4. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING ON ITS ASSESSMENT OF THE 2023/24 ANNUAL REPORTS OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND ENTITIES, DATED 24 OCTOBER 2024

The Portfolio Committee on Higher Education and Training (hereinafter the Committee), having assessed the 2023/24 Annual Reports of the Department of Higher Education and Training (hereinafter the Department), Council for Higher Education (CHE), Quality Council for Trades and Occupations (QCTO), South African Qualifications Authority (SAQA), National Skills Fund (NSF), Services Sector Education and Training Authority (SSETA), Safety and Security SETA (SASSETA) and Northern Cape Urban Technical and Vocational Education and Training (TVET) College, reports as follows:

1. INTRODUCTION AND MANDATE OF THE COMMITTEE

1.1. Introduction and mandate of the Committee

The National Assembly (NA) Committees are required in terms of Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) to annually assess the performance of each national department and thereafter submit a Budgetary Review and Recommendation Report (BRRR), which will provide an assessment of the department's service delivery performance given available resources, an assessment of the effectiveness and efficiency of the department's use and allocation of available resources, and recommendations on the forward use of resources.

Section 55(2) of the Constitution of the Republic of South Africa, 1996 stipulates that *"the National Assembly (NA) must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of (i) national executive authority, including the implementation of the legislation; and (ii) any organ of state."*

1.2. Purpose of the BRR Report

The report accounts for the work done by the Portfolio Committee on Higher Education, in assessing the 2023/24 Annual Reports of the Department, CHE, QCTO, SAQA, NSF, SSETA, SASSETA and the Northern Cape Urban TVET College in accordance with section 5 (2) of the Money Bills Amendment Procedure and Related Matters Act, 2009, which mandates all committees of the National Assembly (NA) to annually submit BRR reports for tabling in the NA for each department. On 30 September 2024, the Minister of Higher Education and Training tabled the 2023/24 Annual Reports of the Department, including the Entities. On 3 October 2024, the Speaker of the National Assembly referred the Annual Reports to the Portfolio Committee in terms of Rule 338 for consideration and reporting.

1.3. Method

The Portfolio Committee convened briefing sessions (9th, 10th, 11th and 16th October 2024) with the Auditor-General of South Africa (AGSA), the Department, CHE, QCTO, Northern Cape Urban TVET College, NSF, SAQA and SASSETA, where the audit outcomes of the Higher Education Portfolio and 2023/24 Annual Reports were presented and scrutinised.

2. RELEVANT POLICY FOCUS AREAS

2.1. National Development Plan (NDP)

The NDP identifies decent work, education, and the state's capacity as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to the highest-quality education and training. The education, training, and innovation system should cater to different needs and produce highly skilled individuals; graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.2. White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as part of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training in South Africa, improve its quality, and integrate the various strands of the post-school system. The White Paper sets interventions for implementation by different sectors within Post-School Education and Training. The Department has developed a Draft National Plan for Post Education and Training (PSET) from the White Paper, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are as follows:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist, and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality, and increased diversity of provision; and
- Post-school education and training that is responsive to the needs of individual citizens and employers in both public sectors, as well as broader societal and development objectives.

The WP-PSET commits the Quality Assurance Councils, including the South African Qualifications Authority (SAQA), to ensure that there are no dead ends within the post-school education and training system. It further states that articulation should be both vertical in terms of moving to higher levels of the National Qualifications Framework (NQF) and horizontal, catering for movement from a vocational stream to an academic one or vice versa.

2.3. 2019 – 2024 Medium-Term Strategic Framework (MTSF)

2019 – 2024 MTSF is a five-year strategic plan of the government and forms the second five-year implementation phase of the NDP. The Department of Higher Education and Training is responsible for contributing to the realisation of the policy priorities outlined in the MTSF Priority 3: Education, Skills and Health. For the 2020 – 2025 planning period, the Department will focus on the following outcomes:

- **Expanded access to PSET opportunities**, which aims to provide a diverse student population with access to a comprehensive and multifaceted range of PSET opportunities;
- **Improved success and efficiency in the PSET system** aims to improve efficiency and success of the PSET system;
- **Improved quality of PSET provisioning** to build the capacity of PSET institutions to provide quality education and training;
- **A responsive PSET system** to provide qualifications programmes and curricula that are responsive to the needs of the world of work, society and students; and
- **Excellent business operations within DHET** to ensure sound service delivery management and effective resource management within the department.

2.4. National Skills Development Plan (NSDP)

The NSDP ensures that South Africa has adequate, appropriate, and high-quality skills that contribute to economic growth, employment creation, and social development. The NSDP is set to become the key policy to inform the work of the skills levy institutions until 2030 and has been crafted within the policy context of the NDP and the White Paper. The work of the institutions will focus on addressing the eight NSDP outcomes as follows:

- Outcome 1: Identify and increase the 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: Skills development support for entrepreneurship and cooperative development;
- Outcome 7: Encourage and support worker-initiated training; and
- Outcome 8: Support career development services.

2.5. Progress towards achieving the 2023 State of the Nation Address (SONA) priorities

Table 1: Performance of the Department against the 2023 SONA priorities

SONA priority	Department's performance
Skills Development in the digital and technology sector	• Three additional new TVET programmes with integrated digital skills training were approved in 2023/24. • The National Skills Fund funded 578 rural learners for skills development in response to innovation and digital technologies against the target of 1000. This underachievement was due to delays in concluding Requests for Proposals for Innovation and Digital Technologies.
Increased number of students entering artisan programmes in TVET colleges	• 34 272 artisan learners were trained in TVET in 2023/24
The finalisation of the Comprehensive Student Funding Model for Higher Education, particularly for students who fall outside the	• The Student Funding Framework was submitted and approved by the Cabinet on 29 November 2023. • The Framework was implemented through a Comprehensive Student Funding Model with an initial capitalisation fund totalling R3,8 billion to fund 47%

current NSFAS criteria; reaching those who are known as the "missing middle" – for the 2023/24 financial year	(31 884 of the estimated 68 446) of the "missing middle" students in 2024. • The Loan Scheme guidelines for the missing middle students were finalised in January 2024. • On 2 February 2024, NSFAS opened loan applications.
Gender-Based Violence	• The Department launched the Transforming MENtalities on 29 August 2023. The Programme seeks to address toxic masculinity in the PSET system. This will be a multi-stakeholder partnership within the PSET system, with a particular focus on mobilising men in the PSET sector to be part of championing a world free of gender biases, stereotypes, violence and discrimination. In working with Higher Health, curricula to ensure social support for survivors of toxic masculinity in the PSET system will be strengthened. • A report on the implementation of the Sexual Offences Amendment Act in the PSET System was approved. • 8 interventions (provincial workshops) on the implementation of Social Inclusion, including Gender Equality and GBV in the PSET system.
Economic Empowerment of Women and determination to direct 40 per cent of public procurement to women-owned businesses	35% of public procurement was set aside for women-owned businesses against the target of 40%. The percentage target was affected by the shortage of suppliers for certain categories of commodities and a non-responsive market.

3. RESPONSE TO THE PREVIOUS FINANCIAL YEAR RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE AND THE SELECTED 2023/24 BUDGET VOTE 17 REPORT RECOMMENDATIONS

3.1. 2023 Budgetary Review and Recommendation Report (BRRR)

In accordance with section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), which provides the following:

"The Minister must submit a report to the House at the same time as tabling the Bills referred to in subsections (1) and (3), explaining how the Division of Revenue Bill and the national budget give effect to, or the reasons for not considering, the recommendations contained in the reports referred to in sections 5(2), 6(7), and 6(12). Accordingly, the Report of the Minister of Finance was tabled to Parliament.

Below are the responses from the Minister of Finance to the Committee's 2023 Budgetary Review and Recommendation Report (BRRR).

Committee recommendation:

> *Additional resources and support should be provided for the Community Education and Training (CET) sector so that it can move from its development state and become the institution of choice for many young people and adults who are not in education, training, or employment. These colleges should also assist with the provision of programmes informed by their local economic needs.*

The Minister of Finance's response:

Enrolments in the CET sector have been below the target for the past three years, reaching 54 per cent of the target in 2022/23 and 36.7 per cent of the target in the first six months of 2023/24. Nonetheless, the CET sector received an additional allocation of R1.1 billion over the 2023 medium-term expenditure framework (MTEF) period for CET infrastructure. This allocation was subsequently reduced by R200 million in the 2023/24 adjusted budget as no funds were spent in the first six months of 2023/24 due to lengthy planning processes.

Committee recommendation:

> *While cognisant of the current fiscal constraint, consideration for additional funding should be made to enable the Council on Higher Education (CHE) to carry out the increased scope of work, make progress in implementing the Digital Transformation strategy so that the CHE can carry out its work effectively in a 21st-century world and in the context of the 4IR, resource the additional transformation oversight function, increase the capacity of the CHE to bring the public and private higher education colleges more closely into its quality assurance oversight given that the higher education sector is much bigger now than in the earlier years of the CHE, the private higher education sector is growing rapidly, and to address the proliferation of bogus education institutions and have a fit-for-purpose organisational structure that matches*

the work that needs to be done, especially as it introduces the new Quality Assurance Framework.

The Minister of Finance's response:

The CHE's baseline was increased by an additional allocation of R19 million in 2022/23 and R25 million in 2023/24 to assist in implementing its mandate and to address critical capacity needs.

3.2. 2024/25 Committee Budget Vote 17 Report

Summary of the selected 2024/25 Committee Budget Vote 17 Report Recommendations

The Committee considered the 2024/25 Annual Performance Plans (APP) and budgets of the Department of Higher Education and Training and recommended, among others, the following:

- The Department should put in place measures to fill the funded vacant posts to improve its internal capacity, including in TVET and CET colleges. Additionally, the Department should expedite the appointment of the CFO on a substantive basis.
- The Department should expedite the review of the Skills Development Act to address the governance challenge where the Director-General of the Department is the Accounting Authority of the NSF, thereby acting as a player and referee.
- The Department should put measures in place to strengthen the capacity of TVET colleges and universities to spend infrastructure efficiency grants.
- The newly appointed Administrator should invest effort and resources to restore stability at the NSFAS and to ensure that the entity performs at its optimum level for the sustainability and stability of the PSET system.
- The Department should enhance its strategic industrial partnerships to improve workplace learner placement in the workplace and employability prospects post-training.

3.3. Overview and assessment of the Department's 2023/24 financial performance

3.3.1. Overview and assessment of the 2023/24 budget and expenditure

Table 2: 2023/24 budget allocation and expenditure

APPROPRIATION PER PROGRAMME	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT

Administration	492 288	484 939	7 349	98.5%
Planning, Policy and Strategy	1 493 034	1 457 867	35 167	97.6%
University Education	90 095 614	90 091 805	3 809	100.0%
Technical and Vocational Education and Training	12 604 223	12 570 540	33 683	99.7%
Skills Development	292 727	289 783	2 944	99.0%
Community Education and Training	2 852 454	2 818 224	34 230	98.8%
Total: Departmental Voted Funds	**107 830 340**	**107 713 158**	**117 182**	**99.9%**
Statutory Appropriation (National Skills Fund and SETAs	**22 424 463**	**22 424 463**	**-**	**100.0%**
Total	**130 254 803**	**130 137 621**	**117 182**	**99.9%**

Source: DHET (2023/24) Annual Report

The Department's total final appropriation for the 2023/24 financial year was R130,25 billion, comprising R107,83 billion of voted funds and R22,42 billion from direct charges against the National Revenue Fund. The total revenue excludes R39,11 million of Departmental receipts and aid assistance. The Department had spent R130,13 billion, or 99.9 per cent of the allocated funds, excluding expenditures from departmental receipts and aid assistance. The Department incurred underspending amounting to R117,18 million or 0.4 per cent (2022/23: R462,91 million) on the voted funds.

3.3.2. Expenditure per economic classification

Table 3: 2023/24 allocation and expenditure per economic classification

APPROPRIATION PER ECONOMIC CLASSIFICATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Current payments	**11 787 490**	**11 70521**	**82 969**	**99.3%**
Compensation of employees	11 074 280	11 002 847	71 433	99.4%
Goods and services	713 210	701 674	11 536	98.4%
Transfers and subsidies	118 393 053	118 393 034	19	100.0%
Payments for capital assets	73 324	39 131	34 193	53.4%
Payment for financial assets	936	935	1	99.9%
Total	**130 254 803**	**130 137 621**	**117 182**	**99.9%**

Source: DHET (2023/24) Annual Report

During the period under review, the Department spent R11,0 billion (2022/23: R10,25 billion) or 99.4 per cent on the compensation of employees against the available budget of R11.07 billion. The Department recorded underspending amounting to R71,43 million (2022/23: R399,39 million) or 0.64 per cent of the compensation of employees budget. The Department ascribed to the unspent funds related to vacant posts across the Department, posts apparently on staff establishment of the Department that were not filled timeously.

In terms of goods and services, the Department spent 98.4 per cent or R713,21 million (2022/23: R633,10 million) against the budget of R713,21 million. The Department recorded lower-than-projected spending amounting to R11,53 million. Underspending on goods and services decreased significantly from R50,29 million in 2022/23. Underspending on goods and services was attributed to savings on travel and subsistence, printing and stationery due to virtual meetings as opposed to physical meetings, which is also coupled with monitoring and evaluation processes that were converted to desk-top analysis where possible as well as austerity measures implemented.

Expenditure on transfers and subsidies was R118,39 billion or 100 per cent (2022/23: R119,18 billion) against the budget of R118,39 billion. Expenditure on payment for capital assets was R39,13 million (2022/23: R11,51 million) or 53.4 per cent of the available budget, indicating an under-expenditure of R34,19 million. Lower-than-projected spending was due to savings on computer equipment due to austerity measures implemented in the procurement of capital assets as well as the slower than planned implementation of the CET infrastructure project.

Virements

The Department applied virements amounting to R23,72 million (2022/23: R82,8 million).

Table 4: Virements applied in 2023/24

Shifted from	Shifted to	Amount (R'000)
P2: Planning, Policy and Strategy	P1: Administration	17 623
P4: TVET	P1: Administration	4 001
P5: Skills Development	P1: Administration	918
P5: Skills Development	P3: University Education	1180

Source: 2024 (DHET)

The requirement for a virement to Programme 1: Administration was essentially substantiated by a need to finance excess expenditure required in relation to Office Accommodation and

Computer Services, while the Virement to Programme 3: University Education was mainly necessitated to fund a shortfall on Stipend Payments to International Scholarship Students. In addition, the shifting of funds from Compensation of Employees in Programme 4: Technical and Vocational Education and Training to Goods and Services in Programme 4: Technical and Vocational Education and Training was approved by the National Treasury to fund a budget shortfall on Examination and Assessment operational expenditure. Funds that were shifted from Goods and Services were mainly affected in relation to a slower-than-expected operational expenditure across various programmes, due to vacancies not filled as planned and concomitant savings on operational budgets as well as a move towards virtual meeting platforms, as opposed to physical sessions coupled with monitoring and evaluation processes that were converted to desk-top analysis activities, where possible.

3.3.3. Overview and assessment of expenditure per programme

Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management, and support services to the Department.

The programme's final appropriation for the 2023/24 financial year was R492.28 million (2022/23: R504,69 million). The actual expenditure at the end of this period under review was R484.93 million, representing a spending rate of 98.5 per cent. The programme recorded a lower-than-projected spending of R7,34 million, mainly under the compensation of employees, goods and payments for capital assets.

The bulk of the underspending, which was R3,98 million, was recorded in sub-programme 2: Corporate Management Services, followed by R1,94 million in sub-programme 1: Departmental Management.

Expenditure on transfers and subsidies amounted to R840 million or 100.0 per cent against the available budget, while expenditure on payments for capital assets amounted to R8,09 million or 82.3 per cent against the budget of R9,84 million, recording a lower than projected spending of R1,74 million.

Programme 2: Planning, Policy and Strategy

The purpose of the programme is to provide strategic direction in the development, implementation, and monitoring of Departmental policies and the Human Resource Development Strategy for South Africa.

The programme's final appropriation in 2023/24 amounted to R1,49 billion (2022/23: R4,69 billion). At the end of the year under review, the programme had spent R1,45 billion (2022/23: R4,68 billion) or 97.6 per cent against the available budget. The programme recorded lower-than-projected spending amounting to R35,16 million or 2.4 per cent against the final appropriation. The bulk of the programme's underspending, at 91 per cent (R32,01 million), was incurred under payments for capital assets. Notably, R32,95 million or 93.7 per cent of the programme's underspending was incurred in sub-programme 3: Policy, Planning, Monitoring and Evaluation.

Expenditure on transfers and subsidies amounted to R1,29 billion or 100.0 per cent against the available budget, while expenditure on payments for capital assets amounted to R21,58 million or 40.3 per cent against the budget of R53,59 million, thus recording lower-than-projected spending amounting to R32,01 million.

Programme 3: University Education

The programme develops and coordinates the policy and regulatory framework for an effective and efficient university education system.

During the 2023/23 financial year, the programme's final appropriation amounted to R90,09 billion (2022/23: R88,83 billion). Expenditure at the end of the year amounted to R90,09 billion or 100.0 per cent of the total final appropriation. The programme's expenditure was dominated by transfers and subsidies amounting to R90,03 billion, mainly to universities and the National Student Financial Aid Scheme (NSFAS). Expenditure of R54,74 million was for the compensation of employees and R5,21 million was for goods and services. Both the compensation of employees and goods and services recorded underspending amounting to R1,58 million and R2,17 million, respectively.

Programme 4: Technical and Vocational Education and Training (TVET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policies, programmes, assessment practices, and systems for TVET.

The programme's 2023/24 final appropriation amounted to R12,60 billion (2022/23: R12,64 billion). Expenditure at the end of the year amounted to R12,57 billion or 99.7 per cent against the available budget. The programme's expenditure was dominated by spending on compensation of employees (R7,87 billion), representing 63 per cent of the programme's total expenditure for 2023/24. The programme underspent by R33,68 million, of which R30,10 million was in the compensation of employees. The bulk of the underspending was in programme 2: TVET System Planning and Institutional Support (R16,62 million) and programme 6: Regional Offices (R11,43 million). Goods and services expenditure amounted to R413,39 million, reflecting lower-than-projecting spending of R3,30 million.

Expenditure on transfer and subsidies was R4,27 billion or 100.0 per cent. Expenditure on payments for capital assets amounted to R5,75 million or 95.5 per cent against the budget of R6,03 million, thus recording lower-than-projected spending of R274 000.00.

Programme 5: Skills Development

The purpose of the programme is to promote and monitor the National Skills Development Strategy (NSDS III) and to develop a skills development policy and regulatory framework for an effective skills development system.

During the 2023/24 financial year, the programme's final appropriation amounted to R292,72 million (2022/23: R411,40 million). Expenditure at the end of the year amounted to R 289,78 million or 99.0 per cent of the programme's total final appropriation. Expenditure at the end of this period under review amounted to R2,94 million, mainly in goods and services.

The programme spent R125,79 million of the R126,484 million of the compensation of employees budget and R11,13 million or 83.8 per cent against the budget of R13,28 million for goods and services.

Expenditure on transfer and subsidies was R151,42 million or 100.0 per cent of the available. Expenditure on payments for capital assets amounted to or per cent against the budget of R1,43 million.

Programme 6: Community Education and Training (CET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policy, programme assessment practices, and systems for community education and training.

During the 2023/24 financial year, the programme's final appropriation amounted to R2,85 billion (2022/23: R2,64 billion). Expenditure at the end of the year was R2,81 billion or 98.8 per cent of the total final appropriation, thus recording lower-than-projected spending of R34,23 million. The programme's expenditure was dominated by spending on the compensation of employees at 92.0 per cent (R2,59 billion). Expenditure on goods and services amounted to R7,04 million or 91.0 per cent of the budget of R7,74 million.

Expenditure on transfer and subsidies amounted to R215,87 million or 100.0 per cent of the allocated budget. Expenditure on payments for capital assets amounted R1,66 million to or 97.4 per cent of the budget of R1,72 million.

3.3.4. Irregular, fruitless, wasteful, and unauthorised expenditures incurred in the 2023/24 financial year

Irregular expenditure

The Department has not incurred irregular expenditure during the year under review. The Department has reported an opening balance of R1,065 million from prior years. This expenditure occurred due to incorrect procurement procedures followed for the procurement of goods and services with respect to tooling and training materials in support of the World Skills International Competition in Kazan (R723 518.00; R149 500.00 and R191 806.39).

Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure in 2023/24. However, fruitless and wasteful expenditure was incurred in previous financial years but only discovered during the 2022/23 financial year. Fruitless and wasteful expenditure are in relation to financial misconduct pertaining to the procurement of cleaning services amounting to R58 845 and fraudulent salary payments of R30 000.

3.3.5. Overview and assessment of the Department's programme performance for the 2023/24 financial year

For the year under review, the Department had 110 annual targets, comprising direct outputs and system targets (MTSF Outcomes-related targets. The Department achieved 56 targets, representing an achievement rate of 51 per cent. The Department's performance regressed by 4 per cent from 55 per cent achieved in 2022/23. Over the past three financial years, the Department spent 99 per cent of its final appropriation but has not achieved more than 60 per cent of its 2023/24 Annual Performance Plan (APP) targets. Its performance has been regressing from 2021/22. The Department's programmes and their related achievement against the performance targets for the 2023/24 financial year are presented in Table 5.

Table 5: The Department's programme non-financial performance for the 2023/24 financial year

PROGRAMMES	APP Targets 2023/24	Achieved	Not Achieved	% Achieved	% Budget Spent
Programme 1: Administration	15	6	9	40%	98,5%
Programme 2: Planning, Policy and Strategy	25	15	10	60%	97,6%
Programme 3: University Education	28	16	12	57%	100%
Programme 4: TVET Colleges	22	9	13	41%	99,7%
Programme 5: Skills Development	11	3	8	27%	99%
Programme 6: CET Colleges	9	7	2	78%	98,8%
Total	**110**	**56**	**54**	**51%**	**99,9%**

Source: DHET (2024)

3.3.6. Non-financial performance per programme

Programme 1: Administration

The programme had 15 targets for the 2023/24 financial year and achieved six (6), representing an achievement rate of 40 per cent.

Selected key achievements:

- The vacancy rate remained below 10 per cent at 9.4 per cent.
- 86 per cent of disciplinary cases were resolved within 90 days against the target of 80 per cent.
- 100 per cent of valid invoices received from creditors were paid within 30 days.
- 67.25 per cent of public procurement was set aside for Small, Medium and Macro Enterprises (SMMEs) against the target of 30 per cent.

- 7.11 per cent of public procurement was set aside for Black-owned businesses.

Targets not achieved:

- 28.35 per cent of public procurement was set aside for youth-owned businesses against the target of 30 per cent. The partial achievement was ascribed to the shortage of suppliers for certain categories of commodities and the non-responsive market.
- 35 per cent of public procurement was set aside for women-owned businesses against the target of 40 per cent.
- 0.42 per cent of public procurement was set aside for businesses owned by people living with disabilities against the target of 7 per cent.
- The Department achieved an unqualified audit outcome with findings against the target of a clean audit. This was ascribed to the lack of controls in the management of performance information. The audit of the pre-determined objectives was not supported by appropriate audit evidence.

Programme 2: Planning, Policy and Strategy

For the 2023/24 financial year, the programme had 25 targets and achieved 15 with an achievement rate of 60 per cent.

Selected key achievements:

- The revised Recognition of Prior Learning (RPL) or implementation Framework was approved.
- The National Qualifications Framework Act, 2019 was published through a Government Gazette.
- Designs for the Ulundi Satellite Campus were completed by the University of Zululand and approved by the Director-General.
- Concept designs for the construction of the new two universities were approved.
- Eight interventions on the implementation of Social Inclusion (including Gender Equality and Gender-based Violence) in the PSET system.
- The Transforming MENtalities Programme was launched.

Targets not achieved:

- The draft NQF Amendment Bill approved by the Minister by 31 March 2024 for public comments. This was delayed due to the need to address the queries raised by the Principal State Law Advisor, which included considerations for the Regulations.
- Revised draft Higher Education Act approved by the Minister by 31 March 2024 for public comments. Capacity constraints within the Chief Directorate: Legal Services to undertake the legislative review were cited as the reason for nonachievement.
- Designs for the Giyani Satellite Campus were completed by the Tshwane University of Technology (TUT) by 31 March 2024. It was noted that minimal progress was made. The local stakeholders refused the TUT team entry to the site and delayed the planning activities. In addition, ownership of the site has limited TUT to invest in the site.
- 3,000 student housing for the provision of beds completed. Various student housing projects have experienced delays due to funding shortfalls and these are ongoing.
- Ten per cent of the infrastructure budget allocated for ICT infrastructure at PSET institutions. Institutions did not comply with the allocation of the 10 per cent infrastructure budget. However, further engagement took place with the institutions not complying.

Programme 3: University Education

For the year under review, the programme had 28 targets and achieved 16 representing a 57 per cent achievement rate.

Selected key achievements:

- The Student Funding Implementation Framework was submitted and approved by the Cabinet.
- 553 841 university students received funding through NSFAS bursaries.
- 31 080 graduated from initial teacher education.
- 3 690 doctoral graduates against the target of 3 477.
- Fifty-seven scholarships of internship positions were allocated to universities through the Nurturing Emerging Scholars Programme.

- Sixty-four doctoral scholarships were allocated to universities through the University Staff Doctoral Programme for award to permanent instruction or research staff members.

Targets not achieved:

- 1 110 360 students enrolled at public universities annually. Enrolments were capped at a lower threshold. Some universities were unable to attract students with the required results.
- 232 000 students completing university qualifications annually. Economic difficulties and transportation costs faced by students were some of the reasons for withdrawals and dropouts. In addition, pipeline students who were registered in the phased-out programmes (non-Higher Education Qualifications Sub-Framework aligned programmes) opted to apply at UNISA to complete their few outstanding subjects.
- 11 516 graduates in natural and physical sciences annually. Due to academically unprepared students in Mathematics and Science from the Department of Basic Education, the targets were not achieved. A significant number of universities underperformed and the highest underachievement of more than 20% was recorded from 15 out of the 26 institutions.
- Percentage (100%) of private higher education institutions (PHEIs) complying with regulations. It was noted that some public higher education institutions did not submit their annual reports for compliance assessment.
- Percentage (85%) of universities that meet good standards of governance. The underachievement was ascribed to the non-submission of scorecards by two universities.
- 85 new Generation of Academics Programme (nGAP) posts are filled at universities every year. The Department reported that the recruitment of the nGAP lecturers is conducted in universities and that the process is beyond its control.

Programme 4: Technical and Vocational Education and Training

For the year under review, the programme had 22 targets and achieved nine (9) or 41 per cent of the planned targets.

Selected key achievements:

- A Report on the establishment of an additional DSU to support students with disabilities in TVET colleges was approved.
- 34 272 artisan learners were trained in TVET colleges.
- Examination results were released to qualifying students within an average of 17.8 days from the last day of the examination timetable.
- All 50 TVET colleges offered student-focused entrepreneurship development programmes.

Targets not achieved:

- 518 584 students enrolled at TVET colleges against the target of 520 000. Underreporting due to data from TVETMIS supplemented with manual reporting. In addition, there is an emerging trend of colleges reducing enrolment in the Pre-Vocational Learning Programme.
- 266 063 TVET college students received funding through NSFAS bursaries against the target of 346 258. The number of trimesters was reduced from three to two due to the impact of COVID-19. This has negatively impacted the number of students who qualified for NSFAS. This meant that new students were not enrolled in the trimester that was scrapped; as a result, reducing the overall number of students applying and qualifying for NSFAS.
- 4 420 students enrolled in Pre-Vocational Learning Programmes to improve success against the target of 4 500. The cause for deviation was due to four TVET colleges which did not record enrolments on the Pre-vocational Learning Programme.
- Thirty-five lecturers participated in project-based lecturer capacity-building programmes in engineering (electrical, plumbing and mechanical) against the target of 200. The lack of funding and sponsors for participation in capacity-building programmes were the reasons for the underachievement.

Programme 5: Skills Development

The programme had 11 targets and achieved three (3), recording an achievement rate of 29 per cent, a regression from a 42 per cent performance in 2022/23. Concernedly, the programme's performance regressed in the past two consecutive financial years, 2022/23 and 2023/24. significantly by per cent from per cent in 2022/23.

Selected key achievements:

- 100 per cent of the SETAs met the standard of good governance.
- It took an average of 26.5 days from qualifying trade test applications received until the trade test was conducted.
- Twenty-one SETAs assessment to have developed credible Sector Skills Plans.

Targets not achieved

- 87 915 learners or students were placed in work-based learning (WBL) programmes against the target of 110 500.
- 53 518 learners registered in skills programmes against the target of 149 000.
- 20 463 learners entered artisanal programmes against the target of 23 000.
- 20 062 artisans found competent against the target of 21 00.
- The underachievement was ascribed to the labour market not yet fully recovered from the COVID-19 pandemic thus employers could not place more learners. This has a negative implication for the massification of skills development programmes.

Programme 6: Community Education and Training

The programme had nine (9) targets and achieved seven (7), thus recording a 78 per cent achievement rate.

Selected key achievements:

- The Director-General approved Criteria to measure compliance with the implementation of sustainable funding for CET colleges and Criteria to measure compliance with the implementation of the Policy on National Norms and Standards for Funding of CET Colleges.
- 100 per cent of CET Colleges met the standards of good governance.
- 1000 CET college lecturers were trained.
- 100 per cent of CET College examination centres were compliant with the National Policy on the Conduct and Management of Examinations and Assessment.

Targets not achieved:

- 130 752 students enrolled at CET colleges against the target of 321 841. Inappropriate infrastructure to enable CET colleges to offer programmes that are attractive to adults and the youth. In addition, there is a lack of institutional identity as CET colleges largely operate in public schools.
- 9 942 CET College students completed GETC: Level 4 against the target of 41 200. Student absenteeism/dropouts in teaching and learning and for examinations. There is also a lack of college tracking of registered candidates' readiness to sit for the examination.

3.4. 2022/23 Audit Outcomes

The Department obtained an unqualified audit opinion with findings from the AGSA for the 2023/24 financial year. The Department had not received a clean audit since its establishment.

The basis for the opinion

Report on the audit of the annual performance report

The material findings on the performance information of the selected programmes are as follows:

Programme 3: University Education

- **Number of students receiving funding through NSFAS bursaries annually:** An achievement of 553 841 was reported against a target of 439 659. The AG could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.
- **Throughput rate of 2014 first-time cohort at universities:** Adequate processes had not been established to consistently measure and reliably report on the achievement of this indicator and its target of 62 per cent. Inconsistencies were found in the definition and the method of calculation included in the technical indicator description. Consequently, it was difficult to determine the correct achievement to be reported against the planned target.

Programme 4: TVET

- **Various indicators:** Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual achievements but estimated them to be materially more. The targets were still not achieved.

- **Number of days to release examination results to qualifying students:** An achievement of 17.8 days was reported against a target of 40 days. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement but estimated it to be materially more than reported. Consequently, it is likely that the target was still achieved.

Programme 5: Skills Development

- **Various indicators:** Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual achievements but estimated them to be materially more. The targets were still not achieved.

Material misstatements: The AG identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were in the reported performance information for Programmes 3, 4, 5 and 6. Management did not correct all of the misstatements and therefore the AG reported material findings in this regard.

Internal control deficiencies: The Department did not have a proper records management system to maintain information that supported the reported performance in the Annual Performance Report. This included information that related to the collection, collation, verification, storage and reporting of actual performance information, which resulted in the material misstatements reported in the Annual Performance Report.

4. ENTITIES OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

4.1. Council on Higher Education (CHE)

The CHE is an independent statutory body established in terms of the Higher Education Act, 1997 (Act No.101 of 1997, as amended). It derives its mandate from the Higher Education Act, 1997 (Act No. 101 as amended) and the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). The mandate is further premised on key policies, namely the National Development Plan: Vision 2030, the White Paper for Post-School Education and

Training, the National Plan for Higher Education, and the Medium-Term Strategic Framework 2019 – 2024: Priority 3: Education, Skills and Health.

4.1.1. Overview and assessment of the CHE's 2023/24 non-financial performance

For the 2023/24 financial year, the CHE had four budget programmes, namely, Management of HEQSF, Quality Assurance, Research, Monitoring and Advice, and Corporate. The programmes had 45 targets and achieved 42 or 93 per cent achievement rate.

Table 6: The CHE's programmes, with their related achievement against performance targets for the 2023/24 financial year

COUNCIL ON HIGHER EDUCATION AND TRAINING (CHE)	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Management of the HEQSF	15	14	1	93%
2. Quality Assurance	10	9	1	90%
3. Research, Monitoring and Advice	8	8	0	100%
4. Corporate	12	11	1	92%
Overall Total	**45**	**42**	**3**	**93%**

Source: CHE (2024)

4.1.2. Non-financial performance per programme

Programme 1: Management of the HEQSF

The programme manages the development and implementation of HEQSF policies, qualification standards, and data to meet the goals of the NQF, NPPSET and NDP. The programme has five sub-programmes and contributes to one of the CHE's five Strategic Outcomes: CHE as an effective custodian of the HEQSF.

During the year under review, the programme had 15 planned targets shared among the five sub-programmes and achieved 14 with an achievement rate of 93 per cent.

Selected key achievements:

- Three qualification standards were fully developed or reviewed.
- Four qualification standards were fully developed and reviewed.
- Ninety per cent of the data sets were verified and validated to be accurate and reliable, from all data sets submitted by private higher education institutions.
- Two data sets were on the National Learner Records Database.

- Supported 9 higher education institutions in the development and implementation of relevant institutional policies.
- CHE was involved in 12 national events and/or fora on NQF, quality assurance, and promotion.
- Produced a good practice guide.

Target not achieved:

- Number of revised and approved HEQSF, in a particular financial year. The nonachievement was ascribed to the changes in personnel during the year that affected the project adversely, as there were several months during which minimal work was undertaken on this project.

Programme 2: Quality Assurance

The programme contributes towards the fulfilment of the mandate of the CHE as the national authority for quality assurance in higher education. The programme develops and implements processes to inform, assure, promote and monitor quality in Higher Education Institutions (HEIs).

The programme had 10 targets shared among the four sub-programmes and achieved nine (9) representing a 90 per cent achievement rate.

Selected key achievements:

- Ninety-six per cent (against the target of 85 per cent) of programme accreditation applications received went through the accreditation process and presented to the HEQC within 8 months from the date of final submission of an application (and after receiving payment in case of applications from private institutions.
- 100 per cent (against the target of 85 per cent) of programme reaccreditation applications received went through the accreditation process and presented to the HEQC within 18 months from the date of the appointment of the evaluators.
- 100 per cent of site visits undertaken whose reports were presented to the HEQC within 8 months from the date of receipt of reports from the site visit panels.
- Thirty-five Institutional Audits were initiated.
- Eighteen audit reports of completed Institutional Audits were finalised and approved.

- Hundred per cent of completed National Reviews that have their reports were finalised and approved.
- Six Higher Education Practice Standards were developed.

Target not achieved

- Number of institutional site visits by CHE audit panels, within a particular financial year depending on individual institution's agreed planning with the CHE. The target was not achieved because two private institutions withdrew from the process as a result of financial constraints.

Programme 3: Research, Monitoring and Advice

The programme aims to revitalise and strengthen the research, monitoring, evaluation and advice capabilities of the CHE to advance the realisation of Outcome 3: a reputable centre of intellectual discourse, knowledge generation and advancement in higher education.

The programme had eight (8) targets shared among the three sub-programmes with an achievement rate of 100 per cent.

Selected key achievements:

- Four research reports were produced.
- Five colloquia, seminars, or symposia were organised.
- Four policy briefs of Briefly Speaking articles were produced.
- A VitalStats was produced.
- Produced and submitted five requests for advice and responded to them with the submission of advice and proactive advice.

Programme 4: Corporate

The programme provides leadership, oversight, systems, activities and structures that enable the organisation to operate effectively and efficiently in fulfilment of its mandates and pursuit of its outcomes. The programme contributes to two of the CHE's five Strategic Outcomes, namely Strategic Outcome 4: Governance, compliance and risk management and Strategic Outcome 5: Sustainable, responsive and dynamic organisation.

The programme had 12 targets shared among the three sub-programmes. The programme achieved 11 or an achievement rate of 92 per cent.

Selected key achievements:

- Developed or reviewed nine (9) ICT policies, frameworks, guidelines, and procedures.
- Developed or reviewed eight (8) Human Resources policies, frameworks, guidelines, and procedures.
- Developed or reviewed nine (9) financial management and supply chain management policies, frameworks, guidelines, and procedures.
- Organised and held 36 scheduled governance meetings.
- Developed and approved annual ICT Operational Plans based on the CHE's approved Digital Transformation Framework.

Target not achieved

- Percentage of approved posts on the organisational structure that have incumbents throughout a particular financial year. The target was not achieved because the appointment of internal staff into higher positions resulted in their previous positions becoming vacant, as well as due to the resignation of one staff member, and the death of another staff member, with both occurrences taking place late in the fourth quarter.

4.1.3. Overview and assessment of CHE's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, CHE's total revenue amounted to R100,22 million, comprising R8,68 million of revenue from exchange transactions (R6,56 million from non-exchange and R2,12 million from interest received and other income) and R91,534 million from non-exchange transactions (R82,88 million of Government Grant, R5,96 million of Conditional Grant and R2,68 million, and surplus funds rolled over).

Total expenditure at the end of the financial year was R96,26 million, whereas underspending was R3,95 million. Underspending constitutes 4 per cent of the total revenue for 2023/24. Expenditure on compensation of employees was R41,87 million, with underspending was R378 463.00. Spending on goods and services was R54,77 million, recording lower than projected spending of R3,58 million.

The underspending on the compensation of employees was ascribed to the accumulation of funds on seven funded vacant posts that took time to fill, due to the time delay between an incumbent leaving a post and the replacement taking up the post, as well as to some unforeseen delays in filling the posts during the year under review.

Underspending on goods and services was attributed to the following:
Programme 1: Administration: less legal fees, less travel requested for all governance committee meetings because many were held virtually during the period under review, less spending on domestic travel, Peer Academics, Books, journals, Periodicals, Membership fees and subscription and advertising and repairs and maintenance lower than budget due to savings realised from reduced maintenance to the building.

Programme 2: Quality Assurance: Less spending on domestic travel for assessment of HEIs, less usage of 3G cards, and less payment made to Institutional Audit Committee members; and savings due to delays in the approval of the qualification standards for Initial Teacher Education, which had knock-on delays in developing the SER template and manual.

4.1.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, the CHE incurred irregular expenditure to the value of R15 000,00, as per note 25 of the Annual Financial Statement relates to the attendance of training by three employees without obtaining approval or following the SCM processes. The Financial Misconduct Committee condoned R15 000,00 and did not find any employee guilty of negligence due to the amended invoice received from the University of South Africa after the event for attending the Decoloniality Summer School.

Fruitless and wasteful expenditure incurred during this period under review amounted to R104 225.00 as per note 24 of the Annual Financial Statements. This relates to interest and penalty charged on late payment to SARS for PAYE (R86 694.51) and to flights and accommodation costs (R17 530.49 incurred for a cancelled training event.

It was reported that the Financial Misconduct Committee condoned both the R86 694,51 and R17 530,49 and did not find any employee guilty of negligence. Late SARS payment was due to technical challenges encountered with the Standard Bank online portal to timeously release the payment to SARS, which was determined not to be within CHE employees' control. This was also the case for the cancelled training. The Finance Unit has put mitigation controls in place to avoid the recurrence of the interest and penalty charged by SARS due to late payments.

4.1.5. Contingent liability

The CHE had unspent cash of R4,371,946 from the budget for the year under review. This unspent cash is ordinarily supposed to be transferred back to the National Treasury, according to section 53(3) of the PFMA. The CHE has requested the retention of these funds from the National Treasury to address the budget pressures that the CHE is facing in the 2024/25 financial year.

4.1.6. 2023/24 Audit outcomes

The CHE obtained a clean audit in 2023/24. The clean audit is highly commendable given that it matched the performance of 93 per cent recorded in the year under review.

4.2. Future outlook

CHE funding requirements:

The budget of the CHE is under severe strain due to a range of factors, including the following:

- a growing mandate and scope of work: The higher education sector is much bigger now than in the earlier years of the CHE; the private higher education sector is growing rapidly, and there is a need to bring public and private higher education colleges more closely into the quality assurance oversight of the CHE. Additional mandates that have been added over the years include responsibility for managing the HEQSF as the quality council and the new Transformation oversight mandate.
- Investment in digital technologies is vital if the CHE is to carry out its work effectively in a 21st-century world and the context of the 4IR.
- A fit-for-purpose organizational structure is required for the CHE to fully and effectively execute its work, especially as it introduces the new Quality Assurance Framework. The approved organisational structure cannot be fully implemented due to funding constraints. This leads to process delays.

Therefore, additional funding is critical to enable the CHE to carry out the increased scope of work, make progress in implementing its Digital Transformation Strategy, and ensure a fit-for-purpose organizational structure that matches the work that needs to be done.

4.3. South African Qualifications Authority (SAQA)

SAQA is a Schedule 3A public National Public entity as defined by the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). It derives its mandate from the Constitution of the Republic of South Africa (section 29 of the Constitution and the National Qualifications Framework Act, 2008 (Act No. 67 of 2008 as amended). SAQA further derives its policy mandate from the NDP Vision 2030, the White Paper on PSET, the National Plan for Post-School Education and Training, the Economic Reconstruction and Recovery Plan, and the Department’s five-year Strategic Plan.

4.3.1. Overview and assessment of SAQA’s 2023/24 non-financial performance

For the 2023/24 financial year, SAQA had five budget programmes. The programmes had 24 APP targets and achieved 22 or 92 per cent, which is an improvement of a 4.5 per cent achievement rate from 2022/23 (87.5%)

A summary of programme performance for the 2023/24 financial year is illustrated in Table: 7 below.

Table 7: SAQA Programmes, with their related achievement against the performance targets for the 2023/24 financial year

SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration and Support	10	10	0	100%
2. Registration and Recognition	2	2	0	100%
3. National Learners' Record Database	8	8	0	100%
4. Foreign Qualifications Evaluation and Advisory Services (DFQEAS)	2	0	2	0%
5. Research	2	2	0	100%
Overall Total	**24**	**22**	**0**	**92%**

Source: SAQA, 2024

4.3.2. Non-financial performance per programme

Programme 1: Administration

The programme contributes to the achievement of three of SAQA's Strategic Outcomes, namely, A dynamic NQF that is responsive, adapts to and supports the changing needs of life-long learning; visionary and influential leadership that drives a clear, evidence-based NQF agenda; and a competent team dedicated and resourced to develop and maintain the NQF.

The programme had 10 targets and achieved 100 per cent.

Selected key achievements:

- Two initiatives were implemented to promote South Africa's NQF.
- SAQA hosted the Namibia Qualifications Authority for training on the evaluation of foreign qualifications.
- SAQA identified Cape Peninsula University of Technology as a strategic partner. The institution is a member of the Cape Higher Education Consortium.
- SAQA was asked to provide inputs into the Memorandum of Understanding on Cooperation in Quality Assurance and Recognition of Qualifications Between the Governments of the Federation Republic of Brazil, the Russian Federation, the Republic of India, and the People's Republic of China and South Africa.
- All SAQA staff have attended at least two training interventions for the financial year.
- SAQA received an unqualified audit opinion with no findings.
- Four online campaigns aimed at informing the public about the NQF.

Programme 2: Registration and Recognition

The programme is responsible for registering qualifications and part-qualifications, recognising professional bodies and registering professional designations. It contributes to two of SAQA's five Strategic Outcomes, namely:

- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of the people.
- We have stakeholders and role-players who are aligned to deliver on the NQF.

During the period under review, the programme had two planned targets, and both were achieved. and achieved 100 per cent. SAQA registered 196 qualifications recommended by the QCs that met all SAQA's criteria within 70 working days of submission as follows: 85 CHE qualifications, and 111 QCTO qualifications. SAQA presented a concept paper to the QCs at an NQF Operations Sub-Committee and was finalised. It is noted that it was not required to change the Policy and Criteria for the registration of qualifications and part-qualifications on the NQF.

Programme 3: Information and Communication Technology

The programme contributes to achieving two of the five Strategic Outcomes, namely:

- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of the people.
- We have stakeholders and role-players who are aligned to deliver on the NQF.

The programme had eight (8) planned targets and achieved 100 per cent of the planned targets.

Selected key achievements

- The Foreign Qualifications Module was developed and deployed into pilot production.
- CHE and SAQA have developed and successfully tested an integration API, which theoretically allows for an end-to-end workflow between the CHE and SAQA. The system is built on specifications supplied by the CHE.
- SAQA made the public information on the NQF MIS (comprising the NLRD) easily accessible and usable by all stakeholders.
- Ensured that QCs loaded learner achievement records on the NQF MIS (comprising 1 176 681 qualification achievements were loaded by the QCs, and 1 250 946 part-qualification achievements were loaded by the QCs.

Programme 4: Authentication Services

The programme is responsible for evaluating foreign qualifications and locating them on the South African NQF. It contributes to one of the five Strategic Outcomes, namely, a dynamic NQF that is responsive, adapts to, and supports the changing needs of life-long learning.

The programme had two planned targets, and both were not achieved.

Targets not achieved:

- Requests from foreign partners, and verification confirmations for all compliant applications received for the evaluation of foreign qualifications within 60 working days. SAQA received 29 273 compliant qualification applications, and 28 910 compliant qualification applications were sent for verification requests within 60 working days. The partial achievement was ascribed to capacity constraints and delays in automation projects.

- Complete all compliant verification requests received for the verification of South African qualifications within 25 working days. It was noted that 666 658 compliant applications were verified within 25 working days and 9 261 were verified outside that period.

Programme 5: Research

The programme is responsible for conducting evidence-based research to track the development and implementation of the NQF and to evaluate the impact of the NQF on the people in South Africa.

The programme contributes to two of the five institutional outcomes, namely:

- We have a dynamic NQF that is responsive, adapts to, and supports the changing needs of lifelong learning.
- We have well-articulated quality-assured qualifications and relevant professional designations that instil trust and meet the needs of people.

The programme had two planned targets for 2023/24, and both were achieved. The SAQA Board approved a Policy and Criteria for Evaluating Foreign Qualifications within the South Africa NQF and had two SAQA-QC engagements to report on several revised policies.

4.3.3. Overview and assessment of SAQA's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, SAQA's total revenue was R149,52 million, comprising R89,23 million of Government Grants, R49,56 million from the rendering of services, R8,49 million of interest received and R2,23 million from other income. The revenue increased marginally by 2 per cent from 2022/23.

Expenditure at the end of the year under review amounted to R120,51 million (2022/23: R102,84 million), recording an underspending amounting to R29,0 million or 19.3 per cent of the total revenue. Notably, the underspending decreased significantly by 34 per cent from R43,65 million in 2022/23).

Expenditure on employee costs amounted to R80,76 million (2022/23: R64,09 million), constituting 67 per cent of the total expenditure for 2023/24. Spending on other expenses amounted to R39,75 million (2022/223: R38,74 million). The underspending was ascribed to ICT support and development costs that were minimised through applying cost-saving procurement strategies, project management and supplier management; building-related projects that have been discontinued due to the sale of the SAQA building and good financial management practices and implementation of cost containment measures to ensure financial resources were responsibly managed.

It was further reported that surplus funds will be used towards contingencies from ongoing legal cases and commitments to cover costs for unfunded projects (NQF research and National Verifications and Automation); and invest in new office premises and related costs to support SAQA operations.

4.3.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SAQA did not incur irregular, fruitless and wasteful expenditures.

4.3.5. Contingent liabilities

SAQA reported two cases that were with the Commission for Conciliation, Mediation and Arbitration (CCMA) and the Labour Court, respectively.

CCMA Cases

Matter1: Claim for SAQA staff members retrenched: Following the retrenchment of employees implemented by SAQA in May 2021 in line with section 189 of the Labour Relations Act, 34, former staff members lodged a claim at the CCMA claiming unfair labour practice. As at the date of this report, the matter has not progressed following a referral from the CCMA to the Labour Court.

Labour Court Case

Matter 1: The applicant lodged a claim for unfair dismissal and the matter was set down for arbitration on 02 September 2022. On 30 May 2023, an arbitration award was issued in favour of the applicant after which an urgent stay application was made to the Labour Court. The stay application required a deposit of R3.0 million (i.e., the exact amount is R3,036,792) which was paid into a designated trust account with the attorneys.

Court Case

Matter 1: The matter concerns the SA School of Diplomacy challenging the Public Service SETA (PSETA), QCTO, SAQA, and the Minister of International Relations for not granting them accreditation to offer 2 diplomatic qualifications.

Subsequent to the meeting, the applicant sent a response containing their revised terms of the settlement. In addition to the lifting of the ringfencing on the two historic qualifications, they now require the respondents to warranty that some occupational qualifications and unit standards will not be restricted, that the PSETA and QCTO will grant accreditation on some qualifications and a reduced claim on compensation.

The applicant has now issued a Notice in terms of section 3(1) of the Institution of Legal Proceedings Against Certain Organs of State Act, 2002 wherein the applicant intends to approach the court claiming patrimonial loss to the amount of R203.7 million (i.e., exact amount is R203,701, 234). Should the case be decided in favour of the applicant, the court order for the loss could be shared equally amongst the respondents.

Unspent funds

SAQA will apply to the National Treasury to retain the cash surplus of R108.32 million (i.e., the exact amount is R108,320,572) after the finalisation of the external audit.

4.3.6. 2023/24 Audit outcomes

SAQA obtained a clean audit for 2023/24.

4.3.7. Funding requirements

In terms of future funding requirements, SAQA indicated that additional funding is required as follows:

Table 8: SAQA funding requirements over the 2025/26 Medium-Term Expenditure Framework

Project/initiatives	2025/246 R'000	2026/27 R'000	2027/28 R'000
Automation and Digitisation Project	6 700	-	-
Verification of South African Qualifications	15 308	15 500	15 980
NQF Chairperson (Research)	6 900	7 600	8 500
Total	**28 908**	**23 100**	**24 480**

Source: SAQA, 2024

4.4. Quality Council for Trades and Occupations (QCTO)

The QCTO was established as a juristic person in 2010 in terms of the Skills Development Act (SDA), 1998 (Act No. 97 of 1998) as amended in 2008. The QCTO, as a quality assurance body, is responsible for a part of the National Qualifications Framework (NQF), which is the Occupational Qualifications Sub-Framework (OQSF). The QCTO performs its functions in accordance with the Skills Development Act, 1998 as amended and the National Qualifications Framework Act, 2008.

4.4.1. Overview and assessment of QCTO's 2023/24 non-financial performance

Table 9: The QCTO's programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	4	2	2	50%
2. Occupational Qualifications Management and Certification	8	8	-	100%
3. Occupational Qualifications Quality Assurance	11	11	-	100%
4. Research Analysis	2	2	-	100%
Total	**25**	**23**	**2**	**92%**

Source: QCTO, 2024

During this review period, the QCTO had 25 targets against the 2023/24 APP. The QCTO achieved 23 or 92 per cent of the planned targets, a marginal decrease of 1 per cent from 93 per cent achieved in 2022/23.

4.4.2. Non-financial performance per programme

Programme 1: Administration

The programme enables the QCTO performance through strategic leadership and reliable delivery of management support services that will ensure a responsive and learning organisation. It contributes towards Institutional Outcome 3: A responsive learning organisation.

For the 2023/24 financial year, the programme had four planned targets and achieved two of the planned targets.

Target achieved:

- Twenty per cent of the capacity-building strategy was implemented (Year 3).
- Forty per cent of the Change Management strategy was implemented (Year 2).

Targets not achieved

- Sixthy per cent of Master System Plan (MSP) Annual Plan deliverables were implemented against the target of 100 per cent. The underachievement was ascribed to the cancellation of the tender for Business Process reengineering and automation and non-responsive to the request for quotes for specialised IT security software.
- Ninety-seven per cent of the Marketing and Communications strategy was implemented (Year 3) against the target of 100 per cent. It was reported that the plan was not fully achieved due to the delay in the SCM processes for one activity and the tender shall be re-advertised as an open tender in the 2024/25 financial year.

The programme had a total budget of R81,25 million and spent R81,09 million at the end of the financial year.

Programme 2: Occupational Qualifications Management and Certification

The programme ensures that occupational qualifications, part-qualifications and skills programmes on the Occupational Qualifications Sub-Framework (OQSF) are developed and registered on the NQF; a national Assessment implemented for all qualifications on the OQSF, issues certificates to qualifying learners; and verifies the authenticity of issued certificates. It contributes towards the achievement of Outcome 1: A single national quality-assured

Occupational Qualifications Sub-Framework that promotes synergy, simplification, and effectiveness.

The programme had eight (8) targets and achieved 100 per cent.

Selected key achievements:

- 132 prioritised occupational qualifications were processed for recommendation to SAQA for registration on the OQSF.
- 1 246 of remaining Historically Registered Qualifications were recommended to SAQA for deactivation on the OQSF.
- Seventeen prioritised skills programmes were approved by QCTO.
- Forty-seven assessments for historically registered qualifications were quality assured.
- 22 344 certificates were approved.

For the 2023/24 financial year, the programme spent R25,15 million of the R28,45 million budget, recording lower-than-projected spending amounting to R3,29 million.

Programme 3: Occupational Qualifications Quality Assurance

The programme establishes and maintains quality standards for Accreditation and Assessment within the OQSF and contributes towards the following institutional Outcome 1: A single national quality-assured OQSF that promotes synergy, simplification and effectiveness.

During the review period, the programme had 11 targets and achieved 100 per cent.

Selected key achievements:

- 2 475 Skills Development Providers (SDP) accreditation applications were processed.
- 684accreditation applications for skills programmes were processed.
- 135 accreditation applications for Historically Registered qualifications were processed.
- 235 accredited SDPs were quality assured.
- 151 accredited SDPs with implemented historically registered qualifications with learner uptake were quality assured.

The programme spent R36,27 million of the R40,76 million budget for the year under review, recording lower-than-projected spending of R4,49 million. The programme has underspent in both compensation and goods and services budgets.

Programme 4: Research Analysis and Quality Assurance

The programme establishes and maintains the QCTO Standards for quality assurance through research, monitoring, evaluation, and analysis. It further contributes towards institutional Outcome 1: A single national quality assured OQSF that promotes synergy, simplification, and effectiveness.

During the period under review, the programme had two (2) targets, and both were achieved. Five research reports were approved, against the target of two and a research bulletin was published.

The programme spent R3,94 million of the budget of R7,31 million, recording lower-than-projected spending of R3,36 million. Underspending was on goods and services.

4.4.3. Overview and assessment of the QCTO's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, QCTO's revenue was R162,88 million (2022/23: R139,92 million). The revenue comprised SETA Levy Grant: R111,60 million, Government Grant: R29,24 million, Conditional Grant (NSF): R3,79 million, Finance income: R11,29 million and other income: R7,19 million.

At the end of the period under review, QCTO spent R153,61 million, while recording an underspending of R9,27 million. Underspending increased by R5,93 million from R3,33 million in 2022/23.

4.4.4. Unauthorised, irregular, fruitless and wasteful expenditure

QCTO did not incur fruitless expenditure during the period under review. The entity incurred R16,410.44 in fruitless and wasteful expenditure during the year as a result of the unauthorised use of the entity's credit card. The amount was fully recovered.

4.4.5. 2023/24 Audit outcomes

The QCTO obtained the eighth consecutive clean audit opinion for the 2023/24 financial year. Remarkably, the clean was matched by the performance of the predetermined objectives. The AG has not identified material findings on the QCTO's annual financial statements, predetermined objectives, compliance with legislation, and internal controls environment.

4.5. National Skills Fund

The NSF was established in 1999 in terms of Section 27(1) of the Skills Development Act, which states the following: "The National Skills Fund (NSF) is hereby established". Therefore, the NSF is not established with a legal persona. The NSF is a Schedule 3A public entity governed by the Public Finance Management Act (PFMA) (No. 1 of 1999, as amended).
The entity's mandate is derived from the SDA and its subsequent amendments.

4.5.1. Overview and assessment of the NSF's 2023/24 non-financial performance

During this period under review, the NSF had three budget programmes. The three programmes had 39 APP targets. The NSF achieved nine (9) or 19% per cent against the 2023/24 APP targets. The entity's performance for the period under review improved by 8 per cent from 11 per cent in 2022/23. Despite this improvement, the performance is still not satisfactory. It is very concerning that the entity has not achieved more than 25 per cent of its targets against the APP for the three financial years (2020/21: 23%; 2021/22: 24% and 2022/23: 11%). The table below shows the performance of the NSF over five financial years.

Table 10: The NSF's programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	12	03	08	27%
2. Skills Development Funding	24	01	23	4%
3. PSET Improvement Funding	13	05	08	38%
Overall Total	49	09	39	19%

Source: NSF Annual Report 2023/2024

4.5.2. Non-financial performance per programme

Programme 1: Administration

The programme aims to ensure a sound service delivery environment and effective resource management within the NSF. For the 2023/24 financial year, the programme had 12 targets and achieved 3 or 27 per cent, which is a marginal improvement from zero per cent achievement in 2022/23. The NSF registered 100 per cent of new projects with Memorandum of Agreements (MoAs) on the NSF finance system within 14 days upon receipt of the project's registration documentation; processed 100 per cent of tranche payments to contracted skills development providers within 30 days from the date of receipt of valid claim invoices; and 100 per cent of NSF staff were trained in line with the approved workplace skills.

Selected targets that were not achieved

- Percentage of material audit findings addressed, (achieved 31% against the target of 100%).
- Percentage of valid invoices paid within 30 days from the date of receipt (achieved 96% against a target of 100%).
- Percentage of approved standard operating policies and procedures implemented (achieved 0% against the target of 100%).
- Percentage of planned policies and procedures developed or revised (achieved 35% against the target of 100%).

The following were cited as reasons for deviations: the lack of an integrated system and capacity constraints led to delays in implementing the action plan; delays in filling vacancies; limited capacity contributed to delays in the procurement of customer survey services; and the Limited ICT capacity focused on the migration of ICT Solutions from service provider post-contract closure.

Programme 2: Skills Development Funding

The programme measures the extent to which the NSF has funded learners who may be employed or self-employed within a reasonable period after completing their education and training will provide a reliable measure of the 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.

For this period under review, the programme had 24 annual targets and achieved one)1) or 4 per cent of the planned targets. The programme also performed poorly in 2022/23 having achieved 0 per cent of the 20 planned targets. It is gravely concerning that the core programme of the entity is not performing as expected. 1 273 learners completed their education and training through worker education against the target of 700.

Targets not achieved

- 28 708 learners were funded by the NSF for education and training against the target of 61 500.
- 4 317 NSF-funded learners completed their education and training against the target of 26 600.
- 17 767 learners from rural areas were funded by the NSF for education and training against the target 35 800.
- 2 542 learners from rural areas completed their education and training against the target 13 500.
- 332 learners were funded by the NSF for skills development through community-based skills development initiatives against the target of 11 500.
- Fifty-four learners completed skills development through community-based skills development initiatives against the target 9 400.
- 578 youth from rural areas funded by the NSF for skills development in response to innovation and digital technologies against the target of 1 000.
- Twenty-nine youth from rural areas completed skills development in response to innovation and digital technologies against the target of 500.

The reasons for underachievement were related to projects that have not submitted performance reports or requisite records, resulting in the implementation of consequence management in terms of the contract; delays in issuing new Request for proposals due to a lack of sufficient capacity within Initiation and Evaluation; delays in the evaluation of proposals both solicited and unsolicited due to a lack of sufficient resources and capacity within Initiation and Evaluation to attend to the evaluation processes; the PSET system is experiencing a backlog for the printing of certificates, which causes a delayed receipt of learner completion certificates and/or statement of results, and some of the Skills Development Providers (SDPs) not registering learners on time after they have been recruited into the project.
The programme spent 38 per cent of its allocated budget.

Programme 3: PSET Improvement Funding

The purpose is to ensure an effective PSET system that will enable smooth training and education for the youth thereby creating employment opportunities. During this period under review, the programme had 13 targets and achieved five (5) or 38 per cent of the planned targets.

Selected key achievements.

- Fifteen infrastructure development projects were funded, against the target of 3. The target was exceeded because the projects began reporting during the financial year.
- Thirteen NSF research interventions were funded.
- Six research projects were funded that achieved 60 per cent of the envisaged outputs, against the target of 1.
- One NSF-funded research project was completed.

Targets not achieved:

- Number of NSF-funded skills infrastructure development projects completed (achieved nought against the target of 3)
- Number of NSF-funded skills infrastructure-related projects (achieved nought against the target of 1)
- Number of capacity development projects funded (achieved 29 against the target of 36).
- Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs (achieved 8 against the target of 32).
- Number of NSF-funded PSET capacity-building projects completed (achieved 1 against the target of 2).

Reasons for underachievement included, amongst others, projects that have not submitted performance reports or requisite records, resulting in the implementation of consequence management in terms of the contract. As a result, some projects started reporting during the Quarter 4 reporting period; delays in the evaluation of proposals for PSET Improvement projects due to a lack of sufficient resources and capacity within Initiation and Evaluation to attend to the evaluation processes; newly approved projects were still busy with contracting and changes request processes and addendums due to changes arising in the project implementation, for example, the extension of time or change of activities.

The programme spent 22 per cent of its allocated budget.

4.5.3. Overview and assessment of the NSF's 2023/24 budget allocation and expenditure

For the 2023/24 financial year, the NSF's total revenue was R5,66 billion (2022/23: R4,99 billion). The NSF's revenue comprised R4,48 billion from non-exchange transactions - Skills development levies and R1,17 billion from exchange transactions (Finance income: R1,13 billion and R48,98 million from finance income from advance payments to skills development programmes and projects). Total revenue increased by R666,39 million from the previous financial year.

At the end of the financial year, the NSF spent R2,39 billion (2022/23: R1,40 billion), representing 42 per cent of the NSF's total revenue for 2023/24. The entity recorded lower-than-projected spending amounting to R3,26 billion. An amount of R2,16 billion was spent on skills development funding expenses and R185,98 million was spent on administrative expenses. Expenditure on employee costs was R116,60 million, representing 63 per cent of the total administrative expenses. Operating expenses amounted to R60,04 million of the total administrative expenses.

The NSF reported that various operational-level factors contributed to underspending. These factors include significant delays in approving new projects, which have hindered timely allocation of resources.

4.5.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, the NSF did not incur irregular, fruitless and wasteful expenditures. The NSF was addressing irregular, fruitless and wasteful expenditures incurred in previous years as follows. It was reported that the determination and investigations related to these transactions were at various stages and will be concluded in due course.

4.5.5. 2023/24 Audit outcomes

During the 2023/24 financial year, the NSF obtained a third consecutive qualified audit opinion for the third consecutive audit cycle after two disclaimer opinions in 2019/20 and 2020/21.

Basis for qualified opinion

Skills development funding: The AG was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous year had been properly accounted for, as evidence that services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes. The AG was also unable to confirm the skills development funding by alternative means. Consequently, the AG was unable to determine whether any adjustments relating to skills development funding stated at R1 784 654 000 (2022-23: R1 182 657 000) disclosed in note 20, as well as the related deferred expenditure stated at R1 370 063 000 (2022/23: R1 221 194 000) disclosed in note 9 to the financial statements were necessary.

Other matters

Report on the Audit of the Annual Performance Report

The material findings on the reported performance information for the selected programmes are as follows:

Programme 2: Skills Development Funding: The AG could not determine if the reported achievements were correct for these indicators: 2.1.2 Number of NSF-funded learners who completed their education and training; 2.1.4 Number of NSF-funded learners who completed their education and training towards OIHD and 2.1.6 Number of NSF-funded learners from rural areas who completed education and training, as adequate supporting evidence was not provided for auditing. The AG indicated that the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Programme 3: PSET System Improvement Funding: The AG could not determine if the reported achievements were correct for these indicators: 3.1.2 Number of NSF-funded infrastructure development projects that achieved 60% of the envisaged outputs; 3.2.2 Number of NSF-funded PSET capacity development projects which achieved more than 60% of the envisaged outputs; and 3.3.2 Number of research projects funded that achieved 60% of the envisaged outputs, as adequate supporting evidence was not provided for auditing.

Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Material misstatements: The AG identified material misstatements in the annual performance report submitted for auditing. These material misstatements were identified in the reported performance information of Programme 2: Skills Development Funded and Programme 3: PSET System Improvement Funding. Management did not correct all the misstatements and reported material findings in this regard.

Report on compliance with legislation

- **Annual financial statements:** The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. The AG further noted that the material misstatements of investments, deferred expenditure, provisions related to skills development funding and related parties 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 qualified opinion.

- **Consequence management:** The AG 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 some investigations into irregular expenditure were not performed.

  The AG was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Internal control deficiencies:

The AG reported the following:

- The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items.
- Management did not implement adequate internal controls relating to project monitoring and reporting. This resulted in underlying records not being readily available to support the skills development activities funded by the entity.
- The leadership did not exercise adequate oversight, specifically regarding reporting on the skills development funding expenditure, performance and compliance, resulting in material misstatements and instances of noncompliance identified during the audit.

Material Irregularities (MI): Status of the previously reported material irregularities

- Regarding progress on the MI, The AG reported that the Accounting Authority submitted monthly progress reports during July, August and September 2024 regarding the actions taken to implement the recommendations. The AG will follow up on the implementation of the recommendations.

4.6. Services Sector Education and Training (SSETA)

The Sector Education and Training Authorities (SETAs) are established in terms of the Skills Development Act, 1998 (Act no 97 as amended) and listed in terms of the PFMA, as Schedule 3A public entity. The Skills Development Act mandates SETAs to promote skills development in the education and training sector. Their mandate is derived from the Skills Development Act (No. 97 of 1998) and its subsequent amendments.

4.6.1. Overview and assessment of the Services SETA's 2023/24 non-financial performance

Table 11: SSETA's Programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	8	7	1	88%

2. Skills Planning	12	9	3	75%
3. Learning Programmes	30	25	5	83%
4. Quality Assurance	2	2	0	100%
Total	52	43	9	83%

Source: Services SETA, 2024

For 2023/24, SSETA had four budget programmes, as illustrated in the table above. The programmes had 52 2023/24 APP targets. The entity achieved 43 or 83 per cent of the 52 targets.

4.6.2. Non-financial performance per programme

Programme 1: Administration

The purpose of the administration programme is to enable the delivery of the Services SETA Mandate through the delivery of support services. The programme has seven (7) budget sub-programmes. For the year under review, the programme had eight (8) targets and achieved or 88 per cent.

Key selected targets:

- Maintained 85 per cent occupancy against the target of 70 per cent.
- Implemented 80 per cent of the ICT implementation plan against the target of 75 per cent.
- Actioned 100 per cent of the audit and compliance action plans.

Target not achieved:

- Unqualified (audited financial year 2022/23). The SETA obtained a qualified audit opinion.

Programme 2: Skills Planning

The programme aims to enable the Services SETA and the Services Sector to target relevant skills development, it is responsible for researching skills needs within the Services Sector, issuing the Sector Skills Plan, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance, and conducting targeted evaluations to strengthen programme improvement in executing its mandate. The programme had three budget sub-programmes.

For the 2023/24 financial year, the programme had 12 planned targets and achieved nine (9) or 75 per cent.

Selected key achievements

- Approved evidence-based Sector Skills Plan, Strategic Plan and Annual Performance Plan.
- Signed six sector research for TVET growth occupationally directed programmes.
- 674 learners who completed workplace-based learning programmes were absorbed into employment or self-employment.
- Trained 44 Career Development Practitioners.
- Promoted access to skills development through 30 career development events in rural/urban areas on occupations in high demand.
- Established 42 partnerships with universities, TVET, and CET Colleges.
- Established an office in TVET College.

Targets not achieved:

- Twenty-one per cent of discretionary grants were allocated to developing different skills levels- elementary level skills against the target of 50 per cent.
- 397 Work Skills Plans (WSPs) and Annual Training Reports (ATRs) were approved for large firms against the target of 574.
- 464 SETA-Employer partnerships were established against the target of 570.

Programme 3: Learning Programmes

The programme aims to deliver the Services SETA service offerings to the target stakeholders to achieve the mandate. The programme is responsible for the disbursement of Services SETA discretionary grants through special and regular projects for infrastructure development, to expand access to skills development in rural and underserviced areas, and pivotal learning interventions. The programme had three budget sub-programmes.

For the 2023/24 financial year, the programme had 30 planned targets and achieved 25 or 83 per cent of the planned targets.

Selected key achievements:

- Funded 857 enterprises for skills that enhance the growth/development/sustainability of their organisation’s activities.
- Trained 60 enterprises on the sector and national priority occupation skills.
- Supported 274 people trained in entrepreneurship to start their businesses.
- Supported 4 Centres of Specialisation.
- 15 TVET managers received training on curriculum-related studies.
- Supported Limpopo CET with desktop computers to improve its capacity and tools of trade to implement its mandate.
- 51 CET learners were supported to access AET programmes.

Targets not achieved:

- 32 TVET Lecturers were exposed to the industry through Skills Programmes against the target of 50. The SETA reported that lecturers from various TVET colleges were trained in Project Management, NQF level 4. More TVET staff were enrolled in the programme than lecturers, which resulted in the non-achievement of the target for lecturers even though the capacitation responded to public colleges.
- 4 549 learners enrolled in learnership programmes against the target of 9 512). It was reported that there were not enough projects in the pipeline to ensure the achievement of this indicator. Most activated pipelines within Q3 and Q4 could not materialise at year-end and needed more support to pass quality assurance and commence projects. It was also noted that the DHET Director-General requested that the number of learner enrolment targets be increased. Therefore, the target had to change.
- 3 014 learners completed learnership programmes against the target of 3 262. The SETA indicated that there was an adequate pipeline of active projects, and most projects were completed. External moderation was conducted, and some classes had low competent/throughput rates. It was also noted that the DHET Director-general requested that the number of learner enrolment targets be increased. Therefore, the target had to change.
- 456 learners were enrolled in Recognition of Prior Learning (RPL)/Artisan Recognition of Prior Learning (ARPL) against the target of 500. It was cited that there were not enough projects in the pipeline to ensure the achievement of this indicator. The activated pipeline could not materialise at year-end; performance reported from RPL-

related projects needs to improve investment into hairdresser ARPL interventions to achieve this target and industry skills in demand.

- Sixty learners completed RPL/ARPL against the target of 76. The partial achievement was ascribed to the low intake and learners not being deemed competent regarding their unit standards. With a new pipeline commencing in the current year, the target should be achieved in the future.
- 2738 learners supported to enter the industry.
- 2523 learners were granted bursaries.
- 3 279 learners entered learnership programmes.
- 1 031 learners completed internships.

Programme 4: Quality Assurance

This programme aims to accredit skills development providers and fulfil the QCTO delegated quality assurance of learner achievement function. The programme has two budget sub-programmes. During the year under review, the programme had two targets, and both were achieved. SSETA ensured that 100 per cent of the learners received certificates. Eleven qualifications aligned with the priority skills were developed.

4.6.3. Overview and assessment of the SSETA's 2023/24 budget allocation and expenditure

SSETA's total revenue for the 2023/24 financial year amounted to R2,176 billion. The total revenue comprised R211,248 million (R579,000.00 of other income and R210,669 million of interest received from investment) of revenue from exchange transactions and R1,965 billion from non-exchange transactions (R1,932 billion of skills development levy income, R26,656 million of skills development levy- interest and penalties and R6,385 million of other income from non-exchange transactions). The revenue increased by R219,125 million or 11.19 per cent from R1,957 billion in 2022/23.

Expenditure at the end of the 2023/24 financial year amounted to R1,183 billion, recording lower-than-projected spending or a surplus of R993,755 million or 45.6 per cent of the total revenue. Notably, the surplus increased by R388,651 million from R605,104 million in 2022/23.

Spending on grants and project expenses amounted to 825,742 million, constituting 69.7 per cent of the total expenditure for the 2023/24 financial year. Concernedly, spending on grants and projects decreased by R211,363 million compared with R1,037 billion spent in 2022/23. Expenditure on administration-related costs amounted to R355,419 million, while an amount of R2,046 million was a loss on disposal assets, which increased from R731,000.00 incurred in 2022/23.

4.6.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SSETA disclosed an amount of R193,136 million of irregular expenditure. It was reported that irregular expenditure incurred in the current year relates to:

- Discretionary Grants projects awards made with inadequate evidence for the approval process (2023 and 2024).
- Discretionary Grants project awards made without following open and fair principles as per the SETA Grant Regulation. (2023 and 2024).
- Supply Chain Management (SCM) award - extensions of contracts that exceeded the allowed variation limit of 15 per cent (2024).
- SCM award – bid awarding processes that were not in line with legislative prescripts. (2023 and 2024).

The SSETA reported fruitless and wasteful expenditures amounting to R4,481 million, of which R4,281 million was incurred in previous years and R200 000 was incurred during the 2023/24 financial year. The fruitless expenditure incurred in the current financial year relates to the taxed costs incurred on litigation settled in previous years for discretionary projects.

4.6.5. 2023/24 Audit outcomes

The SSETA obtained the fifth consecutive qualified audit opinion from five audit cycles as illustrated in the table above.

Basis for the qualification

The Auditor-General was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the contractual information used to determine the commitments. The AG could not confirm the amounts by alternative means. Consequently, AG was unable to determine whether any adjustments were necessary to the following items in the financial statements:

- Discretionary grant commitments are stated at R2,355,090,000 (2022-23: R2,761,237,000) in note 26 to the financial statements.
- Discretionary grant expenditure is stated at R535,887,000 (2022-23: 743,469,000) in note 23 of the financial statements.

Report on compliance with legislation

- **Annual financial statements and annual report:** The AG found that the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, and the supporting records could not be provided, which resulted in the financial statements receiving a qualified opinion.
- **Expenditure management:** The AG also found that effective and appropriate steps were not taken to prevent irregular expenditure amounting to R193,136 million. The majority of the irregular expenditure was caused by discretionary grant contracts awarded without approval from the Accounting Authority.
- **Internal control deficiencies:** The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items. The monthly processes for monitoring and reviewing financial information were not adequately implemented which resulted in financial statements that were not free from material misstatements. Additionally, oversight of responsibility regarding financial reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies, resulting in material misstatements and non-compliance.

4.7. Safety and Security Sector Education and Training (SASSETA)

4.7.1. Overview and assessment of the SASSETA's 2023/24 non-financial performance

Table 12: SASSETA's Programmes, with their related achievement against performance targets for the 2023/24 financial year

Programme	APP Targets 2023/24	Achieved	Not achieved	% Achievement
1. Administration	2	2	-	100%

2. Research, Skills Planning and Reporting	6	6	-	100%
3. Learning Programmes	28	28	-	100%
4. Quality Assurance (ETQA)	1	1	-	100%
Total	37	37	-	100%

Source: SASSETA, 2024

For the 2023/24 financial year, the entity had 37 planned targets and achieved 100 per cent, which is an improvement from 97 per cent in 2022/23. SASSETA has been performing well, achieving over 97 per cent since 2021/22.

4.7.2. Non-financial performance per programme

Programme 1: Administration

The programme provides strategic leadership management and administrative support services to the organisation. For the year under review, the programme had two targets and achieved 100.00 per cent. The programme established eight partnerships with stakeholders to promote skills development within the safety and security sector. The programme maintained the risk maturity assessment level 5 (100% achievement).

Programme 2: Research, Skills Planning and Reporting

This programme advances skills development in the sector through research, skills planning, monitoring, evaluation and reporting. It champions research and develops the SSP which profiles the sector's skills demand and supply. It also tracks and reports on performance progress against targets set and conducts impact assessments of SASSETA's skills development interventions. During the year under review, the programme had six planned targets and achieved 100 per cent of the annual planned targets.

The programme completed six research studies on skills development matters, and six evaluation and or impact studies focussed on skills development matters. Other achievements include the approval of workplace Skills Plans/ Annual Training Reports (WSPs/ATRs) as follows: 482 small firms, 197 medium firms, and 316 large firms.

Programme 3: Learning Programmes

This programme facilitates and addresses scarce and critical skills gaps and hard-to-fill vacancies in the safety and security sector through the implementation of high-quality learning programmes. The functions of this programme include career guidance and the implementation of learnerships, apprenticeships, skills programmes, internships, work-integrated learning and bursaries for students at TVET colleges and higher education institutions (HEIs).
For the 2023/24 financial year, the programme had 28 targets and achieved 100.00 per cent. Overall, 11 252 were supported under this programme.

Key selected achievements:

- 263 bursary agreements were entered into.
- Sixty-two unemployed youths completed studies under a SASSETA-funded Bursary.
- 590 TVET students entered work-integrated learning placements.
- 590 TVET students completed work-integrated learning placements.
- 344 University of Technology students completed their work-integrated learning.
- 208 law graduates were placed in candidacy programmes.
- 124 law graduates have completed candidacy programmes.
- 476 graduates and interns completed workplace-based learning.
- 1 222 unemployed learners entered learnerships.
- 1016 unemployed learners completed learnerships.
- 104 employed learners had entered skills programmes/short courses.
- 127 learners had entered artisan-related learning programmes.
- Fifty-seven persons declared competent in trade tests.
- One memorandum of understanding (MOU) was entered into with the Centre of Specialisations aimed at supporting the centre.
- Fifty-one learners entered the Recognition of Prior Learning Programmes.

Programme 4: Quality Assurance (ETQA)

The programme aims to ensure Quality Education and Training are delivered. The ultimate end is for qualifying learners to be certified timeously. The functional areas include the accreditation of Skills Development Providers, registration of Assessors and Moderators, development of Occupational Qualifications to address occupations in high demand and Learner Certification.

The programme had one target for 2023/24 and was achieved as planned. Four qualifications were realigned in the sector and submitted to the Quality Council for Trades and Occupations (QCTO). The qualifications were: Advanced Occupational Certificate: Security Manager in Correctional Science (NQF:6), Advanced Occupational Certificate: Asset Forfeiture Practitioner (NQF L6), Advanced Occupation Diploma: Court Preparation Officer (NQF L 7) and Advanced Occupational Diploma: Operational Military Commander (NQF L7).

4.7.3. Overview and assessment of the SASSETA's 2023/24 budget allocation and expenditure

For the year ended 31 March 2024, SASSETA's total revenue was R655,46 million (2022/23: R601,51 million). The revenue comprised R596,48 million from non-exchange transactions (R587,82 million from Skills Development Levy income and R8,66 million from Skills Development Levy: penalties and interest) and R58,98 million from exchange transactions (Investment income: R58,81 million and other income: R165 000). Total revenue increased by R53,95 million or 8.96 per cent from R601,51 million in 2023/24.

SASSETA spent R612,63 million at the end of the financial year under review, recording an underspending of R42,82 million. Notably, the underspending decreased from R70,31 million in 2022/23. Spending on employer grants and project expenses amounted to R413,99 million and administration expenses were R198,64 million.

4.7.4. Irregular, fruitless, and wasteful expenditure

For the 2023/24 financial year, SASSETA disclosed irregular expenditures of R1,256 million. Of the irregular expenditure incurred, R1,210 million was incurred as a result of non-compliance by the Department of Higher Education and Training in the appointment of certain Accounting Authority members. SASSETA suffered no losses. R46 000 of irregular expenditure was incurred due to deviation processes in supply chain management due to the interpretation of SCM requirements. It was reported that R28 591.00 was recovered in respect of services not yet rendered. This did not result in any fraudulent, corrupt or criminal conduct.

The SETA did not incur fruitless and wasteful expenditures during the year under review.

4.7.5. 2023/24 Audit outcomes

SASSETA obtained the fourth unqualified audit opinion with no findings/clean audit for the fourth consecutive audit cycle. This indicates that the entity has a strong internal control environment.
The AG has not identified any material findings on the reported performance information for programmes 2: Research, Skills Planning and Reporting, 3: Learning Programmes and 4: Quality Assurance.

The AG has also not identified any significant deficiencies in internal controls.

4.8. Northern Cape Urban Technical and Vocational Education and Training College

NCUTVET College is one of the only two TVET colleges in the Northern Cape Province and mainly serves the Frances Baard and John Taole Gaetsewe districts in the province. The College has three campuses, namely, the City Campus, Moremogolo Campus, Phatsimang Campus and a Central Office situated in Kimberley CBD. The College offers National Certificate Vocational programmes, Report 191 and occupational programmes.

4.8.1. Overview and assessment of the NCUTVET College's 2023/24 non-financial performance

During this period under review, the College had 21 targets and achieved nine (9) or 43 per cent. The College enrolled 468 students in short courses/skills programmes; achieved a 19 per cent throughput rate against the target of 8 per cent; signed 40 partnerships and exchange placements for students and lecturers against the target of 20 and achieved 100 per cent compliance with examination policy and governance standards.

Targets not achieved:

- 1 042 students enrolled in National Certificate Vocational (NCV) against the target of 1 444. The partial achievement was ascribed to the phased out of two programmes and many applicants who could not meet the requirements of programmes due to the lack of Mathematics and/or Accounting.
- Forty-two students enrolled in the Pre-Vocational Learning Programme (PLP) against the target of 140. It was cited that a few students did not meet the requirements for the main programmes.

- 5 370 students enrolled in Report 191 against the target of 6 149. The reasons for underachievement included the phasing out of Human Resources and Management Assistant; NSFAS beneficiaries not being able to pay for repeating subjects; many applicants not meeting the requirements of the programmes due to a lack of Mathematics and/Accounting and late release of Matric results.
- Zero lecturers were placed in the industry against the target of 20. It was reported that a limited number of workplaces in the Northern Cape was the reason for this nonachievement.
- 267 students enrolled in occupations in high demand (OIHD) against the target of 800. Low awareness of occupational programmes and their socio-economic importance were cited as the reasons for underachievement.

During this period under review, the College completed the following infrastructure development:

- Capital infrastructure efficiency grants (CIEG) funded: Phatsima steel water tank, City water tank and generators in all campuses.
- Wholesale and Retail SETA funded: Computer Lab and computer installation, solar panel installations in all campuses.
- College-funded: Computer lab renovations, City pavement, City minor renovations

4.8.2. Overview and assessment of the SASSETA's 2023/24 budget allocation and expenditure

For the 2023 academic year, the NCUTVET College's total revenue was R194,49 million. The revenue comprised R46,45 million of revenue from exchange transactions (R31,22 million: Tuition and related fees, R109 544.00 rental of facilities and equipment, R724 029.00: Finance lease interest benefit, R168 000.00: gain on sale of assets, R3,35 million: sale of goods and rendering services, R108 999.00: donations received and R10,84 million: interest received – investment. The other revenue of R147,95 million was revenue from non-exchange transactions (R80,90 million: government grants and subsidies, R1,01 million: levies, R2,27 million: Interest received – Capital Infrastructure Efficiency Grant (IECG), R2,59 million: bad debt recovered and R61,16 million: services in kind.

The College's revenue increased by R14,41 million or 8.00 per cent from R180,08 million in 2022. Notably, government grants and subsidies allocation revenue decreased by R16,02 million from R96,92 million in the prior year. Expenditure at the end of the financial year amounted to R222,53 million, with a deficit of R28,03 million.

Key cost drivers in terms of administration-related expenses are as follows: Employee-related costs; R83,72 million, general expenses: R30,65 million, books and materials: R15,42 million, Depreciation and amortisation: R14,82 million, security: R12,19 million, repairs and maintenance: repairs and maintenance: R12,71 million, professional fees: R9,70 million and Municipal services: R9,06 million.

4.8.3. Audit outcomes

The NCUTVET College obtained a qualified audit opinion for the 2023 academic year. This is the third consecutive qualified audit opinion from three audit cycles.

Basis for a qualified opinion

Payables from exchange transactions: The AG noted that during 2022, the College did not account for debtors with credit balances included in payables from exchange transactions in accordance with GRAP 1, Presentation of financial statements as amounts due to NSFAS were incorrectly classified as debtors with credit balances. Consequently, debtors with credit balances included in payables from exchange transactions were overstated by R4 369 124 and NSFAS included in payables from non-exchange transactions were understated by R4 369 124. There was an impact on the accumulated surplus for the period in the financial statements.

Commitments: The AG indicated that the College has not disclosed all capital commitments for the acquisition of property, plant and equipment as required by Grap 17. The AG could not determine the full extent of the understatement of capital commitments, as it was impracticable to do so.

Total revenue: The AG noted that the College's total revenue was materially misstated by R2,577 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Sales of goods and rendering of services at R3,327 140 was overstated by R1 501 628.

- Bad debts recovered stated at R2 594 486 was overstated by R1 075 718.

Emphasis of matter

- **Restatement of corresponding figures:** As disclosed in note 31 to the financial statements, the corresponding figures for 31 December 2022 were restated as a result of an error in the financial statements of the college at, and for the year ended, 31 December 2023.
- Material impairment – Receivables from exchange transactions: As disclosed in note 5 to the annual financial statement, material provision for impairment on receivables from exchange transactions to the amount of R27 897 102 (2022: R21 483 309) was incurred as a result of impairment of student debtors.

Compliance with legislation

- **Annual financial statements:** The AG noted that the financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice and supported by complete accounting records, as required by section 25(1)(b) of the Continuing Education Act.
- **Internal control deficiencies**
    - **Leadership:** The College's leadership did not review policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities. Also, the leadership did not exercise oversight responsibility regarding financial, compliance and related internal controls.
    - Management: The College Management did not review and monitor compliance with applicable laws and regulations. Furthermore, Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information. This resulted in misstatements in the financial statements submitted for auditing. Also, Management did not implement proper record-keeping on time to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Material irregularity

Status of previously reported material irregularity: the AG noted that there was suspected material irregularity related to suspected fraud due to quotations submitted for the procurement process that seem not to be authentic. These quotations were received by various suppliers for the procurement of various goods and services in 2021 and 2022 amounting to R1 872 382. It was noted that the quotations submitted for audit had indicators of fraud, and there was evidence that quotations were tampered with. It was further noted that the prices quoted by the suppliers were not market-related which is likely to result in a material financial loss.

The AG noted that the accounting officer was notified of the suspected material irregularity on 02 June 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer failed to make a written submission within the stipulated period allowed. The AG referred the suspected material irregularity to the Directorate for Priority Crime Investigation on 27 May 2024 for investigation as provided for in section 5(1A) of the Public Audit Act.

5. OBSERVATIONS AND KEY FINDINGS

The Committee, having assessed the 2023/24 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training and the Minister of Finance consider the following:

5.1. Department of Higher Education and Training

5.1.1. Programme 1: Administration

- Repeat audit findings related to the annual performance report of the Department are concerning. The Department failed to obtain a clean audit outcome because of a lack of controls in the management of performance information, resulting in the lack of appropriate evidence to support the reported performance.
- The achievements of 67 per cent and 71 per cent of public procurement set aside for Small, Medium and Macro Enterprises (SMMEs) and Black-owned businesses were commended.
- The Committee was concerned about the Department’s consistent underperformance on the targets to set aside percentages of public procurement for youths, women-owned businesses, and people living with disabilities. This is concerning given that the President of the Country has called for women's empowerment through public procurement.

- Delays in instituting disciplinary action against officials implicated in misconduct in the PSET landscape remain a serious concern. The unnecessary delays in bringing charges against these officials may create an impression that the misconduct they were involved in was not serious enough to merit consequences.
- Delays in filling funded vacant posts, especially senior managers at TVET colleges, remain a serious concern. The delays contribute to underspending on compensation of employees' budget and capacity constraints, including colleges instability.

5.1.2. Programme 3: Planning, Policy and Strategy

- The Committee was not pleased with the overall performance of the Department during the financial year under review. Out of the 110 targets for the 2023/24 financial year, the Department managed to achieve 56, which translates into a 51 per cent achievement, which was a regression of 4 per cent from an achievement rate of 55 per cent in 2022/23.
- Concerns were raised regarding delays in the construction and development of the Tshwane University of Technology (TUT) Giyani Campus and The Imbali Precinct, in collaboration with the Durban University of Technology (DUT).
- Delays by universities and TVET colleges in spending their CIEG allocation for the expansion of student housing remain a serious concern given the safety and security challenges at private accommodation facilities. The Department should provide additional support and capacity to struggling institutions.
- The Department's ability to fulfil its oversight function over PSET institutions remains a concern given that some institutions continue to regress in terms of their audit outcomes and performance.
- The Department has been very slow in processing legislation that required review, thus making it difficult to address some governance and management inefficiencies in the management of PSET institutions.

5.1.3. Programme 3: University Education

- The problem of declining graduate numbers, especially in scarce and critical skills programmes at universities, has become a matter of serious concern. The reason provided is that universities could not enrol according to the agreed targets because of the quality of Mathematics and Science learners produced by the Department of Basic Education which was inadequate due to the academic unpreparedness of these learners.

- There has been a growing trend of factionalism within university Councils, which contributes to governance lapses. The Council members are appointed to exercise their fiduciary duties and responsibilities and to support universities in delivering on their strategic priorities linked to teaching and learning.
- Universities are also to blame for the challenges in the administration of the NSFAS bursaries, as they often submit student enrolment data with errors to NSFAS. NSFAS relies on institutions submitting correct student enrolment data to disburse funding to eligible students.

5.1.4. Programme 4: Technical and Vocational Education and Training

- A number of TVET colleges have been operating without fully constituted Councils, due to the delays from the Department's side in recruiting new Council members. The absence of fully constituted College Councils poses serious governance risks, as the decision-making processes are made by management without the Council's oversight.
- There have been complaints from students in the TVET sector about delays in issuing Diplomas by the Department. The delays negatively affect the TVET students who miss out on employment or placement opportunities.
- Concerns were raised regarding low throughput and certification rates at TVET colleges. Students repeat subjects over a prolonged period, resulting in loss of NSFAS funding due to the N+1 Rule.
- The administration of NSFAS bursaries in the TVET sector needs improvement given their poor ITC systems, which are critical for record keeping. NSFAS has been complaining that Colleges often delay submitting student registration data, which delays the payment of funding and allowances to students.
- The TVET sector continues to experience a dire shortage of student accommodation, and students have to rely on private off-campus accommodation. Most of these facilities in rural-based TVET colleges do not meet the DHET norms and standards for student housing.
- The NSFAS Student Accommodation Pilot Project received support from the Committee upon launch. However, the implementation of the project, especially, in the TVET sector, has been challenging due to discrepancies in the accreditation of private

accommodation providers. Some facilities accredited for students were alleged to have not been conducive.

- TVET Colleges continue to experience challenges with respect to utilising their Capital Infrastructure Efficiency Grants (CIEG) for infrastructure development projects despite, the need for expansion and refurbishment of existing infrastructure. Consequently, the National Treasury has reduced the allocation for the CIEG to colleges.
- TVET colleges have been experiencing a high number of enrolments in business management courses compared to Engineering programmes that are critical for the country to produce skilled artisans.

5.1.5. Programme 5: Skills Development

- SETAs have accumulated billions of rands in surpluses due to underspending of their budgets, although there is a high demand for skills development in the country. The Committee's view is that SETAs were not meant to be financial institutions; instead, they are implementing agencies for skills development. Thus, there is a need to increase their spending on skills development interventions to make a positive contribution to fighting unemployment, especially among young people.
- The AGSA has reported that some SETAs reported achievements in skills development programmes without providing supporting audit evidence. This finding is seriously concerning as SETAs should have the necessary monitoring and evaluation capacity to assess their projects. The funds allocated to these projects are public funds that need to be accounted for.
- Although the Department reported that 95 per cent of SETAs met the standard of good governance, the Committee remained concerned about the governance of SETAs, especially in relation to audit outcomes.
- The delayed undertaking of performance assessments of individual SETA Board members remains a concern. The Department needs to advertise for the filling of new SETA Boards as early as December 2024, and the assessment needs to be completed before the appointment of new Board members for the term commencing in April 2025.
- The delayed implementation of an integrated management system for SETAs remains a concern. The Committee was made aware that the process was at an advanced stage, although the first phase of implementation of this system will commence in April 2025.

5.1.6. Programme 6: Community Education and Training

- CET Colleges play an important role in the PSET landscape because they are the only institutions that offer opportunities to learners who could not complete schooling or had no opportunity to attend school. However, these colleges are grossly underfunded by the Department, and their ability to realise their full potential in the PSET sector is hindered by limited funding.
- There is a high demand from adults and youth not in education, employment and training to receive formal qualifications or improve their level of education to become active participants in the economy. CET colleges are closer to communities and well-positioned to make a difference, however, the challenge of under-enrolment, lack of marketing of community learning centres, poor and inadequate infrastructure, including inadequate teaching and learning materials, remains a concern, especially in rural and marginalised communities.
- Over 90 per cent of community learning centres (CLCs) depend on infrastructure shared with public schools to offer programmes and this remains a serious concern. This impacts teaching and learning as staff do not have dedicated offices to prepare for their course programme delivery.

5.1.7. Council on Higher Education

- The Committee commended the CHE for its consistently good performance and for maintaining clean audit outcomes. The CHE achieved 93 per cent of the targets against the 2023/24 APP, despite operating under a severely constrained budget and personnel. The Committee encouraged the entity to maintain its excellent performance and clean audits.
- The CHE operates under a severely constraint budget, and its quality assurance scope has been expanded over the years, which includes; the responsibility for managing the Higher Education Qualification Sub-framework (HEQSF) as a quality council and the new transformation oversight mandate over higher education institutions and the function shift of Agricultural and Nursing Colleges into higher education. However, funding has not followed the function of some of mandates.
- Approval by the CHE Council of the new organisational structure aligned with the organisation’s work trajectory meant to address the capacity constraints faced by the

CHE, and to enable it to fulfil its expanded mandates better was welcomed. The new structure will be implemented in phases from 1 April 2025.

- The entity's successful bid to host the 2026 International Network of Quality Assurance Agencies in Higher Education was welcomed.
- Delays in filling vacant funded positions at the entity remain a serious concern and might affect the future performance of the CHE.

5.1.8. Quality Council for Trades and Occupations

- The consistent excellent performance (92% achievement rate in 2023/24) and eight consecutive clean audits were commended. The Committee encouraged the entity to maintain its excellent performance and clean audits.
- A concern was expressed about the current QCTO funding model, which hindered its ability to reach its full potential in the PSET sector. For the 2023/24 fiscal year, the QCTO applied for R163 million but was allocated only R110.5 million. Compounding the funding challenge was the decreased DHET Grant, for 2023/24 was R20,2 million, down from R28.50 million in 2022/23.
- The positive report that the draft SETA grant regulations recommends an increase from 0,5 per cent to 1 per cent allocation to the QCTO and support from social partners at NEDLAC was welcomed. This will improve the entity's financial position if approved, though not fully.
- Notwithstanding notable improvements in the uptake of occupational qualifications, progress has remained slow, especially within the TVET sector, which is concerning given the current mismatch between skills supply and demand and between qualifications and occupations in high demand. Limited funding allocation by the Department for Occupational Programmes was noted as a major contributor to low uptake.
- The prolonged process of purchasing the office building, which started in 2019, was noted with concern as the entity lost out on the additional revenue it could have received by leasing part of the space. The concern was that property prices have increased since 2019.

5.1.9. South African Qualifications Authority

- The consistent excellent performance despite working under severe budget constraints was commended. The entity had a 92 per cent achievement rate of targets against the 2023/24 APP, which is an improvement from the 87.5 per cent achievement rate in 2022/23. The entity also obtained a clean audit. During the sixth Administration, the entity obtained four clean audits and one unqualified audit outcome with findings. The Committee encouraged the entity to maintain its excellent performance and clean audits and to begin measuring the impact of the achievements of targets on the lived realities of South Africans.
- The progress made by the entity in the implementation of the Automation and Digitization Project was commendable.
- The plans by the entity to venture into potential new sources of revenue through contract income for bulk verifications for Financial Institutions, research projects with local and international partners, provide consultation and training services to fellow African NQF Bodies and commercialization of data as a new business model were noted and welcomed.
- A concern was raised that the NQF MIS currently contains 70 per cent of the data required for the verification of national qualifications. As a result, qualifications need to be sought at institutional levels which can lead to delays.
- The Committee noted the reported court case brought by the SA School of Diplomacy challenging the QCTO, the Public SETA Service Education and Training Authority and the Minister of International Relations for the loss of income in relation to the decision to not grant them accreditation to offer 2 diplomatic qualifications. qualifications.
- The public outreach and advocacy campaigns undertaken by the entity to take the National Qualifications Framework (NQF) to the people were commendable.
- The underspending amounting to R29 million recorded by the entity during the year under review, which was due to delays in the filling of 11 funded vacancies, was noted with concern.
- The entity’s budget is not sufficient to meet its expanded mandate, and it still operates with limited personnel after retrenching 100 employees in 2021.
- The entity has been cited as a respondent in various court cases related to qualifications and labour relations matters, which could increase legal fees.

5.1.10. National Skills Fund

- A concern was expressed about the entity's repetitive underperformance of its annual performance indicators and targets. Over three consecutive financial years, the entity has achieved less than 25 per cent of its annual targets. The failure to achieve the targets is equated to denying many South African citizens, mainly young people, access to education and training, thus defeating the government's goal of addressing unemployment, poverty and inequality.
- A concern was raised that despite the reported corrective measures to address underperformance in the previous financial years, the same reasons for deviation in 2021/22 and 2022/23 were the causes for poor performance in 2023/24. This indicates that the corrective actions put in place were not adequately implemented and that consequence management was not implemented against officials who failed to implement the corrective actions in their respective function areas.
- Delays in the filling of vacancies, especially in the Skills Development Implementation (SDI), have resulted in capacity constraints, which impact the initiation and evaluation processes of applications and projects, and the nonachievements of targets were noted with serious concern.
- The dependency of the NSF on the DHET's Human Resource SCM, ICT, among others, has contributed to the delays in filling vacancies, which is the reason for capacity constraints. The ICT system of the NSF is not fit-for-purpose for the entity's needs, and delays in procurement were noted with concern.
- The third consecutive qualified audit opinion obtained by the entity after two disclaimers in 2019/20 and 2020/21 was concerning.
- Given the poor audit outcomes, poor performance and the inability to spend the allocated funds, the Committee remains concerned that the entity could turn around for the better to effectively execute its mandate.
- A concern was expressed that notwithstanding the development and implementation of the audit action plan, which the Committee monitored through quarterly progress briefings, most of the AG findings were repeat findings.
- The reported lack of an integrated system and capacity constraints that led to the delays in the implementation of the action plan were noted but not excusable, given that these were reasons for deviation in previous financial years.
- Delays in the finalisation of the investigation of the prior years' irregular expenditure amounting to R1,74 billion, including the slow pace in the implementation of the AG

recommendations to address the material irregularity, which has been ongoing since 2021/22, were concerning.

- The AG was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.
- The entity's inadequate monitoring of its skills development projects is among the key contributing factors that led to the misuse of funds meant to train young people. An example in which funds meant to train and empower young people in agricultural skills were paid into the business account of a chief in the North West Province and used for his benefit.
- A concern was expressed regarding the non-implementation of the Committee's recommendations regarding the blacklisting of 10 companies that were found to have been involved in fraud, money laundering, and misappropriation of skills development funds and not do business with Skills Development Providers that fail to submit performance reports.
- The Committee expressed disappointment with the redeployment of the NSF officials who were fingered in the Nexus Report to the Department, while others were allowed to choose between being demoted or suspended. It was further expressed about the Department's intention to institute a legal process to assess the legality of implementing the Nexus report internally.
- The Committee was also concerned that the Department appears to have been trying to protect the labour relations officials who allowed the 90-day rule to lapse before they could charge those implicated in the Nexus Report.
- The prolonged slow pace in the implementation of the recommendations of the Ministerial Task Review of the NSF, which delayed the review of the Skills Development Act to address the challenges brought by the pseudo-autonomous nature of the entity, is concerning.
- The undertaking by the Minister to convene a strategic session to review the current NSF organisational structure which is not fit-for-purpose was welcomed.

5.1.11. Services SETA

- The entity's achievement of 43 or 83 per cent of the 52 targets for the 2023/24 financial year was noted.
- A concern was expressed that the Services SETA has incurred an under-expenditure/surplus of R993,75 million, which represents 45.6 per cent of the total revenue for the 2023/24 financial year. Furthermore, spending on grants and projects decreased by R211,36 million from R1,03 billion spent in 2022/23.
- The significant increase in expenditure on consulting and professional fees by 82.6 per cent from R22,45 million in 2022/23 to R41,00 million was noted with concern.
- The 89 invoices (with a consolidated value of R11,796,966.29) that were not paid at the end of 31 March 2024 were noted with great concern because they have the potential of collapsing small businesses.
- The SSETA obtained the fifth consecutive qualified audit opinion for each of the five audit cycles. Notwithstanding the qualified audit opinion, the number of audit findings has drastically reduced, and the AG has not made material findings on the entity's performance information, which is commendable.
- The AGSA made serious findings against internal control deficiencies at SSETA and the failure of the entity's leadership to prevent recurring irregular expenditure. The Committee questioned the role and efficacy of the internal audit unit in independently and objectively evaluating the entity's governance and internal control processes and ensuring they operate effectively.
- A concern was expressed that despite the development and implementation of the audit action plan, which the Committee monitored through quarterly progress briefings, most of the AG findings on the annual financial statements were repeat findings from prior years.
- The reduced spending on staff welfare from R1,33 million in 2022/23 to R362 000.00 in 2023/24 despite that it was reported in the Annual Report that employees suffered from health and mental problems, which led to gross impairment in communication, absenteeism, inability to maintain social relationships and an increased number of disengaged employees was noted with great concern.
- Delays in the finalisation of the investigation of the prior years' irregular expenditure amounting to R1,74 billion, including the slow pace in the implementation of the AG recommendations to address the material irregularities, which have been ongoing since 2021/22, were concerning.

- The SSETA is again the top contributor to irregular expenditure of R243 million within the Higher Education and Training Portfolio, having incurred R193,13 million in irregular expenditure in 2023/24. A concern was raised regarding the R1,02 billion irregular expenditures that had not yet been dealt with.
- The SSETA is one of the top contributors to fruitless and wasteful expenditures (R4,28 million) not dealt with.
- The reduction in the discretionary grant commitment made by the previous Board from R5 billion to R2,5 billion was commendable.
- The entity embarked on a Learner Tracer Study during the year under review. The SSETA funded 9000 learners to undergo training in various SSETA skills development programmes. However, it is concerning that 7000 out of the 9000 learners could not be traced due to the unreliability of the entity's data collection system. The Committee was seriously concerned that SSETA could not account for 80 per cent of learners that received training from its programmes. These findings pointed to poor project monitoring and record keeping.
- The Werkmans Report on the irregularities in procurement processes and awarding tenders to certain companies was released in May 2023, however, the SSETA has not acted against the employees implicated in the report. More concerning is that another law firm was appointed to investigate the findings of the Werkmans Report. This demonstrated an intention to protect those who were fingered in the investigative report.

5.1.12. Safety and Security SETA

- SASSETA obtained a clean audit opinion for the fourth consecutive audit cycle and achieved 100 per cent of the 2023/24 APP targets. The Committee commended the entity for its financial prudence and strong internal controls environment. The Committee urged the entity to maintain these good practices and to avail itself for other entities to benchmark.
- The entity was commended for reducing its spending on consulting and professional fees. It was noted that it would be too costly for the entity to have the services of software developers in-house. It was cost-effective to procure these services as and when needed.

- The SETA was commendable for conducting six evaluations (tracer studies) and or impact studies focused on skills matters. The entity was requested to share the reports with the Committee.
- The payment of all (1 749) valid invoices received with a total value of R349 205 310 within 30 days was commendable. The entity is encouraged to maintain this good practice.
- A concern was expressed that SASSETA incurred irregular expenditure amounting to R1,210 million due to non-compliance by the Department of Higher Education and Training (DHET) in the appointment of certain Accounting Authority members.
- The irregular expenditure of R46 000.00 incurred by the entity during the year under review was a concern. The swift action taken by the entity to recover R28 59.00 in respect of services not rendered was noted and welcomed.
- The court cases brought by private training providers seeking to interdict the development of new occupational qualifications to replace pre-2009 qualifications were noted with great concern as this would impact the work of the QCs and the SETAs to develop programmes that are responsive to the skills needs of the country.
- The Committee noted the report that the court extended expired qualifications with learner enrolment and implored the Minister to gazette this extension.

5.1.13. Northern Cape Urban TVET College

- A concern was expressed about the College management positions (Principal, Deputy Principal Finance and Deputy Principal Academic) filled on an acting basis. The moratorium placed on the filling of vacancies due to the implementation of the Post-Provisioning Norms (PPN) and the halting of the filling of academic posts due to the introduction of new programmes was noted with concern as they have created capacity constraints within the College.
- The position of Regional Manager, Northern Cape and Western Cape was also filled on an acting basis. The current acting Regional Manager has been acting in the position for over two years. The Committee questioned the reasons for the delays by the Department in filling this position on a substantive basis.
- It was noted with concern that the PPN process has not been finalised. The College Implementation Committee has not been in session for approximately three years, and the structure has been approved.

- The report that the College has had no Labour Relations Officer (LROs) since the resignation of two LROs in 2019 and that there is currently no one to handle labour-related matters remains a concern.
- Concern was expressed about the underspending of R580 million in the past two financial years, mainly from the compensation of employees, while vacant posts remained unfilled.
- The appointment of Mr Jacobs, the former CFO of the Northern Cape Urban TVET College as the Chief Financial Officer of a college in the Western Cape was noted with serious concern given that the Northern Cape Urban TVET College obtained three consecutive qualified audit opinions (2021/22, 2022/23 and 2023/24). The Committee is not convinced that he will do better in his new employment.
- The College has an interim Council Chairperson while the appointment process of some Council members is underway. The allegation that some Council members are serving for the third term was noted with serious concern.
- It was noted with concern that the College contested the AG's report that was tabled before regarding its non-responsiveness to its invitation to make a written submission on the actions taken to address the material irregularity. The College claimed to have made written submissions to the AG and was awaiting its response, however, the AG refuted these claims. The AGSA had to exercise its expanded mandate as per the Public Audit Act, 2004 by reporting the college to The Directorate for Priority Crime Investigation (HAWKS); however, the case is pending. The Committee was of the view that the College's attitude was disrespectful to the mandate of a Chapter 9 institution. The Committee also cautioned the College against willfully making statements that were false or misleading.
- The delays by the College in implementing the AG's recommendations to address the material irregularities and recover lost funds were concerning.
- The College obtained a qualified audit opinion for the third consecutive audit cycle. Of great concern was the non-compliance with legislation in the preparation of annual financial statements, internal control deficiencies, and the reported lack of financial discipline at the College as reported by the AG.
- The alleged exorbitant spending amounting to R12,5 million on the construction of the campus entrance when the funds should have been spent on the core mandate, teaching and learning was concerning.

- The College incurred a deficit of R28,03 million during the period under review.
- A concern was raised about organised labour's claim that there is no transparency in the College as the Council and Management have not made public the Annual Reports. The last Annual Report was made public in 2018. The organised labour representative indicated that it was the first time he had heard that the College had an Annual Report, and such an important document had not been shared with the College's stakeholders.
- The Committee noted organised labour's concern that it is not represented on the College Council.
- The college underperformed in terms of its target for placement of learners and lecturers into workplaces for work-integrated learning and workplace exposure. Out of the 80 students and 20 lectures that were meant to get industry experience, none were placed, and the primary reason provided was that there were limited workplaces in the Northern Cape. It was concerning that the target was not achieved despite the College having signed 20 partnerships with industry partners for lecturer and student placements.

6. CONCLUSION

During this period under review, the Department had a budget of R130,25 billion and spent R130,13 billion or 99.9 per cent of the allocated funds. The Department incurred underspending amounting to R117,18 million or 0.4 per cent on the voted funds. Underspending was mainly in the compensation of employees (R71,43 million), payments for capital assets (R34,19 million) and goods and services (R11,53 million). The expenditure was dominated by transfers and subsidies, and employee compensation.

The Department applied virements amounting to R23,72 million from three programmes, 2: Planning, Policy and Strategy, 4: TVET and 5: Skills Development to P1: Administration and P3: University Education. Notably, 95 per cent or R22,54 million of the funds were shifted to programme 1: Administration. Virements were applied to finance excess expenditure required in Programme 1: Administration in relation to Office Accommodation and Computer Services, while the Virement to Programme 3: University Education was mainly necessitated to fund a shortfall in Stipend Payments to International Scholarship Students.

The Department achieved 51 per cent of the 110 2023/24 APP targets, representing a decrease of 4 per cent from a 55 per cent achievement rate in 2022/23. It also obtained an unqualified audit outcome for the period under review. Notably, the AG's findings on the annual performance report are recurring, which is a concern.

The Committee is concerned about the audit outcomes of the Higher Education Portfolio which have not shown much improvement. Of concern were entities that remained qualified, such as the Services SETA, NSF, Transport Education and Training SETA, including the outstanding audits the National Student Financial Aid Scheme (NSFAS) 2022/23 and 2023/24, merSETA, Construction Education and Training Authority (CETA), Coastal TVET College, University of South Africa (UNISA) 2022/23 and 2023/24, University of Fort Hare, and Vaal University of Technology (VUT).

While the Committee noted the decrease in irregular expenditure incurred within the Portfolio from R475 million in 2022/23 to R243 million in 2023/24, it was concerned about the R3.43 billion of irregular expenditure from prior years, which has not been dealt with. Services SETA and the NSF are among the top contributors to irregular expenditures of R3,42 billion not dealt with. Services SETA and the NSF are also among the top contributors to R119,59 million in fruitless and wasteful expenditures not dealt with.

The Committee noted and commended the efforts of the quality Councils, CHE, QCTO and SAQA, including the Safety and Security SETA, for maintaining excellent performance and clean audit outcomes. These entities have good governance structures and management that are committed to ensuring that funds invested in their entities are effectively and efficiently utilised to meet the developmental needs of South Africa.

The Committee was seriously concerned about the state of affairs of the Northern Cape Urban TVET College. Almost the entire management of the College was appointed on an acting basis. The financial management of the College is very concerning. The Committee urged the Minister to intervene to restore governance and management at the College.

7. RECOMMENDATIONS

The Committee, having assessed the 2023/24 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training, and the Minister of Finance consider the following:

7.1. Department of Higher Education and Training

7.1.1. Programme 1: Administration

- The Department should accelerate the process of filling funded vacant posts to mitigate the recurring underspending on compensation of employees and capacity constraints.
- The Department should review its process in terms of managing the process for filling senior management positions at TVET colleges. Prolonged delays in filling these posts in TVET colleges affect their operations.
- The Department should ensure adherence to the recruitment, selection and appointment of candidates, especially senior management posts in PSET institutions. The appointment of candidates with a history of misconduct should be halted.
- The Department should address capacity challenges within the Labour Relations Units of PSET institutions to ensure timely processing of misconduct cases.
- The Department should interact and partner with departments and entities such as the National Youth Development Agency (NYDA), the Department of Women, Youth and Persons with Disabilities, the Department of Small Businesses and organisations of people living with disabilities on the procurement opportunities available in the DHET for women, youth and persons with disabilities.

7.1.2. Planning, Policy and Strategy

- The Department should improve its oversight and monitoring of PSET institutions so that it can detect governance and management lapses, that continue to affect sector stability early.
- The Department should expedite the review and tabling in Parliament of the Skills Development Act, 1998, as amended, to address the current governance model of the entity, including areas of overlap and duplication with the SETAs and the National Skill Authority. The Department should accelerate the process of reviewing other legislation in the PSET sector so that they can be updated, including the Continuing Education and

Training Act (CET Act), to ensure that organized labour is included in the composition of the College Councils.

- The Department should review its planning processes to develop realistic targets that are specific, measurable, achievable, relevant and time-bound. The Department should also ensure that there is sufficient capacity for both human resources and financial to support activities to achieve the planned targets.
- The Department should ensure that consequence management is implemented against employees in the PSET sector who are involved in misconduct of any nature.
- The Department should develop strategies to improve coordination and foster a culture of integration among the PSET institutions. This will help reduce duplication and overlap between the programmes that are offered by different PSET institutions, including financial wastage.
- The Department ensures that outstanding audits of the National Student Financial Aid Scheme (NSFAS) 2022/23 and 2023/24, merSETA, Construction Education and Training Authority (CETA), Coastal TVET College, University of South Africa (UNISA) 2022/23 and 2023/24, University of Fort Hare, and Vaal University of Technology (VUT) are submitted.

7.1.3. University Education

- The Department should provide additional support to NSFAS so that the entity can implement the loan scheme intended to fund missing middle students at PSET institutions.
- The Department should hold universities accountable for not meeting their target of enrolment of students as this affects the performance of the Department.
- The Department should closely monitor the universities that have been experiencing governance and management lapses to ensure that the quality of teaching and learning is not compromised.

7.1.4. Programme 4: Technical and Vocational Education and Training

- TVET colleges need support from the Department in terms of establishing more partnerships with industry to improve the placement of students for work-integrated learning and lecturers to be exposed to the latest industry trends.
- The Department should expedite the process of clearing the certification backlog of Diplomas in the TVET sector to enable students to access employment and other training opportunities.
- The Department should provide additional funding to colleges to expand the offering of occupational programmes.
- The Department should improve its capacity development programmes for college lecturers to improve certification and throughput rates in the TVET sector. Additionally, TVET College should strengthen student support services to improve completion rates.
- The majority of TVET college students come from low-income families and depend on the NSFAS bursaries for their education. Thus, the Department should ensure that TVET colleges improve on the administration of NSFAS funding so that students can receive their allowances from the beginning of the academic year.

7.1.5. Programme 4: Skills Development

- The Department should expedite the process of assessing the performance of individual SETA Board members to ensure that Board members who did not perform their fiduciary duties are not re-appointed into the new SETA Boards for 2025 – 2030.
- The Department should consider the process of partnering underperforming SETAs with those with good governance and management to share best practices.
- The Department should ensure that SETAs align their budgets with their annual performance plans (APPs) to reduce underspending on skills development programmes.
- The Department should analyse the surpluses retained by the SETAs and the NSF to assess whether there is an alignment to the projects committed to ensuring efficient utilization of these reserves, including the possibility of reprioritisation of funds to PSET institutions that are financially constraint.

7.1.6. Programme 6: Community Education and Training

- The CET branch should improve its spending of the allocation to infrastructure development and maintenance in the sector.

- The CET branch is severely underfunded, with over 90 per cent of its R3 billion budget being allocated for the compensation of employees. Thus, the Department should review the funding model of CET College so that they can realise their full potential in the PSET landscape.
- The Department working with the Department of Public Works and Infrastructure should expedite the process of acquiring or converting under-utilised public infrastructure so that more community learning centres (CLCs) can have dedicated spaces for teaching and learning and introduce occupational skills.
- The programmes of CET colleges should be aligned with the rest of the PEST landscape so that CET learners can articulate to other PSET institutions.
- The Department should develop strategies to ensure that CET colleges offer programmes that are aligned with the needs of the communities they serve.

7.1.7. Council on Higher Education

- In light of the expanding mandate and scope of work of the CHE, additional funding should be considered for the entity to implement its new fit-for-purpose organisational structure that matches the work that needs to be done; make progress in implementing its Digital Transformation Strategy and carry out the increased scope of work.
- The CHE expedites filling funded vacant posts to address capacity constraints that impact the ability to perform its functions.

7.1.8. Quality Council for Trades and Occupations

- The QCTO’s funding model requires urgent attention, especially in light of the QCTO's expanding mandate, particularly regarding its work with TVET and community education and training (CET) colleges, as well as the revocation of quality assurance functions previously delegated to the SETAs.
- Funding should follow the function when the QCTO takes over the delegated quality assurance function from the SETA Education and Training Quality Assurance (ETQA).
- The QCTO expedites the re-negotiations of the “offer to purchase” the office building with the landlord.

- The Department needs to assist TVET colleges with additional funding to improve the uptake of occupational qualifications developed by the QCTO, which are in demand in the industry.
- The QCTO accelerate the process of filling all funded vacant positions during the 2024/25 financial year to enhance its capacity.

7.1.9. South African Qualifications Authority

- The Minister ensures that all institutions upload outstanding learner achievements on the NQF MIS to enable SAQA to conduct verifications. Consequence management should be implemented against non-compliant institutions.
- SAQA implements the identified new sources of revenue services, namely, contract income for bulk verifications for Financial Institutions, research projects with local and international partners, consultation and training services for fellow African NQF Bodies and data commercialization.
- For every position advertised in the government, SAQA should be the entity that conducts verification and issues verification certificates.
- Public outreach and advocacy campaigns undertaken by the entity to take the National Qualifications Framework (NQF) to people should also be extended to rural areas.
- SAQA expedites the filling of all funded vacant positions to improve capacity.
- The Minister must gazette the extension date of the pre-2009 expired qualifications with learner enrolments.
- The Minister expedites the appointment of the SAQA Board Chairperson.
- Additional funding over the MTEF period (2025/26 – 2027/28) should be considered to:
- Enable SAQA to fund automation and digitisation; verification of South African qualifications and the NQF Chair (Research); and implement the phased-in approach of the automation Project Phoenix.

7.1.10. National Skills Fund

- The NSF should address delays in project initiation, and evaluation, poor project management and coordination, and inadequate project monitoring, evaluation and reporting, resulting in targets not achieved, lack of supporting evidence for reported performance and payments, and non-submission of reports by Skills Development Providers.

- The NSF fills vacant positions with incumbents with relevant qualifications, skills, and competencies to address capacity challenges and ensure that functions are well performed at all levels.
- Consequence management be meted out against the NSF officials who furnished the Minister with incorrect information on the number of vacant positions within the entity.
- The Department closely monitors and ensures that the NSF implements the recommendations of the AG to address material irregularity and recoup funds lost due to the entity approving and paying for three modules twice, resulting in non-compliance with section 57(b) of the PFMA.
- The NSF expedites investigations into irregular expenditure in prior years amounting to R1,74 billion and, where necessary implements consequence management by 31 March 2025.
- The NSF expedites investigations into fruitless and wasteful expenditure amounting to R73,03 million and where necessary ensures that consequence management is meted against officials responsible by 31 March 2025. The entity should submit quarterly progress reports to the Committee.
- The Department expedites the process of the review and tabling in Parliament of the Skills Development Act, 1998, as amended, to address the current governance model of the entity, including areas of overlap and duplication with the SETAs and the National Skill Authority.
- A turnaround strategy should be developed and implemented to address poor performance, including consecutive poor audit outcomes.
- Proper recording-keeping systems should be developed and implemented to ensure that all records are available when needed, especially for audit purposes.
- The NSF expedites the enhancement of its ICT systems, including the State Information Technology Agency (SITA) procurement of a service provider to reconfigure MS Dynamics.
- The NSF benchmarks other SETAs, such as the Safety and Security SETA, that have proper financial management and strong internal controls environments.
- The NSF should address the delays in the implementation of the Ministerial Task Team Report in the Review of the NSF and the Nexus Report recommendations.

- The NSF establishes and capacitates its own Supply Chain Management Unit to limit its dependency on the DHET SCM that has delayed procurement and adversely affected the NSF.
- The Department working with the NSF should ensure the blacklisting of 10 companies that were found to have been involved in fraud, money laundering, and misappropriation of skills development funds, including their directors. Additionally, Skills Development Providers that fail to submit performance reports should be blacklisted from doing business with the entity.
- The Minister reports to the Committee, the outcomes of the strategic session to review the NSF organisational structure.

7.1.11. Services SETA

- Expedites investigations into irregular expenditure from prior years amounting to R1,02 billion and implements consequence management where necessary by 31 March 2025.
- The SETA should put in place mechanisms to address the causes of underspending.
- Expedites investigations into fruitless and wasteful expenditure and, where necessary, ensures that consequence management is meted against officials responsible by 31 March 2025. The entity should submit quarterly progress reports to the Committee.
- A turnaround strategy should be developed and implemented to address poor audit outcomes.
- Proper recording-keeping systems should be developed and implemented to ensure that all records are available when needed, especially for audit purposes.
- The SETA should build in-house capacity to reduce its reliance on consultants and other professionals.
- The SETA should put in place systems to ensure that all valid invoices received from suppliers are paid within 30 days of receipt.
- The SETA expedites the implementation of the recommendations of the Werkmans Report in relation to irregularities in procurement processes and the awarding of tenders to certain companies.

- The SETA AA should ensure that oversight responsibility regarding financial reporting and compliance is adequately exercised to ensure that the controls can prevent or detect internal control deficiencies.
- Consequence management should be meted out against officials who fail to implement audit action plans in their areas of work.

7.1.12. Safety and Security SETA

- The Minister ensures that the appointment processes of the new members of the SETA Accounting Authorities are compliant with prescripts to prevent SETAs from incurring irregular expenditures due to non-compliance by the Department in the appointment of certain Accounting Authority members.
- SASSETA should undertake more outreach programmes and advocacy campaigns targeting rural and marginalised communities. The entity should also increase the number of its safety and security skills programmes in rural areas so that young people can be reached.
- SASSETA avail itself to share best practices with other SETAs that are not performing well and have received poor audit outcomes.
- SASSETA develops and implements occupations in high demand related to artificial intelligence in the safety and security sector.

7.1.13. Northern Cape Urban TVET College

- The Department expedites the filling of vacant positions at the College and ensures that the institution is adequately capacitated to execute its mandate.
- The Department expedites the process of filling the position of the Regional Manager at the Northern Cape and Western Cape on a substantive basis.
- The Department ensures that the PPN processes of the College are implemented as required.
- The Department expedites the process of the appointment of the College Council.
- The Department should ensure that the College Labour Relations Officers are appointed.

- The Department ensures that the recommendations of the Commission for Gender Equality (CGE) are implemented by the college. Quarterly progress reports should be submitted to the Committee.
- All outstanding policy reviews, especially gender-transformation-related policies, should be attended to.
- The College Council and its management should be transparent and share information with the stakeholders, for example, Annual Reports, which are public documents.
- The College should submit a correspondence with the AG concerning material irregularity.
- An independent investigation into the infrastructure development projects should urgently be undertaken.
- Given the current governance and management challenges, including poor audit outcomes over three financial years, the Minister should consider placing the College under administration.
- The College implements the AG's recommendations to address the material irregularity and recover lost funds.
- The Department investigates and addresses the concerns raised by the College's organized labour.

Report to be considered.