Budgetary Review and Recommendation Report (BRRR) of the Portfolio Committee on Higher Education, Science and Innovation on the 2021/22 Annual Report of the Department of Higher Education and Training and Entities, Dated 04 November 2022

The Portfolio Committee on Higher Education, Science and Innovation (hereinafter the Committee), having considered the 2021/22 financial and non-financial performance of the Department of Higher Education and Training (hereinafter the Department), the Quality Council for Trades and Occupations (QCTO), the South African Qualifications Authority (SAQA) and the Council on Higher Education (CHE), 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 to 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 on the effectiveness and efficiency of the department's use and allocation of available resources; and may include 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
This report aims to account 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.

1.3. Method
In preparation for the review process of the 2021/22 Annual Reports, the Committee had briefing sessions with the Financial and Fiscal Commission (FFC) on the overview of funding and performance of the Department and its entities and the Auditor-General of South Africa (AGSA) on the 2021/22 audit outcomes of the Higher Education and Training Portfolio. The Committee further held briefings with the Department on 12 October 2022 and, QCTO, SAQA and CHE on 14 October 2022 on their 2021/22 Annual Reports.

2. RELEVANT POLICY FOCUS AREAS
2.1. National Development Plan (NDP)
The NDP identifies the decent work, education and capacity of the state as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to education and training of the highest quality. The education, training and innovation system should cater for different needs and produce highly skilled individuals; and 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:
* 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

- A 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. 2**019 – 2024 Medium-Term Strategic Framework (MTSF)**
The 2019 – 2024 MTSF is a five-year strategic plan of 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 as outlined in the MTSF Priority 3: Education, Skills and Health. For the 2020 – 2025 planning period, the Department will focus on these outcomes as follows:

- **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) 2030
The NSDP aims to ensure that South Africa has adequate, appropriate, and high-quality skills that contribute towards 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 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. 2021 State of the Nation Address (SONA)
In February 2021, the President, Mr Ramaphosa addressed the South African citizens during his State of the Nation Address. The President's SONA focussed on the following:

- To defeat the Coronavirus (COVID-19) pandemic;
- To accelerate economic recovery;
- To implement economic reforms to create sustainable jobs and drive inclusive growth; and
- Fight corruption and strengthen the State.

One of the key focus areas of the February 2021 SONA was inclusive growth, which addresses critical priorities for the Higher Education and Training sector. There has been a steady improvement in the reach of education; although it is acknowledged that it is inadequate. The continued focus on inclusive growth is about the critical actions that are required to build a capable state and place the economy on the path to recovery. The Department and its entities are required to implement programmes to contribute to the acceleration of economic recovery.

3. RESPONSE TO THE PREVIOUS FINANCIAL YEAR RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE AND THE SELECTED 2022/23 BUDGET VOTE 17 REPORT RECOMMENDATIONS
3.1. 2021 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 section 5(2), 6(7) and 6(12). Accordingly, the Report of the Minister of Finance was tabled to Parliament.

Below are responses from the Minister of Finance to the Committee's 2021 Budgetary Review and Recommendation Report (BRRR) of the Committee.

- The Committee noted that with the current funding for ministerial approved programmes at 62 per cent, the department will not be able to meet the enrolment target as per the National Development Plan (NDP). The committee recommended that consideration be made toward progressively injecting additional funds to achieve the 80 per cent funding.

Minister of Finance's response: The National Treasury acknowledges this recommendation. In light of the limited resources available to Government, the Department of Higher Education and Training has had to tailor enrolment funding for the technical and vocational education and training colleges to align it to the funding available. Should the government's fiscal position improve, the department will be considered for additional resources.

The Committee notes the response.

- The Committee recommended additional funding towards Community Education and Training (CET), especially given the high rate of youth unemployment and the growing number of youths not in education, employment or training.

Minister of Finance's response: The National Treasury shares the committee's concern about the high rate of youth unemployment and the need to provide opportunities for young people. At present, enrolment at CET colleges is relatively low because of low demand rather than limited funding. Improving efficiency, including providing more relevant courses, is likely to encourage more young people to enrol at CET colleges.

- The Committee implored the National Treasury to consider additional funding for the National Student Financial Aid Scheme (NSFAS) to avert the instability and unfortunate loss of lives experienced at the beginning of the 2021 academic year.

Minister of Finance's response: Cabinet is engaging with input from the Ministerial Task Team on Student Funding to find a sustainable solution to the increasing demand to provide fee-free higher education funding. Funding of the current model has been supplemented by an additional allocation of R32,6 billion over the medium term.

The Committee welcomed the additional funding for student funding, which will bring stability within the sector and will further ensure that guidelines for the DHET Bursary to guide the allocation of funds are published on time.

- The Committee requested that consideration for additional funding should be made to increase the administrative expenditure of the NSFAS as the current administrative budget imposes limitations on the improvements that the Scheme can implement to improve efficiencies, including ICT challenges.

Minister of Finance's response: The Department of Higher Education and Training has reprioritised R65 million from savings on unfilled posts in 2021/22. The funds will be used by NSFAS to address its information and communications technology challenges. Further savings may be found by addressing inefficiencies in NSFAS's current operations.

The Committee welcomed the reprioritisation of R65 million towards NSFAS administration to address the ICT-related challenges. However, NSFAS has reported that it has requested R200 million to effect necessary improvements in the ICT systems and processes and to ensure that the systems are fit for purpose.

- The Committee recommended that the National Treasury considers the South African Qualifications Authority (SAQA)'s request for additional funding so that the entity can fulfil its mandate and deliver services within the set turnaround times.

Minister of Finance's response: The Department of Higher Education and Training has reprioritised funding from its baseline to allocate an additional R10,6 million to SAQA over the medium-term expenditure framework (MTEF) period.

The Committee welcomed the additional allocation to SAQA over the 2022/23 MTEF period to implement its digitisation and automation projects.

3.2. 2022/23 Committee Budget Vote 17 Report

Summary of the selected 2022/23 Committee Budget Vote 17 Report Recommendations

The Committee considered the 2022/23 Annual Performance Plans (APP) and budgets of the Department of Higher Education and Training and entities and recommended, amongst others, the following:

3.2.1. The Department expedites the filling of vacant positions within the stipulated timeframe, including the DDG University Education. The filling of vacant positions will assist the Department in meeting its service delivery requirements and related performance indicators and targets.

3.2.2. The Department considers adding more specific and actionable targets in the implementation of the Gender Equality and the GBV Policy Framework for the PSET system. Mainstreaming of the Department's response to GBV will contribute significantly to the fight against the scourge in the PSET sector, this would require the requisite funding in line with advancing gender-responsive budgeting.

3.2.3. The Department expedites the development of a sustainable student funding model of the PSET system so that students from the missing middle bracket are assisted with funding to access higher education institutions.

3.2.4. The development and expansion of student accommodation infrastructure in the TVET sector be prioritised, and capacity-building initiatives are implemented to assist the management of TVET colleges with the necessary skills required to utilise the Infrastructure Efficiency Grants (IEG) earmarked for infrastructure expansion and maintenance.

3.2.5. The Department expedites the improvement of students' placement into workplace or industry to acquire the necessary work-based learning to complete their qualifications. Equally, the industry needs to absorb more students to participate in work-integrated learning programmes to obtain the necessary experience required to complete their qualifications.

3.2.6. Dedicated funding be considered to assist INDLELA Trade Test Centre to operate efficiently and effectively in the training and development of artisans required to build and sustain the economy.

3.2.7. The Department ensures that the resolutions coming out of the Ministerial CET Summit are implemented to position CET colleges as institutions of choice for the provision of skills programmes.

3.2.8. NSFAS expedites the payment of tuition and residence fees to institutions so that institutions and private accommodation providers can cater for the needs of students in student residences.

3.2.9. The CHE, working with WSU, ensures that all students who have been negatively affected by the allegations in relation to the offering of unaccredited qualifications by the University are provided with the necessary support.

3.2.10. The Department ensures that additional funding is allocated to improve the financial sustainability of SAQA over the medium term to the long term.

3.2.11. The Minister expedites the filling of the vacant position of the Board Chairperson and other vacancies in the QCTO Council.

3.3. Overview and assessment of the Department's 2021/22 financial performance

3.3.1. Overview and assessment of the 2021/22 budget and expenditure

Table 1: 2021/22 budget allocation and expenditure

APPROPRIATION PER PROGRAMME	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Administration	470 390	432 579	37 811	92.0%
Planning, Policy and Strategy	256 107	239 290	16 817	93.4%
University Education	81 922 997	81 890 537	32 460	100.0%
Technical and Vocational Education and Training	12 461 484	12 276 828	184 656	98.5%

Skills Development	414 043	392 042	22 001	94.5%
Community Education and Training	2 363 984	2 183 734	180 250	92.2%
Total: Departmental Voted Funds	**97 889 005**	**97 415 010**	**473 995**	**99.5%**
Statutory Appropriation (National Skills Fund and SETAs	**19 011 610**	**19 011 610**	**-**	**100.0%**
Total	**116 900 615**	**116 426 620**	**473 995**	**99.6%**

Source: DHET (2021/22 Annual Report

The Department's total final appropriation for the 2021/22 financial year amounted to R116,90 billion, comprising of R97,88 billion of voted funds and R19,01 billion from direct charges against the National Revenue Fund. The budget excludes revenue amounting to R21,54 million from Departmental receipts and aid assistance. The Department had spent R116,42 billion or 99.5 per cent of the allocated funds at the end of the financial year. Underspending, excluding direct charges, amounted to R437,99 million or 0.4 per cent (R397,46 million in 2020/21) from the voted funds. The under-expenditure, however, has not negatively impacted the Department's programmes and service delivery processes. Notably, programmes 4: TVET and 6: CET had a combined underspending amounting to R364,90 million (R374,41 million in 2020/21), representing 76.9 per cent of the total underspending on voted funds.

The bulk of the underspending amounting to R450,35 million or 95.0 per cent (R350,24 million in 2020/21) of the total underspending was on compensation of employees. Underspending on goods and services amounted to R12,67 million, constituting the second largest underspending. However, the underspending on goods and services had decreased significantly from R45,11 million in 2020/21 to R12,67 million in 2021/22.

3.3.2. Expenditure per economic classification

Table 2: 2020/21 allocation and expenditure per economic classification

APPROPRIATION PER ECONOMIC CLASSIFICATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Current payments	10 220 860	9 757 833	463 027	95.5%
Compensation of employees	9 633 486	9 183 130	450 356	95.3%
Goods and services	587 374	574 703	12 671	97.8%
Transfers and subsidies	106 661 122	106 658 146	2 976	100.0%
Payments for capital assets	17 993	10 003	7 990	55.6%
Payment for financial assets	640	638	2	99.7%
Total	116 900 615	116 426 620	473 995	99.6%

Source: DHET (2021/22) Annual Report

During the period under review, the Department had spent R9,18 billion (R9,22 billion in 2020/21) or 95.3 per cent on compensation of employees against the available budget of R9,63 billion, recording an underspending amounting to R450,35 million or 4.7 per cent. Notably, underspending on compensation of employees, increased exponentially by R100,11 million from R350,24 million in 2020/21. The increase in the underspending was ascribed to natural attrition, unfilled vacancies, implementation of Post Provisioning Norms for TVET colleges which has not taken place as planned and implementation of the standardisation of CET not taking place as planned. Unspent funds related to vacant posts in the Department posts on the staff establishment were not filled timeously, as projected.

In terms of goods and services, the Department had spent 97.8 per cent or R574,70 million (R396,53 million in 2020/21) against the budget of R587,37 million. The Department recorded an underspending amounting to R12,67 million, which was ascribed to slower than projected expenditure due to the COVID-19 pandemic and that some activities were suspended/delayed. Some savings were realised on travel and subsistence, printing and stationery due to virtual meetings, virtual workshops, and officials working from home.

The high-cost drivers in goods and services were computer services (R117,01 million), operating leases (R100,04 million), operating payments (R100,83 million), travel and subsistence (R89,73 million), and training and development (R43,04 million).

In terms of expenditure on transfers and subsidies, the Department spent R106,65 billion or 100 per cent, against a budget of R106,66 billion. The underspending on transfers and subsidies amounted to R2,97 million. The expenditure on payment for capital assets amounted to R10,0 million or 56.6 per cent of the available budget, thus recording an under-expenditure amounting to R7,99 million.

The Department applied virements amounting to R43,78 million. Virements were applied from three programmes as follows: R2,24 million from University Education to Administration, R4,55 million from Skills Development to Administration, R16,27 million from Skills Development to Planning, Policy and Strategy, R15,17 million from Skills Development to TVET and R5,53 million from CET to TVET.

The Department reported that the need for the virement to Programme 1: Administration was to finance excess expenditure on Office Accommodation, while the virement to Programme 2: Planning, Policy and Strategy was mainly required to fund an increase in the transfer to Higher Health in adequately addressing COVID-19 regulations in Community Education and Training and for preventative activities in relation to Gender-Based-Violence, as well as SAQA for the automation and digitisation of its manual processes. The virement to Programme 4: Technical and Vocational Education and Training was intended to fund a budget shortfall on the Examinations and Assessment sub-programme. Funds that were shifted from Goods and Services were mainly realised on slower-than-expected operational expenditure in various programmes, as well as for the Indlela Recapitalisation project in Programme 5: Skills Development and the development of a Finance Model in Programme 6: Community Education and Training. Savings on Compensation of Employees was apparent mainly due to vacant posts on the Departmental Staff Establishment that could not be filled as planned and concomitant savings resulting therefrom, as well as the non-implementation of the Post-Provisioning Norms in TVET colleges.

The virements effected by the Department were approved by the Accounting Officer in terms of Section 43 of the PFMA and thereafter, reported to the Minister and National Treasury as required.

3.3.3. Overview and assessment of expenditure per programme

3.3.3.1. Programme 1: Administration
The purpose of this Programme is to provide strategic leadership, management and support services to the Department.

The programme's 2021/22 final appropriation amounted to R470,39 million (R412,18 million in 2020/21). Expenditure at the end of the year amounted to R432,57 million or 92 per cent against the available budget, with lower-than-projected spending amounting to R37,81 million. The bulk of the underspending was incurred in three sub-programmes as follows: R24,36 million: Corporate Management Services, followed by R6,77 million: Office of the Chief Financial Officer and R6,35 million: Departmental Management. The underspending on compensation of employees and goods and services amounted to R33,95 million (R9,84 million in 2020/21) and R1,05 million (R1,72 million in 2020/21), respectively.

The under-spending was due mainly to attrition posts that became vacant during the year that could not be filled as projected and the concomitant savings on administrative expenditure. The low spending on machinery and equipment is due to delayed invoices for software and other intangible assets as well as the unavailability of computer equipment during the financial year. Savings were realised on travel and subsistence, printing and stationery due to COVID-19 pandemic restrictions.

3.3.3.2. 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 2021/22 amounted to R256,10 million (R195,12 million in 2020/21). Expenditure at the end of the year amounted to R239,29 million or 93.4 per cent against the available budget. The programme recorded an underspending amounting to R16,81 million (R3,80 million in 2021/22). The bulk of the underspending is in sub-programme 6: Social Inclusion and Quality at R7,55 million, followed by R3,34 million in sub-programme 4: International Relations and R3,12 million sub-programme 3: Policy, Planning, Monitoring and Evaluation. Underspending on compensation of employees and goods and services amounted to R15,05 million and R499 000, respectively. The underspending on transfers and subsidies amounted to R1,02 million.

The under-spending is due mainly to attrition posts that became vacant during the year and could not be filled as projected and concomitant savings on administrative expenditure as well as the suspension of planned trips and activities that were suspended due to the COVID-19 pandemic. Savings were realised on the transfer to the Commonwealth of Learning due to a favourable Rand/Euro exchange rate.

3.3.3.3. Programme 3: University Education
The Programme develops and coordinates the policy- and regulatory framework for an effective and efficient university education system.

The programme's final appropriation in 2021/22 amounted to R81,92 billion (R78,36 billion in 2020/21). Expenditure at the end of the year amounted to R81,89 billion or 100 per cent of the available budget, with lower than projected spending of R32,46 million. The bulk of the underspending amounting to R29,89 million and R1,86 million was recorded on compensation of employees and transfers and subsidies, respectively.

The underspending is due mainly to posts on the staff establishment that were not filled as projected and the concomitant savings on administrative expenditure. Planned monitoring and oversight visits were suspended due to COVID-19 restrictions. Virtual meetings, workshops and officials working from home replacing actual visits resulted in savings on travel and subsistence, printing and stationery.

3.3.3.4. Programme 4: Technical and Vocational Education and Training (TVET)
The purpose of this programme is to plan, develop, implement, monitor, maintain and evaluate national policy, programmes, assessment practices and systems for TVET.

The programme's 2021/22 final appropriation amounted to R12,46 billion (R12,59 billion in 2020/21). Expenditure at the end of the year amounted to R12,27 billion or 98.5 per cent against the available budget, with lower-than-projected spending amounting to R184,65 million (R124,47 million in 2020/21). The bulk of the underspending at R135,89 million was incurred in sub-programme 2: TVET System Planning and Institutional Support 4: National, followed by sub-programme 6 at R24,24 million and sub-programme 4: Examinations and Assessment at R16,95 million. The underspending on compensation of employees and payments for capital assets amounted to R179,34 million and R4,25 million, respectively.

The under-expenditure is due mainly to vacant funded posts not being filled as projected and the implementation of the post-provisioning norms for TVET colleges not taking place as planned. The low spending on computer equipment is due to the unavailability of computer equipment during the financial year.

3.3.3.5. 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.

The programme's total appropriation for the 2021/22 financial year amounted to R414,04 million (R275,10 million in 2020/21). Expenditure at the of the year amounted to R392,04 million or 94.7 per cent of the available budget, recording lower than projected spending of R22,0 million (R1,35 million in 2020/21). The bulk of the underspending amounted to R12,41 million on compensation of employees and R9,08 million on goods and services, followed by R413 000 in payments for capital assets.

The under-spending is due mainly to attrition posts that became vacant during the year and could not be filled as projected and the concomitant savings on administrative expenditure and a delay in

artisan testing at INDLELA due to the COVID-19 pandemic. The low spending on computer equipment is due to the unavailability of computer equipment during the financial year. Virtual meetings, workshops and officials working from home replacing actual visits resulted in savings on travel and subsistence, printing and stationery.

3.3.3.6. 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.

The programme's 2021/22 final appropriation amounted to R2,36 billion (R2,25 billion in 2020/21). Expenditure at the end of the year amounted to R2,18 billion or 92.4 per cent against the available budget. The programme recorded lower than projected spending amounting to R180,25 million. The bulk of the underspending amounting to R171,79 million was incurred in sub-programme 2: Community Education and Training Colleges System Planning, Institutional Development and Support, followed by sub-programme 4: Education, Training and Development Assessment at R5,58 million. Underspending on compensation of employees amounted to R179,70 million.

The underspending was due mainly to posts on the staff establishment of the Department that were not filled as projected and the implementation of the standardisation of lecturing posts not taking place as originally planned.

3.3.3.7. Irregular, fruitless and wasteful and unauthorised expenditure incurred in the 2021/22 financial year

The irregular expenditure opening balance for 2021/22 is R148,9 million. For the 2021/22 financial year, the Department incurred irregular expenditure amounting to R2,44 million due to non-compliance with legislation. Of this irregular expenditure, R955 000 was incurred due to correct procurement procedures not followed and R1,49 million was due to appointments made not in line with State Attorneys Act.

Prior year amounts condoned were R5 000. Amounts not condoned and removed is R144,3 million. Irregular expenditure awaiting condonation is R6,9 million. Investigations into irregular expenditure cases of the previous financial years to the amount of R137,910 million have been concluded and approval was obtained to remove this expenditure in the 2021/22 financial year.

3.3.4. Overview and assessment of the Department's programme performance for the 2021/22 financial year

The Department's Programmes, with their related achievement against the performance targets for the 2021/22 financial year, are shown in Table 3.

Table 3: The Department's programme non-financial performance for the 2021/22 financial year

PROGRAMMES	APP Targets 2021/22	Achieved	Not Achieved	% Achieved	% Budget Spent
1. Administration	7	5	2	71.4%	92.0%
2. Planning, Policy and Strategy	12	9	3	75%	93.4%
3. University Education	25	17	8	68%	100.0%
4. Technical and Vocational Education and Training	17	13	4	76%	98.5%
5. Skills Development	11	6	5	55%	94.5%
6. Community Education and Training	15	14	1	93%	92.2%
Total	87	64	23	73.6%	99.6%
2020/21				70%	99.6%

During the period under review, the Department's total consolidated predetermined targets were 123. Of this, 87 were the Departmental direct outputs and 36 system targets (shared amongst the four delivery budget programmes, namely, University Education, TVET, and Skills Development and CET).

The Department achieved 64 or 73.6 per cent of 87 direct outputs. The overall performance increased by 3.6 per cent from 70 per cent in 2020/21. In terms of the system targets, the Department achieved 17 or 47.2 per cent of the 36 planned targets, recording an increase of 13.2 per cent from 43 per cent in 2020/21. Of concern to note is that programme 5: Skills Development has not achieved most of the MTSF-related targets. Notably, programmes 3 and 4, University Education and TVET have also recorded improvements in their system targets performance compared to 2020/21.

3.3.5. Non-financial performance per programme

3.3.5.1. Programme 1: Administration

The programme had seven (7) targets for the 2021/22 financial year. The programme achieved five or (71.4 per cent) of the seven targets. The programme's performance improved by 15.4 per cent from 57 per cent in 2020/21.

Selected key achievements
- Determination tests on irregular, fruitless and wasteful expenditure concluded within 12 months (achieved 100 per cent).
- Percentage (80 per cent) of disciplinary cases resolved within 90 days per annum (achieved 87 per cent)
- Average number (180 days) of days to fill an advertised post per annum (achieved 170 days).

Targets not achieved
- Percentage (100 per cent) of valid invoices received from creditors paid within 30 days. The Department ascribed the reasons for the deviation to system downtime and no interfacing between systems- LOGIS and BAS.
- Percentage (98 per cent) of the network connectivity uptime per annum. The partial achievement was ascribed to the State Information Technology Agency (SITA) Data Centre power outages and breakages of fibre linking Centurion Data centre.

3.3.5.2. Programme 2: Planning, Policy and Strategy

For the period under review, the programme had 12 targets. The programme achieved nine or 75 per cent of the 12 targets. The programme recorded an improved performance of 8 per cent from 67 per cent in 2020/21.

Selected key achievements
- Number (5) courses available on the National Open Learning System (NOLS) (achieved 22). The overachievement was ascribed to the additional financial support that the Department received from the European Union.
- The Department consulted on a report and amendments to the Recognition of Prior Learning Policy (RPL).
- The Director-General approved the following: A baseline report for articulation implementation between TVET colleges and universities; a report on the implementation of Social Inclusion in the PSET system, a report on the implementation of the Integrated Infrastructure Support Programme (IIDSP); and a monitoring report on progress towards the achievement of the Macro Infrastructure Framework (MIF); and E-learning/Open Learning Strategy in PSET.

Targets not achieved
- Number (2) of new agreements on international scholarships entered with foreign countries per annum. It was reported that there were delays in finalising the agreements due to travel restrictions caused by the COVID-19 pandemic.
- A report on the implementation of the Multi-Faceted Student Accommodation Strategy approved by the Director-General on 31 March 2022. This report was not developed as planned. It was noted that the development of the Multi-Faceted Student Accommodation Strategy was linked to the establishment of the Infrastructure Development Support Unit (IDSU) and that funding has not been secured for IDSU.
- A report on Skills Supply and Demand approved by the Director-General by 31 March 2022. The Department reported that the Report was approved by the Director-General on 30 March 2022 as planned. However, the monitoring report on priority Skills was only approved by the Director-General on 30 March 2022 and was not submitted to the Minister as planned. The Department was still in the process of finalising the ERRP Skills Strategy, which eventually replaced the Priority Skills Plan.

3.3.5.3. Programme 3: University Education

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The programme's total consolidated targets for the period under review were 42, comprising 25 direct outputs and 17 system targets. The programme achieved 17 or 68 per cent of the direct output targets and 11 or 64.7 per cent of system targets. The programme performance on the direct outputs regressed from 91 per cent in 2020/21 to 68 per cent in 2021/22, while a significant increase of 21.7 per cent was recorded in the performance of system targets.

Selected key achievements
Direct outputs
The Director-general approved the following: A report on the achievement of Ministerial enrolment planning targets a report on the evaluation of the 2020 research outputs of public universities; a report on undergraduate cohort study report tracking student throughput a report on the evaluation of creative and innovation outputs by public universities; a report on the implementation report on International Scholarships Programme; a Programme for Entrepreneurship Development in Higher Education (EDHE).

- Forty-two scholarships or internship positions were allocated to universities through the Nurturing Emergency Scholars Programme.
- Eighty-seven new Generation of Academics Programme (nGAP) lecturer posts were supported at universities.
- Two intergovernmental international scholarships Forum meetings were convened.

Targets not achieved
- A draft proposed Fee Regulation Framework approved by the Minister for consultation by 31 March 2022. The Department reported that the draft Framework was developed and submitted to the Minister on 4 December 2021and it was being reviewed. It was noted that the Minister requested further consultation on the framework, while the University Branch engaged in further consultations with higher education institutions to gather updated data that would feed into the framework.
- The proposed framework for a new student funding policy submitted to the Minister for approval for consultation by 31 March 2022. The proposed framework for student policy was developed and approved by the Director-General on 27 March 2022. The Ministerial Task Team was working on the identified areas of improvement to the proposed framework. The Ministerial Task Team was continued with its work towards providing a final report to the Minister.
- A feasibility study to establish the nature and scope, as well as the location of the new institutions in the Ekurhuleni Metro, submitted to the Minister for approval by 31 March 2021. The Department reported that the target was not achieved, however, work towards its achievement included meetings convened to discuss the academic enterprise and governance model for the two new universities at Ekurhuleni and Hammanskraal. A workshop was also convened to discuss the reports of the Academic and Governance work streams. The feasibility study report will be completed during the second quarter of the 2022/23 financial year.
- Forty doctoral scholarships were allocated to universities through the University Staff Doctoral Programme (USDP) for award to permanent instructional or research staff members. It was reported that the submission for approval was processed late due to human resource constraints.

Selected performance against the system targets
- Number (1 090 000) of student enrolments at public universities (exceeded the target by 4 808).
- Number (427 851) of students receiving funding through the National Student Financial Aid Scheme (NSFAS) bursaries annually (exceeded the target by 75 485). The Department noted that there are no limits imposed on the number of students who may be permitted to benefit under the scheme, nor any criteria to enable a limitation of this nature. The rules of the fund are such that a student is funded if they are financially eligible, meet the rules of the scheme and have a confirmed registration at a public higher education institution. As long as these criteria are met, the student is to be funded. This is in line with the high-level policy decision taken by Government.
- Number (222 000) of students completing a university qualification annually (exceeded the target by 15 882).

System targets not achieved
- Number (14 700) of graduates in engineering annually (2 048 below the planned target).
- Number (10 600) of graduates in natural and physical sciences annually (958 below the planned target).

- Number (9 960) of human health science graduates annually (314 below the planned target).
- Number (880) of animal health science graduates annually (13 below the planned target).
- Number (14 000) of Master's graduates (all Master's) annually (1 078 below the planned target)

The Department indicated that the under-achievement of the aforementioned targets could be due to the COVID-19 pandemic as many of these students require work-integrated learning (WIL) before they can graduate. The various lockdowns could have impacted the ability of students to obtain employment opportunities to undergo their WIL, including the lack of access to laboratories for practicals for students in natural and physical and human and animal sciences.

3.3.5.4. Programme 4: Technical and Vocational Education and Training

For the 2021/22 financial year, the programme had 30 targets, comprised of 17 direct outputs and 13 system targets. The programme achieved 13 or 76.4 per cent of 17 direct outputs and five or 38.4 per cent of 13 system targets. The programme's performance on direct outputs increased by 8.4 per cent from 68 per cent in 2021/22, while performance on system targets improved marginally by 2.4 per cent from 36 per cent in 2020/21.

Selected key achievements

Direct outputs

- The DG approved the following: Draft three-year enrolment with differentiation in programme enrolment; a model for efficient utilisation of current TEVT infrastructure; a report on the cooperation agreement with Germany on SAIVCET work; an assessment framework and implementation plan for the institutional maturity model for TVET colleges.
- Four TVET colleges were TVET colleges established Disability Support units to support students with disabilities.
- Five TVET colleges were supported to establish entrepreneurship hubs.

Targets not achieved

- Final framework and guidelines to accommodate students with disabilities will be approved by the Minister by 31 March 2022. It was reported that the framework was developed but not approved by the Minister at the time of reporting, although the submission was made within the financial year. The framework was approved outside the reporting time.
- Number (200) of TVET college lecturers holding appropriate qualifications supported to acquire professional qualifications annually (achieved 119). It was reported that there were not enough public TVET college lecturers who were registered for the Advanced Diploma TVT (Adv Dip TVT) programme by universities offering it. While an impression was created by universities that 242 lecturers had completed the Advanced Diploma. The Department further explained that closer scrutiny of the number revealed that the 32 students who graduated from Tshwane University of Technology were not lecturers in any public TVET college, neither were 89 students from Nelson Mandela University and two of the three students who graduated from the Vaal University of Technology.
- Final governance standards for TVET college Councils approved by the Minister by 31 March 2022. It was reported that they were not developed as planned because the development of governance standards was deemed Ultra Vires by the state legal advisor.
- Percentage (5 per cent) increase in student placement in the workplace for experiential learning per annum (achievement was 0 per cent). It was reported that the total number of student placements decreased from 9 094 to 9 061 due to the adverse impact of the COVID-19 pandemic on employers.

Selected performance against the system targets

- Number (3 500) of students enrolled in Pre-Vocational Learning Programme (exceeded the target by 1 750);
- Percentage (65 per cent) of TVET college lecturers with professional qualifications (exceeded the target by 1 per cent);
- Number (770) of artisan learners trained in Centres of Specialisation (exceeded the target by 88); and
- Number (500) of lecturers participating in the digital literacy programme (exceeded the target by 735).

System targets not achieved

- Number (610 000) of students enrolling at TVET colleges annually (achieved 452 277). The Department reported that the 2020 academic year was characterized by severe lockdowns and

disruption on the academic calendar and enrolment intakes. Semester two and trimester three were forfeited and these were substantial intakes.

- Number (310 900) of college students receiving funding through NSFAS bursaries annually (achieved 265 747). It was noted that COVID-19 had an impact in terms of the academic calendar – fewer intakes – Semester two and Trimester three intakes were forfeited because of the lockdown. Thus, fewer students applied for NSFAS.
- Number (70 880) of TVET college students completing N6 qualification annually (achieved 14 700). The Department reported that the 80 per cent attendance requirement for admission into examinations was waivered in the 2020 academic year, which could have led to lower attendance of classes by students and therefore poor performance
- Number (13 286) of TVET college students completing NC(V) Level 4 annually (achieved 12 507). It was reported that The 80 per cent attendance requirement for admission into examinations was waivered in the 2020 academic year which could have led to lower attendance of classes by students and therefore poor performance

3.3.5.5. Programme 5: Skills Development
The programme had a combined total of 13 targets, comprised of 11 direct outputs and two system targets. The programme achieved six or 54.5 per cent of the 11 targets. The programme achieved zero per cent of the MTSF-related targets.
Selected key achievements
- The Minister approved the Sector Skills Plans (SSPs) aligned to the updated SSP Framework.
- The Director-General approved the Sectorial occupations in high demand and the three quarterly reports on the implementation of the National Skills Development Strategy (NSDS)
- The Minister approved the Skills Strategy.
Targets not achieved
- Annual number (103 750) of learners or students placed in WBL programmes (achieved 78 317).
- Number (147 000) of learners in skills development programmes annually (achieved 103 115).
- Number (21 500) of learners entering artisanal programmes annually (achieved 10 302)
- Number (19 500) of artisans found competent annually (achieved 15 107).
- Number (114 032) of learners who completed skulls programmes annually (achieved 98 908).
- Percentage (95 per cent) of SETAs that meet standards of good governance. Information was not available to report performance.

The underachievement of the MTSF-related targets was ascribed to the announcement of the skills levy holiday and closure of workplaces and trade centres due to COVID-19 restrictions.

3.3.5.6. Programme 6: Community Education and Training
The programme had 19 targets, comprised of 15 direct outputs and four system targets. The programme achieved 14 or 93.3 per cent of the direct outputs and 1 of 25 per cent of the system targets. Performance on the direct outputs has improved significantly from 57 per cent in 2020/21. Notably, performance on the system targets has stagnated.

Selected key achievements
- The programme appointed the Service Provider for the development of a sustainable funding model for CET colleges.
- A report on the implementation of the Advocacy Strategy for CET colleges was approved by the Director-General.
- Final governance standards and regulations for CET college were approved by the Director-General.
- A report on capacity-building workshops conducted to capacitate student leadership, centre management and Councils was approved.
- Twenty per cent of the earmarked funding was allocated to CET colleges to capacitate 54 pilot centres.
- The Director-General approved two digital skills programmes and three entrepreneurship programmes in CET colleges.

The programme did not achieve the target to have 100 per cent of CET colleges compliant with the policy in the conduct and management of examinations and assessments per annum. The actual achievement was 99.99 per cent. It was reported that irregularities were identified in the centres that were monitored on moderation of site-based assessment, writing of examinations- marking scripts.

Selected performance against the system targets
Targets not achieved
- Number (220 549) of students enrolling at CET colleges annually and The actual achievement was 142 538. The Department ascribed the underachievement to the inability of the sector to diversify its programmes due to a lack of physical and ICT resources, and inadequate funding for CET colleges. poor uptake of responsive and diversified programmes and understaffed colleges.
- Number (41 638) of CET college students completing General Education and Training Certificate (GETC) Level 4 annually. The actual achievement was 38 814. The underachievement was attributed to the standardisation process that impacted learning and teaching, the ending of the SAICA project and the impact of the supply chain management (SCM) capacity for Learner, Teacher Support Materials (LTSM) procurement meant that students did not have sufficient learning.
- Number (60 000) of CET college students completing Grade 12 annually. It was reported that the report covers a number of enrolments and not of Grade 12 completion after enrolments.

3.4. Auditor-General South Africa (AGSA)'s Report on the performance of the Department of Higher Education and Training

The Department obtained an unqualified audit opinion with findings from the AGSA for the 2021/22 financial year.

Audit findings
- **Usefulness and reliability:** The AGSA has made findings on the usefulness and reliability of reported performance information of Programme 4: Technical and Vocational Education and Training. Notably, the AGSA has in the previous audit cycles made the same findings under the TVET programme. The finding was on the achievement of the target on the percentage of TVET college lecturers staff appropriately placed in industry or exchange programmes; 2.2 per cent, which was reported against the target of 9 per cent in the annual performance report. The AGSA noted that the supporting evidence provided differed materially from the reported achievement, while in other instances the AGSA was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records, and therefore, the AGSA was unable to further confirm the reported achievement by alternative means. Consequently, the AGSA was unable to determine whether any further adjustments were required to the reported achievement.
- **Adjustment of material misstatements:** the AGSA identified material misstatements in the annual performance report submitted for auditing. The material misstatements were in the reported performance information of programme 4: TVET. Management subsequently corrected only some of the misstatements.

- **Internal control deficiencies:** The AGSA noted that the Department's Management did not implement adequate controls for recording, measuring, collation and preparation of actual performance achievements, to ensure that the reported achievements in the annual performance report are valid, accurate and complete. This resulted in material adjustments made on a number of indicators on the annual performance report. Furthermore, the AGSA stated that the leadership did not exercise adequate oversight, specifically regarding reporting of the predetermined objectives of the department as well as the related controls, resulting in material misstatements identified during the audit.

It is noted with grave concern that these audit findings are repeat findings as they were also reported in the previous audit cycles. This pointed to inadequate oversight by the leadership of the Department over those who were tasked with the responsibility of reporting the predetermined objectives as well as related controls.

4. ENTITIES OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING
4.1. 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.

4.1.1. Overview and assessment of the QCTO's 2021/22 non-financial performance

Table 4: The QCTO's Programmes, with their related achievement against performance targets for the 2021/22 financial year

Programme	APP Targets 2021/22	Achieved	Not achieved	% Achievement
1. Administration	5	4	1	80.0%
2. Occupational Qualifications Management and Certification	11	9	2	81.8%
3. Occupational Qualifications Quality Assurance	13	9	4	69.2%
4. Research Analysis and Quality Assurance	2	2	-	100%
Total	**31**	**24**	**5**	**77.4%**

During the year under review, the QCTO had 31 performance targets and achieved 24 or 77.4 per cent of the planned targets. The QCTO's performance improved significantly by 13.4 per cent from 64 per cent recorded in the 2020/21 financial year.

4.1.2. 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. The programme provides for the development of the IT infrastructure; as well as the Human Resources capabilities required by the organisation.

For the period under review, the programme had five performance targets. The programme achieved four (4) or 80 per cent of the five targets. The QCTO Council approved the Capacity building and Change Management strategies. During the period under review, the QCTO achieved 40 per cent implementation of the capacity-building strategy and 40 per cent of the implementation of the Marketing and Communication strategy.

Target not achieved
- The MSP Annual Plan deliverables were not fully implemented. The achievement was 31 per cent below the target of 100 per cent. The partial achievement was attributed to the hold as a result of the National Treasury's instruction to halt procurement of over R30,000 from 16 February 2022. It was reported that the project will be rolled out in the 2022/23 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; issues certificates to qualifying learners; verify the authenticity of issued certificates and maintain stakeholder relationship. Furthermore, 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 11 targets, of which nine (9) or 81 per cent were achieved.

Selected key achievements
- Seventy-two prioritised occupational qualifications (full/part) were recommended to SAQA for registration on the OQSF.
- The programme recommended to SAQA 472 historically registered qualifications for deactivation on the OQSF.
- The QCTO quality assured 100 per cent assessments for historically registered qualifications.
- A Report on the implementation of the Approved Council Plan was approved.
- The QCTO quality assured 100 per cent Assessment Quality Partners reports.

Targets not achieved

- Number (100) of skills programmes approved by the QCTO Council. the actual achievement was 81 and the partial achievement was ascribed to applications not meeting the QCTO requirements and the QCTO in-house delays in the processing of the skills programme applications.
- Percentage (90 per cent) of assessments for QCTO-developed skills programmes quality assured against QCTO standards within 21 working days. There was zero per cent achievement and the deviation was attributed to no learner enrolments reported for skills programmes thus no final assessments have been conducted.

- **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.

The programme had 13 performance targets during the 2021/22 financial year. The programme achieved nine (9) or 69.2 per cent of the 13 targets.
Selected key achievements
- Processed within the turnaround time of 90 working days the following: 92 per cent (2 per cent above the target) of Skills Development Providers (SDP) accreditation applications; 100 per cent (90 out of 90) accreditation applications for Council-approved Skills Programmes; and 96 per cent of SDP accreditation applications.
- Quality assured 55 (324 out of 593) per cent of accredited SDP with implemented historically registered qualifications with learner uptake.
- Quality assured 151 NATED Report 190/191 exams sessions conducted at accredited SDPs.
- Quality assured 42 exam monitoring centres.

Targets not achieved
- Percentage (80 per cent) of accredited SDPs with implemented occupational qualifications and part qualifications quality assured according to QCTO standards. The actual achievement was 70 per cent (123 out of 176) and the deviation was due to low responses from SDPs during quarter 1 to quarter 3.
- Number of occupational qualifications, part qualifications and skills programmes offered by TVET colleges (as per Ministerial Plan). There was no approved Ministerial Plan against which to measure progress
- Number of occupational qualifications, part qualifications and skills programmes offered by the CET colleges (as per the Ministerial Plan). There was no approved Ministerial Plan against which to measure progress

- **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 the institutional Outcome 1: A single national quality assured OQSF that promotes synergy, simplification and effectiveness.

During the period under review, the programme had two performance targets and both were achieved. Three research reports were approved by the Chief Executive Officer and one research bulletin was published online.

4.1.3. Overview and assessment of the QCTO's 2021/22 budget allocation and expenditure
For the 2021/22 financial year, the QCTO's revenue amounted to R109,96 million (R132,08 million in 2020/21). The revenue comprised R9,94 million from exchange transactions (R5,93 million: from rendering services, R171 000 other income and R3,84 million interest received) and R100,01 million from non-exchange transactions (R95,37 million Government grants and subsidies and R4,64 million from National Skills Fund conditional grants).

At the end of the 2021/22 financial year, the QCTO had spent R122,43 million, against the total revenue of R109,96 million, thus recording an over-expenditure amounting to R12,47 million. The QCTO reported that the over-expenditure was not a real deficit, but an accounting deficit, due to the approval granted to the entity to retain its accumulated cash surplus of R23,6 million to cover the shortfall in the budget. Since this amount was already accounted for in the prior year, it was not recorded as new revenue, however, it is kept in accumulated cash surplus. It was further indicated

that the only way to spend the approved surplus that resulted in an adjusted budget was through the reduction of accumulated surplus, which then resulted in a deficit.

The QCTO had spent R69,23 million on personnel costs, which accounted for 56.5 per cent of the entity's total expenditure for the year under review. Notably, expenditure on personnel costs decreased slightly by R729 000 from R69,96 million in 2021/22. In terms of administrative costs, the entity had spent R45,31 million. The cost drivers in terms of the administrative expenses were: consulting and professional fees: R11,28 million, lease rentals: R9,28 million, IT expenses: R7,04 million, water and electricity: R3,30 million and travel, subsistence and accommodation: R2,45 million.

4.1.4. Contingent liabilities
The QCTO reported that in the 2020/21 financial year, a dispute has been declared between the entity and a service provider who donated the Management Information System (MIS) after the entity terminated the Service Level Agreement due to non-compliance with some prescripts of Public Finance Management Act (PFMA), the service provider is seeking damages of R7,057,402. The matter is currently under arbitration and is expected to be finalised within one year.
Three former QCTO employees have taken the entity to the Commission for Conciliation, Mediation and Arbitration (CCMA) contesting their dismissals. Should all three succeed with their cases, the QCTO is likely to pay an estimated R1,024,826, however, management and its legal representatives have determined that the likelihood of the QCTO losing all the cases is very minimal.

4.1.5. 2021/22 Audit outcomes
The QCTO received a clean audit opinion for the sixth consecutive year. Of importance to note is that the entity did not have material findings on the annual financial statements, no findings on predetermined objectives, no findings on compliance with legislations and no deficiencies in the internal controls.

4.1.6. Future outlook
The QCTO reported that its allocation from the SETA Levy Grant has been increased from R96,1 million for the 2022/23 financial year to R111,6 million for the 2023/24 financial year, although it had applied for R212 million. The requested amount was to ensure that the organization has sufficient resources to bolster its core performance areas. This includes that the QCTO has the requisite human resource capacity to fulfil its mandate and respond to its response to the Economic Recovery and Reconstruction Skills Strategy (ERRSS), the uptake of Occupational Qualifications in the PSET Sector, the roll-out of the OQSF and completing the automation processes.

The QCTO is still in the process of finalizing the purchase of its premises, which will reduce costs significantly. The QCTO had responded to the clarifications sought by the Minister on 18 August 202 and was awaiting a response in this regard. Regarding the unbudgeted revenue, the QCTO has included in its budget for the 2022/23 financial year onwards, previously unbudgeted revenue sources (accreditation, verification, certification and interest income) as trends can be determined to estimate accurately. The entity had submitted to National Treasury a request for approval for the retention of cash surplus before the 30 September deadline and it was awaiting a response. The entity's funding is still not stable and relies heavily on the SETA Levy grant (which accounts for 77 per cent of total funding for 2023/24), which is applied for annually.
The Department informed the Committee that processes were underway to review the SETA grant regulations to address the funding challenges that the QCTO is facing.

4.2. 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, including the National Plan for Post-School Education and Training, Economic Reconstruction and Recovery Plan and the Department's five-year Strategic Plan.
In terms of section 13 of the Act, SAQA is mandated to, amongst others
- Provide advice, oversee NQF implementation and collaborate with the Quality Councils;
- Develop NQF policies and criteria;
- Maintain a National Learners' Records Database (NLRD), and provide an evaluation and advisory service with respect to foreign qualifications;

- Undertake research, collaborate with international counterparts, and drive the communication and advocacy strategy to promote the understanding of the NQF architecture; and
- Perform any function consistent with the NQF Act that the Minister of Higher Education and Training may determine.

4.2.1. Overview and assessment of the SAQA's 2021/22 non-financial performance
For the 2021/22 financial year, SAQA had 20 planned targets shared amongst the six budget programmes. SAQA achieved 16 or 80 per cent of the 20 targets. The entity's performance decreased slightly by 8 per cent from the 88 per cent achieved in the 2021/22 financial year. Summary of programme performance for the 2021/22 financial year is illustrated in Table: 5 below.

Table 5: The SAQA's Programmes, with their related achievement against performance targets for the 2021/22 financial year

Programmes	APP Targets 2021/22	Achieved	Not achieved	% Achievement
1. Administration & Support	8	8	0	100%
2. Registration and Recognition	3	2	1	66.7%
3. National Learners' Record Database	3	1	2	33.3%
4. Foreign Qualifications Evaluation and Advisory Services (DFQEAS)	1	0	1	0%
5. Research	3	3	0	100%
6. International Liaison	2	2	0	100.0%
Total	**20**	**16**	**4**	**80.0%**

4.2.2. Non-financial performance per programme
4.2.2.1. Programme 1: Administration
The programme contributes to the achievement of three of the 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 eight (8) planned targets for 2021/22 and achieved 100 per cent of the targets.

Selected key achievements
- SAQA reported on the effectiveness of the System of Collaboration, and the Board approved the report for submission to the Minister of Higher Education, Science and Innovation.
- Implemented the Alternative Funding Plan and generated additional revenue as follows:
  - R13 250 per month through a rental agreement for parking;
  - R600,000 through a contract with Durban University of Technology over three years;
  - Received additional income of R397 202 from Worlds Education Services for a pilot project involving the recognition of refugee qualifications;
  - Received additional funding of R9,9 million from DHET for the Automation Project
- SAQA completed the development of the electronic Registers for misrepresented and fraudulent qualifications as part of the NQF MIS incorporating the NLRD.
- Four online campaigns aimed at informing the public about the NQF were implemented.

4.2.2.2. 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 the 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; and
- We have stakeholders and role-players who are aligned to deliver on the NQF.
During the period under review, the programme had three (3) planned targets. The programme achieved two (2) or 66.7 per cent of the planned targets. The SAQA board approved the SAQA Professional Body Model derived from the findings of the research report. It has been reported that this model will provide a foundation for working with statutory and non-statutory professional bodies.

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SAQA did not achieve the target to register qualifications recommended by Quality Councils that meet all SAQA's criteria within four months of submission. It was reported that the three qualifications were originally recommended for submission to the Qualifications Committee, but after further scrutiny, they met the requirements. However, the qualifications were cleared too late for the November Qualifications Committee meeting and stood over to the February meeting, which resulted in a delay in registering these qualifications.

4.2.2.3.   Programme 3: National Learners' Record Database (NLRD) & Verifications
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; and
- We have stakeholders and role-players who are aligned to deliver on the NQF.

The programme had three (3) planned targets, of which one or 33.3 per cent was achieved. SAQA did not meet the target to have all recognised professional bodies load professional designation achievements that meet the requirements, of NLRD. Ninety-six of the 100 recognised professional bodies loaded data during the period under review. SAQA did not complete all applications received for the verification of national qualifications within 25 working days. The under-achievement was ascribed to the staff retrenchments resulting from the restructure, which contributed to the backlogs in this unit, and despite the use of temporary contract staff brought in to reduce the backlogs, the function was still not able to meet the targets. SAQA reported that its Automation Project will address this issue.

4.2.2.4.   Programme 4: Foreign Qualifications Evaluation and Advisory Services (DFQEAS)
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 one planned target during the year under review. The target to complete all compliant applications received for the evaluation of foreign qualifications within three months was not achieved. The non-achievement was ascribed to the staff retrenchments resulting from the restructure, which contributed to the backlogs in this unit, and despite the use of temporary contract staff brought in to reduce the backlogs, the function was still not able to meet the target. SAQA reported that its Automation Project will address this issue.

The Committee viewed the non-achievement in a serious light as it may impact the applicants' ability to secure employment or study opportunities.

4.2.2.5. 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 had three (3) targets for 2021/22 and achieved 100 per cent. SAQA reviewed the Criteria for Registering Qualifications and Part-Qualifications on the NQF and the approved Policy is available on SAQA's website; produced the Draft 2021 NQF Impact Study Reports; and collated a report on the progress made in implementing the Articulation Policy for 2021/22, which was approved by the Board for submission to the Minister.

4.2.2.6. Programme 6: International Liaison
The programme is responsible for working with international partners on matters concerning qualifications framework and sharing best practices with stakeholders. There were two targets under this programme and were achieved as planned.
SAQA implemented nine (9) initiatives to promote the South African NQF. The planned target of two initiatives and the target was exceeded by seven (7). The entity also exceeded the target to identify and implement two (2) initiatives to share national and international best practices with stakeholders. Six initiatives were identified and implemented.

4.2.3. Overview and assessment of SAQA's 2021/22 budget allocation and expenditure
SAQA had total revenue of R139,32 million (R120,74 million in 2021/22), comprising of R50,80 million of revenue from exchange transactions and R88,51 million from non-exchange transactions. Revenue from the rendering of services constituted 94.3 per cent of the total revenue from exchange transactions and 34.4 per cent of the total revenue of the entity. Notably, there is a slight increase of R2,38 million in revenue from rendering services from R45,54 million in 2020/21.

At the end of the financial year, SAQA had spent R90,99 million, which constitutes 65.3 per cent of the total revenue, recording lower-than-projected spending amounting to R48.32 million.
The expenditure on employee costs amounted to R59,49 million, which constituted 65.3 per cent of the total expenditure for 2021/22. Spending on general expenses amounted to R24,23 million. The cost drivers in terms of the general expenses include amongst others; IT support and maintenance: R4,70 million, Consulting and professional fees: R3,75 million, Computer expenses: R3,11 million, Building costs (rates and taxes, security services and electricity and water): R3,99 million, and Auditor's remuneration: R1,82 million.

4.2.4. Irregular, fruitless and wasteful expenditure
SAQA incurred irregular expenditure amounting to R496 800 during 2021/22, which was ascribed to a non-responsive request for a quotation that was awarded. SAQA did not incur fruitless and wasteful expenditure during the year under review.

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

CCMA Case
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 of the date of this annual report, the matter has not progressed following a referral from the CCMA to the Labour Court.

Labour Court Case
* **Matter 2:** This relates to the former Manager of Client Services who was retrenched. The applicant is seeking 12 months' salary plus 7 per cent interest.
* **Matter 3:** The applicant referred the matter to the labour court on 22 February 2022. The statement of defence was finalised and lodged in March 2022, and the estimated compensation is 12 months' salary.

4.2.6. 2021/22 Audit outcomes
SAQA obtained an unqualified audit opinion with findings for the 2021/22 financial year, which is a regression from a clean audit in 2020/21.

Audit findings
* **Annual Financial Statements:** The AG noted that the financial statements were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) of the PFMA. Material misstatements of segment reporting and cash flow statements identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.
* **Internal control deficiencies:** The AG noted the following:
  o Management did not ensure that an appropriate level of monitoring was established over the compilation of financial statements, which could have prevented a number of material findings;
  o Management did not ensure sufficient controls were in place to prepare adequate and complete financial statements that are supported and evidenced by complete and accurate information; and
  o Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support the financial statements.

4.2.7. Future outlook
SAQA reported that in line with the MTEF Budget Guidelines, it has sufficient budget for the next financial year that is made of Government Grants as well as its own generated revenue. The entity receives only 70 per cent of its funds from the fiscus and that compels it to generate revenue, which is always volatile and affected by both its mandate and its capacity to deliver.

4.3. 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).

In terms of its mandate as per the two primary legislation, the CHE is responsible for the following:
- Advising the Minister of Higher Education and Training on all higher education matters upon request and at its own initiative;
- Promoting quality and quality assurance in higher education through its permanent sub-committee, the Higher Education Quality Committee (HEQC), including auditing the quality assurance mechanisms and accrediting programmes offered by higher education institutions;
- Monitoring the state of higher education and publishing information regarding developments in higher education regularly, including arranging and co-ordinating conferences on higher education issues;
- Developing and managing the qualification sub-framework for higher education, namely, the Higher Education Qualifications Sub-Framework (HEQSF), including the development of qualifications that are necessary for the higher education sector;
- Recommending higher education qualifications to SAQA for registration on the NQF;
- Maintaining a database of learners' achievements and submitting the data for recording on the NLRD; and
- Advising the Minister of Higher Education and Training on matters relating to the HEQSF.

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, amongst others.

4.3.1. Overview and assessment of the CHE's 2021/22 non-financial performance
During the 2021/22 financial year, the CHE had a total of 50 planned targets, which were shared across the four budget programmes, namely; Management of the Higher Education Qualifications Sub-Framework (HEQSF), Quality Assurance, Research, Monitoring and Advice and Corporate. The CHE achieved 48 or 96 per cent of the 50 targets, which is a significant improvement of 19.5 per cent from the 76.5 per cent achieved in 2020/21.

Summary of programme performance for the 2021/22 financial year is illustrated in Table: 5 below.
Table 6: The CHE's Programmes, with their related achievement against performance targets for the 2021/22 financial year

Programme	APP Targets 2021/22	Achieved	Not achieved	% Achievement
1. Management of the HEQSF	16	15	1	93.8%
2. Quality Assurance	10	10	0	100.0%
3. Research, Monitoring and Advice	9	9	0	100.0%
1. Corporate	15	14	1	93.3%
Total	**50**	**48**	**2**	**96.0%**

4.3.2. Non-financial performance per programme
4.3.2.1. 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 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 16 planned targets shared amongst the five sub-programmes. The programme achieved 16 or 93.8 per cent of the planned targets.

Selected key achievements
- Two qualification standards were developed and reviewed.
- The CHE conducted three events or projects to promote the use of qualification standards.

- Ninety-eight per cent of private education institutions have all required sets of data records in the database, against the target of 80 per cent.
- Four higher education institutions were supported with respect to the development and implementation of relevant institutional policies.
- The CHE was involved in five national events and/fora on NQF, quality assurance and promotion.
- Four quality fora and/or workshops were organised.

The target on number (2) of data uploads onto the NLRD in a particular financial year was not achieved. There was one data upload and the CHE reported that there was no uploading onto the NLRD during the NLRD's January/February 2022 data load cycle because of challenges encountered with the use of a service provider that owns validation software on which the data uploads rely. A process had been put in place and with SAQA's approval, the upload was made by end of June 2022.

4.3.2.2. Programme 2: Quality Assurance

The programme contributes toward 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). For the 2021/22 financial year, the programme had 10 targets shared amongst the four sub-programmes. The programme achieved 100 per cent of the planned targets.

Selected key achievements
- Achieved 100 per cent (against the target of 85 per cent) of programme reaccreditation applications received that go through the accreditation process and are presented to the HEQC within 18 months from the date of appointment of evaluators.
- The CHE held 26 workshops (against the target of 10) related to the new framework for Institutional Audits. The increase in the number of workshops was due to the requests by institutions.
- The CHE initiated 15 Institutional Audits (against the target of 10) and one National Review
- Achieved 100 per cent of the completed National Reviews had their reports finalised and approved.

4.3.2.3. 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 nine targets shared among the three sub-programmes. The programme achieved 100 per cent of the planned targets.

Selected key achievements
- The CHE produced three research reports, against a target of two.
- During the year under review, the CHE organised three conferences, colloquia, seminars, or symposia.
- The CHE produced two journals/journal articles or books/book chapters and four policy briefs or Briefly Speaking articles.

4.3.2.4. 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's 15 targets are shared amongst the four sub-programmes. The programme achieved 14 or 93.3 per cent of the planned targets.

Selected key achievements
- The CHE developed or reviewed 11 ICT policies, frameworks, guidelines and procedures.
- Nine Human Resources policies, frameworks, guidelines and procedures were developed or reviewed.

- Eighteen financial and supply chain management policies, frameworks, guidelines, and procedures were developed or reviewed.
- Thirty-four scheduled governance meetings were organised and held.
- Eighty-seven per cent of the approved posts on the organisational structure had incumbents.
- The CHE paid 100 per cent of eligible suppliers within 30 days from the dates of receipt of their invoices.
- The CHE produced 36 media releases, newsletters and other information resources for external stakeholders.

4.3.3. Overview and assessment of the CHE's 2021/22 budget allocation and expenditure

The CHE's total revenue for the 2021/22 financial year amounted to R79.90 million (R76,16 million in 2020/21). The revenue comprised R8,0 million of exchange revenue (accreditation fees: R6,67 million, Interests received from investment: R1,24 million and Other income: R85 783) and R71,90 million of non-exchange revenue (Government Grant). The CHE's total budget, including the rollover funds, amounted to R99,59 million.

At the end of the 2021/22 financial year, the CHE had spent R75,64 million or 75.7 per cent of the total budget of R99,59 million, recording lower than-projected spending of R23,97 million. The underspending of cost of employees amounted to R864 973 and was ascribed to seven vacant posts that were not filled timeously due to unforeseen delays; including the budgeted applicable rates increase in the cost of living not paid as per instruction from the National treasury due to national budget constraints and labour disputes with labour unions in the country.

The bulk of the underspending, at 96.3 per cent was on goods and services. The CHE reported that the underspending was due to fewer legal claims for the period under review and the cancellation of some governance meetings; the approved rollover of funds was received in October 2021 and was not fully spent because of the time taken to conclude IT procurement processes, as much as the funds were allocated to IT projects; less payment of Honorarium vouchers for national reviews, no international registration fees paid for the period under review; no printing of publication for Good Practice requested for the period under review; no 3G cards/data claims made by the peer academics for policy development and partnerships and collaboration project; non-usage of conference registration fees budget and less contracted Peer Academics for the assessment of higher education institutions and less accreditation Evaluator claims.

The cost drivers in terms of the general expenses include amongst others; Peer academics: R12,04 million, IT expenses: R4,92 million, Consultancy services and Sub-committee members: R2,28 million, Remuneration of Council and Committee members: 2,02 million, Legal fees: R1,37 million, Auditors' remuneration: R1,14 million and recruitment: R1,05 million.

4.3.4. Irregular, fruitless and wasteful expenditure

The CHE did not incur irregular expenditure for 2021/22. However, it has incurred fruitless and wasteful expenditure amounting to R577,00 related to the interest charged on the late payment of a service provider invoice that was sent to an email of a resigned CHE official The CHE reported that the amount was written off as per Financial Misconduct Committee because the concerned employee was not found guilty of negligence.

4.3.5. Contingent liability

The CHE had unspent cash of R24,125,492 from the budget of 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 cater for the commitments made as well as the development of the Quality Assurance Framework (QAF) MIS in the 2022-23 financial year.

4.3.6. 2021/22 Audit outcomes

The CHE obtained an unqualified audit opinion with findings from the AG for the second consecutive audit cycle.

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

Audit findings

- **Financial Statements:** The AG noted that the financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. The AG identified material misstatements in the financial statements during the audit and identified errors in the classification of certain amounts within cash flows from operating activities on the face of the Cash Flow Statement.

These misstatements were not prevented or detected by the entity's system of internal control.

- **Internal Control Deficiencies:** Management did not implement controls to review the cash flow statement to ensure that the amounts disclosed in the financial statements presented for audit were free from material misstatement.

4.4. Future outlook

The CHE reported that 2022/23's budget is under significant pressure as the institutional audits get fully underway, and it is highly likely that the budget will be fully spent. The compensation of employees' budget allocation is a severe limitation on the ability of the CHE to implement its full organizational structure and this will be even more of a challenge as the revised organizational structure to support the implementation of the new Quality Assurance Framework is finalised. It was further reported that the CHE mandate is expanding, for example, it is taking over the Transformation Oversight function for the higher education sector. The CHE will need to expand its work to cover the higher education colleges that are becoming part of the higher education sector. These functions do require a resource injection to enable them to be executed effectively.

5. OBSERVATIONS AND KEY FINDINGS

The Committee, having assessed the 2021/22 Annual Reports of the Departments and entities, made the following observations and key findings.

5.1. Department of Higher Education and Training
5.1.1. Programme 1: Administration
- The Committee has noted the improvements in the performance of this programme as the Department filled vacant positions within its stipulated timeframes and concluded disciplinary cases on time. These were some of the two areas that the Department had been struggling to achieve in the previous years.
- It was noted that the employment of suitably qualified individuals with the requisite experience and skills remains critical in the HET portfolio, and the Department has an important role to oversee this process.
- The overall under-representation of people with disabilities in the PSET sector remains a concern.

5.1.2. Programme 3: Planning, Policy and Strategy
- The Department's oversight and monitoring role over the PSET institutions remains a serious concern. Furthermore, the Committee indicated that inadequate consequence management in the HET portfolio has resulted in some entities being repeat offenders in terms of poor financial management and audit outcomes.
- Notwithstanding the improved performance of 3.6 per cent during the year under review, from 70 per cent in 2020/21, the performance was not satisfactory considering that the Department had spent 99 per cent of its budget.
- The Committee welcomed the plan by the Department to develop the Master Skills Plan (MSP), which will incorporate all the different skills strategies of the country.
- The delays in the proclamation of the NQF Amendment Bill by the President were noted as a concern as this legislation has been with the Presidency since 2019. The Department has also been engaging stakeholders on the second NQF Amendment Bill despite the first one being still pending proclamation.
- The inadequate implementation of consequence management in the PSET sector against officials responsible for the mismanagement of funds or underperformance remains a serious concern.

5.1.3. Programme 3: University Education
- The completion of the feasibility study for the establishment of a new University for Science and Innovation in Ekurhuleni was welcomed by the Committee. The Committee also noted the report that work was still underway towards the completion of the Crime Detection University in Hammanskraal.
- The Committee welcomed the increased student enrolment (1.4 per cent achievement) and increased support of NSFAS-funded students (18 per cent achievement) in universities, notwithstanding the COVID-19 and lockdown restrictions experienced during the year under review.

- The Committee was concerned that there were university employees that were doing business with universities without declaring their conflict of interest as reported by the AGSA.
- Similar to TVETs, universities were also not subjected to report on their finances in accordance with the PFMA, and this was highlighted as a concern by the Committee noting that universities receive part of their revenue from public funds.
- The Committee noted the report by the Department that the Cabinet will consider the Ministerial Task Team Report and the proposed Student Funding Model in November 2022. The Committee is concerned about the readiness of the institutions and NSFAS to implement funding decisions that will arise from the new funding model for the 2023 academic year, given that the implementation of the new funding model is targeted for 2023.
- The Committee was seriously concerned about the dual registration of students at universities, as this has implications the ability of NSFAS to pay students on time.

5.1.4. Programme 4: Technical and Vocational Education and Training
- The underperformance of the system targets (6 out of 13 targets achieved) recorded by this programme during the year under review was noted as a concern.
- The Committee welcomed the eight (8) new TVET colleges campuses (Msinga, Umzimkhulu, Nongoma, Aliwal North, Ngqungqushe, Graaf Reinet, Thabazimbi and Nkandla) that have reached 100 per cent completion and that the remaining 13 sites were between 66 per cent – 99 per cent complete.
- Concerns were raised with the financial management and internal audit capacity of TVET colleges. The AGSA had reported that 44 out of the 50 TVET colleges were unable to produce financial statements that are free from material misstatements. As a result, they rely on the AGSA to identify the misstatements despite them having internal audit units.
- Concerns were raised regarding inadequate information and communication technology (ICT) infrastructure and connectivity, which had a negative impact on the enrolment of students in the TVET sector during the year under review.
- The poor certification rates of the NC(V) including the NATED programmes remains a concern.
- The absence of a standardised policy framework for financial reporting by TVET colleges remains a concern. As a result, the AGSA experienced difficulties with auditing TVET colleges since they have different policies and procedures relating to procurement and contract management.
- The Committee was concerned that TVET colleges were still not subjected to account for their finances in terms of the PFMA, Act 2000. It was noted that colleges receive their subsidies from public funds, and they should be able to account for such in terms of the PFMA.
- The decline in irregular expenditure in TVET colleges from R32 million to R16 million during the year under review was noted.
- The absence of an effective asset management system in the TVET sector remains a concern.
- The underfunding of the TVET sector remains an ongoing concern for the Committee, and there has not been new funding for the TVET sector to support its expansion and development.
- The opening of 32 trade test centres in TVET colleges during the year under review was welcomed by the Committee. This will contribute to increasing the number of artisans.
- The increase in the number of centres of specialisation which are aimed at making colleges respond to local and regional industry needs by specialising in particular trades was welcomed by the Committee.

5.1.5. Programme 5: Skills Development
- The Committee noted the impact of COVID-19 and lockdown restrictions on the achievement of targets in the skills programme. The majority of the workplaces and trade test centres were closed during the lockdown period and this resulted in the non-achievement of targets in artisanal training programmes.
- The Committee noted with concern the discrepancies identified by the AGSA during the auditing and analysing of data from different SETAs to obtain deeper insight into the offering of their skills interventions. Some discrepancies identified by the AGSA were shocking, for example, learners enrolled in multiple SETAs, deceased learners reported to have been enrolled even when they were deceased before the training programme commenced, learners over 65 years enrolled in skills programmes and learners who received bursaries from NSFAS and SETAs. The

Committee ascribed the findings to poor monitoring and evaluation of the service providers implementing skills development interventions funded by the SETAs. Additionally, the Committee was of the view that there might be corruption by some SETA employees, working together with service providers appointed to deliver training programmes.

- The Committee supported the AGSA's proposal that SETAs would benefit from having an integrated system, which will enable data sharing among SETAs in relation to their funded interventions.
- Inadequate governance and poor financial management controls remain a serious concern in some SETAs, such as the Services SETA and Construction SETA.

5.1.6. Programme 6: Community Education and Training

- The underperformance by the CET programme on system targets was noted as a concern, as only one of the four targets was achieved.
- The Committee indicated that the CET sector needs support and requisite funding to expand and fulfil its intended objectives.
- The hosting of the CET Summit in March 2022 was a notable development for the sector and the Committee wished that the Summit resolutions would go a long way towards developing the sector going forward.
- The training of 249 CET lecturers in the CET sector was noted and the Committee urged the Department to expand this training programme to improve the performance and learning outcomes of the sector.
- Underfunding of the CET sector remains a concern given that up to 80% of the budget dedicated to the sector is directed towards the compensation of employees. CET colleges mostly depend on the infrastructure provided by schools for their teaching and learning. Moreover, there is insufficient funding for operations and related costs for the sector.

5.2. Quality Council for Trades and Occupations

- The sixth consecutive clean audit achieved by the entity was commendable and the Committee commended the staff of the entity for their commitment and hard work.
- The delays in the filling of vacant funded positions and the filling of vacant positions on the entity's Council, including the appointment of a permanent Chairperson remain a concern. The Acting Chairperson has been in that position for two years despite commitments from the Department that the position would be filled.
- The Business Case of the entity has not yet been approved by the Department although the engagements started in 2017. The plan was for the entity to take over the quality assurance role of the SETAs, however, to date, the entity still shares this responsibility with SETAs through service-level agreements. The delays in the approval of the entity's Business Case has implications in terms of its funding and operations. The entity's approved organogram has 246 posts. However, in real terms, it can only fund 110 posts.
- The delays in the finalisation of the processes put in place by the entity to purchase the premises it currently leases was noted with concern. The Committee has been recommending to the Department to fast-track the process in the approving of the purchasing of the premises. The Committee noted the report that the Minister was considering a response from the QCTO on the issues that were raised with regard to its approval request.
- The improvement in the entity's performance, 77 per cent for the year under review, from 64 per cent in 2020/21 was welcomed. The entity implemented its planned activities as per the approved 2021/22 Annual Performance Plan despite the budget cuts, due to the reduced SETA levy grant from R97,2 million in 2020/21 to R67,7 million in 2021/22.
- The approval of the Occupational Qualifications Sub-Framework (OQSF) during the year under review was welcomed by the Committee as a positive development which would position the entity as a key role player in the PSET sector.
- The slow uptake of occupational qualifications and skills programmes by TVET colleges remains a concern as these programmes are critical in equipping students with much-needed skills to become active participants in the economy.
- The proposed offering of the OQSF-aligned qualifications by higher education institutions and skills programmes by CET colleges was noted as a positive development for the entire PSET system.

5.3. South African Qualifications Authority

- The Committee expressed its gratitude to the outgoing CEO, Dr Reddy, who had served the entity with excellence during her tenure and wished her well in her future endeavours. It also welcomed the smooth transition to the newly appointed CEO, Ms Starr, who also has been part of the entity and would take over from 1 December 2022.
- The entity's achievement of 80 per cent of its targets during the year under review was commended, noting that it had retrenched 73 staff members due to financial difficulties.
- The confidence and commitment to women's empowerment as evidenced by the entity in appointing women to occupy strategic positions in its senior management positions is highly commended. The Board Chairperson and CEO of the entity were women.
- The delays by the entity in completing applications received for verification of qualifications and its possible impact on the applicants were noted as a concern. Compounding this situation was the amount of information and records that were still not digitised by SAQA, which impacts the turn-around time.
- The delays in the implementation of the fully functional automation system to improve the verifications and related functions of the entity remain a concern. It was noted that the implementation of the automation project will assist the entity in the speed-up of the verification processes considering its reduced human resource capacity and also position it as a key role player in the verification of qualifications.
- The underspending amounting to R48 million during the year under review was noted as a concern noting that the entity has retrenched employees during the year under review.
- The Committee commended SAQA for implementing consequence management without fear of favour. Swift action was taken by the entity in suspending its CFO for underperformance and suspicious activities. The Committee has been advocating for consequence management to be implemented against underperformance in public entities.
- The entity has regressed from a clean audit opinion in 2020/21 to an unqualified audit opinion with findings in 2021/22, and the Committee encouraged the entity to put measures in place to ensure that it achieves a clean audit.

5.4. Council on Higher Education
- The delays in the filling of funded vacant positions during the year under review were noted as a concern. The Committee also noted that the entity relied mostly on contract appointments due to the limited budget for compensation of employees.
- The quality of the curriculum for the initial teacher education programme, in particular at the University of South Africa (UNISA) was noted as a concern. It was further noted that UNISA is among the institutions that produce the highest number of graduates in teaching and the weakness in its programme needs to be rectified.
- The offering of legacy qualifications that have reached their teaching-out period in some universities, and how this impacts the funding of students who are enrolled in these programmes was noted as a concern. It was further noted that NSFAS is unable to fund these programmes, and students registered in some of these programmes need to find alternative means to fund their studies. Thus, it is critical for the CHE to work with SAQA and DHET to ensure that such qualifications are no longer offered by universities.
- The lack of standardisation of advanced diplomas by some universities as reported to the Committee by NSFAS was noted with concern and the CHE and SAQA were requested to look into the matter.
- The lack of representation of the minority groups such as Indian and White people, including people with disabilities (PWD) in the entity remains a concern.
- The delays in the filling of the Board Chairperson position, which was vacant since 14 July 2022 were noted with concern. Furthermore, the Committee noted that the term of the current Board was coming to an end soon and requested the Department to put in place measures to fill the positions to ensure a smooth transition.
- The transfer of the Transformation Oversight function to the CHE was welcomed, given the proliferation of racial incidents in institutions of higher learning. However, the Committee noted that the function shift to the CHE was not followed by the requisite funding. Thus, this would impact the ability of the entity to meaningfully fulfil this critical function.
- The responsiveness of the programme offerings by universities to the changing world of work is critical for building the economy.

6. RECOMMENDATIONS

The Committee, having assessed the 2021/22 Annual Reports of the Department and entities, recommends that the Minister of Higher Education, Science and Innovation and the Minister of Finance consider the following:

6.1. Department of Higher Education and Training
6.1.1. Programme 1: Administration
- The Department ensures that there is an improvement in the appointment of people with disabilities in the PSET sector to promote an inclusive work environment.
- The Department ensures that the employees appointed to occupy positions in the PSET institutions possess suitable qualifications and the requisite experience. The appointment of unqualified and underperforming employees in the PSET system has a negative impact on the performance and audit outcomes of these institutions.
- The Department put measures in place to address internal control deficiencies and improve its audit outcomes from unqualified audit opinion with findings to achieve a clean audit in the 2022/23 financial year.
- The review of the Department's organogram should consider the need to review the organogram of TVET colleges to strengthen their financial and supply chain management capacity.
- The appointment of the Board/Council Chairpersons and members of public entities in the HET portfolio be expedited to minimise the governance vacuum.

6.1.2. Planning, Policy and Strategy
- The monitoring and evaluation systems of the Department over PSET entities need urgent improvement to strengthen the accountability ecosystem of the PSET sector. Closer monitoring of these institutions will assist the Department in assessing the implementation of corrective actions that are needed to turn around the performance and audit outcomes of PSET institutions.
- The Department and PSET institutions, take appropriate steps to effectively deal with transgressions by officials involved in corruption, maladministration and underperformance at public entities. Meaningful implementation of consequence management in the PSET sector will contribute positively towards deterring irregular conduct and underperformance.
- Consideration should be given to legislation reviews, which will enable universities and TVET colleges to account in accordance with its regulations. Reporting in accordance with the PFMA regulations will also compel these institutions to be more transparent in terms of the utilisation of public funds allocated to them.
- Intervention strategies should be developed to overcome the perennial areas of underperformance in the programmes of the Department.
- The strengthening of good governance and accountability in the PSET sector ecosystem remains a priority for the Department.

6.1.3. University Education
- The finalisation of the feasibility study report into the establishment of a University for Crime Detection in Hammanskraal be expedited. The Department should quantify the costs involved in the establishment of the two new universities in Gauteng, and have clear timeframes on all processes involved towards their establishment.
- The finalisation of the MTT Report on Student Funding Model for the PSET sector should be expedited so that it can be implemented in 2023 as per the Annual Performance Plan (APP) 2022/23. The Department also needs to consider inputs from the FFC before finalising this report.
- The Department institutes a forensic investigation to determine the extent of dual registration and double dipping by students in universities and the implications of this on funding of the NSFAS beneficiaries.
- Working in collaboration with NSFAS, the Department ensures that the NSFAS applications portal is user-friendly.
- Consideration should be given to systemic investment into the remote teaching and learning modalities post-COVID-19 period at universities to enable students to access this new approach of accessing higher education. The limited university infrastructure is unable to meet the demand for higher education, thus blended learning can be further explored.

6.1.4. Programme 4: Technical and Vocational Education and Training
- The standardisation of policies relating to procurement, contract management and financial reporting should be expedited in the TVET sector. The standardised framework or guidelines will

assist colleges to prepare adequately for auditing by the AGSA and possibly contribute to improvement in their audit outcomes.
- Intervention strategies be put in place to address the recurring under-performance of the system targets.
- The adaptation to alternative means of teaching and learning such as remote learning was very slow in the TVET sector during the lockdown period. Consequently, the sector experienced a decline in its enrolment and academic performance. TVET colleges need to embrace and implement digital transformation.
- The alignment and relevance of the TVET sector curriculum content with industry needs is critical. Strong partnerships with industry will expand opportunities for work-based learning for TVET students and also prepare them for the world of work.
- The lecturers' development and training programmes be expanded to equip TVET lecturers with the necessary skills and pedagogy to improve the academic learning outcomes of the sector, especially for the NC(V) Level 4 and NATED 6 programmes. Similarly, student support services need to be better resourced to help students with programmes aimed at improving their academic performance.
- Additional support should be given to colleges to improve their capacity in offering occupational and skills programmes aligned to the OQSF.
- The roll-out of capacity development and training programmes on financial management be prioritised to assist college employees with the requisite skills to produce credible financial statements.
- Underspending on capital infrastructure efficiency grants (CIEG) in the TVET sector remain a concern, and colleges need to be provided with additional support on procurement and project management. The Department should update the Committee on the impact of their capacitation programme.

6.1.5. Programme 4: Skills Development
- The Department institutes a forensic investigation into the extent of malpractices in the execution of SETAs' skills development interventions as reported in the AGSA's value add findings within a month after the adoption of the BRR Report by the NA.
- The Department develops an integrated information management system for SETAs, which will enable seamless data exchange among SETAs in relation to their skills development interventions, including the beneficiaries thereof. This system will also enable SETAs to detect irregularities and discrepancies by service providers and beneficiaries of skills development programmes. An implementation plan, with timeframes for the integrated information management system for the SETAs, should be submitted to the Committee within three months of the adoption of the BRR Report by the National Assembly (NA).
- The Department should enforce the provision of the White Paper for PSET on the ring-fencing of the SETA bursary allocation to NSFAS to prevent duplication of services.
- The Minister should expedite the approval of the QCTO's submission for purchasing the premises so that it can save money from rental expenses to fund other skills development priorities.
- The clearance of the certification backlog in the SETAs should be prioritised so that beneficiaries can get their certificates and be able to utilise them to pursue further learning or employment opportunities.
- Corrective measures should be taken concerning recurring poor performance and audit outcomes by some SETAs.

6.1.6. Programme 6: Community Education and Training
- Additional support and resources are needed for the CET sector to deliver on its core mandate and to function optimally.
- The implementation of the recommendations coming from the CET Summit in March 2022 be expedited.
- CET lecturers be provided with the training and skills needed to offer skills programmes aligned to the OQSF. The skills programmes for CET colleges will assist them in responding to their respective local and regional economic needs.
- The Department working with the municipalities, public works and other relevant authorities need to identify under-utilised public infrastructure to be used as community learning centres to minimise the over-reliance on schools' infrastructure for CET programmes.

6.1.7.Budget considerations

- The Department needs additional funding to increase the enrolment of students in the TVET and CET sectors. Even though the budget of the Department is projected to increase over the MTEF period, it remains inadequate to meet the NDP targets for enrolment in the TVET and CET sectors and also inadequate to address the funding needs of the missing middle and post-graduate students who are unable to secure funding from other bursaries.
- The Department's cost pressures and unfunded priorities over the MTEF period amount to R12,6 billion. notwithstanding the current fiscus constraints, the Committee recommends that consideration be made to allocate additional funding to the Department to meet its objectives. Spending on priorities of the PSET system is an investment in human capital and is critical for sustainable development.
- The inequities in the funding of various programmes within the Department need to be reviewed. There is a massive gap between the funding of University Education and other core delivery programmes such as TVET and CET. Up to 80 per cent of the Departmental budget is reserved for transfers to universities and NSFAS. This trend is not sustainable considering the need to promote increased access and success to TVET and CET colleges. Thus, equity in the distribution of resources in the PSET sector should be prioritised.
- The Department should review the subsidy allocated to the CHE since it is unable to fulfil the objectives of the entity. The entity relies on the utilisation of its roll-over funds to meet some key performance indicators and this is not sustainable. The entity is also unable to fund its revised organisational structure due to limited funding.
- Additional funding should be considered for the QCTO to fulfil its mandate in line with its revised organisational structure and additional mandate of taking over the quality assurance role of the SETAs. Thus, the approval of its Business Case and the review of the SETA Grant Regulations to address the QCTO funding requirements should be expedited.

6.2. Quality for Trades and Occupations

- The entity considers working closely with the SETAs to assist them in clearing the certification backlog.
- The filling of the outstanding vacancies be expedited at the entity to increase its capacity and performance.
- The entity, working closely with the Department embarks on an advocacy campaign to promote the importance and uptake of occupational and skills programmes, especially by TVET colleges.

6.3. South African Qualifications Authority

- The entity puts measures in place to improve the turn-around time for the verification of qualifications. This will also enable the entity to generate more revenue by processing more qualifications within timeframes.
- SAQA considers investing in block-chain technology to expand the verification function to include verification of curriculum vitae (CVs) to make the entity financially sustainable going forward.
- The entity submits an audit action plan within one month after the adoption of the Committee's BRRR, which contains a clear timeframe for improving audit outcomes to achieve a clean audit in the 2022/23 financial year.
- The entity puts measures in place to reduce underspending and to curb irregular expenditure.
- The digitisation of old records (qualifications / part-qualifications) and their inclusion into the National Learner's Records Database (NLRD) should be expedited so that the entity can improve the turn-around time of verification of these records.
- SAQA working with the CHE and DHET should ensure that the legacy qualifications/part qualifications that have reached teach out time are deregistered from the NQF.

6.4. Council on Higher Education

- The entity expedites the filling of vacant posts and puts measures in place to attract people with disabilities and minority groups into the entity.
- Working with the Department and SAQA, the entity ensures that universities do not offer qualifications or part qualifications that are not aligned to the Higher Education Qualifications Sub-Framework (HESQF).
- The entity puts mechanisms in place to achieve a clean audit for the 2022/23 financial year and reduce over-spending on its subsidy allocation from the Department.

- The entity needs additional funding from the Department to support the work of the Transformation Oversight function for higher education. Transformation in higher education has different dimensions, all of which are important, and the work of the CHE in this regard will be critical in advising the Minister about the best possible practices for a transformed higher education sector.
- The entity needs additional funding which will cover the employee costs for the 2023/24 to 2025/26 MTEF period so it can implement its revised organisational structure with additional mandates.

Report to be considered