

About the Institution

The National Skills Fund (NSF) is responsible for funding skills development projects in the country. The NSF is a national public entity.¹ It reports to the Minister of Higher Education and Training, and its accounting officer is the Director-General of the Department of Higher Education and Training (DHET). Expenditure totalled R7.23bn in 2024/25.²

NSF is in the process of transitioning from a programme within DHET to an independent juristic entity. The DHET previously provided corporate services functions for NSF, but NSF has begun to establish its own functions.³

Flag Status

1	2	3	4	5	6	7	8	9
								
Improper appointments	Co-opting key functions	Climate of fear or favour	Corrupt awards	Financial malpractice	Obstructing accountability	Manipulating perceptions	Private gain	Shadow network

ISS Analysis

- ACTis has raised two flags for the NSF and placed three under monitoring.
 - Prolonged acting appointments at the leadership level have impacted the NSF’s stability during its transition to an independent entity. This has also weakened governance continuity and the capacity to address long-standing operational and financial deficiencies.
 - Inadequate internal controls and poor consequence management can be conducive to the mismanagement of project funding. Weak oversight mechanisms have made irregularities harder to detect and address. There is reliance
- on external investigations to identify project concerns retroactively, but this applies only to a limited selection. Consequence management for officials appears limited, which calls into question the NSF’s ability to self-correct promptly given the scale of its challenges.

 - NSF appears to face systemic governance challenges, but there are no clear shadow network dynamics symptomatic of state capture in operation.
 - The cost of NSF’s dysfunction is evident: in 2024/25, the NSF reported that only 5 847 learners completed their education and training



courses, against a target of 29 210. The AGSA believes the real figure is lower. Only 865 bursary students completed their qualifications against a

target of 3 500, and only 47 small businesses were assisted against a target of 15 500.⁴

Findings

Flag #1

Improper Appointments



The flag is raised because the permanent post of the administrative head is vacant.

- The NSF's Chief Executive Officer (CEO) position has been filled by acting appointments since 2021. The current acting CEO, Melissa Erra, has been in the position since 2 September 2024.⁵
 - With the NSF preparing to become a separate legal entity from the DHET, the CEO post had to be revised and approved by the Department of Public Service and Administration (DPSA). This process has accounted for some of the delays in filling the post.⁶
 - Following a recruitment process in 2025, Dr Innocent Sirovha was reportedly identified as the preferred candidate for the position of CEO, with concurrence sought from the DPSA and Cabinet. However, the process was never finalised, and Sirovha was not appointed. In June 2026, Minister of Higher Education and Training Buti Manamela stated that records and supporting documents from the recruitment process could not be located. Minister Manamela confirmed that he had ordered an investigation into the missing documents and had directed that the recruitment process be restarted. Sirovha stated that he was 'disappointed but not surprised. There's a saying in a public space that everybody hunts with their own dogs. I understand the re-advertisement in that context'.⁷

Flag #3

Climate of Fear or Favour



The flag is being monitored to determine whether there is a possible pattern of protecting officials.

- In 2024/25, the Auditor-General of South Africa (AGSA) reported a lack of consequence management for financial irregularities at the NSF.⁸



Flag raised



Flag lowered



Under monitoring

- A 2021 forensic investigation into 10 NSF-funded projects implicated seven NSF officials. By February 2025, only limited consequences had been imposed on those responsible. Of the seven, one was dismissed, one received a written warning and a fine of just over R7 000, one was demoted, and one received a month's suspension without pay. No decision has been made on whether to lay any charges against the remaining officials.⁹

Flag #4

Corrupt Awards



The flag is being monitored to check for patterns of irregular contract awards to the same companies or with the same *modus operandi*.

- In May 2025, the Special Investigating Unit (SIU) began an investigation into 10 NSF-funded projects for possible corruption and maladministration in the allocation and management of project funding by NSF officials. The projects were meant to provide skills development and training in South Africa between 2013 and 2025.
- An external forensic investigation into financial irregularities at NSF highlighted concerns with the projects in 2021. The DHET commissioned the investigation after the NSF received disclaimer audit opinions for two consecutive years.
- In 2023, the Directorate for Priority Crime Investigation (DPCI) began investigations into possible criminal behaviour, and the DHET approached the SIU for assistance with civil litigation and the recovery of funds.
- This led to Proclamation 253 being issued by the Presidency in 2025, giving the SIU a mandate to investigate the 10 projects further. These projects were selected as a sample, and it is unclear whether any investigation was carried out into other projects.¹⁰
- The NSF commissioned consulting and forensics firm SizweNtsalubaGobodo Grant Thornton to conduct 'determination tests' on several project awards and expenditures to investigate any irregularities.¹¹ A determination test on a Material Irregularity (MI) identified the involvement of six officials; three were absolved of any responsibility, and three were undergoing disciplinary proceedings by February 2025. Four project-related 'determination tests' were completed by February 2025; of the officials found to be implicated, three had resigned, one received an official warning, and a further three were undergoing disciplinary processes.¹²
- In October 2024, the NSF instructed Medirwe Investments Project, one of its skills development providers, to repay R11.1m after the funds could not be accounted for. The project was meant to support agricultural skills training for over 1 000 unemployed youths in Moses Kotane Municipality in the North West Province. The NSF stated that a case was opened with the South African Police Service (SAPS) on 6 October 2024, and that the NSF is seeking to recoup the money, which Medirwe had not yet repaid at that time.¹³



Flag raised



Flag lowered



Under monitoring

Flag #5

Financial Malpractice



The flag is raised due to indications of weak financial management.

- The AGSA found significant internal control deficiencies at the NSF in 2024/25. This included inadequate oversight of regulatory compliance, poor record-keeping, inadequate oversight of skills development funding expenditure, and inadequate performance reporting. The same issues had been identified in the previous three years, and an Audit Action Plan (AAP) was developed with the AGSA to address these issues after the 2023/24 audit. However, the 2024/25 audit showed that the AGSA remained concerned.¹⁴
- The AGSA identified an MI related to the repeated failure to adequately address double payments for parts of a security officer learnership programme.¹⁵
- Accumulated irregular expenditure totalled R1.74bn in 2024/25, equivalent to 24% of annual expenditure. However, this irregular expenditure related to prior years, with no new irregular expenditure identified in 2022/23, 2023/24 or 2024/25.¹⁶

Flag #6

Obstructing Accountability



The flag is under monitoring to assess whether signs of a lack of accountability are part of a broader pattern of such behaviour.

- The AGSA gave the NSF a qualified audit opinion in 2024/25, for the fourth consecutive year. This was an improvement on the disclaimer audit opinions received in 2019/20 and 2020/21. In 2024/25, the AGSA could not find sufficient evidence that skills development funding of R4.6bn had been properly accounted for, among other issues.¹⁷



Flag raised



Flag lowered



Under monitoring

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	Department of Higher Education and Training	- Strengthen controls over the allocation, payment, management and monitoring of NSF-funded projects. - Publish project awards every year for public scrutiny. - Ensure consequence management for those responsible for records management during the 2025 CEO recruitment process, as well as for financial irregularities.	Flag #1: Improper Appointments Flag #4: Corrupt Awards Flag #5: Financial Malpractice
2.	Special Investigating Unit	Apply for an expansion to the current mandate to investigate additional NSF-funded contracts, including those where SizweNtsalubaGobodo Grant Thornton found irregularities.	Flag #4: Corrupt Awards Flag #5: Financial Malpractice
3.	Auditor-General of South Africa	- Audit a further tranche of NSF-funded projects, beyond those already covered by the SIU, DPCI and SizweNtsalubaGobodo Grant Thornton. - Check for supplier credentials, legitimate payment transactions, appropriate use and accounting of funds, and delivery on project commitments and outcomes.	Flag #4: Corrupt Awards Flag #5: Financial Malpractice
4.	Civil society	- Conduct a due diligence check on the candidate who is ultimately appointed as CEO. - Obtain information on funding awarded to skills development projects, through a Public Access to Information Act (PAIA) request if necessary. Scrutinise the credentials of the recipients. - Obtain information on the performance of projects awarded NSF funds, through a PAIA request if necessary. Visit as many of the projects as possible to verify the outcomes.	Flag #1: Improper Appointments Flag #4: Corrupt Awards Flag #5: Financial Malpractice



Flag raised



Flag lowered



Under monitoring

The 9 Flags

Flag #1

Improper Appointments

Improper appointments, dismissals or failure to remove individuals in senior positions may be used to drive a corrupt agenda.

Flag #2

Co-opting Key Functions

Informal control may be established over critical functions within the institution to abuse them.

Flag #3

Climate of Fear or Favour

The working culture favours loyalty over duty; alignment with a corrupt agenda is rewarded, and resistance is punished.

Flag #4

Corrupt Awards

Contracts, licences, partnerships, loans and/or investments may be awarded irregularly and repeatedly benefit the same actors.

Flag #5

Financial Malpractice

The institution's financial management practices may be abused to advance a corrupt agenda.

Flag #6

Obstructing Accountability

The institution's internal operations might be deliberately obscured to hide potential misconduct.

Flag #7

Manipulating Perceptions

A public narrative that frames misconduct as innocence may be promoted.

Flag #8

Private Gain

Illicit gains may be distributed to benefit the same actors.

Flag #9

Shadow Network

The same public and private actors may collude to gain control over an institution's assets and functions, benefiting repeatedly.

About ACTis

What is ACTis?

The Anti-Corruption Tracker Information System is an initiative of the Anti-Corruption and Accountability Project at the Institute for Security Studies. It provides analysis on corruption and state capture in South Africa, to inform early intervention and enforcement. It utilises a system of indicators and an AI-driven data-collection and analysis tool, validated by human experts. It identifies risks within individual government institutions and produces actionable recommendations to address them, with a view to disrupting patterns of state capture and corruption.

Findings are shared directly with government and other duty-bearers, civil society organisations, the media and the public, empowering authorities to intervene, strengthening accountability, and enabling citizens activism.

Links to ACTis Information:

Further project information may be found at the following links:

[Terms and Definitions](#)

[Project Methodology and Analytical Framework](#)

[About the Anti-Corruption and Accountability project](#)

[About the Institute for Security Studies](#)

Contact us:
actis@issafrica.org

Disclaimer: This report is produced in the public interest and is based on official public records and other reputable publicly available sources considered reliable at the time of publication. The ISS has taken reasonable care to verify the information presented. Any analysis or opinions expressed are based on the available information and do not constitute findings of criminal, civil or administrative liability.



Flag raised



Flag lowered



Under monitoring

References

- ¹ National Treasury, Public Institutions listed in PFMA Schedules 1, 2, 3A, 3B, 3C and 3D as at 21 November 2025, <https://www.treasury.gov.za/legislation/pfma/public%20entities/2025-11-21%20Public%20institutions%20Sch%201-3D.pdf>.
- ² Expenditure is calculated by cash outflows from operating and investing activities. National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, p. 127.
- ³ Department of Higher Education and Training and the National Skills Fund, National Skills Fund (NSF) 2023/24 Annual Report, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, 15 October 2024, p. 15; Department of Higher Education and Training and National Skills Fund, National Skills Fund implementation of audit action plan and response to Committee questions in relation to 2023/24 Annual Report, 12 February 2025, <https://pmg.org.za/committee-meeting/40207/>, p. 59.
- ⁴ National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, pp. 114, 115.
- ⁵ Department of Higher Education and Training and National Skills Fund, Standing Committee on Public Accounts National Skills Fund (NSF) 2023/24 Annual Report, 15 October 2024, https://static.pmg.org.za/241015SCOPA_NSF_2023_-_24_Annual_Report_15_October_2024.pdf, p. 7. Before Erra, David Mabusela had been the acting CEO when the NSF presented its 2022/2023 Annual Report to the National Parliament's Portfolio Committee on Higher Education on 18 October 2023 (<https://pmg.org.za/committee-meeting/37732/>), its 2021/2022 Annual Report on 28 October 2022 (<https://pmg.org.za/committee-meeting/35872/>), and its 2020/2021 Annual Report on 17 November 2021 (<https://pmg.org.za/committee-meeting/33840/>).
- ⁶ Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 159.
- ⁷ Daily Maverick, Preferred candidate 'left in limbo': National Skills Fund to re-advertise CEO role, 23 June 2026, <https://www.dailymaverick.co.za/article/2026-06-23-preferred-candidate-left-in-limbo-national-skills-fund-to-re-advertise-ceo-role/>.
- ⁸ Department of Higher Education and Training and National Skills Fund, National Skills Fund implementation of audit action plan and response to Committee questions in relation to 2023/24 Annual Report, 12 February 2025, <https://pmg.org.za/committee-meeting/40207/>. The AGSA could not find sufficient evidence that the NSF's skills development funding had been properly accounted for, due to the state of the accounting records.
- ⁹ The Citizen, Hawks target 10 companies in R5 billion Skills Fund graft problem, 29 March 2023, <https://www.citizen.co.za/news/south-africa/politics/hawks-probe-10-companies-r5-billion-nsf-graft/>; NSF Presentation on Annual Report 2023/2024 to Standing Committee on Public Accounts, 15 October 2024, https://static.pmg.org.za/241015SCOPA_NSF_2023_-_24_Annual_Report_15_October_2024.pdf, pp. 49-50; Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 48.
- ¹⁰ President of the Republic of South Africa, Proclamation 253 of 2025, Government Gazette 52384, 28 March 2025, <https://www.siu.org.za/wp-content/uploads/2025/03/GG-52384-dd-28-March-2025-Proc-253-of-2025-National-Skills-Fund.pdf>; Department of Higher Education and Training and the National Skills Fund, National Skills Fund (NSF) 2023/24 Annual Report, 15 October 2024, https://static.pmg.org.za/241015SCOPA_NSF_2023_-_24_Annual_Report_15_October_2024.pdf, pp. 52-56; Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 9.
- ¹¹ Determination tests are conducted using specific procedures or a fact-finding exercise to determine whether a specific condition, allegation, transaction or project outcome can be supported.
- ¹² Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 52.
- ¹³ Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 166; The Sowetan, Department wants traditional leader to pay back R11m, 14 March 2025, <https://www.sowetan.co.za/news/2025-03-14-dept-wants-traditional-leader-to-pay-back-r11m/>.
- ¹⁴ National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, pp.116-117; Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 7.
- ¹⁵ National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, pp.117-118.
- ¹⁶ National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, p. 98; Department of Higher Education and Training and National Skills Fund, Responses to the Portfolio Committee on Annual Report: 2023/24 and Audit Action Plan, https://static.pmg.org.za/250212_Annex_C_NSF_PC_Presentation_of_Responses.pdf, 12 February 2025, p. 15.
- ¹⁷ NSF Presentation on Annual Report 2023/2024 to Standing Committee on Public Accounts, 15 October 2024, https://static.pmg.org.za/241015SCOPA_NSF_2023_-_24_Annual_Report_15_October_2024.pdf, pp. 41-46; National Skills Fund, Annual Report 2024/25, https://static.pmg.org.za/NSF_Annual_Report_for_2024-25.pdf, p. 111.



Flag raised



Flag lowered



Under monitoring