LMI).

### Conclusion

I would like to express my appreciation to the Minister for Higher Education, Science and Innovation, Dr Blade Nzimande, for his unwavering leadership and commitment to realise an improved positioning of the NSF in the way it discharges its mandate.



**Mr BK Manamela, MP**  
**Deputy Minister of Higher Education, Science and Innovation**

## 1.5. FOREWORD BY THE ACCOUNTING AUTHORITY



**Dr P Mjwara**

**Accounting Authority of the National Skills Fund**

It is unfortunate that my temporary assignment by the Minister of Higher Education, Science and Innovation to serve as the Director-General of Higher Education and Training and the Accounting Authority of the National Skills Fund (NSF) was brought about by the suspension of the previous incumbent. However, while the forensic investigation into the affairs of the entity unfold, as called for by Parliament, in tandem with the processes of the Ministerial Task Team (MTT) on the NSF review, I am honoured to play a role in ensuring the continuation of NSF activities in meeting the skills priorities of the country during this time.

### General financial review and spending trend of the public entity

Skills development levy income for the 2020/21 financial year amount to R2,473 billion, which is 27,4% more than the R1,941 billion originally budgeted for. Although the NSF had anticipated a decline in levy income due to the four-month relief tabled by the Minister of Finance in June 2020 in the Special Adjustment Budget, various tax groups continued to pay the levy throughout the 2020/21 financial year.

Further, the NSF recognised investment income of R417,491 million from investments held at the Public Investment Corporation (PIC), which is R315,039 million more than the R102,452 million that was budgeted for the year.

The delays in rolling out skills development interventions and slow performance of certain post-school education and training (PSET) system development and capacity-building projects are the key contributors to the NSF's increased surpluses and budget variations.

As a result, the NSF underspent its budget by 81% during the 2020/21 financial year. The NSF had budgeted R9,057 billion for skills development which included R3,027 billion towards Covid-19 support. The actual expenditure in the review year was R1,713 billion, however, no expenditure was incurred against the Covid-19 budget. For education and training, the NSF spent R1,451 billion towards the education and training of learners, which is 62% below the budget of R3,823 billion. With regard to PSET system development and capacity-building initiatives, the NSF spent R261,805 million, which is 88,1% below the budget of R2,207 billion.

### Requests for the rollover of funds

Consequently, the NSF has submitted an application to the National Treasury for the retention of its accumulated surplus, which takes into consideration the contractual commitments and earmarked funds. It also considers the impact of the skills levy holiday, which was implemented by the government during the Covid-19 pandemic, on the NSF meeting its existing contractual and constructive commitments.

### Supply chain management

The NSF Procurement Plan for the 2020/21 review year was approved by the former Director-General of Higher Education and Training, Mr Gwebs Qonde, in his capacity as the Accounting Authority of the NSF. However, the hold on NSF procurement for all expenditure above R1 million, as per the ministerial directive issued in April 2020, has meant that no bids above R1 million were awarded by the NSF in the year under review.

The focus of supply chain management (SCM) in the review year has, thus, been on setting up processes and systems to take over the processing of quotations below R1 million from the DHET SCM to the NSF SCM. Up until the end of the 2020/21 financial year, the DHET SCM has been performing the entire procurement service for the NSF as part of the service level agreement with the DHET.

### Capacity constraints and challenges facing the public entity

The lack of human capacity identified as the root cause of the poor audit outcomes since the 2018/19 financial year has not been resolved and, therefore, continues to inhibit the NSF's effectiveness and efficiency.

The NSF vacancy rate remains excessively high, with 65 out of 179 funded positions (36%) being vacant in the financial year ending on 31 March 2021. The filling of the three senior management positions, which were advertised during the 2020/21 financial year and 54 vacancies advertised in May 2021, should be prioritised in the 2021/22 financial year.

### New skills development funding activities

The rollout of the 11 skills development interventions, which were approved by the Minister of Higher Education, Science and Innovation in the 2020–2025 strategic period, should be a key focus towards meeting the five-year targets set by the entity. These targeted interventions were at different stages of the NSF's initiation processes by the end of the 2020/21 financial year and include the NSF's Occupational Programme Funding Phase III, which is aimed at all 50 public TVET colleges and entails provision for capacitating lecturers with new skills.

The NSF also plans to respond to the skills training needs for learners with mild to moderate intellectual disabilities who exit special schools through a dedicated funding window to solicit skills development proposals for programmes for people with disabilities.

Another key priority for implementation in the 2021/22 financial year should be the NSF's three-year apprenticeship development programme through private companies and public entities to boost the production of artisans for the country.

During this Covid-19 period, different modes of service delivery are being demanded across spheres of society. With considerable focus being on digital skills during this time, the NSF's funding support towards innovation and creative responses to digital skills development and the development of a new portfolio on digital technology and innovation should remain a top priority during the 2021/22 financial year.

### Outlook to address identified challenges

In order to improve the NSF's control environment, the filling of the 57 posts that have been advertised is essential, especially all the senior management posts, namely: the Chief Financial Officer (CFO), the Director: ICT and Analytics and the Director: Financial Planning and Reporting.

The findings of the MTT, which was set up by the Minister of Higher Education, Science and Innovation, as the Executive Authority, will be useful in gaining a deeper understanding of the general operations of the NSF and its efficiency and relevance with regard to the national skills priorities of the country.

What is equally essential is the unwavering commitment of the NSF management to address all the audit findings in 2020/21 and previous years towards realising an improved audit outcome for the 2021/22 financial year.

### Acknowledgements and appreciation

I wish to thank the Minister of Higher Education, Science and Innovation for entrusting me with this temporary, yet essential assignment to oversee the NSF during the period of the forensic investigation and review on the NSF.



**Dr P Mjwara**  
**Acting Director-General of Higher Education and Training**  
**Accounting Authority of the National Skills Fund**

## 1.6. ACTING EXECUTIVE OFFICER'S OVERVIEW



**Mr DK Mabusela**  
Acting Executive Officer of the National Skills Fund

My appointment by the Minister of Higher Education, Science and Innovation, as the acting Executive Officer of the National Skills Fund (NSF), with effect from 14 August 2021 is to ensure business continuity amid the disruptions brought about by the Covid-19 pandemic and factors that continue to impede the effectiveness and efficiency of the entity.

The audit for the 2020/21 financial year was being concluded upon my arrival at the NSF. However, as a member of the NSF's Funding Adjudication Committee, I have been exposed to the entity's planned skills funding approaches and evaluated funding applications as presented to the committee for final recommendation to the accounting and executive authorities of the NSF. Though I was not privy to operational matters in the period under review, I can attest to the urgency placed on the entity to respond to the increasing demands for skills development funding within the regulated environment.

### Constrained delivery environment

In the 2020/21 financial year, the NSF's engagements towards the education and training of learners, as in previous years, cut across learning components, learning sectors and learning programme mixes; from undergraduate and postgraduate bursaries and scholarships to worker education through worker education learning institutions and worker federations. In terms of post-school education and training (PSET) system development and capacity-building interventions, much focus of the NSF's engagements during the review year was geared to the TVET college system development and capacity-building, which includes skills infrastructure.

These engagements translated to 238 contractual commitments in the review year, of which 53 expired during the 2020/21 financial year. These commitments relate to skills development providers (SDPs) and strategic partners implementing NSF-funded skills development initiatives and comprise the 50 public TVET colleges funded for occupational programmes, branches and entities of the Department of Higher Education and Training (DHET) implementing about 40 capacity-building, skills infrastructure and research projects, some national and provincial government institutions and more than 100 SDPs (private companies, community-based organisations, worker-based initiatives) funded to implement education and training programmes.

The 34 994 education and training beneficiaries funded by the NSF during the review year were receiving their theoretical or practical learners at a plethora of sites across South Africa and some international scholarship recipients in different parts of the world. This constitutes 58% of the targeted 60 000 beneficiaries which the entity had aimed to reach in the 2020/21 financial year.

There are two key contributors to the non-achievement of performance targets set for the 2020/21 financial year in the core business of skills funding. Firstly, what cannot be discounted are the disruptions in the learning

and administrative activities of funded initiatives owing to the implementation of a phased-in commencement of learning activity, informed by the risk-adjusted strategy for the entire PSET sector that was based on the national Covid-19 protocols. The whole first quarter was drastically affected in implementing the 2020/21 Annual Performance Plan, with most SDPs resuming activity from July 2020, four months into the financial year.

Secondly, the delay in the NSF's initiation of funding opportunities has had a major impact. The Minister of Higher Education, Science and Innovation, who is also the Executive Authority of the NSF, had approved the five-year window plan with 11 targeted initiatives by the start of the 2020/21 financial year, in essence, paving way for the initiation of new skills funding opportunities for the year and strategic period up to 2025. However, only three requests for proposals (RFPs) were published in the 2020/21 financial year, namely: the TVET Occupational Funding Phase III and two separate calls for the artisan development programme; one targeting private providers and the other public entities. By the end of the 2020/21 financial year, the evaluation processes of applications received for these RFPs were not completed. This meant that there were no new contractual commitments entered into by the NSF with new SDPs in the review year. With SDPs remaining the conduit through which the NSF reaches its education and training beneficiary targets, this means that there were no new learners funded in the targeted programmes in the period under review.

The NSF-funded projects managed by the DHET (PSET projects), including the TVET Infrastructure Project, TVET Colleges Connectivity Programme (TCCP) and research projects, in line with the risk-adjusted strategy, continued to implement their existing contractual commitments during the review year. The non-achievement of the PSET targets in the 2020/21 financial year relate to outstanding performance information for five projects which could not submit the performance information report.

Notwithstanding the challenges brought about by Covid-19 and its real impact on the implementation of projects, it is important for the NSF to focus on imminent, short- to medium-term, tangible steps to resolve the Audit Report matters.

## Addressing audit matters

The audit of the 2020/21 financial year and previous two years identified three fundamental findings that constrain the NSF: the lack of human capacity, manual business process and the lack of policies in key functions or lack of implementation of approved policies and procedures.

Resourcing the NSF organisational structure should be a major priority considering that the NSF has a 36% vacancy rate for the period under review. The under-resourced organisational structure means that the responsibilities and workloads of existing staff members far exceed their capacity, contributing to weaknesses in the NSF's internal controls and organisational performance.

Building the necessary human capacity in key functions to improve the NSF's internal control environment and the early detection and mitigation of risks in the project environment is essential to realise an improved audit outcome. Resourcing will also ensure that the NSF is capacitated to meet its administrative targets that were also not achieved in the review year. For instance, reaching the administrative targets relating to obtaining a clean audit opinion and addressing 90% of all the key information and communication technology (ICT) needs of the NSF by the end of the strategic period is highly dependent on the recruitment for all funded positions.

The NSF has been weighed down by poor data and information management, which means that the NSF's performance information, financial information and project reporting statuses are not readily available for timely reporting due to the current manual reporting system. The delays in migrating from the paper-based operational processes to the integrated Microsoft Dynamics enterprise resource planning (ERP) system has meant that the envisaged benefit of the system has not been realised in so far as improving the monitoring of funding disbursed to skills development programmes and projects.

An intensified focus on the development of policies for all operational processes and the implementation of approved policies is required, as identified as a new performance indicator in the 2021/22 Annual Performance Plan. Through clear policies, the NSF will be able to reinforce and clarify the standards expected of employees at all levels.

Developing audit action plans in earnest to resolve matters raised by the Auditor-General of South Africa (AGSA) by the 2021/22 financial year-end should be a key management priority. This will need to entail setting up action plans to specifically address the external and internal audit findings and assigning clear responsibilities to specific senior managers to carry out action plans, while monitoring the audit action plans to ensure that the responsibilities assigned are carried out effectively and consistently.

## Gratitude and appreciation

I extend my appreciation to all NSF employees who have welcomed me during my tenure as the caretaker of the entity and who continue to work hard to advance the goals of the organisation. With the continued support of the Ministry of Higher Education, Science and Innovation and the Office of the acting Director-General of Higher Education and Training, I believe that the NSF can improve its audit outcomes and continue to make a meaningful contribution to the PSET system.



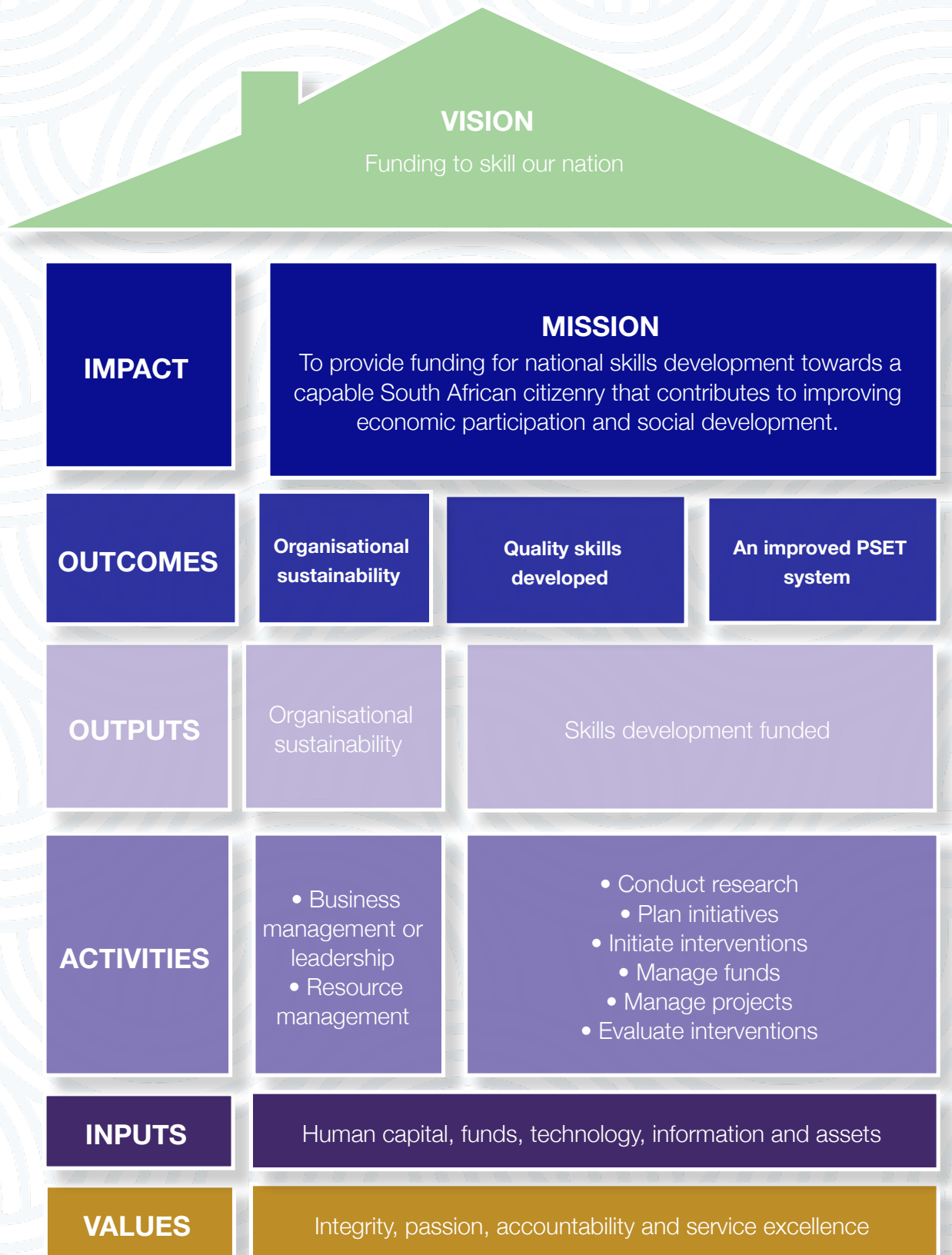
**Mr DK Mabusela**

**Acting Executive Officer of the National Skills Fund**



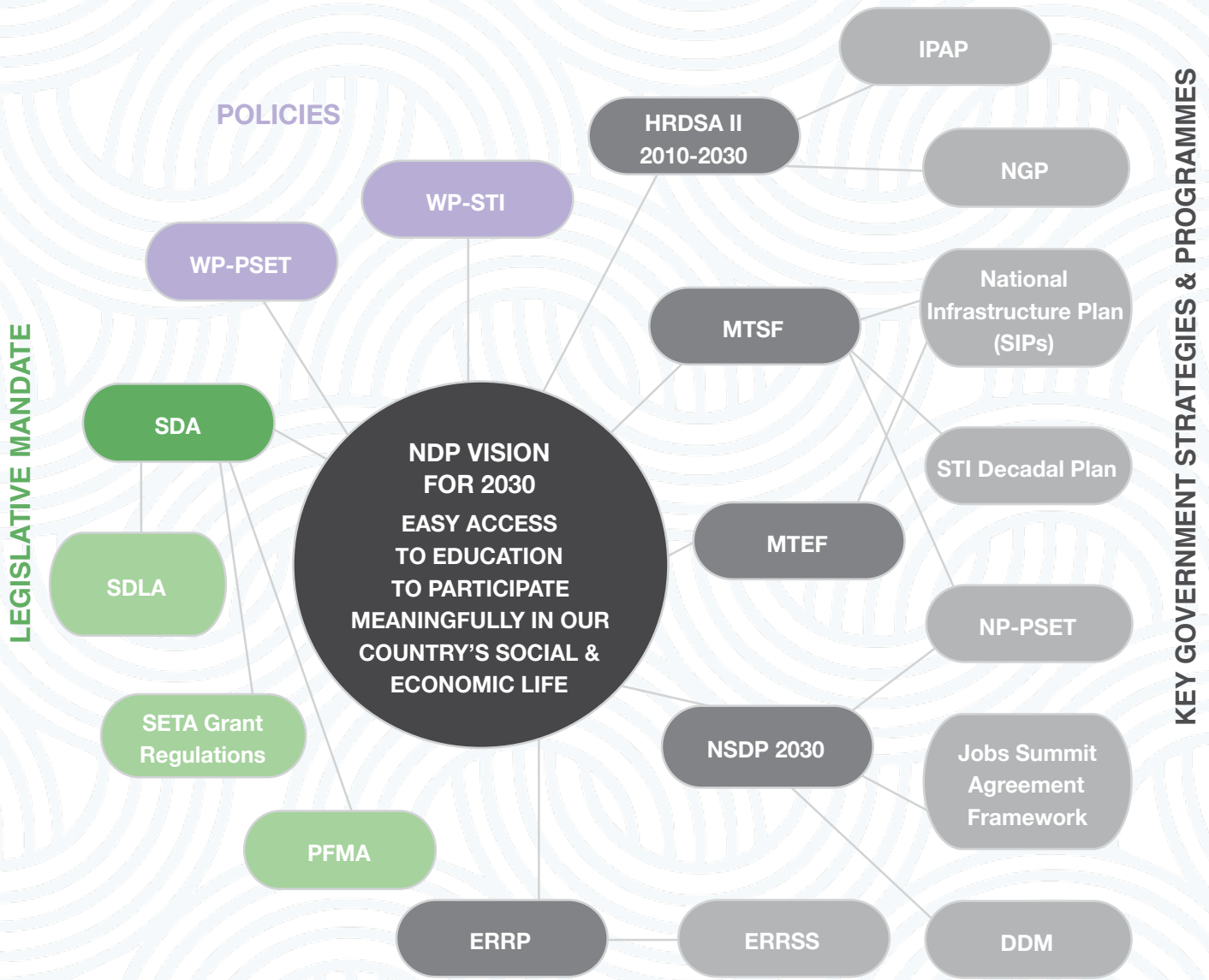
## 1.7. STRATEGIC FOCUS

Figure 1: NSF strategic framework



## 1.8. POLICY AND LEGISLATIVE

Figure 2: NSF legislative and policy framework



## 1.9. LEGISLATIVE MANDATES

### Constitutional mandate

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) (the Constitution) is the supreme law of the country; thus, all laws of the country must be consistent with the Constitution, 1996. All government institutions and entities derive their mandate from the Constitution, 1996. The Constitution, 1996 makes provision for other legislations regarding planning and performance monitoring across the three spheres of government.

The National Skills Fund derives its mandate from Section 28(1) and Section 30B of the Skills Development Act, 1998 (Act 97 of 1998) (SDA). The SDA is in support of Section 29(1) of the Bill of Rights, as enshrined in the Constitution, which outlines that everyone has the right to further education, which the state, through reasonable measures, must make progressively available and accessible.

### Established in terms of the Skills Development Act

The National Skills Fund (NSF) was established in 1999 in terms of Section 27 of the SDA, 1998, stating that “The National Skills Fund is hereby established”. The NSF is, thereby, not established with legal persona.

In terms of Section 29(1) of the SDA, 1998, the Director-General of Higher Education and Training is the Accounting Authority of the NSF, as contemplated by Section 49(2)(b) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA).

In terms of Section 29(1)(d) of the SDA, 1998, the Director-General of Higher Education and Training must, subject to the laws governing the public service, appoint the Executive Officer of the NSF who will, upon such appointment, be in the employ of the public service.

The money of the NSF may be used for the primary objectives as defined by the prescripts of the SDA, 1998, namely:

1. To fund projects identified in the National Skills Development Strategy (NSDS) III as national priorities (Section 28(1) of the SDA, 1998);
2. To fund projects related to the achievement of the purposes of the SDA, 1998 as the Director-General of Higher Education and Training determines (Section 28(1) of the SDA, 1998);
3. To fund any activity undertaken by the Minister of Higher Education and Training to achieve a national standard of good practice in skills development (Section 30B of the SDA, 1998); and
4. To administer the NSF within the prescribed limit (Section 28(3) of the SDA, 1998). Regulations to prescribe the limit for the administration of the NSF at 10% of revenue has been approved and published in Notice R.1030 in *Government Gazette* 33740, dated 8 November 2010.

### Retention of accumulated surplus

In terms of Section 29(3) of the SDA, 1998, the unexpended balance in the NSF at the end of the financial year must be carried forward to the next financial year as a credit to the NSF.

### Listed as a Schedule 3A public entity in terms of the PFMA

On 12 October 2012, the Minister of Finance listed the NSF as a Schedule 3A public entity in terms of the PFMA, 1999 retrospectively, effective from 1 April 2012 (Notice 821 in *Government Gazette* 35759). Before the listing as a public entity, the NSF operated as a programme under the Skills Development Branch of the Department of Higher Education and Training (DHET).

The listing of the NSF as a public entity does not determine the legal persona status of the NSF. Instead, it prescribes the compliance framework that the NSF must adhere to in terms of the PFMA, 1999. The legal persona status is determined by the NSF's founding legislation, namely the SDA, 1998.

### Purpose of the SDA:

- To ensure credible labour market analysis to provide a supply and demand analysis of national skills priorities
- To require alignment with policies of the state and the DHET
- To develop the skills of the South African workforce
- To increase the levels of investment in education and training in the labour market
- To encourage employers to use the workplace as an active learning environment
- To encourage workers to participate in learning programmes
- To improve the employment prospects of South African citizens, specifically those who have been previously disadvantaged
- To ensure the quality of learning in and for the workplace and ensure quality of provision delivery in line with the establishment of Quality Council for Trades and Occupations (QCTO)
- To establish the NSF and other skills levy institutions that must collaborate in order to achieve the objectives of the SDA, 1998
- To make provision for financing through the skills levy

The current main revenue sources for the NSF are the following:

1. Twenty percent (20%) of the skills development levies as contemplated in the Skills Development Levies Act, 1999 (Act 9 of 1999)
2. Interest earned on investments held at the Public Investment Corporation (PIC)

The NSF may also receive revenue from the following sources:

1. The skills development levies collected and transferred to the NSF, in terms of the Skills Development Levies Act, 1999 regarding those employers or sectors for which there are no Sector Education and Training Authorities (SETAs)
2. Money appropriated by Parliament for the NSF
3. Donations to the NSF
4. Money received from any other source

## 1.10. OTHER RELEVANT LEGISLATION

Legislation or regulation	Summary of its purpose
National Qualifications Framework Amendment Act, 2019 (Act 12 of 2019)	<ul style="list-style-type: none"> <li>• Creates a single integrated national framework for learning.</li> <li>• Facilitates access to education, training and career paths.</li> <li>• Enhances the quality of education and training.</li> <li>• Accelerates the redress of past unfair discrimination.</li> <li>• Allows for the South African Qualifications Authority (SAQA) and the quality councils to oversee the National Qualifications Framework (NQF).</li> <li>• Recent amendments make provision for skills development providers to be registered, processes for verification, and offences and penalties that have a bearing on fraudulent qualifications.</li> </ul>

Legislation or regulation	Summary of its purpose
Workplace-based Learning Programme Regulations of 2018	<p>The NQF:</p> <ul style="list-style-type: none"> <li>Provides a framework for the types of workplace-based learning provision through post-school education and training (PSET), including funding steered through the NSF and SETAs.</li> <li>Provides for administration and the role of parties in workplace-based learning, including employers, learners, education and training providers, quality councils and the DHET.</li> </ul>
SETA Grant Regulations, 3 December 2012, Volume 570, 35940	While developed for SETAs, the SETA Grant Regulations provide a benchmark for the management of the skills levy, including the thresholds for administration costs and the governance and operational considerations for managing skills levies.
Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA)	The SPLUMA, 2013 was adopted shortly after the introduction of the National Development Plan (NDP). The SPLUMA, 2013 is an important component of the drive to set the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration.
South African Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)	The South African Intergovernmental Relations Framework Act, 2005 emphasises that the three spheres of government are distinctive, interdependent and interrelated. All three spheres of government (local, provincial and national) are autonomous. Notwithstanding their autonomy, the three spheres of government must plan together for the use of scarce resources and ensure the achievement of the government's priorities.

## 1.11. POLICY ENVIRONMENT

### White Paper for Post-School Education and Training

The White Paper for Post-school Education and Training (WP-PSET) sets out the government's vision for an integrated system of PSET that is able to respond to the needs of the South African society and economy. It outlines policy directions to guide the DHET and the institutions for which it is responsible in order to contribute to building a developmental state with a vibrant democracy and a flourishing economy. Its main policy objectives are the following:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa
- A single, coordinated PSET system
- Expanded access, improved quality and increased diversity of provision
- A stronger and more cooperative relationship between education and training institutions and the workplace

- A PSET system that is responsive to the needs of individual citizens, employers in public and private sectors, as well as broader societal and developmental objectives

Among others, the WP-PSET directs attention to critical improvement and capacitation areas within the PSET system integration, which include the following:

- Technical and vocational education and training (TVET) college capacitation and infrastructure
- Educational institution and employer partnerships and work-integrated learning
- Artisan development strategy operationalisation
- Recognition of prior learning
- Community colleges and public adult learning centre development
- Development of scarce and critical skills (occupations in high demand)
- Education and training improvement
- Skills system and landscape review as part of the broader PSET system

## White Paper for Science, Technology and Innovation

In May 2019, the President of South Africa, in the sixth administration of government, reconfigured a number of ministries and departments. A new Ministry of Higher Education, Science and Innovation was pronounced, with Dr BE Nzimande appointed as the first minister in the portfolio. Consequently, the Minister of Higher Education, Science and Innovation is the Executive Authority of the Department of Higher Education and Training and the Department of Science and Innovation. The new configuration has a number of policy and system opportunities for South African citizens and the state. Both departments have approved white papers namely: the White Paper for Post-school Education and Training (WP-PSET), issued in 2017, and the White Paper for Science, Technology and Innovation (WP-STI), issued in March 2019.

In successful and leading skills development systems globally, some of the success has been attributed to the alignment to industrial policies, fiscal-wide policies and incentives as well as close relations with the systems of innovations and patent developments. While the departments had not been merged at the time of preparing this Annual Report, the processes of collaboration and alignment between the two departments informed by the white papers were underway. The WP-STI sets the long-term policy direction for the South African government to ensure a growing role for science, technology and innovation (STI) in a more prosperous and inclusive society. It focusses on using STI to accelerate inclusive economic growth, make the economy more competitive and improve people's daily lives.

It aims to help South Africa benefit from global developments such as rapid technological advancement and geopolitical and demographic shifts, as well as respond to the threats associated with some of these global trends. The vision set out is "Science, technology and innovation enabling inclusive and sustainable South African development in a changing world," (WP-STI, Pg. 11), with the following objectives:

- Improved coherence and coordination
- Increased National System of Innovation (NSI) partnering between business, academia, government and civil society

- Strengthened and transformed NSI institutions
- Increased human capabilities
- Expanded research enterprise
- Enhanced enabling environment for innovation
- Improved funding across the NSI

These WP-STI objectives coupled with the scope of emerging trends, technology and innovation, that is inclusive of the green economy, circular economy and the Fourth Industrial Revolution, will provide key insights for the emerging fields of knowledge and material that will shape the future. These shifts will have an impact on the type of education, training and skills development required to develop capable South African citizens and to ensure a supply of a capable and skilled workforce for the labour market of the future.

## 1.12. GOVERNMENT STRATEGIES AND PROGRAMMES

### National Development Plan 2030

The National Development Plan (NDP) 2030 is the overarching long-term strategy of the government, which aims to eliminate poverty and reduce inequality by 2030, among other policy imperatives. It serves as the single most important longer-term strategy to which all strategies of the government must be aligned.

The NSF 2020-2025 Strategic Plan of the NSF is comprehensively aligned to the objectives of the NDP. The NDP places the following specific funding responsibility on the NSF: "Training for start-ups and emerging businesses, rural development, adult basic education and training, and community development should be supported by money from the National Skills Fund and managed by relevant departments or agencies, such as Small Enterprise Development Agency and the National Youth Development Agency. This would enable the National Skills Fund to focus on large skills development programmes that form part of a broader programme. This would simplify the grant funding mechanism by supporting fewer, but larger programmes," (NDP, p. 286).

The NDP further outlines specific objectives and

actions aimed at improving the education, training and innovation system. The following objectives, as outlined in the NDP towards improving the education, training and innovation system, may entail additional funding responsibilities being placed on the NSF in contributing towards achieving these objectives and implementing the relevant actions:

- Expand the college system with a focus on improving quality. Better quality will build confidence in the college sector and attract more learners.
- The recommended participation rate of 25% would accommodate about 1,25 million enrolments.
- Provide 1 million learning opportunities through community education and training (CET) centres.
- Produce 30 000 artisans per year.
- Increase enrolment at universities by at least 70% by 2030 so that enrolments increase to about 1,62 million from 950 000 in 2010.
- Increase the number of students eligible to study towards mathematics and science degrees to 450 000 by 2030.
- Increase the percentage of PhD qualified staff in the higher education sector from the current 34% to over 75% by 2030.
- Produce more than 100 doctoral graduates per million per year by 2030. That implies an increase from 1 420 in 2010 to well over 5 000 a year.
- Expand science, technology and innovation outputs by increasing research and development spending by the government and by encouraging industry to do so.

The following actions are outlined in the NDP for technical and vocational education and training (TVET):

- Support the development of specialised programmes in universities, focussing on training college lecturers, and provide funding for universities to conduct research on the vocational education sector.
- Build the capacity of TVET institutions to become the preferred institutions for vocational education and training. Learners should be able to choose

their vocational pathways before completing Grade 12. Expand the geographical spread of TVET institutions.

- Build a stronger relationship between the college sector and industry. SETAs play a crucial role in building relationships between education institutions and employers.

The following actions are outlined in the NDP for higher education:

- Implement a national programme to develop the next generation of academics for South African higher education.
- Complete the construction of two new universities in Mpumalanga and the Northern Cape, new medical schools in Limpopo and several academic hospitals; expand the infrastructure of existing institutions and allow all universities to use distance education to reach more learners.
- Provide an option of a four-year university degree, combined with bridging courses and more support for universities to help students from disadvantaged backgrounds.
- Provide all students who qualify for the National Student Financial Aid Scheme (NSFAS) with access to full funding through loans and bursaries to cover the costs of tuition, books, accommodation and other living expenses. Students who do not qualify should have access to bank loans, backed by state securities. Both the NSFAS and bank loans should be recovered through arrangements with the South African Revenue Service (SARS). Service-linked scholarships should be available in areas such as nursing, teaching and social work.

## National Skills Development Plan 2030

The National Skills Development Plan (NSDP) 2030 was approved by the Minister of Higher Education and Training on 7 March 2019 for implementation with effect from 1 April 2020. The vision of the NSDP is “an educated, skilled and capable workforce for South Africa”.

The NSDP builds on the implementation of the National Skills Development Strategy (NSDS) III and intends to address systemic considerations to improve the effectiveness and efficiency of the skills development system and institutions. Mainly, the NSDP seeks to further integrate skills development interventions with the PSET system in order to address the triple challenge of high levels of unemployment, poverty and inequality through skills development interventions such as learnerships, apprenticeships and other forms of workplace-based learning. It is envisaged that improving and increasing access to occupations in high demand and priority skills will contribute to supporting economic growth, employment creation and social development. The NSDP will contribute to strategies and priorities of various sectors of the economy, with an emphasis on inclusive growth and employment generation, as set out in the NDP, Industrial Policy Action Plan (IPAP) and other key policy documents of government.

The NSDP further outlines the following national priority outcomes that will take precedence in the NSF:

- Outcome 1: Identify and increase production of occupations in high demand
- Outcome 2: Link education and the workplace
- Outcome 3: Improve the level of skills in the South African workforce
- Outcome 4: Increase access to occupationally directed programmes
- Outcome 5: Support the growth of the public college system
- Outcome 6: Provide skills development support for entrepreneurship and co-operative development
- Outcome 7: Encourage and support worker-initiated training
- Outcome 8: Support career development services

In addition, the NSDP continues to focus on the societal transformational imperatives and parameters enunciated in the NSDS III and which remain relevant in the South African socio-economic climate. These are the following:

- **Gender:** provide more access opportunities for women
- **Youth:** increase access opportunities for the youth
- **Geography:** shift the focus to previously neglected rural areas
- **Race:** provide programmes to address racial skill disparities
- **Class:** redress imbalances brought about by class
- **People with disabilities:** avail more training and workplace opportunities for people with disabilities
- **HIV/AIDS:** provide programmes that embrace awareness and education advocacy on the subject of HIV/AIDS
- **Equity and access:** provide access and reduce inequality through increased access to those who have been previously disadvantaged

The NSF, as guided by the NSDP (which builds on the work undertaken under the NSDS III), will measure each education and training project funded against the developmental and transformation imperatives mentioned above.

### Human Resource Development Strategy of South Africa 2010–2030

The Human Resource Development Strategy of South Africa (HRDSSA) is the long-term overarching strategy to drive human development in the country. The funding strategy of the NSF responds to and supports priorities that emanate from the following two commitments of the HRDSSA:

- Commitment 1: We will urgently overcome the shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth.
- Commitment 2: We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities.

## Medium Term Strategic Framework 2019-2024

The Medium Term Strategic Framework (MTSF) is the government's strategic planning framework for the 2019-2024 electoral term in line with the NDP. This is the government's monitoring framework for the NDP five-year implementation plan during the electoral cycle. It reflects how the government will measure its progress against the commitments made in the election manifesto of the governing party and the NDP five-year implementation plan. It is a basis for measuring government performance and must be aligned with the measurement of performance in the local, provincial and national government spheres. The MTSF sets out the actions which the government will take and targets to be achieved.

By 2030, South Africa should have access to education and training of the highest quality, leading to significantly improved learning outcomes. The education, training and innovation system should cater for different needs and produce highly skilled individuals. The graduates of South Africa's universities and TVET colleges should have the skills and knowledge to meet the present and future needs of the economy and society.

The government has identified the following seven priorities derived from the electoral mandate and the State of the Nation Address:

- Priority 1: Economic transformation and job creation
- Priority 2: Education, skills and health
- Priority 3: Consolidating the social wage through reliable and quality basic services
- Priority 4: Spatial integration, human settlements and local government
- Priority 5: Social cohesion and safe communities
- Priority 6: A capable, ethical and developmental state
- Priority 7: A better Africa and world

Priority 2, namely education, skills and health, is relevant to the NSF as part of the DHET. This priority contributes to NDP Pillar 2, which is "Capabilities of South Africans".

Further, emanating from the MTSF and State of the Nation Address of February and June 2019, respectively, are the 14 priority economic sectors to strengthen coordination of interventions of the state over the next five years. In addition, a more targeted and consolidated approach has been conceptualised for spatial integration. As a national entity, the NSF will be required to prioritise these interventions. The NSF will also be required to undertake more detailed research and planning into order to collaborate and support the attainment of the priorities of the MTSF in so far as it relates to the mandate of the NSF.

## Department of Higher Education and Training Strategic Plan 2020-2025

The DHET has set the following four outcomes in line with the MTSF and these priority outcomes will steer the NSF to contribute to the achievement of the MTSF outcomes:

- Outcome 1: Expand access to PSET opportunities
- Outcome 2: Improve success and efficiency of the PSET system
- Outcome 3: Improve the quality of PSET provisioning
- Outcome 4: Create a responsive PSET system

### Expanded access to PSET opportunities

The WP-PSET targets the enrolment of 1 million students in CET colleges, 2,5 million in TVET colleges and 1,6 million in higher education institutions by 2030. Given the 2017 enrolments of 258 199 CET students, 688 028 TVET students and 1,2 million higher education students, the size and shape of the PSET system will change markedly over the next 10 years. It is envisaged that the TVET sector will become the biggest sector, with the CET sector approaching the enrolment size of the public higher education sector. Enrolments in technical and vocational programmes are expected to increase considerably compared to current enrolments, in order to expand entry-level access to the world of work in various trades and occupations and to prepare students for entrepreneurship or self-employment.

The expansion of the PSET system requires a careful, judicious and systematic enrolment planning process that

is in line with available resources, capacity and funding. Targeted interventions will, therefore, be developed to ensure equitable participation that is supported by increased numbers of quality staff, affordable fees and inclusive and sustainable financial aid. In addition, institutional differentiation is necessary to foster a wider variety of modalities of provision, learning programmes and pedagogy to cater for diverse student and employer needs and to permit all PSET institutions (public and private) to develop niche areas that respond to national development imperatives.

### **A responsive PSET system**

As the WP-PSET points out, the PSET system is an important institutional mechanism that must be responsive to the needs of society. Improved responsiveness entails developing a better understanding of demand and supply, which, in turn, requires enhanced liaison and engagement with communities at local, regional and international levels, as well as socially responsive research, collaboration, partnerships and capacity building. The objective is to provide qualification programmes and curricula that are responsive to the needs of the world of work, society and students. Greater is envisaged cooperation between PSET institutions and the world of work, with a specific focus on the connections and interactions between provider institutions and skills levy institutions, and between provider institutions and employers, particularly but not only for workplace-based learning (WPBL) purposes and for strengthening research and innovation. Strengthening WPBL at system and institutional levels as well as encouraging employers to participate therein will help to improve education and employment outcomes, as will greater industry involvement in financing research and development and in developing partnerships and promoting synergies with higher education institutions and research councils.

### **Improved quality of PSET provisioning**

If the 2030 targets are to be met, every institution across the entire PSET system will need to improve the quality of its provision. It will be wasteful and negligent to permit quality to lag while access expands. The quality

of teaching and learning, research, management and governance, staff, quality assurance and infrastructure need to be improved in order to improve the quality of PSET provision. Most importantly, the quality of PSET teaching and learning must be prioritised. Better learning will be supported by improving and diversifying student services, housing, foundational programmes and modes and models of programme delivery. Better teaching will be supported by increasing the numbers, quality and qualifications of lecturers (especially, but not only) black academics at senior levels. At the same time, lecturers' pedagogical, curriculum development and research capacities will be improved, together with their abilities to harness digital technologies to support teaching and learning in innovative ways. The development of digital pedagogies will be supported. Institutional governance, leadership and management, including student leadership, will be strengthened, so that together they can realise their own quality institutional goals while driving their sector forward in pursuit of national objectives.

### **Improved success and efficiency of the PSET system**

The quality of provision as indicated above is premised on qualified, experienced and committed staff, informed, caring, focussed and reliable student support services, and adequate and available infrastructure. Increased efficiency and success across all PSET sectors will promote a culture of completion, which, in turn, will improve cost-effectiveness, build work-readiness and facilitate employment and help to embed lifelong learning capabilities among citizens.

### 1.13. MACRO ORGANISATIONAL STRUCTURE

Figure 3: Macro organisational structure



## MACRO ORGANISATIONAL STRUCTURE





**2. PERFORMANCE  
INFORMATION  
2020/21**



## 2.1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the "predetermined objectives" heading in the report on the other legal and regulatory requirements section of the auditor's report.

Refer to the AGSA Report to Parliament on the National Skills Fund (pages 87 to 92), published as 5. Financial Information

## 2.2. OVERVIEW OF THE 2020/21 PERFORMANCE

### 2.2.1. Service delivery environment

The implementation of the Annual Performance Plan for the 2020/21 financial year was drastically affected due to the Covid-19 pandemic, which resulted in a hard lockdown across the country from 27 March to 16 April 2020. This was followed by the incremental opening up of the country in line with the risk-based country alert level system. This entailed restrictions on activities based on the National State of Disaster Regulations. The regulations restricted the movement of people, included interventions to curb the spread of the virus and specified the economic sectors and services that could be opened during the period of the national state of disaster per alert level. These restrictions resulted in an initial early recess of education and training delivery from 18 March to 30 July 2020, after which the incremental phased-in resumption of education and training provision was implemented under Alert Level 3 of the national lockdown. Thus, in August 2020 with the opening of education and training institutions as well as the opening of employer sites, the National Skills Fund (NSF)-funded projects were able to resume implementation of activities linked to projects. Implementation could take place while noting that during the period of 18 March to 30 July 2020, very limited implementation on projects funded by the NSF could be

realised due to the varying restrictions, social distancing protocols, the mode of educational and training delivery and access to workplace employer sites for learners to complete activities related to workplace-based training requirements.

In March 2020, the NSF realised that due to the implementation of the National State of Disaster, interventions would need to be put in place in order to support learners during the period of the lockdown. These would ensure continuity and support to NSF projects as funded, allow the NSF to complete the implementation and reporting, and to adjust its approach to stakeholder and organisational engagements in order to realise operational continuity in implementing its duties and functions.

In response to these service delivery challenges, as approved, learners were paid their stipends during the period of the lockdown. Skills development providers (SDPs) were requested to submit proposed amendments to their memorandums of agreement to amend the implementation dates and implementation of multimodal approaches to teaching and learning. In their proposed amendments to their memorandums of agreement, SDPs also requested provisions for funding to support the implementation of interventions to curb the spread of the virus, personal protective gear and sanitisers. In addition, the operational environment of the NSF moved onto digital platforms to ensure engagements with stakeholders, both internally and externally, and the amendments to policies regarding initiation and evaluation, project monitoring and reporting, assessment and support to SDPs during the period.

The resumption of project implementation and the issuing of the request for proposals (RFPs) for Phase III of the Technical and Vocational Education and Training (TVET) Occupational Programme and artisan development commenced in August 2020. Due to the initiation and evaluation processes for RFPs only commencing in August 2020, with online briefing and due diligence processes, the NSF was unable to approve proposals in the financial year under review. The implementation of the project with the Unemployment Insurance Fund to train 9 444 unemployed beneficiaries commenced in December 2020 as new projects for the period, while the remaining projects reported in this Annual Performance Report account for the longer-term projects approved in previous financial years.

These delays negatively affected the overall performance of the NSF in terms of achieving the set targets, mainly for education and training.

The NSF has reported on 12 outcome indicators and 13 output indicators. The achievement of the outcome indicators will be measured at the end of five-year strategic term because the NSF 2020-2025 Strategic Plan only contains the five-year targets rather than annual targets. The NSF only achieved three output indicators, with Programme 1 achieving one indicator and Programme 2 achieving two indicators.

### **Socio-economic climate in South Africa**

Since the advent of democracy, one of the key objectives of the South African government has been to reduce poverty, disparities and imbalances stemming from the apartheid regime. Several large-scale economic programmes were implemented, specifically aiming to achieve various economic goals, such as more rapid economic growth and job creation, improved service delivery, and the alleviation of poverty and inequality. With regard to poverty, it is important to accurately identify the most deprived and vulnerable groups of people and areas so that the NSF can effectively target them by implementing appropriate poverty-reduction strategies.

Furthermore, the literatures reflect that South Africa's socio-economic challenges of economic growth remains low, unemployment remains high, while youth unemployment rates continue to grow and the levels of inequality remain high and disparate.

South Africa's unemployment rate jumped to a record high in Quarter 4 of 2020 as the country feels the economic impact of the Covid-19 pandemic.

This is attested by the Statistics South Africa (Stats SA) Quarterly Labour Force Survey (QLFS) for Quarter 4 of 2020, which reveals the following:

- Unemployment rate is at 32,5% in this quarter, meaning 7,2 million people were unemployed, compared to 30,8% of Q3.

- Of the 7,2 million unemployed persons as many as 52,3% had education levels below matric, followed by those with matric at 37,9%. Only 1,8% of unemployed persons were graduates, while 7,5% had other tertiary qualifications as their highest level of education.
- About 10,3 million young people aged 15–24 years in Q4: 2020, of which 29,8% were not in employment, education or training (NEET) – 2,2 percentage points lower than in Q4: 2019.
- In this age group, the NEET rate for both males and females decreased by 2,2 percentage points each, whilst the NEET rate for females was higher than that of their male counterparts in both years.

The results show that the gap between the proportion of unemployed people who are of working age versus the proportion of those who are employed is widening. This means that the market is not creating enough jobs to absorb enough South Africans.

### **District Development Model**

Through Phase II of the TVET Occupational Qualification Project, the NSF has realised a higher enrolment in the TVET sector, coupled with simulated and workplace-based learning. These are enablers for increasing workplace experience for learners, increasing workplace opportunities and, thus, creating access to workplace opportunities, including employment. The NSF has funded projects that supported and responded to the presidential pilot of the district model in OR Tambo District Municipality, Waterberg District Municipality and eThekweni Metropolitan Municipality. The funding is targeted at the provision of education and training and infrastructure to support small, medium and micro enterprise (SMME) and co-operative development in the three districts. It should be noted that the NSF funding is allocated across all nine provinces and it includes community-level skills development support. During the 2020/21 financial year, the NSF undertook a detailed analysis and mapping of NSF-funded interventions at provincial and district levels.

## Economic Reconstruction and Recovery Plan

The Economic Reconstruction and Recovery Plan (ERRP), coupled with the Skills and Innovation Strategy, is borne out of the urgency for a well-coordinated strategy of skills development to support the management of Covid-19 and economic and social recovery.

The strategy specifically addresses the interventions that are required to ensure the successful implementation of the ERRP. This situation led the government, through the Minister of Finance, to table the Special Adjustment Budget in Parliament on 24 June 2020. The Special Adjustment Budget affected the government departments, public entities and other state organisations, including the NSF. The budget for the NSF was reduced, which necessitated the institution to amend the 2020/21 Annual Performance Plan (APP). To this effect, the NSF revised its 2020/21 APP to include the ERRP, budget adjustment and Covid-19 interventions and this was submitted to the Department of Higher Education and Training (DHET) on 14 June 2020.

The assessment of the impact of Covid-19 highlighted that the NSF's mandate and strategic priorities remain relevant in addressing the interventions identified in the ERRP. Hence, it continues to support and fund the skills development initiatives that are identified in the ERRP.

### The NSF's response to the Covid-19 pandemic

South Africa has been characterised by continuous and extremely high unemployment throughout the post-apartheid period. The role of skills and education in increasing the income levels of individuals and reducing inequality among the South African population has been the underlying driver of policy efforts by the government. Recently, the figures of unemployment have risen sharply as the country feels the economic impact of the Covid-19 pandemic.

In response to the Covid-19 pandemic, the NSF reprioritised its targets and budget to strategic priorities and interventions for both the short and medium term. This has led to the NSF identifying areas for reprioritised learning or economic sector interventions; for example, training in digital skills. Furthermore, the NSF assessed

its 2020-2025 Strategic Plan and identified selected economic sectors to support the state's response to Covid-19. To this effect, the NSF developed the Covid-19 Action Plan and Economic Portfolio Plan underpinning the 2020-2025 strategic period.

In addition, the Covid-19 pandemic necessitated the need to bolster the NSF's initial funding allocation to Higher Health with an additional commitment to increase Higher Health's capacity in response to Covid-19 in the post-school education and training (PSET) system.

To address the interventions identified in the ERRP, the NSF identified critical areas for funding support, targeting unemployed youth and vulnerable groups, particularly in rural areas.

Furthermore, the NSF has stated that for the next five years, it will continue to prioritise and invest in post-school provision at universities, focussing on bursaries and scholarships in scarce and critical skills, support learners from rural areas and fund TVET and community education and training (CET) colleges. The NSF will roll out Phase III of the TVET Occupational Programme, TVET campus construction, centre of specialisation and TVET connectivity projects.

### The impact of Covid-19 on service delivery

The Covid-19 pandemic presents an exogenous shock to the South African economy in a context of already weak economic performance. Prior to the onset of the pandemic, the economy was in recession, the rate of unemployment was at its highest level in over a decade, poverty and inequality remained deeply entrenched, and the fiscal situation was deteriorating due to lower-than-expected revenue earnings and growing sovereign debt. However, reconstruction from Covid-19 should not be seen in terms of recovery to **what was**, but in terms of transformation to **what is next**.

President Cyril Ramaphosa captured the determination to reset the economy when he said, "We are determined not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality". Hence, the NSF's response is expected

to match the proportions of this crisis by focussing on prioritisation and implementation to achieve results.

In terms of the movement of people to their workplaces, the lockdown restrictions necessitated that the NSF management devise a strategy for the NSF workforce to work from a remote location (other than their places of work) to avoid compromising the service delivery. To this effect, the NSF reprioritised and made adjustments to its plans to support the immediate and medium-term impact on the socio-economic priorities. Furthermore, the NSF recognised that its 2020-2025 Strategic Plan interventions for the next two years would need to be assessed and reprioritised in order to respond to the new Covid-19 context, which it was now faced with, while putting in place interventions for the medium to long term.

This has led to the NSF identifying areas for reprioritised learning or economic sector interventions; for example, training in digital skills and increasing training to support SMMEs and co-operative development. Furthermore, the NSF reworked its budget in line with its decreased income due to the four-month skills levy holiday and the anticipated increase in expenditure as result of the Covid-19 pandemic.

To this effect, the NSF developed the Covid-19 Action Plan and Economic Portfolio Plan (underpinning the 2020-2025 strategic period) to inform the strategic priority areas, which was augmented to include economic priority sectors as part of its assessment of the impact of Covid-19. Furthermore, the NSF reprioritised the current memorandums of agreements with:

- Higher Health to assist, support and develop a response for PSET in order to curb the spread of Covid-19 and support mental and substance abuse
- The DHET and University of Cape Town labour market intelligence project to include research on the impact of Covid-19 on the labour market and skills needed.

Due to the performance reporting challenges (as a precautionary measure) the NSF implemented Circular 9 of 2019/20 in January 2020, which was intended to

collect performance information for the first time in the five-year strategic period (both financial and non-financial) for projects contributing to the NSF's strategic objectives related to PSET system in areas such as research, capacity-building, constituency support and infrastructure. The performance mechanisms sought to ensure that the implementation of the business plans was concretely aligned with the financial and project objectives set in line with the theory of change and performance indicators set out in the NSF's 2020-2025 Strategic Plan and 2020/21 APP.

Some of the critical skills planning functions and research to inform the NSF's planning and implementation were undertaken through a coordinated research plan, including the Labour Market Intelligence (LMI) project, which informs the development of the occupations in high demand (OIHD) and the impact of Covid-19 on the South African labour market and future skills needs. In addition, the NSF funded the crucial work of the Human Resource Development Council of South Africa (HRDCSA) in defining the human resource strategy for South Africa and the National Skills Authority (NSA) as the skills advisory, monitoring and evaluation body, as directed by the National Skills Development Strategy (NSDS) III.

The NSF evaluation study was commissioned by the DHET, NSA and NSF during this financial year. The study commenced on 1 April 2020 and will provide insights in terms of the impact realised due to the funding allocated by the NSF over the five-year strategic period (from 2015 to 2020). The strategic planning of the NSF will be reviewed to consider the findings of the evaluation and ongoing research funded by the NSF through the NSA and Human Sciences Research Council (HSRC). This research is critical, considering the need for a comprehensive skills response to the country's post-Covid-19 economic and social recovery plan. Of importance is that the results of the evaluation study are being validated and will be available by the end of March 2021.

## 2.2.2. Organisational environment

The DHET has continued to tirelessly provide support to the NSF such as human resource management, supply chain management etc. This level of support enabled the NSF to operate and provide support to its current staff.

During the financial year, the NSF had three major resignations from members of senior management services. These were the Chief Financial Officer, the Chief Director: Skills Development Implementation and the Director: Information, Communication and Technology.

The NSF obtained a disclaimer audit opinion from the Auditor-General of South Africa (AGSA) in the previous financial year. Several strategies were implemented to improve performance and to ensure that the organisation implements sustainable interventions to address the internal control deficiencies because of the high vacancy rate and to improve its systems and record keeping capability. The audit action plan has been developed and is being monitored regularly. The request for supporting evidence from all the projects is yielding a positive result. The non-compliance report has been issued by the Chief Directorate: Strategy, Innovation and Organisational Performance for projects that did not submit performance information. However, further advocacy and capacity building of SDPs is required to ensure the completeness of information and validity of supporting evidence. The NSF will implement mechanisms to source and store supporting documents in the next financial year.

The client satisfaction survey, which aims to determine the satisfaction level of the clients concerning the services rendered by the NSF, has not commenced as at the end of the financial year. However, the procurement process to appoint a service provider to conduct the survey was at an advanced stage at year end.

## 2.2.3. Key policy developments and legislative changes

The White Paper for Post-school Education and Training (WP-PSET) sets out a vision for a single, coherent, differentiated and articulated PSET system. This will result in the review of all PSET legislation and a drive towards a higher degree of integration with in the PSET system. The National Plan for Post-school Education and Training (NP-PSET) is currently being finalised for implementation of the White Paper. Once the NP-PSET is approved, the NSF will ensure that it aligns its annual and strategic plans to it and the National Skills Development Plan. The NSF will wait for a draft bill to be published in order to establish whether this would warrant any development of key policy and legislative changes relating to the NSF's mandate.

In March 2020, the global spread of Covid-19 led to a number of countries, including South Africa, taking measures to safeguard the health of citizens and implementing measures to combat the spread of the virus. This has had an impact on the implementation and administration of NSF projects.

On 15 March 2020, the President of the Republic of South Africa, Cyril Ramaphosa, declared a national state of disaster in terms of the Disaster Management Act, 2002 (Act 57 of 2002) and issued regulations in terms of Section 27(2) of the Disaster Management Act, 2002 in order to curb the spread of the virus. Subsequently, after consultation with the relevant stakeholders, the Minister of Higher Education, Science and Innovation pronounced that all education and training institutions that are part of the PSET system would close for early recess from 18 March 2020, subject to an assessment of the spread and impact of Covid-19, which would be announced by the National Coronavirus Command Council. On 23 March 2020, President Cyril Ramaphosa declared an escalation of measures that included a nationwide lockdown. Thus, the implementation and completion of learning or workplace-based learning, NSF-funded learners and PSET system projects learning were also negatively affected.

The Disaster Management Regulations of 2020, set out provisions for relevant actions and responses to be provided by the state as measures to combat the spread of the virus while considering interventions to provide economic and social relief during the lockdown period, as stated in the National State of Disaster Declaration of 15 March 2020. In light of the above, the DHET has considered and set out several interventions in the PSET system during the period of the national state of disaster.

A critical component of the PSET system is the skills development levy subsystem, which has an important linkage to the labour market and the economy through skills development levies and its institutional entities, being: the 21 Sector Education and Training Authorities (SETAs), the NSF, the Quality Council for Trades and Occupations and the NSA. As further economic and social measures in response to the Covid-19 pandemic, through the National Treasury, the Minister of Finance, Tito Mboweni, issued a number of measures such as tax relief, which aimed to provide relief to various tax groups, including SMMEs.

Furthermore, on 30 April 2020, the Minister of Finance published a document titled “Economic Measures for Covid-19”. On Page 9 of the document, he stated that “In line with the President’s 21 April address, the following measures are expected to provide support of about R70 billion for businesses to continue operating, and to pay employees and suppliers: Skills development levy payment holiday: From 1 May 2020, there will be a four-months payment holiday for skills development levy contributions”.

In light of the above, on 3 November 2020, President Cyril Ramaphosa signed the Disaster Management Tax Relief Act, 2020 (Act 13 of 2020) (the Tax Relief Act), which amended the Employment Tax Incentive Act, (Act 26 of 2013). This was to amend certain provisions in order to provide tax relief regarding the economic challenges of the Covid-19 pandemic and to provide for a temporary exemption from liability to pay skills development levies under the Skills Development Act, 1998 (Act 97 of 1998).

The NSF considered the implications arising from the four-month skills development levy payment holiday on the support of and provision for NSF learners, and employers and SDPs implementing projects. It resulted in a revenue decline of R1,294 billion (33%) from the original revenue projection of R3,882 billion. The decline in the skills development levy projections was also due to an anticipated decrease in the national wage bill as a result of the Covid-19 pandemic, resulting in a further revenue loss estimated at R647 million. By the end of Quarter 1 of the 2020/21 financial year, it was uncertain when the wage bill would recover by. The skills development levy revenue projections were, thus, conservatively reduced over the Medium-term Expenditure Framework. The investment income from the Public Investment Corporation was also expected to decline due to the anticipated decrease in reserves.

The Minister of Higher Education, Science and Innovation also made provision for the payment of learners’ stipends during the Covid-19 pandemic lockdown period, which was informed by the minister’s directives of #savinglives and #savetheacademicyear. In terms of planning, the NSF 2020/21 APP was approved and tabled in Parliament in March 2020. However, the Department of Planning Monitoring and Evaluation Circular 2 of 2020, dated 20 May 2020, gave a directive to government departments and state organs to revise their strategic plans and APPs given the impact of Covid-19 and articulated the need for adjustments of performance indicators and targets to be in line with the budget adjustments. The NSF amended the 2020/21 APP and it was tabled in Parliament. The revised NSF 2020/21 APP includes the Covid-19 and Economic Portfolio Plan and Budget Adjustment.

None of the changes brought by the implementation of the Tax Relief Act, 2020, measures to ease the economic impact of the Covid-19 pandemic warranted any legislative or policy amendments to be administered by the NSF. These were temporary measures that were implemented to address the challenges brought by the reduced economic activity, which automatically affected all the sectors of the economy. The changes brought by the Tax Relief Act, 2020 necessitated the following:

- The revision of the 2020-2025 Strategic Plan and 2020/21 APP affecting initial projections regarding performance indicators and targets to be adjusted to reflect the reduced budget and prevailing economic conditions
- The four-month skills development levy payment holiday to be implemented, which suspended the payment of skills development levies for a limited period of time
- The reduced monthly amount of skills development levies payable as a result of job losses and the closing down of companies

- Other economic relief measures to be introduced by the president and the Minister of Finance

### 2.2.4. Changes to planned targets

The 2020/21 APP was amended in specific areas of the budget to address the four-months skills holiday, the situational/impact analysis of Covid-19 but no changes were made to planned targets.

## 2.3. PERFORMANCE INFORMATION HIGHLIGHTS 2020/21

### Performance highlights: Education and training (funded) output targets

Figure 4: Provincial breakdown

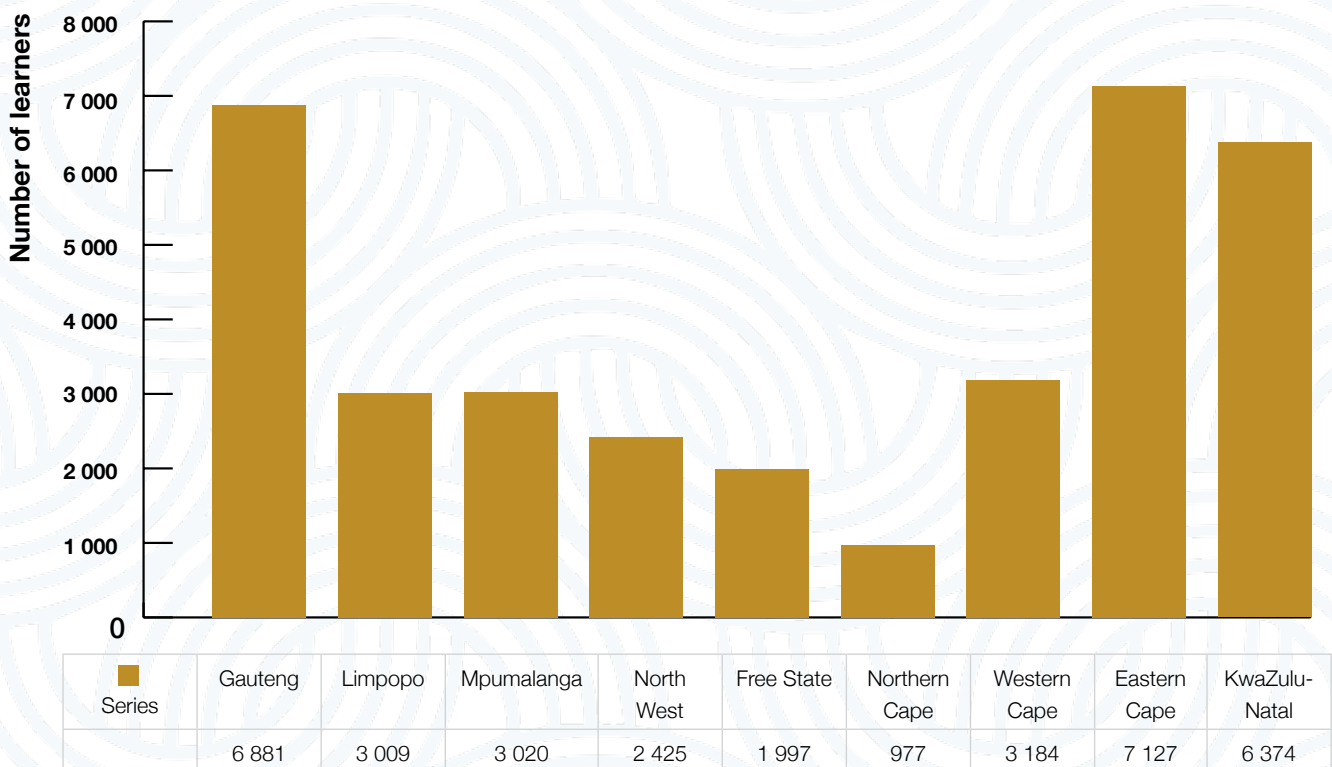


Figure 5: Gender

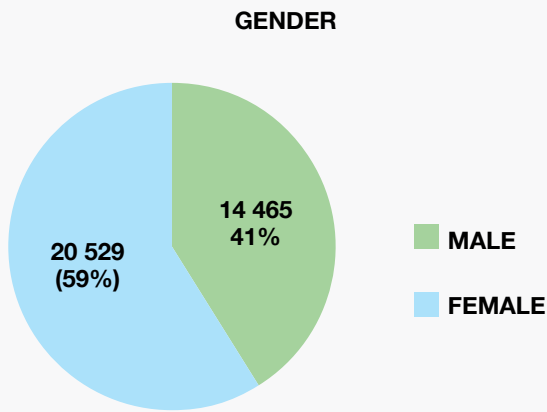


Figure 7: Age

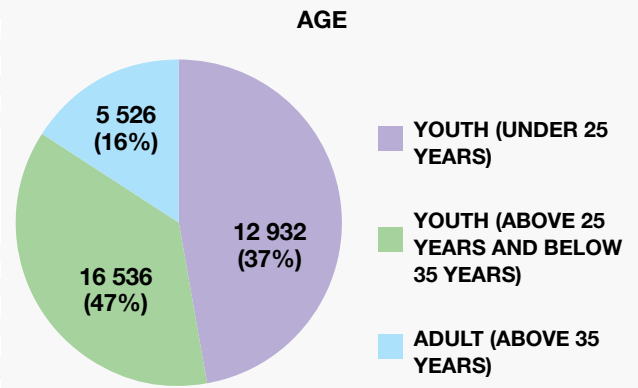


Figure 6: Rural versus urban

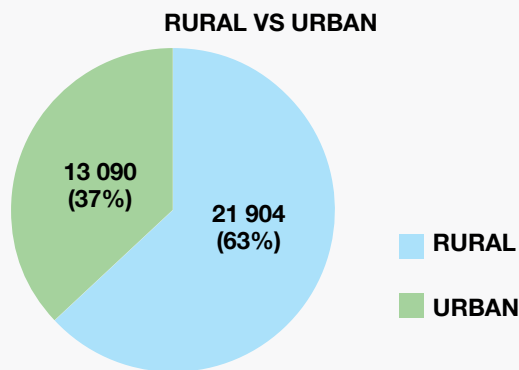
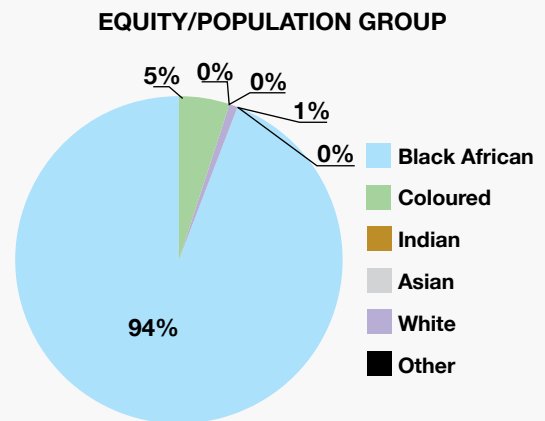


Figure 8: Equity or population group



## 2.4. SUMMARY OF ACHIEVEMENTS

	Outcome performance indicators					Output performance indicators				
	Total targets	Achieved		Not achieved		Total targets	Achieved		Not achieved	
Programme 1	8	1	13%	7	87%	9	1	11%	8	89%
Programme 2	4	0	0%	4	100%	4	2	50%	2	50%
All programmes	12	1	8%	11	92%	13	3	23%	10	77%

## 2.5. PERFORMANCE INFORMATION BY PROGRAMME/SUBPROGRAMME

### 2.5.1. PROGRAMME 1: SKILLS DEVELOPMENT FUNDED

#### Purpose

Measuring the extent to which the NSF has funded learners who may be employed or self-employed within a reasonable period after successfully completing their education and training will provide a reliable measure of success of the skills development initiatives funded against strategic priority interventions in creating a capable South African citizenry that contributes towards improving economic participation and social development.

The NSF's key beneficiaries can be categorised as follows:

- Learners funded by the NSF for skills development
- The post-school education and training (PSET) system through which the skills of learners are developed

The expected consequence of achieving specific outputs due to providing funding for skills development initiatives to benefit these key beneficiaries are the following:

- For the learners funded by the NSF – The attainment of employment or self-employment as a result of successfully acquiring the relevant skills
- For the PSET system – An expanded, more effective and integrated PSET system

The PSET system produces a skilled and capable workforce for the labour market (including self-employment). Therefore, expanding and making the PSET system more effective and integrated directly contributes to the NSF's envisaged impact: Contributing towards improving economic participation and social development by funding the development of capable South African citizenry.

The attainment of this envisaged impact aims to address South Africa's triple challenge of poverty, inequality and unemployment by providing for those who are from disadvantaged backgrounds and vulnerable groups with education and training opportunities that will contribute towards their employment or self-employment prospects and wealth generation capabilities.

## 2.5.1. Programme 1: Skills development funded

### Outcome and annual targets

(Specifically related to Programme 1: Skills development funded or quality skills developed)

### Subprogramme performance indicators and annual targets

Programme 1: Skills development funded										
Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period										
Output	Output indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	2019/20		Annual planned target	Year-to- date actual achievement		
1	305 000 NSF-funded learners for education and training over the five-year strategic period	48 169	57 238	59 051	48 942	60 000	34 994	-25 006 (underachievement)	The Covid-19 restrictions delayed the issuing of RFPs and, ultimately, affected the commencement of some projects.	

### Total number of learners funded by the NSF for education and training during the specified financial year

During the financial year, the NSF funded a total of 34 994 learners for education and training. The performance was 25 006 below the annual target of 60 000 learners. The performance has declined by 13 948 learners compared to the previous year, in which 48 942 learners were funded for education and training. The national lockdown and Covid-19 restrictions affected the performance because this caused delays in issuing of RFPs and, ultimately, affected the commencement of some projects.

## Subprogramme 1.1 : Education and training

### Outcome and annual targets (Specifically related to Subprogramme 1.1: Education and training)

Programme 1: Skills development funded										
Subprogramme 1.1: Education and training										
Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period										
Outcome	Outcome indicator	Audited or actual performance				Baseline achievement 2019/20	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17 Actual achievement	2017/18 Actual achievement	2018/19 Actual achievement	2019/20 Actual achievement		5 year planned target	Year-to-date actual achievement 2020/21		
1	75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period	3 267 Actual achievement	8 521 Actual achievement	5 908 Actual achievement	8 697 Actual achievement	14 500	3 880	-10 620 (underachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	
2	14 500 NSF-funded learners from rural areas who completed their education and training over the five-year strategic period	3 418	6 856	6 658	11 647	14 500	7 377	-7 123 (underachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	

Programme 1: Skills development funded

Subprogramme 1.1: Education and training

Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period

Outcome	Outcome indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17 Actual achievement	2017/18 Actual achievement	2018/19 Actual achievement	2019/20 Actual achievement		5 year planned target	Year-to- date actual achievement		
3	75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period	1 000 SMMEs and co-operatives that benefited from NSF-funded skills development initiatives where NSF-funded learners completed their education and training over the five-year strategic period	2 158 Actual achievement	1 705 Actual achievement	786 Actual achievement	611 Actual achievement	1 000	51	-949 (underachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.
4	600 NSF-funded learners who completed their education and training through SMME and co-operative skills development initiatives over the five-year strategic period	New indicator. No data available	New indicator. No data available	475	1 356	600	659	59 (overachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	

Programme 1: Skills development funded										
Subprogramme 1.1: Education and training										
Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period										
Outcome	Outcome indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	Actual achievement		5 year planned target	Year-to-date actual achievement		
5	75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period	3 289	5 281	3 825	5 955	8 400	6 008	-2 392 (underachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	
6	360 workers who completed their education and training through worker education initiatives over the five-year strategic period	0	0	414	485	360	0	-360 (underachievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	

**14 500 NSF-funded learners who completed their education and training towards OIHD over the five-year strategic period**

For the period under review, a total of 3 880 NSF-funded learners completed their education and training towards OIHD over the five-year strategic period. The performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**14 500 NSF-funded learners from rural areas who completed their education and training over the five-year strategic period**

A total of 7 377 NSF-funded learners from rural areas have completed their education and training. The performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**1 000 SMMEs and co-operatives that benefited from NSF-funded skills development initiatives where NSF-funded learners completed their education and training over the five-year strategic period**

During the period under review, a total of 51 SMMEs and co-operatives benefitted from the NSF-funded skills development initiatives. The performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**600 NSF-funded learners who completed their education and training through SMME and co-operative skills development initiatives over the five-year strategic period**

A total of 659 NSF-funded learners completed their education and training through SMME and co-operative skills development initiatives. The good performance has already exceeded the five-year strategic target at Year 1.

**8 400 NSF-funded learners who acquired skills through NSF-funded community-based skills development initiatives over the five-year strategic period**

A total of 6 008 NSF-funded learners acquired skills through NSF-funded community-based skills development initiatives. The performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**360 workers who completed their education and training through worker education initiatives over the five-year strategic period**

Since the beginning of the financial year, no workers completed their education and training through worker education initiatives. However, the performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period. The performance is likely to improve during the next financial year.

## Subprogramme performance indicators and annual targets

Programme 1: Skills development funded										
Subprogramme 1.1: Education and training										
Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period										
Output	Output indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	Actual achievement		Annual planned target	Year-to-date actual achievement		
1	190 000 learners funded by the NSF for education and training towards OIHD over the five-year strategic period	29 052	38 368	33 905	27 142	36 000	12 489	-23 511 (underachievement)	The Covid-19 restrictions delayed the issuing of RFPs and, ultimately, affected the commencement of some projects.	
2	178 000 learners from rural areas funded by the NSF for education and training over the five-year strategic period	22 633	32 888	34 925	27 901	35 200	21 904	-13 296 (underachievement)	The Covid-19 restrictions delayed the issuing of RFPs and, ultimately, affected the commencement of some projects.	

Programme 1: Skills development funded

Subprogramme 1.1: Education and training

Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period

Output	Output indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	Actual achievement		Annual planned target	Year-to- date actual achievement		
3	6 700 SMMIEs and co-operatives funded by the NSF for skills development over the five-year strategic period	2 158 Actual achievement	2 222 Actual achievement	786 Actual achievement	816 Actual achievement	800 Annual planned target	491 Year-to-date actual achievement	-309 (underachievement)	The Covid-19 restrictions delayed in the implementation of the Small Enterprise Development Agency (Seda) project and NSF projects linked to SMMIEs and co-operatives and, ultimately, affected the performance on the target.	
4	26 250 learners funded by the NSF for skills development through SMIME and co-operative skills development initiatives over the five-year strategic period	New indicator. No data	New indicator. No data	4 480	3 212	4 750	1 199	-3 551 (underachievement)	This performance was a result of some learners dropping out in the early stages of the mentoring programme.	

Programme 1: Skills development funded										
Subprogramme 1.1: Education and training										
Outcome 1: 75 000 NSF-funded learners who completed their education and training are employed or self-employed after completing their education and training over the five-year strategic planning period										
Output	Output indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	Actual achievement		Annual planned target	Year-to-date actual achievement		
5	55 000 learners funded by the NSF for skills development through community-based skills development initiatives over the five-year strategic period	6 877	8 675	8 959	9 916	10 000	10 346	346 (overachievement)	More learners were funded than anticipated.	
6	3 400 learners funded by the NSF for worker education over the five-year strategic period	237	823	618	725	640	0	-640 (underachievement)	No worker education project recorded any progress since the beginning of the financial year. The recruitment of learners has not yet been finalised.	

### **Number of learners funded by the NSF for education and training towards OIHD during the specified financial year**

The NSF did not perform well during the year in terms of learners funded for education and training towards OIHD. Only 12 489 learners were funded instead of the target of 36 000. The non-achievement of the target was due to the Covid-19 lockdown restrictions, which delayed the issuing of RFPs and, ultimately, affected the commencement of some projects.

#### ***Corrective action***

The SDPs will submit applications requesting the extension of the training period to allow the learners to finalise all activities which were part of the agreement or contract.

### **Number of learners from rural areas funded by the NSF for education and training during the specified financial year**

A total of 21 904 learners from rural areas were funded by the NSF for education and training during the period under review. The performance was below the annual target by 13 296 learners. The non-achievement of the target was due to the Covid-19 lockdown restrictions, which delayed the issuing of RFPs and, ultimately, affected the commencement of some projects.

#### ***Corrective action***

The SDPs will submit applications requesting the extension of the training period to allow the learners to finalise all activities which were part of the agreement or contract.

### **Number of SMMEs and co-operatives funded by the NSF for skills development during the specified financial year**

A total of 491 SMMEs and co-operatives were funded by the NSF for skills development during the financial year. Performance was below the annual target of 800 SMMEs and co-operatives. The performance was affected by the Covid-19 lockdown restrictions, which delayed the implementation of the Seda project and NSF projects linked to SMMEs and co-operatives and, ultimately, affected the performance on the target.

### **The number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year**

A total of 1 199 learners for skills development through SMME and co-operative skills development initiatives were funded by the NSF during the financial year. The performance was below the annual target by 3 551. The performance was a result of some learners dropping out in the early stages of the mentoring programme and lockdown restrictions because some SDPs were not allowed to use the learning sites.

#### ***Corrective action***

The SDPs will submit applications requesting the extension of the training period to allow the learners to finalise all activities which were part of the agreement or contract.

### **Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year**

A total of 10 346 learners were funded by the NSF for skills development through community-based skills development initiatives during the reporting period, exceeding the annual target of 10 000 learners by 346.

### **Number of learners funded by the NSF for worker education during the specified financial year**

The NSF did not perform well during the financial year in terms of the learners funded for worker education. No learner was funded for a worker education programme during the year. The contributing factor to this performance is the delays in the recruitment of learners. However, the process has begun and learners will be recruited and should be reported in the during the 2021/22 financial year.

#### ***Corrective action***

The recruitment of learners for worker education programmes is underway and will be finalised in the next financial year.

## Subprogramme 1.2: Improved PSET system

### Purpose

The purpose of this outcome target and performance indicator is to measure the outcome of the NSF's investment in expanding, improving effectiveness and integrating the PSET system. The outcome of the NSF's investment in expanding, integrating and improving effectiveness of the PSET system will be impacted by the success of the NSF's portfolio of projects.

Each project's achievements of specific envisaged outcomes will be evaluated in order to determine the overall achievement of the projects collectively as a portfolio of projects aimed at expanding, improving effectiveness of and integrating the PSET system. This includes infrastructure development to support expanding access, research and innovation to steer the NSF's priority interventions for PSET, as well as PSET capacity-building to ensure effective and quality provision through PSET educational institutions.

### Outcomes and annual targets (Specifically related to Subprogramme 1.2: Improved PSET system)

Subprogramme 1.2: Improved PSET system													
Outcome 2: 90% of projects that aim to increase access, improve effectiveness and integrate the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period													
Outcome	Outcome indicator	Audited or actual performance			Baseline	Annual (all quarters)		Difference for the year to date	Comment on deviations				
		2016/17	2017/18	2018/19		2019/20	5 year planned target			Year-to-date actual achievement			
1	90% of projects that aim to increase access, improve effectiveness and integrate the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period	90% of the completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes over the five-year strategic period	-	-	-	Actual achievement	Actual achievement	Actual achievement	Actual achievement	90%	44%	-46% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

Subprogramme 1.2: Improved PSET system

**Outcome 2: 90% of projects that aim to increase access, improve effectiveness and integrate the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period**

Outcome	Outcome indicator	Audited or actual performance				Baseline	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	2019/20		5 year planned target	Year-to-date actual achievement		
2	90% of projects that aim to increase access, improve effectiveness and integrate the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period	Actual achievement	Actual achievement	Actual achievement	Actual achievement	90%	27%	-63% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.	

**90% of the completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes over the five-year strategic period**

During the year under review, the NSF obtained 44% of completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outcomes. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**90% of the completed NSF-funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs over the five-year strategic period**

The NSF obtained 27% of completed NSF-funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

## Subprogramme outcome indicators and annual targets

Subprogramme 1.2: Improved PSET system											
Outcome 2: 90% of projects that aim to increase access, improve effectiveness and integrate the PSET system have successfully achieved more than 60% of the envisaged outcomes per project for the five-year strategic planning period											
Output	Output indicator	Audited or actual performance				Baseline	Annual (all quarters)		Difference for the year to date	Comment on deviations	
		2016/17	2017/18	2018/19	2019/20		2020/21	Year-to-date actual achievement			
1	90% of completed NSF-funded projects aimed at PSET system improvement that have achieved more than 60% of the envisaged outputs	-	-	-	Actual achievement	2019/20	Actual achievement	80%	44%	-36% (under achievement)	The non-compliance of two projects and the Covid-19 lockdown restrictions affected performance. Non-compliance letters were issued.
2	90% of completed NSF-funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs	-	-	-	Actual achievement	2019/20	Actual achievement	80%	27%	-53% (under achievement)	The non-compliance of three projects and the Covid-19 lockdown restrictions affected performance. Non-compliance letters were issued.

**Percentage of NSF-funded projects that aim to improve the PSET system that have achieved a percentage of the envisaged outputs at the end of each financial year**

During the period under review, 44% of NSF-funded projects that aim to improve the PSET system achieved a percentage of the envisaged outputs against a target of 80%. Performance was 36% below the target. The performance was due to non-compliance of two projects, which could not submit the performance information report. Non-compliance letters were issued to those projects.

***Corrective action***

The non-compliance letters were issued to all the projects that did not comply with the reporting requirements.

**Percentage of NSF-funded projects that aim to increase access to the PSET system that have achieved a percentage of the envisaged outputs at the end of each financial year**

During the period under review, 27% of NSF-funded projects that aim to increase access to the PSET system achieved a percentage of the envisaged outputs against the target of 80%. Performance was below the target by 53%. The performance was due to non-compliance of three projects, which could not submit the performance information report. Non-compliance letters were issued to those projects.

***Corrective action***

The non-compliance letters were issued to all the projects that did not comply with the reporting requirements.



## 2.5.2. PROGRAMME 2: ORGANISATIONAL SUSTAINABILITY

### Purpose

The ultimate objective is to ensure a sound service delivery environment and effective resource management within the NSF. The focus will be on ensuring effective business operations in relation to strategic planning, financial and project monitoring and evaluation, organisational positioning, organisational performance management, organisational culture development, corporate image, stakeholder relations management as well as corporate governance, including a clean audit outcome.

Outcomes and annual targets (Specifically related to Programme 2: Organisational sustainability)											
Programme 2: Organisational sustainability											
Outcome 3: Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period											
Outcome	Outcome indicator	Audited or actual performance				Baseline 2019/20 Actual achievement	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations	
		2016/17 Actual achievement	2017/18 Actual achievement	2018/19 Actual achievement	2019/20 Actual achievement		5 year planned target	Year-to- date actual achievement			
1	Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period	Obtain a clean audit opinion outcome by the end of the strategic period	New indicator	New indicator	New indicator	New indicator	New indicator	Clean audit	Disclaimer	-100% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

Outcomes and annual targets (Specifically related to Programme 2: Organisational sustainability)										
Programme 2: Organisational sustainability										
Outcome 3: Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period										
Outcome	Outcome indicator	Audited or actual performance				Baseline 2019/20	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17 Actual achievement	2017/18 Actual achievement	2018/19 Actual achievement	2019/20 Actual achievement		5 year planned target	Year-to- date actual achievement		
2	Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period	90% of the funded positions filled by the end of the strategic period	New indicator	New indicator	New indicator	New indicator	90%	76%	-14% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

Outcomes and annual targets (Specifically related to Programme 2: Organisational sustainability)										
Programme 2: Organisational sustainability										
Outcome 3: Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period										
Outcome	Outcome indicator	Audited or actual performance				Baseline 2019/20 Actual achievement	Annual (all quarters) 2020/21		Difference for the year to date	Comment on deviations
		2016/17 Actual achievement	2017/18 Actual achievement	2018/19 Actual achievement	2019/20 Actual achievement		5 year planned target	Year-to- date actual achievement		
3	Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period	Improve the percentage of the client satisfaction rating to 70% by the end of the strategic period	New indicator 80%	New indicator 67%	New indicator 67%	New indicator 71%	70%	0%	-70% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.
4	90% of the key ICT needs addressed or in the process of being addressed by the end of the strategic period						90%	60%	-30% (under-achievement)	The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**Obtain a clean audit opinion outcome by the end of the strategic period**

The NSF obtained a disclaimer audit opinion from the AGSA during the audit of 2019/20 financial year. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**90% of the funded positions filled by the end of the strategic period**

The funded positions filled by the end of the financial year was 76%. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**Improve the percentage of the client satisfaction rating to 70% by the end of the strategic period**

The client satisfaction rating survey could not be undertaken during the financial year. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.

**90% of the key ICT needs addressed or in the process of being addressed by the end of the strategic period**

60% progress was obtained against the implementation plan of the ICT Strategy during the reporting period. The actual performance is a contribution towards achieving the outcome target, which will be measured at the end of the five-year strategic period.



## Subprogramme output, indicators and annual targets

Programme 2: Organisational sustainability										
Outcome 3: Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period										
Output	Output indicator	Audited or actual performance				Baseline	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	2019/20		Annual planned target	Year-to-date actual achievement		
1	Improved internal business excellence and service delivery	Actual achievement	-	-	New indicator	Actual achievement	Unqualified	Disclaimer	-100% (underachievement)	The NSF could not provide sufficient supporting evidence for financial and non-financial performance. There were accounting recognition issues and errors noted.
		Actual achievement	-	-	New indicator	Actual achievement	Unqualified	Disclaimer		
2	Percentage of funded positions filled by the end of each financial year	-	-	New indicator	New indicator	60%	76%	16% (overachievement)	The appointments made during the year outweigh the resignations; hence, the performance remained above the target. No vacant posts were advertised in the financial year until Quarter 3 and the submission of 54 vacant posts in Quarter 4 to the DHEI. Furthermore, the posts that were filled were linked to posts advertised and candidates interviewed in 2019. .	

Programme 2: Organisational sustainability

Outcome 3: Improving the effectiveness and efficiency of the NSF's organisational service delivery and performance by implementing organisational systems and structures and obtaining clean audit outcomes over the five-year strategic planning period

Output	Output indicator	Audited or actual performance				Baseline	Annual (all quarters)		Difference for the year to date	Comment on deviations
		2016/17	2017/18	2018/19	2019/20		Annual planned target	Year-to-date actual achievement		
		Actual achievement	Actual achievement	Actual achievement	Actual achievement					
3	Improved internal business excellence and service delivery	-	-	New indicator	New indicator	50%	0%	-100% (underachievement)	The procurement process was not finalised. However, as at year-end, it is underway with the appointment of the research provider to conduct the satisfaction evaluation study. This is expected during the 2021/22 financial year.	
4	Percentage of progress against the implementation plan of the ICT Strategy by the end of each financial year	-	-	100%	82%	30%	60%	30% (overachievement)	The implementation of Power BI (the Microsoft business analytics service) is currently underway. ICT implemented 12 out of 20 projects.	

### **Audit outcome at the end of each financial year**

The NSF has obtained a disclaimer audit opinion from the AGSA against the anticipated annual target of unqualified audit opinion. The performance was 100% below the annual target. A contributing factor to this performance is that the supporting evidence provided to the AGSA was not sufficient to support the actual reported performance for financial and non-financial performance. There were accounting recognition issues and errors noted, which had an impact on performance.

### **Corrective action**

The NSF has developed the Audit Action Plan, which is monitored and reported on quarterly to the Audit Committee of the NSF. The Audit Action Plan incorporates the audit findings raised by the AGSA and its intention is to address and ensure that the NSF improves from the previous audit findings.

### **Percentage of funded positions filled by the end of each financial year**

The funded positions filled by the end of the financial year was 76%, exceeding the annual target of 60% by 16%. The performance is a result of the appointment of both senior management and non-senior management officials. Notwithstanding a good performance during the year, it should be noted that the NSF recruitment process is still dependent on the DHET Human Resource Management. No vacant posts were advertised in the financial year until Quarter 3 and the submission of 54 vacant posts in Quarter 4 to the DHET. Furthermore, the posts that were filled were linked to posts advertised and candidates interviewed in 2019.

### **Improve the percentage of the client satisfaction rating at the end of the specified reporting period (biennially)**

The client satisfaction rating survey could not be undertaken during the financial year. The performance was 100% below the annual target of 50%. The survey could not be conducted during the reporting period due to delays in the procurement process. However, the terms of reference for the survey were drafted and are in place.

### **Corrective action**

The procurement process was underway as at year-end, for the appointment of the research provider to conduct the satisfaction evaluation study. This is expected during the 2021/22 financial year.

### **Percentage of progress against the implementation plan of the ICT Strategy by the end of each financial year**

60% progress was obtained against the implementation plan of the ICT Strategy during the reporting period, exceeding the annual target of 30%. ICT has implemented 12 of its 20 projects. Notwithstanding a good performance, the implementation of Power BI is currently underway.

### 3. GOVERNANCE



### 3.1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance, with regard to public entities, is applied through the precepts of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), as amended and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the executive authority and the accounting authority of the public entity are responsible for corporate governance.

### 3.2. PORTFOLIO COMMITTEES

For the year under review, the National Skills Fund (NSF) attended five portfolio committee meetings on the Department of Higher Education and Training (DHET). The five committee meetings were attended by the Executive Officer of the NSF. The committee meetings were specifically for the presentation of the DHET's quarterly reports, institutional readiness for the saving of the academic year and its annual report. At the presentation of the DHET's annual report, the portfolio committee raised concerns that the NSF and National Student Financial Aid Scheme (NSFAS) annual reports were not yet finalised due to extended audits of the two entities.

### 3.3. THE EXECUTIVE AUTHORITY

As per the requirements of the PFMA, 1999, the NSF reported quarterly to the Minister of Higher Education, Science and Innovation as the Executive Authority of the NSF. The quarterly reports entail the reporting on the NSF's financial status, performance information and compliance with the PFMA, 1999 and Treasury Regulations.

### 3.4. THE ACCOUNTING AUTHORITY

#### Introduction

The Director-General of Higher Education and Training is the Accounting Authority of the NSF, as stipulated in Section 29(1) of the Skills Development Act, 1998 (Act 97 of 1998) (SDA) as amended.

The Director-General of Higher Education and Training is responsible for the control of the NSF, and ultimately accountable to the Minister of Higher Education, Science and Innovation and Parliament for the NSF's performance, strategic direction and money spent by the NSF.

Within the framework of the Director-General of Higher Education and Training's delegations of authority, the day-to-day operations of the NSF are managed by the Executive Officer.

The NSF further reports through the governance structures set by the DHET. These include the Skills Development Branch Management meetings, the Senior Management meetings and the Ministerial Management meetings.

#### Role of the Accounting Authority

As Accounting Authority of the NSF, the Director-General of Higher Education and Training has the following responsibilities amongst others:

1. Manage the NSF in accordance with the PFMA, 1999
2. Keep a proper record of all financial transactions, assets and liabilities of the NSF
3. Prepare the Annual Financial Statements for the NSF in the prescribed form
4. Subject to the laws governing the public service, appoint the Executive Officer of the NSF, who, upon such appointment, will be in the employ of the public service

5. Ensure that the prescribed limitation of the amount that can be used in the administration of the NSF is adhered to
6. Submit the Annual Financial Statements to the National Skills Authority for information as soon as possible after they have been prepared

### Composition of the Accounting Authority

The Director-General of Higher Education and Training, Mr Gwebinkundla Felix Qonde, is the Accounting Authority of the NSF, as per Section 29(1) of the SDA, 1998 as amended.

### Remuneration of the Accounting Authority

The Director-General of Higher Education and Training does not receive any remuneration in his capacity as the Accounting Authority of the NSF.

## 3.5. RISK MANAGEMENT

The risk management activities of the NSF are covered in the NSF's comprehensive risk assessment process, which is facilitated by the Legal, Governance, Risk and Compliance Directorate while the NSF Internal Audit provides oversight. Risk management workshops were conducted to review and update the strategic risks for the 2020/21 financial year, emanating from the Covid-19 pandemic, revised NSF 2020-2025 Strategic Plan, 2020/21 Annual Performance Plan and the Microsoft Dynamics information and communication technology (ICT) system. The process resulted in augmenting the existing Strategic Risk Register, which was noted by the NSF Audit Committee members. The Legal, Governance, Risk and Compliance Directorate conducted a project risk management workshop. The Combined Assurance Framework was developed; however, it will be finalised once the Project Risk Register has been finalised. The Combined Assurance Framework will ensure that a coordinated approach is applied in receiving assurance on whether key risks are being managed appropriately within the NSF.

## 3.6. INTERNAL CONTROL

Management has focussed on improving internal control through its partnership with the DHET in terms of the memorandum of agreement with the latter, and with assistance from internal audit. However, there are challenges experienced with the DHET filling the NSF vacant positions.

## 3.7. INTERNAL AUDIT AND AUDIT COMMITTEES

### Key activities and objectives of internal audit

The objective of the internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve the NSF operations. The internal audit function helps the NSF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

The main activities of internal audit are the following:

- Compile a three-year rolling strategic and annual internal audit plan
- Perform internal audits based on the internal audit plan, including ad hoc assignments and investigations as required by the Audit Committee and Accounting Authority
- Report the outcome of internal audits to management and the Audit Committee
- Perform follow-up reviews on previous reported internal audit findings to evaluate if management has implemented corrective actions.

### Audit work

The following activities were undertaken in accordance with the 2020/21 internal audit plan:

- High-level Annual Financial Statement (AFS) review for the 2019/20 financial year

- High-level Annual Performance Report (APR) review for the 2019/20 financial year
- Value-added tax (VAT) opinion – review based on NSF interpretation and expanded scope, focussing on exempt supplies, agent or principal arrangements
- Occupational health and safety and Covid-19 compliance
- Grant allocation or initiation processes – review of the request for proposals for specific programmes
- Ongoing probity review of procurement processes implemented by the grant recipient for the TVET Connectivity programme as it progressed through the various stages
- Policies and procedure reviews – new and/or amended policies submitted for review, including technical opinion on certain financial statement items and ICT Policy completeness assessment
- Predetermined objectives review for Quarter 2 and 3
- Review of the Annual Performance Plan for the 2021/22 financial year
- Action Plan review on the Auditor-General of South Africa (AGSA) findings – adequacy assessment and independent coordination of consolidated action plans
- Enterprise risk management review
- Protection of Personal Information Act, 2013 (Act 4 of 2013) (POPIA) readiness assessment
- Ongoing programme assurance over information technology (IT) system under development
- Follow-up of IT General Controls Review
- Remote Connectivity Security Review
- Cloud Services Review
- Operational activities such as project management and Audit Committee reporting

The following were finalised and/or in process of being finalised after year end:

- Follow up on internal audit findings – coordination and consolidation of internal audit action plan
- Project life cycle and project site visit review
- Specific project report conclusion

- Determination tests on irregular expenditure
- Ad hoc requests received from management, which mainly related to determination tests on alleged fruitless and wasteful expenditure on specific projects.

### Key objectives and activities of the Audit Committee

The objective of the Audit Committee is to assist the Accounting Authority to fulfil oversight responsibilities regarding the financial and performance reporting processes and the system of internal control. Other objectives of the Audit Committee are to assist the Accounting Authority to fulfil oversight responsibilities regarding management of risks, the audit process and the monitoring of compliance with laws and regulations.

The main activities are the following:

- Consider the effectiveness of the internal control systems, including IT and security
- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations together with management's responses
- Assess whether the NSF's assets have been properly safeguarded and used
- Review the NSF's risk profile annually and ensure that management is effectively managing the risks
- Review the effectiveness of the system for monitoring compliance with laws and regulations, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information, and annually review the Annual Financial Statements and recommend their approval to the Director-General of Higher Education and Training
- Review the performance information of the NSF

### **3.8. COMPLIANCE WITH LAWS AND REGULATIONS**

The NSF aims to embed compliance with laws and regulations throughout its organisation as an integral part of all relevant processes.

To assist with compliance monitoring, the NSF uses the DHET's Compliance Calendar to ensure compliance with all required documentation, in terms of the PFMA, 1999 and Treasury Regulations, within legislated deadlines.

The NSF also uses the National Treasury template to assess compliance with laws and regulations every quarter as part of the quarterly reporting process to the Executive Authority.

Action plans to address non-compliance are developed and the implementation thereof is monitored regularly.

The NSF also attends other committee meetings to keep abreast of laws and regulations that need to be complied with.

The NSF also drafted the Compliance Policy, which was approved by the Director-General of Higher Education and Training on 2 June 2020. The Compliance Committee convenes every quarter to consider all compliance matters, which will ensure a vigorous compliance culture within the organisation.

### **3.9. FRAUD AND CORRUPTION**

The activities of the NSF are covered within the Good Governance Policy, which includes fraud prevention. The NSF uses the whistle blowing policy of the DHET. No fraud cases have been reported to the NSF during the last financial year save for the forensic investigation commissioned by the Minister of Higher Education, Science and Innovation as a result of the disclaimer opinion issued by the AGSA.

### **3.10. MINIMISING CONFLICT OF INTEREST**

Through the memorandum of agreement with the DHET for shared services, the NSF has permission from the department to use its bid committees, which follow the department's Supply Chain Management Policy. Every official attending the NSF Funding Recommendation Committee and Funding Adjudication Committee, including the members, is provided with a conflict of interests form to declare his/her interests before adjudicating on any project. To date, there are no conflicts of interest identified or declared.

### **3.11. CODE OF CONDUCT**

The NSF employees are bound by the Code of Conduct of the Public Service because all NSF employees are currently employed by the DHET.

### **3.12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

The NSF is situated in Ndinaye House, 178 Francis Baard Street, Pretoria, 0002. An occupational health and safety and Covid-19 compliance internal audit review was conducted during 2020/21 where significant findings were noted at governance and site inspection level, and which will be addressed through engagement with the DHET.

### **3.13. SOCIAL RESPONSIBILITY**

Not applicable to the NSF for the 2020/21 financial year.

### **3.14. MATERIALITY AND SIGNIFICANCE FRAMEWORK**

The NSF prepared its Materiality and Significance Framework, which has been approved by the Director-General of Higher Education and Training and the Minister of Higher Education, Science and Innovation.

### 3.15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the public entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	<b>No</b>	N/A - The NSF provides funding for national skills development towards a skilled and capable workforce for inclusive growth path. This criteria is not a requirement. The NSF operates under the DHET.
Developing and implementing a preferential procurement policy	<b>No</b>	N/A - The DHET acts as the NSF's procurement agent and currently the NSF utilises the DHET policies for procurement of goods, services and/or works.
Determining qualification criteria for the sale of state-owned enterprises	<b>No</b>	N/A - The NSF provides funding for national skills development towards a skilled and capable workforce for inclusive growth path. This criteria is not a requirement. The NSF operates under the DHET.
Developing criteria for entering into partnerships with the private sector	<b>Yes</b>	The NSF Funding Framework allows for the development of partnerships. The scope of the partnerships criteria will be considered and developed as per the draft unsolicited guideline and partnership guideline and criteria.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment (B-BBEE)	<b>Yes</b>	Grants - The NSF funding framework informs the NSF's funding of grants / skills development funding.



## 3.16. AUDIT COMMITTEE REPORT

### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the PFMA, 1999 and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted an appropriate, formal terms of reference as its committee charter. The Audit Committee has conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### Audit Committee members and attendance

The Audit Committee is made up of the members listed in the table below, all of whom are independent and financially literate. The terms of reference require the Audit Committee to meet at least two times a year. For the year under review, the committee held two normal and four special meetings as indicated in the table below, which included two in-committee meetings with the NSF management and the AGSA separately.

Name	Designation	Qualifications	Internal or external	Date appointed	Number of meetings attended
Prof DP van der Nest	Chairperson	<ul style="list-style-type: none"> <li>• Doctor Technologiae (D Tech)</li> <li>• Master of Commerce (M Com) – Economics</li> <li>• Bachelor of Commerce (B Com) Honours (Hons)</li> <li>• Diploma in Higher Education – Economic Sciences</li> <li>• B Com Accounting</li> </ul>	External	18 May 2020	6
Ms S Padayachy	Member	<ul style="list-style-type: none"> <li>• B Com – Business Economics and Accounting</li> <li>• B Com Hons – Marketing Management</li> <li>• M Com – Computer Auditing</li> <li>• Certified Information Systems Auditor (CISA)</li> <li>• Certified Corporate Governance Enterprise IT (CGEIT)</li> <li>• Certified Data Privacy Solutions Engineer (CDPSE)</li> </ul>	External	18 May 2020	6
Mr S Makhubu	Member	<ul style="list-style-type: none"> <li>• CA (SA)</li> <li>• Bachelor of Accounting Science (B Compt) Hons</li> <li>• B Compt</li> </ul>	External	18 May 2020	6

### The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA, 1999 requirements, Internal Audit and the AGSA provide the Audit Committee and management with assurance of whether or not the internal controls are adequate and effective. This is achieved by means of evaluating the effectiveness of the management of identified risks, and the identification of corrective actions and suggested enhancements to the controls and processes. The system of internal control was not effective during the year under review as it relates to matters influencing the financial statements.

Although progress has been made to implement new systems and processes as part of its transition phase, which is based on initiatives implemented as part of a structured project rolled out in prior years to map the way forward for the NSF, it has not been sufficient. This project includes a revised organisational structure, re-aligned business processes and an integrated IT system. The Audit Committee receives regular updates on the progress of the project and has again raised concerns about the delay in implementation. One of the most significant challenges experienced in the NSF is the slow turnaround times in the filling of vacancies, resulting in capacity challenges in the organisation, which negatively

impact the NSF operations. Key positions take up to 18 months to fill and leaves a vacuum resulting in the failure of internal controls. The NSF also experienced several resignations during the year at senior management level, contributing further to the already existing capacity shortages in key areas affecting finance (including 3 senior financial managers), skills development implementation and ICT. The capacity constraints have also contributed to the fact that the system of internal control was not entirely effective during the year under review.

As reported by assurance providers to the Audit Committee, there have been significant internal control deficiencies noted in the NSF. These matters have contributed to the repeat disclaimer audit opinion received for the 2020/21 financial year. The Audit Committee urgently recommended that additional capacity be obtained in financial and project management to assist in the improvement of the system of internal control, however, due to internal processes these recommendations were not implemented. A number of additional recommendations for improvement were made to the NSF by the Audit Committee; however, progress towards achieving these was slow. In addition, the audit action plans had several areas still in progress when the external audit commenced.

There were also control deficiencies identified in the system of internal control over performance information. Reporting on performance information is currently a manual process subject to human error. It is anticipated that the implementation of the integrated information system will help to improve the quality of performance and financial reports, including the tracking of reporting statuses.

The Audit Committee will continue to monitor progress against the corrective action plans implemented by management.

### **The quality of in-year management and monthly or quarterly reports submitted in terms of the PFMA, 1999**

The Audit Committee noted weaknesses reported by assurance providers in the preparation of quarterly performance reports. The content and quality of the financial quarterly reports that are prepared and issued

to the Accounting Authority of the NSF during the year under review must be improved.

The Audit Committee will continue to monitor the quarterly reporting of performance information against the set objectives.

### **Evaluation of financial statements**

The Audit Committee has done the following:

- Reviewed and discussed the audited financial statements to be included in the Annual Report, with the AGSA and the Accounting Authority
- Reviewed the AGSA's Management Report and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed the NSF's compliance with legal and regulatory provisions
- Reviewed significant adjustments resulting from the audit
- Reviewed information on predetermined objectives to be included in the Annual Report

The Audit Committee notes the AGSA's conclusions on the annual financial statements. The repeat disclaimer audit opinion is of significant concern to the Audit Committee. The AGSA's audit approach focussed again on the in-depth review of supporting documentation for projects. Although engagements between the NSF and the AGSA did take place to clarify supporting documents and a circular issued by the NSF to skills development providers in this regard, it was not sufficient to address the previous year's AGSA audit findings. Although the NSF has implemented more controls compared to previous years, this was not effective to avoid the significant audit findings. Action plans to address the previous year's audit findings were not effectively implemented during the year to avoid recurring findings.

The implementation of an integrated financial management system and sufficient capacity will assist to improve the quality of financial and performance reporting.

## Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the NSF in its audits, although areas of improvement have been noted. Co-sourced capacity is available for internal audit, however, there is a need to balance the assurance needs with the available capacity within the directorate. Most of the audits approved in the coverage plan by the Audit Committee was finalised at year end.

## Auditor-General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.

## Conclusion

Our appreciation is also extended to management, the Chief Financial Officer and staff for their efforts regarding the financial statements for the year. The Audit Committee will monitor the improvements made by management in addressing control deficiencies identified by external and internal audit.



**Prof DP van der Nest**  
**Audit Committee Chairperson**  
**Date: 2 September 2021**





## 4. HUMAN RESOURCE MANAGEMENT



## 4.1. INTRODUCTION

The information contained in this part of the Annual Report is from the Department of Higher Education and Training (DHET) human resource system because the National Skills Fund (NSF) employees have been employed by the DHET since the NSF operated as a programme under the department before its listing as a public entity on 12 October 2012. The NSF refunds the DHET for the employee costs incurred by the DHET on behalf of the NSF.

## 4.2. HUMAN RESOURCE OVERVIEW

All employees at the NSF are required to sign performance agreements with their immediate supervisors, which are assessed annually. The NSF has a 36% vacancy rate for the period under review and an annual vacancy turnover rate of 9%. The female representation at senior management level is 73% during the period under review and the senior management vacancy rate for the period under review is 35%.

### Key priorities for the year under review and the impact of these priorities:

- Review and update the organisational structure
- Become independent of the DHET Human Resource (HR) Management function
- Appointment of key HR staff
- Manage the HR function
- Filling of vacancies
- Develop and implement NSF HR policies and procedures

### Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce:

1. Organisational structure was put in place
2. Vacancies were advertised

### Employee Performance Management Framework:

The application and implementation of employee performance management processes has consistently and successfully been implemented through the DHET.

Performance agreements were linked with the NSF's annual performance plan as well as the respective operational plans of individual directorates. Staff personal development plans were shared with the Training Development Sub-Directorate at the DHET and incorporated into the DHET Workplace Skills Plan.

### Employee wellness programmes:

The period under review focused on the progressive promotion and spearheading of relevant employee wellness programmes linked to and informed by decisions taken by the DHET Covid-19 Steering Committee. These strategies and interventions were anchored by the development of the DHET Covid -19 Master Plan and related safety and social protocols, in tandem with health screening of employees, the provision of training regarding the pandemic, psycho-social interventions and general employee counselling and contact tracing.

### Policy development:

The NSF currently uses the DHET HR policies. The NSF HR policies will be developed once the NSF HR directorate is established.

### Highlights, achievements and challenges faced by the NSF:

- The organisational structure was approved by the Minister
- Key senior management posts were advertised but not filled
- It takes between nine months to a year or longer to fill a post
- The NSF has human capacity issues
- The NSF is dependent on the DHET HR processes

### Future HR plans/goals:

- Review/update the organisational structure
- Advertise all the vacant posts
- Set up the interview panels
- Start the interview process
- Have a fully-fledged HR directorate
- Become independent of the DHET

### 4.3. HUMAN RESOURCE OVERSIGHT STATISTICS

#### Personnel cost by programme for the period 1 April 2020 to 31 March 2021

Programme	Total expenditure	Personnel expenditure	Training expenditure	Personnel cost as a percentage of total expenditure	Average personnel cost per employee	Number of employees
	(R'000)	(R'000)	(R'000)	%	(R'000)	
Skills development	1 903 880	91 022	0	4,78%	782	114

#### Personnel cost by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Personnel expenditure (R'000)	Percentage of total personnel cost	Average personnel cost per employee (R'000)	Number of employees
Senior management (Level 13 and higher)	19 823	22%	1 322	15
Highly skilled or supervision (Level 9 to 12)	58 991	65%	797	74
Highly skilled or production (Level 6 to 8)	9 742	11%	424	23
Skilled (Level 3 to 5)	564	1%	282	2
Internship or learnership programme	1 902	2%	136	14
<b>Total</b>	<b>91 022</b>	<b>100%</b>	<b>2 960</b>	<b>128</b>

#### Salaries, overtime, housing allowance and medical aid by programme for the period 1 April 2020 to 31 March 2021

Programme	Salaries		Overtime		Housing allowance		Medical aid		Total cost per programme
	Amount	Salaries as a percentage of total personnel cost	Amount	Overtime as a percentage of total personnel cost	Amount	Housing allowance as a percentage of total personnel cost	Amount	Medical aid as a percentage of total personnel cost	
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%	
Skills development	86 825	95,4	323	0,4%	1 101	1,2%	2 041	2,2%	90 290

## Salaries, overtime, housing allowance and medical aid by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Salaries		Overtime		Housing allowance		Medical aid		Total cost per salary band
	Amount	Salaries as a percentage of total personnel cost	Amount	Overtime as a percentage of total personnel cost	Amount	Housing allowance as a percentage of total personnel cost	Amount	Medical aid as a percentage of total personnel cost	
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%	
Senior management (Level 13 and higher)	19 545	21,5%	-	0,0%	56	0,1%	133	0,1%	19 734
Highly skilled or supervision (Level 9 to 12)	56 574	62,2%	215	0,2%	663	0,7%	1 092	1,2%	58 544
Highly skilled or production (Level 6 to 8)	8 398	9,2%	68	0,1%	347	0,4%	733	0,8%	9 546
Skilled (Level 3 to 5)	446	0,5%	-	0,0%	35	0,0%	83	0,1%	564
Internship or learnership programme	1 862	2,0%	40	0,0%	-	-	-	-	1 902
<b>Total</b>	<b>86 825</b>	<b>95,4%</b>	<b>323</b>	<b>0,4%</b>	<b>1 101</b>	<b>1,2%</b>	<b>2 041</b>	<b>2,2%</b>	<b>90 290</b>

## 4.4. EMPLOYMENT AND VACANCIES

### Employment and vacancies by programme as at 31 March 2021

Programme	Number of posts on approved establishment	Number of posts filled	Number of posts vacant	Percentage of vacancies
Skills development	179	114	65	36%

### Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Number of posts vacant	Percentage of vacancies
Skills development	155	117	38	25%

## Employment and vacancies by salary band as at 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Number of posts vacant	Percentage of vacancies per salary band
Senior management (Levels >=13)	23	15	8	12%
Highly skilled supervision (Level 9-12)	103	74	29	45%
Highly skilled production (Level 6-8)	51	23	28	43%
Skilled (Level 3-5)	2	2	0	0%
<b>TOTAL</b>	<b>179</b>	<b>114</b>	<b>65</b>	<b>100%</b>

## Employment and vacancies by salary band as at 31 March 2020

Salary Band	Number of posts on approved establishment	Number of posts filled	Number of post vacant	% of vacancies per salary band
Senior management (Levels >=13)	23	17	6	16%
Highly skilled supervision (Level 9-12)	84	75	9	24%
Highly skilled production (Level 6-8)	46	23	23	61%
Skilled (Level 3-5)	2	2	0	0%
<b>TOTAL</b>	<b>155</b>	<b>117</b>	<b>38</b>	<b>100%</b>

## 4.5. EMPLOYMENT CHANGES

### Annual turnover rate by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Number of employees at the beginning of the period	Appointments and transfers into the entity	Terminations and transfers out of the entity	Number of employees at the end of the period	Turnover rate
Senior management (Level 13 and higher)	17	1	3	15	18%
Highly skilled or supervision (Level 9 to 12)					
Highly skilled or production (Level 6 to 8)	24	1	2	23	8%
Skilled (Level 3 to 5)	2	0	0	2	0%
<b>Total</b>	<b>117</b>	<b>8</b>	<b>11</b>	<b>114</b>	<b>9%</b>

### Reasons why staff members are leaving for the period 1 April 2020 to 31 March 2021

Termination type	Number	Percentage of staff members leaving
Death	0	0%
Resignation	5	45%
Dismissal	0	0%
Retirement	2	18%
Discharged due to ill health	0	0%
Expiry of contract	0	0%
Other	4	36%
<b>Total</b>	<b>11</b>	<b>100%</b>

## 4.6. EMPLOYMENT EQUITY

Total number of employees (including employees with disabilities) by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Senior management (Level 13 and higher)	2	0	0	2	9	0	1	1
Highly skilled or supervision (Level 9 to 12)	37	0	1	1	30	0	0	2
Highly skilled or production (Level 6 to 8)	6	0	0	0	17	0	0	3
Skilled (Level 3 to 5)	1	0	0	0	1	0	0	0
<b>Total</b>	<b>46</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>57</b>	<b>0</b>	<b>1</b>	<b>6</b>
Employees with disabilities	0	0	0	0	0	0	0	0

## 4.7. DISCIPLINARY ACTION OF EMPLOYEES

Disciplinary action	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Verbal warning	0	0	0	0	0	0	0	0
Written warning	0	0	0	0	0	0	0	0
Final written warning	0	0	0	0	0	0	0	0
Dismissal	0	0	0	0	0	0	0	0

## 4.8. PERFORMANCE REWARDS

Performance rewards cost per salary band for the period 1 April 2020 to 31 March 2021

Salary band	Beneficiary profile			Cost		Total cost as a percentage of the total personnel expenditure
	Number of employees	Number of beneficiaries	Percentage of total within salary bands	Total cost R'000	Average cost per employee	
					R'000	%
Senior management (Level 13 and higher)	15	1	6,7%	89	89	0,10%
Highly skilled or supervision (Level 9 to 12)	74	19	25,7%	447	24	0,49%
Highly skilled or production (Level 6 to 8)	23	16	69,6%	196	12	0,22%
Skilled (Level 3 to 5)	2	0	0,0%	0	0	0,00%
<b>Total</b>	<b>114</b>	<b>36</b>	<b>31,6%</b>	<b>732</b>	<b>125</b>	<b>0,80%</b>



**5. Audited  
Annual Financial  
Statements 31  
March 2021**



# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## INDEX

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The reports and statements set out below comprise the annual financial statements presented:

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# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.1. GENERAL INFORMATION

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<b>REGISTERED NAME:</b>	National Skills Fund
<b>PHYSICAL ADDRESS:</b>	178 Francis Baard Street Pretoria 0002
<b>POSTAL ADDRESS:</b>	Private Bag X174 Pretoria 0001
<b>TELEPHONE NUMBER:</b>	012 943 3101
<b>EMAIL:</b>	NSF@dhet.gov.za
<b>WEBSITE ADDRESS:</b>	<a href="http://www.dhet.gov.za/SitePages/NSF.aspx">http://www.dhet.gov.za/SitePages/NSF.aspx</a>
<b>EXTERNAL AUDITORS:</b>	The Auditor-General of South Africa Lynwood Bridge Office Park Daventry Street Lynwood Manor Pretoria 0001
<b>EXECUTIVE OFFICER:</b>	Mr Mvuyisi Macikama - suspended on 3 August 2021
<b>ACTING EXECUTIVE OFFICER:</b>	Mr David Mabusela - appointed on 14 August 2021
<b>CHIEF FINANCIAL OFFICER:</b>	Mr Wean Minnie CA(SA) - resigned on 31 December 2021
<b>ACTING CHIEF FINANCIAL OFFICER:</b>	Ms Nyawa Dikwayo CA(SA) - acting from 1 January 2021 to 31 March 2021
<b>ACTING CHIEF FINANCIAL OFFICER:</b>	Ms Padmini Moodley CA (SA) - appointed on 22 March 2021
<b>ACCOUNTING AUTHORITY:</b>	Mr Gwebinkundla Qonde - suspended on 23 July 2021 Director-General of Higher Education and Training Accounting Authority of the National Skills Fund

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.1. GENERAL INFORMATION

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**ACCOUNTING AUTHORITY:** Dr Phil Mjwara - appointed on 23 July 2021  
Acting Director-General of Higher Education and Training  
Accounting Authority of the National Skills Fund

**REGISTERED OFFICE:** 178 Francis Baard Street  
Pretoria  
0002

**AUDITORS:** Auditor-General of South Africa

**REPORTING FRAMEWORK:** General Recognised Accounting Practice (GRAP)

**LEGISLATIVE FRAMEWORK:**

Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) Skills Development Act, 1998 (Act 97 of 1998) (SDA)  
Skills Development Levies Act, 1999 (Act 9 of 1999) (SDL Act) Public Service Act, 1994 (Act 38 of 1994)  
Employment Equity Act, 1999 (Act 9 of 1999)  
Unemployment Insurance Act, 1966 (Act 30 of 1966)  
Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

### Report on the audit of the financial statements

#### Disclaimer of opinion

1. I was engaged to audit the financial statements of the National Skills Fund (NSF) set out on pages 93 to 191, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the public entity. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

##### Skills development funding

3. The public entity did not have adequate systems in place to account for skills development funding, as expenses were not recorded in the correct period. These misstatements together with other minor misstatements resulted in the overstatement of skills development funding stated at R40 million in the statement of financial performance and note 19 to the financial statements, with a corresponding understatement in the accumulated surplus. This also has an impact on the surplus for the period.
4. In addition, I was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous years had been properly accounted for, as evidence that the services had been received could not be provided. There were also differences noted between the amounts reported and the supporting schedules. This was due to inadequate project monitoring and expenditure approval processes. I was unable to confirm the skills development funding by alternative means, as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the skills development funding, stated at R1,7 billion (2019-20: R2,6 billion) in the statements of financial performance and note 19 to the financial statement.

##### TVET college infrastructure assets

5. The public entity did not record all additions to TVET college infrastructure assets where substantially all the risks and rewards incidental to ownership were transferred to the public entity, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 17, Property, plant and equipment. I was unable to determine the full extent of the understatement of the TVET college infrastructure assets balance reported on the statement of financial position and note 4 to the financial statement. I was also unable to determine the resultant impact on accruals from non-exchange transactions reported on the statement of financial position and note 12 to the financial statements. This also has an impact on the contractual commitments balance disclosed in note 25 to the financial statements.
6. In addition, the public entity did not account for the impairment for TVET college infrastructure assets in accordance with GRAP 21, Impairment of non-cash generating assets. The public entity adjusted TVET college infrastructure assets to the fair value amount. This is contrary to the accounting policy, which requires TVET college infrastructure assets to be stated at cost less accumulated impairment losses. Consequently, TVET college infrastructure assets was overstated by R19 million. This also has an impact on the accumulated surplus.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

### Accruals from non-exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence that the accruals from non-exchange transactions had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm accruals from non-exchange transactions by alternative means as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to accruals from non-exchange transactions and skills development funding, stated at R539,4 million (2019-20: R401,2 million) on the statement of financial position, and at R1,7 billion (2019-20: R2,6 billion) on the statement of financial performance, respectively, and as disclosed in notes 12 and 19, respectively, to the financial statements.

### Trade and other receivables from non-exchange transactions

8. I was unable to obtain sufficient appropriate evidence for trade and other receivables from non-exchange transactions as the public entity did not provide evidence to support that services had been received. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm trade and other receivables from non-exchange transactions by alternative means, as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from non-exchange transactions, stated at R29,9 million (2019-20 R18,8 million) on the statement of financial position and note 7 to the financial statements. This also has an impact on the financial instrument disclosure in note 26 to the financial statements.

### Deferred expenditure related to skills development funding

9. The public entity did not correctly account for the deferred expenditure related to skills development funding and the related trade and other receivables from non-exchange transactions and skills development funding. This is because the public entity incorrectly included trade and other receivables from non-exchange transactions and skills development funding, which constitutes a departure from GRAP 104, Financial instruments. Consequently, deferred expenditure related to skills development funding was overstated by R50,6 million, trade and other receivables from non-exchange transactions was understated by R44,2 million and skills development funding was understated by R6,4 million, as stated on the statement of financial position and the statement of financial performance, respectively and disclosed in notes 8, 7 and 19, respectively. This also has an impact on the surplus for the period and on the accumulated surplus.

### Provisions

10. The public entity did not recognise all provisions meeting the definition of a provision in accordance with GRAP 19, Provisions, contingent liabilities and contingent assets. As the public entity did not maintain adequate records of amounts received from employers that are entitled to refunds over a five-year period, I was unable to determine the full extent of the understatement of provisions, stated on the statement of financial position and disclosed in note 14 to the financial statements, as it was impracticable to do so.

### Prior period errors corrected

11. The public entity did not disclose all prior period errors in note 24 to the financial statements, as required by GRAP 3, Accounting policies, estimates and errors. The amounts of the correction for each financial statement item affected were not entirely disclosed in all instances. In addition, I was unable to obtain sufficient appropriate audit evidence

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

that all the prior period errors were disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors corrected disclosed in the financial statements.

### Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect of this matter.

### Fair value adjustment

13. As disclosed in notes 5 and 32 to the financial statements, a fair value adjustment of R27 720 000 was disclosed as a result of the Land and Agricultural Development Bank of South Africa being unable to pay its maturities and defaulting on its obligations.

### Responsibilities of the accounting authority for the financial statements

14. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Public Finance Management Act 1 of 1999 (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

16. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

17. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

### Report on the audit of the annual performance report

#### Introduction and scope

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

19. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme	42 - 64

### Programme 1 – funding skills development

20. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Indicator description	Reported achievement
1.1 Total number of learners funded by the NSF for education and training during the specified financial year	34 994
1.1.1 The number of learners funded by the NSF for education and training towards OIHD during the specified financial year	12 489
1.1.2 Number of learners from rural areas funded by the NSF for education and training during the specified financial year	21 904
1.1.3 Number of SMMEs and cooperatives funded by the NSF for skills development during the specified financial year	491
1.1.4 The number of learners funded by the NSF for skills development through SMME and co-operative skills development initiatives during the specified financial year	1 199
1.1.5 Number of learners funded by the NSF for skills development through community-based skills development initiatives during the specified financial year	10 346
1.2.1 Percentage of NSF-funded projects aimed at PSET system improvement that have achieved a percentage of the envisaged outputs	44%

### Other matters

21. I draw attention to the matters below.

#### Achievement of planned targets

22. Refer to the annual performance report on pages 34 to 64 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 20 of this report.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 1 - skills development funded. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### Report on the audit of compliance with legislation

#### Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and not supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

27. Material misstatements of trade and other payables from non-exchange transactions, the prior period errors corrected note and the commitments disclosure item identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

#### Consequence management

28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into irregular expenditure.

#### Expenditure management

29. The public entity's resources were not used economically, as required by section 57(b) of the PFMA. The public entity made payments for TVET college infrastructure assets that should not have been made. As such, there is non-compliance with the requirements of section 57(b) of the PFMA with regard to the economical use of resources by the public entity.

#### Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.2. REPORT OF THE AUDITOR-GENERAL

31. The public entity did not adequately review the financial statements and the annual performance report against supporting documentation, as material misstatements were identified through the audit process. These misstatements could have been prevented if effective review controls had been implemented.
32. Management did not implement adequate internal controls relating to project monitoring and reporting. This resulted in underlying records not being readily available, and in material misstatements on the values reported in the financial statements and on the annual performance report.
33. Controls implemented were not sufficient to prevent and monitor non-compliance with key legislation.

### Material irregularities

34. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### Material irregularities identified during the audit

#### Material irregularities in progress

35. I identified a material irregularity during the audit and notified the accounting authority of this, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting authority was not yet due. This material irregularity will be included in the next year's auditor's report.

Auditor-General.

Pretoria

2 September 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.3. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

As the Accounting Authority, I am required by the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) to maintain adequate accounting records and I am responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is my responsibility, as the Accounting Authority, to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the PFMA, 1999.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

As the Accounting Authority, I acknowledge that I am ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable me, as the Accounting Authority, to meet these responsibilities, I ensure that standards for internal control aimed at reducing the risk of error in a cost-effective manner are set. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that is above reproach in all reasonable circumstances. The focus of risk management in the entity is on identifying,

assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

As the Accounting Authority, I believe, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

As the Accounting Authority, I have reviewed the entity's cash flow forecast for the year ended 31 March 2021 and in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for the independent audit of the entity's Annual Financial Statements and subsequently providing an audit opinion on the entity's Annual Financial Statements.

As the Accounting Authority, I hereby approve the Annual Financial Statements set out in Pages 94 to 191, which have been prepared on the going concern basis.



**Dr P Mjwara**

**Acting Director-General of Higher Education and Training  
Accounting Authority of the National Skills Fund**

**1 September 2021**

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.4. STATEMENT OF FINANCIAL POSITION

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>1 375 047</b>	<b>1 077 267</b>
Property, plant and equipment	2	2 201	2 563
Intangible assets	3	20 072	22 053
TVET college infrastructure assets	4	1 352 774	1 052 651
<b>CURRENT ASSETS</b>		<b>10 238 861</b>	<b>9 466 218</b>
Investments	5	9 223 505	8 064 321
Trade and other receivables from exchange transactions	6	249	2 093
Trade and other receivables from non-exchange transactions	7	29 883	18 812
Deferred expenditure related to skills development funding	8	845 441	1 085 829
Cash and cash equivalents	9	139 783	295 163
<b>TOTAL ASSETS</b>		<b>11 613 908</b>	<b>10 543 485</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>		<b>(633 672)</b>	<b>(549 827)</b>
Trade and other payables from non-exchange transactions	10	(40 425)	(81 870)
Trade and other payables from exchange transactions	11	(44 641)	(58 211)
Accruals from non-exchange transactions	12	(539 364)	(401 231)
Accruals from exchange transactions	13	(8 348)	(5 939)
Provisions	14	(894)	(2 576)
<b>TOTAL LIABILITIES</b>		<b>(633 672)</b>	<b>(549 827)</b>
<b>TOTAL NET ASSETS</b>		<b>10 980 236</b>	<b>9 993 658</b>
<b>FUNDS CONTRIBUTED BY:</b>			
<b>CAPITAL AND RESERVES</b>		<b>10 980 236</b>	<b>9 993 658</b>
TVET college infrastructure development reserve		2 054 918	2 054 918
Accumulated surplus		8 925 318	7 938 740
<b>TOTAL CAPITAL AND RESERVES</b>		<b>10 980 236</b>	<b>9 993 658</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.5. STATEMENT OF FINANCIAL PERFORMANCE

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>REVENUE</b>		<b>2 472 640</b>	<b>3 660 340</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	15	<b>2 472 640</b>	<b>3 656 840</b>
Skills development levies	16	-	3 500
Income from SETAs			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>440 359</b>	<b>601 934</b>
Finance income	17	417 491	551 744
Finance income from advance payments to skills development programmes and projects	18	22 868	50 190
<b>TOTAL REVENUE</b>		<b>2 912 999</b>	<b>4 262 274</b>
<b>EXPENSES</b>			
<b>SKILLS DEVELOPMENT FUNDING EXPENSES</b>		<b>(1 727 013)</b>	<b>(2 572 316)</b>
Skills development funding	19	(1 713 173)	(2 559 397)
Provision for impairment	7	(13 840)	(12 919)
<b>ADMINISTRATIVE EXPENSES</b>		<b>(137 855)</b>	<b>(145 628)</b>
Employee costs	20	(91 022)	(81 825)
Operating expenses	21	(41 155)	(58 128)
Management fees and bank charges	22	(2 523)	(2 266)
Depreciation and amortisation	2 and 3	(3 155)	(3 409)
<b>LEVY COLLECTION COSTS</b>		<b>(39,012)</b>	<b>(48,386)</b>
<b>TOTAL EXPENSES</b>		<b>(1 903 880)</b>	<b>(2 766 330)</b>
<b>OTHER INCOME OR (EXPENDITURE)</b>			
Loss on disposal of assets	2	(33)	(3)
Fair value adjustments on financial instruments at fair value	5	(27 720)	10
Provision for Impairment TVET Infrastructure		-	(3 424)
<b>TOTAL OTHER INCOME OR (EXPENDITURE)</b>		<b>(27 753)</b>	<b>(3 417)</b>
<b>NET (DEFICIT) OR SURPLUS FOR THE YEAR</b>		<b>981 366</b>	<b>1 492 527</b>

# NATIONAL SKILLS FUND

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## 5.6. STATEMENT OF CHANGES IN NET ASSETS

	TVET college infrastructure development reserve R'000	Accumulated surplus R'000	Total R'000
<b>Balance as at 1 April 2019</b>	<b>2 354 943</b>	<b>6 132 370</b>	<b>8 487 313</b>
As originally stated	2 354 943	5 901 129	8 256 072
Prior period correction (Note 24)	-	231 241	231 241
Net restated surplus per Statement of Financial Performance	(300 025)	1 792 552	1 492 527
Total revenue and other income	-	4 260 770	4 260 770
Total expenses	(300 025)	(2 423 166)	(2 723 191)
Prior period correction (Note 24)	-	(45 052)	(45 052)
Retained income – adjustment during year		13 818	13 818
<b>Balance at 31 March 2020</b>	<b>2 054 918</b>	<b>7 938 740</b>	<b>9 993 658</b>
<b>Balance at 1 April 2020</b>	<b>2 054 918</b>	<b>7 938 740</b>	<b>9 993 658</b>
Net surplus per Statement of Financial Performance	-	981 366	981 366
Total revenue and other income		2 885 279	2 885 279
Total expenses	-	(1 903 913)	(1 903 913)
Retained income – adjustment during year		5 212	5 212
<b>Balance at 31 March 2021</b>	<b>2 054 918</b>	<b>8 925 318</b>	<b>10 980 236</b>

# NATIONAL SKILLS FUND

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## 5.7. STATEMENT OF CASH FLOW

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>Cash flows from operating activities</b>			
<b>Cash receipts from stakeholders and suppliers</b>		<b>2 472 600</b>	<b>3 660 268</b>
Levies, interest and penalties received		2 472 600	3 656 768
Other cash receipts from stakeholders and suppliers			3 500
<b>Cash paid to stakeholders, suppliers and employees</b>		<b>(1 562 811)</b>	<b>(2 746 028)</b>
Skills development funding disbursements		(1 378 871)	(2 584 388)
Employee costs		(89 524)	(80 127)
Payments to suppliers and other		(94 416)	(81 513)
<b>Cash (utilised) or generated from operations</b>	<b>23</b>	<b>909 789</b>	<b>914 240</b>
Finance income		417 491	551 754
Net cash from operating activities		1 327 280	1 465 994
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	2	(845)	(1 551)
Additions to intangible assets	3	-	(1 764)
Additions to TVET college infrastructure assets	4	(294 911)	(503 280)
Utilisation of or (additions to) investments		(1 186 904)	(1 405 495)
<b>Net cash flows from investing activities</b>		<b>(1 482 660)</b>	<b>(1 912 090)</b>
Increase or (decrease) in cash and cash equivalents		(155 380)	(446 096)
Cash and cash equivalents at the beginning of the year		295 163	741 259
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>139 783</b>	<b>295 163</b>

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## 5.8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Note(s)	Approved and final budget R'000	Actual amounts on accrual basis R'000	(Under) or over budget R'000	(Under) or over budget %
<b>REVENUE</b>					
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	33.1	<b>1 941 289</b>	<b>2 472 640</b>	<b>531 351</b>	<b>27,4%</b>
Skills development levies		1 941 289	2 472 640	531 351	27,4%
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>	33.2	<b>117 702</b>	<b>440 359</b>	<b>322 657</b>	<b>274,1%</b>
Finance income		102 452	417 491	315 039	307,5%
Finance income from advance payments to skills development programmes and projects		15 250	22 868	7 618	50,0%
<b>TOTAL REVENUE</b>		<b>2 058 991</b>	<b>2 912 999</b>	<b>854 008</b>	<b>41,5%</b>
<b>EXPENSES</b>					
<b>SKILLS DEVELOPMENT FUNDING EXPENDITURE</b>	33.3	<b>(9 056 996)</b>	<b>(1 713 173)</b>	<b>(7 343 823)</b>	<b>81,1%</b>
Education and training		(3 822 623)	(1,451,368)	(2 371 255)	-62,0%
Improve PSET system		(2 207 169)	(261,805)	(1 945 364)	-88,1%
Covid-19 impact: Additional relief to support learners, SMMEs and the PSET system		(3 027 204)	-	(3 027 204)	-100,0%
Provision for impairment		-	(13 840)	13 840	100,0%
<b>TOTAL SKILLS DEVELOPMENT FUNDING EXPENSES</b>		<b>(9 056 996)</b>	<b>(1 727 013)</b>	<b>(7 329 983)</b>	<b>-80,9%</b>
<b>ADMINISTRATIVE EXPENSES</b>					
Employee costs	33.4	(132 147)	(91 022)	(41 125)	-31,1%
Operating expenses	33.5	(124 432)	(41 155)	(83 277)	-66,9%
Management fees and bank charges	33.6	(2 017)	(2 523)	506	25,1%
Depreciation		(8 561)	(3 155)	(5 406)	-63,1%
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>(267 157)</b>	<b>(137 855)</b>	<b>(129 302)</b>	<b>-48,4%</b>
<b>LEVY COLLECTION COSTS</b>	33.7	<b>(56 754)</b>	<b>(39 012)</b>	<b>(17 742)</b>	<b>-31,3%</b>
<b>TOTAL EXPENSES</b>		<b>(9 380 907)</b>	<b>(1 903 880)</b>	<b>(7 477 027)</b>	<b>-79,7%</b>
<b>TOTAL OTHER INCOME OR (EXPENDITURE)</b>		<b>-</b>	<b>(27 753)</b>	<b>(27 753)</b>	<b>0,0%</b>
<b>NET (DEFICIT) OR SURPLUS FOR THE YEAR</b>		<b>(7 321 916)</b>	<b>981 366</b>	<b>8 303 282</b>	<b>-113,4%</b>

The budget was prepared on the accrual basis and there are no changes between the approved and final budget.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.9. ACCOUNTING POLICIES

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### 1.1. Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements are presented in South African rand, which is the functional reporting currency for the National Skills Fund (NSF) and all values are rounded off to the nearest thousand (R'000). The financial statements have been prepared on the accrual basis and assets are revalued. The financial statements have been prepared on the going concern basis and the accounting policies have been consistently applied to all the years presented.

Based on the preceding paragraph, the accounting framework of the entity is as follows:

- GRAP 1: Presentation of financial statements
- GRAP 2: Cash flow statements
- GRAP 3: Accounting policies, changes in accounting estimates and errors
- GRAP 4: The effects in changes in foreign exchange rates
- GRAP 9: Revenue from exchange transactions
- GRAP 13: Leases
- GRAP 14: Events after reporting date
- GRAP 17: Property, plant and equipment
- GRAP 19: Provisions, contingent liabilities and contingent assets
- GRAP 20: Related party disclosures
- GRAP 21: Impairment of non-cash-generating assets
- GRAP 23: Revenue from non-exchange transactions
- GRAP 24: Presentation of budget information in the financial statements
- GRAP 25: Employee benefits
- GRAP 26: Impairment of cash-generating assets
- GRAP 31: Intangible assets
- GRAP 104: Financial instruments
- GRAP 108: Statutory receivables
- GRAP 109: Accounting by principals and agents

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.1. Basis of preparation (continued)

#### Directives issued and effective:

- Directive 1: Repeal of existing transitional provisions in, and consequential amendments to, the Standards of GRAP
- Directive 2: Transitional provisions for the adoption of the Standards of GRAP by public entities, trading entities, municipal entities and constitutional institutions
- Directive 5: Determining of the GRAP reporting framework
- Directive 7: The application of deemed cost on the adoption of the Standards of GRAP
- Directive 10: Application of the Standards of GRAP by public further education and training colleges
- Directive 11: Changes in measurement bases following the initial adoption of the Standards of GRAP
- Directive 12: The selection of an appropriate reporting framework by public entities

#### Interpretations of the Standards of GRAP (IGRAPs) approved:

- IGRAP 1: Applying the probability test on the initial recognition of exchange revenue
- IGRAP 2: Changes in existing decommissioning, restoration and similar liabilities
- IGRAP 3: Determining whether an arrangement contains a lease
- IGRAP 4: Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds
- IGRAP 5: Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies
- IGRAP 6: Loyalty programmes
- IGRAP 8: Agreements for the construction of assets from exchange transactions
- IGRAP 9: Distributions of non-cash assets to owners
- IGRAP 10: Assets received from customers
- IGRAP 13: Operating leases – incentives
- IGRAP 14: Evaluating the substance of transactions involving the legal form of a lease
- IGRAP 16: Intangible assets – website costs

#### Approved guidelines of the Standards of GRAP, but not yet effective

- Guideline on the Application of Materiality to the Financial Statements 2019

#### Guidelines of the Standard of GRAP withdrawn by Accounting Standards Board (ASB)

- Guideline on Accounting for Public-Private Partnerships 2019

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.9. ACCOUNTING POLICIES

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### **Effective accrual-based International Public Sector Accounting Standards (IPSAS):**

- IPSAS 20: Related parties disclosure

### **Effective International Financial Reporting Standards and International Financial Reporting Interpretations Committee that are applied:**

- IAS 19 (AC 116): Employee benefits

## 1.2. Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases, the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases, the entity will restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Management has taken into account the impact of the Covid-19 pandemic and the national lockdown in South Africa, which came into effect from 27 March 2020. Management has reviewed the accounting policies in determining the appropriateness of the policies in light of the Covid-19 pandemic. Management has also taken into account the prescribed legislative reporting requirements for Covid-19. Items or classes of items affected by the Covid-19, which management deems to be material, have either quantitatively or qualitatively been disclosed in the Annual Financial Statements. Changes in accounting estimates arising from Covid-19 are applied prospectively in accordance with GRAP 3 requirements.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.2. Changes in accounting policies, estimates and errors (continued)

During the current financial year, management revised the recognition date pertaining to Trade and other receivables – non-exchange, and Trade and other payables – non-exchange to be the end date, as stipulated in the memorandum of agreement (MoA) signed with skills development providers (SDPs). The amendment was applied retrospectively for the following financial statement items, which have been restated in line with the revised change and applied accordingly in the current financial year (2020/21):

- Deferred expenditure related to skills development funding
- Receivables related to skills development funding
- Accruals related to skills development funding
- Payables related to skills development funding
- Provisions related to skills development funding

### Commitments

Following the outcome of the consultations with the Office of the Accountant General at the National Treasury regarding the disclosure of the NSF commitments as part of the disclosure notes to the Annual Financial Statements, it was noted that the disclosure of commitments in the Annual Financial Statements is, in terms of GRAP, limited to contracts for the maintenance, construction and acquisition of assets. There is no requirement to disclose any commitments that may arise out of contracts with SDPs unless, for example, the NSF will recognise an item of property, plant and equipment or is maintaining an item of property, plant and equipment that it owns.

Management has performed internal assessment informed the relevant GRAP standards and has decided not to disclose the NSF commitments in the notes to the Financial Statements. However, the commitments will be disclosed as part of the annexures accompanying the Financial Statements and Annual Report. Management would also like to highlight that the financial statement items that make up the closing balances of the NSF commitments are already included as part of the financial statement items presented for audit. They include the following:

- i. Deferred expenditure
- ii. Accruals from non-exchange transactions
- iii. Trade and other receivables from non-exchange transactions
- iv. Trade and other payables from non-exchange transactions
- v. Provisions related to skills development funding
- vi. Finance income from advance payments to skills development programmes

Furthermore, the contract values, as stipulated in the MoAs and MoA addendums and the grant payments for skills development initiatives pertaining to the NSF contractual commitments, also form part the supporting documents and audit evidence presented in testing the above-mentioned financial statement items.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

However, it should also be noted that management will continue to disclose, in the disclosure notes to the Financial Statements, the amount of contractual commitments for the acquisition and construction of property, plant and equipment. The contractual commitments pertaining to the technical and vocational education and training (TVET) college infrastructure assets will also continue to be disclosed in the disclosure notes to the Financial Statements. Earmarked funds will not be disclosed in the disclosure note, but will be disclosed as a separate annexure in the Annual Financial Statements.

### 1.3. Critical judgements, estimations and assumptions

In the application of the NSF accounting policies, management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Property, plant and equipment

Management has made certain estimations and judgements with regard to the determination of estimated useful lives, residual values and impairment assessments of items of property, plant and equipment, as discussed further in Note 1.10.1.

#### Intangible assets

Management has made certain estimations with regard to the determination of estimated useful lives, residual values and impairment assessments of items of intangible assets, as discussed further in Note 1.10.2.

#### Investments

Management has made certain estimations and judgements with regard to the fair value adjustments and impairment assessment conducted on investments, as discussed further in Note 1.12 (including subnotes).

#### Deferred expenditure related to skills development funding

Management has made certain estimations with regard to the impairment assessments conducted on deferred expenditure related to skills development funding, as discussed further in Note 1.10.5.

#### Trade and other receivables related to skills development funding

Management has made certain estimations with regard to the impairment assessments conducted on deferred trade and other receivables related to skills development funding, as discussed further in Note 1.10.6.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.9. ACCOUNTING POLICIES

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### 1.3. Critical judgements, estimations and assumptions (continued)

#### Provisions related to skills development funding

Management has made certain estimations with regard to the calculation of provisions related to skills development funding, as discussed further in Note 1.11.3.3.

#### Leases

Management has applied its judgement to classify all lease agreements that the company is party to as operating leases because they do not substantially transfer all the risks and rewards of ownership to the company. Furthermore, because the operating lease regarding office equipment is only for a relatively short period of time, management has decided that it will classify the agreement in its entirety as an operating lease.

Management's estimations and underlying assumptions were reviewed to take into account the impact of Covid-19 and the government interventions where management deems to affect the estimations and assumptions about the carrying amounts of assets and liabilities.

### 1.4. Going concern assumption

These financial statements have been prepared on the going concern basis. In assessing whether the NSF is a going concern, the Accounting Authority has considered the power to collect skills development levies and impact of Covid-19 on the skills development levies. Management's assumption on the going concern is based on the NSF's ability to honour financial obligations that will arise in the next 12 months from the accumulated surpluses.

### 1.5. Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by the standard.

### 1.6 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to the Financial Statements for the current financial year only, and forms part of the audited interim financial statements.

When the presentation or classification of items in the Annual Financial Statements is amended, previous year's comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the previous year's comparatives are restated accordingly. Where there has been a change in the Accounting Policy in the current year, the adjustment is made retrospectively as far as is practicable, and the previous year's comparatives are restated accordingly.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

Budget information in accordance with GRAP 1 has been provided in the notes to the Financial Statements for the current financial year only, and forms part of the Annual Financial Statements. Management has assessed the impact of Covid-19 on the current financial year's budget and the reprioritisation of skills development interventions.

### 1.7. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after the reporting date that are classified as adjusting events have been accounted for in the interim financial statements. Events after the reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the Annual Financial Statements.

Management has assessed both favourable and unfavourable events that have occurred after the reporting date as result of Covid-19. Management has disclosed which are adjusting events in the Annual Financial Statements, but events which are non-adjusting have not been disclosed.

### 1.8. Revenue recognition

Revenue is recognised when its probable that the future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting policy 1.8.1 on revenue from non-exchange transaction and accounting policy 1.8.2 on revenue from exchange transaction describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, management considered the detailed criteria for recognition of revenue, as set out in GRAP 9 (revenue from exchange transactions). The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue will be recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of value-added tax (VAT).

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.8. Revenue recognition (continued)

#### 1.8.1. Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount.

##### 1.8.1.1. Skills development levy income

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits can be measured reliably and they occur when the Department of Higher Education and Training (DHET) makes the allocation or the payment (whichever event comes first) to the NSF, as required by Section 8 of the Skills Development Levies Act, 1999 (Act 9 of 1999) (SDL Act). SDL income is measured at fair value of the consideration received and is based on the information supplied by the DHET.

In terms of Section 3(1) and 3(4) of the SDL Act, 1999, registered member companies pay an SDL of 1% of the total payroll cost to the South African Revenue Service (SARS), who collects the levies on behalf of the DHET. 20% of the skills development levies are paid over to the NSF and 80% to the Sector Education and Training Authorities (SETAs).

NSF SDL income is set aside in terms of the Skills Development Act, 1998 (Act 97 of 1998) (SDA) as amended for the purpose of other operating expenses.

	2020	2019
<b>Other operating expenditure of the NSF</b>	10%	10%

According to Section 28(2) of the SDA, 1998, the Accounting Authority approved the use of 10% of the money allocated to the fund in terms of Section 8(3)(a) of the SDL Act, 1999 to administer the fund. The use of the 10% allocation may be applied for short-term employee benefits and other operating expenses.

##### 1.8.1.2. State contributions

State contributions represent unconditional grants received from the DHET and are measured at fair value of the consideration received.

##### 1.8.1.3. Income from SETAs towards TVET college infrastructure development

Skills Development Circular 8 of 2013 stipulates the role of SETAs with regard to the TVET college infrastructure development. In terms of the circular, each SETA's contribution towards the TVET college infrastructure development is a fixed amount, which was based on 4,8% of the SETA's estimated Discretionary Grant.

Income from SETAs towards the TVET college infrastructure development is recognised at fair value of the consideration received in the TVET college infrastructure development reserve as such funding is specifically received for use towards the TVET college infrastructure development. The related TVET college infrastructure development expenditure is also recognised against the TVET college infrastructure development reserve.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.8.1.4. Finance income from SETA receivables for TVET college infrastructure development

Finance income represents interest earned on SETA receivables for TVET college infrastructure development and is accrued on a time proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

### 1.8.1.5. Income from SETAs towards Institute for the National Development of Learnerships, Employment Skills and Labour Assessments development and recapitalisation

Income from SETAs towards the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA) development and recapitalisation is recognised at fair value of the consideration received.

### 1.8.1.6. Finance income on discounted trade receivables from non-exchange transactions

Finance income represents interest earned on discounted trade receivables from non-exchange transaction and debtors. It is accrued on an amortised basis, using the effective interest method of any difference between that initial amount and the maturity amount, minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

## 1.8.2. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that is accrued by the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

### 1.8.2.1. Finance income (from exchange transactions)

Finance income represents interest earned on investments and is accrued on a time-proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

### 1.8.2.2. Other income

Other income represents interest on the advance payments received by the training providers from the NSF, based on the approved MoA entered into between the parties. This interest received by the training providers is used to incur project expenditure on behalf of the NSF.

Other income is accrued on a time-proportion basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

## 1.9. Expenditure

### 1.9.1. Collection costs paid to SARS

In terms of Section 10(2) of the SDL Act, 1999, the Accounting Authority must, on a monthly basis as agreed to by SARS and the Accounting Authority, settle the costs of collection by SARS from the levies paid into the NSF. The total amount of the collection costs may not exceed 2% of the total amount of the levies collected by SARS.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.9. Expenditure (continued)

#### 1.9.2. NSF 10% employee costs and other operating expenses

According to Section 28(2) of the SDA, 1998, the Accounting Authority approved the utilisation of 10% of the money allocated to the fund in terms of Section 8(3)(a) of the SDL Act, 1999 to administer the fund. The utilisation of the 10% allocation may be applied for short-term employee benefits and other operating expenses.

#### 1.9.3. Short-term employee benefits

Short-term employee benefits include salaries, paid annual leave, paid sick leave, 13th cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The costs of short-term employee benefits are charged to the Statement of Financial Performance as employee costs in the year to which they relate, except for non-accumulating benefits, which are only recognised when the specific event occurs.

Short-term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

#### 1.9.4. Skills development funding expenditure

Skills development funding expenditure includes the following:

- Costs that relate directly to the specific contract with the SDP
- Costs that are attributable to contract activity in general and can be allocated to the project

Such other costs as are specifically chargeable to the NSF under the terms of the contract

Skills development funding expenditures are recognised as expenses in the period in which they are incurred.

The NSF allocates funds in respect of skills development to training providers in terms of approved MoAs entered into between the parties. Funds not spent by the training providers at year-end are accounted for as deferred expenditure in the financial statements of the NSF until the related eligible project expenses are incurred by the training providers and the relating expenditure recognised. If eligible expenses are not incurred, the amount allocated to the training providers should be refunded to the NSF, including any accrued interest upon finalisation of the close-out report or upon termination of the contractual agreement by the NSF due to non-compliance by the provider.

#### 1.9.5. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided if reasonable care had been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.9.6. Irregular expenditure

Irregular expenditure includes expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the PFMA, 1999 (as amended by Act 29 of 1999); the State Tender Board Act, 1968 (Act 86 of 1968, or any regulation made in terms of that act); or any provincial legislation providing for the procurement procedures in that provincial government.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

If irregular expenditure is not condoned by the relevant authority, it must be recorded appropriately in the relevant note to the Financial Statements. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable by law. Thereafter, immediate steps must be taken to recover the amount from the person concerned.

### 1.10. Assets

#### 1.10.1. Property, plant and equipment

The Director-General of Higher Education and Training is the Accounting Authority of the NSF in terms of the PFMA, 1999 and must control the NSF.

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods and services and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset in the following instances:

- When it is probable that future economic benefits or service potential associated with the item will flow to the NSF
- When the cost or fair value of the item can be measured reliably

Depreciation of an asset begins when it is available for use; that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the NSF. Depreciation of an assets ends when it has reached its useful life.

After initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment.

Property, plant and equipment mainly include computer equipment, office equipment, office furniture and office appliances.

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal (including disposal through a non-exchange transaction); or
- When no future economic benefits or service potential are expected from its use or disposal.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.10. Assets (continued)

Property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer equipment: Three years
- Office equipment: Five years
- Office furniture: Five years
- Office appliances: Five years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset can reach full depreciation when its useful life expires.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus or deficit.

#### 1.10.2. Property, plant and equipment acquired by project-implementing agencies for NSF special projects

Property, plant and equipment acquired by project-implementing agencies for NSF special projects are capitalised in the financial statements of the respective agencies because the agencies control such assets for the duration of the project.

#### 1.10.3. Intangible assets

The Director-General of Higher Education and Training is the Accounting Authority of the fund in terms of the PFMA, 1999 and must control the fund.

Intangible assets mainly include computer software. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset arising from development (or from the development phase of an internal project) is recognised in the following instances:

- a) When it is technically feasible to complete the asset so that it will be available for use or sale
- b) When there is an intention to complete and use or sell it
- c) When it can be sold or used
- d) When it will generate probable future economic benefits or service potential
- e) When there are available technical, financial and other resources to complete the development and to use or sell the asset
- f) When the expenditure attributable to the asset during its development can be measured reliably

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.10. Assets (continued)

Amortisation of the intangible asset will begin when the asset is available for use; i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation will end when the intangible assets has reached its useful life.

Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

- Computer software: Three years
- Microsoft Dynamics information and communication technology (ICT) system: 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An intangible asset shall be derecognised:

On disposal (including disposal through a non-exchange transaction); or

When no future economic benefits or service potential are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within surplus or deficit.

#### 1.10.4. TVET college infrastructure assets

TVET college infrastructure assets comprise of TVET college campuses developed on behalf of the respective colleges.

The TVET college infrastructure development is financed by the NSF and is centrally implemented by the DHET as the implementing agency for the NSF. The ultimate beneficiaries of the TVET college infrastructure assets are the respective colleges to whom the assets will be transferred upon completion thereof.

The NSF shall recognise the cost of the TVET college infrastructure assets as an asset only if:

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the NSF; and
- (b) the cost or fair value of the item can be measured reliably.

The NSF shall derecognise the TVET college infrastructure asset upon transfer thereof to the respective colleges.

TVET college infrastructure assets are stated at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items, which includes site preparation costs.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.10. Assets (continued)

#### 1.10.5. Deferred expenditure related to skills development funding expenditure

Deferred Expenditure on Skills Development Funding consists of funds (resources) prepaid to the SDPS, but controlled by the NSF via the contractual agreements with the SDPs. In the past, the funds were received from the NSF's revenue streams (mainly SDL income and investment income). The funds are expected to generate future service potential for the NSF by enabling the NSF to fund future skills development provided to the intended beneficiaries as it is mandated to do.

Deferred expenditure is initially recognised at cost and subsequently measured at cost less any provision for impairment. Deferred Expenditure on Skills Development Funding is initially recognised at the following dates:

- a) Date at which the funds for future skills development activities is paid by the NSF to the SDP
- b) Date at which interest on these funds advanced accrues to the SDP, but should be used for purposes of the programme or project in accordance with the contractual agreement and approved scope, budget and implementation plan for the programme or project.

Any subsequent interest that is earned on advances or prepayments is recognised as part of the Deferred Expenditure on Skills Development Funding balance. In terms of the contractual agreement, interest earned on the dedicated project bank account or cost centre must be used for the sole purpose of the programme or project, as per the approved programme or project scope, budget and implementation plan.

Deferred Expenditure on Skills Development Funding is derecognised as an asset in the Statement of Financial Position by recognition of the Skills Development Funding expense in the Statement of Financial Performance once the funds advanced or prepaid has been verified by the NSF as used for valid skills development activities that are aligned to the contractual agreement and approved scope, budget and implementation plan. This is at the date at which the financial drawdown report was checked and approved by the responsible NSF project director.

Any advance or prepayment, including accrued interest thereon, or portion thereof that has not yet been used for skills development activities aligned to the contractual agreement and approved scope, budget and implementation plan during the verification of the financial drawdown report above, will not be derecognised as Deferred Expenditure on Skills Development Funding. It will remain as such until the advance or prepayment has been verified as used towards skills development activities that are aligned the contractual agreement and approved scope, budget and implementation plan. Derecognition may also be triggered due to the following factors:

- a) Once the advance funds have been verified by the NSF as used skills development activities aligned to the MoA and implementation plan
- b) At the contractual end date, as stipulated in the MoA
- c) The notification letter issued by the NSF to SDPs for cancellation of the programme or project and termination of the contract due to non-compliance with the contractual agreement by the SDP

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.10.6. Trade and other receivables from non-exchange transactions

Receivables from non-exchange transactions consist of funds previously advanced to SDPs. This includes accrued interest, which becomes refundable to the NSF upon the end date of the contractual agreements with the SDPs or termination of the contractual agreement or based on the final quarterly report as outlined in the terms and conditions of the contractual agreements with the SDPs.

It is a receivable and meets the definition of an asset in terms of Paragraph 5 of GRAP 1 and GRAP 104.13 as result of the following past events:

- a) The programme or the project ended as stipulated in the contractual agreement with the SDPs or a letter of refund has been issued and the NSF has a conditional right to receive cash
- b) The programme or project was cancelled and the contract was terminated because of non-compliance with the contractual agreement by the SDP, which is evidenced by the NSF issuing a signed-off letter to the SDP as a notification of cancellation of the programme or project and demand to the SDP to refund the balance owing to the NSF.

Receivables related to the skills development funding are initially recognised at the following trade dates in accordance with Paragraph 24 of GRAP 104:

- a) End date as stipulated in the MoA signed with SDPs
- b) Upon issuing of the termination letter to the SDP due to non-compliance with the contractual agreement

The receivables from the SDP are subsequently measured at cost less provision from impairment in accordance with Paragraphs 45 and 46 of GRAP 104. The receivable is usually measured at the original invoice amount.

Paragraph AG114 of the GRAP 104 Application Guide states that often, it will not be necessary to undertake a formal effective interest rate calculation. This may be because the instrument is a short duration receivable with no stated interest rate (which is usually measured at the original invoice amount).

Furthermore, the Receivables related to skills development funding is subsequently measured at the original amount as per the following supporting documents (regarded as the original invoice), in accordance with Paragraph AG114 of the GRAP 104 Application Guidance:

- a) End date as stipulated in the MoA signed with SDPs
- b) The notification letter issued by the NSF to SDPs to cancel the programme or project and terminate the contract due to non-compliance with the contractual agreement by the SDP

In terms of Paragraph 68 of GRAP 104, receivables relating to skills development funding shall be derecognised when those receivables are settled by SDPs and when the debt is uncollectable after following the legal process. The debt will then be written off.

Receivables from skills development funding are recognised as a financial asset in the Statement of Financial Position and because the NSF is party to the contractual provisions of the instrument.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.9. ACCOUNTING POLICIES

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### 1.10. Assets (continued)

#### 1.10.7. Statutory receivables

Statutory receivables are receivables that arise from the operation of a legal statute and are settled in cash or another financial asset. These arise from both exchange and non-exchange transactions. They are initially recognised at their transaction amount and subsequently measured according to the cost method.

Statutory receivables to the NSF are SDL income collected by SARS through the National Revenue Fund and owed to the NSF at the reporting date. The amount due to the NSF is calculated as required by Section 8 of the SDL Act, 1999. The Director General of Higher Education and Training must authorise the transfer of 20% of the SDL to the NSF within 14 days after receiving notification from SARS.

Statutory receivables are recognised as a receivable in the Statement of Financial Position. If the rights to the cash flow from the receivable are settled, the receivable is then derecognised.

#### 1.10.8. Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term, highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

In terms of Section 29(2) of the SDA, 1998, any money in the fund not required for immediate use should be invested with the Public Investment Corporation (PIC). Cash and cash equivalents are measured at fair value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments.

### 1.11. Liabilities

#### 1.11.1. Leave and bonus accruals

The entity has chosen to treat its provision for leave and bonus pay as an accrual.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date. Accruals related to employee benefits in the Statement of Financial Position include annual leave, capped leave, 13<sup>th</sup> cheque and performance bonus commitments at year-end (based on current salary rates).

The liability for leave pay is based on the total accrued leave days at year-end and is shown as an accrual in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made. No accrual is made for post-retirement benefits because the NSF does not provide for such benefits for its employees.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.11. Liabilities (continued)

#### 1.11.2. Accruals and payables related to skills development funding

In terms of Paragraph 18(b) of GRAP 19, accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier. These include amounts due to employees; for example, amounts relating to accrued vacation pay.

Accruals related to skills development funding that adhere to the definition of a liability as per Paragraph 5 of GRAP 1 are as follows:

##### **Accruals**

Present obligation:

The NSF has a present legal obligation to fund the valid skills development activities provided by the SDP in accordance with the signed contractual agreement and approved scope, budget and implementation plan.

Past events:

The obligation arises from the valid skills development activities provided by the SDP in the past.

Outflow of resources:

It is expected that the liability will be settled via the outflow of cash once it has been formally verified and agreed upon through the financial drawdown report or close-out report process.

The accruals-related skills development funding adhere to the definition of an accrual, based on the following:

- a) The skills development activities provided by the SDP were provided before year-end
- b) However, the SDP has not yet formally claimed the expenditure from the NSF via a financial drawdown report or close-out report at year-end (in other words invoiced the NSF)
- c) The expenditure has, thus, not yet formally been agreed upon between the NSF and the SDP at year-end

Accruals related to skills development funding are initially recognised at cost, which represents the fair value thereof and subsequently recognised at cost:

- a) The financial drawdown report is signed off by the NSF project director;
- b) The close-out report is signed off by the NSF project director; or
- c) The notification letter to cancel the programme or project is issued by the NSF.

Accruals are derecognised upon the contractual end date of the MoA.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.11. Liabilities (continued)

#### Payables

Payables related to skills development funding that adhere to the definition of a liability as per Paragraph 5 of GRAP 1 are as follows:

**Present obligation:** The NSF has a present legal obligation to pay the drawdown as per the approved financial drawdown report or close-out report. The legal obligation is derived from the signed contractual agreement between the NSF and the SDP.

**Past events:** The obligation arises from the requirements of the contractual agreement being met that requires the NSF to pay the drawdown. These requirements entail the following:

- The SDP submitting accurate and complete reports on the programme or project to the NSF, with valid supporting documentation
- The NSF verifying the accuracy, validity and completeness of the information submitted
- The NSF approving the drawdown request
- **Outflow of resources:** It is expected that the liability will be settled via the outflow of cash once the drawdown amount, as per the financial drawdown report or close-out report, is paid

Paragraph 13 of GRAP 104 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Paragraph 13 of GRAP 104 further defines a financial liability as any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Payables related to skills development funding provide the NSF with the contractual obligation to deliver cash to the SDP:

- upon approval of the financial drawdown report or close-out report; or
- upon cancellation of the programme or project and termination of the contract, which is when the NSF issues a signed-off letter as part of notifying the SDP of cancellation of the programme or project and termination of the contract. If applicable, the letter will then also outline the balance owing by the NSF to the SDP as part of the cancellation of the programme or project.

Thus, payables related to Skills Development Funding meets the definition of a financial liability and therefore meets the definition of a financial instrument. Hence GRAP 104 is applicable to payables related to Skills Development Funding. Payables related to Skills Development Funding is therefore recognised as a financial liability in the Statement of Financial Position as a result of it meeting the definition of a financial liability. Payables related to Skills Development Funding is initially recognised at the following dates in accordance with GRAP 104 paragraph 23.

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

- Contractual end date as stipulated in the MoA
- Upon cancellation of the programme or project and termination of the contract, which is when the NSF issues a signed-off letter as part of notifying the SDP of cancellation of the programme or project and termination of the contract. If applicable, the letter will then also outline the balance owing by the NSF to SDP as part of the cancellation of the programme or project.

Payables are derecognised in the following instances:

- Settlement of the creditor by the NSF
- Extension to the end date expired project or re-instatement of the MoA

### 1.11.3. Provisions

In terms of GRAP 19 a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

#### 1.11.3.1. Provision for levies less than threshold

Section 4(b) of the SDL Act, 1999, stipulates that employers with a total yearly remuneration expense of below R500 000 are exempt from contributing SDLs. In practice, it does happen that some of these exempted employers contribute SDLs. As a result, they are entitled to claim their contributions back. There is uncertainty over the timing and amount of the provision for levies paid below threshold because the NSF does not know the amount or time of contributions that will be claimed back in the future. For the purposes of calculating the provision, management expects the future claims to be in line with the historic levies less than threshold claimed back. The historic levies less than threshold claimed back in comparison with total skills development levies received is used as a basis for estimating the provision.

#### 1.11.3.2. Provision for performance bonuses

Performance bonuses are provided for based on the NSF's past practice to pay annual performance bonuses. Uncertainty exists over the amount and the timing of the performance bonuses because the NSF has not yet completed the performance assessments at year-end and determined the performance bonus payable. Management estimates the performance bonus payable to be in line with the previous year's performance bonus paid with an average increase for inflation.

#### 1.11.3.3. Provisions related to skills development funding

GRAP 19 defines a provision as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. A legal obligation is an obligation that derives from:

- a) a contract (through its explicit or implicit terms);
- b) legislation; or
- c) other operation of law.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.9. ACCOUNTING POLICIES

### 1.11. Liabilities (continued)

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Provisions related to skills development funding are provided on skills development programmes and projects for skills development activities that have not yet been verified from the last verified date up to the financial year-end or contract end date, whichever occurs first.

Uncertainty exists over the amount and timing of these skills development activities because NSF has not yet received and verified the reports related to those skills development programmes and projects to determine the skills development activities undertaken and the expenditure incurred therefore. Provisions from skills development programmes and projects are estimated on an annual basis. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the provision calculations, management deems the skills development activities be rendered equally over the original contract term, while taking into consideration historical performance trends on each contract and any other observable evidence at the reporting date. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced or claimed by the training providers. Actual results may differ from these estimates. Provision recognised for the relevant financial year is deducted from the remaining contract commitment.

The estimate for the provision is made for projects for the period after the last quarterly report verified and the reporting date. The estimation is based on the contract value, start date and end date of the project, as well as the reporting date. A daily contract value is calculated, as well as the number of days from the last quarter verified until the reporting date. This is multiplied by the average pay-out ratio for that group of projects. The provision is limited to the amount raised as deferred expenditure.

Management estimates the provision related to skills development funding on the following assumptions: It is assumed that the skills development project or programme will continue with skills development activities after the last verified date up to the end of the contract.

It is assumed that the skills development project or programme's actual expenditure trend for the period after the last verified date will be in line with the actual expenditure trend for the historic verified period. If no historic verified period for the specific project exists yet, it is assumed that the project's actual expenditure trend for the period after the last verified date will be in line with the average actual expenditure trend for the historic verified period for similar projects.

It is assumed that the skills development project or programme's expenditure incurred for the period after the last verified date will not exceed the prepayment made to the project or programme. This assumption is on the basis that a programme or project will only undertake skills development activities if the programme or project is able to pay for those activities as and when it happens or shortly thereafter. Skills development activities will, therefore, only be undertaken if the project or programme has the cash on hand for those activities.

Provisions are derecognised under the following instances:

- a) All quarterly financial reports for the financial year have been verified and signed off by the NSF
- b) The project expired, the close-off report has been finalised, the refund has been made by the SDP to the NSF and the NSF has paid all the refunds due to the SDP

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.12. Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. The classification of financial assets and liabilities into categories is based on judgement by management.

Financial assets and financial liabilities are recognised on the NSF Statement of Financial Position when the NSF becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. After initial recognition, these instruments are measured as set out below.

#### 1.12.1. Financial assets – classification

A financial asset is any asset that has a cash or contractual right to receive cash. The entity's principle financial assets, as reflected on the face of the Statement of Financial Position, are classified as follows:

- Cash and cash equivalents
- Financial assets at fair value
- Trade and other receivables

In accordance with GRAP 104, the financial assets of the entity are classified as follows into the categories as allowed by the standard:

Type of financial asset	Classification in terms of GRAP 104
Cash and cash equivalents	Financial assets at fair value
Financial assets at fair value through surplus or deficit	Financial assets at amortised cost
Trade and other receivables	Financial assets at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term, highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with banks and investments in financial instruments. The entity categorises cash and cash equivalents as financial assets: loans and receivables.

Financial assets at fair value are financial assets that meet either of the following conditions:

- They are classified as held for trading
- Upon initial recognition, they are designated as at fair value through the Statement of Financial Performance

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

### 1.12. Financial instruments (continued)

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months, which are classified as non-current assets. Loans and receivables are initially measured at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less provision for impairment.

#### 1.12.2. Financial liabilities - classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity, or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity. The entities principal financial liabilities relates to accounts payable which are classified as follows on the face of the Statement of Financial Position:

- Trade and other payables.

There are two main categories of financial liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- Fair value through surplus or deficit; or
- At amortised cost using the effective interest method.

Financial liabilities at fair value are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through surplus or deficit are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as other financial liabilities and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with GRAP 104, the financial liabilities of the entity are all classified as “other financial liabilities”.

#### 1.12.3. Initial and subsequent measurement

##### 1.12.3.1. Financial assets: Financial assets at fair value through surplus or deficit

Money market financial instruments are initially and subsequently measured at fair value. It is the policy of the NSF to account for changes in the fair value of monetary securities classified at fair value, through the Statement of Financial Performance. The fair value adjustment is calculated between the difference of the market value at the end of the reporting period and the cost of the investment. These investments are revaluated once a year at the end of the reporting period.

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## 5.9. ACCOUNTING POLICIES

### 1.12. Financial instruments (continued)

#### 1.12.3.2. Financial assets

Trade and other receivables from exchange transactions

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other receivables from non-exchange transactions

Trade and other receivables from non-exchange are initially recognised at trade date and subsequently measured at amortised costs less provision for impairment. The receivable from skills development funding has a short duration. The amount owed by the SDP is refundable within 30 days of recognition with no stated interest rate, which is usually measured at the original invoice amount.

#### 1.12.3.3. Financial liabilities: Trade and other payables

Trade and other payable financial instruments are measured at amortised cost using the effective interest rate method. Accruals represent goods or services that have been received together with an accompanied invoice, but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

#### 1.12.4. Impairment of financial assets and uncollectability of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence, the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Accounts receivable are initially valued at cost, which represents fair value and subsequently is carried at amortised cost using the effective interest rate method. An estimate is made for a provision for impairment, based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Unless the NSF has observable data to its disposal that indicates otherwise, receivables related to skills development funding balances older than the 30-day period are considered as an indication of impairment because the balance has to be settled within 30 days. The policy of the entity is that at a reporting date ageing 31 to 60 days, 100% of these receivables' balances are still regarded as recoverable. At a reporting date ageing 61 to 90 days, 75% of these receivables' balances are recoverable and at a date ageing 91 to 120 days, 50% of these receivables' balances are still regarded as recoverable. At a date ageing 121 to 150 days, 25% of these receivables' balances are still regarded as recoverable and at a date ageing over 150 days, 0% of these receivables' balances are still regarded as recoverable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

### 1.12. Financial instruments (continued)

The disappearance of an active market because an entity's financial instruments are no longer publicly traded is not evidence of impairment. A downgrade of an entity's credit rating is not, of itself, evidence of impairment; although, it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortised cost is not necessarily evidence of impairment; for example, a decline in the fair value of an investment in a debt instrument that results from an increase in the risk-free interest rate.

#### 1.12.5. Impairment and gains and losses from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### 1.12.6. Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the NSF realises the contractual rights to the benefits specified in the contract, the rights expire, the NSF surrenders those rights, or loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any previous adjustment to reflect the fair value of the asset that had been reported in capital and reserves is included in net surplus or deficit for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

#### 1.12.7. Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

#### 1.12.8. Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the

# NATIONAL SKILLS FUND

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## 5.9. ACCOUNTING POLICIES

normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

### 1.12.9. Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

Risks and exposure are disclosed as follows

#### 1.12.9.1. Credit risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

#### 1.12.9.2. Liquidity risk

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met timeously and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 27 to the Annual Financial Statements.

## 1.13. Related parties

### 1.13.1. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party transactions are classified by the entity as those transactions between related parties other than transactions that would occur within a normal supplier-client or recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.13.2. Key management personnel

Key management personnel is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.9. ACCOUNTING POLICIES

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### 1.13. Related party (continued)

legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence or be influenced by that management in their dealings with the entity.

The Executive Officer of the NSF, who is on Post Level 15, is currently regarded as being at key management level, including employees on Level 14 and 13 or below acting in the position of the Executive Officer. Transactions conducted with key management and with close family members of key management are regarded as related party transactions. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.14. Commitments

Commitments only include funds that have been committed contractually at year-end. Funds committed contractually are commitments where the NSF has a contractual obligation to fund the skills development programme or project or administrative projects. With a contractual obligation there is a written agreement with specific terms between the NSF and the third party, whereby the third party undertakes to perform certain deliverables as outlined in the agreement.

Performance on these deliverables will obligate the NSF to make payment. Commitments forming part of the disclosure note include contractual commitments for the acquisition of personal protective equipment and intangible assets in terms of GRAP 17 and GRAP 31.

### 1.15. Contingent assets and contingent liabilities

Management judgement is obtained through the services of legal counsel when disclosing contingent assets and liabilities. The probability that an inflow or outflow of economic resources will occur due to past events, which will only be confirmed by the occurrence or non-occurrence of one or more future events and any possible financial impact is disclosed based on management's estimation in the disclosure notes.

### 1.16. Defined contribution plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or previous periods.

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 (Act 24 of 1956) as amended. In terms of the Pension Funds Act, 1956, the fund is not required to be actuarially valued. Contributions are at a rate of 13% of pensionable emoluments. The entity's contributions to the defined benefit contribution scheme are established in terms of the rules governing the scheme.

Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. Property, plant and equipment

#### Reconciliation of cost to net book value

Owned assets	2020/21 R'000			2019/20 R'000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	18 625	(17 513)	1 112	17 976	(16 880)	1 096
Office furniture	5 051	(4 099)	952	4 978	(3 761)	1 217
Office appliances	281	(218)	63	239	(191)	48
Office equipment	1 128	(1 054)	74	1 128	(926)	202
<b>Total</b>	<b>25 085</b>	<b>(22 884)</b>	<b>2 201</b>	<b>24 321</b>	<b>(21 758)</b>	<b>2 563</b>

#### Reconciliation of opening to closing net book value

Owned assets	2020/21 R'000				
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Carrying value at the end of the year
Computer equipment	1 096	731	(33)	(682)	1 112
Office furniture	1 217	73	-	(338)	952
Office appliances	48	41	-	(26)	63
Office equipment	202	-	-	(128)	74
<b>Total</b>	<b>2 563</b>	<b>845</b>	<b>(33)</b>	<b>(1 174)</b>	<b>2 201</b>

#### Reconciliation of opening to closing net book value

Owned assets	2019/20 R'000				
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Carrying value at the end of the year
Computer equipment	1 495	760	(3)	(1 156)	1 096
Office furniture	1 153	698	-	(634)	1 217
Office appliances	71	19	-	(42)	48
Office equipment	329	74	-	(201)	202
<b>Total</b>	<b>3 048</b>	<b>1 551</b>	<b>(3)</b>	<b>(2 033)</b>	<b>2 563</b>

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 3. Intangible assets

#### Reconciliation of cost to net book value

Owned assets	2020/21 R'000			2019/20 R'000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	2 527	(2 527)	-	2 527	(2 527)	-
Integrated Microsoft Dynamics enterprise resource planning (ERP) system	23 911	(3 839)	20 072	23 911	(1 858)	22 053
<b>Total</b>	<b>26 438</b>	<b>(6 366)</b>	<b>20 072</b>	<b>26 438</b>	<b>(4 385)</b>	<b>22 053</b>

#### Reconciliation of opening to closing net book value

Owned assets	2020/21 R'000					
	Carrying value at the beginning of the year	Additions	Disposals	Impairment loss	Amortisation	Carrying value at the end of the year
Computer software	-	-	-	-	-	-
Integrated Microsoft Dynamics ERP System	22 053	-	-	-	(1 981)	20 072
<b>Total</b>	<b>22 053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 981)</b>	<b>20 072</b>

This system will integrate all work done at project sites into the financial system to allow for more effective and efficient project monitoring and reporting. The system will run parallel with the NSF's current processes until 1 September 2021 to ensure that it operates efficiently and effectively once the assurance sign-off on the system has been completed. Projects will progressively go live on the SDP application as the data is checked and confirmed. Thereafter, all processes will be conducted through the ICT system.

#### Reconciliation of opening to closing net book value

Owned assets	2019/20 R'000					
	Carrying value at the beginning of the year	Additions	Disposals	Impairment loss	Amortisation	Carrying value at the end of the year
Computer software	-	-	-	-	-	-
Integrated Microsoft Dynamics ERP System	21 665	1 764	-	-	(1 376)	22 053
<b>Total</b>	<b>21 665</b>	<b>1 764</b>	<b>-</b>	<b>-</b>	<b>(1 376)</b>	<b>22 053</b>

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 4. TVET college infrastructure assets

#### Reconciliation of cost to net book value

TVET college infrastructure assets		2020/21 R'000			2019/20 R'000		
Site	TVET college	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Aliwal North	Ikhala	125 348	-	<b>125 348</b>	105 193	-	<b>105 193</b>
Balfour	Gert Sibande	66 879	-	<b>66 879</b>	26 639	-	<b>26 639</b>
Bhambanana	Umfolozi	138 301	-	<b>138 301</b>	138 301	-	<b>138 301</b>
Giyani	Letaba	-	-	-	-	-	-
Graaff-Reinet	Eastern Cape Midlands	109 226	-	<b>109 226</b>	96 735	-	<b>96 735</b>
Greytown	Umgungundlovu	111 103	-	<b>111 103</b>	63 533	-	<b>63 533</b>
Kwagqikazi	Mthashana	73 659	-	<b>73 659</b>	50 577	-	<b>50 577</b>
Msinga	Umgungundlovu	123 039	-	<b>123 039</b>	94 134	-	<b>94 134</b>
Ngqungqushe (Lusikisiki)	Ingwe	128 705	-	<b>128 705</b>	85 894	-	<b>85 894</b>
Nkandla A	Umfolozi	-	-	-	-	-	-
Nkandla B	Umfolozi	-	-	-	-	-	-
Nongoma	Mthashana	136 027	-	<b>136 027</b>	115 588	-	<b>115 588</b>
Sterkspruit	Ikhala	151 830	-	<b>151 830</b>	110 736	-	<b>110 736</b>
Umzimkhulu	Esayidi	120 639	-	<b>120 639</b>	102 515	-	<b>102 515</b>
Vryheid	Mthashana	-	-	-	-	-	-
Mount Frere	Ingwe	16 010	-	<b>16 010</b>	17 776	(2 907)	<b>14 869</b>
Siteto Mbizana	Ingwe	19 715	-	<b>19 715</b>	18 553	(516)	<b>18 037</b>
Maluti	Ingwe	16 133	-	<b>16 133</b>	14 929	-	<b>14 929</b>
Mount Fletcher	Ingwe	16 160	-	<b>16 160</b>	14 971	-	<b>14 971</b>
<b>Total</b>		<b>1 352 774</b>	<b>-</b>	<b>1 352 774</b>	<b>1 056 074</b>	<b>(3 423)</b>	<b>1 052 651</b>

TVET college infrastructure assets include the above-mentioned TVET college campuses, which are still in the development phase as at year-end. The TVET college campuses are being developed on behalf of the respective TVET colleges, who are the ultimate beneficiaries of the TVET Infrastructure assets. The assets will be transferred upon final completion.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### TVET college infrastructure assets (continued)

The NSF recognises the assets while under construction until final completion and transfer thereof to the respective TVET colleges. Skills Development Circular 8 of 2013 calls on the NSF and the SETAs to contribute towards funding the TVET college infrastructure development in support of Goal 4.3 of the National Skills Development Strategy (NSDS) III, which promotes growth of the public TVET college system that is responsive to sector, local, regional and national skills needs and priorities. The TVET college infrastructure development is financed by the NSF and is centrally implemented by the DHET as the implementing agency for the NSF.

The 11 TVET college infrastructure asset sites are active and progressing into their construction and occupational phase, respectively. Out of the 11 sites, four sites namely (Graaf Reinet, Aliwal North, Nongoma and Umzimkhulu) have achieved practical completion and are at occupational phase. The contractor has been terminated for one site, Bambanani, sectional occupation has been granted to the college. Five sites are expected to be completed in the 2021/22 financial year, namely: Sterkspruit, Greytown, Umsinga, Gqungqushu and Kwa-Gqikazi. Balfour, the last site, is expected to be completed in the 2022/23 financial year.

Major challenges were experienced in the implementation of the TVET infrastructure projects. These included foundation improvements, continuous local community disruptions and strikes by workers, and the inability to obtain local goods and materials. Initial costs for the design of the sites have been completed and construction commenced at most sites during the 2018/19 financial year. TVET college infrastructure assets include the above-mentioned TVET college campuses, which are still in development as at year-end.

### Implications of the Covid-19 pandemic

The impact of the lockdown presented challenges on the completion dates of the infrastructure projects in progress. The contractors applied for extension of time, the occupational health and safety compliance requirements were amended and contractors had to resubmit new plans to adhere to the Covid-19 safety measures on site. The social distancing requirements resulted in a reduction in the number of workers on site and, thus, affected the daily production of the work, which led to delays in the completion of milestones as per the approved timelines. Most of the construction sites were affected by Covid-19 positive cases.

Management conducted an impairment assessment of the TVET college infrastructure assets in accordance with Paragraph 87 of GRAP 17 and GRAP 21.

Paragraph 87 of GRAP 17 states that “an entity shall disclose the following in the notes to the Financial Statements in relation to property, plant and equipment which is in the process of being constructed or developed:

- a) The cumulative expenditure recognised in the carrying value of property, plant and equipment. These expenditures shall be disclosed in aggregate per class of asset.
- b) The carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- c) The carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognised in relation to these assets”.

GRAP 21 was also considered for the identification of indicators of impairment from internal and external sources to be used as part of verifiable evidence in the impairment assessment conducted.

Management based their impairment assessment on the progress reports compiled by the NSF Project Monitoring Unit (Internal Source). The reports from the professional consultant engineers (MSW Consulting, which is an external source) were used in the assessment of any delays in the construction of the TVET campuses. The impact of the Covid-19 pandemic in relation to the progress in construction, relevant to the completion dates, was also taken into account. Based on these processes, management believes that there were no major prolonged delays in the construction of the TVET college campuses. Hence, there were no impairment losses recognised for the 2020/21 financial year in relation to the progress in construction relevant to the completion dates. The delays in the construction were mainly due to the strike action and adverse weather conditions. The intention was to resume construction, which did commence after these delays.

Practical Completion by definition stated in the Certificates of Practical Completion refers to the stage of completion as certified by the Principal Agent where the works or a section thereof has been completed free of patent defects other than minor defects identified in the list for completion and can be used for the intended purpose. However, the Certification of Occupancy from the municipality have not been issued. The official transfer of the completed sites from the NSF/DHET to the college cannot be initiated as at 31 March 2021. This would be processed on final completion therefore the sites would remain capitalised on the NSF AFS.

### ADA Holdings Ingwe

GRAP14 describes events after the reporting date as those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. The following two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

The NSF management indicated that an impairment assessment on the TVET infrastructure assets was conducted including the Ingwe TVET college campuses, in compliance with GRAP 17 and GRAP 21 as evident in the report on the impairment assets on the TVET infrastructure assets submitted to the auditors.

Paragraph 7 of GRAP 14 states that an entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date (see Note 32).

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### ADA Holdings Ingwe (continued)

Paragraph 8 gives the following as examples of adjusting events after the reporting date that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised:

- The receipt of information after the reporting date, indicating that an asset was impaired at the reporting date or that the amount of a previously recognised impairment loss for that asset needs to be adjusted. For example:
- the insolvency of a debtor that occurs after the reporting date usually confirms a loss existed at the reporting date on a receivable account and that the entity needs to adjust the carrying amount of the receivable account; and
- the sale of inventories after the reporting date may give evidence about their net realisable value at the reporting date.

The NSF further stated that in applying GRAP 1 on fair presentation of financial statements, it is important to consider the substance of transactions and not merely the form. The NFS management disclosed and acknowledged that there were indicators of impairment on the Ingwe TVET college campuses of Maluti, Mount Fletcher, Bizana and Mount Frere, and this is reported as such on the Impairment Assessment Report conducted.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Reconciliation of opening to closing net book value

		2020/21 R'000					
TVET college infrastructure assets		Carrying value at the beginning of the year	Additions	Disposals	Impairment	Revaluation end surplus	Carrying value at the of the year
Site	TVET college						
Aliwal North	Ikhala	105 193	20 155	-	-		125 348
Balfour	Gert Sibande	26 639	40 240	-	-		66 879
Bhambanana	Umfoloji	138 301	-	-	-		138 301
Giyani	Letaba	-	-	-	-		-
	Eastern Cape	96 735	12 491	-	-		109 226
Graaff-Reinet	Midlands						
Greytown	Umgungundlovu	63 533	47 570	-	-		111 103
Kwagqikazi	Mthashana	50 577	23 082	-	-		73 659
Msinga	Umgungundlovu	94 134	28 905	-	-		123 039
Ngqungqushe (Lusikisiki)	Ingwe	85 894	42 811	-	-		128 705
Nkandla A	Umfoloji	-	-	-	-		-
Nkandla B	Umfoloji	-	-	-	-		-
Nongoma	Mthashana	115 588	20 439	-	-		136 027
Sterkspruit	Ikhala	110 736	41 094	-	-		151 830
Umzimkhulu	Esayidi	102 515	18 124	-	-		120 639
Vryheid	Mthashana	-	-	-	-		-
Mount Frere	Ingwe	14 869	-	-	-	1 141	16 010
Siteto Mbizana	Ingwe	18 037	-	-	-	1 678	19 715
Maluti	Ingwe	14 929	-	-	-	1 204	16 133
Mount Fletcher	Ingwe	14 971	-	-	-	1 189	16 160
<b>Total</b>		<b>1 052 651</b>	<b>294 911</b>	<b>-</b>	<b>-</b>	<b>5 212</b>	<b>1 352 774</b>

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### TVET college infrastructure assets (continued)

#### Reconciliation of opening to closing net book value

		2019/20 R'000					
TVET college infrastructure assets		Carrying value at the beginning of the year	Additions	Disposals	Impairment	Revaluation end surplus	Carrying value at the of the year
Site	TVET college						
Aliwal North	Ikhala	50 572	54 621	-	-		105 193
Balfour	Gert Sibande	11 947	14 692	-	-		26 639
Bhambanana	Umfolozi	173 310	8 169	(43 178)	-		138 301
Giyani	Letaba	10 362	-	(10 362)	-		-
	Eastern Cape	48 491	48 243	-	-		96 734
Graaff-Reinet	Midlands						
Greytown	Umgungundlovu	17 357	46 176	-	-		63 533
Kwagqikazi	Mthashana	18 756	31 821	-	-		50 577
Msinga	Umgungundlovu	40 131	54 004	-	-		94 135
Ngqungqushe (Lusikisiki)	Ingwe	31 818	54 076	-	-		85 894
Nkandla A	Umfolozi	211 667	14 142	(225 809)	-		-
Nkandla B	Umfolozi	10 338	-	(10 338)	-		-
Nongoma	Mthashana	36 031	79 556	-	-		115 587
Sterkspruit	Ikhala	51 119	59 618	-	-		110 737
Umzimkhulu	Esayidi	64 353	38 162	-	-		102 515
Vryheid	Mthashana	10 338	-	(10 338)	-		-
Mount Frere	Ingwe	17 776	-	-	(2 907)		14 869
Siteto Mbizana	Ingwe	18 553	-	-	(516)		18 037
Maluti	Ingwe	8 602	-	-	-	6 327	14 929
Mount Fletcher	Ingwe	7 480	-	-	-	7 491	14 971
<b>Total</b>		<b>839 001</b>	<b>503 280</b>	<b>(300 025)</b>	<b>(3 423)</b>	<b>13 818</b>	<b>1 052 651</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 5. Investments

It is the policy of the NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated as the difference between the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period by the PIC. The latest revaluation was performed on 31 March 2021.

Composition at fair value		2020/21 R'000	2019/20 R'000
Investments with the PIC		9 223 505	8 064 321
Balance at the beginning of the year		8 064 321	6 658 826
Invested during the year		2 472 600	3 656 769
Interest received and capitalised	17	416 761	550 913
Management fees and expenses	22	(2 457)	(2 197)
Withdrawal		(1 700 000)	(2 800 000)
Fair value adjustment		(27 720)	10
		-	
<b>Closing balance at the end of the year</b>		<b>9 223 505</b>	<b>8 064 321</b>

At each reporting date, the NSF assesses whether there is objective evidence that a financial asset or group financial assets are impaired. None of the financial assets at fair value through surplus or (deficit) are impaired at the reporting date.

On 23 April 2020, after year-end, the Land and Agricultural Development Bank of South Africa ("the Land Bank") was unable to pay their maturities and have defaulted on their obligations. As at year-end, the NSF's total investments in instruments of the Land Bank amounted to R126,280 million, which had a credit rating of Aa3.za as at year-end. Following the default by the Land Bank on 23 April 2020, the credit rating of the Land Bank was downgraded to Baa2.za, with effect from 24 April 2020. Since the default and related downgrade occurred after year-end, the balance as at year-end will not be adjusted. However, the NSF's investment in the Land Bank of R126,280 million is at risk of being impaired after year-end. All Land Bank instruments that matured in January 2021, were reclassified as a loan. The current Investment Management Agreement (IMA) does not allow for such loan instruments and this constitutes a breach in the mandate. The PIC requests the NSF's indulgence and condonement of the breach until the Land Bank issue is resolved.

Section 29(2) of the SDA, 1998 stipulates that any money in the NSF not required for immediate use may be invested in accordance with the Investment Policy approved by the Director-General of Higher Education and Training, which complies with the requirements of the PFMA, 1999.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the NSF, as a public entity that is listed in Schedule 3A of the PFMA, 1999, must invest surplus funds with the Corporation for Public Deposits. The NSF obtained exemption from the National Treasury to invest surplus funds with the PIC in accordance with the NSF's Investment Policy.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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### 5. Investments (continued)

At each reporting date, the NSF assesses whether there is objective evidence that a financial asset or group financial assets are impaired. None of the financial assets at fair value through surplus or (deficit) are impaired at the reporting date. The NSF assessment also included the impact of the Covid-19 pandemic on the financial assets.

On 31 March 2021, the Land Bank released a media statement regarding an update on the liability solution. The Land Bank continues its negotiations with all lenders or funders towards the finalisation of an agreement to take the bank out of its default position, and to have a structured solution for the repayment and settlement of its debts. The Minister of Finance announced a capital injection of R7 billion over the next three years in his Budget Speech, delivered on 24 February 2021. The confirmation of this capital injection provides certainty in the nature of support by Land Bank's shareholder. The media statement has been attached for ease of reference. On 27 May 2021, the NSF received a letter from the PIC, highlighting the updates on the Land Bank default and confirmation of indicators of impairment on the Land Bank investment. The letter further indicates that all Land Bank instruments which matured in January 2021, were reclassified as a loan. The current IMA does not allow for such loan instruments and this constitutes a breach in the mandate. The PIC requests the NSF's indulgence and condonement of the breach until the Land Bank issue is resolved. The above have been considered as an indicator of impairment by management and an impairment loss of R27 720 000,00 has been recognised for the current financial year.

### 6. Trade and other receivables from exchange transactions

The carrying and fair value of trade and other receivables from exchange transactions are as follows:

Receivables from administrative expenditure	249	2 093
<b>Closing balance at the end of the year</b>	<b>249</b>	<b>2 093</b>

The balance of the R249 (thousands) relates to DHET employees paid by the NSF, which is to be refunded to the NSF, a deposit on parking space and employees with credit leave balances. Employees with credit leave balances related to employees who have taken leave days more than the accrued number of leave days as at 31 March 2021. These credit balances should reduce during the course of the 2021 calendar year.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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### 7. Trade and other receivables from non-exchange transactions

#### Current

The carrying and fair value of current trade and other receivables from non-exchange transactions are as follows:

Receivables related to skills development funding	29 883	18 812
Carrying amount	56 642	31 731
Less: Provision for impairment	(26 759)	(12 919)
Closing balance at the end of the year	29 883	18 812

Trade and other receivables from non-exchange transactions are reflected at fair value as at 31 March 2021.

2020/2021 R'000					
	Current R'000	31–180 days R'000	181–270 days R'000	Over 270 days R'000	Total R'000
Receivables related skills development funding	11 817	911	40	17 115	29 883
	<b>11 817</b>	<b>911</b>	<b>40</b>	<b>17 115</b>	<b>29 883</b>

2019/2020 R'000					
	Current R'000	31–180 days R'000	181–270 days R'000	Over 270 days R'000	Total R'000
Receivables related skills development funding	13 680	4 428	704	-	18 812
	<b>13 680</b>	<b>4 428</b>	<b>704</b>	<b>0</b>	<b>18 812</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>8. Deferred expenditure related to skills development funding</b>			
Education and training		733 257	977 824
Improve PSET system		112 184	108 005
<b>Closing balance at the end of the year</b>		<b>845 441</b>	<b>1 085 829</b>

## 9. Cash and cash equivalents

Favourable cash balances:

Cash in bank	139 783	295 163
<b>Closing balance at the end of the year</b>	<b>139 783</b>	<b>295 163</b>

### Credit quality of cash at the bank and short-term deposits, excluding cash on hand:

The credit quality of cash at the bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counter party default rates.

As required in Treasury Regulation 31.2, the National Treasury approved the banks where the NSF bank accounts are held. The weighted average interest rate on short-term bank deposits was 1,86% for the reporting period (2019/20: 4,54%).

Cash includes cash with commercial banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.

For purposes of the Cash Flow Statement, cash and cash equivalents include deposits held at call with banks, net of bank overdrafts.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>10. Trade and other payables from non-exchange transactions</b>			
Payables related to skills development funding	10.1	(40 425)	(81 870)
<b>Closing balance at the end of the year</b>		<b>(40 425)</b>	<b>(81 870)</b>
<b>10.1. Payables related to skills development funding</b>			
Education and training		(40 276)	(68 948)
Improve PSET system		(149)	(12 922)
<b>Closing balance at the end of the year</b>		<b>(40 425)</b>	<b>(81 870)</b>
<b>11. Trade and other payables from exchange transactions</b>			
Administrative payables due to the DHET		(38 981)	(51 027)
Other administrative payables		(5 660)	(7 184)
<b>Closing balance at the end of the year</b>		<b>(44 641)</b>	<b>(58 211)</b>
<b>12. Accruals from non-exchange transactions</b>			
Accruals related to skills funding (other accruals)	12.1	(539 364)	(401 231)
<b>Closing balance at the end of the year</b>		<b>(539 364)</b>	<b>(401 231)</b>
<b>12.1. Accruals related to skills development funding</b>			
Accruals from non-exchange transactions (continued)			
Education and training		(53 951)	(107 058)
Improve PSET system		(485 413)	(294 173)
<b>Closing balance at the end of the year</b>		<b>(539 364)</b>	<b>(401 231)</b>

As at 31 March 2021, accruals related to skills development funding amounting to R539,364 million (2019/20: R401,231 million) were recognised.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>13. Accruals from exchange transactions</b>			
Leave and bonus accruals	13.1	(8 348)	(5 939)
<b>Closing balance at the end of the year</b>		<b>(8 348)</b>	<b>(5 939)</b>
<b>Leave and bonus accrual</b>			
Balance at the beginning of the year		(5 939)	(4 895)
Amounts utilised during the year		5 939	4 895
Amount recognised during the year		(8 348)	(5 939)
<b>Closing carrying amount</b>		<b>(8 348)</b>	<b>(5 939)</b>
<b>Leave and bonus accrual composition:</b>			
<b>Current</b>			
Leave accrual		(5 983)	(3 681)
Bonus accrual (Thirteenth cheque)		(2 365)	(2 258)
<b>Closing balance at the end of the year</b>		<b>(8 348)</b>	<b>(5 939)</b>
<p>Leave is calculated based on leave days outstanding at the reporting date and quantified in terms of total cost of employment per employee. The bonus accrual relates to 13<sup>th</sup> cheque commitments owed to NSF employees at the reporting date.</p>			
<b>14. Provisions</b>			
Provision for levies less than threshold	14.1	(66)	(106)
Performance bonus provision	14.2	(828)	(1 739)
Provisions related to skills development funding	14.3	-	(731)
<b>Closing balance at the end of the year</b>		<b>(894)</b>	<b>(2 576)</b>
<b>14.1. Provision for levies less than threshold</b>			
Balance at the beginning of the year		(106)	(178)
Levies less than threshold provision raised or (utilised) for the year		40	72
<b>Closing balance at the end of the year</b>		<b>(66)</b>	<b>(106)</b>

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>14.2. Performance bonus provision</b>			
Balance at the beginning of the year		(1 739)	(982)
Performance bonus provision unutilised		1 918	-
Performance bonus additional provision for previous year performance bonuses		-	(1 291)
Performance bonus paid (utilisation of provision)		(179)	2 273
Performance bonus provision for the current year performance bonuses		(828)	(1 739)
<b>Closing balance at the end of the year</b>		<b>(828)</b>	<b>(1 739)</b>

As at 31 March 2021, the performance bonus provision amounting to R828 (thousand) (2019/20: R1,739 million) was recognised. Performance bonuses accrue to staff on an annual basis subject to the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of the NSF at the reporting date.

### 14.3. Provisions from skills development funding

Carrying value at the beginning of the year	(731)	(679)
Additional provision	-	(731)
Reduction due to payments/outflow of benefits economic	731	679
<b>Balance at the end of the year</b>	<b>-</b>	<b>(731)</b>

As at 31 March 2021, there was no provision related to skills development funding (2020: R730 thousand) was recognised.

## 15. SDLs (non-exchange revenue)

In terms of the SDA, 1998 and the SDL Act, 1999, the total levy income per the Statement of Financial Performance is as follows:

Percentage of payroll payable as SDL	1%	1%
<b>SDLs received from SARS (20%):</b>		
<b>SDLs received</b>	<b>2 472 600</b>	<b>3 656 768</b>
SDLs collected by SARS	12 363 000	18 283 839
Less: Amount withheld by the DHET and paid to the SETAs (80%)	(9 890 400)	(14 627 071)
Movement in provision for levies less than threshold	14.1 40	72
<b>Total</b>	<b>2 472 640</b>	<b>3 656 840</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>16. Income from SETAs (non-exchange revenue)</b>			
Income from SETAs towards INDLELA development and recapitalisation		-	3 500
<b>Total</b>		<b>-</b>	<b>3 500</b>
<b>17. Finance income (exchange revenue)</b>			
Finance income from investments at the PIC	5	416 761	550 913
Finance income from other commercial banks		730	831
<b>Total</b>		<b>417 491</b>	<b>551 744</b>
<b>18. Finance income from advance payments to skills development programmes and projects</b>			
Finance income from advance payments to skills development programmes and projects		22 868	50 190
<b>Total</b>		<b>22 868</b>	<b>50 190</b>
<b>19. Skills development funding expenses</b>			
Education and training		(1 451 368)	(2 522 410)
Improve PSET system		(261 805)	(36 987)
<b>Total</b>		<b>(1 713 173)</b>	<b>(2 559 397)</b>
<b>20. Employee costs</b>			
<b>Salaries and wages</b>		<b>(80 689)</b>	<b>(72 815)</b>
Basic salaries		(64 233)	(57 052)
Performance awards		179	(2 272)
Service bonuses		(4 640)	(3 755)
Other non-pensionable allowances		(8 967)	(8 146)
Overtime		(324)	(558)
Service benefits		(177)	(91)
Net movement: Leave accrual		(2 420)	(441)
Net movement: Service bonus accrual		(107)	(500)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>Social contributions</b>		<b>(10 154)</b>	<b>(8 817)</b>
Pension fund contributions: Defined contribution plans		(8 100)	(7 127)
Medical aid contributions		(2 041)	(1 680)
Bargaining council		(13)	(10)
<b>Bursaries to employees</b>		<b>(179)</b>	<b>(193)</b>
<b>Total</b>		<b>(91 022)</b>	<b>(81 825)</b>

## 21. Operating expenses

Advertising and Marketing		(377)	(127)
Catering		(43)	(358)
Cleaning services		(145)	(231)
Computer services and consumables		(960)	(2 065)
Consultancy and service provider fees		(330)	(227)
Consumables		(354)	(514)
Courier and delivery		(4)	(2)
DHET shared services charge		(15 123)	(13 336)
External auditor's remuneration		(5 024)	(5 165)
Internal auditor's remuneration		(3 373)	(4 170)
Audit Committee – meeting fees		(455)	(547)
Operating leases		(497)	(557)
Other		(241)	(197)
Printing and publications		(210)	(675)
Repairs and maintenance		-	(167)
Resettlement cost		(140)	(314)
Security		(1 250)	(1 301)
Software expenses		(10 068)	(12 356)
Stationery		(389)	(663)
Telephone and fax		(770)	(1 129)
Training and development		(37)	(138)
Travel and subsistence		(1 352)	(13 827)
Venues and facilities		(13)	(62)
Warranty costs		-	-
Information security services – IT systems		-	-
<b>Total</b>		<b>(41 155)</b>	<b>(58 128)</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>22. Management fee and back charges</b>			
Management fees and bank charges			
Bank charges paid to banks		(66)	(69)
Management fees and expenses paid to the PIC	5	(2 457)	(2 197)
<b>Total</b>		<b>(2 523)</b>	<b>(2 266)</b>
<b>23. Cash generated from operations</b>			
<b>Net surplus or (deficit) as per the Statement of Financial Performance</b>		981 366	1 492 527
<b>Adjustment for non-cash items:</b>			
Amortisation	3	1 981	1 376
Depreciation	2	1 174	2 033
Fair value adjustments to investments	5	27 720	(10)
Loss on disposal of asset	2	33	3
Impairment of TVET infrastructure assets	4	-	3 423
<b>Increase or (decrease) in provisions:</b>			
Relating to performance bonus	14.2	(911)	757
Relating to skills development funding	14.3	(731)	52
Relating to levy provisions	14.1	(40)	(72)
<b>Adjustment for items disclosed separately:</b>			
Finance income	17	(417 491)	(551 744)
		593 101	948 345
<b>Movements in working capital:</b>			
		316 688	(34 105)
(Increase) or decrease in trade and other receivables		(9 227)	20 290
(Increase) or decrease in deferred expenditure		240 388	(106 071)
Increase or (decrease) in trade and other payables and accruals		85 527	51 676
<b>Cash generated from operations</b>		<b>909 789</b>	<b>914 240</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 24. Prior period errors corrected

The following previous errors occurred:

1. Management revised the Trade and Other Receivables or Payables Policy and changed the recognition date to be the end date as stated in the MoA signed with SDPs. This was because our Accounting Policy was not in line with GRAP 104 financial instruments. As a result, the corrections were applied retrospectively on the following financial statement items:
  - i) Deferred expenditure related to skills development funding
  - ii) Receivables related to skills development funding
  - iii) Accruals related to skills development funding
  - iv) Payables related to skills development funding
  - v) Provisions related to skills development funding
  - vi) Related parties' transactions for the previous year of the above-mentioned line items have been restated to be aligned with the policy changes.
2. DHET invoices that relate to the 2017/18 and 2018/19 financial years were not accrued for in the 2019/20 financial year and, as a result, the following items have been understated
  - i) Payables from exchange transactions
  - ii) Accruals from exchange transactions
  - iii) Operating expenses (specifically travel and subsistence)
  - iv) Depreciation and amortisation

The balances have subsequently been corrected.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2019/2020 Restated R'000
<b>Prior period errors corrected (continued)</b>		
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>		
<b>EXPENSES</b>		<b>2 766 330</b>
As originally stated		2 723 188
Prior period correction		43 142
<b>SKILLS DEVELOPMENT FUNDING EXPENSES</b>		<b>2 572 316</b>
As originally stated		2 530 232
Prior period correction		42 084
<b>ADMINISTRATIVE EXPENSES</b>		<b>145 628</b>
As originally stated		144 570
Prior period correction		1 058
<b>OPERATING EXPENSES</b>		<b>58 128</b>
As originally stated		57 071
Prior period correction		1 057
<b>DEPRECIATION AND AMORTISATION</b>		<b>3 409</b>
As originally stated		3 408
Prior period correction		1
<b>PROVISION FOR IMPAIRMENT</b>		<b>3 423</b>
As originally stated		-
Prior period error		3 423
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 492 527</b>
As originally stated		1 537 579
Prior period correction		(45 052)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2019/2020 Restated R'000
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>TOTAL ASSETS</b>		<b>10 543 485</b>
As originally stated		10 537 523
Prior period correction		5 962
<b>NON-CURRENT ASSETS</b>		<b>1 077 267</b>
As originally stated		1 066 292
Prior period correction		10 975
<b>INTANGIBLE ASSETS</b>		<b>22 053</b>
As originally stated		22 052
Prior period correction		1
<b>TVET COLLEGE INFRASTRUCTURE ASSETS</b>		<b>1 052 651</b>
As originally stated		1 041 677
Prior period correction		10 974
<b>CURRENT ASSETS</b>		<b>9 466 218</b>
As originally stated		9 471 231
Prior period correction		(5 013)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	2019/2020 Restated R'000
<b>TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>	<b>18 812</b>
As originally stated	4 310
Prior period correction	14 502
<b>DEFERRED EXPENDITURE RELATED TO SKILLS DEVELOPMENT FUNDING</b>	<b>1 085 829</b>
As originally stated	1 105 344
Prior period correction	(19 515)
<b>TOTAL LIABILITIES</b>	<b>549 827</b>
As originally stated	743 872
Prior period correction	(194 045)
<b>CURRENT LIABILITIES</b>	<b>549 827</b>
As originally stated	743 872
Prior period correction	(194 045)
<b>TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>	<b>81 870</b>
As originally stated	12 999
Prior period correction	68 871
<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>	<b>58 211</b>
As originally stated	57 147
Prior period correction	1 064
<b>ACCRUALS FROM NON-EXCHANGE TRANSACTIONS</b>	<b>401 231</b>
As originally stated	665 141
Prior period correction	(263 910)
<b>PROVISIONS</b>	<b>2 576</b>
As originally stated	2 646
Prior period correction	(70)

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2019/2020 Restated R'000
<b>CAPITAL AND RESERVES</b>		<b>9 993 658</b>
As originally stated		9 793 651
Prior period correction		200 007
<b>ACCUMULATED SURPLUS</b>		<b>7 938 740</b>
As originally stated		7 738 733
Prior period correction		200 007
<b>COMPUTER EQUIPMENT COST</b>		<b>17 957</b>
As originally stated		17 976
Prior period correction		(19)
<b>ACCUMULATED DEPRECIATION</b>		
<b>COMPUTER EQUIPMENT</b>		<b>16 899</b>
As originally stated		16 880
Prior period correction		19

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	2019/2020 Restated R'000
<b>CASH FLOW STATEMENT</b>	
<b>CASH RECEIPTS FROM STAKEHOLDERS AND SUPPLIERS</b>	<b>3 660 268</b>
As originally stated	3 680 962
Prior period error	(20 694)
<b>CASH PAID TO STAKEHOLDERS, SUPPLIERS AND EMPLOYEES</b>	<b>2 746 028</b>
As originally stated	3 116 002
Prior period error	(369 974)
<b>CASH UTILISED OR GENERATED FROM OPERATIONS</b>	<b>914 240</b>
As originally stated	564 960
Prior period error	349 280
<b>FINANCE INCOME</b>	<b>551 754</b>
As originally stated	600 420
Prior period error	(48 666)
<b>NET CASH INFLOW OR (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1 465 994</b>
As originally stated	1 165 380
Prior Period error	300 614
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1 912 090)</b>
As originally stated	(1 611 476)
Prior period error	(300 614)
<b>CASH AND CASH EQUIVALENT</b>	<b>295 163</b>
As originally stated	295 163
Prior period error	-
<b>CONTRACTUAL COMMITMENTS</b>	<b>1 329 296</b>
As originally stated	17 754 384
Prior period correction	(16 425 088)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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### 25. Contractual Commitments

<b>The amount of contractual commitments for the acquisition of property, plant and equipment</b>		<b>985 835</b>	<b>1 350 669</b>
- Improve PSET system: TVET infrastructure		964 462	1 329 296
- Intangible asset		21 373	21 373

### 26. Financial instrument – financial risk management

Exposure to currency, commodity, interest rate and credit risk arises in the normal course of the operations. This note presents information about the exposure to each of the above risks, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments.

	Carrying amount R'000	Fair value R'000
<b>FINANCIAL ASSETS – 2020/21</b>	<b>9 393 420</b>	<b>9 393 420</b>
Cash and cash equivalents	139 783	139 783
Financial assets at fair value through surplus or (deficit)	9 223 505	9 223 505
Trade and other receivables	30 132	30 132
<b>FINANCIAL ASSETS – 2019/20</b>	<b>8 380 389</b>	<b>8 380 389</b>
Cash and cash equivalents	295 163	295 163
Financial assets at fair value through surplus or (deficit)	8 064 321	8 064 321
Trade and other receivables	20 905	20 905
<b>FINANCIAL LIABILITIES – 2020/21</b>	<b>(85 066)</b>	<b>(85 066)</b>
Trade and other payables	(85 066)	(85 066)
<b>FINANCIAL LIABILITIES – 2019/20</b>	<b>(140 081)</b>	<b>(140 081)</b>
Trade and other payables	(140 081)	(140 081)

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26. Financial instruments – financial risk management (continued)

The following methods and assumptions were used to estimate the fair values:

#### Financial instrument - financial risk management (continued)

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximate fair value due to the relative short-term maturity of these financial assets.

##### Financial assets at fair value through surplus or (deficit)

Fair value of financial assets is derived from quoted market prices in active markets, if available.

##### Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. The carrying amount of accounts receivable, net of allowances for bad debt, approximates fair value due to the relative short-term maturity of these financial assets.

##### Trade and other payables

Trade and other payables are stated at amortised cost, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

##### Fair value hierarchy

The NSF uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at 31 March 2021, the NSF held the following financial instruments measured at fair value:

	2020/21 R'000	2020/21 R'000	2020/21 R'000	2020/21 R'000
	Total	Level 1	Level 2	Level 3
Investments with the PIC	9 223 505	9 223 505	-	-
	9 223 505	9 223 505	-	-

During the reporting period ending 31 March 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31 March 2020, the NSF held the following financial instruments measured at fair value:

	2019/20 R'000	2019/20 R'000	2019/20 R'000	2019/20 R'000
	Total	Level 1	Level 2	Level 3
Investments with the PIC	8 064 321	8 064 321	-	-
	<b>8 064 321</b>	<b>8 064 321</b>	-	-

During the reporting period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

### Credit risk

Financial assets, which potentially subject the NSF to concentrations of credit risk, consist primarily of cash and cash equivalents, investments and accounts receivable. Credit risk arises from the risk that a counter party may default or not meet its obligations timelessly.

The NSF limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by the National Treasury in accordance with the NSF's Investment Policy.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The NSF does not have any material exposure to any individual or counterparty. On 31 March 2021, the Land Bank released a media statement, an update on the liability solution. The Land Bank continues its negotiations with all lenders or funders towards the finalisation of an agreement to take the bank out of its default position and to have a structured solution for the repayment and settlement of its debts. The Minister of Finance announced a capital injection of R7 billion over the next three years in his Budget Speech, which was delivered on 24 February 2021. The confirmation of this Capital Injection provides certainty in the nature of support by Land Bank's Shareholder.

On 27 May 2021, the NSF received a letter from the PIC, highlighting the updates on the Land Bank default and confirmation of indicators of impairment on the Land Bank investment. The letter further indicates that all Land Bank instruments which matured in January 2021, were reclassified as a loan. The current IMA does not allow for such loan instruments and this constitutes a breach in the mandate. The PIC requests the NSF's indulgence and condonement of the breach until the Land Bank issue is resolved. The above have been considered as an indicator of impairment by management and an impairment loss of R27 720 000,00 has been recognised for the current financial year.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 26. Financial instruments – financial risk management (continued)

Before advances are paid to SDPs, due diligences are performed on the providers, and site visits and expenditure verifications are conducted by the NSF. Skills development programmes and projects are adjudicated by the Grants Adjudication Committee and recommended to the Director-General of Higher Education and Training or his delegated authority for approval. Only after approval are funds disbursed to SDPs, which is usually done on a quarterly basis, subject to reporting and verification of funds utilised in the previous quarter.

The carrying amount of the financial assets represents the maximum credit exposure to credit risk as at year-end:

	2020/21 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	139 783	-	139 783
Investments	9 223 505	-	9 223 505
Trade and other receivables	30 132	-	30 132
<b>Total</b>	<b>9 393 420</b>	<b>-</b>	<b>9 393 420</b>

	2019/20 R'000		
	Rated	Non-rated	Total
Cash and cash equivalents	295 163	-	295 163
Investments	8 064 321	-	8 064 321
Trade and other receivables	20 905	-	20 905
<b>Total</b>	<b>8 380 389</b>	<b>-</b>	<b>8 380 389</b>

### Liquidity risk

Liquidity risk is the risk of the NSF not being able to meet its obligations as they fall due. The NSF manages the liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash flows. Adequate reserves and liquid resources are also maintained.

Forecast liquidity reserve as at 31 March 2021 is as follows:

	2021/22	2022/23	2023/24
	R'000	R'000	R'000
Opening balance for the period	10 980 236	10 927 091	10 999 756
Operating proceeds	3 086 650	3 273 012	3 469 393
Operating outflow	(3 254 966)	(3 318 978)	(3 514 326)
Cash flow from investments	115 171	118 631	122 316
<b>Closing balance for the period</b>	<b>10 927 091</b>	<b>10 999 756</b>	<b>11 077 139</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The table below analyses the financial liabilities that will be settled on net basis into the relevant maturity groupings based on the remaining period at financial statement date to the contractual maturity date:

	2020/21 R'000	
	Less than one year	Total
As at the reporting date (31 March 2021)		
Trade and other payables	(85 066)	(85 066)
	<b>(85 066)</b>	<b>(85 066)</b>

	2019/20 R'000	
	Less than one year	Total
At 31 March 2020		
Trade and other payables	(140 081)	(140 081)
	<b>(140 081)</b>	<b>(140 081)</b>

### Market risk

#### Interest rate sensitivity analysis: Financial assets

The NSF is sensitive to the movements in the money market repo rate which is the primary rate to which the investment portfolios are exposed. The rates of sensitivity are based on management's assessment of possible changes to the interest rates and are formulated on a 100-basis point movement.

If the weighted average interest rate as at reporting date had been 100 basis higher or lower, the interest income would have been affected as follows:

	2020/21 R'000	
Financial assets – 2020/21	Increase or decrease in basis point	Effect on the surplus or deficit
Investments – PIC	+100	85 622
	-100	(85 622)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Financial assets – 2019/20	2019/20 R'000	
	Increase or decrease in basis point	Effect on the surplus or deficit
Investments – PIC	+100	69 962
	-100	(69 962)

### Foreign exchange risk

The NSF does not initiate any transactions with international parties and is, therefore, not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African rand with local vendors.

### Price risk

The NSF is exposed to equity securities price risk because of investments held and classified as financial assets at fair value through surplus or (deficit) on the Statement of Financial Position. These financial assets are classified as held for trade. The NSF is not exposed to commodity price risk.

To manage its price risk arising from equity securities, the NSF diversifies its portfolio with the PIC. Diversification of the portfolio is done in accordance with limits set and agreed with the PIC.

### Cash flow and fair value interest rate risk

Because the NSF has significant interest-bearing assets, the revenue and operating cash flows are substantially dependent on changes in market interest rates. Because the NSF does not have significant interest-bearing liabilities, the expenses and cash flows are not substantially dependent on changes in the market interest rates.

As at the reporting date (31 March 2021)	2020/21 R'000			
	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total
<b>CURRENT FINANCIAL ASSETS</b>	<b>4,84%</b>	<b>9 223 505</b>	<b>169 915</b>	<b>9 393 420</b>
Cash and cash equivalents	N/A	-	139 783	139 783
Investments	4,84%	9 223 505	-	9 223 505
Trade and other receivables	N/A	-	30 132	30 132
<b>CURRENT LIABILITIES</b>	<b>N/A</b>	<b>-</b>	<b>(85 066)</b>	<b>(85 066)</b>
Trade and other payables	N/A	-	(85 066)	(85 066)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

As at the reporting date (31 March 2020)	2019/20 R'000			Total
	Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	
<b>CURRENT FINANCIAL ASSETS</b>	<b>7,06%</b>	<b>8 064 321</b>	<b>316 068</b>	<b>8 380 389</b>
Cash and cash equivalents	N/A	-	295 163	295 163
Investments	7,06%	8 064 321	-	8 064 321
Trade and other receivables	N/A	-	20 905	20 905
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>N/A</b>	<b>-</b>	<b>(140 081)</b>	<b>(140 081)</b>
Trade and other payables	N/A	-	(140 081)	(140 081)

## 27. Contingent liabilities

Notes	2020/21 R'000	2019/20 R'000
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**The following contingent liabilities exist:**

Legal claims instituted against the NSF	27.1	1 470	1 470
Application to retain accumulated surplus as at year-end	27.2	8 759 748	9 993 658
Critical skills project expenditure	27.3	1 236	1 236

### 27.1. Legal claims instituted against the NSF

The legal claims instituted against the Minister of Higher Education, Science and Innovation, which affect the NSF, relate to two cases against Business Unity South Africa (BUSA) and requires repromulgation of Subregulation 4(4) of the SETA Grant Regulations. The matter was finalised on 16 October 2019, the Labour Appeal Court upheld the appeal with costs and set aside the order of the Labour Court of 31 August 2018, which automatically set aside Subregulation 4(4) of the SETA Grant Regulations. The NSF has not received invoices from the DHET indicating legal fees payable by the NSF.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 27.2. Application to retain accumulated surplus as at year end

The NSF will be applying for the retention of its accumulated surplus at the financial year ending 31 March 2021 in terms of Section 53(3) of the PFMA, 1999 from the National Treasury. In terms of National Treasury Instruction Note 12 of 2020/21, the surplus balance to be applied for is calculated as follows:

	2020/21 R'000
Cash and cash equivalents at the end of the year	9 363 288
Add: Receivables	30 132
Less: Current liabilities	(633 672)
Surplus (application for retention to be submitted to the National Treasury)	8 759 748

The NSF's application for retention of accumulated surplus will take into consideration contractual commitments and earmarked funds, as well as the impact of the Skills Levy Holiday on the NSF meeting its existing contractual and constructive commitments.

### 27.3. Critical skills project expenditure

The NSF co-funded a critical skills project with the Energy and Water SETA (EWSETA) for the unemployed to the value of R17 million and there are unclaimed funds by the EWSETA of R1 236 000 (2018/19: R1 236 000). This amount can only be confirmed when all the necessary documentation is provided to the NSF by the EWSETA for verification to validate the expenditure incurred. To date, the EWSETA could not provide the NSF with the valid supporting documents; hence, the NSF has not refunded the EWSETA for the outstanding balance as per the EWSETA's financial statements.

## 28. Contingent assets

	Notes	2020/21 R'000	2019/20 R'000
Legal claims instituted by the NSF	28.1	16	16
Projects handed over to the State Attorney's office	28.3	2 699	-
<b>Total</b>		<b>2 715</b>	<b>16</b>

### 28.1. Legal claims instituted by the NSF

The legal claims instituted by the NSF relate to disciplinary action taken against an employee, due to the theft of inventory by the employee. The employee was dismissed and there were no further actions taken to recover the value of the stolen assets. From a legal point of view, the matter is closed.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 28.2. Investigations in which the NSF is a party

An SDP is undergoing voluntary sequestration. The DHET is currently investigating whether a final sequestration order was granted or not and the process of including the DHET as one of the creditors for the amount owing by the SDP to the department related to the project funded by the NSF. There is no response from the DHET with regard to lodging a claim as one of the creditors because the agreement was between the DHET and the Centre for Education Policy Development (CEPD). The NSF was the funder, but not a party to the legal agreement signed by the parties. Therefore, in the absence of feedback from the department, Legal has closed the matter. Internal Audit is currently conducting a determination test to establish whether there was fruitless and wasteful expenditure.

#### **Rubicon project**

Rubicon was approved by the NSF to implement Learnership Programme: National Certificate in Clothing, Textile, Footwear and Leather Manufacturing Process at NQF Level 2. The value of the project is R4 138 750,00. It will benefit 100 beneficiaries for a period of 12 months. Rubicon was paid the first tranche payment of R2 699 968,75 on 6 November 2018, but failed to account for it. The matter is ongoing.

### 28.3 Projects handed over to the State Attorney's Office

Rubicon was approved by the NSF to implement a Learnership Programme: National Certificate in Clothing, Textile, Footwear and Leather Manufacturing Process at NQF L2. The value of the project is R4 138 750,00, to benefit 100 beneficiaries for a period of twelve months. Rubicon was paid the first tranche payment of R2 699 968,75 on 6 November 2018 but failed to account for it. The matter is ongoing.

## 29. Related party transactions

The NSF reports to the Minister of Higher Education, Science and Innovation, who oversees two departments: the DHET and the Department of Science and Innovation. Accordingly, the NSF transacts with a number of related parties within the DHET.

All related party transactions that occurred during the current financial year were at arm's-length and in the normal course of business, in accordance with the mandate of the NSF.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 29.1. Relationships

#### - Department

DHET

#### - Advisory body within the DHET

National Skills Authority

#### - Entities under the DHET

Qualification Council for Trades and Occupations (QCTO)

South African Qualifications Authority (SAQA)

National Student

Financial Aid Scheme (NSFAS)

Agricultural SETA (AGRISETA)

Bank SETA

Culture, Arts, Tourism and Hospitality SETA (CATHSETA)

Construction Education and Training Authority (CETA)

Chemical Industries Education and Training Authority (CHIETA)

Education Training and Development Practices SETA (ETDP SETA)

Energy and Water SETA (EWSETA)

Finance and Accounting Services SETA (Fasset)

Food and Beverages SETA (FOODBEV)

Fibre Processing and Manufacturing SETA (FP&M SETA)

Health and Welfare SETA (HWSETA)

Insurance SETA (INSETA)

Local Government SETA (LGSETA)

Manufacturing, Engineering and Related Services SETA (MERSETA)

Media, Information and Communication Technologies SETA (MICT SETA)

Mining Qualifications Authority (MQA)

Public Sector SETA (PSETA)

Safety and Security SETA (SASSETA)

Services SETA

Transport Education and Training Authority (TETA)

Wholesale and Retail SETA (W&RSETA)

National Institute for Humanities and Social Sciences (NIHSS)

Human Resource Development Council of South Africa (HRDCSA)

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### - Entities under the Department of Science and Innovation

Academy of Science South Africa  
Council of Scientific and Industrial Research  
Human Sciences Research Council  
National Advisory Council on Innovation  
National Research  
South African Council for Natural Scientific Professions  
South African National Space Agency  
Technology Innovation

### - TVET colleges controlled by the DHET

Motheo TVET College  
Vuselela TVET College  
Taletso TVET College  
Orbit TVET College  
South West Gauteng TVET College  
Ekurhuleni East TVET College  
Ekurhuleni West TVET College  
Sekhukhune TVET College  
Vhembe TVET College  
Mopani South East TVET College  
Waterberg TVET College  
Sedibeng TVET College  
Capricorn TVET College  
Maluti TVET College  
Goldfields TVET College  
Boland TVET College  
North Link TVET College  
College of Cape Town TVET College  
False Bay TVET College  
South Cape TVET College  
West Coast TVET College  
Majuba TVET college  
Umgungundlovu TVET College

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 29.1. Relationships (continued)

#### - TVET colleges controlled by the DHET (continued)

Mnambithi TVET College  
Thekwini TVET College  
Mthashana TVET College  
Nkangala TVET College  
Gert Sibande TVET College  
Umfolozu TVET College  
Buffalo City TVET College  
Flavius Mareka TVET College  
Letaba TVET College  
King Hintsa TVET College  
Tshwane North TVET College  
Northern Cape Rural TVET College  
Western Gauteng TVET College  
Tshwane South TVET College  
Ikhala TVET College  
Ingwe TVET College  
Central Johannesburg TVET College  
Lephalale TVET College  
Northern Cape Urban TVET College  
East Cape Midlands TVET College  
Lovedale TVET College  
Esayidi TVET College  
Coastal TVET College  
Elanzeni TVET College  
King Sabata TVET College  
Elangeni TVET College  
Port Elizabeth TVET College

#### - Public universities, over which the Minister of Higher Education, Science and Innovation has significant influence

Cape Peninsula University of Technology  
Central University of Technology  
Durban University of Technology  
Mangosuthu University of Technology  
Nelson Mandela University  
North-West University

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Rhodes University  
Sefako Makgatho Health Sciences University  
Sol Plaatjie University  
Stellenbosch University  
Tshwane University of Technology  
University of Cape Town  
University of Fort Hare  
University of Johannesburg  
University of KwaZulu-Natal  
University of Limpopo  
University of Mpumalanga  
University of Pretoria  
University of South Africa  
University of Free State  
University of Western Cape  
University of Witwatersrand  
University of Venda  
University of Zululand  
Vaal University of Technology

### **- Members of senior management**

Executive Officer  
Chief Financial Officer  
Chief Director: Strategy, Organisational Performance and Innovation  
Chief Director: Skills Development Implementation  
Director: Public Relations and Communications  
Director: Programme Monitoring  
Director: Regional Skills Development Monitoring \*4  
Director: ICT and Analytics  
Director: Legal, Governance, Risk and Compliance  
Director: Internal Audit  
Director: Bursaries  
Director: Fund Management  
Director: Supply Chain Management  
Director: Financial Planning and Reporting  
Director: Financial Management and Administration

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>29.2. Related party transactions and balances – operating expenses</b>			
Shared services charged by the DHET: Donations in kind		(15 122)	(13 336)
Donations in kind to the DHET related to ICT		(4 311)	(5 150)

## 29.3. Key management personnel

	2020/21 R'000			2019/20 R'000		
	Basic salary and social contributions	Bonuses and performance- related payments	Other short-term employee benefits	Basic salary and social contributions	Bonuses and performance- related payments	Other short-term employee benefits
<b>EXECUTIVE OFFICE</b>						
Executive Officer	1 467	77	-	1 467	77	17
Director: Legal, Governance, Risk and Compliance	1 041	64	-	1 041	127	5
Director: Public Relations and Communications	996	62	-	996	41	12
Director: Internal Audit	1 246	-	-	1 246	-	2
<b>Subtotal</b>	<b>4 750</b>	<b>203</b>	<b>-</b>	<b>4 750</b>	<b>245</b>	<b>36</b>
<b>FINANCE</b>						
Chief Financial Officer	948	123	-	1 289	85	13
Directors: Fund Management (Acting)	865	86	-	1 076	91	-
Directors: Financial Management and Administration (Acting)	412	-	-	782	-	2
Directors: Financial Planning and Reporting	1 026	95	-	1 026	135	7
Director: Supply Chain Management	996	62	-	996	62	2
<b>Subtotal</b>	<b>4 247</b>	<b>366</b>	<b>-</b>	<b>5 169</b>	<b>373</b>	<b>24</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020/21 R'000			2019/20 R'000		
	Basic salary and social contributions	Bonuses and performance- related payments	Other short-term employee benefits	Basic salary and social contributions	Bonuses and performance- related payments	Other short-term employee benefits
<b>SKILLS DEVELOPMENT IMPLEMENTATION</b>						
Chief Director: Skills Development Implementation	938	70	4	1 189	63	34
Director: Initiation and Evaluation	1 105	68	1	1 105	145	16
Director: Bursaries	1 026	64	-	1 026	125	22
Director: Programme Monitoring	1 173	73	-	1 163	73	15
Director: Regional Skills Development Monitoring (FS, NW and NC)	996	62	-	996	62	3
Director: Regional Skills Development Monitoring (GP, LP and MP)	996	62	-	996	62	5
Director: Regional Skills Development Monitoring (KZN and EC)	1 105	68	6	1 105	68	46
Director: Regional Skills Development Monitoring (WC, NC and EC)	1 089	-	2	1 089	-	28
<b>Subtotal</b>	<b>8 428</b>	<b>467</b>	<b>13</b>	<b>8 669</b>	<b>598</b>	<b>169</b>
<b>STRATEGY, INNOVATION AND ORGANISATIONAL PERFORMANCE</b>						
Chief Director: Strategy, Organisational Performance and Innovation	1 178	73	-	982	73	9
Director: ICT and Analytics	474	77	-	996	62	1
<b>Subtotal</b>	<b>1 652</b>	<b>150</b>	<b>-</b>	<b>1 978</b>	<b>135</b>	<b>10</b>
<b>TOTAL</b>	<b>19 077</b>	<b>1 186</b>	<b>13</b>	<b>20 566</b>	<b>1 351</b>	<b>239</b>

Personnel remuneration is paid by the DHET and claimed back as part of the 10% administration fee. No transactions were conducted with any family members of key management personnel during the current or previous period under review.

## NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

### 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Related party transactions and balances

Related party	2020/21 R'000				
	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development to funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions for impairment - trade and other receivables at 31 March 2021
DHET	50 048	-	-	470 939	-
HRDCSA	10 267	12 403	-	-	-
NIHSS	132 348	-	-	-	-
NRF	-	-	-	10 071	-
NSA	11 612	-	-	12	-
NSFAS	382 667	-	-	-	-
QCTO	-	-	-	73	-
SAQA	-	-	-	-	-
AGRISETA	-	-	-	-	-
ETDP SETA	-	-	-	-	-
FoodBev SETA	-	-	-	-	-
FP&M SETA	-	-	-	-	-
MERSETA	-	-	-	-	-
MICT SETA	-	-	-	-	-
MQA	-	-	-	-	-
PSETA	-	-	-	-	-
SASSETA	-	-	-	-	-
Services SETA	-	-	-	-	-
Boland TVET College	1	-	-	-	-
Buffalo City TVET College	957	-	-	-	-
Capricorn TVET College	4 814	-	-	-	-
Central Johannesburg TVET College	-	-	-	-	-

2020/21 R'000					
Related party	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions for impairment - trade and other receivables at 31 March 2021
Coastal KZN TVET College	3 462	-	-	-	-
College of Cape Town TVET College	369	-	135	-	-
East Cape Midlands TVET College	11 189	-	-	-	-
Eastern Cape Midlands TVET College	-	-	-	-	-
Ehlanzeni TVET College	4 010	-	-	-	-
Ekurheleni West TVET College	-	-	-	-	-
Ekurheleni East TVET College	-	-	-	2 709	-
Ekurheleni West TVET College	5 425	-	-	-	-
Elangeni TVET College	-	328	-	-	-
Esayidi TVET College	-	-	-	-	-
False Bay TVET College	7 361	-	-	-	-
Flavius Mareka TVET College	4 114	-	-	-	-
Gert Sibande TVET College	-	-	-	2 829	-
Goldfields TVET College	202	-	-	-	-
Ikhala TVET College	2 464	-	-	-	-
Ingwe TVET College	-	-	-	329	53
King Hintsa TVET College	-	1 189	-	-	-
King Sabata TVET College	9 641	-	-	-	-
Lephalale TVET College	-	4 609	-	-	-
Letaba TVET College	1 241	-	-	-	-
Lovedale TVET College	2 136	-	-	-	-

## NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

### 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Related party	2020/21 R'000				
	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions for impairment - trade and other receivables at 31 March 2021
Majuba TVET College	304	-	-	-	-
Maluti TVET College	-	-	-	-	-
Mrambithi TVET College	823	-	-	-	-
Mopani South East TVET College	-	-	-	3 198	-
Motho TVET College	8 529	-	-	-	-
Mthashana TVET College	3 733	-	-	-	-
Nkangala TVET College	-	-	-	747	-
Northern Cape Rural TVET College	366	-	-	-	-
Northern Cape Urban TVET College	2 031	-	-	218	-
Northlink TVET College	-	-	-	-	-
Orbit TVET College	1 355	-	-	-	-
Port Elizabeth TVET College	544	584	-	-	-
Sedibeng TVET College	11	-	-	-	-
Sekhukhune TVET College	683	-	-	3 639	-
South Cape TVET College	174	-	-	-	-
South West Gauteng TVET College	-	-	-	161	-
Taletso TVET College	-	239	-	-	-
Thekwini TVET College	600	-	-	-	-
Tshwane North TVET College	-	-	8 919	-	-
Tshwane South TVET College	-	-	980	1 349	-
Umfolzi TVET College	22 727	1 971	-	-	-
Umgungundlovu TVET College	495	-	-	-	-

2020/21 R'000						
Related party	Deferred related to skills development funding expenses at 31 March 2021	Receivables related to skills development funding expenses at 31 March 2021	Payables related to skills development funding expenses at 31 March 2021	Accruals related to skills development funding expenses at 31 March 2021	Provisions for impairment - trade an	
University of Cape Town	-	-	-	-	-	-
Vhembe TVET College	3 792	-	-	-	-	-
Muselela TVET College	-	-	-	1 738	-	-
Waterberg TVET College	-	-	-	11 366	-	-
West Coast TVET College	2 196	21	-	-	-	-
Western Gauteng TVET College	-	-	-	-	-	-
Cape Peninsula University of Technology	-	-	-	2 794	-	-
Central Johannesburg TVET College	-	-	-	791	-	-
Nelson Mandela University	5 285	-	-	-	-	-
Tshwane University of Technology	-	-	-	-	-	-
University of Cape Town	-	-	-	2 377	-	-
University of Johannesburg	-	-	-	-	-	-
University of Limpopo	-	-	-	-	-	-
University of Pretoria	-	791	-	-	-	791
University of Stellenbosch	-	-	13	-	-	-
University of the Western Cape	3 254	-	-	-	-	-
University of Venda	-	-	-	-	-	-
Walter Sisulu University	874	-	-	-	-	-
<b>TOTAL</b>	<b>702 104</b>	<b>22 135</b>	<b>10 047</b>	<b>515 340</b>		<b>844</b>

## NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

### 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Related party transactions and balances (continued)

Related party	2019/20 R'000				
	Deferred related to skills development funding expenses at 31 March 2020	Receivables related to skills development to funding expenses at 31 March 2020	Payables related to skills development funding expenses at 31 March 2020	Accruals related to skills development funding expenses at 31 March 2020	Provisions for impairment - trade and other receivables at 31 March 2020
DHET	66 402	-	-	266 642	-
HRDCSA	-	12 148	-	-	-
NIHSS	151 340	-	-	-	-
*NRF	138 196	-	-	-	-
NSA	8 140	-	-	-	-
*NSFAS	355 701	-	-	88 031	-
QCTO	725	-	-	-	-
SAQA	-	-	-	-	-
AGRISETA	-	-	-	-	-
ETDP SETA	-	-	-	-	-
FoodBev SETA	-	-	-	-	-
FP&M SETA	-	-	-	-	-
MERSETA	-	-	-	-	-
MICT SETA	-	-	-	-	-
MQA	-	-	29 714	-	-
PSETA	-	-	-	-	-
SASSETA	-	-	-	-	-
Services SETA	-	-	-	-	-
Boland TVET College	8 305	1	-	-	-
Buffalo City TVET College	-	-	-	1 420	-
Capricorn TVET College	390	-	-	-	-
Central Johannesburg TVET College	-	-	-	736	-

2019/20  
R'000

Related party	Deferred related to skills development funding expenses at 31 March 2020	Receivables related to skills development funding expenses at 31 March 2020	Payables related to skills development funding expenses at 31 March 2020	Accruals related to skills development funding expenses at 31 March 2020	Provisions for impairment - trade and other receivables at 31 March 2020
Coastal KZN TVET College	279	-	-	-	-
College of Cape Town TVET College	2 476	-	-	-	-
East Cape Midlands TVET College	12 966	-	-	-	-
Eastern Cape Midlands TVET College	-	-	-	-	-
Ehlanzeni TVET College	-	-	-	-	-
Ekurheleni West TVET College	6 372	-	-	-	-
Ekurhuleni East TVET College	2 365	-	-	-	-
Ekurhuleni West TVET College	-	-	-	-	-
Elangeni TVET College	1 981	-	-	-	-
Esayidi TVET College	1 218	-	-	-	-
False Bay TVET College	8 198	-	-	-	-
Flavius Marea TVET College	2 217	-	-	-	-
Gert Sibande TVET College	2 099	-	-	2 829	-
Goldfields TVET College	717	-	-	-	-
Ikhala TVET College	0	-	-	-	-
Ingwe TVET College	6 743	-	-	-	-
King Hirntsa TVET College	1 714	-	-	-	-
King Sabata TVET College	1 007	-	-	-	-

## NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

### 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Related party	2019/20 R'000				
	Deferred related to skills development funding expenses at 31 March 2020	Receivables related to skills development funding expenses at 31 March 2020	Payables related to skills development funding expenses at 31 March 2020	Accruals related to skills development funding expenses at 31 March 2020	Provisions for impairment - trade and other receivables at 31 March 2020
Lephalale TVET College	3 953	-	-	-	594
Letaba TVET College	106	-	-	-	-
Lovedale TVET College	2 805	2 719	-	-	-
Majuba TVET College	3 742	-	-	395	-
Maluti TVET College	600	-	-	-	-
Mnambithi TVET College	-	-	-	-	-
Mopani South East TVET College	3 161	-	-	-	-
Motheo TVET College	11 563	-	-	-	-
Mthashana TVET College	4 134	-	-	-	-
Nkangala TVET College	-	-	-	630	-
Northern Cape Rural TVET College	2 300	-	-	-	-
Northern Cape Urban TVET College	3 958	-	-	-	-
Northlink TVET College	91	-	-	-	-
Orbit TVET College	3 619	-	-	-	-
Port Elizabeth TVET College	10 870	-	-	-	-
Sediberg TVET College	1 137	-	-	-	-
Sekhukhune TVET College	2 578	-	-	-	-
South Cape TVET College	548	-	-	-	-
South West Gauteng TVET College	3 143	-	-	-	-
Taletso TVET College	3 865	-	-	-	-
Thekwini TVET College	212	-	-	-	-
Tshwane North TVET College	-	-	8 754	-	-
Tshwane South TVET College	6 230	-	-	-	-

Related party	2019/20 R'000				
	Deferred related to skills development funding expenses at 31 March 2020	Receivables related to skills development funding expenses at 31 March 2020	Payables related to skills development funding expenses at 31 March 2020	Accruals related to skills development funding expenses at 31 March 2020	Provisions for impairment - trade and other receivables at 31 March 2020
Umfolozu TVET College	12 393	-	-	131	-
Umgungundlovu TVET College	4 030	-	-	-	-
University of Cape Town	-	-	-	-	-
Vhembe TVET College	868	-	-	-	-
Vuselela TVET College	447	-	-	168	-
Waterberg TVET College	-	-	-	66	-
West Coast TVET College	9 252	-	-	-	-
Western Gauteng TVET College	-	-	-	-	-
Cape Peninsula University of Technology	-	-	-	6 258	-
Central Johannesburg TVET College	-	-	-	-	-
Nelson Mandela University	18 557	-	-	-	-
Tshwane University of Technology	-	-	-	-	-
University of Cape Town	-	-	-	-	-
University of Johannesburg	-	-	-	-	-
University of Limpopo	-	-	-	-	-
University of Pretoria	-	791	12 403	-	-
University of Stellenbosch	-	-	-	456	-
University of the Western Cape	4 239	-	-	-	-
University of Venda	-	-	-	-	-
Walter Sisulu University	438	-	-	-	-
<b>TOTAL</b>	<b>898 391</b>	<b>15 659</b>	<b>50 871</b>	<b>367 762</b>	<b>594</b>

In the previous year, there was an overstatement of the related party disclosure note as a result of double accounting (i.e. inclusion of NSFAS accrual). The National Research Foundation (NRF) previously stated R87 652 000 and currently stated R88 031 000

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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### 30. Defined contribution plan

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme to the Government Employees Pension Fund that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, 1956, the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made.

	2020/21 R'000	2019/20 R'000
Contributions for the year included in employee cost	(8 100)	(7 127)
20	(8 100)	(7 127)

### 31. Operating lease rental

#### NSF as lessee

Future lease payments under non-cancellable operating leases:

#### Photocopy machines

Due within one year

Due within two to five years

Later than five years

#### Parking

Due within one year

Due within two to five years

	2020/21 R'000	2019/20 R'000
	201	(253)
Due within one year	133	(126)
Due within two to five years	68	(127)
Later than five years	-	-
	-	(303)
Due within one year	-	(303)
Due within two to five years	-	-
	201	(556)

### 32. Events after reporting period

#### Investment in Land Bank

On 31 March 2021, the Land Bank released a media statement regarding an update on the liability solution. The Land Bank continues its negotiations with all lenders or funders towards the finalisation of an agreement to take the bank out of its default position, and to have a structured solution for the repayment and settlement of its debts. The Minister of Finance announced a Capital Injection of R7bn over the next three years in his Budget Speech, which was delivered on 24 February 2021. The confirmation of this capital injection provides certainty in the nature of support by Land Bank's shareholder.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

On 27 May 2021, the NSF received a letter from the PIC, highlighting the updates on the Land Bank default and confirmation of indicators of impairment on the Land Bank investment. The letter further indicates that all Land Bank instruments which matured in January 2021, were reclassified as a loan. The current IMA does not allow for such loan instruments and this constitutes a breach in the mandate. The PIC requests the NSF's indulgence and condonement of the breach until the Land Bank issue is resolved. The above have been considered as an indicator of impairment by management and an impairment loss of R27 720 000,00 has been recognised for the current financial year.

### TVET infrastructure: INGWE ADA

GRAP14 describes events after the reporting date as those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. The following two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

The NSF management indicated that an impairment assessment on the TVET infrastructure assets was conducted including the Ingwe TVET college campuses, in compliance with GRAP 17 and GRAP 21 as evident in the report on the impairment assets on the TVET infrastructure assets submitted to the auditors.

Paragraph 7 of GRAP 14 states that an entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date (see Note 32).

Paragraph 8 gives the following as examples of adjusting events after the reporting date that require an entity to adjust the amounts recognised in its financial statements, or to recognise items that were not previously recognised:

- The receipt of information after the reporting date, indicating that an asset was impaired at the reporting date or that the amount of a previously recognised impairment loss for that asset needs to be adjusted. For example:
  - o the insolvency of a debtor that occurs after the reporting date usually confirms a loss existed at the reporting date on a receivable account and that the entity needs to adjust the carrying amount of the receivable account; and
  - o the sale of inventories after the reporting date may give evidence about their net realisable value at the reporting date.

The NSF further stated that in applying GRAP 1 on fair presentation of financial statements, it is important to consider the substance of transactions and not merely the form. The NSF management disclosed and acknowledged that there were indicators of impairment on the Ingwe TVET college campuses of Maluti, Mount Fletcher, Bizana and Mount Frere, and this is reported as such on the Impairment Assessment Report conducted.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 32. Events after reporting period (continued)

However, as at 31 May 2021 management had not quantified the value of the impairment loss because this was dependent on the report from the property evaluator where the supply chain management (SCM) processes for the appointment of the property evaluator were approved by the Director-General of Higher Education and Training on 5 May 2021. The substance of the matter is that the report of the property evaluator is an integral part of the impairment assessment insofar as quantifying the impairment loss, where applicable. Hence, it was not practical for management to collect all the necessary information before 31 May 2021 (legislated Annual Financial Statements submission date) and conclude the impairment assessment because the SCM processes were underway as at 31 May 2021.

NSF management did inform the AGSA and the Audit Committee at the Audit Committee meeting held on 31 May 2021 of the above issues, and the Audit Committee together with the AGSA acknowledged that an adjustment to the Annual Financial Statements would be made after receiving the report of the appointed property evaluator.

Furthermore, the adjustment to the Annual Financial Statements with regard to the TVET infrastructure assets – impairment loss assessment is in line with GRAP 14 on events after reporting date as an adjusted event after the reporting date in terms of Paragraph 7 of GRAP 14. The appointment of a property valuator was concluded on 6 July 2021 to perform an impairment assessment of the Ingwe TVET college campuses of Maluti, Mount Fletcher, Bizana and Mount Frere. The property valuator submitted the final report on 26 July 2021.

Management has already made use of the report from the property evaluator to adjust the Annual Financial Statements in respect of the TVET infrastructure assets – impairment loss assessment.

### 33. Notes to the statement of comparison of budget and actual amounts

#### 33.1. Revenue from non-exchange transactions

The actual revenue received from non-exchange transactions is more than the budgeted revenue by 27,4%. The reasons for the increase are outlined below:

The SDLs income for the 2020/21 financial year amounts to R2,472 billion, which is R531 million (27,4%) over the R1,941 billion originally budgeted for. This is due to continued receipt of SDLs from various tax groups, who were offered a four-month holiday as a result of the Covid-19 impact.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 33.2. Revenue from exchange transactions

The actual revenue received from exchange transactions is more than budget by 274,1% due to the following reasons:

For the 2020/21 financial year, the NSF received investment income of R417,491 million from investments held at the PIC, which is more than 307,5% (R315,039 million) above the R102,452 million budgeted for the year. The reason for overcollection is due to the increase in the balance of the NSF's PIC investment account and the delays in rolling out skills development interventions.

### 33.3. Skills development funding expenses

The actual skills development funding expenses were 81,1% below budget. The NSF budgeted R9,057 billion for skills development and the actual expenditure is R1,714 billion, which can mainly be attributed to the following:

#### Education and training

The NSF budgeted R3,822 billion towards the education and training of learners on a variety of learning programmes aligned to the NSF's strategic targets, namely: education and training towards priority occupations; education and training in support of rural development; education and training in support of small, medium and micro enterprises (SMMEs) and co-operatives; community education and training; and worker education. During the 2020/21 financial year, the NSF spent R1,452 billion towards the education and training of learners, which is 62,0% (R2,370 billion) below the budget of R3,822 billion.

#### Improved PSET system

##### PSET system development and capacity-building

During the 2020/21 financial year, the NSF spent R185,737 million towards PSET system development and capacity-building initiatives, which is R812,011 million (81,2%) below the budget of R997,748 million. The main reason for the budget variance is due to slow performance on certain PSET system development and capacity-building projects.

##### Skill infrastructure development

During the 2020/21 financial year, the NSF spent R37 million towards skills infrastructure development initiatives, which is 96,7% (R1,106 billion) below the budget of R1,144 billion. The variance can mainly be ascribed due to delays in procurement processes related to the construction, refurbishment and completion of the remaining TVET college campuses. The procurement processes have, however, been completed and construction is in process. The construction was delayed due to the lockdown regulations.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Improved PSET system (continued)

#### Skill development research, innovation and advocacy

During the 2020/21 financial year, the NSF spent R38,196 million towards skills development research, innovation and advocacy initiatives, which is 41,6% (R27,225 million) below the budget of R65,421 million. The main reason for the underspending relates to slow implementation of the NSA Constituency Capacity-building Programme and underspending by the HRDCSA with regards to skills development research, innovation and advocacy.

#### 33.4. Employee cost

The actual employee cost is 31,1% below the budgeted employee costs. The reason for the underspending is mainly due to the slow pace at which the DHET Human Resources Management function is operating to fill vacant positions for the NSF, taking longer than usual to fill a position from the date of advertisement and taking long to advertise vacant positions. This has negatively impacted all NSF functions. Operationally, the NSF is already experiencing the dire consequences as a result thereof.

#### 33.5. Operating expenses

The actual operating expenses is 66,9% below the budgeted operating expenses. The key driver of the NSF's operating expenses relates to the NSF's staff establishment, which mainly drives the following operating expenditures:

- Computer services and consumables provided to NSF staff
- DHET shared services charge based on the NSF's staff establishment
- Operating leases of facilities and office equipment
- Printing and publications
- Resettlement costs
- Security
- Software expenses
- Stationery
- Telephone and fax
- Travel and subsistence

The NSF's high vacancy rate and Covid-19 restrictions are the main attributor towards the underspending on operating expenses.

#### 33.6. Management fees and bank charges

Management fees and bank charges are 25,1% over the budget. The increase in the PIC's management fees and bank charges can be ascribed to the increase in NSF investments, since the PIC bases its fees on the remaining balance at the end of each month.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 33.7. Collection cost to SARS Levy collection costs

There was a saving of 31,3% (R17,742 million) on the actual levy collection costs incurred by SARS for the period in comparison to the costs budgeted due to efficiencies in the SARS collection processes.

### 34. Irregular expenditure

#### Reconciliation of irregular expenditure:

	Note(s)	2020/21 R'000	2019/20 Restated R'000
Opening balance – prior year		432 543	409 015
Add: Irregular expenditure incurred during the year		1 252	23 528
- Appointment of TVET college construction contractors		-	22 311
- Cost overruns related to the production of the NSF's Annual Report		-	65
- *Secure hosted exchange and archiving environment of the electronic mail network		1 252	1 152
Less: Amounts condoned		65	-
Less: Amounts approved for write off		-	-
<b>Irregular expenditure awaiting condonation</b>		<b>433 730</b>	<b>432 543</b>

#### Analysis of irregular expenditure per age classification:

	2020/21 R'000	2019/20 Restated R'000
Current year	1 252	23 528
Prior years	432 543	409 015
Less: Amounts condoned	(65)	-
Less: Amounts approved for write off	-	-
<b>Total</b>	<b>433 730</b>	<b>432 543</b>

	2019/20 Restated R'000
<b>*Prior period error</b>	
Irregular expenditure	432 543
As originally stated	432 937
Prior period correction	394

Secure hosted exchange and archiving environment of the electronic mail network was overstated after the verification of invoices received

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 34.1. Appointment of TVET college construction contractors

TVET college infrastructure development is centrally managed by the DHET and financed through the NSF in terms of the MoA between the DHET and the NSF. Hence, the following is managed centrally by the DHET:

1. All procurement of TVET college infrastructure development, which includes the award of tenders to the principal agent and construction contractors
2. Implementation oversight of TVET college infrastructure development

Irregular expenditure amounting to R22,311 million (2018/19: R4,498 million) is the result of expenditure incurred relating to bids that were awarded in contravention of Construction Industry Development Board (CIDB) standards.

CIDB Regulation 17 stipulates that a contractor's grading for general building works (GB) should be in line with the value of the contract. A potential emerging contractor (PE) should be at a grade lower than the required grade. In the terms of reference of tenders awarded, the requirements stipulated a CIDB grading of 7 GB PE, which is an indication that the project value could be for project values up to R130 million. The two tender awards for tender DHET041 were for contracts valued at between R167 million and R194 million.

CIDB Regulation 25 (7A) allows the award of tenders outside the tender value range; however, certain provisions are stipulated, amongst others, such as the following:

- The margin of the tender exceeding the tender value range should be reasonable (according to Regulation 25(3), the limit is 20%)
- The award does not pose undue risk (in terms of experience or work capacity and financial capability were evaluated)
- In terms of CIDB Regulation 21(3), the DHET should report to the CIDB the nature of the financial or management support and the benefit derived from such support in the development of the contractor

Two of the tenders awarded to contractors exceeded the permissible margin of the tender, according to CIDB Regulation 25(3) and posed undue risks because these contractors were considered not to have the financial and work capability to successfully complete the projects.

The appointment of the above contractors was done by the DHET after the construction tender was re-advertised for the second time. The first tender was cancelled due to the department not receiving any proposals that met the necessary criteria. After a second re-advertisement, a significantly lower number of proposals were received. The loss of time due to the second re-advertisement led to the DHET awarding bids to construction contractors for three of the 16 construction sites.

Current status:

The Director-General of Higher Education and Training, as the Accounting Authority of the NSF, appointed the NSF Internal Audit to conduct an independent determination test in accordance with the National Treasury's Irregular Expenditure Framework. The determination test is currently in the reporting phase.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 34.2. Cost overruns related to the production of the NSF's Annual Report

In terms of Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17, the Accounting Authority must ensure that contracts are not varied by more than 15% or R15 million for all goods and services that are not construction related.

During the 2019/20 financial year, additional costs amounting to R65 000 were incurred in the production of the NSF's Annual Report, which exceeded the 15% allowable margin as per Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17, which is irregular. The additional costs were incurred as a result of extensions to the NSF's audit, additional scope to be included in the NSF's Annual Report and due to tight reporting deadlines.

Current status:

The independent determination test was completed in accordance with the National Treasury's Irregular Expenditure Framework and the recommendations of the determination test referred to the specific functional areas for implementation thereof. The expenditure has been condoned by the Director-General of Higher Education and Training.

### 34.3. Secure hosted exchange and archiving environment of the electronic mail network

In terms of Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17, the Accounting Authority must ensure that contracts are not varied by more than 15% or R15 million for all goods and services that are not construction related.

During the 2019/20 financial year, additional costs amounting to R1,777 million were incurred on the secure hosted exchange and archiving environment services of the electronic mail network, which exceeded the 15% allowable margin as per Paragraph 9.1 of National Treasury Instruction Note 3 of 2016/17, which is irregular. The reasons for the irregular expenditure are still under determination.

Current status:

The Director-General of Higher Education and Training, as the Accounting Authority of the NSF, appointed NSF Internal Audit to conduct an independent determination test in accordance with the National Treasury's Irregular Expenditure Framework. The determination test is currently in process.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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### 34.4. The appointment of a consultant to render events and conferencing services

Irregular expenditure amounting to R103 000 in 2018/19 was incurred as a result of the appointment of a consultant to render events and conferencing services to the DHET (including the NSF), which was in contravention with Treasury Regulation 16A6.3. The advertisement of the bid was for a period shorter than 21 days, as stipulated in Treasury Regulation 16A6.3; however, the motivation for the shorter period was not adequately supported nor was the procurement an emergency.

Current status:

The Director-General of Higher Education and Training, as the Accounting Authority of the NSF, appointed the NSF Internal Audit to conduct an independent determination test in accordance with the National Treasury's Irregular Expenditure Framework. The determination test is currently in the reporting phase.

### 34.5. The appointment of a travel agency to render travel agency services

Irregular expenditure was incurred in the 2016/17 financial and previous financial years as a result of the appointment of a consultant to render travel agency services to the DHET (including the NSF), which was in contravention with Treasury Regulation 16A6.3. The advertisement of the bid was for a period shorter than 21 days, as stipulated in Treasury Regulation 16A6.3; however, the motivation for the shorter period was not adequately supported nor was the procurement an emergency.

Current status:

The disciplinary hearing has been finalised by the DHET and the sanction of dismissal was meted out by the chairperson on 24 October 2020 and the same effected by the Director-General of Higher Education and Training on 26 October 2020. The Director-General of Higher Education and Training, as the Accounting Authority of the NSF, appointed the NSF Internal Audit to conduct an independent determination test in accordance with the National Treasury's Irregular Expenditure Framework. The determination test is currently in the reporting phase.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<b>35. Fruitless and wasteful expenditure disclosure</b>			
<b>Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		5 619	-
Add: Fruitless expenditure incurred during the year		-	-
CEPD Project	35.1	-	5 619
Aliwal North TVET infrastructure project	35.2	464	-
Sterkspruit infrastructure project	35.3	1 667	-
Less: Amounts recovered		-	-
Less: Amounts approved for write-off		-	-
<b>Closing balance</b>		<b>7 750</b>	<b>5 619</b>

### 35.1. Centre for Education Policy Development Project

The DHET, through the NSF, approved funding towards the CEPD for the following two projects:

- 1) Capacity development project for student leadership and organisations in the South African post-school institutions. The project duration was approved for 1 July 2015 to 31 May 2019, with an approved budget of R27 430 454,70.
- 2) Building a progressive network of critical research and public engagement towards a democratic post-schooling sector (EPC II project). The project duration was approved for 1 August 2012 to 31 December 2017, with an approved budget of R88 924 557,85.

On 14 June 2017, the CEPD informed the DHET of the operational risks and challenges which the CEPD was facing and the challenge regarding its continued existence. In the correspondence, the CEPD also indicated the Board of Trustees' inclination to have the CEPD wound-up, owing to the difficult financial position (i.e. failing to meet its financial and other obligations) in which the CEPD found itself and alternative propositions to ensure the continuance and successful completion of the project.

The CEPD Board of Trustees subsequently took a resolution to approach the court and apply for a sequestration order for the CEPD. Based on the above, the Director-General of Higher Education and Training wrote a letter to the Director of the CEPD and the Board of Trustees, formally notifying them that the DHET is terminating the agreement forthwith, effective 25 July 2017.

Since the decision was taken to be sequestrated, the NSF requested the DHET to register itself as one of the creditors of the CEPD in order to recoup any possible remaining project funds. The request for the DHET to register as a creditor was on the basis that the MoA was between the DHET and the CEPD and not between the NSF and the CEPD. Hence, the NSF could not register as a creditor. The DHET, however, failed to register as a creditor of the CEPD; hence, some of the NSF project funds could not be recouped.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 35.2. Aliwal North TVET infrastructure project

Payment Certificate 29 of an amount of R464 140 (R403 600 excluding VAT) was paid to the contractor for remedial work relating to sewer pipe lifting. It has been indicated by management that the project is still active and the final account is yet to be done; however, the issue at hand is that remedial work was certified and paid for. This indicated that the work that was performed before the remedial work was not satisfactory and the defaults were not detected before the approval of payment.

### 35.3. Sterkspruit infrastructure project

Application of extension of time that was additional work required for ground improvements, which resulted in the application of extension of time for 151 days. As per the information on the application, the revised drawings were issued on 27 August 2018, however, the notice of the intension to submit a claim for a revision of practical completion was issued on 23 March 2019, which was approximately seven months after the contractor became aware of the event. This indicates that the application was in contravention with Clause 23.4.2 of the Joint Building Contracts Committee Edition 6.1, which indicates that the contractor has forfeited the right to claim.

## 36. Principal-agent arrangements

GRAP 109 defines a principal agent arrangement as a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

Principal-agent arrangements are in place between the NSF and the following parties:

### 36.1. Principal-agent arrangement between the NSF and the PIC

Description of the arrangement and transactions undertaken:

A principle-agent arrangement exists between the NSF and the PIC related to the management of NSF's investments with financial institutions for the benefit of the NSF. Therefore, the PIC is the agent and the NSF is the principal. In order to manage the NSF's investments, the PIC is entitled to the following management fee: An annual fee of 2,5 basis points (0,025%) paid monthly in arrears, based on the daily market value of the NSF's Investment Portfolio.

Principal versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the PIC. The NSF made a significant judgement that the PIC does not have the power to determine the significant terms and conditions of the investment transactions with other financial institutions (third parties) for the investment of NSF funds in the financial instruments of those institutions. The determination of the financial instruments to be invested in, the credit ratings thereof and the limits for investment in the different financial instruments are determined by the NSF according to the NSF's Credit Risk Policy and Limits, which is an annexure to the IMA. The judgement of the NSF is that due to the NSF's Credit Risk Policy and Limits, the PIC does not have the power to affect the result of the investment transactions.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Significant terms and conditions of the arrangements:

The binding principal-agent arrangement between the NSF and the PIC is evidenced by the IMA signed between the parties. The following is a summary of the significant terms and conditions as contained in the IMA:

- The NSF appoints the PIC as the Investment Manager to make, manage and administer investments for the NSF on the terms and conditions in the IMA;
- The NSF reserves the right to terminate the IMA by giving the PIC one month's written notice to that effect. All funds and any other asset held by the PIC on behalf of the NSF shall be deposited into the NSF's bank account and/or the NSF's other investment manager upon such notice.
- The PIC shall be responsible for formulating the investment strategy, objectives and guidelines, monitoring the performance of the NSF's investment portfolio, making changes to the investment guidelines, where necessary, from time to time by a reasonable prior notice to the NSF and restructuring the NSF's investment portfolio in line with the NSF's Investment Strategy and Investment Policy, determining the suitability or assess the risks of such investments in terms of and in accordance with the Credit Risk Policy and Limits.
- There are other terms and conditions further contained in the IMA

There were no significant changes to the arrangement during the current financial year.

### Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and the PIC related to the management of NSF's investments with financial institutions for the benefit of the NSF. Therefore, the PIC is the agent and the NSF is the principal. In order to manage the NSF's investments, the PIC is entitled to the following management fee: An annual fee of 2,5 basis points (0,025%) paid monthly in arrears, based on the daily market value of the NSF's Investment Portfolio.

The benefits of this relationship between the NSF and the PIC is that synergies for investment management are attained. It is more cost efficient and effective for the PIC to leverage of its existing investment management systems and capacity to manage NSF's investment on behalf of the NSF than for NSF to establish its own investment management systems and capacity. The significant risks associated with the relations with the PIC is non-compliance with the NSF's Credit Risk Policy and Limits. The risk is mitigated through monthly monitoring reports and quarterly NSF Investment Committee meetings, which provides oversight over the NSF's investments in compliance with the NSF's Credit Risk Policy and Limits.

### Resources (including assets and liabilities) of the NSF that are under the custodianship of the PIC:

The NSF's investments under the custodianship of the PIC are disclosed in Note 5 to the Annual Financial Statements.

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 36. Principal-agent arrangements (continued)

#### Fee paid as compensation to the PIC:

The management fees and expenses paid by the NSF to the PIC amount to R2 456 000 (2019/20: R2 197 000), which are disclosed in Note 5 to the Annual Financial Statements.

#### Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the PIC is terminated. Clause 3.2 of the IMA states that the NSF reserves the right to terminate the IMA by giving the PIC one month's written notice to that effect. All funds and any other assets held by the PIC on behalf of the NSF shall be deposited into the NSF's bank account and/or the NSF's other investment manager upon such notice.

### 36.2. Principal-agent arrangement between the NSF and the DHET in relation to the TVET college infrastructure development project

#### Description of the arrangement and transactions undertaken:

A principal-agent arrangement exists between the NSF and DHET related to the handing over of completed TVET college campuses to the respective TVET colleges (beneficiaries) for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

#### Principal versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the DHET. The NSF made a significant judgement that the DHET does not have the power to determine the significant terms and conditions of the handing over of the TVET college campuses to the respective TVET colleges because the TVET colleges that benefit are predetermined.

#### Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and the DHET is evidenced by the MoA signed between the parties. The following is a summary of the significant terms and conditions of the principal-agent arrangement between the NSF and the DHET:

- The preamble to the contract states that the DHET is tasked with project management for the TVET college infrastructure development and will act as an agent between the NSF and the TVET colleges, who are the eventual beneficiaries of the infrastructure development funded by the NSF and the SETAs.
- The DHET undertakes to manage the project effectively ensuring that the expense relating to the TVET college infrastructure development.

# NATIONAL SKILLS FUND

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## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- The DHET undertakes to ensure that all procurement of the TVET college infrastructure development adheres to the requirements of the PFMA, 1999 and related Treasury Regulations.
- The DHET undertakes to pay the expenses incurred with the TVET college infrastructure development project and provide the NSF with all the relevant supporting documents in relation to the expenses incurred for funding by the NSF.
- The DHET undertakes to provide and assist the NSF with all the relevant supporting documentation that the NSF, the NSF's auditors, employees or agents may require with regard to the TVET college infrastructure development.
- The DHET undertakes to report monthly to the NSF regarding the progress of the TVET college infrastructure development.
- The DHET shall, within two calendar months after the date of completion of the project, refund to the NSF any unspent funds still in the DHET's possession or under its control.
- The NSF shall pay the DHET monthly in advance for the projected TVET college infrastructure development expenses to be incurred or reimburse the DHET for the expenses already incurred with regard to the TVET college infrastructure development project.
- The NSF shall keep a proper record of all payments and expenses that the NSF reimbursed in relation to the TVET college infrastructure development project.
- The NSF shall keep a proper record of all funding received from the SETAs and still owing by the SETAs in relation to the TVET college infrastructure development project.

The following significant change took place during the current financial year: The Vryheid site, Giyani site and Nkandla B site is no longer managed by the DHET under the agency agreement with the NSF. It is now funded and managed by the DHET on behalf of the respective TVET colleges and is funded directly by the respective colleges. Thus, the initial costs capitalised towards these sites are derecognised because it no longer forms part of the principal-agent arrangement between the NSF and the DHET.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and the DHET related to the handing over of the completed TVET college campuses to the respective TVET colleges for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

The benefits of this relationship between the NSF and the DHET is that the DHET, as the custodian for the TVET college system, undertakes all the required procurement and stakeholder negotiations in order to ensure that the project is a success. The significant risks associated with the relations with the DHET are non-compliance to SCM legislation and budget overruns on the TVET college infrastructure development. The risk is mitigated through the monitoring of the project and through the involvement of probity officers in the procurement process, which provides oversight over the SCM processes followed.

Fee paid as compensation to the DHET:

There are no management fees paid to the DHET for managing the construction and handing over the completed TVET colleges to the respective TVET colleges.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 36. Principal-agent arrangements (continued)

Resources (including assets and liabilities) of the NSF that are under the custodianship of the DHET:

The TVET college campuses in the table below (as disclosed in Note 4 to the Annual Financial Statements) are under construction and have not yet been handed over to the respective TVET colleges. They are, therefore, under the custodianship of the DHET:

TVET college infrastructure assets		2020/21 R'000			2019/20 R'000		
Site	TVET College	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Aliwal North	Ikhala	125 348	-	<b>125 348</b>	105 193	-	<b>105 193</b>
Balfour	Gert Sibande	66 879	-	<b>66 879</b>	26 639	-	<b>26 639</b>
Bhambanana	Umfoloji	-	-	-	138,301	-	<b>138,301</b>
Giyani	Letaba	-	-	-	-	-	-
Graaff-Reinet	Eastern Cape Midlands	109 226	-	<b>109 226</b>	96 735	-	<b>96 735</b>
Greytown	Umgungundlovu	111 103	-	<b>111 103</b>	63 533	-	<b>63 533</b>
Kwagqikazi	Mthashana	73 659	-	<b>73 659</b>	50 577	-	<b>50 577</b>
Msinga	Umgungundlovu	123 039	-	<b>123 039</b>	94 134	-	<b>94 134</b>
Ngqungqushe (Lusikisiki)	Ingwe	128 705	-	<b>128 705</b>	85 894	-	<b>85 894</b>
Nkandla A	Umfoloji	-	-	-	-	-	-
Nkandla B	Umfoloji	-	-	-	-	-	-
Nongoma	Mthashana	136 027	-	<b>136 027</b>	115 588	-	<b>115 588</b>
Sterkspruit	Ikhala	151 830	-	<b>151 830</b>	110 736	-	<b>110 736</b>
Thabazimbi	Waterberg	-	-	-	-	-	-
Umzimkhulu	Esayidi	120 639	-	<b>120 639</b>	102 515	-	<b>102 515</b>
Vryheid	Mthashana	-	-	-	-	-	-
<b>Total</b>		<b>1 146 455</b>	<b>-</b>	<b>1 146 455</b>	<b>989 845</b>	<b>-</b>	<b>989 845</b>

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen significant cost implications for the NSF if the principal-agent arrangement with the DHET is terminated because no clauses in the MoA have been stipulated.

### 36.3. Principal-agent arrangement between the NSF and NSFAS

#### Description of the arrangement and transactions undertaken:

A principle-agent arrangement exists between the NSF and NSFAS related to the administration and payment of Bursaries to students with regard to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, NSFAS is the agent and the NSF is the principal.

#### Principal versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with NSFAS. The NSF made a significant judgement that NSFAS does not have the power to determine the significant terms and conditions of the bursary schemes because the NSF determines the criteria of the bursary schemes.

#### Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and NSFAS is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- NSFAS is appointed to implement the bursary schemes as defined by the NSF from time to time and the NSF shall provide funding therefore.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- NSFAS and the NRF must award the Bursaries to the qualifying candidates as per the eligibility criteria of the bursary schemes, which is defined by the NSF.
- NSFAS must report back to the NSF on the use of funds towards bursaries, who the beneficiaries are that have been awarded the Bursaries and how they are progressing.
- NSFAS receives a marginal percentage of the funding to administer the bursary schemes (approximately 5%).

There were no significant changes to the arrangement during the current financial year.

#### Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and NSFAS related to the administration and payment of Bursaries to students with regard to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, NSFAS is the agent and the NSF is the principal.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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### 36. Principal-agent arrangements (continued)

The benefits of this relationship between the NSF and NSFAS are that NSFAS already has a bursary administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with NSFAS is non-payment of the bursary funding to the intended bursary holders and their universities, and non-adherence to the bursary scheme criteria. The risk is mitigated through the monitoring of the bursary schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of NSFAS:

Deferred expenditure related to skills development funding	382 667	355 701
Accruals related to skills development funding	-	88 031
Payments related to skills development programmes and projects	381 287	410 981
Finance income from advance payments to skills development programmes and projects	13 200	24 032
Skills development funding expense	(367 521)	(494 618)

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with NSFAS is terminated, other than to settle any bursary funds that NSFAS has paid over to students and their universities, which may not have been settled yet by the NSF, including the management fees thereon.

#### 36.4. Principal-agent arrangement between the NSF and the NRF

Description of the arrangement and transactions undertaken:

A principle-agent arrangement exists between the NSF and the NRF related to the administration and payment of Bursaries to students with regard to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, the NRF is the agent and the NSF is the principal.

Principal versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the NRF. The NSF made a significant judgement that the NRF does not have the power to determine the significant terms and conditions of the bursary schemes because the NSF determines the criteria of the bursary schemes.

Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between the NSF and the NRF is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- The NRF is appointed to implement the bursary schemes as defined by the NSF from time to time and the NSF shall provide funding therefore.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
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- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The NRF must award the Bursaries to the qualifying candidates as per the eligibility criteria of the bursary schemes, which is defined by the NSF.
- The NRF must report back to the NSF on the use of funds towards bursaries, who the beneficiaries are that have been awarded the Bursaries and how they are progressing.
- The NRF receives a marginal percentage of the funding to administer the bursary schemes (approximately 5%).

There were no significant changes to the arrangement during the current financial year.

Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and the NRF related to the administration and payment of Bursaries to students with regard to the respective bursary schemes funded by the NSF for the benefit of the NSF. Therefore, the NRF is the agent and the NSF is the principal.

The benefits of this relationship between the NSF and the NRF are that the NRF already has a bursary administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with the NRF are non-payment of the bursary funding to the intended bursary holders and their universities, and non-adherence to the bursary scheme criteria. The risk is mitigated through the monitoring of the bursary schemes by the NSF.

Resources (including assets and liabilities) of the NSF that are under the custodianship of the NRF:

Deferred expenditure related to skills development funding	-	138 196
Accruals related to skills development funding	10 071	-
Payments related to skills development programmes and projects	-	145 660
Finance income from advance payments to skills development programmes and projects	1 103	1 480
Skills development funding expense	(149 370)	(147 034)

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the NRF is terminated, other than to settle any bursary funds that the NRF has paid over to students and their universities, which may not have been settled yet by the NSF, including the management fees thereon.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 36.5. Principal-agent arrangement between the NSF and the DHET with regard to international scholarships

#### Description of the arrangement and transactions undertaken:

A principle-agent arrangement exists between the NSF and the DHET related to the administration and payment of bursaries to students for international scholarships, which is funded by the NSF for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

#### Principal versus agent and significant judgements applied in this assessment:

The NSF is the principal in the principal-agent arrangement with the DHET. The NSF made a significant judgement that the DHET does not have the power to determine the significant terms and conditions of the international scholarship bursary schemes because the NSF determines the criteria of the bursary schemes.

#### Significant terms and conditions of the arrangement:

The binding principal-agent arrangement between NSF and DHET is evidenced by the contractual agreement signed between the parties. The following is a summary of the main terms and conditions:

- The DHET is appointed to implement the bursary schemes as defined by the NSF from time to time and the NSF shall provide funding therefore.
- The NSF defines the eligibility criteria of the respective bursary schemes from time to time.
- The DHET must award the bursaries to the qualifying candidates as per the eligibility criteria of the bursary schemes, which is defined by the NSF.
- The DHET must report back to the NSF on the use of funds towards bursaries, who the beneficiaries are that have been awarded the bursaries and how they are progressing.
- The DHET receives a marginal percentage of the funding to administer the bursary schemes (approximately 5%).

There were no significant changes to the arrangement during the current financial year.

#### Purpose of the principal-agent relationship and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship:

A principle-agent arrangement exists between the NSF and the DHET related to the administration and payment of bursaries to students for international scholarships, which is funded by the NSF for the benefit of the NSF. Therefore, the DHET is the agent and the NSF is the principal.

The benefits of this relationship between the NSF and the DHET are that the DHET already has an international scholarship administration system in place, which does not require the NSF to duplicate such systems. The significant risks associated with the relationship with the DHET are non-payment of the international scholarship funding to the intended international scholarship holders and their universities, and non-adherence to the international scholarship criteria. The risk is mitigated through the monitoring of the international scholarship schemes by the NSF.

# NATIONAL SKILLS FUND

Annual Financial Statements as at 31 March 2021

## 5.10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Amounts in rand	Note(s)	2020/2021 R'000	2019/2020 Restated R'000
<u>Resources (including assets and liabilities) of the NSF that are under the custodianship of the DHET:</u>			
Deferred expenditure related to skills development funding		50 048	66 402
Accruals related to skills development funding		266 642	266 642
Payments related to skills development programmes and projects		332 404	332 404
Finance income from advance payments to skills development programmes and projects		9	16
Skills development funding expense		(555 755)	(708 195)

Resource or cost implications for the NSF if the principal-agent arrangement is terminated:

There are no foreseen cost implications for the NSF if the principal-agent arrangement with the DHET is terminated, other than to settle any international scholarship funds that the DHET has paid over to students and their universities, which may not have been settled yet by the NSF, including the management fees thereon.



# ANNEXURES



## ANNEXURE A

### Progress on the institutional response to the Covid-19 pandemic: 1 April 2020 to 30 March 2021

Programme or Subprogramme	Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention	Budget spent per intervention	Contribution to the outputs in the Annual Performance Plan (APP) (where applicable)	Immediate outcomes
Programme 5: Skills development	Higher Health expansion	All provinces	A total of 1 781 executive and senior management members as well as screening volunteers were reached with capacity development on Covid-19 between October and December 2020. In addition, a total of 18 144 students were reached with second curriculum, peer-to-peer session modalities on human immunodeficiency virus (HIV), sexually transmitted infections (STIs), tuberculosis (TB), sexual reproductive health (SRH) and gender-based violence (GBV), and mental health between October and December 2020	Not applicable (N/A)	R80 500 000	R32 403 030	Percentage of National Skills Fund (NSF)-funded projects aimed at post-school education and training (PSET) system improvement that have achieved more than 60% of the envisaged outputs at the end of each financial year	90% of the NSF-funded projects aimed at PSET system improvement have achieved more than 60% of the envisaged outcomes over the five-year strategic period.

Programme or Subprogramme	Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention	Budget spent per intervention	Contribution to the outputs in the Annual Performance Plan (APP) (where applicable)	Immediate outcomes
Programme 5: Skills development	Increasing the number of community health development workers and the health workforce	N/A	N/A	N/A	R400 000 000	N/A	The number of learners funded by the NSF for education and training towards occupations in high demand (OIH) during the specified financial year	14 500 NSF-funded learners have completed their education and training towards OIH over the five-year strategic period.
	Technical and vocational education and training (TVET) college connectivity	All provinces (TVET college campuses – 285 sites)	N/A	Learners and staff at TVET college campuses	R286 031 470	R39 192 350	Percentage of NSF-funded projects aimed at increasing access to the PSET system that have achieved more than 60% of the envisaged outputs at the end of each financial year	90% of the NSF-funded projects aimed at increasing access to the PSET system have achieved more than 60% of the envisaged outputs over the five-year strategic period.

## ANNEXURE A

### Progress on the institutional response to the Covid-19 pandemic: 1 April 2020 to 30 March 2021

Programme or Subprogramme	Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention	Budget spent per intervention	Contribution to the outputs in the Annual Performance Plan (APP) (where applicable)	Immediate outcomes
Programme 5: Skills development	Rural development initiatives regarding agriculture and food safety	N/A	N/A	N/A	R600 000 000	N/A	Number of learners from rural areas funded by the NSF for education and training during the specified financial year	14 500 NSF-funded learners from rural areas have completed their education and training over the five-year strategic period.
	Artisanal skills development (private companies with the capacity to produce artisans)	N/A	N/A	N/A	R500 000 000	N/A	Number of learners funded by the NSF for education and training towards OIHD during the specified financial year	14 500 NSF-funded learners have completed their education and training towards OIHD over the five-year strategic period.
	Worker education in light of the impact of Covid-19 on the labour market and, thus, improving worker education interventions	N/A	N/A	N/A	R50 000 000	N/A	Number of learners funded by the NSF for worker education during the specified financial year	360 workers have completed their education and training through worker education initiatives over the five-year strategic period.

Programme or Subprogramme	Intervention	Geographic location (province, district or local municipality) (where possible)	Number of beneficiaries (where possible)	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention	Budget spent per intervention	Contribution to the outputs in the Annual Performance Plan (APP) (where applicable)	Immediate outcomes
	Skills development support for small business development and co-operatives	1 633 emerging entrepreneurs (EEs) in 19 sites: Bloemfontein and Botshabelo Welkom Kimberley Kuruman Queenstown Soweto, Benoni and Krugersdorp Burgersfort Bushbuckridge Klerksdorp Bela-Bela Uitenhage Tzaneen Philippi George Humansdorp uMgungundlovu Polokwane Thohoyandou Rustenburg	Small Enterprise Development Agency (Seda) (Basic Entrepreneurial Skills Development (BESD) Programme) – 1 633 EEs and 234 entrepreneurship development programmes (EDPs)	Women (53%) Black (100%) Disabled (2%)  Female EDPs (60%) Black EDPs (99%)	R78 306 159	R84 000 000	Number of small, medium and micro enterprises (SMMEs) and co-operatives funded by the NSF for skills development during the specified financial year	1 000 SMMEs and co-operatives benefited from NSF-funded skills development initiatives where NSF-funded learners completed their education and training over the five-year strategic period.

## ANNEXURE B

### Linking performance with budgets

Programme, activity or objective	2020/21 (R'000)		2019/20 (R'000)			
	Budget	Actual amount collection	(Over) or under	Budget	Actual amount collection	(Over) or under
Education and training	3 822 623	1 451 368	2 371 255	2 654 751	1 923 186	731 565
Improve the post-school education and training (PSET) system and capacity-building	997 167	185 737	811 430	583 310	205 626	377 684
Skills infrastructure development	1 144 581	37 872	1 106 709	970 004	383 477	586 527
Skills development, research, innovation and advocacy	65 421	38 196	27 225	62 518	5 024	57 494
Covid-19 impact: Additional relief to support learners, small, medium and micro enterprises (SMMEs) and the PSET system	3 027 204	-	3 027 204	-	-	0
Provision for impairment		13 840	-13 840	-	12 919	-12 919
<b>Skills development funding expenditure</b>	<b>9 056 996</b>	<b>1 727 013</b>	<b>7 329 983</b>	<b>4 270 583</b>	<b>2 530 232</b>	<b>1 740 351</b>

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## ANNEXURE B

### Linking performance with budgets

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The National Skills Fund (NSF) underspent its budget by 81% during the 2020/21 financial year. On 15 March 2020, a national lockdown was introduced by the President of South Africa, under the National State of Disaster in terms of the Disaster Management Act, 2002 (Act 57 of 2002) and regulations were issued in terms of Section 27(2) of the Disaster Management Act, 2002 to prevent and combat the spread of Covid-19. Disbursements were made to the following subprogrammes, education and training, PSET system development and capacity-building, skills infrastructure development and skills development research, innovation and communication.

#### **Education and training**

The following disbursements were made in Quarter 4 of the 2020/21 financial year:

1. R710 million was disbursed towards Bursaries and scholarships
2. R387 million was disbursed towards occupational programmes in technical and vocational education and training (TVET) colleges
3. R65 million was disbursed towards skills programmes, mainly being delivered through non-profit organisations
4. R251 million was disbursed towards learners undergoing workplace-based learning (apprenticeships, learner ships, cadetships, internships, etc.) at the workplace
5. R7 million was disbursed towards worker education

#### **PSET system development and capacity-building**

The following disbursements were made in Quarter 3 of the 2020/21 financial year:

1. R44 million was disbursed towards cross-cutting PSET system development, capacity and support
2. R37 million was disbursed towards workplace-based learning subsystem development, capacity-building and support
3. R38 million was disbursed towards university subsystem development, capacity-building and support
4. R48 million was disbursed towards TVET college subsystem development, capacity-building and support
5. R66 million was disbursed towards community college subsystem development, capacity-building and support

#### **Skills infrastructure development**

The following disbursements were made in Quarter 3 of the 2020/21 financial year:

1. R27,5 million was disbursed towards university infrastructure development
2. R4,5 million was disbursed towards TVET college infrastructure development

#### **Skills development research, innovation and communication**

The following disbursements were made in Quarter 3 of the 2020/21 financial year:

1. R30 million was disbursed towards the Department of Higher Education and Training (DHET) Research, Planning, Advocacy and Communication

## ANNEXURE C

### Revenue collection

Sources of revenue	2020/21				2019/20		
	Estimate	Actual amount collection	(Over) or under	Estimate	Actual amount collection	(Over) or under	
	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Revenue from non-exchange transactions</b>	<b>1 941 289</b>	<b>2 472 640</b>	<b>(531 351)</b>	<b>3 715 261</b>	<b>3 660 340</b>	<b>54 921</b>	
Skills development levies	1 941 289	2 472 640	(531 351)	3 715 261	3 656 840	58 421	
Income from sector education and training authorities (SETAs)	-	-	-	-	3 500	(3 500)	
<b>Revenue from exchange transactions</b>	<b>117 702</b>	<b>440 359</b>	<b>(322 657)</b>	<b>589 759</b>	<b>600 420</b>	<b>(10 661)</b>	
Finance income	102 452	417 491	(315 039)	531 564	551 744	(20 180)	
Finance income from advance payments to Skills development programmes and projects	15 250	22 868	(7 618)	58 195	48 676	9 519	
<b>Total revenue</b>	<b>2 058 991</b>	<b>2 912 999</b>	<b>(854 008)</b>	<b>4 305 020</b>	<b>4 260 760</b>	<b>44 260</b>	

Refer to note 33 of the audited financial statements for detailed information on statement of comparison of budget and actual amounts.

## ANNEXURE D

### Capital investment

Infrastructure projects	2020/21 R'000			2019/20 R'000		
	Budget	Actual expenditure	(Over) or under	Budget	Actual expenditure	(Over) or under
Aliwal North - Ikhala	122 456	125 348	2 892	122 456	105 193	17 263
Balfour - Gert Sibande	142 840	66 879	75 961	142 840	26 639	116 201
Bhambanana - Urmfolozi	203 651	138 301	65 350	203 651	138 301	65 350
Giyani - Letaba	-	-	-	-	-	-
Graaf-Reinet - Eastern Cape Midlands	112 499	109 226	3 273	112 499	96 735	15 764
Greytown - Umgungudlovu	143 210	111 103	32 107	113 648	63 533	50 115
Kwagqikazi - Mthashana	111 284	73 659	37 625		50 577	50 577
Msinga - Umgungudlovu	143 562	123 039	20 523	130 304	94 134	36 170
Ngqungqushu - Ingwe	169 072	128 705	40 367	169 072	85 894	83 178
Nkandla A - Urmfolozi	252 952	-	252 952	-	-	-
Nkandla B - Urmfolozi	-	-	-	-	-	-
Nongoma - Mthashana	132 182	136 027	3 845	132 182	115 588	16 594
Sterkspruit - Ikhala	166 423	151 830	14 593	166 423	110 736	55 687
Umzimkhulu - Esayidi	112 834	120 639	7 805	112 834	102 515	10 319
Vryheid - Mthashana	-	-	-	-	-	-
Mount Frere - Ingwe	-	16 010	16 010	-	14 869	14 869
Siteto Mbizana - Ingwe	-	19 715	19 715	-	18 037	18 037

## ANNEXURE D

### Capital investment

Infrastructure projects	2020/21 R'000		2019/20 R'000			
	Budget	Actual expenditure	(Over) or under	Budget	Actual expenditure	(Over) or under
Maluti - Ingwe	-	16 133	16 133	-	14 929	14 929
Mount Fletcher - Ingwe	-	16 160	16 160	-	14 971	14 971
<b>Total</b>	<b>1 812 965</b>	<b>1 352 774</b>	<b>460 191</b>	<b>1 405 909</b>	<b>1 052 651</b>	<b>353 258</b>

The technical and vocational education and training (TVET) college campuses are developed on behalf of the respective TVET colleges, who are the ultimate beneficiaries of the TVET infrastructure assets. The National Skills Fund (NSF) recognises the assets while under construction. Upon final completion of the asset, the asset is transferred to the respective TVET college. The TVET college infrastructure development is financed by the NSF and is centrally implemented by the Department of Higher Education and Training (DHET) as the implementing agency for the NSF.

Refer to note 4 of audited annual financial statements for detailed information on TVET infrastructure.

## ANNEXURE E

### List of skills development programmes and projects funded by the NSF

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/1/1	BS: NRF	EDUCATION AND TRAINING	1-Jan-11	31-Dec-21	Open	1 729 071 566,03	7 864 576,71	Bursaries
NSF/16/1/1/3	BS: International Scholarship	EDUCATION AND TRAINING	15-Apr-14	31-Jul-22	Open	134 896 285,00	(25 190,54)	Bursaries
NSF/16/1/1/5	NSFAS 2019-2021	EDUCATION AND TRAINING	1-Jan-19	31-Dec-21	Open	810 431 028,20	(13 600 560,64)	Bursaries
NSF/16/1/4/29	WL: NMMU (SAIMI Project)	EDUCATION AND TRAINING	1-Apr-15	30-May-21	Open	311 301 443,09	(1 187 738,24)	Eastern Cape & KZN
NSF/16/1/2/27	OP: TVET -2- Ikhala	EDUCATION AND TRAINING	18-Oct-16	30-Jun-21	Open	39 882 000,00	4 263 889,06	Eastern Cape & KZN
NSF/16/1/2/31	OP: TVET -2- Lovedale	EDUCATION AND TRAINING	23-Nov-16	30-Jun-21	Open	39 882 000,00	1 382 800,80	Eastern Cape & KZN
NSF/16/1/2/45	OP: TVET -2- Coastal	EDUCATION AND TRAINING	28-Sep-16	31-Aug-21	Open	38 155 000,00	10 959 440,97	Eastern Cape & KZN
NSF/16/1/2/46	OP: TVET -2- Elangeni	EDUCATION AND TRAINING	8-Dec-16	31-Mar-21	Open	39 882 000,00	9 440 469,55	Eastern Cape & KZN
NSF/16/1/2/48	OP: TVET -2- Majuba	EDUCATION AND TRAINING	16-Nov-16	30-Jun-21	Open	64 284 500,00	3 384 247,66	Eastern Cape & KZN
NSF/16/1/2/52	OP: TVET -2- Umfolozi	EDUCATION AND TRAINING	27-Sep-16	31-Mar-21	Open	64 284 500,00	(611 710,68)	Eastern Cape & KZN
NSF/16/1/2/53	OP: TVET -2- Umgungundlovu	EDUCATION AND TRAINING	29-Sep-16	30-Sep-21	Open	64 284 500,00	10 685 310,37	Eastern Cape & KZN
NSF/16/1/2/81	OP: Umfolozi Maritime	EDUCATION AND TRAINING	30-Nov-16	30-Jun-21	Open	102 363 757,08	15 341 122,40	Eastern Cape & KZN
NSF/16/1/2/49	OP: TVET -2- Mnambithi	EDUCATION AND TRAINING	15-Nov-16	30-Jun-21	Open	27 025 000,00	5 124 349,79	Eastern Cape & KZN
NSF/16/1/2/29	OP: TVET -2- King Hintsa	EDUCATION AND TRAINING	1-Feb-17	31-Mar-21	Open	27 025 000,00	1 447 598,44	Eastern Cape & KZN
NSF/16/1/2/51	OP: TVET -2- Thekwini	EDUCATION AND TRAINING	28-Mar-17	30-Jun-21	Open	27 131 087,83	2 464 621,38	Eastern Cape & KZN
NSF/16/1/2/25	OP: TVET -2- Buffalo City	EDUCATION AND TRAINING	12-Dec-16	30-Jun-21	Open	59 523 964,71	3 930 040,91	Eastern Cape & KZN
NSF/16/1/2/50	OP: TVET -2- Mthashana	EDUCATION AND TRAINING	28-Mar-17	30-Jun-21	Open	64 284 500,00	31 934 924,69	Eastern Cape & KZN
NSF/16/1/4/72	WL: Chippa Training Academy	EDUCATION AND TRAINING	1-Aug-19	30-Jun-21	Open	97 831 125,00	859 268,61	Eastern Cape & KZN
NSF/16/1/2/26	OP: TVET -2- Eastcape Midlands	EDUCATION AND TRAINING	28-Oct-16	31-Jul-22	Open	64 461 900,00	41 812 485,32	Eastern Cape & KZN
NSF/16/1/3/21	SP: Yikhonolakho Women and Youth Primary Co-operative Limited (YWYPC)	EDUCATION AND TRAINING	1-Jan-18	30-Jun-21	Open	39 613 750,00	3 372 874,46	Eastern Cape & KZN
NSF/16/1/4/81	WL: Richards Bay Technical and Assessment Centre	EDUCATION AND TRAINING	1-Jan-18	30-Jun-21	Open	45 932 858,00	55 762,21	Eastern Cape & KZN
NSF/16/1/2/28	OP: TVET-2-Ingwe	EDUCATION AND TRAINING	21-Nov-17	30-Jun-22	Open	27 492 870,00	8 757 586,87	Eastern Cape & KZN

## ANNEXURE E

### List of skills development programmes and projects funded by the NSF

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/2/30	OP: TVET-2- King Sabata	EDUCATION AND TRAINING	22-Sep-17	30-Jun-22	Open	67 452 654,00	12 784 734,85	Eastern Cape & KZN
NSF/16/1/4/85	WL: CEP - Suiinyembezi	EDUCATION AND TRAINING	12-Mar-18	30-Jun-21	Open	38 941 692,25	874 802,39	Eastern Cape & KZN
NSF/16/1/4/116	Tekmaton - Rural Dev	EDUCATION AND TRAINING	24-Oct-18	31-Mar-22	Open	8 868 750,00	1 677 509,90	Eastern Cape & KZN
NSF/16/1/4/133	ILINGE LABANTU DEBT SOLUTIONS CC - RURAL DEV	EDUCATION AND TRAINING	4-Feb-19	30-Jun-21	Open	8 611 115,50	320 341,56	Eastern Cape & KZN
NSF/16/1/4/139	NMMU -SAIMI 2	EDUCATION AND TRAINING	1-Apr-18	31-Dec-21	Open	14 849 071,75	8 240 266,78	Eastern Cape & KZN
NSF/17/1/4/2	CEP -Eastern Cape	EDUCATION AND TRAINING	12-Feb-20	31-Mar-22	Open	43 645 000,00	14 284 042,91	Eastern Cape & KZN
NSF/17/1/4/1	CSA - FISHERIES WILD COST	EDUCATION AND TRAINING	12-Feb-20	31-Dec-21	Open	54 834 137,50	17 614 355,75	Eastern Cape & KZN
NSF/17/1/4/4	TOURISM WORLD - UJF	EDUCATION AND TRAINING	10-Mar-20	31-Dec-21	Open	7 794 368,50	2 327 524,33	Eastern Cape & KZN
NSF/17/1/4/5	PIONEER BUSINESS CONSULTING - UJF	EDUCATION AND TRAINING	9-Mar-20	31-Jul-21	Open	6 749 375,00	1 244 584,48	Eastern Cape & KZN
NSF/17/1/4/15	AGB Mathe Foundation - UJF	EDUCATION AND TRAINING	9-Mar-20	31-Jul-21	Open	8 464 650,00	1 756 192,44	Eastern Cape & KZN
NSF/17/1/4/29	Ilinge Labantu Debt Solutions - UJF	EDUCATION AND TRAINING	18-Mar-20	30-Apr-22	Open	4 875 958,13	1 525 124,35	Eastern Cape & KZN
NSF/17/1/4/18	Liston Agri Solutions - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Oct-21	Open	11 428 125,00	2 003 702,10	Eastern Cape & KZN
NSF/17/1/4/3	Macadamia Skills Academy - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Jul-22	Open	13 165 187,50	2 004 673,28	Eastern Cape & KZN
NSF/17/1/4/14	Miasimbi Catering - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Oct-21	Open	6 183 750,00	964 623,92	Eastern Cape & KZN
NSF/17/1/4/16	MTL Training and Projects - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Oct-21	Open	16 807 134,50	8 121 493,10	Eastern Cape & KZN
NSF/17/1/4/17	Stalele Consultants (Pty) Ltd - UJF	EDUCATION AND TRAINING	10-Mar-20	31-Jul-22	Open	5 284 537,00	1 091 249,60	Eastern Cape & KZN
NSF/17/1/4/30	Umthombolwazi Consultants - UJF	EDUCATION AND TRAINING	18-Mar-20	30-Apr-22	Open	15 925 308,13	7 204 944,55	Eastern Cape & KZN
NSF/17/1/4/24	CSA-Eastern Cape	EDUCATION AND TRAINING	11-Mar-20	31-Jul-22	Open	10 670 000,00	6 462 045,25	Eastern Cape & KZN

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/17/1/4/38	Alfred Nzo Development Agency	EDUCATION AND TRAINING	6-Sep-20	31-Dec-21	Open	10 212 500,00	5 440 775,00	Eastern Cape & KZN
NSF/16/2/1/1	CCPSET: NIHSS	EDUCATION AND TRAINING	1-Apr-14	31-Mar-22	Open	689 925 389,47	126 184 010,40	Gauteng, North West & Free State
NSF/16/1/4/17	WL: Nelson Mandela Childrens Hospital Trust	EDUCATION AND TRAINING	5-Jun-13	31-Mar-21	Open	70 328 312,00	7 219 811,22	Gauteng, North West & Free State
NSF/16/1/4/27	WL: SA Airways Technical (SAAT)	EDUCATION AND TRAINING	30-Mar-15	31-Oct-21	Open	23 796 600,00	7 314 491,68	Gauteng, North West & Free State
NSF/16/1/4/68	WL: Transnet 2	EDUCATION AND TRAINING	11-Jan-17	31-Aug-21	Open	64 500 000,00	16 675 231,41	Gauteng, North West & Free State
NSF/16/1/2/40	OP: TVET -2- Sedibeng	EDUCATION AND TRAINING	29-Sep-16	31-Mar-22	Open	39 882 000,00	15 582 402,46	Gauteng, North West & Free State
NSF/16/1/2/41	OP: TVET -2- South West	EDUCATION AND TRAINING	1-Nov-16	31-Jul-21	Open	33 475 000,00	16 813 108,95	Gauteng, North West & Free State
NSF/16/1/2/66	OP: TVET -2- Vuselela	EDUCATION AND TRAINING	9-Sep-16	31-May-22	Open	39 882 000,00	27 285 708,81	Gauteng, North West & Free State
NSF/16/1/2/36	OP: TVET -2- Motheo	EDUCATION AND TRAINING	28-Sep-16	30-Sep-21	Open	46 332 000,00	22 731 192,23	Gauteng, North West & Free State
NSF/16/1/2/34	OP: TVET -2- Goldfields	EDUCATION AND TRAINING	27-Jun-18	30-Sep-21	Open	27 025 000,00	984 049,22	Gauteng, North West & Free State
NSF/16/1/2/35	OP: TVET -2- Maluti	EDUCATION AND TRAINING	3-Aug-17	30-Sep-21	Open	27 025 000,00	10 411 245,99	Gauteng, North West & Free State
NSF/16/1/2/38	OP: TVET -2- Ekurhuleni East	EDUCATION AND TRAINING	1-May-18	31-Dec-22	Open	53 697 500,00	32 198 111,39	Gauteng, North West & Free State
NSF/16/1/2/43	OP: TVET -2- Tshwane South	EDUCATION AND TRAINING	1-Jan-18	31-Mar-21	Open	33 475 000,00	13 105 843,54	Gauteng, North West & Free State
NSF/16/1/2/39	OP: TVET -2- Ekurhuleni West	EDUCATION AND TRAINING	1-Jun-18	30-Sep-21	Open	27 025 000,00	9 335 399,74	Gauteng, North West & Free State
NSF/16/1/4/79	WL: Qualitas Training	EDUCATION AND TRAINING	1-Jan-18	30-Jun-21	Open	37 676 600,00	973 523,92	Gauteng, North West & Free State
NSF/16/1/4/80	WL: SFERA TRAINING AND DEVELOPMENT	EDUCATION AND TRAINING	17-Jan-18	30-Jun-21	Open	54 234 180,00	37 650 085,64	Gauteng, North West & Free State
NSF/16/1/4/78	WL: Imperial Technical Training Academy	EDUCATION AND TRAINING	11-Jan-18	31-Dec-22	Open	96 916 840,00	36 290 611,62	Gauteng, North West & Free State

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NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/82	w/ Electrical Contractors Association (ECA)	EDUCATION AND TRAINING	1-Jan-18	30-Jun-21	Open	29 691 500,00	3 119 182,98	Gauteng, North West & Free State
NSF/16/1/2/37	OP: TVET -2- Central JHB	EDUCATION AND TRAINING	30-Apr-18	31-Oct-21	Open	33 475 000,00	23 881 492,28	Gauteng, North West & Free State
NSF/16/1/2/33	OP: TVET -2- Flavius Mareka	EDUCATION AND TRAINING	1-Jul-18	31-Jan-22	Open	27 025 000,00	9 091 713,98	Gauteng, North West & Free State
NSF/16/1/4/104	Kgabo Cars - RURAL DEV	EDUCATION AND TRAINING	1-Oct-18	31-Mar-22	Open	5 321 250,00	2 209 326,49	Gauteng, North West & Free State
NSF/16/1/4/107	Dinaledi Management & Services - Rural Dev	EDUCATION AND TRAINING	10-Oct-18	31-Dec-21	Open	8 868 750,00	929 827,11	Gauteng, North West & Free State
NSF/16/1/4/125	Blind SA - Rural Dev	EDUCATION AND TRAINING	1-Oct-18	30-Sep-21	Open	3 122 926,92	489 610,35	Gauteng, North West & Free State
NSF/16/1/4/130	NECSA 2	EDUCATION AND TRAINING	2-Jan-18	30-Jun-21	Open	17 698 800,00	3 074 656,47	Gauteng, North West & Free State
NSF/16/1/4/132	Future & Overall Deliveries - Rural Dev	EDUCATION AND TRAINING	1-Oct-18	31-Dec-21	Open	5 321 250,00	1 999 523,39	Gauteng, North West & Free State
NSF/16/1/2/44	OP: TVET -2- Western Gauteng	EDUCATION AND TRAINING	1-Jan-19	31-Mar-22	Open	27 025 000,00	27 024 184,86	Gauteng, North West & Free State
NSF/17/1/4/9	Aubrey Nyiko Business Enterprise - UIF	EDUCATION AND TRAINING	9-Mar-20	31-Jul-21	Open	16 378 350,00	3 145 937,01	Gauteng, North West & Free State
NSF/17/1/4/6	Aviwe Business Development Services - UIF	EDUCATION AND TRAINING	9-Mar-20	31-Oct-21	Open	7 507 250,00	2 725 868,17	Gauteng, North West & Free State
NSF/17/1/4/31	Caroline's Fashion Enterprise - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	26 346 375,00	8 171 146,78	Gauteng, North West & Free State
NSF/17/1/4/37	Electrical Contractors Association - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	8 664 500,00	6 939 012,59	Gauteng, North West & Free State
NSF/17/1/4/34	EOH Abantu (Pty) Ltd - UIF	EDUCATION AND TRAINING	1-Oct-20	31-Mar-22	Open	4 974 500,00	2 281 424,03	Gauteng, North West & Free State

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/17/1/4/7	Future and Overall Deliveries - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	7 454 937,50	3 691 403,02	Gauteng, North West & Free State
NSF/17/1/4/13	LNT Trading Enterprise - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Oct-21	Open	9 983 875,00	2 335 362,73	Gauteng, North West & Free State
NSF/17/1/4/35	Ratidzo Training Solutions - UIF	EDUCATION AND TRAINING	13-Mar-20	31-Jul-21	Open	9 598 125,00	1 675 516,86	Gauteng, North West & Free State
NSF/17/1/4/12	Sector EDUCATION and Skills Training Organisation - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	20 296 350,00	11 341 864,55	Gauteng, North West & Free State
NSF/17/1/4/10	Thabelanang Trading Enterprise - UIF	EDUCATION AND TRAINING	9-Mar-20	31-Mar-22	Open	16 409 312,50	7 072 837,11	Gauteng, North West & Free State
NSF/17/1/4/11	The Royal Dish - UIF	EDUCATION AND TRAINING	9-Mar-20	30-Apr-22	Open	6 534 375,00	4 104 585,15	Gauteng, North West & Free State
NSF/17/1/4/8	Tsiku Consulting - UIF	EDUCATION AND TRAINING	1-Jul-20	30-Nov-21	Open	9 217 750,00	2 555 701,73	Gauteng, North West & Free State
NSF/16/1/2/57	OP: TVET -2- Mopani South East	EDUCATION AND TRAINING	31-Dec-22	31-Dec-22	Open	64 284 500,00	32 895 883,21	Limpopo & Mpumalanga
NSF/16/1/2/58	OP: TVET -2- Sekhukhune	EDUCATION AND TRAINING	8-Nov-16	31-Dec-21	Open	64 284 500,00	44 058 432,89	Limpopo & Mpumalanga
NSF/16/1/2/59	OP: TVET -2- Vhembe	EDUCATION AND TRAINING	5-Dec-16	31-Aug-22	Open	65 994 045,72	41 436 418,77	Limpopo & Mpumalanga
NSF/16/1/2/62	OP: TVET -2- Gert Sibande	EDUCATION AND TRAINING	23-Jan-17	30-Sep-22	Open	65 092 242,57	10 147 711,31	Limpopo & Mpumalanga
NSF/16/1/2/61	OP: TVET -2- Ehlanzeni	EDUCATION AND TRAINING	31-Mar-17	31-Jul-21	Open	46 332 000,00	25 540 741,17	Limpopo & Mpumalanga
NSF/16/1/2/54	OP: TVET -2- Capricorn	EDUCATION AND TRAINING	8-Nov-16	31-Dec-21	Open	57 877 500,00	22 446 206,75	Limpopo & Mpumalanga
NSF/16/1/2/55	OP: TVET -2- Lephahale	EDUCATION AND TRAINING	24-Oct-16	31-Mar-21	Open	39 989 500,00	7 318 860,94	Limpopo & Mpumalanga
NSF/16/1/2/60	OP: TVET -2- Waterberg	EDUCATION AND TRAINING	15-Mar-17	31-Oct-22	Open	64 956 289,00	45 483 911,09	Limpopo & Mpumalanga
NSF/16/1/2/56	OP: TVET-2- Letaba	EDUCATION AND TRAINING	16-Oct-17	30-Jun-21	Open	27 025 000,00	9 912 649,42	Limpopo & Mpumalanga
NSF/16/1/3/25	MPUMALANGA - DARDLEA	EDUCATION AND TRAINING	15-Jun-18	30-Jun-22	Open	90 872 087,50	44 279 636,03	Limpopo & Mpumalanga

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NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/99	Mahube Training & Development - RURAL DEV	EDUCATION AND TRAINING	13-Aug-18	30-Nov-21	Open	17 988 061,00	3 962 222,01	Limpopo & Mpumalanga
NSF/16/1/4/94	Africa Skills Village - Rural Dev.	EDUCATION AND TRAINING	3-Oct-18	31-Dec-21	Open	17 737 500,00	4 642 520,03	Limpopo & Mpumalanga
NSF/16/1/2/63	OP: TVET -2- Nkangala	EDUCATION AND TRAINING	31-Dec-21	31-Dec-21	Open	27 801 515,50	23 899 515,44	Limpopo & Mpumalanga
NSF/16/1/4/98	IN-TOUCH Community Development - Rural Dev	EDUCATION AND TRAINING	4-Oct-18	31-Dec-21	Open	13 303 125,00	3 524 416,75	Limpopo & Mpumalanga
NSF/16/1/4/138	SA Wildlife College - Rural Dev	EDUCATION AND TRAINING	12-Apr-19	31-Mar-22	Open	3 064 986,25	1 225 333,77	Limpopo & Mpumalanga
NSF/17/1/3/1	DAFF - DEV of Young Producers & Entrepreneurs	EDUCATION AND TRAINING	30-Jan-20	31-Dec-22	Open	99 998 112,50	85 907 112,50	Limpopo & Mpumalanga
NSF/17/1/4/22	African Global Skills Academy - UJF	EDUCATION AND TRAINING	11-Mar-20	30-Apr-22	Open	17 303 706,00	2 827 931,33	Limpopo & Mpumalanga
NSF/17/1/4/27	Dithipe Development Institute - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Jul-21	Open	9 535 007,50	2 256 106,71	Limpopo & Mpumalanga
NSF/17/1/4/19	Dzunde Farming Cooperative Limited - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Jul-21	Open	18 399 715,00	3 362 501,45	Limpopo & Mpumalanga
NSF/17/1/4/20	Masakhane Trust - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Dec-22	Open	10 143 271,25	7 335 475,71	Limpopo & Mpumalanga
NSF/17/1/4/28	Masana Social Training and Development - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Jul-21	Open	8 957 812,50	1 527 887,05	Limpopo & Mpumalanga
NSF/17/1/4/26	Ndally's Trading Enterprise - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Jul-22	Open	15 155 387,00	5 692 218,88	Limpopo & Mpumalanga
NSF/17/1/4/23	VPK Business Venture - UJF	EDUCATION AND TRAINING	11-Mar-20	31-Dec-21	Open	13 393 426,25	3 274 868,76	Limpopo & Mpumalanga
NSF/16/1/3/11	SP: SEDA (BESD) Programme	EDUCATION AND TRAINING	17-Apr-12	31-Dec-21	Open	84 000 000,00	5 532 872,55	Programme Monitoring

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NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/37	WL: EC Office of the Premier	EDUCATION AND TRAINING	29-Feb-16	30-Jun-22	Open	75 285 000,00	14 129 148,94	Programme Monitoring
NSF/16/1/2/83	NSF:NAD: DSPP - IOPSA	EDUCATION AND TRAINING	1-Aug-16	31-Dec-22	Open	24 983 372,95	10 849 800,42	Programme Monitoring
NSF/16/1/2/84	DSPP ECA	EDUCATION AND TRAINING	1-Apr-18	31-Oct-21	Open	17 320 920,30	905 109,15	Programme Monitoring
NSF/16/1/3/22	Catholic Institute of EDUCATION	EDUCATION AND TRAINING	1-Jul-18	31-Mar-21	Open	23 405 721,00	1 538 178,07	Programme Monitoring
NSF/16/1/4/112	Masakane Trust - Rural Dev	EDUCATION AND TRAINING	24-Oct-18	31-Jul-21	Open	2 865 735,75	2 001 044,09	Programme Monitoring
NSF/16/1/4/128	DTI: ITUKISE 2	EDUCATION AND TRAINING	1-Oct-18	31-Dec-21	Open	56 135 423,70	9 512 842,39	Programme Monitoring
NSF/16/1/4/136	Department of Public Works (DPW) - Extended Public Works Programme (EPWP) - WL: NDPW: EPWP (2018-2023)	EDUCATION AND TRAINING	1-Oct-18	31-Dec-23	Open	228 831 488,00	185 340 588,00	Programme Monitoring
NSF/16/1/3/42	Dept of Correctional Services - DCS	EDUCATION AND TRAINING	20-Dec-18	31-Mar-22	Open	87 201 694,00	44 714 620,75	Programme Monitoring
NSF/16/1/2/74	OP: TVET -2- West Coast	EDUCATION AND TRAINING	23-Jan-17	31-Dec-21	Open	64 284 500,00	10 656 570,02	Western Cape & Northern Cape
NSF/16/1/2/67	OP: TVET -2- Northern Cape Rural	EDUCATION AND TRAINING	18-Oct-16	30-Apr-21	Open	64 284 500,00	9 280 951,48	Western Cape & Northern Cape
NSF/16/1/2/68	OP: TVET -2- Northern Cape Urban	EDUCATION AND TRAINING	6-Oct-16	31-Jul-21	Open	39 882 000,00	3 920 619,31	Western Cape & Northern Cape
NSF/16/1/2/70	OP: TVET -2- College of Cape Town	EDUCATION AND TRAINING	12-Dec-16	30-Jun-21	Open	67 877 500,00	10 228 473,18	Western Cape & Northern Cape
NSF/16/1/2/71	OP: TVET -2- False Bay	EDUCATION AND TRAINING	19-Jan-17	30-Sep-21	Open	51 427 500,00	13 426 520,45	Western Cape & Northern Cape

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NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/2/73	OP: TVET -2- South Cape	EDUCATION AND TRAINING	12-Jan-17	31-Jul-21	Open	64 284 500,00	3 815 838,83	Western Cape & Northern Cape
NSF/16/1/4/109	WL: African Global Skills-Rural Dev	EDUCATION AND TRAINING	4-Oct-18	31-May-21	Open	9 711 012,50	560 336,79	Western Cape & Northern Cape
NSF/17/1/4/33	African Skills Village (Training and Management Services) (Pty) Ltd - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	5 655 663,15	377 221,87	Western Cape & Northern Cape
NSF/17/1/4/25	National Institute for the Deaf (NID) - UIF	EDUCATION AND TRAINING	11-Mar-20	31-Mar-22	Open	18 614 025,00	10 844 580,31	Western Cape & Northern Cape
NSF/17/1/4/32	Passionate About People - UIF	EDUCATION AND TRAINING	18-Mar-20	31-May-22	Open	11 428 125,00	9 091 588,08	Western Cape & Northern Cape
NSF/17/1/4/21	Talent Emporium Academy - UIF	EDUCATION AND TRAINING	13-Mar-20	31-Jul-21	Open	15 004 125,00	2 261 581,00	Western Cape & Northern Cape
NSF/17/1/4/36	WL-2: City of Cape Town	EDUCATION AND TRAINING	1-Nov-20	30-May-23	Open	99 523 500,00	94 972 692,78	Western Cape & Northern Cape
NSF/16/1/5/3	WE: Chris Hani Institute	EDUCATION AND TRAINING	1-Apr-17	31-Mar-22	Open	45 902 166,00	25 623 758,95	WorkerEDUCATION & CCBA related
NSF/16/1/5/4	Workers College - Project 3	EDUCATION AND TRAINING	1-Jan-18	31-Mar-21	Open	14 326 147,35	(699 588,31)	WorkerEDUCATION & CCBA related
NSF/16/1/5/5	WE: Labour Research Service	EDUCATION AND TRAINING	1-Jan-18	31-Mar-21	Open	3 683 272,50	115 802,21	WorkerEDUCATION & CCBA related
NSF/16/1/5/6	WE: Ditsela-Project 3	EDUCATION AND TRAINING	1-Jan-18	31-Mar-23	Open	9 576 459,05	5 839 093,97	WorkerEDUCATION & CCBA related
NSF/16/1/5/7	NSA:CCBA: 3- NACTU	EDUCATION AND TRAINING	1-Mar-18	31-May-21	Open	4 829 760,00	1 285 142,99	WorkerEDUCATION & CCBA related
NSF/16/1/5/8	WE: NALEDI	EDUCATION AND TRAINING	1-Jan-18	31-Dec-21	Open	4 752 575,00	1 918 478,06	WorkerEDUCATION & CCBA related
NSF/16/3/1/1	UV/ID: Saica Walter Sisulu University	IMPROVED PSET SYSTEM	3-Jan-12	30-Sep-21	Open	189 454 020,00	1 312 411,25	Eastern Cape & KZN

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/3/2/8	TVET:ID: DSPP - Ekurhuleni East TVET College	IMPROVED PSET SYSTEM	2-Jan-16	31-Dec-22	Open	23 065 000,00	64 822,27	Programme Monitoring
NSF/16/3/2/1	TVET:ID: DHET - FET Infrastructure	IMPROVED PSET SYSTEM	9-Dec-13	Until Completion	Open	2 880 000 000,00	1 185 065 925,35	Programme Monitoring
NSF/16/3/2/9	TVET:ID: DSPP - Ekurhuleni West TVET College	IMPROVED PSET SYSTEM	2-Jan-16	31-Oct-21	Open	15 251 301,62	(46 414,01)	Programme Monitoring
NSF/16/3/2/11	TVET:ID: DSPP - Port Elizabeth TVET College	IMPROVED PSET SYSTEM	2-Jan-16	31-Dec-22	Open	7 265 183,11	(99 428,23)	Programme Monitoring
NSF/16/3/2/10	TVET:ID: DSPP - Eastcape Midlands TVET College	IMPROVED PSET SYSTEM	1-Jul-16	31-Dec-21	Open	15 315 000,00	4 080 342,20	Programme Monitoring
NSF/16/2/4/36	TVET: SCBS Saica CFO Support	IMPROVED PSET SYSTEM	1-Aug-17	31-Dec-23	Open	153 305 320,00	21 087 742,00	Programme Monitoring
NSF/16/2/5/2	SAICA CET - CFO SUPPORT	IMPROVED PSET SYSTEM	1-Mar-18	31-May-21	Open	149 994 108,00	47 193 214,83	Programme Monitoring
NSF/16/3/2/14	SANREN- SABEN - TVET CONNECTIVITY PROJECT	IMPROVED PSET SYSTEM	3-May-18	30-Jun-22	Open	286 031 469,78	175 236 415,68	Programme Monitoring
NSF/16/2/4/38	East Cape Midlands TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	30-Jun-21	Open	7 162 472,38	789 002,49	Programme Monitoring
NSF/16/2/4/45	Sekhukhune TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-21	Open	3 443 129,07	81 916,09	Programme Monitoring
NSF/16/2/1/33	CCPSET:QCTO - ACCREDITATION	IMPROVED PSET SYSTEM	1-Jul-18	31-Dec-21	Open	1 754 615,00	(4 523 755,72)	Programme Monitoring
NSF/16/2/1/34	QCTO:Digitisation Learner Records	IMPROVED PSET SYSTEM	1-Jul-18	31-Mar-22	Open	19 575 750,00	15 822 039,05	Programme Monitoring
NSF/16/2/4/42	Umfolozo TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	30-Jun-22	Open	13 819 884,23	1 353 328,91	Programme Monitoring
NSF/16/2/4/49	Tshwane South TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-21	Open	21 027 994,59	4 470 051,69	Programme Monitoring
NSF/16/2/4/48	Mopani South East TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	30-Sep-21	Open	7 711 677,13	1 302 255,96	Programme Monitoring
NSF/16/2/4/51	Flavius Mareka TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-21	Open	10 896 081,26	1 463 138,93	Programme Monitoring

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NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/2/4/56	Northern Cape Urban TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Mar-22	Open	4 524 847,82	733 298,40	Programme Monitoring
NSF/16/2/4/55	Orbit TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-21	Open	9 455 613,64	1 219 385,18	Programme Monitoring
NSF/16/3/2/15	TVET:ID: DSPP:UMFOLOZI TVET COLLEGE	IMPROVED PSET SYSTEM	1-Jul-19	31-Mar-23	Open	11 080 325,00	7 571 621,43	Programme Monitoring
NSF/16/2/4/58	HEADS-2	IMPROVED PSET SYSTEM	1-Apr-19	30-Jun-23	Open	80 501 443,00	60 034 491,74	Programme Monitoring
NSF/17/4/4/1	University of Western Cape (TVET RESEARCH)	IMPROVED PSET SYSTEM	1-Apr-19	30-Jun-24	Open	35 000 000,00	22 504 514,63	Programme Monitoring
NSF/16/2/4/27	GTAC - PROJECT CHARTER	IMPROVED PSET SYSTEM	1-Aug-16	31-Dec-21	Open	17 175 484,00	1 540 545,03	Programme Monitoring
NSF/17/4/4/2	University of Cape Town (LMI Research)	IMPROVED PSET SYSTEM	1-Apr-19	30-Jun-24	Open	34 971 630,00	33 704 041,79	Programme Monitoring
NSF/17/4/1/1	HRDC-2: HRDSA [2020-2025]	IMPROVED PSET SYSTEM	1-Apr-20	31-Mar-25	Open	58 992 845,00	42 222 200,00	Programme Monitoring
NSF/16/2/1/31	CCPSET: Career Development Services (CDS) - Operational Cost	IMPROVED PSET SYSTEM	15-May-17	30-Jun-21	Open	127 399 425,00		Programme Monitoring
NSF/16/2/1/14	CCPSET: Central Application Services - Phase 1	IMPROVED PSET SYSTEM	11-Dec-12	31-Mar-22	Open	260 373 196,83		Programme Monitoring
NSF/16/2/1/8	CCPSET: HETMIS	IMPROVED PSET SYSTEM	1-Jul-12	31-Mar-21	Open	29 297 050,00		Programme Monitoring
NSF/16/2/1/10	CCPSET: University of KZN (CCRR1 Project)	IMPROVED PSET SYSTEM	26-Apr-12	31-Dec-22	Open	27 077 384,33		Programme Monitoring
NSF/16/2/4/35	Centres of Specialisation [SPU]	IMPROVED PSET SYSTEM	1-Apr-17	31-Mar-23	Open	33,238 202,36		Programme Monitoring
NSF/16/2/2/4	DHET: Artisan Certificate/ Artisan Development	IMPROVED PSET SYSTEM	1-Apr-12	31-Mar-22	Open	141 281 744,00		Programme Monitoring

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/2/4/33	DHET: Curriculum specialists for TVETs: Capacity Development Support Grant	IMPROVED PSET SYSTEM	17-Nov-16	31-Mar-22	Open	190 000 000,00		Programme Monitoring
NSF/16/2/4/17	DHET: Integrated Examination Solutions (IT examination system: improvement project)	IMPROVED PSET SYSTEM	1-Sep-15	31-Mar-23	Open	52 000 000,00		Programme Monitoring
NSF/16/2/2/7	DHET: RPL for Artisans Project-2- (Indlela)	IMPROVED PSET SYSTEM	8-Feb-18	31-Mar-23	Open	26 897 914,00		Programme Monitoring
NSF/16/2/2/8	DHET: Training & Upskilling of Staff	IMPROVED PSET SYSTEM	Tbc	30-Sep-21	Open	6 740 250,00		Programme Monitoring
NSF/16/2/4/15	Establishment of SAIVCET	IMPROVED PSET SYSTEM	24-Mar-16	31-Mar-24	Open	191 950 962,31		Programme Monitoring
NSF/16/2/4/58	HEADS-2 (Higher Health)	IMPROVED PSET SYSTEM	1-Apr-19	31-Mar-23	Open	104, 706 142,00		Programme Monitoring
NSF/16/3/4/1	INDLELA Recapitalisation and Security Upgrade Project	IMPROVED PSET SYSTEM	1-Aug-18	31-Mar-22	Open	26 554 995,00		Programme Monitoring
NSF/16/2/1/13	Project Co-Ordination Unit [PCU]: DHET	IMPROVED PSET SYSTEM	21-Sep-12	31-Mar-23	Open	32 900 854,00		Programme Monitoring
NSF/16/2/3/11	Research Chairs PSET - DHET	IMPROVED PSET SYSTEM	1-Jan-17	31-Dec-24	Open	97 774 944,00		Programme Monitoring
NSF/17/2/4/1	TVET: Occupational Team Conveners (OTC)	IMPROVED PSET SYSTEM	1-Jun-17	31-Mar-22	Open	79 910 501,15		Programme Monitoring
NSF/16/2/4/57	TVET:SCBS: Student Support Advocacy & Cap Dev	IMPROVED PSET SYSTEM	20-Jun-17	31-Mar-22	Open	8, 561 751.36		Programme Monitoring
NSF/16/3/1/4	UV:ID: CPUT Renewable Energy Infrastructure Project	IMPROVED PSET SYSTEM	25-Jan-13	31-Mar-22	Open	105 578 322,00	8 202 313,88	Western Cape & Northern Cape
NSF/16/3/2/13	TVET:ID: False Bay (Swartklip)	IMPROVED PSET SYSTEM	30-May-18	30-Jun-21	Open	180 000 000,00	154 953 898,99	Western Cape & Northern Cape
NSF/17/1/5/2	NSA:CCBA: 3- COSATU	IMPROVED PSET SYSTEM	1-Jul-19	31-Mar-22	Open	8 428 430,00	6 970 141,08	WorkerEDUCATION & CCBA related
NSF/17/1/5/1	NSA:CCBA: 3- FEDUSA	IMPROVED PSET SYSTEM	1-Jul-19	31-Mar-22	Open	3 841 352,00	2 602 724,50	WorkerEDUCATION & CCBA related

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/4/3/2	Nexia SAB&T - NSA FUND MANAGER	IMPROVED PSET SYSTEM	10-Apr-18	10-Jul-21	Open	45 096 250,00	21 367 006,43	WorkerEDUCATION & CCBA related
NSF/17/2/4/2	SACPO 2 - Student Leadership	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	10 984 404,10	6 834 182,95	WorkerEDUCATION & CCBA related
NSF/17/4/2/10	NSA:CCBA: 2- FEDUSA 3	IMPROVED PSET SYSTEM	1-Jul-20	20-Sep-23	Open	2 173 500,00	2 003 782,50	WorkerEDUCATION & CCBA related
NSF/17/4/2/5	NSA:CCBA: 2- WNC 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	6 142 500,00	5 151 185,49	WorkerEDUCATION & CCBA related
NSF/17/4/2/11	NSA:CCBA: 2- APPETD 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	2 409 750,00	2 222 015,62	WorkerEDUCATION & CCBA related
NSF/17/4/2/9	NSA:CCBA: 2- DPSA 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	6 000 000,00	5 523 600,00	WorkerEDUCATION & CCBA related
NSF/17/4/2/6	NSA:CCBA: 2- DEPT - PSA (STATE)	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	1 842 750,00	1 198 893,75	WorkerEDUCATION & CCBA related
NSF/17/4/2/3	NSA:CCBA: 2- DEPT - NEDLAC	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	6 142 500,00	5 660 145,00	WorkerEDUCATION & CCBA related
NSF/17/4/2/4	NSA:CCBA: 2- SACPO 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	2 409 750,00	2 030 639,30	WorkerEDUCATION & CCBA related
NSF/17/4/2/2	NSA:CCBA: 2- SAYC 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	6 350 400,00	5 850 180,00	WorkerEDUCATION & CCBA related
NSF/17/4/2/1	NSA:CCBA: 2- BUSA 3	IMPROVED PSET SYSTEM	29-Jul-20	30-Sep-23	Open	2 409 750,00	2 222 167,50	WorkerEDUCATION & CCBA related
<b>Project that were active during the current year &amp; expired during the current year</b>								
NSF/16/1/4/124	Network for Career Development CC - Rural Dev	EDUCATION AND TRAINING	5-Nov-18	30-Sep-20	Ended, in closure process	12 580 725,00	926 814,39	Eastern Cape & KZN
NSF/16/1/4/122	MTL Training and Projects - Rural Dev	EDUCATION AND TRAINING	5-Nov-18	31-Dec-20	Ended, in closure process	17 338 245,00	285 194,35	Eastern Cape & KZN
NSF/16/1/3/39	Lawrance Anthony Earth Organisation - Rural Dev	EDUCATION AND TRAINING	1-Oct-18	30-Sep-20	Ended, in closure process	3 805 580,63	44 760,46	Eastern Cape & KZN

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/140	Goats Unlimited - Rural Dev	EDUCATION AND TRAINING	16-May-19	31-Dec-20	Ended, in closure process	2 250 147,00	65 415,95	Eastern Cape & KZN
NSF/16/1/2/32	OP: TVET -2- Port Elizabeth	EDUCATION AND TRAINING	25-Oct-16	31-Oct-20		57 877 500,00	6 349 183,88	Eastern Cape & KZN
NSF/16/1/2/47	OP: TVET -2- Esayidi	EDUCATION AND TRAINING	28-Nov-16	31-Dec-20		64 284 500,00	16 238 261,16	Eastern Cape & KZN
NSF/16/1/4/89	Scientific Roets - RURAL DEV.	EDUCATION AND TRAINING	1-Sep-18	30-Nov-20		9 051 500,00	225 547,94	Eastern Cape & KZN
NSF/16/1/4/91	UMGANO FOUNDATION - RURAL DEV.	EDUCATION AND TRAINING	18-Sep-18	30-Jun-20		2 294 060,00	105 394,49	Eastern Cape & KZN
NSF/16/1/3/31	SP: Umthombolwazi Consultants - RURAL DEV	EDUCATION AND TRAINING	1-Oct-18	30-Sep-20		1 952 825,65	(476 255,45)	Eastern Cape & KZN
NSF/16/1/4/95	WL: Silalele Consultants - RURAL DEV	EDUCATION AND TRAINING	1-Oct-18	30-Sep-20		4 530 318,75	192 281,45	Eastern Cape & KZN
NSF/16/1/4/114	WL: Pioneer Buss Consulting -Rural Dev	EDUCATION AND TRAINING	24-Oct-18	30-Jun-20		4 193 575,00	63 560,67	Eastern Cape & KZN
NSF/16/1/3/38	Asante Management & Dev Services - Rural Dev.	EDUCATION AND TRAINING	24-Oct-18	30-Jun-20		7 109 190,00	(16,99)	Eastern Cape & KZN
NSF/16/1/4/97	WL: Macadamia Skills Academy - Rural Dev	EDUCATION AND TRAINING	1-Oct-18	30-Sep-20		13 324 302,50	5 483,66	Eastern Cape & KZN
NSF/16/1/3/41	Aveng Grinaker - Rural Dev	EDUCATION AND TRAINING	4-Feb-19	30-Sep-20		6 955 680,00	34 221,93	Eastern Cape & KZN
NSF/16/1/4/134	WL: Ithunga Development - Rural Dev	EDUCATION AND TRAINING	4-Feb-19	30-Jun-20		4 193 575,00	(206 099,72)	Eastern Cape & KZN
NSF/16/1/4/137	Kalideen Management Services - Rural Dev	EDUCATION AND TRAINING	4-Feb-19	30-Sep-20		3 844 737,50	6 329,04	Eastern Cape & KZN
NSF/16/1/4/141	KMK TRAINING - Rural Dev	EDUCATION AND TRAINING	4-Jun-19	30-Sep-20		11 557 325,00	685 409,55	Eastern Cape & KZN
NSF/16/1/4/127	kgabo Cars (POI)	EDUCATION AND TRAINING	1-Sep-18	28-Feb-21	Ended, in closure process	1 511 431,73	11 409,14	Gauteng, North West & Free State
NSF/16/1/4/143	VPK - (EMANZINI LEARNERS)	EDUCATION AND TRAINING	16-Aug-19	31-Oct-20	Ended, in closure process	2 584 300,00	18 030,00	Gauteng, North West & Free State
NSF/16/1/4/39	WL: Furniture World Training Centre	EDUCATION AND TRAINING	12-Sep-16	30-Jun-20		37 244 900,00	354 214,39	Gauteng, North West & Free State

## ANNEXURE E

### List of skills development programmes and projects funded by the NSF

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/2/64	OP: TVET -2- Orbit	EDUCATION AND TRAINING	14-Oct-16	31-Mar-22		39 882 000,00	31 566 995,17	Gauteng, North West & Free State
NSF/16/1/2/65	OP: TVET-2-Taletso	EDUCATION AND TRAINING	1-Nov-16	31-Dec-20		21 563 923,53	0,00	Gauteng, North West & Free State
NSF/16/1/3/27	Rhirhango Primary Co-op -RURAL DEV.	EDUCATION AND TRAINING	1-Aug-18	31-Jul-20		9 008 553,75	175 223,76	Gauteng, North West & Free State
NSF/16/1/3/24	Thabelanang Trading Enterprise - RURAL DEV.	EDUCATION AND TRAINING	1-Aug-18	31-Jul-20		5 096 944,51	(5 067,43)	Gauteng, North West & Free State
NSF/16/1/3/23	LNT Trading Enterprises - RURAL DEV.	EDUCATION AND TRAINING	1-Aug-18	30-Nov-20		8 276 425,00	131 044,28	Gauteng, North West & Free State
NSF/16/1/4/87	VERGE (PTY) LTD - RURAL DEV.	EDUCATION AND TRAINING	1-Aug-18	31-Jul-20		8 277 500,00	8 620,61	Gauteng, North West & Free State
NSF/16/1/3/26	LHR SOLUTIONS RURAL DEVELOPEMNT - RURAL DEV.	EDUCATION AND TRAINING	10-Sep-18	31-May-20		31 546 950,00	38 714,22	Gauteng, North West & Free State
NSF/16/1/4/90	HOUSE OF LEMBA - RURAL DEV.	EDUCATION AND TRAINING	1-Sep-18	31-Aug-20		1 698 500,00	73 828,83	Gauteng, North West & Free State
NSF/16/1/4/117	Aviwe Business Dev Services - Rural Dev	EDUCATION AND TRAINING	5-Nov-18	30-Jun-20		12 362 500,00	85 412,47	Gauteng, North West & Free State
NSF/16/1/3/32	DATAkomb PTY LTD - RURAL DEV	EDUCATION AND TRAINING	8-Oct-18	30-Jun-20		12 497 143,75	583 444,41	Gauteng, North West & Free State
NSF/16/1/4/126	SA Digital Content Organisation - Rural Dev	EDUCATION AND TRAINING	27-Nov-18	30-Apr-20		2 292 975,00	1 649,61	Gauteng, North West & Free State
NSF/16/1/4/135	Mvula Trust - Rural Dev	EDUCATION AND TRAINING	15-Feb-19	31-Oct-20		7 040 820,00	445 623,70	Gauteng, North West & Free State
NSF/16/1/4/77	WL: Lepelle Northern Water 2	EDUCATION AND TRAINING	2-Aug-17	31-Dec-20	Ended, in closure process	28 698 250,00	9 023 685,45	Limpopo & Mpumalanga

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/129	Dzunde Farming -Rural Dev	EDUCATION AND TRAINING	28-Nov-18	30-Sep-20	Ended, in closure process	34 976 597,75	855 964,16	Limpopo & Mpumalanga
NSF/16/1/4/120	Reflection Development Institute - Rural Dev	EDUCATION AND TRAINING	29-Oct-18	31-Mar-21		5 807 015,63	246 253,41	Limpopo & Mpumalanga
NSF/16/1/4/3	WL: DPW (DPWP Learnerships & Artisans)	EDUCATION AND TRAINING	1-Apr-11	30-Jun-20	Ended, in closure process	52 499 520,00	20 363 323,50	Programme Monitoring
NSF/16/1/3/2	SP: Department of Public Works (EPWP)	EDUCATION AND TRAINING	10-Nov-09	30-Jun-20	Ended, in closure process	310 000 000,00	22 199 257,94	Programme Monitoring
NSF/16/2/4/47	Gert Sibande TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20	Ended, in closure process	8 808 850,74	119 962,66	Programme Monitoring
NSF/16/2/4/41	College of Cape Town TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20	Ended, in closure process	8 604 915,53	787 774,45	Programme Monitoring
NSF/16/2/4/54	Vuselela TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20	Ended, in closure process	4 062 097,94	87 364,03	Programme Monitoring
NSF/16/2/4/39	South Cape TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20		4 416 193,00	138 677,10	Programme Monitoring
NSF/16/2/4/46	Boland TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20		10 782 771,38	708 283,39	Programme Monitoring
NSF/16/2/4/44	Port Elizabeth College TVET College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20		3 216 989,87	632 562,33	Programme Monitoring
NSF/16/2/4/50	West Coast College (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20		8 179 527,18	519 319,21	Programme Monitoring
NSF/16/2/4/43	Majuba TVET college (COS)	IMPROVED PSET SYSTEM	1-Aug-18	31-Dec-20		7 562 322,99	1 546 353,38	Programme Monitoring
NSF/16/1/4/45	WL: Hope Africa	EDUCATION AND TRAINING	12-Sep-16	31-May-20		21 004 257,15	(0,00)	Western Cape & Northern Cape

## ANNEXURE E

### List of skills development programmes and projects funded by the NSF

NSF Reference Number	Project Name	Subprogrammes	Start Date	End Date	Project Status	Contract Value	Remaining Commitment	SDI REGION
NSF/16/1/4/66	WL: National Business Initiative (NBI)	EDUCATION AND TRAINING	1-Feb-17	30-Apr-20		6 296 125,90	1 234 120,10	Western Cape & Northern Cape
NSF/16/1/4/67	WL: Educo Trust of Africa	EDUCATION AND TRAINING	2-Dec-16	30-Sep-20		11 913 300,00	2 372 122,41	Western Cape & Northern Cape
NSF/16/1/1/4	BS: AIMS	EDUCATION AND TRAINING	19-Jun-17	30-Jun-20		18 375 208,28	1 228 224,32	Western Cape & Northern Cape
NSF/16/4/4/2	Stellenbosch University- US - Investment Trends	IMPROVED PSET SYSTEM	8-Feb-18	30-Apr-20		872 663,50	90 822,42	Western Cape & Northern Cape
NSF/16/4/4/1	Stellenbosch University- US -Macro Indicator	IMPROVED PSET SYSTEM	8-Feb-18	30-Apr-20		807 556,13	58 430,27	Western Cape & Northern Cape
NSF/16/1/3/43	United Khayelitsha Informal Traders - Rural Dev	EDUCATION AND TRAINING	3-Apr-19	30-Nov-20		6 619 473,75	433 801,93	Western Cape & Northern Cape
NSF/16/1/4/142	WL:NID 4	EDUCATION AND TRAINING	1-May-19	31-Oct-20		6 977 789,00	1 687 805,60	Western Cape & Northern Cape



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