

ANNUAL REPORT

2016/17



COUNCIL ON HIGHER EDUCATION



COUNCIL ON HIGHER EDUCATION (CHE)
ANNUAL REPORT
2016/17 FINANCIAL YEAR

Contents

PART A: GENERAL INFORMATION	4
1. PUBLIC ENTITY'S GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS/ACRONYMS	6
3. FOREWORD BY THE CHAIRPERSON	8
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	12
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	16
6. STRATEGIC OVERVIEW	17
6.1. Vision	17
6.2. Mission	17
6.3. Values	17
7. LEGISLATIVE AND OTHER MANDATES	18
8. ORGANISATIONAL STRUCTURE	19
PART B: PERFORMANCE INFORMATION	20
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	21
2. SITUATIONAL ANALYSIS	21
2.1. Service Delivery Environment	21
2.2. Organisational environment	22
2.3. Key policy developments and legislative changes	23
2.4. Strategic Outcome Oriented Goals	24
3. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE	26
3.1. Programme/activity/objective 1: 2016/17	26
3.2. Overview of the CHE's performance: 2016/17	48
3.3. Linking performance with budgets	63
4. Revenue collection	63
4.1. Capital investment	63
PART C: GOVERNANCE	64
1. INTRODUCTION	65
2. PORTFOLIO COMMITTEES (if applicable)	65
3. EXECUTIVE AUTHORITY	65
4. THE ACCOUNTING AUTHORITY/COUNCIL	58
5. RISK MANAGEMENT	90
6. AUDITORS	90
7. INTERNAL AUDIT AND AUDIT COMMITTEES	90
8. COMPLIANCE WITH LAWS AND REGULATIONS	90
9. FRAUD AND CORRUPTION	90
10. MINIMISING CONFLICT OF INTEREST	90

11. CODE OF CONDUCT.....	90
12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	91
13. SOCIAL RESPONSIBILITY	91
14. AUDIT COMMITTEE REPORT	91
PART D: HUMAN RESOURCE MANAGEMENT.....	92
1. INTRODUCTION	93
2. HUMAN RESOURCE OVERSIGHT STATISTICS	93
PART E: FINANCIAL INFORMATION	98
1. REPORT OF THE EXTERNAL AUDITOR	99
2. ANNUAL FINANCIAL STATEMENTS	105



PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

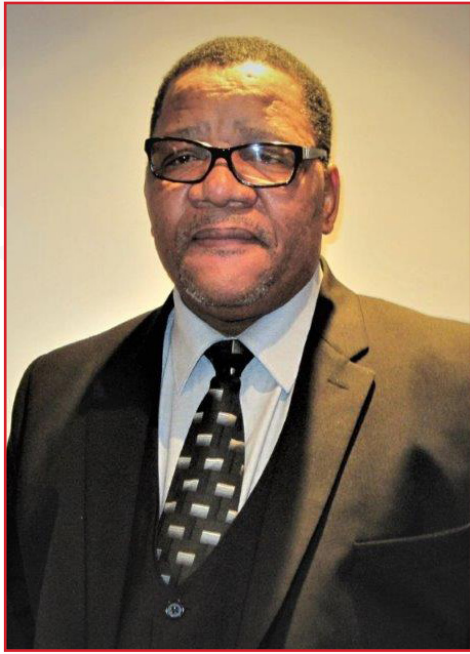
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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
AU	African Union
ASB	Accounting Standards Board
BEng	Bachelor of Engineering
BSW	Bachelor of Social Work
CAT	Credit Accumulation and Transfer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CESM	Classification of Educational Subject Matter
CHE	Council on Higher Education
DHET	Department of Higher Education and Training
Dip Eng	Diploma in Engineering
DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
DVC	Deputy Vice-Chancellor
EEA	Employment Equity Act No. 55 of 1988
ENE	Estimates of National Expenditure
EU	European Union
EXCO	Executive Committee of Council
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HELTASA	Higher Education Learning and Teaching Association of South Africa
HEQC	Higher Education Quality Committee
HEQCIS	Higher Education Quality Committee Information System
HEQSF	Higher Education Qualifications Sub-Framework
HR	Human Resources
HRRC	Human Resources and Remuneration Committee
IAC	Independent Actuaries and Consultants (in Financial Section)
IAC	Institutional Audits Committee
IAS	International Accounting Standards
ICT	Information and Communication Technology
LLB	Bachelor of Laws
MBA	Master of Business Administration
MEC	Monitoring and Evaluation Committee
MTEF	Medium Term Expenditure Framework
NEHAWU	National Education, Health and Allied Workers Union
NGC	Nominations and Governance Committee
NLRD	National Learners' Records Database
NQF	National Qualifications Framework
NRF	National Research Foundation
PAA	Public Audit Act of South Africa, Act 25 of 2004
PFMA	Public Finance Management Act 1 of South Africa, Act 1 of 1999
QC	Quality Council

QCTO	Quality Council for Trades and Occupations
QEP	Quality Enhancement Project
QA	Quality Assurance
QAA	Quality Assurance Agency
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SAQAN	South African Quality Assurance Network
SCM	Supply Chain Management
SER	Self-Evaluation Report
UIF	Unemployment Insurance Fund
UJ	University of Johannesburg
UMALUSI	Council for Quality Assurance in General and Further Education and Training
UNISA	University of South Africa
USAF	Universities South Africa

3. FOREWORD BY THE CHAIRPERSON



The 2016/17 financial year started in a climate of heightened tension but ended with a glimmer of hope that the turmoil that characterised the higher education sector during the previous year would eventually be ameliorated with the Ministerial initiatives and the Presidential Commission aimed at dealing with the fees issue. What was heartening was that student formations, university administrators, government officials, leaders of civil society and many other stakeholder groups rediscovered the one distinctive feature of South Africans: the ability to resolve differences and seemingly intractable challenges by means of constructive engagement. The result was that we had a relatively calmer year with only sporadic cases of protest action on a few university campuses. Most institutions concluded their academic programmes without notable disruptions, and this was good news for us as the guardian of quality assurance in the higher education sector. The Council on Higher Education (CHE) is encouraged by this positive turn of events and hopes that all role players will continue being committed to the processes of engaging each

other with a view towards finding lasting solutions to the genuine challenges that face higher education in the country. In line with its mandate, the CHE is pleased to have been involved in some of the initiatives that contributed to the calmer state of affairs in the sector during the year under review. The nature of this involvement is illuminated at various points in this report.

Under the guidance of Council, the CHE undertook a strategic review process during the 2016/17 financial year. The aim of the process was to reposition the organisation to ensure that it continues to effectively discharge its mandate in the context of difficult global and local economic conditions; and in response to other far-reaching developments within the country's higher education landscape. These developments include, but are not limited to, the imperative to increase access and success of students; the need to transform higher education in terms of the ideological and epistemological bases of curricula as well as the political dimensions of knowledge; the phenomenal increase in the number of applications received for accreditation, which was a direct result of the establishment of three new universities and scores of new private higher education institutions; the increasing number of court cases contesting the quality assurance decisions of the Higher Education Quality Committee (HEQC); and the growing appetite by institutions to explore innovative ways of delivering education programmes in cost-effective ways using digital and other modern technologies.

The strategic review process undertaken during the year under review resulted in the revision of the 2015–2020 Strategic Plan for the CHE within the parameters allowed by National Treasury guidelines for this kind of review. Some of the noteworthy changes in the strategy include the focus on developing a new approach that would enable the CHE to fulfil its mandate to audit the quality assurance mechanisms of higher education institutions in cost-effective ways; the placing of a high premium on streamlining the programme accreditation processes while at the same time increasing the rigour of the processes; the emphasis on up-scaling the standards development and national programme review functions of the CHE; and the conscious choice made to prioritise optimisation of resources and the leveraging of synergies among the different functions of the organisation. All of these bode well in a climate of scarce resources while the range and complexity of the CHE's functions have increased.

Overall, the year under review was productive and fulfilling to the CHE. In the area of advice to the Minister, the CHE produced and submitted to the Minister two pieces of advice on the regulation of university tuition fees. It also advised on a number of draft policies developed by the Department of

Higher Education and Training (DHET).

The CHE continued to pay sustained attention to the functions assigned to it by the National Qualifications Framework Act (Act No. 67 of 2008) as the Quality Council (QC) for higher education. It worked in collaboration with other bodies within the 'National Qualifications Framework (NQF) family' on initiatives to promote articulation in the post-school education and training system (PSET), disseminate information to promote public awareness of the National Qualifications Framework (NQF), develop a draft policy to curb misrepresentation of qualifications, and conduct studies to assess the impact of the NQF on the South African education, training and employment in consistence with the stipulations of section 13(1) (k) of the NQF Act. Work on the development of qualification standards also continued, and the standards for two more qualifications were finalised during the year under review. These are standards for the Advanced Diploma in Engineering, and the Bachelor of Engineering Technology. The development of standards for two other qualifications (Bachelor of Commerce and Bachelor of Sports Coaching) progressed to an advanced stage during the year.

There was continued progress in collecting and managing data on enrolment and achievements of students in private higher education institutions through the Higher Education Quality Committee Information System (HEQCIS). During the year under review, 136 of the 137 (99%) registered private higher education institutions uploaded at least one data set on the HEQCIS.

The first cycle of institutional audits ran between 2004 and 2011. However, owing to some factors unique to individual institutions, three institutional audits were still open at the beginning of the year under review. This number was reduced to one by the end of the 2016/17 financial year. The concerned institution is expected to submit its report outlining the progress made towards addressing the findings of its audit during the first quarter of 2017/18 financial year.

During the year under review, the Minister requested that a special audit be conducted on an institution that has not been that stable over the last decade. A bespoke institutional audit methodology was developed and the special audit was initiated during the last quarter of 2016/17 financial year. It is expected to be completed during the 2017/18 financial year and the report will then be submitted to the Minister after being consulted with the institution, and following the process of deliberation thereon through the CHE governance structures.

Following Council's decision during the previous year to resume audits (or reviews as the terminology develops internationally) of the quality assurance mechanism of higher education institutions, much effort during 2016/17 was invested in developing a framework and methodology for use in the next cycle that will also include private higher education providers. An Institutional Audit Review Working Group (IARWG) was constituted and worked unremittingly to produce numerous drafts of a framework document that is expected to be finalised in the next few months.

The first phase of the Quality Enhancement Project (QEP), which was launched in 2014 to promote quality teaching and learning in order to improve student success, drew to a close with visits to all public universities conducted by peer review panels. The purpose of the visits was to solicit feedback regarding the institutions' experiences with implementing the QEP interventions in the four focus areas of enhancing academics as teachers; enhancing the learning environment; enhancing student support and development; and enhancing course and programme enrolment management. The peer reviewers produced a report for each institution, summarising the institution's strengths, areas needing attention, and suggestions for further improvement related to the focus areas.

A central plank in the CHE's quality assurance framework is programme accreditation. During the year under review, 463 applications for accreditation of new programmes were processed and the outcomes tabled at the meetings of the Higher Education Quality Committee (HEQC) for a final decision. In total there were 681 outcomes decided upon by the HEQC, taking into account re-accreditations and representations. During the same year, 139 applications for the re-accreditation of existing programmes at private higher education institutions were processed and decided on by the HEQC.

Complementary to programme accreditation, national reviews of programmes are steadily gaining traction as an equally effective tool for assuring quality in the higher education system. The national review of the Bachelor of Laws (LLB) programmes was finalised and the outcomes were communicated to the respective institutions. Although the national review of the Bachelor of Social Work (BSW) programmes was completed during the 2014/15 financial year, the process of monitoring the implementation of recommendations flowing from the review report at the relevant institutions, continued during the year under review. Similarly, the development and implementation of teach-out plans at the concerned institutions were also monitored during the 2016/17 financial year. Planning for, and stakeholder consultations on the review of doctoral degree programmes were also undertaken, with the actual review expected to be a major project during the 2017/18 financial year.

The area of quality promotion and capacity development similarly recorded important achievements during the year under review. Three quality fora were organised and convened to disseminate relevant information to public universities and private higher education institutions as one way of creating and entrenching a culture of quality in higher education in the country. A separate quality forum was also organised and convened for statutory professional councils and other South African Qualifications Authority (SAQA)-recognised professional bodies to promote coherence and coordination in the quality assurance of programmes that lead to qualifications in professional fields. In addition, a quality assurance capacity development workshop for the new universities was also organised. The CHE successfully hosted the 3rd Southern African Regional Conference on Quality Assurance in Higher Education on behalf of the Southern African Quality Assurance Network (SAQAN). The conference was attended by delegates from 12 countries in the region, giving a major boost to regional and continental cooperation and collaboration for the quality assurance movement.

The development of policies on the recognition of prior learning (RPL), credit accumulation and transfer (CAT), and assessment, were finalised and institutions were engaged to workshop the implementation of the policies. A good practice guide on the quality management of short courses was also produced and distributed to institutions to assist them develop and implement quality management systems for their respective short course offerings. It became clear in the process that due to the wide diversity in policies and practices in this area, the most worrisome being the irregular allocation of NQF values to the short courses, renewed attention needs to be given to the matter in the next financial year.

The CHE also continued its partnership with the Higher Education Learning and Teaching Association of Southern Africa (HELTASA) to organise and run the Excellence in Teaching and Learning Awards as a means of promoting a culture of excellence among academics. It also continued with the project of producing periodic newsletters for stakeholders as another avenue for communicating and engaging with stakeholders regarding the developments within the CHE.

Council is pleased with the increasing level of visibility of the CHE in national programmes and fora. During the year under review, Management and staff participated in many national initiatives including in the Fees Commission of Inquiry into Higher Education and Training. They also participated in regional and continent-wide quality assurance harmonisation initiatives. The CHE furthermore maintained and/or strengthened relationships with strategic stakeholders such the Department of Higher Education and Training (DHET); the National Research Foundation (NRF); the South African Qualifications Authority (SAQA); and the Quality Council for Trades and Occupations (QCTO), to mention a few key ones.

An enormous challenge faced during the 2016/17 financial year was that of expecting the organisation to function optimally within a seriously resource-constrained environment. The CHE continued to punch above its weight, doing more with very limited resources both in terms of finances and human capacity. However, the long-term sustainability of the organisation in terms of resources is a matter that increasingly pre-occupied the Executive Committee (EXCO) and Council during the year under review. The continuing flurry of litigation challenging HEQC decisions on the accreditation of programmes of some private higher education institutions was also a serious challenge. Preparing


legal defences is costly not only in terms of finances but also in terms of the inordinate time spent by staff members in the preparation of facts and compiling documentary evidence around the cases so that Council can respond accordingly to the legal challenges. The outcomes of some of these legal challenges also have the potential of undermining the authority of the CHE as the apex body for quality assurance of higher education programmes in the country.

Looking ahead, the sustainability of the organisation in terms of resources will continue to be a pressing concern. The revised strategy will be implemented as a means of striving to ensure that the organisation continues to function in spite of the resource challenges that it faces. At the same time, all necessary steps will be undertaken to engage the DHET and National Treasury to re-look at the funding level for the organisation taking into consideration the full scope of the legislative and policy mandates of the CHE; the changes in the higher education landscape which have resulted in the exponential increase in the demand for the services that the CHE offers; and the legitimate expectation of society that the CHE should lead in charting and facilitating transformation of higher education in the country. The structural configuration of the organisation will also be re-looked at with a view towards greater functionality, flexibility and optimal fulfilment of the CHE's mandates, while promoting greater transparency, accountability and good corporate governance.

While I take pleasure in presenting this Annual Report for the 2016/17 financial year to stakeholders and the public generally, I would like to acknowledge the role played by fellow members of Council and committees of Council in ensuring that high standards of governance are maintained at all times, and that the CHE is never in the public eye for the wrong reasons. I express my appreciation to Management and staff of the CHE for their hard work, commitment and loyalty to the organisation, which impelled them to achieve a lot for the organisation notwithstanding the resource constraints and other challenges that the organisation faced during the year under review. I am equally grateful to all stakeholders, including local and international partners who collaborated with the CHE in different projects and initiatives during the 2016/17 financial year. I count on them to continue cooperating and collaborating with the CHE in the coming years.

I acknowledge the continued support and general goodwill received from the Minister, the Deputy Minister, the Director-General and all staff of the DHET. I am very pleased to observe the increase in cooperation and in the number of joint initiatives between the DHET and the CHE.

Finally, but by no means least, I would like to express my appreciation to the Chairperson and members of the Parliamentary Portfolio Committee on Higher Education and Training for taking their oversight duties seriously and thereby ensuring that Council and management of the CHE take only those decisions that seek to advance the interests of higher education and the nation at large.

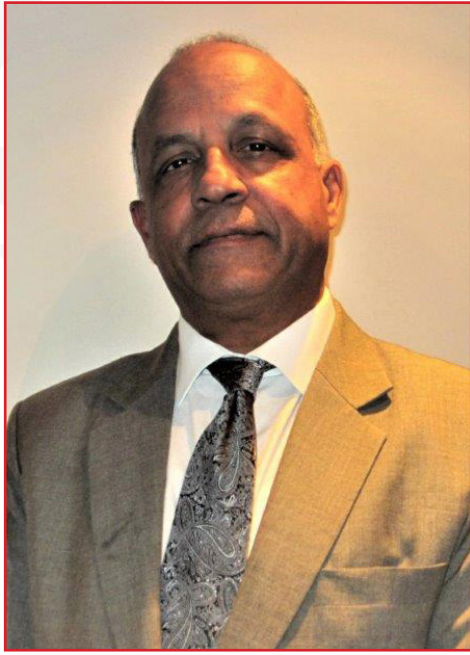


Prof N. Themba Mosia

Chairperson

Council on Higher Education

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Having assumed duties as Chief Executive Officer (CEO) of the Council on Higher Education (CHE) on 1 October 2015, the 2016/17 financial year was my first full year of responsibility for the development and implementation of the organisation's Annual Performance Plan (APP). The contents of this Annual Report indicate that this was a productive year in spite of several constraints. The performance information reveals that close to 80% of the targets for the year were met; and on some of the key performance indicators, the actual performance exceeded the targets. The report provides the necessary explanation for those areas where the targets were not reached. A common thread running through these is the issue of not having sufficient finances to fully fund the activities on some projects. Lack of adequate funding is therefore a serious constraint that had an influence on the performance of the organisation in relation to its APP for the year under review. While the CHE performed reasonably well given the financial constraints, there is no doubt that it would have performed even better if it were adequately resourced.

The Higher Education Act (No.101 of 1997), as amended, established the CHE and determined that it would be funded by (a) funds appropriated by Parliament and received through the DHET (hereinafter referred to as a baseline grant); (b) donations, contributions and other external sources of income; and (c) money payable by any person, institution or organ of State for the services the CHE renders to them. While during its initial years the CHE was a beneficiary of generous donations and contributions from international donor agencies, the ongoing global economic downturn, and austere economic conditions nationally have caused this income stream to almost dry up. At the same time, the CHE has not levied fees for the services it renders to public universities on the understanding that doing so would be tantamount to 'double dipping' since the public universities, just like the CHE, are heavily dependent on State funding. Only private higher education institutions pay service fees for their applications for programme accreditation, and this income stream contributes less than 10% of the organisation's annual budget. It follows therefore that the baseline grant has been and remains the only guaranteed source of income to the CHE.

During the 2016/17 financial year, the baseline grant funds received from the DHET constituted 83.6% of the CHE's total revenue of R49 953 879. The grant, which amounted to R41 758 963 was 5.2% less than that received in the previous year. This reduction in the baseline grant was made up for by an increase in the revenue from exchange transactions. The CHE receives exchange revenue from private higher education institutions in the form of non-refundable fees paid for applications for programme accreditation, and also money recovered from the institutions to cover the cost of site visits. During the year under review, the CHE also received some funds from the National Research Foundation (NRF) as a contribution towards meeting the cost of hosting the 3rd Southern African Regional Conference on Quality Assurance in Higher Education on behalf of the Southern African Quality Assurance Network (SAQAN). Registration fees provided the rest of required funding for the conference.

The total expenditure for the year, excluding depreciation and amortisation as well as the loss on disposal assets, was R57 million. Clearly, expenditure exceeded revenue, and the organisation was only able to make up the shortfall with roll-over funds. The National Treasury approved the roll-over of unspent funds from the previous year, amounting to R10 570 885 which provided considerable relief. The only draw-back was that the approval came almost half-way through the financial year and thus the projects, whose execution was contingent on availability of the roll-over funds, started late in the

year. Consequently, some of those projects could not be completed before the end of the financial year, and this affected the overall performance of the organisation.

Employee costs made up just over 52% of the total expenditure for the organisation, excluding depreciation and amortisation as well as the loss on disposal assets. This was just over two percentage points less than the previous year's percentage of personnel costs to total expenditure. The drop in the percentage ratio of employee costs to total expenditure is attributed to the discontinuation of certain employee benefits as part of the cost containment measures adopted by the organisation.

The quality assurance system of the CHE is peer-driven, and therefore, besides employee costs, payment to peer academics is another major cost factor to the CHE central to its operational budget. During the year under review, payment to peer academics remained the largest expenditure item within the category of goods and services. The amount spent on peer academics was R2 421 027 (63.4%) higher than the previous year and this is attributed to the fact that a large contingent of peer academics was hired to conduct visits to public universities to gather feedback on the performance of the institutions with respect to the interventions undertaken as part of the Quality Enhancement Project (QEP). This was in addition to the other peer academics who work in the areas of accreditation, standards development and national reviews, and monitoring and evaluation. The same could explain the sharp escalation in travel costs from R2 711 576 in the previous year to R4 159 886 in the year under review since every visit to an institution involved the travel of two peer academics and the Director: Institutional Audits.

As in the previous year, legal fees were the second largest expenditure item in the goods and services category. The amount paid in legal fees for the ongoing court cases brought by a few private higher education institutions rose by R1 339 037 (43.6%) in relation to the amount spent last year. It is clear that a likely consequence of actions and decisions in the light of the legal authority of the CHE which have an adverse effect on enterprises is legal action. It is expected that this trend will continue because some private higher education institutions have demonstrated a readiness to contest any decision of the CHE's Higher Education Quality Committee (HEQC) that has the potential to negatively affect the bottom line of their multi-million rand higher education enterprises. The CHE has and will continue to vigorously defend its decisions in line with its legal mandate and authority in the interests of quality higher education.

The majority of other cost items under the goods and services category experienced modest increases compared to last year. These increases were more linked to annual consumer price index (CPI) movements. However, it is important to note that owing to the implementation of cost containment measures, expenditure on certain cost items dropped, albeit modestly, during the year under review compared to the previous year. These cost items include consumables, conferences and seminars, bursaries, information and communication technology (ICT), promotional items, magazines, books and periodicals, recruitment, postage and courier, printing and stationery, employee welfare, and overseas travel.

The current organisational structure of the CHE provides for 52 positions, 43 of which had incumbents and nine were vacant during the year under review. There was a moratorium on the filling of some of the vacant posts because of the funding challenges that the organisation was facing during the 2016/17 financial year. The CHE's organisational structure has remained more or less the same over the past five years in spite of the work increasing in volume, breadth and complexity. It is a structure which is heavy within the administrative ranks but thin in the intellectual or academic and research ranks; and yet the current national demands on the organisation require that it should also have significant intellectual and research capacity. It is therefore of much concern that the lack of adequate funding has forced the organisation to remain trapped in the existing organisational structure and operational model which, in effect, are no longer ideal for the effective delivery on the enlarged mandates and increasing volumes of transactions it has to process. Structural and capacity-related constraints are therefore among the key challenges that the organisation continued to grapple with.

Although staff turnover decreased from 20.4% during the 2015/16 financial year to 11.6% during the year under review, it remains higher than the industry benchmark of 8%. The implementation of cost containment measures has brought some savings in operational expenditure but its downside is that it is stifling creativity and innovation among staff as there is no money for anything else beyond the very basic activities. Cutting down staff benefits and scaling down the employee wellness programme as part of cost containment measures are giving rise to low staff morale and restiveness in the organisation. In the final analysis, cost cutting measures have made it extremely difficult to attract and retain high calibre staff.

ICT is a key enabler in the work of the CHE. The function is fully outsourced because of the lack of in-house capacity. Insourcing ICT capacity and the development of an integrated online system for accreditation and other core function processes were identified as key priorities during the year under review. However, these did not materialise because of financial constraints.

A number of projects in the 2016/17 APP could not be undertaken, also because of financial and capacity constraints. These were mostly research projects which include the following:

- Governance and management challenges in higher education
- Key challenges facing higher education and associated policy implications based on the outcomes of the 20-year review of higher education
- African languages in higher education: policy, practices and challenges
- Student involvement in quality issues and decisions around quality at universities
- A study of the South African higher education legislative context from 1994
- A regular seminar series on higher education matters

During the 2016/17 financial year, the CHE undertook a strategic review process with a view to reprioritising its activities based on the understanding that it cannot do everything that stakeholders expect of it while it is facing serious resource constraints. A decision was taken to prioritise high impact activities. In the process of reprioritisation, inevitably some activities had to be placed in abeyance. The strategic review process culminated in the revision of the 2015 to 2020 Strategic Plan, and the Annual Performance Plan for 2017/18 was prepared on the basis of the revised Strategic Plan. The quality assurance tools and processes were also reviewed with the objective of streamlining them while maintaining their effectiveness and ability to produce valid and reliable outcomes. Work on developing a framework and methodology for Institutional Quality Reviews, the focus for the next cycle of Institutional Audits commenced and is expected to be completed during the 2017/18 financial year. Full scale Institutional Quality Reviews will be conducted as from the 2018/19 financial year after a process of consultation with the sector and finalisation of the review framework.

In line with the requirements of the Public Finance Management Act (PFMA) (Act No.1 of 1999), as amended, the CHE strives to maintain an effective, efficient and transparent system of financial and risk management and internal control; a system of internal audit under the control and direction of an Audit and Risk Committee (ARC); a supply chain management system which has integrity; and is fair, equitable, transparent, competitive and cost-effective. It is undergirded by a system for properly evaluating major capital projects prior to final decisions being taken on such projects.

During the 2016/17 financial year, a further focus was on fine-tuning and enhancing accounting and governance policies to ensure compliance with the applicable Accounting Standards and guidelines from the National Treasury; and also to ensure alignment with best practices. A strategic audit plan was developed to address a number of internal control deficiencies that were identified by the internal and/or external auditors. Reports on progress made in the implementation of the strategic action plan were presented to the ARC and Council for their consideration and approval. Furthermore, all control accounts were reconciled on a monthly basis to ensure that the monthly reports on finance and supply chain transactions were accurate. Similarly, both strategic and operational risks were identified and assessed, and control and/or mitigation measures were put in place. Reports on

progress made in the implementation of the risk control and/or mitigation measures were prepared regularly and presented to the ARC and Council for consideration and approval.

Going forward, the revised Strategic Plan for 2015–2020 will be implemented as from the 2017/18 financial year. One key change in this regard is that quality promotion and capacity development will cease to be a separate function. It will be integrated and infused into the other core functions of the organisation. There will also ensure that more emphasis is placed on human capacity optimisation, and the leveraging of cross-functional synergies through strong internal coordination. These are necessary measures to ensure that the organisation would be able to continue to create value while optimising scarce resources. Furthermore, the development of qualification standards and the national reviews of programmes will be upscaled because these are critical areas in terms of entrenching a culture of quality across the higher education landscape. Their positive impacts are already evident in the Social Work and LLB reviews.

Resources permitting, the CHE will also increase its participation in regional and continent-wide initiatives on promoting quality in higher education. Locally, the CHE will strengthen its collaboration and cooperation ties with the South African Qualifications Authority (SAQA), the other two Quality Councils (Umalusi and the Quality Council for Trades and Occupations), and other members of the 'NQF family' to advance the realisation of the goal and objectives of the NQF. Furthermore, the CHE has been attentive to the concerns expressed by stakeholders regarding the lengthy time that the accreditation process takes, and a more streamlined accreditation process will be introduced in due course. The process of developing the streamlined process was already underway during the year under review, and stakeholders will be consulted before its introduction. The CHE will similarly re-look at its structure and operational model and revise them where necessary to ensure that these are suited to the changing environment in which the CHE operates.

The issue of resource constraints will continue to be given the serious attention that it deserves. This will include engaging with relevant authorities on the possibility to review the determination on the funding levels of the CHE. The CHE will also seek to apply for national and/or international grants that it would be eligible for. During the year under review, two projects were successfully fundraised for from the European Union (EU).

I would like to conclude by expressing my sincere appreciation to Council for the guidance, encouragement and support during the year. I similarly convey appreciation of the sterling work that the various committees of Council do to ensure that the CHE remains one of the well-governed public entities in the country. I thank all staff members of the CHE for their dedication and commitment to their work which is exemplified in the extraordinarily long hours that many spend on their work just to ensure that the CHE delivers on its legislative and policy mandates in a climate of scarce resources.

I am equally grateful to the leadership and staff of the DHET for their support and collegial approach to issues that involve the CHE. I also thank all local partners and collaborators of the CHE which include SAQA, the QCTO, UMALUSI, USAf, the NRF and the professional councils amongst others for their support and collegial engagement with the CHE.



Prof Narend Bajjnath
Chief Executive Officer
Council on Higher Education

5. Statement of responsibility and confirmation of accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General.

The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

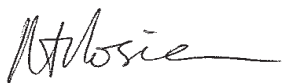
The external auditors are engaged to express an independent opinion on the annual financial statements.

In our considered opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2017.

Yours faithfully



Chief Executive Officer
Prof Narend Bajjnath
Date 31 July 2017



Chairperson
Prof N. Themba Mosia
Date: 31 July 2017

6. STRATEGIC OVERVIEW

6.1 Vision

The CHE as an independent statutory body strives to be an organisation nationally and internationally recognised for the quality of its intellectual contribution to and its impact on the development of the South African higher education system through its core functions of advising the Minister of Higher Education and Training, monitoring trends in the higher education system and assuring and promoting the quality of higher education.

6.2 Mission

The mission of the CHE is to contribute to the development of a transformed, equitable, high quality higher education system capable of responding to the intellectual, ethical, and human resource challenges of a democratic society based on social justice principles which operates in a global context. The main areas of work of the CHE are:

- To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on its own initiative;
- To develop and implement a system of quality assurance for all higher education institutions, including private providers of higher education, which focuses on programme accreditation, institutional audits, national reviews, quality promotion and capacity development;
- To monitor the state of the higher education system in relation to the goals of national policies and international trends;
- To contribute to the development of higher education through intellectual engagement with key issues in a number of activities (including research, publications and conferences) and in partnership with relevant stakeholders.

6.3 Values

In pursuit of its vision and mission, the CHE is committed to and guided by the following values:

- Independence
- Transformation
- Integrity
- Public Accountability

7. LEGISLATIVE AND OTHER MANDATES

The CHE's vision and mission are derived from its legislative mandates as outlined in the Higher Education Act and the National Qualifications Framework Act of 2008 (Act No. 67 of 2008).

7.1 Higher Education Act

In terms of the Higher Education Act, the mandate of the CHE includes the following:

To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on its own initiative.

To promote quality and quality assurance in higher education through its permanent sub-committee, the Higher Education Quality Committee (HEQC), including auditing the quality assurance mechanisms of, and accrediting programmes offered by, higher education institutions.

To monitor the state of higher education and publish information regarding developments in higher education on a regular basis, including arranging and co-ordinating conferences on higher education issues.

7.2 National Qualifications Framework Act

In terms of the National Qualifications Framework Act, the CHE has been established as the Quality Council (QC) for higher education with an expanded mandate, which, in addition to its quality assurance mandate, includes the following:

To develop and manage the qualifications 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.

In consultation with SAQA, to advise the Minister of Higher Education on matters relating to the HEQSF.

To conduct and publish research that facilitates the development and implementation of the HEQSF.

To inform the public on matters pertaining to the HEQSF.

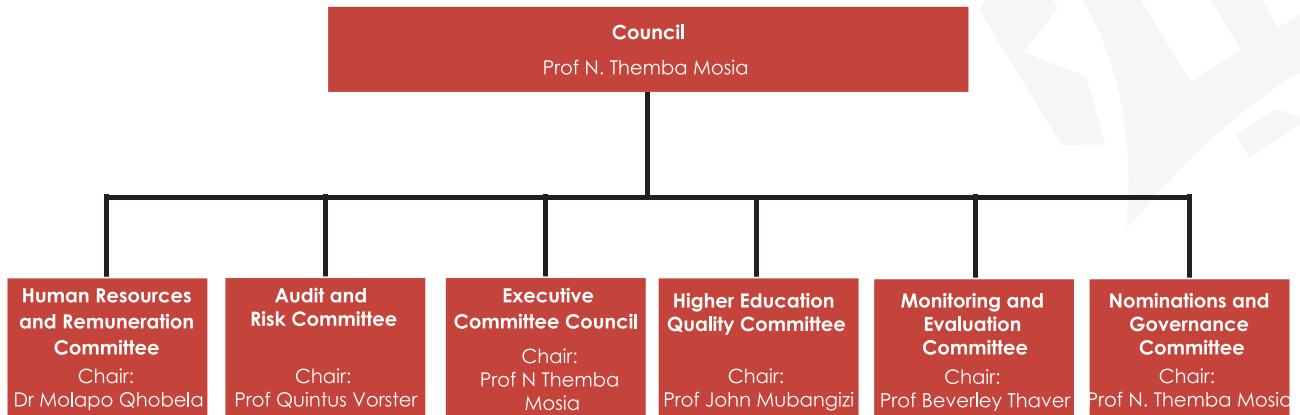
To develop and implement policy and criteria for the development, registration and publication of qualifications, as well as for assessment, the recognition of prior learning (RPL) and credit accumulation and transfer (CAT) in the context of the policy and criteria developed by the South African Qualifications Authority (SAQA).

To contribute to the development of level descriptors and to ensure their relevance.

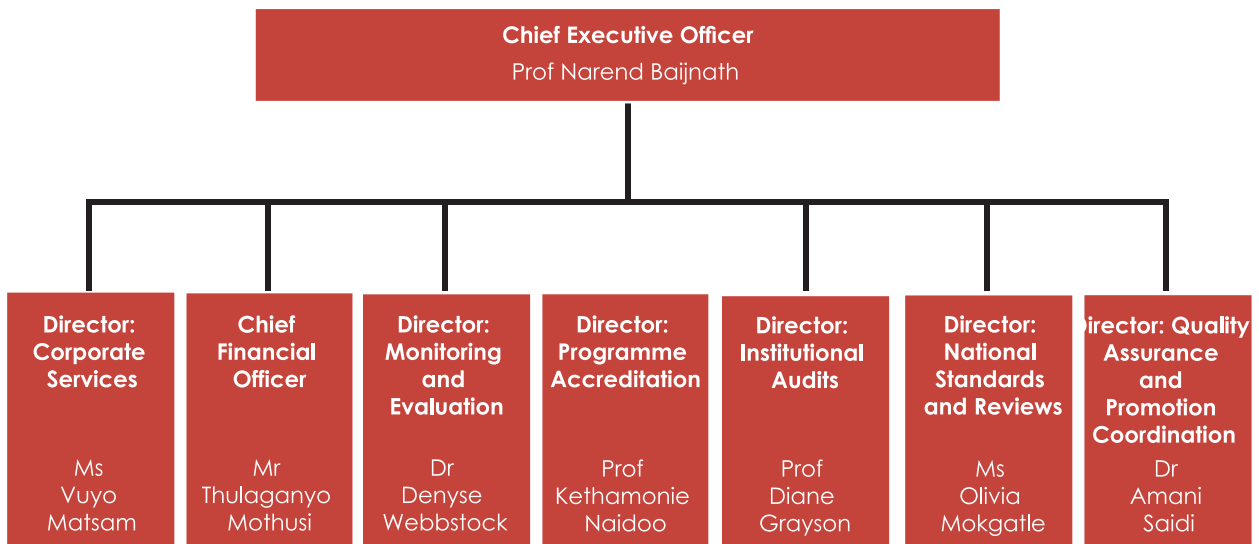
To maintain a database of learner achievements in higher education and to submit the data to the National Learner Records Database, which is maintained by SAQA.

8. ORGANISATIONAL STRUCTURE

Council Structure



Management Structure





PART B:
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 99 of the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

Service Delivery Environment

The CHE is a public entity established by the Higher Education Act 101 of 1997 (as amended). It therefore functions as stipulated by this Act. Its quality assurance and promotion responsibilities are governed by both the Higher Education Act and the National Qualifications Framework Act 67 of 2008, which designates the CHE as the Quality Council for higher education. The two Acts, regulations that are based upon these Acts (for example, regulations for the registration of private higher education institutions), and higher education national policy frameworks such as the White Paper for Post-School Education and Training (2013), together define and contextualise the performance environment and key imperatives for action for the CHE.

The CHE is a Schedule 3a public entity in terms of the Public Finance Management Act 1 of 1999 (as amended). This Act and its regulations (popularly known as National Treasury Regulations) together provide a framework that sets parameters for the governance of the organisation, and the management of its finances and other resources. The CHE strives to meticulously comply with the Act, its regulations and associated directives in all its activities.

The CHE is also cognisant of other national strategies, plans, protocols and frameworks in the performance of its legislated duties. Some of these include the National Development Plan 2030, the Human Resource Development Strategy for South Africa 2010–2030, the National Skills Development Strategy III, and the Presidential Outcomes 5.1 (Higher Education and Training), to mention a few. It is similarly cognisant of relevant regional, African and international conventions insofar as they intersect with the work of the CHE.

The niche of CHE is higher education, and other key role players in this space include universities, private higher education institutions, the government, mainly through the Minister and Department of Higher Education and Training, the Sector Training and Education Authorities (SETAs), the South African Qualifications Authority (SAQA), the Quality Council for Trades and Occupations (QCTO), the National Student Financial Aid Scheme (NSFAS), organisations such as Universities South Africa (USAf) and Academy of Science of South Africa (ASSAf), statutory and non-statutory professional councils, science councils, multilateral agencies such as the Southern African Quality Assurance Network (SAQAN), the African Union (AU) and the European Union (EU) and similar organisations.

The CHE has to remain aware of the initiatives of these other role players, and the changes or developments they go through, because they quite often have a bearing on its own work, or provide opportunities for synergy in common goals and objectives. The CHE therefore has to be responsive to diverse changes and/or developments in the sector beyond the remit of university education, which is its primary focus. The Strategic and Annual Performance Plans reflect these understandings on the part of the CHE, of the developments in the sector, and its plans in terms of how to position itself in the wake of such developments. The Strategic and Annual Performance Plans are therefore informed by business intelligence information from across the sector.

The CHE is essentially a service organisation. Consequently, therefore its outputs are constituted by advisory decisions and/or documents, evaluations, research and other publications, conferences and/or workshops, networks and other knowledge resources in a heavily peer dependent system of

higher education.

The demand for the services of the CHE comes from the higher education system as a whole. This demand is ever-increasing as South Africa seeks to transform from a natural resource-based economy to a knowledge-based economy.

Higher education is the engine of a knowledge-based economy because it generates the necessary capacity, research and innovations. The number of universities is increasing, and so too the number of private higher education institutions. The CHE, as a small but the only organisation of its type in the country, cannot meet the ever-increasing demand on it optimally without prioritising, and the Strategic and Annual Performance Plans reflect the outcome of a process that involved much balancing and reprioritisation.

The majority of indicators are outputs of the different processes that the CHE follows in discharging its responsibilities. They include the number of pieces of advice generated, the number of programmes accredited or reviewed, the number of publications produced, the number of workshops, and number of other outputs. It is contemplated that, going forward, input, throughput and outcome indicators should also be developed. The latter are important because they will measure the degree to which stakeholders benefit from the work of the CHE.

2.2 Organisational Environment

As a public entity that reports to government, its Executive Authority is the Minister of Higher Education and Training. The Minister appoints Council which is the Accounting Authority of the CHE and operates as a 'Board' with fiduciary, advisory and strategic oversight responsibilities. A senior management team, comprising of a Chief Executive Officer, Chief Financial Officer and six Directors, is responsible for the day-to-day management of the operations of the organisation.

The organisation is structured into five programmes as follows:

- i. Administration: comprising Office of the CEO and the Corporate Services Directorate. The latter includes finance, supply chain management, human resource management, ICT, facilities management and communication
- ii. Monitoring and Evaluation
- iii. Institutional Audits
- iv. Programme Accreditation
- v. National Standards and Reviews

The programme is essentially the operational or strategic business unit in the organisation, and each programme is responsible for delivery on one or several strategic objectives. Thus, the actual plans are built around the programmes. Similarly, each programme serves as the unit base for budgeting purposes. The programmes are therefore important components of the organisation and their performance in the implementation of the Strategic and Annual Performance Plans which determines the overall performance of the organisation. Capacity is one critical factor that has influence on the level of performance of the programmes. Unfortunately, currently the organisation is small, and almost all programmes lack the necessary critical mass of personnel to operate with great effectiveness and efficiency.

The programmes are coordinated by the Office of the Chief Executive Officer to ensure that they all pull in the same direction as directed by the Strategic and Annual Performance Plans.

The Office of the Chief Executive Officer drives and coordinates the strategic planning process. The process itself is both iterative as well as cyclical, with 'top-down' and 'bottom-up' impetuses that converge into various iterations of the plan. The 'top-down' impetus starts with Council identifying broad priority performance areas for the five years of a strategic plan. The Council is guided by the Higher Education Act, the National Qualifications Framework Act, the White Paper for Post-School

Education and Training and other relevant policy documents, in identifying and setting those broad priority performance areas. The Chief Executive Officer and the senior management team complete the 'top-down' loop by developing strategic goals and objectives on the basis of the broad priority performance areas identified by Council.

The strategic goals and objectives are communicated to all staff members in the programmes. The 'bottom-up' impetus kicks in with strategic and operational planning sessions being held at programme level, involving all staff members in each programme. At these sessions, the priority performance areas identified by Council, as well as the strategic goals and objectives formulated by senior management; are interrogated and debated, and the risks attached to them are assessed. Where the programme personnel are in agreement with the identified priority performance areas, strategic goals and objectives, the sessions then proceed to formulate operational plans, performance indicators and targets on each strategic objective. Risk management strategies are also developed.

The results that come from the planning sessions at the programme level are submitted to senior management to consider, and those that are accepted are collated and used to draft Strategic and Annual Performance Plans for the entire organisation. The draft is then presented to Council for consideration and approval. Council's approval marks the end of one planning cycle and the start of the next.

The first draft is finalised and approved by EXCO and submitted to DHET in August of each year. The final version is submitted to DHET in November for approval prior to being presented to Parliament in March, ready for implementation from the beginning of the financial year in April.

The attraction and retention of appropriate skilled professionals in a very competitive market remains a key challenge for the CHE. The continued loss of critical skills and institutional memory has a major impact on the CHE's ability to discharge its mandate and strategy. This is exacerbated by the size of the organisation which limits the opportunity for career progression particularly for mid-level employees. A number of interventions have been implemented in the past year to ensure that the CHE has the appropriate human capacity and capabilities. These include the following:

The development and implementation of the CHE's Competency Framework that has established a foundation for, and is a key driver of all human resources management processes in the organisation

The introduction of a flexible remuneration framework for levels 13 and higher to ensure the retention of critical skills for the CHE

Ongoing training and capacity building initiatives for employees

Implementation of an employee wellness programme that promotes the physical, social, emotional, occupational, spiritual and intellectual wellness of employees

These interventions continue to create a conducive organisational climate and culture that enhances employee productivity in general.

2.3 Key policy developments and legislative changes

The strategic review process resulted in the crafting of the revised Strategic Plan for fiscal years 2015-2020. A number of developments in the sector and the dynamics of social change led the CHE to review whether the assumptions implicit in the existing Strategic Plan were sufficiently resonant with the changes. The revision of the Strategic Plan was also informed by the changing context in higher education since the previous year. These included the fees protests, challenges of alienating institutional cultures, and sharp questions about the ideological and epistemological bases of curriculum. Questions about the political dimensions of knowledge production, and how it is reproduced and disseminated, with the power relations which undergird all of these have surfaced repeatedly. The CHE was mindful of these in identifying the issues to give attention to in its planning. Central to the revision of the Strategic Plan is a closer alignment and responsiveness to treasury guidelines and AGSA observations in the last audit process.

The Higher Education Amendment Act of 2016 introduced additional responsibilities to the CHE.

A policy for dealing with individual accountability in cases of fruitless and wasteful expenditure, an ICT Policy, and a Language Policy for the CHE were developed.

2.4 Strategic Outcome Oriented Goals

The CHE has adopted five strategic focus areas to frame the development of the strategic goals and objectives. These are:

To contribute to informing and influencing the public debate on the policy framework for the transformation of the higher education system and to become a recognised centre for information and policy analysis on higher education.

To contribute to developing the role of the quality assurance system in conjunction with the steering tools of planning and funding to enhance the quality of higher education and to enable the achievement of national policy goals and objectives.

To contribute to ensuring the currency and relevance of the HEQSF to meet the human resource and knowledge needs of South Africa, including the development and maintenance of standards, in the context of an integrated and articulated post-school education and training system.

To contribute to building the intellectual capability of the CHE, including the development of an enabling organisational climate, to enable it to discharge its mandate effectively.

The mandate of the CHE has been translated into four strategic goals and 12 linked strategic objectives, which provide the framework for the Annual Performance Plan.

The delivery of the strategic objectives is undertaken by Directorates, which constitute the core administrative units in the CHE's organisational structure. As a result, the resource requirements for the performance of the strategic objectives are reflected in the Medium Term Expenditure Framework (MTEF) budget through the budgets of the different Directorates.

2.4.1 Strategic Goal One

To contribute to informing and influencing the public debate on the policy framework for the transformation of the higher education system and to become a recognised centre for information and policy analysis on higher education.

Strategic Objective One

To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on the CHE's own initiative.

Strategic Objective Two

To monitor the state of higher education, including publishing information and convening conferences, seminars and workshops on developments in higher education.

2.4.2 Strategic Goal Two

To contribute to the development of qualification standards to ensure the relevance, comparability and currency of qualifications.

Strategic Objective Three

To develop and manage the HEQSF, including the articulation of qualifications between the three sub-frameworks, namely, the HEQSF, the General and Further Education and Training Qualifications Sub-Framework and the Trades and Occupations Qualifications Sub-Framework.

Strategic Objective Four

To develop and implement policy, criteria and standards for higher education qualifications to inform and guide the development, registration and publication of qualifications.

Strategic Objective Five

To maintain a database of learner achievements in higher education and to submit the data to the National Learners' Records Database (NLRD), which is maintained by SAQA.

2.4.3 Strategic Goal Three

To promote quality and conduct quality assurance in higher education, including enhancing the quality of higher education.

Strategic Objective Six

To audit the quality assurance mechanisms of higher education institutions.

Strategic Objective Seven

To accredit new programmes submitted by public and private higher education institutions and to re-accredit existing programmes offered by private higher education institutions.

Strategic Objective Eight

To undertake national reviews of existing programmes in specific subject fields and qualification levels offered by public and private higher education institutions.

Strategic Objective Nine

To promote quality and to develop capacity and understanding of the role of quality assurance in improving quality provision in higher education at both the systemic and institutional levels.

2.4.4 Strategic Goal Four

To ensure the efficient and effective provision of corporate services – administrative, financial, technical and professional, to support the discharge of the core mandate of the CHE.

Strategic Objective Ten

To ensure the development of human resources management environment that enables staff to develop their full potential.

Strategic Objective Eleven

To ensure that financial, administration and supply chain management is compliant with the requirements of the Public Finance Management Act (PFMA), relevant Treasury Regulations and Laws.

Strategic Objective Twelve

To ensure effective governance and compliance of ICT with statutory requirements.

3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

3.1 Programme/activity/objective: 2016/17

3.1.1 Strategic Goal One

To contribute to informing and influencing the public debate on the policy framework for the transformation of the higher education system and to become a recognised centre for information and policy analysis on higher education.

Strategic Objective One

To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on the CHE's own initiative.

Directorate: Monitoring and Evaluation

The Monitoring and Evaluation programme's main purpose is to monitor trends and developments in higher education, to undertake empirical research, and to disseminate research findings on higher education. This is to inform the CHE's advice function, and to provide the sector with independent information and analysis.

- **Advice to the Minister of Higher Education and Training**

While the provision of advice to the Minister of Higher Education and Training is a cross-cutting function of the CHE, the Monitoring and Evaluation programme undertakes much of the necessary research to inform such advice. In 2016/17, the main activity in this domain was a research project undertaken through a task team on the Regulation of Fees in Higher Education, which resulted in two substantial pieces of advice, one in July 2016 and one in March 2017.

Strategic Objective Two

To monitor the state of higher education, including publishing information and convening conferences, seminars and workshops on developments in higher education.

Directorate: Monitoring and Evaluation

- **Monitoring and research**

The activities in this domain included the publication of data or indicators on enrolments, staffing, cohort studies, research output and funding of the higher education sector in an annual digest. In this year, VitalStats 2014 was produced and VitalStats 2015 readied for publication in the new financial year. The other activities included the publication of research findings. Two research publications, Monitor 10 on Learning to Teach in Higher Education and Kagisano 11 Constituting Higher Education were completed.

Other research activity included work on challenges to student access and success, which was presented by the Director at a Going Global post-conference workshop in Cape Town in May. A submission on student funding to the Presidential Commission of Inquiry into Higher Education was prepared, and presented to the Commission by the CEO and the Director. Cohort studies were undertaken to inform the VitalStats 2015 publication. Data on student governance and political activity were collected for a future expansion of the VitalStats series.

Background papers on University and National Financial Aid Scheme Funding 2016/17 and 2017/18 and Models of Regulating Tuition Fees were completed for the advice function, and background research was undertaken for the provision of advice on several DHET policies: the Draft Policy for the Post-School Education and Training Central Applications Service, the Draft Policy on Open Learning and Distance Education, the Draft Policy on the Evaluation of Creative Outputs and Innovations in Public Higher Education Institutions, and the Draft Policy on Minimum Requirements for Programmes

Leading to Qualifications in Higher Education for Early Childhood Development Educators. A joint CHE-UJ seminar was held at the University of Johannesburg (UJ) to launch the CHE's publication, South African Higher Education Reviewed: Two Decades of Democracy in October, at which the Director presented the main findings of the Review. A template for institutional portfolios for each higher education institution for use in both quality assurance and monitoring activities was developed, and a profile on the University of Zululand was compiled for an institutional audit.

The Annual Plan for 2016/17 for Monitoring and Evaluation included the following:

- Performance indicators which assess the state of the higher education system (ongoing project) which will be published (in VitalStats)
- Four long-term research projects which will run throughout the year with possible overlap
- Dissemination of two publications giving research findings

The original budget bid for 2016/17 for effecting these activities at the time the APP was formulated was in the region of R3.5 million. As a result of budget cuts, in the reprioritisation process, some activities had to be curtailed as the actual budget for 2016/17 was just over R1 million i.e. 35% of what had been planned. This meant that research projects based on empirical research would have had to be put on hold. Two other contextual factors apply. First, the staff component of Monitoring and Evaluation was reduced from five research-related posts to two full-time and one half-time as a result of secondments and unpaid leave, and secondly, an unplanned request for advice on the regulation of fees in March 2016 led to an intensive project that lasted until March 2017, which involved much of the one researcher's (Director) time. The planned research publications and the performance indicators publication were nonetheless achieved, and there was considerable research activity – at least four research activities in progress at any one time in line with the APP, but they were not the large projects that were originally envisaged.

3.1.2 Strategic Goal Two

To contribute to the development of qualification standards to ensure the relevance, comparability and currency of qualifications.

Strategic Objective Three

To develop and manage the HEQSF, including the articulation of qualifications between the three sub-frameworks, namely, the HEQSF, the General and Further Education and Training Qualifications Sub-Framework and the Trades and Occupations Qualifications Sub-Framework.

Directorates: Programme Accreditation and Quality Assurance and Promotion Coordination

- **The National Qualifications Framework (NQF) and the Higher Education Qualifications Sub-Framework (HEQSF) Activities**

The HEQSF-alignment project is completed a year ahead of schedule. No HEQC meeting was held this quarter. Originally the HEQC meeting was scheduled to take place in June 2016, but due to the current legal process between CHE and SANTS, the CHE had to reschedule the HEQC to take place on 7 July 2016 to be able to report on the site visits linked to the accreditation of the BEd programmes.

During the year under review, the CHE worked with SAQA, other QCs and the DHET to develop policies, and in other initiatives that seek to promote the realisation of the goal and objectives of the National Qualification Framework (NQF) and the Higher Education Qualifications Sub-Framework (HEQSF). It reviewed the draft Articulation Policy for the Post-School Education and Training System and submitted its inputs to the DHET before the policy was finalised and gazetted in January 2017. It also participated in the workshops on articulation, one organised by the DHET and the other by SAQA.

The CHE also participated in the formulation of a policy on misrepresentation of qualifications, a draft, which was released in March 2017 for public comments; and in the revision of the policy and criteria

for the evaluation of the foreign qualifications in the context of the NQF. It similarly took part in the activities of the NQF Advocacy and Communication sub-committee of the NQF CEO Committee.

Section 13(1)(k) of the National Qualifications Framework Act 67 of 2008 requires the South African Qualifications Authority (SAQA) to conduct or commission investigations of issues of importance to the development and implementation of the NQF, including periodic studies of the impact of the NQF on South African education, training and employment. Four NQF Impact Studies have been undertaken so far in 2002, 2005, 2010 and 2014 respectively. Following the development of a system of collaboration in 2012, as envisaged in section 13(1)(f) of the National Qualifications Framework Act 67 of 2008, the NQF Impact Studies have become joint projects of the SAQA and the Quality Councils. The CHE is therefore also involved in the work of the 2017 NQF Impact Study which started during the 2016/17 financial year.

The CHE is furthermore represented on the Steering Committee that oversees the national project on the implementation evaluation of the National Qualifications Framework Act (Act No. 67 of 2008) and participated in the project as one of the key stakeholders.

Strategic Objective Four

To develop and implement policy, criteria and standards for higher education qualifications to inform and guide the development, registration and publication of qualifications.

Directorate: National Standards and Reviews

The Directorate engaged regularly with academic communities to identify other qualification types, fields of study and disciplines that would benefit from the development of a national standard.

Following substantial revision in response to public comment, the following standards statements were completed and await approval by the HEQC:

- Advanced Diploma in Engineering
- Bachelor of Engineering Technology

The following two draft standards statements are at various stages of development and it is anticipated that they will be completed in the course of 2017:

- Bachelor of Commerce
- Bachelor of Sports Coaching

Following extensive consultations with the National Department of Health and the National Library, the development process of these qualifications have begun:

- Bachelor of Information and Library Studies
- Higher Certificate in Emergency Care

Strategic Objective Five

To maintain a database of learner achievements in higher education and to submit the data to the National Learners' Records Database (NLRD), which is maintained by SAQA.

Directorate: Monitoring and Evaluation

There was continued progress in collecting data on student enrolment and achievement in private higher education through the Higher Education Quality Committee Information System (HEQCIS), which has been developed in conjunction with SAQA. The number of unique, currently registered private providers that have submitted at least one data load increased from 127 of 133 (95%) in the previous financial year to 136 of 137 (99%) in this financial year, with a total of 418 827 learners now on the system. In the December 2016 cycle, 94% of all unique private higher education institutions each successfully submitted at least one full data load.

3.1.3. Strategic Goal Three

To promote quality and conduct quality assurance in higher education, including enhancing the quality of higher education.

Strategic Objective Six

To audit the quality assurance mechanisms of higher education institutions.

Directorate: Institutional Audits

Institutional audits were conducted between 2004 and 2011. However, at the beginning of this financial year, three audits were still open. Delays in closing the audits are related to institutional capacity, which, in some cases, resulted in institutions being placed under administration. The audits of two institutions were closed this year, Mangosuthu University of Technology and North West University. There is one remaining institution whose audit has not been closed, Walter Sisulu University. This university had been under administration and then under the leadership of an interim vice-chancellor until a vice-chancellor was appointed in April 2016. Although a progress report was received in September 2016, it was inadequate. A decision was taken by the Institutional Audits Committee to request that the progress report be resubmitted in April 2017, as it felt that the new vice-chancellor did not enough time to engage with the institution thoroughly to produce the report.

- **Special Institutional Audit**

The audit of the University of Zululand, conducted in 2010, was terminated in 2015 by the HEQC owing to instability in the management of the university, on the understanding that the CHE would engage with the institution on a suitable process to assure institutional quality when a substantive management was in place. A new vice-chancellor was appointed in April 2016, and other senior management positions were filled during the course of the year. In September, the Minister of Higher Education and Training wrote to the CHE to request that it conducts a special institutional audit.

The convergence of the request from the Minister and the CHE's own intention to engage with the university led to a decision to conduct a special institutional audit in 2017. A bespoke methodology was developed, which was approved by the HEQC and Council, and discussed with the senior management of the university at a meeting on 31 January 2017. An audit panel comprising five senior members of the higher education sector was appointed, with agreement from UniZulu. The audit will be concluded in the next financial year.

- **Quality Enhancement Project**

In the second audit cycle, which began in 2014, the focus has been on improving teaching and learning, and ultimately student success. This focus was operationalised through the Quality Enhancement Project (QEP), which comprises two phases and involves working with all higher education institutions in parallel. For the purposes of the QEP, student success is defined as enhanced student learning with a view to increasing the number of graduates with attributes that are personally, professionally and socially valuable.

In Phase 1, institutions were asked to engage with four focus areas: enhancing academics as teachers, enhancing student support and development, enhancing the learning environment and enhancing course and programme enrolment management. In 2014, institutions submitted baseline information on what they were currently doing in each focus area. In late 2015, institutions submitted reports in which they indicated improvements they had made or were planning to make. In the present financial year, individual feedback visits were conducted by two trained peer reviewers and the Director: Institutional Audits. A peer reviewer report was then produced that summarised the institution's strengths, areas of improvement and suggestions for further improvement related to the focus areas. Phase 1 has now been completed.

At a meeting of the QEP DVC Forum on 2 September 2016, it was agreed that for Phase 2 the focus area would be curriculum. After several iterations, a document that provides a social, political and

historical motivation for the choice of focus area, as well as details of the submission requirements, was finalised and approved by the HEQC in February 2017. The final document was presented at the QEP DVC Forum meeting on 3 March 2017, and the DVCs agreed to produce their institutional submissions by 30 November 2017. There are four areas to be addressed: curriculum renewal and transformation, diversity and inclusivity, curriculum development capacity and quality, and participation in curriculum design and development.

The QEP was designed to encompass spin-off activities with other role players in the sector involved in promoting student success. One of the spin-offs this year is a collaborative project with the DHET to run a national workshop on improving the effectiveness of university teaching in May 2017. Funding was successfully sourced from the European Union and planning is well-advanced.

Another activity in which there is synergy between the QEP and other role players is the Kresge-funded Siyaphumelela project, which is designed to strengthen data analytics capability at HEIs in order to promote student success.

A joint Siyaphumelela-QEP workshop on Systemic Approaches to Student Success for DVCs Teaching and Learning, and Academic and Directors of Teaching and Learning was held on 28 June 2016 as part of the annual Siyaphumelela conference. The one-day workshop provided participants with the opportunity to both learn about institutional initiatives that have been shown to substantially increase student success and to discuss what can be done at their own institutions. The workshop presentations were given by Professor Tim Renick, Vice President for Enrolment Management and Student Success at Georgia State University, and the workshop facilitation was done by the Director: Institutional Audits. She and Professor Renick also gave plenary presentations at the conference on 29 June on the same topic.

- **New Institutional Quality Assurance Process**

Planning is underway to develop a new institutional audit process for the third audit cycle. The new process will be called Institutional Quality Reviews, and will involve assessing the quality assurance systems of institutions. To begin the process, a background document was produced that traced the history of institutional audits and the QEP. An Institutional Audit Review Working Group (IARWG) was constituted and held a two-day workshop on 31 August and 1 September 2016. Several documents have been produced and discussed within the CHE and with the Institutional Audits Committee and the DVCs. Further consultations are planned for the second half of 2017, prior to finalisation of the methodology and implementation in the next financial year.

- **CHE/HELTASA National Teaching Excellence Awards for 2016**

Every year the CHE, in collaboration with the Higher Education Learning and Teaching Association of Southern Africa (HELTASA), organises the National Excellence in Teaching Awards. The CHE manages the processes and logistics of the awards. It also provides, from its budget, the cash prize of R30 000 for each of the five winners.

The 2016 awards process ran smoothly and the winners of the 2016 National Excellence in Teaching and Learning Awards were, as reflected below:

1. Rosemary Quilling, University of KwaZulu- Natal
2. Nic Theo, Cape Peninsula University of Technology
3. Zafeer Nagdee, University of Johannesburg
4. Philip Baron, University of Johannesburg
5. Stephen Coetzee and Astrid Schmulian (team), University of Pretoria

Commendations were given to:

1. Chrisna Botha-Ravyse, North West University
2. Joanne Hardman, University of Cape Town

3. PK Ramdeyal, Mangosuthu University of Technology
4. Leonie Goosen, Rhodes University

The awards were announced at the gala dinner of the joint HELTASA-International Conference on Education Development in Cape Town on 24 November 2016.

Strategic Objective Seven

To accredit new programmes submitted by public and private higher education institutions and to re-accredit existing programmes offered by private higher education institutions.

Programme Accreditation

- **Accreditation of New Programmes**

Submissions for the accreditation of programmes are received and evaluated on an ongoing basis throughout the year and therefore applications submitted in one financial year may only receive an HEQC outcome in the following financial year.

There were 463 applications submitted for the accreditation of new programmes in 2016/17. These applications are disaggregated per NQF level in Table 1 and per Classification of Educational Subject Matter (CESM) category in Table 2 below.

In the same period, 2016/17, the HEQC approved a total of 681 outcomes which included applications for the accreditation of new programmes, representations, and deferrals related to accreditation. It should be noted that this includes some programmes submitted in the previous financial year and processed in the current financial year.

This is reflected in Table 3 below. Of the 681 outcomes, 549 programmes were accredited (with or without conditions, or deferred) and 132 programmes were not accredited. Poorly designed curricula and unsatisfactory teaching and learning approaches were among the most common reasons for programmes not being accredited.

The majority of applications submitted were for programmes at National Qualifications Framework (NQF) levels 7 and 8, as indicated below in Table 1.

TABLE 1: New applications for programme accreditation per NQF level

Number of Applications	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Total
	60	65	181	107	40	10	463

Similarly, as in the previous year, the majority of the applications for programme accreditation were in Business, Commerce and Management Sciences, Health Professions and Related Clinical Sciences, Education and Engineering.

TABLE 2: New applications for programme accreditation per CESM category

CESM Category	Number of applications	
01	Agriculture, Agricultural Operations and Related Sciences	23
02	Architecture and the Built Environment	14
03	Visual and Performing Arts	12
04	Business, Economics and Management Studies	163
05	Communication, Journalism and Related Studies	6
06	Computer and Information Sciences	19
07	Education	82
08	Engineering	19
09	Health Professions and Related Clinical Sciences	51
10	Family Ecology and Consumer Sciences	2
12	Law	6
13	Life Sciences	12
14	Physical Sciences	8
15	Mathematics and Statistics	2
17	Philosophy, Religion and Theology	11
18	Psychology	1
19	Public Management and Services	21
20	Social Sciences	10
22	Law	1
	Grand Total	463

Table 3: HEQC decisions and outcomes for accreditation

Item	Total
Programmes accredited/accredited with conditions/deferred	549
Programmes not accredited	132

During this period, there was a total of 35 applications for extensions and relocations of sites. There was also 125 site visits conducted.

- **Re-accreditation of Private Higher Education Institutions**

On an annual basis, the programmes of private higher education institutions, which are due for re-registration with the Department of Higher Education and Training, need to be re-accredited. In 2016/17 as indicated in Table 4 below, 139 programmes for re-accreditation were tabled at an HEQC meeting. There were 16 programmes not aligned to the HEQSF and the accreditation of these programmes was extended to allow them to be taught out. There were 69 programmes that were re-accredited/re-accredited with conditions and 41 programmes that were not re-accredited. There were 13 programmes deferred pending additional information.

Item	Total
Total number of programmes for re-accreditation	139
Programmes re-accredited	69 (incl. with conditions)
Programmes not re-accredited	41
Programmes with accreditation status extended	16
Programmes deferred pending additional information	13

Strategic Objective Eight

To undertake national reviews of existing programmes in specific subject fields and qualification levels offered by public and private higher education institutions.

Directorate: National Standards and Reviews

• **National Reviews**

National reviews focus on the re-accreditation of existing programmes with a view to improving programme quality. The national reviews function is overseen by the National Standards and Reviews Committee (NSRC), which is a sub-committee of the HEQC. The Terms of Reference of the NSRC allows the HEQC to co-opt a discipline expert with experience of teaching and research in the relevant discipline for the discipline under review. That is, depending on the reviews being undertaken, additional discipline experts may be co-opted onto the committees. Since the LLB is currently under review; Mr Justice Zak Yacoob was co-opted to serve as a member of the NSRC for the period of the LLB national review.

The Committee met three times during this period, and comprises the following members:

- i. Prof Theo Andrew, Chairperson, Executive Dean: Faculty of Engineering and the Built Environment, Durban University of Technology
- ii. Prof Jean Baxen, Independent Consultant
- iii. Prof Dhiro Gihwala, Dean, Faculty of Health Sciences, Cape Peninsula University of Technology
- iv. Dr Vanessa Brown, Director: Academic Planning Unit, University of the Western Cape
- v. Ms Kuselwa Marala, Academic Administration, Registrar's Office, Cape Peninsula University of Technology
- vi. Dr Matete Madiba, Director: Student Affairs, University of Pretoria
- vii. Dr Paul Steyn, Academic Head, Akademia Konkordia
- viii. Prof Völker Wedekind, Research Chair in Vocational Education and Pedagogy
- ix. Mr Justice Zak Yacoob – Co-opted Member representing the Legal Profession

• **National Review of Bachelor of Social Work (BSW)**

Although the national review of the Bachelor of Social Work programme was completed in December 2014, there is ongoing monitoring of those programmes that are still in the process of implementing the recommendations flowing from their national review reports. Taking into account the progress reports submitted by the institutions, the HEQC continues to revise its initial accreditation decisions to reflect improvements made.

Revised progress reports from the Universities of Venda (UNIVEN), North West (NWU) and Nelson Mandela (NMMU) were tabled at the National Standards and Reviews Committee (NSRC) meeting of 27 July 2016 for discussion. The HEQC at its meeting of 8 September 2016, approved the NSRC recommendations, and revised its accreditation decisions for the NMMU and NWU to Full Accreditation.

• **Bachelor of Social Work (BSW) Teach-Out Plans**

Walter Sisulu University (WSU) and the University of Zululand (UNIZULU) were requested to submit teach-out plans for their pipeline students. These plans were tabled at the National Reviews Committee of 27 July, and the Committee recommended approval.

The HEQC approved the plans at its meeting of 8 September. The plans were deemed adequate, as they clearly articulated the student support necessary for successful completion of the programme, and monitoring and reporting arrangements for successful teach-out.

- **National Review of Bachelor of Laws**

The finalisation of the Qualification Standard for Bachelor of Laws (LLB) document in 2015 enabled the CHE to immediately start the detailed process of conducting the national review of the LLB including any aspect of other degrees or qualifications that contributes to the award of an LLB degree.

There are three phases to the national review. The 1st phase involves stakeholder consultation with regards to the (scope of the review, review proposal, reference group, review panels, review manual and minimum criteria, Self-Evaluation Report (SER) template and training workshops for the participating institutions.

The 2nd phase of a national review entailed submission of a Self-Evaluation Report (SER) by participating institutions. This phase also includes a desktop peer evaluation of the SERs of the various institutions against the relevant Qualification Standard, and culminates with panel site visits to the institutions.

Desktop evaluation of the SERs was conducted by a panel of law educators (each by an individual), many of whom also participated in development of the Standard. The desktop evaluation was not aimed at arriving at recommendations in respect of re-accreditation decisions. The focus was two-fold: advising the institution on aspects of the Standard that appeared to be in need of attention, and identifying gaps and absences in the SER response to the lines of enquiry. The desktop evaluation reports (DERs) were then moderated, for consistency, by a separate group of expert law academics. Each DER was sent to the institution. In some cases, additional information was requested, to be submitted prior to the site visit; in other cases, supplementary information would be required during the site visit

Site visits of the 17 institutions were conducted between August and end in October 2016. The site visits were immensely successful in spite of the ongoing students' unrest. All the 17 site visit panel reports were submitted to the Directorate by mid-November 2016.

These reports were screened for completeness with the aim of ensuring consistency across the reports in preparation for the NSRC meeting held in January 2017. At its meeting of 30 March 2017, the HEQC endorsed all the NSRC recommendations with regards to outcomes of the LLB review. The final reports have been sent to all the participating institutions.

The 3rd phase of the LLB National Reviews entails the national report on the state of the LLB qualification in South Africa. A report writing team made of experts and relevant stakeholders in legal education has been appointed in this regard.

Accreditation with Conditions:

1. Nelson Mandela University
2. University of Johannesburg
3. University of Venda
4. University of Limpopo
5. Rhodes University
6. University of Zululand
7. University of the Western Cape
8. University of Cape Town
9. Stellenbosch University
10. University of Witwatersrand
11. University of Fort Hare
12. University of KwaZulu-Natal

13. University of Pretoria
Notice of Withdrawal of Accreditation:

14. North West University
15. Walter Sisulu University
16. University of South Africa
17. University of the Free State

- **Doctoral Studies National Review Project**

In fulfilling its mandate of Human Capital Development (HCD), the NRF has several funding instruments that support the doctoral degree. However, in making these investments, the NRF needs to be assured that doctoral qualifications offered by South African public universities meet national quality standards for Doctoral degrees.

The NRF proposed that the CHE undertake a review of Doctoral studies in South Africa. The NRF suggested that, while there was a need to increase the number of Doctoral candidates and graduates nationally, the emphasis ought to be placed primarily on quality assurance at this level of post-graduate study.

The CHE undertook to conduct a preliminary exploration of the feasibility and possible purpose, scope, procedure and intended outcomes of such a review. A draft proposal was discussed and endorsed in principle by the NRF. While the quality assurance processes fall largely within the legislated mandate of the CHE, it has been agreed that there should be optimal participation, in the form of a partnership, by the NRF. The NRF also undertook to provide funding for the project.

Considerable progress has been made since the stakeholder consultative meeting held on 2 February. The Development grant for 2017 in the amount of R998 700 has been signed off by NRF and transferred to the University of the Western Cape (UWC) for administration of the grant. The principal investigator of the project is Prof. Thandi Mgwebi from UWC. We await the award letter and conditions of grant which will be signed by both the CHE and UWC, and returned to the NRF.

A Reference Group made up of academic experts with experience in post-graduate studies, and quality assurance has been constituted. The Reference Group will play a crucial role in the development of a national benchmark standard, determination of the scope of work of the review, and would be expected to provide expert advice to the CHE as and when necessary. Even though the Reference Group is pivotal to the review project, co-option of additional members or expertise may be necessary at various phases of the project. All key stakeholder groups will be consulted when crucial decisions about the project are made.

Members of the group will participate in their individual capacities, not as representatives of institutions, special interest groups or professional bodies.

Strategic Objective Nine

To promote quality and to develop capacity and understanding of the role of quality assurance in improving quality provision in higher education at both the systemic and institutional levels.

Directorate: Quality Assurance and Promotion Coordination

Quality Promotion and Capacity Development

- **Quality Assurance Fora**

Quality assurance (QA) fora were successfully organised to provide a platform for disseminating relevant information to quality assurance professionals in public universities, private higher education institutions and professional councils. The QA

forum for public universities was held on 23 August 2016 and was attended by QA professionals from

25 public universities. The QA forum for private higher education institutions was held on 25 August 2016 and was attended by QA professionals from 94 private higher education institutions. The theme of both QA fora was: From Policy to Practice. The focus of discussions was the CHE's policies on recognition of prior learning (RPL), credit accumulation and transfer (CAT) and assessment.

- **The QA forum for professional councils took place on 24 March 2017. Fifteen**

statutory professional councils and five other SAQA-recognised professional bodies were represented at the workshop. The DHET, SAQA, Universities South Africa (USAf) and the Accreditation sub-committee of the Higher Education Quality Committee (HEQC) were also represented. The theme of the workshop was: 'advancing cooperating among role players in quality assurance in higher education'. The question and answer (QA) forum went well.

- **Quality Assurance Workshop for New Universities**

The CHE organised a quality assurance capacity development workshop for the new public universities on 10 November 2016. However, a severe storm on 9 November 2016 affected flights across the country and delegates from the University of Mpumalanga were unable to attend the workshop in Pretoria. It therefore proceeded with delegates from Sol Plaatje University and Sefako Makgatho Health Sciences University in attendance. Arrangements will be made to organise another workshop for the University of Mpumalanga delegates who were unable to attend the one that took place on 10 November 2016.

- **Development of Policies and a Good Practice Guide**

The 2014/15 Ministerial Guidelines to Address Priorities for the National Qualifications Framework required the three Quality Councils to develop and publish policies on recognition of prior learning (RPL), credit accumulation and transfer (CAT) and assessment for their respective NQF sub-frameworks following the publication by SAQA, of the national policies of RPL, CAT and assessment. Since August 2014, the CHE undertook the process of developing the policies on RPL, CAT and Assessment for the higher education sector. In 2016, the HEQC finally recommended the policies to Council for approval; and subsequently at its meeting on 30 June 2016, Council approved the policies for publication and release. The policy document was printed and copies were distributed to higher education institutions and other key stakeholders. An electronic copy was placed on the CHE website for easy access by any interested parties.

The process of developing a good practice guide for the quality management of short courses that do not lead to qualifications on the Higher Education Qualifications Sub-Framework (HEQSF) was completed. The HEQC approved the publication and release of the good practice guide document which was subsequently published on the CHE website. Bound hardcopies were also produced and distributed to higher education institutions.

- **Development of a Framework for Promoting a Coherent and Coordinated Quality Assurance System of Professional Programmes in Higher Education**

Over the years, there have been debates on the presumed intersections and overlaps in the mandates, roles and responsibilities of professional councils on one hand, and the Higher Education Quality Committee (HEQC) of the CHE on the other, with respect to the quality assurance of programmes that lead to professional qualifications in higher education. At the QA forum of professional councils in 2014, it was agreed that the CHE should convene a Working Group comprising representatives of the CHE/HEQC, professional councils and higher education institutions to develop a national framework for promoting a coherent and coordinated quality assurance system of professional programmes in higher education.

The framework document was finalised during the year under review and was presented to the professional councils during the QA forum for professional councils held in March 2017. It was agreed that it would not be in the best interest of all role players and stakeholder to have this framework implemented independent of the national regulatory framework that the DHET and the CHE were in

the process of developing with funding from the EU Dialogue Facility for Bridging Phase Programme. Instead, it was recommended that the former should be incorporated into the national regulatory framework.

- **CHE Electronic Newsletter**

During the year under review, the CHE continued with the electronic newsletter project which aims to provide another channel of communicating with stakeholders and disseminating information on the quality assurance and promotion activities of the CHE. Three issues of the newsletter were compiled and distributed to stakeholders in June 2016, September 2016 and March 2017 respectively.

Hosting the 3rd Southern African Regional Conference on Quality Assurance in Higher Education

The CHE successfully hosted the 3rd Southern African Regional Conference on Quality Assurance in Higher Education on behalf of the Southern African Quality Assurance Network (SAQAN). The conference took place from 19 to 20 October 2016 at the Council of Scientific and Industrial Research (CSIR) International Convention Centre, Pretoria. It was attended by 120 delegates from 12 countries including South Africa.

The other 11 countries which were represented by delegates at the conference were from Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Namibia, Nigeria, Swaziland, Uganda and Zimbabwe. It was officially opened by the Deputy Minister of Higher Education and Training, the Honourable Mr Mduzi Manana. The theme of the conference was: 'Quality Promotion and Capacity Development in Southern Africa – Concepts, Perspectives and Practices'. The South African Journal of Higher Education accepted to publish the proceedings of the conference in a special edition of the journal in 2018.

- **Participation on Africa-wide Quality Promotion Initiatives and Networks**

The Director for Quality Assurance and Promotion Coordination attended the 8th International Conference on Quality Assurance in Higher Education in Africa that was held in Windhoek, Namibia from 19 to 23 September 2016. The conference was organised by the Global University Network for Innovation (GUNI) Africa, the African Quality Assurance Network (AfriQAN), and the Association of African Universities (AAU). It was jointly hosted by the National Council for Higher Education (NCHE) of Namibia, and the University of Namibia and its theme was: 'Multi-dimensions of Innovation in Higher Education in Africa: Towards Enhancing Quality and Accelerating Regional Harmonisation'. It was attended by over 250 delegates from 38 countries, including the United States of America and a couple of European countries. It provided an immense learning opportunity, particularly of the various quality assurance and promotion initiatives that are taking place in other parts of the continent with funding from the EU. It also provided a good opportunity for learning on good organisation of conferences, in light of the fact that the CHE is in the process of organising the 3rd Southern African Regional Conference on Quality Assurance in Higher Education. Not least, it provided an effective platform for networking with people who lead quality assurance and promotion in institutions and agencies across the country.

- **Collaboration with DHET on EU-Funded Projects**

The CHE collaborated with the DHET on two projects funded by the EU Dialogue Facility for Bridging Phase Programme. One project was on the development of a framework through which the interaction, coordination and collaboration among professional bodies, the Quality Councils, industry, government departments and post-school education and training institutions can be enhanced to produce more professional graduates. The intended outcome of the proposed project is a regulatory framework which will provide direction for further agreements among the different role players, and which inform the alignment of strategy, policy, funding and quality of delivery. A steering committee comprising representatives of DHET, the CHE, the QCTO, Higher Education Institutions (HEIs), Technical and Vocational Education and Training (TVET) colleges, professional councils, provincial and national

departments of government, Sector Education and Training Authorities (SETAs) and industry, was established and had its first meeting on 20 January 2017 at the CHE where it received and considered the background research report for the project. It also accepted the recommendation that an international colloquium be organised to take place in May 2017.

The second project was on the development of a national system for improving the effectiveness of university teaching through assessment and accreditation of academics as teachers. The aim of the project was to initiate a strategic dialogue with both national and international experts, organisations and stakeholders on how to raise the status of, and promote quality in, university teaching across the South African higher education sector in order to promote student success. The project also sought to explore different possibilities and options that could lead to the development of a national South African system for assessing and accrediting academics as university teachers. A steering committee was established and it held its meeting on 9 and 10 March in Port Elizabeth. An expert from the UK Higher Education Academy was part of the meeting. The main project activity, a national workshop, was held in Port Elizabeth from 24 to 26 May.

- **Participation in a National Programme for Developing Research Capacity**

During the year under review, the CHE participated in a national programme to build research capacity in various fields of science, social science, humanities and engineering and technology. The programme is funded by the Department of Science and Technology (DST) and is managed by the National Research Foundation (NRF). The goal of this national internship programme is to afford unemployed science, social science, humanities, engineering and technology graduates and postgraduates an opportunity to acquire practical research work experience and improve their competencies through mentoring and hands-on exposure to research environments.

Through a partnership with the Southern African Research and Innovation Management Association (SARIMA), the scope of the programme has extended to research management, research support and administration at public higher education and research institutions. The Quality Promotion and Capacity Development programme at the CHE saw in the DST/NRF internship programme an opportunity to contribute to the development of research capacity among the youth of the country. It therefore accepted the invitation to participate in the programme. Accordingly, two interns were assigned to be hosted at the CHE to get involved in research projects related to quality promotion. The two interns successfully completed their internship at the CHE.

3.1.4 Strategic Goal Four

To ensure the efficient and effective provision of corporate services – administrative, financial, technical and professional, to support the discharge of the core mandate of the CHE.

Strategic Objective Ten

To ensure the development of human resources management environment that enables staff to develop their full potential.

- **Directorate: Corporate Services**

The Human Resources function continued to make progress in operationalising and giving effect to one of the CHE's key strategic imperatives, namely, to build the CHE's intellectual capability and to ensure that the CHE has the human capacity and capability to execute its mandate and strategy. The human resources function is overseen by the Human Resources and Remuneration Committee, which is a sub-committee of Council.

The focus on ensuring that the CHE has appropriate human capacity and capability has been given effect through a range of interventions in the Human Resources value chain:

- i. Ensures that the organisation attracts, retains, develops and trains the right number

- and quality of staff
- ii. Improves the quality and efficiency of the recruitment, selection and placement processes
 - iii. Develops and implements improved and sustainable human resources systems and processes
 - iv. Contributes to the improvement in employee productivity through a comprehensive and holistic employee wellness programme and a robust Performance Management system
 - v. Builds, embeds and maintains positive staff perceptions of the CHE
 - vi. Alignment of Performance Management Agreements to the organisation's Strategic and Annual Performance Plans
 - vii. Strengthening and enhancement of the Performance Management processes by reviewing current measurement tools, to ensure credibility of the system
 - viii. Development of a sustainable Employee On-Boarding programme for new employees to further mitigate the risk of retention of critical skills, which is the number one risk in terms of the CHE's strategic risks
 - ix. Enables staff to adapt to change and transformation to deliver on the CHE's mandate and the national transformation objectives
 - x. Create and maintain a harmonious and stable labour relations environment

- **Staff Turnover, Recruitment and retention**

The total number of employees at the end of the year under review is 43, with nine vacant positions against the 52 positions on the approved organisational structure. Four of the nine vacancies have been put in abeyance due to the organic nature of the work in the respective directorates and will be filled when there has been a substantive increase in the work flow, as planned. The prevailing financial constraints experienced during the year under review further necessitated the introduction of a moratorium on the filling of vacant positions.

The Programme Accreditation directorate has two positions that have been vacant for over a year now. The filling of these vacancies has been put on hold pending the outcome of the "Reviewing of Accreditation Processes Project" which was completed at the end of March 2017. The results of the project will enable the directorate to determine the type of skills required to deploy and/or attract in order to be functional, efficient and to further mitigate risks associated with this directorate. The development of job profiles in line with these processes is underway. The process of filling the remaining three vacant positions is underway with one candidate commencing in April 2017. The directorate is currently utilising fixed term contract staff to fulfil some of the functions.

The review of the accreditation processes were necessitated by the high turnover of employees in the directorate which unfortunately had a major impact in relation to the retention of institutional memory in the directorate. The directorate experienced a high number of litigation challenges during the year under review.

Overall, the staff turnover decreased from 20.44% to 11.63%, year on year against an industry benchmark of 8%. There were four appointments and five terminations during the year under review. It should be noted that the reasons for termination are varied, however, the majority are employees seeking growth and better prospects which are a limitation for the CHE. This is largely due to the small size of the organisation which limits the opportunity for career progression in relation to mid-level staff.

Overall, the staff retention rate decreased from 90% to 83% year on year against a target of 85% set by the organisation. This is largely due to the reasons stated in the former part of the report.

• **Policy Development**

The CHE aims to ensure that all its Human Resources policies, frameworks, guidelines and processes are aligned to the strategic goals of the organisation as the relevant guiding regulatory framework.

The following policies, frameworks, guidelines, charters and processes were reviewed and approved by Council during the year under review:

- a. Remuneration and Benefits Policy
- b. Performance Management Policy
- c. Work Attendance Policy
- d. Language Policy
- e. On-Boarding Guidelines
- f. Human Resources and Remuneration Committee Charter
- g. Performance Management Moderation Committee Charter

In addition, ten more HR policies were reviewed due to having been in the system for three years, which is the requisite timeframe, in line with the CHE's Records Management Policy. However, these policies did not warrant any review at the time.

• **Performance Management System 2016/17**

The CHE aims to achieve its strategic objectives through the effective management of employee performance and to this end, an enhanced Performance Management approach was introduced with the purpose of ensuring that the system is credible, fair and transparent. This was informed by an assessment of the Performance Management system conducted during the period under review and this necessitated some enhancements on the CHE's Performance Management system. These improvements ranged from ensuring alignment of individual performance agreements with the CHE's Strategic and Annual Performance Plans for 2016/17, development of sound key performance indicators, performance assessment standards and the Performance Management Agreement template.

This further necessitated the overhaul of the Performance Management component of the Human Resources Information System (HRIS) to ensure alignment and to derive value for the improved system.

The subsequent development was the modification of the process by changing the rewarding component of the Performance Management process from the end of March to August, to align with the completion of the final external audit process. The former enhancements led to further revisions in the following related governance processes; the Performance Management Policy, the Performance Management Moderation Committee Charter and the CHE's Delegation of Authority. This was to ensure compliance, good governance and to align with best practise.

Apart from engendering a culture of high performance within the organisation, as a management tool, Performance Management is aimed at empowering employees to have greater understanding of what is expected of them and subsequently leverage personal career progression.

• **Staff Training and Development**

In the year under review, the CHE continued to prioritise the training and development of employees within the organisation with a view to fulfilling the organisation's mandate. Efforts to engender an enabling learning culture in the organisation continued as a way of supporting employees in developing and reaching their full potential. The Annual Training Plan 2016/17 for the CHE was developed, approved and implemented. This was achieved through various interventions, namely, induction; international collaborations; organisation-wide group training; e.g. conflict management, job evaluation training, systems training, compliance training, conferences, bursaries, individual training plans linked to employees' respective functions and identified performance gaps, refresher

workshops on policies, processes (Financial, Compliance, Supply Chain and Human Resources). This is reflected in the table in Part D of the report.

- **Job Evaluation and Benchmarking of positions**

The Code of Good Practice on Equal Pay/Remuneration for Work of Equal Value ("the Code"), in terms of the Employment Equity Act (EEA) No. 55 of 1988 is aimed at providing practical guidance to employers and employees on how to apply the principle of equal pay/remuneration for work of equal value in their workplaces. In doing so, eliminating unfair discrimination in respect of pay/remuneration, in line with section 6(1) of the EEA. It seeks to ensure that organisations make use of objective assessment tools or systems to determine the value of a job for the purposes of applying the principle of pay/remuneration for work of equal value. The Code compels organisations to ensure that Job Evaluation Policies/processes are aligned accordingly. Job Evaluation is applied to determine "the value" of work to assist employers to comply with statutory requirements. The CHE's Job Evaluation Policy further requires that all positions in the organisation should be re-evaluated once every five years. This is based on the premise that the lifecycle of most positions is five years in respect of potential changes to the position content and the job factors.

About 80% of the positions at the CHE had never been subjected to any Job Evaluation process since inception, with only the most recently established positions been subjected to this process. This meant that the value/worth of most positions, particularly at the management levels have never been determined. This was also exacerbated by the fact that until 2011/12 the CHE did not have any valid job descriptions/job profiles for its positions, which is a critical requirement for job evaluations. These were developed over the ensuing years pursuant to the development of a CHE Competency Framework for the organisation.

It is in this context that the Senior Management Committee approved the evaluation of all positions in the organisation, including vacancies. A communications intervention supervened to ensure rationale and emphasise the need not to create any expectations, in view of the prevailing fiscal constraints.

The evaluation was conducted by Work Dynamics (Consulting Company) using the Paterson evaluation method to grade the positions. The following "additional" criteria were further applied, as a differentiator and to decide on the size of the positions at managerial levels:

- a. Volume
- b. Diversity of responsibilities
- c. Impact of decisions
- d. Complexity

The positions were graded and a corresponding table was used to derive at the Equate grades, currently used by the Dept. of Public Service and Administration (DPSA), which informs the CHE grades.

These evaluations were conducted, notwithstanding the current fiscal constraints faced by the CHE but to ensure compliance with the statutory requirements and further to eliminate and mitigate the highest risk of attracting and retaining competent skills in the organisation.

In summary, of the 52 positions graded; 18 were graded higher, 12 were graded lower and 22 were graded at the same level, including vacant positions.

The results were tabled at the HRRC and subsequently at the Council meeting held on 23 March 2017, for consideration.

On 31 March 2017, all line managers and the Human Resources staff (approximately 20) were trained on the Paterson Method (Job Evaluation) to ensure transfer of skills.

- **Employment Equity**

The CHE is committed to the principles of equity, anti-discrimination and diversity, and seeks to create an organisation that reflects the diversity of the South African society and contributes to maximising the potential of its employees. The CHE also aims to create a work environment that supports the attraction, development, advancement and retention of people from designated groups at all levels in the organisation. The CHE revised its Employment Equity Strategy and Plan - 2016-2019 which was approved and served at the HRRC meeting held on 14 September 2016. The CHE is committed to the following objectives:

1. Ensure that HR policies, processes and systems support the CHE's EE strategy and plan.
2. Improve demographic representation by:
 - Giving preference to people from designated groups in recruitment, development and advancement
 - Emphasising in particular the recruitment, development and advancement of African and female employees in senior management, professional and skilled technical positions
 - Focusing on the recruitment and retention of people with disabilities
 - Ensure that programmes to improve CHE's skills base gives preference to employees from designated groups
3. To achieve its EE objectives, the CHE will endeavour to:
 - Foster a culture that values and responds to the rich diversity of all employees
 - Create an environment that embraces diversity
 - Ensure that all employees are treated fairly and with respect
 - Implement affirmative action measures to create an equitable workforce
 - Identify and eliminate all forms of unfair discrimination in the workplace
 - Identify and remove any employment barriers that may negatively affect employees in general, and designated group employees in particular
 - Broaden and deepen the quality and extent of communication and consultation on EE, in line with legislation

The development of the three-year plan was informed by the National Economically Active Population: Labour Force Survey - (as supplied by Statistics SA).

The approved Employment Equity Strategic Plan represents a consolidated overview of what the CHE broadly aims to achieve in terms of EE over the next three years.

In setting targets, the following needed to be considered:

- a. The degree of under-representation of employees from designated groups in each occupational level in the workforce
- b. Present and planned vacancies
- c. The pool of suitably qualified persons from designated groups, from which we may be reasonably expected to draw for recruitment purposes
- d. The anticipated growth or reduction in our workforce during the time period for the goals
- e. The expected turnover of employees during the time period for the goals
- f. The targets are therefore extremely conservative due to the size of the organisation

Numerical targets year 1: 01 April 2016 to 31 March 2017

There are no plans for people with disabilities during the first year - 2016/17. This is due to a number of challenges experienced over the last three years in attracting people from this group. A number of interventions are in place to engage with non-governmental organisations in this area in order to have proactive target selection strategies that would assist in identifying people with disabilities that can be considered in the following year.

The overall target for the financial year 2016/17 was to appoint three males (two Coloured/one White) at different occupational levels, however, three males and one female were appointed during the financial year.

As at the 31 March 2017, the CHE had a staff complement of 52; including vacancies. The overall profile in terms of race and gender is 77% African, 2% Coloured, 5% Indian, 16% White and 40% male and 60% female. The profile at management level is, 61% African, 0% Coloured, 11% Indians, 28% White and 50% male and 50% female. Of significance is that there has been an increase in the number of males and a subsequent reduction in females. This is reflected in Part D of the report.

- **Employee Wellness**

The Employee Wellness Programme has continued to play a pivotal role in providing a holistic approach to the wellness of employees. The Employee Assistance Programme (EAP) has proven to be successful in reducing absenteeism and increasing employee morale, job performance and quality of life and work environment. Employees are referred to professionals for therapy as and when necessary. In the year under review, a number of employees were referred for assistance under the EAP with positive results.

Ergoways, the CHE's wellness partners conducted relationship building interventions for two directorates where there were perceived tensions.

The CHE's Wellness Day was aimed at building awareness and supporting employees on their journey towards total wellness. In the year under review, the Wellness Day was held on 25 November 2016, with a theme "Getting ready for the holiday". The interventions for the day ranged from physical fitness, how to eat healthy during the festive season, dangers of drinking and driving, overcoming loneliness during the festive period when one does not have a family and culminated in a powerful motivational speech on managing family relationships. The specific project ensued with a five-day eat, clean and move challenge (two-week period) which commenced the week after the Wellness Day. The challenge included a package of five breakfast shakes and herbal teas as well as daily nutritional information and tips via a WhatsApp group. This was well received by employees with a participation rate of 69%, given the number of staff we had on the day.

- **Employee Relations**

The CHE aspires to becoming an employer of choice and fostering healthy and mutually beneficial employee relationships is fundamental to realising this ambition.

In the year under review, the CEO, Prof Baijnath, and the Director: Corporate Services had a series of meetings with employees from all the directorates. The objective was to engage employees on the CHE Strategic Plan - 2015-2020 and the Annual Performance Plan 2017/18 the implications, human resources matters, resources optimisation opportunities, challenges facing the organisation and a reflection on the previous financial year. The employees were afforded the opportunity to raise their own concerns. These engagements were extremely constructive and employees were appreciative of efforts by Management to engage with them at various levels.

This was followed up by a general Staff Meeting on 31 March 2017, where most of the outstanding issues were addressed and the Senior Management Committee members presented their respective strategic plans for 2017/18.

During the year under review, an investigation was undertaken based on serious allegations made against two members of the Senior Management Committee. This ensued in a disciplinary process at which one employee was found guilty of a serious misconduct and given a sanction – final written

warning (valid for 12 months) and two other employees reprimanded. Overall, the employee relations environment has been fairly stable and we continued with engagements with the CHE's Labour partners, National Education, Health and Allied Workers Union (NEHAWU) on as range of employee issues.

This was done through the Labour and Management Committee. These meetings were always cordial and constructive with some issues escalated to the Senior Management Committee.

- **Human Resources Challenges**

The prevailing financial constraints continue to impact on the HR function. This necessitated the reduction of budgets for various interventions, namely; training and development, employee wellness, retention of critical skills.

These impacted on the organisation's intention of sustaining the development and training of the employees and the retention of critical skills.

- **Future Human Resources goals and plans - 2017/18**

The review of the CHE's Strategic Plan 2017/18 will require a further review of the Human Resources Strategic Plan 2017/21 and the Human Resources operating model to reflect and support the Integrated Strategic Plan. The constraints of resources (Financial and Human Resources), have also necessitated Human Resources to consider creative interventions in order to fully optimise the current resources in place. This will done by creating flexibility and encouraging directorates who experience low activity levels during the year, to second employees to pressure points within the CHE value system to fully optimise their services. This will further reinforce the notion of cross functional working which will further support the integrated approach and operating in a hybrid organisational structure.

Aside from reviews, updates our policies, procedures and systems where appropriate, the main focus for the new financial year will include:

- a. The revision of the Human Resources and Operations Plan in line with the broader CHE strategic objectives
- b. The development of and established of a new operational model/structure
- c. Implementation of the employee On-Boarding programme for new employees
- d. Oversee, facilitate and monitoring the Performance Management system including the alignment of key performance indicators (KPI's) as Performance Standards to ensure and embed a dynamic performance driven culture, to maximise productivity and retention
- e. Ensure the development of a sustainable skills base including critical skills, organisation-wide
- f. Develop and implement an employee-oriented organisational culture and change management framework, trust, high performance and quality to ensure the achievement of the CHE strategic objectives
- g. Ensure a harmonious, productive and conducive workplace environment and relationships

Strategic Objective Eleven

To ensure that financial, administration and supply chain management is compliant with the requirements of the Public Finance Management Act (PFMA), relevant Treasury Regulations and Laws.

Directorate: Administration

• Finance

In the financial year under review, there was ongoing focus on governance and accounting policy reviews and enhancements in order to ensure compliance with the applicable guidelines from National Treasury, Accounting Standards and best practices.

A strategic audit action plan was developed to address all identified finance and supply chain internal control deficiencies by both internal and external auditors. A progress report on the strategic audit action plan was presented to the Audit and Risk Committee and Council for their recommendation and approval. All control accounts were reconciled monthly to ensure accurate reporting of monthly finance and supply chain transactions incurred. The strategic and operational risks were identified and assessed and a progress report was presented to the Audit and Risk Committee and Council for their recommendation and approval.

Strategic Objective Twelve

To ensure effective governance and compliance of ICT with statutory requirements.

Directorate: Corporate Services

• Information and Communication Technology (ICT)

Information and Communication Technology (ICT) continues to play an ever-increasing role as a strategic enabler of service delivery. The primary goal is to provide efficient support to carry out the core functions of the CHE and to ensure compliance and alignment with all the standards, codes, best practice and regulations of the ICT sector. ICT is central to a cost-and time-efficient business.

The ICT function, although fully outsourced, provides a sustainable and scalable ICT platform to enable the organisation to meet its strategic objectives and provide a critical service to the CHE and its stakeholders.

The HEQC online system is considered the backbone and/or the core competence for the CHE. There is an ongoing need for strong coordination and consolidation of these technologies.

It is in this context that the medium- to long-term plan of the CHE is to have an integrated system that will ensure that ICT becomes a critical strategic enabler for the organisation. This will entail developing internal capacity that will continue to reconfigure the system to meet the dynamic organisational operational requirements.

The primary goals of the ICT function are to:

- a. Provide and maintain stable ICT systems and platforms
- b. Promote good governance and ensure compliance
- c. Reduce operational costs
- d. Reduce business risks

The function is overseen by the Audit Risk Committee (ARC), which is a sub-committee of the Council.

The function has contributed to its strategic objectives through a range of interventions in the year under review, including the following:

- a. The ICT systems availability remained at 98%
- b. Mitigation of risks in the ICT system
- c. Revision of Business Continuity Plans for ICT
- d. Aligning its processes by developing and implementing ICT governance frameworks in line with the Public Service Corporate Governance of Information and Communication Technology

Policy Framework

- e. Development and review of ICT policies and procedures
- f. Development of a Skills Transfer Plan by the service provider
- g. Continuous provision of technical support to all stakeholders

• **Appointment of an ICT service provider**

During the year under review, a new service provider, Praxis Computing (Pty) Ltd was appointed for the following services:

- a. Network Support, on a three-year contract
- b. Maintenance of the HEQC online system, on an 18-month contract

This was informed by the current review of the accreditation process underway, which would necessitate the CHE to review and/or replace the current system.

Praxis Computing (Pty) Ltd has completed a Knowledge and Skills Transfer Plan for key CHE employees, as part of the Service Level Agreement entered into between the parties and have implemented the plan for the year under review.

• **Policy Development**

The following policies, frameworks, guidelines were developed and reviewed in the year under review.

- a. ICT Governance Framework
- b. The ICT Implementation and Migration Plan
- c. ICT Project and Portfolio Management Policy
- d. ICT Patch Management Policy
- e. Business Continuity Policy
- f. ICT Information and Network Security Policy
- g. Management Performance Assessment Tool
- h. ICT User Policy
- i. Social Media Policy

• **ICT Challenges**

There is a requirement to develop an integrated online system for the CHE, however the prevailing financial constraints continue to present challenges in delivering on this objective.

• **Future ICT goals and plans – 2017/18**

The strategic role of ICT is to provide world class leading edge Information Technology systems, services and support to enable the CHE to deliver on its mandate.

It is in this context that the organisation has identified the following two as its critical strategic objectives for the year 2017/18:

- a. To develop an integrated online Information, Communication and Technology (ICT) System to enable the CHE to deliver on its mandate
- b. To ensure governance and compliance of ICT with statutory requirements each financial year

This sub-programme will continue to focus on the following ongoing responsibilities and functions:

- a. Develop and review the ICT Strategy and operational plan for the CHE in line with broader strategic objectives
- b. Develop, review, and implement ICT related policies, frameworks, systems, processes and procedures
- c. Ensure compliance with alignment with the DPSA Corporate Governance ICT Framework
- d. Provide efficient and effective ICT systems that supports the CHE
- e. Manage the CHE Records Management system

3.2 OVERVIEW OF THE CHE'S PERFORMANCE: 2016/17

Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number One: To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on the CHE's own initiative	Administration	Percentage of response to requests for advice responded to within the timeframe requested	100% 2	100% 4	100% 4	Achieved the target	<p>The number of responses cannot be predetermined as it is dependent on the number of requests received from the Minister</p> <p>Advice was provided to the Minister on the following:</p> <ul style="list-style-type: none"> • One advice to the Minister on Fees Adjustments at Public Universities for 2017 • Policy for the Post-School Education and Training Central Application Service Draft Policy on the Evaluation of Creative Outputs and Innovations produced by South African Public Higher Education Institutions of the Department of Higher Education and Training • DHET's Draft Policy Framework on Open Learning and Distance Education in South African Post-School Education and Training

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Number of pieces of advice on own initiative on issues identified as relevant flowing from the activities of the CHE	0	2	0	Did not meet planned target The target was not met because there was no budget to carry out research	
Number Two: To monitor the state of higher education, including publishing information and convening conferences, seminars and workshops on developments in higher education		Performance indicators (on-going projects) published	1	1	1	Achieved the target	Vital stats 2014 Performance indicators to assess the state of the higher education system
	Monitoring and Evaluation	Number of research projects in progress	4	4	4	Achieved the target While work was done, there was no budget for empirical research	These projects are long-term projects which will run throughout the year and across financial years. The cumulative total will remain constant at 4 Funding (initiated)

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Number of research findings disseminated through publications	3	2	1	<p>Did not achieve the target</p> <p>Learning to teach was planned for Q3 but the printing process took it into Q4</p> <p>Although the second research project (Kagisano 11) was finalised during Q4, it could not be recorded as an achievement for Q4 as dissemination of such research findings was done after March 2017</p> <p>Kagisano 11 output will be recorded under Q1 of 2017/18</p>	<p>Publication of research report</p> <p>Project: Learning to teach</p>

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number Three: To develop and manage the HEGSF, including the articulation of qualifications between the three sub-frameworks, namely, the HEGSF, the General and Further Education and Training Qualifications Sub-Framework and the Trades and Occupations Qualifications Sub-Framework	Administration	Submissions made on CHE's perspective on articulation as per the Ministerial Guidelines	N/A New performance indicator	100%	100%	Achieved the target Actual output for Q2 not recorded during the compilation of Q2 report but it was recorded during Q3	A copy of the presentation was made at the DHET's articulation workshop on 8 September 2016 A copy of the submission was made to the DHET as input into the draft articulation policy

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number Four: To develop and implement policy and standards for higher education qualifications to inform and guide the development, registration and publication of qualifications	Standards Development*	Number of qualification standards developed within the standards development cycle-time (18–24 months) Projects initiated in 2015/16	5	4	4	Achieved the target The target for Q2 was met during Q4	Draft standards 2 programmes – Bachelor of Engineering and Advanced Diploma from ECSA finalised and loaded at CHE website for public comments. Received public comments and finalised for NSRC discussion. Target to be tabled at the HEGC meeting of 8 June 2017 for final approval 2nd draft BCom standard document in process Bachelor of Sports Coaching final draft document is currently been reviewed prior to sending out to the institutions for further comment Doctorate project plan. Filled NRF-CHE grant proposal for Phase 1 of Doctorate Standard and Review. Requested nominees for Doctoral Reference Group, finalised. Appointment sent out. Preparing for 1st meeting in 25 and 26 May 2017 Received the stakeholder database from National Library of South Africa in preparation for initial workshop in May 2017

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number Five: To maintain a database of learner achievements in higher education and to submit the data to the National Learners' Records Database (NLRD), which is maintained by SQA	Monitoring and Evaluation	Percentage of private higher education providers submitting learner records/ achievements for the HEQCIS database	95% 127 of 133 private providers uploaded information	80% of private higher education providers	Non-cumulative 94%	Achieved the target	There are two data loading cycles per year, June and December September and March results remain the same as the previous data loading cycle results

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number Six: To audit the quality assurance mechanisms of higher education institutions In 2011/12 a decision was taken to change the focus from institutional audits and to focus on improving teaching and learning through the Quality Enhancement Project (QEP)	Institutional Audits	First cycle audits Monitoring of progress reports linked to institutional improvement plans	100% monitoring of all progress reports received	100% monitoring of all progress reports received	2 100% Achieved the target	There is only one institutional audit still open from the first cycle, namely WSU. The audit process had to be suspended during the time that WSU was under administration The revised progress report will be submitted in April 2017	Progress reports received (one in Q1 and one in Q2)
		QEP Phase 1 – institutional feedback visits	N/A/Not a performance indicator in 2015/16	18	18	Achieved the target One institution was not available during Q3. The report was finalised during Q4	QEP activities as determined by the QEP process Directorate documentation 18 visits were conducted in this financial year

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Implement phase 2 of the QEP - finalisation of the next focus areas in the third quarter	A/A Not a performance indicator in 2015/16	100%	1 document 100%	Achieved the target Although the report should have been finalised during Q3, it was necessary to get sufficient input from universities prior to finalisation. The report was finalised during Q4	
Number Seven: To accredit new programmes submitted by public and private higher education institutions and to re-accredit existing programmes offered by private higher education institutions	Programme Accreditation	Percentage of programmes submitted for accreditation and deferred at the Accreditation Committee meeting and/or an approved outcome or recommendation at the HEQC meetings within 12 months of check listing	N/A Performance Indicator changed	75% of applications received within a 12 month period	660 programmes processed although 771 programmes received 86%	Target exceeded	The method of calculation is aligned with the performance indicator. It is the percentage of programmes deferred by an AC that were processed within 12 months of check listing and the programmes with an HEQC outcome or recommendation that was processed within 12 months of check listing Reasons for the deferral of the application can be: <ul style="list-style-type: none"> • Request for more information • Appointment of a second evaluator • Deferral pending the outcome of a site visit

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Percentage of re-accredited programmes with a deferred outcome at the Accreditation Committee and/ or recommendation tabled after receipt from publics and private institutions within 18 months of check listing	65% 129 programmes	60% of applications received for reaccreditation	139 programmes were received and processed within a 18 month period 100%	Target exceeded	The method of calculation is aligned with the performance indicator. It is the percentage of programmes deferred by an AC that were processed within 12 months of check listing and the programmes with an HEQC outcome or recommendation processed within 18 months of check listing
		Percentage of site visits completed with an HEQC outcome/ recommendation within the stipulated time period as indicated in the outcomes letter	75% 67 site visits	75% of applications received	37 site visits completed although 56 site visits were tabled at the HEQC meetings 66%	Did not meet planned target The number of applications received varies annually and site visits cannot be predetermined as they are mainly linked to conditions or due to complaints received	Applications received in one financial year may be still in process of evaluation and may only be submitted to the HEQC in the following financial year pending the timeframe linked to the condition Site visits can also be done due to complaints received

Strategic Objective	Programme	Performance Indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Number of training workshops for evaluators discipline groups/report writing	4	4	0	Did not meet planned target	Due to the current workload and capacity constraints at the Directorate, no formal capacity building workshops could be done during the year When required, training of evaluators was done via telephone or by ad hoc meetings scheduled
Number Eight: To undertake national reviews of existing programmes in specific subject fields and qualification levels offered by public and private higher education institutions	National Reviews	Analyse and approve institutional improvement plans - Bachelor of Social Work programmes	100% 12	100% of institutional progress reports monitored	0	Did not meet planned target because some institutions did not submit improvement plans as planned	

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Phases 1 and 2 of the national review process completed within the review cycle-time (24-36 months) LLB degree programme review started in 2015/16	Not an indicator in 2015/16	2	2	Achieved the planned target The targets for Q1 and 3 were met during Q4	Phase 1 and 2 completed NSRC meeting on 17 and 18 January 2017 discussed the panel reports and recommendation was tabled at the HEQC for further inputs. Institutions were given time to submit representation prior to making a final decision After receiving the representation from institutions, the NSRC at its meeting of 16 March made recommendations. The HEQC made final decisions based on the submitted representations and NSRC recommendations, which were communicated to institutions The decision is final and binding on the institution
		Number of Bachelor of Social Work (BSW) degree progress reports received and processed (linked to the BSW national review)	Not an indicator in 2015/16	100% progress reports received	100%	Achieved the planned target	The UNIVEN progress report was discussed at NSRC meeting and communicated to the institutions. The feedback will be submitted in May 2017

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Phase 3: National report on the programme under view published (LLB degree programme)	Not an indicator in 2015/16	40%	40%	Achieved the planned target	The 3rd phase of the LLB National Reviews entails the national report on the state of the LLB qualification in SA. A report writing team made of experts and relevant stakeholders in legal education have been appointed in this regard. The HEQC approved the recommendations of the NSRC. The appointment letters have been sent out to the members
Number Nine: To promote quality and to develop capacity and understanding of the role of quality assurance in improving quality provision in higher education at both the systemic and institutional levels	Administration	Number of quality assurance fora for public and private institutions and professional bodies	3	3	3	Achieved the planned target	Workshop documentation The quality assurance fora for public universities and private higher education institutions were held on 23 and 25 August 2016, respectively Quality assurance forum for professional councils was held on 24 March 2017

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Number of newsletters produced and distributed to stakeholders	Not an indicator in 2015/16	2	3	Exceeded the planned target	Copies of the newsletter. One issue of the newsletter was produced and distributed to stakeholders in June 2016 The second issue of the newsletter was produced and distributed in October 2016 A third issue of the newsletter was produced and distributed in March 2017
		Number of frameworks/good practice guides/policies developed	Not an indicator in 2015/16	1	2	Exceeded the planned target The target for Q4 was met in Q3, which is earlier than had been expected	Copies of the frameworks/good practice guides/policies. RPL, CAT and Assessment Policy final publication came out in September 2016 The Good Practice Guide for the Quality Management of Short Courses released in October 2016
Number Ten: To ensure the development of human resources management environment that enables staff to develop their full potential	Administration	*Percentage of staff trained and developed	88% 42 interventions 37 employees trained	* 70% of staff undergoing training and development *29 of 41 Annual Training Plan Interventions	77% 32 Training Interventions	Exceeded the planned target The output for Q4 exceeded the set target as it was necessary to offer additional training interventions to staff during Q4	Planned Training vs. Actual Training

Strategic Objective	Programme	Performance indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
		Percentage of vacant positions filled.	85% of the organisational structure filled	85% of the organisational structure filled	83% of the organisational structure filled	<p>Did not meet the planned target</p> <p>The total number of filled positions decreased to 43 as 3 employees resigned during Q4. The drop in the actual output is as a result of 6 positions that were put on hold due to a moratorium on the filling of vacancies and the review of accreditation processes. This had an impact on meeting the target set</p>	<p>Quarterly Employment Profile Report</p> <p>3 employees resigned during quarter 4</p>

Strategic Objective	Programme	Performance Indicator	Annual Cumulative Output 2015/2016	Annual target per APP 2016/2017	Annual Cumulative Output 2016/2017	Deviation from planned target to actual achievement and Challenges	Comment
Number Eleven: To ensure that financial, administration and supply chain management is compliant with the requirements of the PFMA, relevant Treasury Regulations and Laws	Administration	Number of finance and supply chain policies, frameworks, procedures and guidelines reviewed and developed	97%	8	15	Exceeded the planned target	
		Percentage of eligible employees, suppliers and third parties paid within 30 days	Not a performance indicator in 2015/16	100%	100% 231	Achieved the planned target	
Number Twelve: To ensure effective governance and compliance of ICT with statutory requirements	Administration	Number of reviewed and developed ICT policies, frameworks, procedures and processes	Not a performance indicator in 2015/16	8	8	Achieved the planned target	

3.3 Linking performance with budgets

Programme/ activity/objective	2016/2017			2015/2016		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	26 459	31 770	(5 311)	40 819	40 819	0
Accreditation	13 574	12 817	757	4 000	4 208	208
Institutional Audits	5 047	3 714	1 333	851	1 297	(446)
Monitoring and Evaluation	7 039	5 734	1 305	2 177	3 218	(1 041)
National Standards and Review	5 069	5 031	38	14 228	14 228	0
Total	57 188	59 066	1 878	62 075	63 770	(1 695)

4. Revenue collection

Sources of revenue	2016/2017			2015/2016		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
DHET - Grant	40 928	40 928	0	40 819	40 819	0
Cost Recovery – Private Accreditation	4 000	7 218	(3 218)	4 000	4 208	208
Interest received Investment	1 182	977	205	851	1 297	(446)
Realisation of deferred transfer	507	830	(324)	2 177	3 218	(1 041)
Roll-over of funds	10 571	10 571	0	14 228	14 228	0
Total	57 188	60 524	(3 337)	62 075	63 770	(1 695)

4.1 Capital investment

Not applicable



PART C: GOVERNANCE

1. INTRODUCTION

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

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEE

The revised Strategic Plan 2015-2020, the Annual Performance Plan 2016/17 and the MTEF Budget 2016/17-2019/20 were presented to the Parliamentary Portfolio Committee on Higher Education and Training on 7 April 2016.

On 18 October 2016, the Portfolio Committee on Higher Education and Training and the Select Committee on Education and Recreation held a Joint Oversight Visit meeting with the Council on Higher Education at the CHE offices.

On 26 October 2016, the Annual Report for the 2015/16 financial year was presented to the Portfolio Committee on Higher Education and Training at the meeting held in Parliament. The CHE delegation included Prof Mubangizi (who led the delegation), Prof Motala, Prof Thaver, Mr Kruger, Prof Baijnath and Mr Mothusi.

In all cases, the CHE presentations were well-received and there were no major issues of concern raised regarding the discharge of the CHE's mandate by the portfolio committees.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education and Training and the Council did not meet during the 2016/17 financial year.

4. THE ACCOUNTING AUTHORITY/COUNCIL

Mandates and Objectives of the Council on Higher Education

The CHE is established as a juristic person in terms of section 4 of the Higher Education Act (Act 101 of 1997), as amended, and as the Quality Council for Higher Education in terms of section 25 and 27 of the National Qualifications Act (Act 67 of 2008). In summary, the main areas of work of the CHE are:

- To provide advice to the Minister of Higher Education and Training on all higher education matters, at the Minister's request and at its own initiative;
- To develop and implement a system of quality assurance for all higher education institutions, including private providers of higher education, which includes programme accreditation, institutional audits, national reviews, and capacity development and quality promotion;
- To develop and manage the Higher Education Qualifications Sub-Framework (HEQSF) and the development of higher education qualifications;
- To monitor the state of the higher education system in relation to national policy goals and international trends; and
- To contribute to the development of higher education through facilitating intellectual engagement on key issues in partnership with relevant stakeholders.

Roles and Responsibilities

The CHE is a public entity listed under Schedule 3A of the Public Finance Management Act (PFMA)

(Act 1 of 1999), as amended. In this regard, the Council fulfils the role of the Accounting Authority in terms of section 49 of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended.

As the Accounting Authority, the Council adheres to principles of good governance, financial and performance management and acts in a fiduciary capacity. Its responsibilities include:

- Effective, efficient and transparent systems of financial and risk management and internal control, internal audit and procurement
- Effective and appropriate steps to collect revenue due, prevent irregular, fruitless and wasteful expenditure, losses from criminal conduct and expenditure as a result of non-compliance with operational policies
- Management, including safeguarding, of the assets, liabilities, revenue and expenditure of the CHE
- Compliance with applicable legislation and regulations
- An effective and appropriate disciplinary system for failure to comply with the PFMA and the internal control system

Council Charter

The Charter of the CHE was revised during the 2016/17 financial year to ensure compliance with relevant legislation.

Governance Structure

The Council comprises a Chairperson appointed for five years and 13 ordinary Council members appointed by the Minister of Higher Education and Training for a period of four years following a public nomination process. Eight non-voting members are appointed by the Minister from nominations respectively by the Director-General of the Department of Higher Education and Training, the Provincial Heads of Education, the Director-General of the Department of Science and Technology, the Director-General of the Department of Labour, the National Research Foundation and the Chief Executive Officers of the South African Qualifications Authority (SAQA), the General and Further Education and Training Quality Assurance Council (Umalusi) and the Quality Council for Trades and Occupations (QCTO), in their official capacities. Three members can be co-opted by the Council.

The members of Council are outlined below.

Table 4.1: Composition of the Council from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Themba Mosia	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> Medical Education Governance Quality Assurance Management Leadership 	NSFAS	<ul style="list-style-type: none"> EXCO NGC 	3 of 4	R29 184.00
Mr Luzuko Buku	Member	December 2014		Master of Social Sciences	<ul style="list-style-type: none"> Higher Education Media Management and Studies Public Relations Urban Studies 		Monitoring and Evaluation Committee	4 of 4	R30 372.00
Prof Christiaan de Beer	Member	December 2014		LLD	Higher Education		Monitoring and Evaluation Committee	2 of 4	R15 136.00
Prof André Keet	Member	December 2014		PhD	<ul style="list-style-type: none"> Higher Education Transformation Social Justice, Social Cohesion and Reconciliation Human Rights and Human Rights Education 		<ul style="list-style-type: none"> HRRC HEQC 	2 of 4	R15 136.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Mr Casper Kruger	Member	December 2014		BEd Education Management	Technical, Vocational Education and Training	<ul style="list-style-type: none"> Trustee, Access Trust Board Member, SA Society of Co-operative Education (SASCE) representing the national South African College Principals Organisation 	HRRC	4 of 4	Not remunerated
Prof Pamela Maseko	Member	December 2014	Resigned - November 2016	PhD	<ul style="list-style-type: none"> Sociolinguistics and Sociology of Language Language Policy and Planning in Education (Focus on African context) 	None	HEQC	0 of 2	R0
Dr Bandile Masuku	Member	Appointed 15 April 2009 Re-appointed May 2013 Re-appointed December 2014		Fellow of the College of Obstetrics and Gynaecology (FCOG)	<ul style="list-style-type: none"> Communications Policy Development Community Work Medical Skills Leadership 	Tshwane University of Technology	<ul style="list-style-type: none"> EXCO NGC 	3 of 4	R24 864.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Shireen Mofala	Member	December 2010 Re-appointed December 2014		PhD	<ul style="list-style-type: none"> Higher Education Policy 	None	<ul style="list-style-type: none"> EXCO NGC 	3 of 4	R22 704.00
Ms Nombulelo Nxesi	Member	December 2014		Masters in Business Leadership	<ul style="list-style-type: none"> Strategy and Leadership Governance Policy Analysis 	None		2 of 4	Not remunerated
Dr Kimberley Porteus	Member	December 2014		Doctor of Philosophy, Education	<ul style="list-style-type: none"> Pedagogical Innovation in Higher Education Teacher Professional Development Relationship between Higher Education and Rural Community Development 	None	NGC	3 of 4	R22 704.00
Prof Selby Ripinga	Member	December 2014		D.Ed	<ul style="list-style-type: none"> Leadership and Governance Teaching and Student Learning Academic Training and Development 	Managing Director – ThinkSuccess Pty Ltd	EXCO	2 of 4	R15 136.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Ratnamala Singh	Member	December 2014		D.Phil	<ul style="list-style-type: none"> International and Comparative Higher Education Policy Quality Assurance Higher Education and Society Science Policy 		None	4 of 4	R30 272.00
Prof Beverley Thaver	Member	December 2010 Re- appointed December 2014		PhD	<ul style="list-style-type: none"> Higher Education 		<ul style="list-style-type: none"> Monitoring and Evaluation Committee 	3 of 4	R22 704.00
Dr Mvuyo Tom	Member	December 2014		M.Fam Med	<ul style="list-style-type: none"> Strategic Leadership and Governance Public Policy Development and Management 	<ul style="list-style-type: none"> Director – Nelson Mandela Institute Director – Fort Hare Trading Solutions Masibumbane Development Organisation Trustee – Fort Hare Foundation Trustee – Senzwa Family Trust 	None	3 of 4	R22 704.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Sophie Mogoilane	Co-opted Member	October 2012 Re-appointed October 2015		PhD	<ul style="list-style-type: none"> Community Health Research 		<ul style="list-style-type: none"> NGC Monitoring and Evaluation Committee 	3 of 4	R22 704.00
Prof John Mubangizi	Co-opted Member	April 2015		LLD	Education, Human Rights Law, Constitutional Law		<ul style="list-style-type: none"> EXCO HEQC 	3 of 4	R22 704.00
Non-voting members									
Representing the following organisations:									
Mr Sagren Govender	Department of Labour	September 2015		MBA	Public Employment Services		None	3 of 4	Not remunerated
Mr Suren Govender	Department of Basic Education	November 2015		Master of Arts	<ul style="list-style-type: none"> Education Management and Administration Curriculum Development and Delivery 		None	3 of 4	Not remunerated

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Narend Baijnath	CHE	n/a		PhD	<ul style="list-style-type: none"> Higher Education Policy, Planning and Development Quality Assurance Higher Education Leadership Internationalisation Business Intelligence Organisational Architecture ICTs in Higher Education 	<ul style="list-style-type: none"> Commonwealth of Learning Board and Exco HAGAA Advisory Board SAQA UMALUSI QCTO ASSAf [member] 	All internal Governance Committees by virtue of his position	4 of 4	Not remunerated
Ms Joyce Mashabela	QCTO	March 2017	Resigned from QCTO in March 2017	MA	Education and Administration	<ul style="list-style-type: none"> Umalusi SAQA QCTO 	None	2 of 4	Not remunerated
Mr Joe Samuels	SAQA	N/A		MPhil (Adult Education)	<ul style="list-style-type: none"> Adult Education Continuing Education Policy Qualifications Quality Assurance 	<ul style="list-style-type: none"> SAQA QCTO Umalusi 	ARC	2 of 4	Not remunerated
Dr Diane Parker	DHET	N/A		PhD	<ul style="list-style-type: none"> Teacher Education Higher Education Mathematics Education 	<ul style="list-style-type: none"> Peta Source cc (50% partnership) 	<ul style="list-style-type: none"> EXCO HEQC 	2 of 4	Not remunerated

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Dr Thomas Auf Der Heyde	DST	N/A		PhD	Higher Education and Science and Technology Management and Policy	Africa Institute of South Africa		1 of 4	Not remunerated
Dr Mafu Rakometsi	Umalusi	N/A		PhD	General and Further Education and Training – Curriculum and Examinations	<ul style="list-style-type: none"> Umalusi Council SAGA QCTO Heidelberg College Council 		3 of 4	Not remunerated
Dr Molapo Qhobela	NRF	N/A		PhD	<ul style="list-style-type: none"> Higher Education Governance Planning 	<ul style="list-style-type: none"> Trustee – Cradle of Human Kind Director – South African Actuaries Development Programme Trustee – UNISA Foundation 	HRRC	2 of 4	Not remunerated

Committees and Sub-committees

Permanent Committee

The Council has one permanent committee, the Higher Education Quality Committee (HEQC) established in terms of section 7(3) of the Higher Education Act. The HEQC has executive responsibility in terms of section 5(1)(c) of the Higher Education Act and the NQF Act for quality promotion and quality assurance in higher education, specifically to:

- Promote quality in higher education
- Audit the quality assurance mechanisms of higher education institutions
- Accredite programmes of higher education

The term of office of the HEQC ended on 31 March 2015. The Council, in the interest of continuity, re-appointed eight members who were eligible to serve a second term from 1 April 2015 to 31 March 2018. Four new members were appointed and Prof J Mubangizi was appointed Chairperson.

Table 4.2: Composition of the Higher Education Quality Committee from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof John Mubangizi	Chairperson	April 2012 (Reappointed for second term)		LLD	Education Human Rights Law Constitutional Law		<ul style="list-style-type: none"> • EXCO • HEQC 	5 of 6	R58 368.00
Prof Theo Andrew	Member	April 2012 (Reappointed for second term)		PhD	Education		None	4 of 6	R32 432.00
Dr Vanessa Brown	Member	July 2015		PhD	Quality Assurance Academic Reviews Higher Education Policy Research		National Reviews and Institutional Audits	5 of 6	R37 840.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Usuf Chikte	Member	April 2012 (Reappointed for second term)		PhD	Education		None	5 of 6	R37 840.00
Prof Andrew Crouch	Member	July 2015		PhD	Analytical Chemistry Higher Education		All Council committees of Wits University	5 of 6	R37 840.00
Dr Andrew Kaniki	Member	April 2012 (Reappointed for second term)		PhD	<ul style="list-style-type: none"> Higher Education Policy and Management Library and Information Science- Education and Training Research Policy and Management 	<ul style="list-style-type: none"> South African Library and Information Trust (SALI Trust) National Council for Library and Information Services 	Higher Education Task Team within the National Plan for Post- Secondary Education and Training	6 of 6	Not remunerated
Prof Wendy Kilfoil	Member	July 2015		D. Litt. et Phil.	Teaching, learning, assessment, staff development, quality assurance		Teaching and Learning Strategy Group, USAf	3 of 6	R22 704.00
Dr Penny Law	Member	August 2016		PhD	Leadership	Regenesis Management, Regenesis Foundation, MyWealth, Dananda Talent	None	5 of 5	R37 840.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Dr Pamela Maseko	Member	April 2015	Resigned – November 2016	PhD	<ul style="list-style-type: none"> Sociolinguistics and Sociology of Language Language Policy and Planning in Education (Focus on African context) 		Council	0 of 2	R0
Prof Nthabiseng Ogude	Member	April 2012 (Reappointed for second term)	Tenure terminated on 28 November 2016	PhD	Higher Education		Institutional Audit Committee	1 of 3	R7 568.00
Prof Martin Oosthuizen	Member	April 2012 (Reappointed for second term)		D.Th. in Old Testament	<ul style="list-style-type: none"> Higher Education Leadership and Management 		Accreditation Committee	4 of 6	R30 272.00
Dr Caroline Selepe	Member	July 2015		<ul style="list-style-type: none"> PhD 	<ul style="list-style-type: none"> Science Education Quality Assurance in Higher Education Curriculum Development Academic Development 		QCTO Quality Assurance Committee member	4 of 6	R30 272.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Rocky Ralebipi- Simela	Member	April 2012 (Reappointed for second term)		PhD	Higher Education Executive Leadership LIS Leadership	SANLIC NLSA Board	<ul style="list-style-type: none"> • IAC • NCLIS 	3 of 6	Not remunerated
Prof André Keet	Member	24 November 2016		PhD	<ul style="list-style-type: none"> • Higher Education Transformation • Social Justice, Social Cohesion and Reconciliation • Human Rights and Human Rights Education 	<ul style="list-style-type: none"> • HRRC • Council • HEQC 	<ul style="list-style-type: none"> • HRRC • Council • HEQC 	2 of 3	R15 136.00
Dr Diane Parker	Ex-officio member	N/A		PhD	<ul style="list-style-type: none"> • Teacher Education • Higher Education • Mathematics Education 	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> • EXCO • Council • HEQC 	5 of 6	Not remunerated
Mr Emmanuel Sibanda	Ex-officio member	N/A		Master's Degree	Quality Assurance and Education Statistics		Monitoring and Evaluation Task Team (NECT)	2 of 6	Not remunerated

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Narend Baijnath	Ex-officio member	n/a		PhD	<ul style="list-style-type: none"> Higher Education Policy, Planning and Development Quality Assurance Higher Education Leadership Internationalisation Business Intelligence Organisational Architecture ICTs in Higher Education 	<ul style="list-style-type: none"> Commonwealth of Learning Board and Exco HAGAA Advisory Board SAQA UMALUSI QCTO ASSAf [member] 	All internal Governance Committees by virtue of his position	5 of 6	Not remunerated

Sub-committees

The Council has five standing committees, namely:

- Executive Committee (EXCO) established in terms of section 13 of the Higher Education Act
- Audit and Risk Committee (ARC)
- Human Resources and Remuneration Committee (HRRC)
- Monitoring and Evaluation Committee (MEC)
- Nominations and Governance Committee (NGC) – Terms of Reference approved by Council on 24 November 2016

The members of standing-committees are appointed for the specific knowledge and skills relating to the work of the standing-committees.

The Council and its standing-committees, including its permanent committee responsible for quality assurance, the HEQC, have functioned effectively in terms of the CHE's statutory mandate and adherence to principles of good governance.

Table 4.3: Composition of the Executive Committee from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Themba Mosia	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> • Medical Education • Governance • Quality Assurance • Management • Leadership 	NSFAS	<ul style="list-style-type: none"> • Council • NGC 	5 of 5	R48 640.00
Dr Bandile Masuku	Member	Appointed 15 April 2009 Re-appointed May 2013 Re-appointed December 2014		Fellow of the College of Obstetrics and Gynaecology (FCOG)	<ul style="list-style-type: none"> • Communications • Policy Development • Community Work • Medical Skills • Leadership 	Tshwane University of Technology	<ul style="list-style-type: none"> • Council • NGC 	5 of 5	R37 840.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams the (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Shireen Mofala	Member	December 2010 Re-appointed December 2014		PhD	<ul style="list-style-type: none"> Higher Education Policy 	None	<ul style="list-style-type: none"> Council NGC 	4 of 5	R30 272.00
Prof Selby Ripinga	Member	December 2014		D.Ed	<ul style="list-style-type: none"> Leadership and Governance Teaching and Student Learning Academic Training and Development 	Managing Director – ThinkSuccess Pty Ltd	Council	5 of 5	R37 840.00
Prof John Mubangizi	Co-opted Member	April 2015		LLD	Education Human Rights Law Constitutional Law	None	<ul style="list-style-type: none"> Council HEQC 	5 of 5	R37 840.00
Dr Diane Parker	DHET	n/a		PhD	<ul style="list-style-type: none"> Teacher Education Higher Education Mathematics Education 	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> Council HEQC 	4 of 5	Not remunerated

Table 4.4: Composition of the Audit and Risk Committee from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Quintus Vorster	Chairperson	May 2014		<ul style="list-style-type: none"> PhD (in Accounting) Chartered Accountant 	Accounting Finance Management	iemas Financial Services	Audit Committee iemas Financial Services	5 of 5	R37 840.00
Mr Malson Challenge	Member	April 2013 Reappointed March 2016		<ul style="list-style-type: none"> Hons B Compt (Acc. Sc) Chartered Accountant 	<ul style="list-style-type: none"> Auditing (both External and Internal) Financial Accounting Corporate Governance Corporate Finance Business Advisory Taxation 	<ul style="list-style-type: none"> Mufitfi Chartered Accountants, Inc. Mufitfi Services (Pty) Ltd 	<ul style="list-style-type: none"> Industry Technical Advisor – Ekurhuleni Municipality BRT Technical Advisor the Risk and Audit Committee of Govan Mbeki Housing Company 	5 of 5	R22 960.00
Mr Mahommed Gani	Member	April 2016		<ul style="list-style-type: none"> Hons B Compt Chartered Accountant 		<ul style="list-style-type: none"> Non-Executive Director on the Board of Dis-Chem Pharmacies Limited Non-Executive Director on the Board of Wits Health Consortium (Pty) Ltd 		5 of 5	R22 960.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Ms Disha Jeena	Member	April 2016	28 April 2016	<ul style="list-style-type: none"> Hons B Compt Chartered Accountant 	Finance		None	1 of 1	R4 592.00
Ms Vuyo Memani-Sedile	Member	May 2014		<ul style="list-style-type: none"> Hons B Compt & MBA 	Finance	<ul style="list-style-type: none"> Director of CANSA Director of Tumelong (NPO) Director of Bougainville Home Association Director of Diocese of Pretoria Property Company (NPO) 	<ul style="list-style-type: none"> Trustee of Vista Early Retirement Trust CANSA Audit Committee CANSA Investment Committee 	4 of 5	R18 368.00
Mr Joe Samuels	Member	March 2012 Reappointed April 2015		M.Phil (Adult Education)	<ul style="list-style-type: none"> Adult Education Continuing Education Policy Qualifications Quality Assurance 	<ul style="list-style-type: none"> SAGA QCCTO Umalusi 	Council	5 of 5	Not remunerated

Table 4.5: Composition of the Human Resources and Remuneration Committee from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Dr Molapo Qhobela	Chairperson			PhD	<ul style="list-style-type: none"> Higher Education Governance Planning 	<ul style="list-style-type: none"> Trustee – Cradle of Human Kind Director – South African Actuaries Development Programme Trustee – UNISA Foundation 	Council	2 of 3	Not remunerated
Ms Tina Georgoulakis	Member	August 2012 Re-appointed March 2015		Honours: Bachelor of Education, Global Remuneration Practitioner (WorldAtWork) Master Reward Specialist (South African Reward Association)	Remuneration Consulting	None	None	3 of 3	R11 480.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof André Keet	Member	April 2015		PhD	<ul style="list-style-type: none"> Higher Education Transformation Social Justice, Social Cohesion and Reconciliation Human Rights and Human Rights Education 	<ul style="list-style-type: none"> Trustee, Access Trust Board Member, SA Society of Co-operative Education (SASCE) representing the national South African College Principals' Organisation 	<ul style="list-style-type: none"> Council HEQC 	1 of 3	R4 592.00
Mr Casper Kruger	Member	April 2015		BEEd Education Management	Technical, Vocational Education and Training	<ul style="list-style-type: none"> Lefhushane PTY LTD T Systems South Africa Standard Bank Tutuwa Community Foundation Tower Group Recruitment Sapphire Logistics 	Council	2 of 3	Not remunerated
Ms Mpho Leflape	Member	October 2016		B. Sc. Computer Science and Psychology	Human Resources Strategy Operations			1 of 1	R4 592.00

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team)	No. of Council Meetings attended	Remuneration
Prof Narend Bajinath	Ex-officio member	N/A		PhD	<ul style="list-style-type: none"> Higher Education Policy, Planning and Development Quality Assurance Higher Education Leadership Internationalisation Business Intelligence Organisational Architecture ICTs in Higher Education 	<ul style="list-style-type: none"> Commonwealth of Learning Board and Exco HAGAA Advisory Board SAQA UMALUSI QCCTO ASSAf [member] 	All internal Governance Committees by virtue of his position	3 of 3	Not remunerated
Ms Vuyo Matsam	Ex-officio member	N/A		BComm. Higher Diploma in Human Resources Management B Tech - Business Administration	Human Resources Management			3 of 3	Not remunerated

Table 4.6: Composition of the Monitoring and Evaluation Committee from 1 April 2016 to 31 March 2017

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Beverley Thaver	Chairperson	June 2011 Re-appointed April 2015		PhD	<ul style="list-style-type: none"> Higher Education 	None	Council	1 of 1	Not remunerated
Mr Luzuko Buku	Member	April 2015		Master of Social Sciences	<ul style="list-style-type: none"> Higher Education Media Management and Studies Public Relations Urban Studies 		Council	1 of 1	Not remunerated
Prof Christiaan de Beer	Member	April 2015		LLD	Higher Education		Council	0 of 1	Not remunerated
Prof Sophie Mogolane	Member	April 2015		PhD	<ul style="list-style-type: none"> Community Health Research 	None	<ul style="list-style-type: none"> NGC Council 	1 of 1	Not remunerated

Table 4.7: Composition of the Nominations and Governance Committee from 1 April 2016 to 31 March 2017 (The Terms of Reference of the NGC were approved on 24 November 2016)

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Themba Mosia	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> • Medical Education • Governance • Quality Assurance Management • Leadership 	NSFAS	<ul style="list-style-type: none"> • Council • NGC 	0 of 0	
Dr Kimberley Porteus	Member	December 2014		Doctor of Philosophy, Education	<ul style="list-style-type: none"> • Pedagogical Innovation in Higher Education • Teacher Professional Development • Relationship between Higher Education and Rural Community Development 	None	NGC	0 of 0	

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Dr Bandle Masuku	Member	Appointed 15 April 2009 Re- appointed May 2013 Re- appointed December 2014		Fellow of the College of Obstetrics and Gynaecology (FCOG)	<ul style="list-style-type: none"> • Communications Policy • Development Community Work • Medical Skills Leadership 	Tshwane University of Technology	<ul style="list-style-type: none"> • EXCO • NGC 	0 of 0	
Prof Shireen Motala	Member	December 2010 Re- appointed December 2014		PhD	<ul style="list-style-type: none"> • Higher Education Policy 	None	<ul style="list-style-type: none"> • EXCO • NGC 	0 of 0	
Prof Sophie Mogottane	Member	April 2015		PhD	<ul style="list-style-type: none"> • Community Health Research 	None	<ul style="list-style-type: none"> • NGC • Council 	0 of 0	Not remunerated

Name	Designation (in terms of the Public Entity Board structure)	Appointed in own right	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit Committee/ Ministerial Task Team)	No. of Council Meetings attended	Remuneration
Prof Narend Baijnath	Ex-officio member	N/A		PhD	<ul style="list-style-type: none"> Higher Education Policy, Planning and Development Quality Assurance Higher Education Leadership Internationalisation Business Intelligence Organisational Architecture ICTs in Higher Education 	<ul style="list-style-type: none"> Commonwealth of Learning Board and Exco HAGAA Advisory Board SAQA UMALUSI QCTO ASSAf [member] 	All internal Governance Committees by virtue of his position	0 of 0	Not remunerated

Remuneration of Board members

Members of Council and its permanent and sub-committees who are not CHE employees or government officials qualify for daily allowances for services rendered to the CHE in accordance with the Treasury Regulations and Directives.

5. RISK MANAGEMENT

The CHE reviewed its risk profile during the course of the year to consider the extent to which potential events may have an impact on the achievement of the organisation's objectives. Emerging events were assessed from two perspectives – likelihood and impact – and a number of risks, predominantly on a strategic level, were identified and weighed.

6. AUDITORS

As required by the PFMA, the external auditor of the CHE is the Auditor-General South Africa.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal audit services have been outsourced for a period of three years ending 2017 as the Council does not consider it appropriate to establish an in-house internal audit function due to the nature and size of the CHE. However, the ARC is responsible for monitoring the internal audit function and for evaluating the effectiveness of the internal controls in place, including recommending improvements to Council where appropriate. The Committee is satisfied that the key risks have been identified and assessed, and have received adequate attention. In compliance with the PFMA, the internal audit plans for 2017 financial year were risk-based and fully implemented.

Table 4.4 above disclosed relevant information on the Audit Committee members.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The ARC is responsible for monitoring compliance with applicable laws and regulations regarding financial matters and management and other related matters.

9. FRAUD AND CORRUPTION

The CHE has policies in place on fraud prevention, detection and reporting.

No fraud was reported during this financial year.

10. MINIMISING CONFLICT OF INTEREST

Council and sub-committee members are required to declare any conflict of interest for the record at the beginning of each Council or sub-committee meeting.

11. CODE OF CONDUCT

There is a Code of Conduct in place for staff but not Council and sub-committees members. The Council recognises that this is a shortcoming and is committed to developing a Code of Conduct for members going forward.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The CHE regards the health and safety of its employees and people affected by the organisation's operations to be of vital importance. The CHE's primary objective is therefore to achieve and maintain the highest practicable level of health and safety control.

In line with this and in fulfilment of the requirements stipulated in the Occupational and Safety Act, 1993 (Act No. 85 of 1993), the CHE has established a Health and Safety Committee that monitors the health and safety of employees in the work environment and identifies potential health and safety threats that require addressing.

The CHE is also cognisant of the need to ensure that the work environment is environmentally sustainable. In this regard, efforts have been made to ensure that lights and other appliances are switched off appropriately at the end of the working day and paper is recycled.

13. SOCIAL RESPONSIBILITY

The CHE was not involved in any social responsibility initiatives during the year under review.

14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017. See pages 105 to 141, in Part E, for the full report.



PART D: HUMAN: RESOURCE MANAGEMENT

1. INTRODUCTION

For an overview of the human resources section, please see pages 38 to 47 (Part B).

2. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel Cost by programme

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration*	31 770	14 474	46%	20	724
Monitoring and Evaluation	5734	3 644	64%	6	607
Programme Accreditation	12 817	6 394	50%	8	799
National Standards and Reviews	5031	2 734	54%	4	684
Institutional Audits	3714	2 779	75%	5	556
TOTAL	59 066	30 025	51 %	43	698

*Administration refers to Corporate Services, Office of the Chief Executive Officer and Quality Promotion and Capacity Development†

Personnel Cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 805	6%	1	1 805
Senior Management	8 263	27%	7	1 180
Professional Qualified	8 927	30%	10	893
Skilled	10 717	36%	23	466
Semi-skilled	0	0	0	0
Unskilled	313	1%	2	157
TOTAL	30 025	100%	43	698

Performance Rewards – 2016/17 rewards will be paid in August 2017 in line with the Performance Management Policy

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management		1 805	
Senior Management		8 263	
Professional Qualified		8 927	
Skilled		10 717	
Semi-skilled		0	
Unskilled		313	
TOTAL		30 025	

Training Costs

Training and development conducted during the quarter is reflected in the table below:

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
Administration	14 474	264	1.8	21	12 571
Monitoring and Evaluation	3 644	41	1.1	13	3 154
Programme Accreditation	6 394	26	0.4	3	8 667
National Standards and Reviews	2 734	13	0.5	5	2 600
Institutional Audits	2 779	17	0.6	4	4250
TOTAL	30 025	361	4.4	46*	31 242

*Administration refers to Corporate Services, Office of the Chief Executive Officer and Quality Promotion and Capacity Development

*Training includes fixed term contract employees where internal group training(s) were held

i.e. ESS Training and Conflict Management in the Workplace

Employment and vacancies

Programme/activity/objective	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of Vacancies
Administration	21	22	20	2	9.09%
Monitoring and Evaluation	6	7	6	1	14.28%
Programme Accreditation	9	11	8	3	27.27%
National Standards and Reviews	3	5	4	1	20%
Institutional Audits	5	7	5	2	28.57%
TOTAL	44	52	43	9	17.30%

*Administration refers to Corporate Services, Office of the Chief Executive Officer and Quality Promotion and Capacity Development

Programme/activity/objective	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of Vacancies
Top Management	1	1	1	0	0%
Senior Management	7	7	7	0	0%
Professional Qualified	10	15	10	5	33.33%
Skilled	24	27	23	4	14.8%
Semi-skilled	0	0	0	0	0
Unskilled	2	2	2	0	0%
TOTAL	44	52	43	9	17.30%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	7	0	0	7
Professional Qualified	10	2	2	10
Skilled	24	2	3*	23
Semi-skilled	0	0	0	0
Unskilled	2	0	0	2
Total	44	4	5	43

*The Organisational Secretary position was filled on a fixed term contract basis until a permanent appointment was made.

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	4	9%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	*1	2
Other	0	0
Total	*5	11.62%

*The Organisational Secretary position was filled on a fixed term contract basis.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	0

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	1	0	0	0
Senior Management	2	0	0	1	0	0	0	0
Professional Qualified	5	0	0	1	0	0	1	0
Skilled	7	0	1	0	0	0	0	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	14	0	1	2	1	0	1	1

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	2	0
Professional Qualified	2	0	0	0	0	0	2	0
Skilled	13	0	0	0	0	0	2	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	19	0	0	0	1	0	6	0

Levels	Staff with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0



PART E:
FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT OF THE COUNCIL ON HIGHER EDUCATION

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Council on Higher Education set out on **pages 105 to 141**, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and of the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council on Higher Education as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the Council on Higher Education's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information which must be based on the approved performance planning documents of the Council on Higher Education. I have not evaluated the completeness and appropriateness of the performance indicators/measures established and included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information relating to future periods that may be included as part of the reported performance information. Accordingly my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the Performance Management and Reporting Framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Council on Higher Education for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Monitoring and Evaluation	49 - 50 and 53
Programme Accreditation	55 - 57
Institutional Audits	54 - 55
National Reviews	58 - 59
Standards Development	57

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme: Monitoring and Evaluation

Various indicators

15. When the indicators listed below were planned, it was not determined how the achievements would be measured and monitored as the source information and method of calculation of the achievements was not predetermined. In addition, the targets set for these indicators were not specific and measurable, while the target relating to the number of research projects in progress was not time bound, as required by Framework for Managing Programme Performance Information (FMPPPI). Due to the lack of technical indicator descriptions that clearly defines the source information and method of calculation, I was unable to obtain sufficient appropriate audit evidence to verify the reliability of the reported achievements. I was unable to confirm whether the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Performance indicators (on-going projects) published	1
Number of research projects in progress	4

Programme: National Reviews

Various indicators

16. When the indicators listed below were planned, it was not determined how the achievements would be measured and monitored as the source information and method of calculation of the achievements was not predetermined. In addition, the targets set for these indicators were not specific and measurable as required by FMPPI. I was unable to obtain sufficient appropriate audit evidence to verify the reliability of the reported achievements. Due to the lack of technical indicator descriptions that clearly defines the source information and method of calculation I was unable to confirm whether the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Indicator: Phases 1 and 2 of the National Review process completed within the review cycle-time (24-36)	2
Indicator: Phase 3 – National Report on the programme under review published (LLB degree programme)	40%

Programme: Standards Development

17. When the indicator listed below was planned, it was not determined how the achievements would be measured and monitored as the source information and method of calculation of the achievements was not predetermined. In addition, the targets set for these indicators were not specific and measurable as required by FMPPI. Due to the lack of technical indicator descriptions that clearly defines the source information and method of calculation, I was unable to obtain sufficient appropriate audit evidence to verify the reliability of the reported achievements. I was unable to confirm whether the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicator	Reported achievement
Number of qualification standards developed within the standards development cycle-time (18-24 months)	4

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

19. Programme: Programme Accreditation

20. Programme: Institutional Audits

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on **pages 48 to 62** for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings raised above on the usefulness and reliability of the reported performance information in paragraph 15 to 17 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme: Monitoring and Evaluation, Programme: Standards Development and Programme: National Reviews. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Report on audit of compliance with legislation

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

25. I did not identify any instances of material non-compliance with matters in key legislation, as set out in the general notice issued in terms of the PAA.

Other information

26. The Council on Higher Education's Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.

27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

29. I have not yet received the Annual Report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

30. I considered internal control relevant to our audit of the financial statements, reported performance information and compliance with legislation, however the objective is not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

Leadership

31. Management did not exercise adequate oversight in the areas of compliance with the National Treasury's Framework for Managing Programme Performance Information (FMPPI) to ensure that indicators are well defined and performance targets are specific in clearly identifying the nature and required level of performance for the programmes reported.

Auditor - General.

Pretoria

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Index

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

Index	Page
Statement of Responsibility	105 - 106
Audit and Risk Committee Report	107 - 108
Accounting Authority Report.....	110 - 112
Statement of Financial Position	113
Statement of Financial Performance	114
Statement of Changes in Net Assets	115
Cash Flow Statement	116
Statement of Comparison of Budget and Actual Amounts.....	117
Accounting Policies	118 - 126
Notes to the Annual Financial Statements	127 - 141

STATEMENT OF RESPONSIBILITY

The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the annual financial statements fairly present the state of affairs of the Council on Higher Education (CHE) as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor-General South Africa (AGSA) was engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the CHE and places considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CHE and all employees are required to maintain the highest ethical standards in ensuring the CHE's business is conducted in a manner that in all reasonable circumstances are above reproach. The focus of risk management in the CHE is on identifying, assessing, managing and monitoring all known forms of risk across the CHE. While operating risk cannot be fully eliminated, the CHE endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management in response to the internal and external audit reports, that the system of financial internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. Where deficiencies were noted, the controls are being strengthened. However, it should be noted that any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The CHE is financially dependent on a transfer payment from the Department of Higher Education and Training for the continued funding of its operations. The annual financial statements are prepared on the basis that the CHE is a going concern and that the Department of Higher Education and Training will transfer the payment as listed in the Estimates of National Expenditure (ENE) to the CHE.

The Council is concerned that transfer payment for the year 2017/18 and also for the outer years is not sufficient enough in realising the set strategic objectives and targets as per the Strategic Plan and Annual Performance Plan.

The Council is primarily responsible for how the financial affairs of the CHE are governed and overseen.

The AGSA auditors are responsible for independently reviewing and reporting on the CHE's annual financial statements. The audited annual financial statements have been examined by AGSA auditors.

The annual financial statements set out on **pages 105 to 141** which have been prepared on the basis that it is a going concern, were approved by the Council on 27th July 2017 and were signed on its behalf by:



Prof Themba Mosia
Chairperson



Prof Narend Baijnath
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017

Audit and Risk Committee members and attendance

The Audit and Risk Committee (the Committee) consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. During the year under review, five meetings were held.

Name of member	Number of meetings attended
Prof Q Vorster (Chairperson)	5 of 5
Mr M Chilenge	5 of 5
Mr J Samuels	5 of 5
Mr M Gani	5 of 5
Ms V Memani-Sedile	4 of 5
Ms DJ Jeena	1 of 1 (Resigned)

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its obligations and responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulations section 27.1.8 and 27.1.10.

The Committee also reports that it has adopted formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein. The Audit and Risk Committee Charter has been reviewed to ensure its relevance and alignment as required by Treasury Regulation 3.1.8.

The effectiveness of internal control

The system of control is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, the Committee provided oversight over the combined assurance process within the Council and is satisfied that optimal effort and coordination exists between all assurance providers. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. A risk assessment workshop was conducted during the year with the aim of reviewing the Council's risk profile and this formed the basis of developing the rolling three-year plan (internal Audit Plans) and the annual internal audit operational plan.

The system of internal control was deemed effective. As part of its oversight role in IT governance, the Audit and Risk Committee reviewed the IT strategy of the Council during the year.

Internal Audit

Internal Audit Services have been outsourced for a period of three years ending 2017. The Committee is satisfied that the key risks have been identified and assessed, and have received adequate attention. In compliance with the PFMA, the internal audit plans for 2017 financial year were risk-based and fully implemented.

External Audit

The Committee agreed to the audit plan and audit fee for the 2017 financial year. The fee is considered commensurate with the work and services rendered by Auditor General South Africa (AGSA). The AGSA has remained independent through the financial year. The Committee satisfied itself of the AGSA's continued objectivity and competence.

Monthly and Quarterly reports submitted in terms of the act

The Committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Council during the year under review.

Evaluation of audited annual financial statements

The Committee has:

Reviewed and discussed with the Auditor-General South Africa (AGSA) and the Accounting Authority the audited Annual financial statements to be included in the Annual Report; and

Reviewed the Auditor-General's management report and management response thereto.

The Committee concurs with and accepts the conclusions of the AGSA on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements be accepted together with the report of the AGSA.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

ARC Report

Transfer Payments

The Committee reviewed the Accounting Authority report and support the concern raised by Management for the insufficient transfer payment from the Department of Higher Education and Training for the year 2017/18 and also for the outer years. The Committee concurs with Management's concerns that realising the CHE's set strategic objectives and targets as per the Strategic Plan and the Annual Performance Plan, may be jeopardised.

The Committee concurs with and accepts the conclusion of the AGSA on the audited Annual Financial Statements and performance information, and is of the opinion that the two documents mentioned be accepted together with the report of the AGSA.



Prof Q Vorster
Chairperson of the Audit and Risk Committee

ACCOUNTING AUTHORITY REPORT

The Council submits its report for the year ended 31 March 2017.

1. Mandate and Objectives of the Council on Higher Education

The Council on Higher Education (CHE) is a public entity listed under Schedule 3A of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended. It adheres to principles of good governance, financial and fiscal prudence, and performance management, and accounts directly to the Minister of Department of Higher Education and Training.

The CHE was established as a juristic person in terms of section 4 of the Higher Education Act (Act 101 of 1997), as amended, and as the quality council for higher education in terms of the National Qualifications Act (Act 67 of 2008). In summary, the main areas of work of the CHE are:

To provide advice to the Minister of Higher Education and Training on all higher education matters, at the Minister's request and at its own initiative

To develop and implement a system of quality assurance for all higher education institutions, including private providers of higher education, which includes programme accreditation, institutional audits, national standards and reviews, and capacity development and quality promotion

To develop and manage the Higher Education Qualifications Sub-Framework (HEQSF) and the development of higher education qualifications

To monitor the state of the higher education system in relation to national policy goals and international trends

To contribute to the development of higher education through facilitating intellectual engagement on key issues in partnership with relevant stakeholders

2. Role and Responsibilities

The Council fulfills the role of the Accounting Authority in terms of section 51 of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended.

As the Accounting Authority, the Council acts in a fiduciary capacity and its responsibilities include:

Overseeing effective, efficient and transparent systems of financial and risk management and internal control, internal audit and procurement

Taking effective and appropriate steps to collect revenue due, to prevent irregular, fruitless and wasteful expenditure, and prevent losses from criminal conduct and expenditure as a result of non-compliance with operational policies and public finance management prescripts

Managing and safeguarding the assets, liabilities, revenue and expenditure of the CHE

Ensuring compliance with applicable legislation

Ensuring that there is an effective and appropriate disciplinary system for failure to comply with the relevant policies and prescripts

3. Going concern

The CHE is financially dependent on a transfer payment from the Department of Higher Education and Training.

On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the Council believes that the CHE will continue to be a going concern in the year ahead. For this reason, the Council has prepared the annual financial statements on the basis that it is a going concern.

4. Transfer Payments

The Council is concerned that transfer payment for the year 2017/18 and also for the outer years is not sufficient enough in realising the set strategic objectives and targets as per the Strategic Plan and

the Annual Performance Plan.

5. Governance of the Council on Higher Education Council

The Council comprises a Chairperson appointed for five years and thirteen ordinary Council members each appointed for a period of four years. Eight non-voting members are appointed to the Council, nominated respectively by the Director-General of the Department of Higher Education and Training, the Provincial Heads of Education, the Director-General of the Department of Science and Technology, the Director-General of the Department of Labour, the National Research Foundation and the Chief Executive Officers of the: South African Qualifications Authority (SAQA), the General and Further Education and Training Quality Assurance Council (Umalusi) and the Quality Council for Trades and Occupations (QCTO) in their official capacities. Three members may be co-opted by the Council.

All members who served on the Council during the year under review were appointed in terms of the Higher Education Act (Act 101 of 1997), as amended.

Committees and Sub-committees

Permanent Committee

The Council has one permanent committee, the Higher Education Quality Committee (HEQC). The HEQC has executive responsibility for the quality promotion and quality assurance in higher education. The functions of the HEQC in terms of the Higher Education Act are to:

Promote quality in higher education

Audit the quality assurance mechanisms of higher education institutions

Accredit programmes of higher education

Sub-committees

On 31 March 2016, four Council sub-committees were in place and were fully functional, namely:

Executive Committee (EXCO)

Audit and Risk Committee (ARC)

Human Resources and Remuneration Committee (HRRC)

Monitoring and Evaluation Committee (MEC)

The members of sub-committees are appointed for the specific knowledge and skills they bring to their respective sub-committees.

During the year, the Council and its sub-committees, including its permanent committee responsible for quality assurance and the HEQC, have functioned effectively in terms of the CHE's statutory mandate and have adhered to the principles of good governance.

6. Subsequent events

The Council is not aware of any subsequent event arising after the end of the financial year.

7. Risk Management

The CHE has reviewed its risk profile during the course of the year to consider the extent to which potential events may have an impact on the achievement of the CHE's objectives. Emerging events were assessed from two perspectives – likelihood and impact – and a number of risks, predominantly on a strategic level, were identified and evaluated.

8. Materiality and significant framework

As required by the Treasury Regulations, the Council has developed and agreed on a materiality and significance framework appropriate for its size and circumstances.

9. Internal audit

The internal audit function is fulfilled under the direction of the Audit and Risk Committee and ultimately the Council, to evaluate the effectiveness of the CHE's systems of internal controls, and to recommend improvements where appropriate. The internal audit function is currently outsourced.

10. Auditors

As required by the PFMA, the current external auditor of the CHE is the Auditor-General South Africa.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	6	830 917	351 151
Prepayments	5	248 531	269 100
Cash and cash equivalents	7	6 518 609	14 804 887
		7 598 057	15 425 138
Non-Current Assets			
Property, plant and equipment	2	32 523 487	31 911 379
Intangible assets	3	3 071 043	3 156 527
		35 594 530	35 067 906
Total Assets		43 192 587	50 493 044
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	7 927 966	8 703 291
Provisions	10	1 986 421	999 751
		9 914 387	9 703 042
Non-Current Liabilities			
Unspent conditional grants and receipts	9	-	774 163
Total Liabilities		9 914 387	10 477 205
Net Assets		33 278 200	40 015 839
Reserves			
Revaluation reserve	8	7 289 484	4 914 475
Accumulated surplus		25 988 716	35 101 364
Total Net Assets		33 278 200	40 015 839

* See note 22

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance for the year ended 31 March 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Exchange revenue		7 218 090	4 207 811
Interest received - investment		976 826	1 297 485
Government grants & subsidies		41 758 963	44 037 166
Total revenue		49 953 879	49 542 462
Expenditure			
Employee related costs	14	(30 025 392)	(28 360 890)
Depreciation and amortisation		(2 240 922)	(2 323 754)
Repairs and maintenance		(513 534)	(1 090 646)
Loss on disposal of assets		(96 137)	(250 854)
General expenses	15	(26 190 542)	(22 426 025)
Total expenditure		(59 066 527)	(54 452 169)
Deficit for the year		(9 112 648)	(4 909 707)

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Net Assets for the year ended 31 March 2017

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Restated Balance at 01 April 2015	4 914 475	39 997 220	44 911 695
Changes in net assets			
Deficit for the year	-	(4 909 708)	(4 909 708)
Total changes	-	(4 909 708)	(4 909 708)
Opening balance as previously reported	4 914 475	35 087 512	40 001 987
Adjustments			
Prior year adjustments	-	13 852	13 852
Restated* Balance at 01 April 2016 as restated*	4 914 475	35 101 364	40 015 839
Changes in net assets			
Revaluation of building	2 375 009	-	2 375 009
Deficit for the year	-	(9 112 648)	(9 112 648)
Total changes	2 375 009	(9 112 648)	(6 737 639)
Balance at 31 March 2017	7 289 484	25 988 716	33 278 200

* See note 22

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Cash Flow Statement for the year ended 31 March 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Grants		41 758 963	44 037 166
Interest income		976 826	1 297 485
Other receipts		6 644 014	4 207 811
		49 379 803	49 542 462
Payments			
Employee costs		(29 988 841)	(28 360 891)
Suppliers		(27 188 569)	(24 156 624)
		(57 177 410)	(52 517 515)
Net cash flows from operating activities	17	(7 797 607)	(2 975 053)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(170 453)	(1 225 377)
Proceeds from disposal of property, plant and equipment	2	20 495	247
Purchase of intangible assets	3	(338 713)	(97 336)
Net cash flows from investing activities		(488 671)	(1 322 466)
Net increase/(decrease) in cash and cash equivalents		(8 286 278)	(4 297 519)
Cash and cash equivalents at the beginning of the year		14 804 887	19 102 406
Cash and cash equivalents at the end of the year	7	6 518 609	14 804 887

* See note 22

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Exchange revenue	4 000 000	-	4 000 000	7 218 090	3 218 090	
Interest received - investment	1 181 834	-	1 181 834	976 826	(205 008)	
Total revenue from exchange transactions	5 181 834	-	5 181 834	8 194 916	3 013 082	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	41 435 003	-	41 435 003	41 758 963	323 960	
Surplus funds rolled-over	-	10 570 885	10 570 885	10 570 885	-	
Total revenue from non- exchange transactions	41 435 003	10 570 885	52 005 888	52 329 848	323 960	
Total revenue	46 616 837	10 570 885	57 187 722	60 524 764	3 337 042	
Expenditure						
Personnel	(31 060 657)	-	(31 060 657)	(30 025 392)	1 035 265	
Depreciation and amortisation	(2 240 922)	-	(2 240 922)	(2 240 922)	-	
Repairs and maintenance	(267 594)	-	(267 594)	(513 534)	(245 940)	
Loss on disposal of assets	-	-	-	(96 137)	(96 137)	
General expenses	(13 047 664)	(10 570 885)	(23 618 549)	(26 190 542)	(2 571 993)	
Total expenditure	(46 616 837)	(10 570 885)	(57 187 722)	(59 066 527)	(1 878 805)	
Reconciliation for accrual and cash basis						
Unadjusted surplus funds				1 458 237		
Less: Rolled over surplus from prior year				(10 570 885)		
Deficit as per Statement of Financial Performance				(9 112 648)		

Budget vs. Actual differences

Revenue from exchange transactions was higher than budgeted due to more applications for accreditation being received from private institutions. Other reasons for increased revenue was due to cost recoveries for a seconded employee to the Department of Justice during the year and the employee cost of the relevant member was fully recovered from the Department.

Employee costs under spent due to vacancies and there were some unforeseen delays to fill them during the year under review.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The CHE assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the CHE makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Effective interest rate

The CHE used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.2 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the CHE is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and building which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment are depreciated on a straight line basis over the expected useful lives to their estimated residue value.

An impairment loss is only recognised when the recoverable amount of an asset is less than its carrying amount and is measured as the amount by which the carrying amount of an asset exceeds its recoverable amount.

Subsequent to the recognition of an impairment loss on an asset, the related depreciation or amortisation charge should be adjusted for future periods.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.2 Property, plant and equipment (continued)

An impairment loss is recognised immediately in the surplus or deficit, except where an asset is carried at revalued amount in accordance with another GRAP standard on property, plant and equipment. Such an impairment loss is treated as a revaluation decrease to the extent of the revaluation surplus available in the revaluation reserve.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	1-21 years
Office equipment	Straight line	1-15 years
Computer equipment	Straight line	1-15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the CHE to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in CHE or deficit, unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in CHE or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Revaluation of Land and Building

Land and buildings held for administrative purposes are carried at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses.

Revaluations are done by an independent valuer every three years so that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. The fair value of land and buildings measured using the valuation model is based on market values.

Change in estimate

After the revaluation of land and building, the useful lives of all category of assets related to the building are re-assessed.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from CHE and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the CHE intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the CHE or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The CHE assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits or service potential;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial recognition intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.3 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	1-8 years
Internally generated intangible assets	10-20 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.4 Financial instruments

Financial assets and financial liabilities are recognised on the CHE's statement of financial position when the CHE becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, including transactional costs. Subsequent to initial recognition, these instrument are measured as set out below:

Financial Assets

CHE's principal financial assets are accounts receivable and cash and cash equivalents.

Accounts receivables are subsequently measured at their amortised costs using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts which represents fair value.

Cash and cash equivalents are measured at fair value.

Financial assets or a portion thereof are derecognised when the contractual rights to the benefits specifies in the contract expires and the CHE surrenders those rights or otherwise loses control of the contractual rights that comprises the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in the net assets is included in the surplus or deficit for the period.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service to the CHE.

The provisions for employee entitlements to salaries and annual leave represent the amount that the CHE has a present obligation to pay as a result of employees' services provided to the statement of financial position date. The provisions have been calculated at undiscounted amounts on current salary rates.

The expected costs of bonus payment are recognised as an expense when there is a legal or constructive obligation to make such payment as a result of a past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement schemes are dealt with as defined contribution plans where the CHE obligation under the schemes is equivalent to those arising in a defined contribution plan.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.7 Provisions and contingencies

Provisions are recognised when:

- The entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

All the provisions of the CHE are short-term in nature and thus ignore the effect of discounting.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CHE settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

1.8 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the CHE directly in return of services rendered, the value of which approximates the consideration received or receivable.

The CHE receives exchange revenue from private institutions as indicated below:

1. **Private institutions application for accreditation:** Institutions pay a non-refundable fee which is recognised in revenue based on the stage of completion;
2. **Site visits:** Site visit fees including the associated costs incurred are invoiced to the institutions and recognised in revenue on accrual basis; and
3. Other revenue such as conditions, representations, reaccreditation and referrals for private institutions are recognised as revenue on accrual basis.

Interest received

Interest received from favourable bank deposits is recognised as revenue from exchange transactions through statement of financial performance in the period it is received.

1.9 Revenue from non-exchange transactions

The transfer from DHET is recognised when it is probable that future economic benefits will flow to the CHE and when the amount can be measured reliably. A transfer is recognised as revenue to the extent that there is no further obligation arising from the receipt of transfer payment.

Conditions on transferred assets are stipulations that specify that the future economic benefits or

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Unspent conditional grant

Unspent conditional grants are disclosed as liabilities and only realised as revenue through the statement of financial performance when the conditions related to the grant are met.

1.10 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.11 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- (a) The PFMA; or
- (b) National Treasury Regulations.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of expenses and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008).

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.12 Budget information

CHE is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.12 Budget information (continued)

General purpose financial reporting by CHE shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The financial statements and the budget are not presented on the same basis as the financial statements are prepared on accrual basis and the budget on a cash basis of accounting. A reconciliation between the surplus/(deficit) for the period as per statement of financial performance and the budgeted surplus/(deficit) is included in the statement of comparison of budget and actual amounts.

1.13 Related parties

The CHE operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the CHE, including those charged with the governance of the CHE in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with the CHE.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.14 Standards of GRAP not yet effective

The following standards have been approved but are not effective at 31 March 2017:

GRAP 20 on Related Party Disclosures; and

GRAP 108 on Statutory Receivables.

1.15 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The CHE will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

Non-adjusting events after reporting date

The CHE shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The CHE shall disclose the following for each material category of non-adjusting event after the reporting date:

- a) The nature of the event; and
- b) An estimate of its financial effect, or a statement that such an estimate cannot be made.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

2. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8 300 000	-	8 300 000	6 360 120	-	6 360 120
Buildings	28 217 670	(6 932 333)	21 285 337	27 732 416	(5 979 446)	21 752 970
Furniture and fixtures	1 806 934	(1 118 422)	688 512	1 942 871	(1 069 618)	873 253
Office equipment	2 623 642	(1 217 809)	1 405 833	2 767 078	(1 000 594)	1 766 484
Computer equipment	2 277 326	(1 433 521)	843 805	2 695 160	(1 536 608)	1 158 552
Total	43 225 573	(10 702 086)	32 523 487	41 497 646	(9 586 267)	31 911 379

Reconciliation of property, plant and equipment - 2017

	Opening Balance	Additions	Other Adjustments	Disposals	Revaluations	Depreciation	Total
Land	6 360 120	-	-	-	1 939 880	-	8 300 000
Buildings	21 752 970	67 750	-	(10 087)	435 129	(960 425)	21 285 337
Furniture and fixtures	873 253	22 843	-	(37 150)	-	(170 434)	688 512
Office equipment	1 766 484	46 468	(3 420)	(34 888)	-	(368 811)	1 405 833
Computer equipment	1 158 552	36 812	-	(32 265)	-	(319 294)	843 805
	31 911 379	173 873	(3 420)	(114 390)	2 375 009	(1 818 964)	32 523 487

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	6 360 120	-	-	-	6 360 120
Buildings	22 783 411	-	(69 385)	(961 056)	21 752 970
Furniture and fixtures	1 062 591	14 660	(11 199)	(192 799)	873 253
Office equipment	1 571 965	609 007	(68 451)	(346 037)	1 766 484
IT equipment	1 035 356	601 710	(91 560)	(386 954)	1 158 552
	32 813 443	1 225 377	(240 595)	(1 886 846)	31 911 379

Pledged as security

No assets are pledged as security.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

2. Property, plant and equipment (continued) Details of property

The 7 580 square meters property is located at 1 Quintin Brand, Persequor Technopark, Tshwane. The title deed number is T4934/2009. The property was revalued at 31 March 2017 by Mr Beukes Kuit (Candidate Valuer) SACPVP Reg No.: 7331/2 and Professional Valuer Li-Alet Starke SACPVP Reg No.: 6026.

The revalued amount split between Land and Building was:

Land	8 300 000	-
Building	21 285 400	-
Revalued amount	29 585 400	-

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

3. Intangible assets

	2017			2016		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Internally generated	4 196 475	(1 681 951)	2 514 524	4 196 475	(1 377 160)	2 819 315
Computer software, other	1 040 793	(484 274)	556 519	762 901	(425 689)	337 212
Total	5 237 268	(2 166 225)	3 071 043	4 959 376	(1 802 849)	3 156 527

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Internally generated	2 819 315	-	-	(304 791)	2 514 524
Computer software, other	337 212	338 713	(2 241)	(117 165)	556 519
	3 156 527	338 713	(2 241)	(421 956)	3 071 043

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Internally generated	3 084 416	38 273	-	(303 374)	2 819 315
Computer software, other	422 192	59 063	(10 509)	(133 534)	337 212
	3 506 608	97 336	(10 509)	(436 908)	3 156 527

Fully amortised software

During the year under review, fully amortised computer software with a cost price of R253,885 was still in use. After the reassessment of useful lives of all assets at year end, management decided not to extend their amortisation period as the continued use of these assets depend on the annual renewal of their respective licenses.

Internally Generated intangible assets

Internally generated assets relates to the development costs of the Higher Education Quality Committee (HEQC) and the Higher Education Quality Sub-Framework online systems. These two systems are owned by the CHE and were developed to enhance the CHE process of receiving and processing applications from accreditation from institutions and meets the definition of internally generated intangible assets according to GRAP 31 on intangibles.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

4. Change in estimate

Property, plant and equipment

Management reassessed the useful lives of property, plant and equipment that was approaching a nil carrying amount but were still in good condition. The reassessment was performed on individual assets in each asset category and the assets' useful lives were increased as follows:

Computer equipment: between 2 and up to 5 years

Furniture: between 2 and up to 5 years

Office equipment: between 2 and up to 5 years

The change in estimate was effected prospectively from the beginning of the financial year and depreciation per Fixed Asset category is affected as follows.

Category	Original estimate	Revised depreciation	Reduction in depreciation expense
Office equipment	53 203	19 538	(33 665)
Furniture	35 258	18 125	(17 133)
Computer equipment	191 773	92 209	(99 564)
	280 234	129 872	(150 362)

5. Prepayments

Prepaid insurance and license fees

Opening balance	269 100	290 122
Amounts realised to expenses during the year	(269 100)	(290 122)
Additions for the period	248 531	269 100
	248 531	269 100

6. Receivables from exchange transactions

Trade debtors	511 402	12 625
Deposits	13 515	7 045
Over payment to supplier	256 220	270 652
Staff loans	49 780	60 829
	830 917	351 151

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security for any financial liability.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fair value of receivables from exchange transactions

The fair value of short-term receivables approximates the carrying amount of the balance due to their short-term maturity.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

6. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2017, R165,737 (2016: R10,000) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	163 016	-
3 months and over past due	165 737	10 000

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The CHE does not hold any collateral as security.

Trade receivables have not been discounted as the amount is not considered material.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 628	55
Standard Bank: Current Account	2 855 279	637 117
Investec Investment Account	3 300 601	14 157 046
Standard Bank: Private Accreditation funds	358 101	10 669
	6 518 609	14 804 887

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

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

The CHE holds a short-term investment account at Investec Bank where surplus cash is held during the year, earning an average interest of approximately 8% pa. This investment is accessible on a 30-day notice.

8. Revaluation reserve

Revaluation Surplus relates to property, plant and equipment

Opening balance	4 914 475	4 914 475
Movement in the reserve	2 375 009	-
	7 289 484	4 914 475

The movement during the year is as a result of the revaluation of the Building at year end. Refer to note 2.

9. Unspent conditional grants and receipts

In 2010, National Treasury granted approval to the DHET to transfer an additional R9 million to the CHE for the implementation of the Standard Setting directorate which is part of the expanded mandate of the CHE, resulting from promulgation of the NQF Act. The balance of this amount has now been fully utilised in this financial year.

Unspent conditional grants and receipts comprises of:

Unspent conditional grant and receipts

Deferred income	-	774 163
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COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

9. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	774 163	3 992 329
Income recognition during the year	(774 163)	(3 218 166)
	-	774 163

10. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	999 751	140 488	(103 937)	1 036 302
Performance bonus provision	-	950 119	-	950 119
	999 751	1 090 607	(103 937)	1 986 421

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	762 351	385 427	(148 027)	999 751

Leave pay provision

Leave pay provision relates to the vesting leave pay to which employees may become entitled upon leaving the employment of the CHE. The provision is utilised when employees are paid for their accumulated leave. There are no expected reimbursements of this provision.

Leave from the previous cycle not taken within six months after the end of the cycle is forfeited by the employee.

Performance bonus

Performance bonus are payable to eligible employees after the finalisation of the moderation process and conclusion of external audit for the year under review.

11. Payables from exchange transactions

Trade payables	2 051 075	2 823 619
Accreditation fees received in advanced	4 249 226	4 414 310
Accrued bonus	12 811	12 811
Accruals	1 614 854	1 452 551
	7 927 966	8 703 291

CHE pays all its trade and other payables within 30 days of receipt of invoice in accordance with the terms of the PFMA and Treasury Regulations.

The fair value of payables approximates the carrying amount due to their short-term nature.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
12. Revenue		
Accreditation fees and other income	7 218 090	4 207 811
Interest received - investment	976 826	1 297 485
Government grants & subsidies	41 758 963	44 037 166
	49 953 879	49 542 462
The amount included in revenue arising from exchanges of goods or services are as follows:		
Accreditation fees and other income	7 218 090	4 207 811
Interest received - investment	976 826	1 297 485
	8 194 916	5 505 296
Non exchange revenue		
Grants received from DHET	40 928 000	40 819 000
Deferred income - Standard Development	774 163	3 218 166
National Research Foundation	56 800	-
	41 758 963	44 037 166
13. Investment revenue		
Interest revenue		
Interest earned	976 826	1 297 485
Interest earned relates to surplus cash reserves deposited in short-term investments with effective interest received of approximately 8%.		
14. Employee costs		
Basic	24 667 328	23 082 409
Performance bonus provision	950 119	-
Bonus paid	-	949 837
Medical aid - company contributions	722 833	777 858
UIF	172 094	154 425
Leave paid	103 937	148 027
Short-term benefit - NEHAWU	17 476	12 920
Other short-term costs - Social club	18 240	12 710
Retirement annuity	480 897	462 823
Defined contribution plans - Provident fund	2 323 630	2 211 487
Provident Fund: Administration fees	525 556	514 437
Workmans compensation	43 282	33 957
	30 025 392	28 360 890

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
15. General expenses		
Consultancy services	1 213 588	466 459
Outsourced services	1 766 460	1 588 538
Assessment rates and municipal charges	209 724	197 967
Auditors' remuneration - Refer to note 16	1 136 182	1 337 152
Bank charges	45 351	38 982
Cleaning	362 757	342 597
Peer academics	6 240 377	3 819 350
Consumables	93 509	96 714
Sundry expenses	-	35 175
Fines and penalties	1 800	10 064
Garden services	74 297	70 965
Teaching awards	150 000	150 000
Insurance	299 571	263 402
Conferences and seminars	31 798	35 111
Bursaries	47 760	7 500
IT expenses	893 077	1 283 121
Promotions	-	115 731
Levies	29 307	25 897
Magazines, books and periodicals	17 848	27 086
Recruitment costs	499 862	853 205
Postage and courier	60 860	83 702
Printing and stationery	804 423	1 759 356
Security services	190 249	191 062
Employee welfare	142 144	343 496
Subscriptions and membership fees	80 225	179 495
Telephone, cellphone and data costs	317 743	287 985
Training	361 625	262 699
Travel - local	4 159 886	2 711 576
Travel - overseas	148 141	290 638
Electricity	626 212	563 627
Lease rentals on operating lease	125 940	125 940
Honorarium	48 000	23 500
Venue and catering	638 653	835 981
Remuneration of Council and Committee members	964 152	931 968
Legal fees	4 409 021	3 069 984
	26 190 542	22 426 025
16. Auditors' remuneration		
External auditors	797 694	915 027
Internal auditors	338 488	422 125
	1 136 182	1 337 152

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
17. Cash used in operations		
Deficit	(9 112 648)	(4 909 707)
Adjustments for:		
Depreciation and amortization	2 240 922	2 323 754
Loss on disposal of assets	96 137	250 854
Movements in provisions	986 670	237 400
Changes in working capital:		
Receivables from exchange transactions	(479 766)	(207 406)
Prepayments	20 569	21 022
Payables from exchange transactions	(775 328)	2 527 196
Unspent conditional grants and receipts	(774 163)	(3 218 166)
	(7 797 607)	(2 975 053)

18. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	830 917	830 917
Cash and cash equivalents	6 518 609	6 518 609
	7 349 526	7 349 526

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

18. Financial instruments disclosure (continued)

Financial liabilities

Trade and other payables from exchange transactions

At cost

7 927 966

Total

7 927 966

2016

Financial assets

Trade and other receivables from exchange transactions

At cost

351 151

Total

351 151

Cash and cash equivalents

14 804 887

14 804 887

15 156 038

15 156 038

Financial liabilities

Trade and other payables from exchange transactions

At cost

8 703 291

Total

8 703 291

19. Commitments

Operating leases - as lessee

Minimum lease payments due

Within one year

115 445

125 940

In second to fifth year inclusive

-

115 445

115 445

241 385

Operating lease payments represent rentals by the CHE for photocopying machines. These leases are negotiated for periods ranging from 12 months to 120 months. The operating lease liability at the end of the period is R115,445 (2016: R241,385).

The CHE has no capital commitments (PPE) for the period under review.

Commitments for goods and services to be rendered to the CHE in the next financial year 2017/18 amounts to R3,305,759.

The full commitments including contracts awarded for goods and services to be rendered to the CHE over a period beyond the next financial year amounts to R5,326,897 (2016: R7,273,378).

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

20. Related parties

Relationships

Department	DHET
Public Entities under the DHET	SAQA
Other Public Entities	University of Pretoria National Research Foundation
Other	Department of Justice
Senior Management	Refer to note 21

Related party balances:

Unspent conditional grant - Owing to related parties

DHET	-	(774 163)
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Amounts included in Trade receivable regarding related parties

Department of Justice	142 586	-
University of Pretoria	91 722	-

Transactions included in revenue

DHET	41 702 163	44 037 166
Department of Justice	855 516	-
University of Pretoria	143 024	-
National Research Foundation	56 800	143 024

Transactions included in expenditure (outsourced services)

SAQA	1 521 160	1 438 390
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- 1) The CHE received a grant of R56,800 from the National Research Foundation (NRF) for the SAQAN conference that was facilitated by the CHE in October 2016.
- 2) The Minister of Higher Education has tasked CHE to investigate the feasibility of free higher education in South Africa. The costs of this task are funded from the University of Pretoria.
- 3) A CHE employee has been seconded to the Department of Justice to work on the fees commission and the future of higher education. The costs of the said employee are fully recovered from the Department of Justice.

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

21. Members of Key Management and Council Emoluments

Executive Management

2017

	Emoluments	Retention allowance	Total
Chief Executive Officer	1 463 892	294 564	1 758 456
Chief Financial Officer	1 277 610	-	1 277 610
Director: Corporate Services	1 058 691	27 146	1 085 837
Director: Institutional Audits	1 058 691	20 359	1 079 050
Director: Accreditation	1 058 691	25 449	1 084 140
Director: National Standards and Reviews	1 058 691	-	1 058 691
Director: Quality Assurance Promotion and Coordination	1 058 691	-	1 058 691
Director: Monitoring and Evaluation	1 058 691	27 146	1 085 837
	9 093 648	394 664	9 488 312

2016

	Emoluments	Performance bonus	Retention allowance	Acting allowance	Total
Chief Executive Officer	714 093	-	142 819	-	856 912
Chief Financial Officer	1 246 449	78 526	87 251	-	1 412 226
Director: Corporate Services	1 017 972	64 132	159 338	-	1 241 442
Director: Institutional Audits	1 017 972	53 953	119 503	-	1 191 428
Director: Accreditation	1 017 972	64 132	137 318	-	1 219 422
Director: National Standards and reviews	930 975	53 155	-	-	984 130
Director: Quality Assurance Promotion and Coordination	1 017 972	53 953	-	-	1 071 925
Director: Monitoring and Evaluation	1 017 972	64 132	159 338	63 773	1 305 215
	7 981 377	431 983	805 567	63 773	9 282 700

Council Members' Remuneration

2017

For services as Council and Committee members

Emoluments Total

964 152 964 152

2016

For services as Council and Committee members

Emoluments Total

931 968 931 968

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

	2017	2016
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22. Prior year adjustments

Presented below are those items contained in the statement of financial position that have been affected by prior year adjustments:

Error

After the prior year financial statements were finalised and signed off, the CHE discovered an error where the disclosed balances of income received in advance was overstated and accumulated surplus was understated in the 2016 annual financial statements by R13,852.

The effect of this error was to restate the comparative balances as follows:

Statement of Financial Performance

Trade payables overstatement	(13 852)
Accumulated surplus understatement	13 852

Movement in accumulated surplus

Closing accumulated surplus as previously reported	35 087 516
Correction of error	13 852
Closing restated accumulated surplus	35 101 368

23. Risk management

Financial risk management

Liquidity risk

The CHE is only exposed to liquidity risk with regards to the payment of its trade payables. These trade payables are all due within the short-term. The CHE manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in a money market account.

The table below analyses the CHE's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest rate risk

As the CHE has no significant interest-bearing assets, the CHE's income and operating cash flows are substantially independent of changes in the market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The CHE only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The receivables are exposed to credit risk and their exposure to credit risk at year end were as follows:

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

24. Risk management (Continued)

Financial instrument

Bank	3 218 008	647 841
Trade debtors	511 402	12 625
Short-term deposits	3 300 601	14 157 046

Trade Debtors age analysis as at 31st March 2017

Over 90 Days	60 Days	30 Days	Current	Total
165 737	-	163 016	182 649	511 402

COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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24. Taxation

The CHE is exempt from normal income tax as more than 80% of its income is defrayed from funds voted by Parliament. The CHE is exempted from the payment of Value Added Tax (VAT) on the transfer received. As a result, any VAT paid by the CHE is also not refundable by the South African Revenue Services (SARS).

25. Fruitless and wasteful expenditure

Opening balance	-	471 063
Current year	6 316	32 079
Condoned	(4 455)	(503 142)
Recovered	(1 576)	-
	285	-

Fruitless and wasteful expenditure for the current year relates to travel booking cancellations, penalties charged on late 3rd party payments and a loss on the stolen laptop.

Booking cancellations	4 411	-
Penalties charged	1 800	-
Loss on disposal	105	-
	6 316	-

26. Contingent Liability

The CHE had unspent funds of R3,282,711 from the budget of the year under review. This surplus is ordinarily supposed to be transferred back to National Treasury according to section 53(3) of the PFMA. The CHE has requested for the retention of these funds from National Treasury to address budget pressures that the CHE is facing for the 2017/18 financial year.



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