

MEDIA RELEASE

NSFAS unallocated funding: PSA calls for sector-wide audit

DATE

28 January 2026

EMBARGO

None

ENQUIRIES

communication@psa.co.za

The Public Servants Association (PSA) is dismayed by systemic failures at the National Student Financial Aid Scheme (NSFAS) and various tertiary institutions, which resulted in more than R2 billion in student financial-aid funds remaining unallocated, mismanaged, or wrongfully retained for years.

This follows recent announcements by the Special Investigating Unit (SIU) that R1.7 billion has been recovered from universities, TVET colleges, and unqualified former students as part of an ongoing national investigation into NSFAS financial irregularities. Investigations revealed that these unallocated funds, meant for financially vulnerable students between 2016 and 2021, were wrongfully held by institutions far beyond the one-year retention period stipulated by funding rules. The SIU confirmed that weak internal controls, inadequate reconciliation systems, and overall maladministration in NSFAS severely contributed to the failure to detect or recover these funds timeously.

Major institutions have now returned vast amounts after the SIU intervention. These include Esayidi TVET (R6 million), Majuba TVET (R25 million), Motheo TVET (R38.68 million), unqualified students (R126.47 million), Tshwane North TVET (R15 million), University of Fort Hare (R277.66 million), University of Free State (R438 million), University of Mpumalanga (R39 million), University of Pretoria (R400 million), Wits University (R450 million), University of Zululand (R58 million), Walter Sisulu University (R19 million), and West Coast College (R5 million). These payments form part of the broader R1.7 billion recovered to date.

The pattern of hoarded unallocated funds, inflated claims, and failure to return public money demonstrates severe ethical lapses and an alarming disregard for the students the system is meant to serve. The SIU found that NSFAS failed to design and implement proper controls to ensure annual reconciliation between disbursed funds and actual registered student lists. This negligence directly enabled financial losses, corruption vulnerabilities, and the prolonged misallocation of large sums across the sector.

The PSA condemns tertiary institutions for withholding funds beyond legal limits, misrepresenting student data, and benefiting directly or indirectly from unclaimed public money. NSFAS is condemned for administrative failures, internal control breakdowns, and a lack of effective oversight. The recovery of some R2 billion should not be celebrated in isolation as it highlights widespread failures. These funds could have supported thousands of needy students who were denied opportunities owing to financial shortfalls in the system.



The PSA calls for a sector-wide audit of all NSFAS-linked financial processes for all institutions implicated in inflating claims or failing to return funds. It is crucial to ensure consequence management for those who knowingly disregard the law and cause deserving students to suffer. The PSA urges NSFAS to fast-track the intention to have in-house payment functionality to streamline financial management and eliminate intermediaries. NSFAS has a legal duty to protect public funds and to ensure that every rand allocated for student support reaches its rightful recipient. The systemic failures exposed by the SIU investigation should be followed by firm corrective action.

END

