

# ANNUAL REPORT

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## COUNCIL ON HIGHER EDUCATION





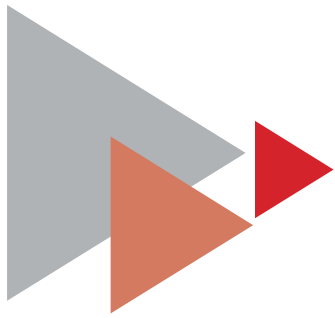
# **COUNCIL ON HIGHER EDUCATION (CHE)**

## **2017/18 FINANCIAL YEAR**



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# Part A:

## GENERAL INFORMATION



## 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	Council on Higher Education
<b>REGISTRATION NUMBER (if applicable):</b>	None
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<b>EXTERNAL AUDITORS:</b>	Auditor-General South Africa
<b>BANKERS:</b>	Standard Bank, Brooklyn Branch, Fehrsen Street, Brooklyn, Tshwane
<b>COMPANY/ BOARD SECRETARY</b>	Mr Tshifhiwa Eric Netshidzati

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor General of South Africa
<b>ASB</b>	Accounting Standards Board
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>BEng</b>	Bachelor of Engineering
<b>BSW</b>	Bachelor of Social Work
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CAT</b>	Credit Accumulation and Transfer
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CESM</b>	Classification of Educational Subject Matter
<b>CHE</b>	Council on Higher Education
<b>DHET</b>	Department of Higher Education and Training
<b>Dip Eng</b>	Diploma in Engineering
<b>DPSA</b>	Department of Public Service and Administration
<b>DST</b>	Department of Science and Technology
<b>DVC</b>	Deputy Vice-Chancellor
<b>ENE</b>	Estimates of National Expenditure
<b>EU</b>	European Union
<b>EXCO</b>	Executive Committee (of Council)
<b>GAAP</b>	Generally Accepted Accounting Practice
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HEI</b>	Higher Education Institution
<b>HELTASA</b>	Higher Education Learning and Teaching Association of South Africa
<b>HEMIS</b>	Higher Education Management Information System
<b>HEQC</b>	Higher Education Quality Committee
<b>HEQCIS</b>	Higher Education Quality Committee Information System
<b>HEQSF</b>	Higher Education Qualifications Sub-Framework
<b>HR</b>	Human Resources
<b>HRRC</b>	Human Resources and Remuneration Committee
<b>IAC</b>	Independent Actuaries and Consultants (in Financial Section)
<b>IAC</b>	Institutional Audits Committee
<b>IAS</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board
<b>ICT</b>	Information and Communication Technology
<b>IFRS</b>	International Financial Reporting Standards
<b>LLB</b>	Bachelor of Laws
<b>MANCO</b>	Management Committee
<b>MBA</b>	Master of Business Administration
<b>MEC</b>	Monitoring and Evaluation Committee
<b>MEXCO</b>	Member of EXCO
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NCOP</b>	National Council of Provinces
<b>NEHAWU</b>	National Education, Health and Allied Workers Union
<b>NGC</b>	Nominations and Governance Committee
<b>NLRD</b>	National Learners' Records Database
<b>NQF</b>	National Qualifications Framework
<b>NRF</b>	National Research Foundation
<b>NSRC</b>	National Standards and Reviews Committee

<b>PAA</b>	Public Audit Act of South Africa, Act 25 of 2004
<b>PFMA</b>	Public Finance Management Act 1 of South Africa, Act 1 of 1999
<b>PPPFA</b>	Preferential Procurement Policy Framework Act (number and year)
<b>PSET</b>	Post School Education and Training
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>QEP</b>	Quality Enhancement Project
<b>ROE</b>	Returns on earnings
<b>RPL</b>	Recognition of Prior Learning
<b>SALDA</b>	South African Law Deans Association
<b>SANS</b>	South African National Standards
<b>SAQA</b>	South African Qualifications Authority
<b>SAQAN</b>	Southern African Quality Assurance Network
<b>SCM</b>	Supply Chain Management
<b>SER</b>	Self-Evaluation Report
<b>SHEEC</b>	Scottish Higher Education Enhancement Committee
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SMU</b>	Sefako Makgatho Health Sciences University
<b>TAU</b>	Teaching Advancement at University
<b>QA</b>	Quality Assurance
<b>QAA</b>	Quality Assurance Agency
<b>UIF</b>	Unemployment Insurance Fund
<b>UMALUSI</b>	Council for Quality Assurance in General and Further Education and Training
<b>UNISA</b>	University of South Africa
<b>VAT</b>	Value Added Tax

### 3. FOREWORD BY THE CHAIRPERSON



The 2017/18 financial year saw the higher education landscape regain some degree of normalcy following the turmoil that engulfed it during the preceding two years. The trend of disruption of academic programmes at university campuses became isolated events that were timeously contained. Of greater significance is that 2017 will mark a major transformational shift when as a country, we took a giant step towards addressing the imperative of social justice by declaring that, henceforth, all students from poor and working class families would be funded on a phased-in full cost of study basis by the State within the next five years. The CHE was significantly involved in the discourses that preceded the announcement that marked a policy shift in the funding of the higher education and training sector in South Africa. It advised the Minister on fee increases for the 2017 year, and produced research-based advice to the Minister of Higher Education and Training on the regulation of tuition fees charged by universities. The CHE also made representations to the Heher Commission of Inquiry into the feasibility of making higher education and training fee-free.

The CHE noted with concern numerous sporadic disruptions at universities in the first quarter of 2018. These protests are largely attributed to the implementation challenges by the National Student Financial Aid scheme (NSFAS), especially on accommodation and meal disbursements. The CHE hopes that this situation will be remedied in such a way that the quality of educational provisioning will not suffer as a result.

The year under review was also the first year of implementation of the revised 2015 – 2020 strategic plan of the CHE. The revision was necessary to ensure that the CHE was able to continue discharging its mandate effectively and efficiently within the context of austere global and local economic conditions and the attendant funding challenges. The vision of the organisation was re-articulated to read: 'a dynamic organisation contributing to a transformed, equitable and quality higher education and training system in South Africa'. The mission statement was refined to emphasise that the work of the CHE was in four areas, namely (a) leading and managing quality assurance; (b) researching and monitoring trends and developments; (c) initiating critical discourses on contemporary higher education issues; and (d) providing advice to the Minister of Higher education and Training on strategy and policy. The revised strategic plan also stipulated that the CHE would, at all times in its work, be guided by the values of social justice, quality, integrity and accountability.

The 2017/18 annual performance plan (APP) was based on the revised 2015 – 2020 strategic plan. After costing the activities and projects in the APP, it was found that the CHE was going to have a budget shortfall of R12.5 million for the year. This meant that, while efforts were being made to find funds to make up for the shortfall, some activities and projects in the APP had to be curtailed until funds to off-set the shortfall had been secured. Unfortunately, the latter funds were made available only three months before the end of the financial year. Accordingly, some activities and projects that had been planned to be undertaken or implemented during the year under review could not be undertaken or completed. These include the planned pilots for a new cycle of institutional audits, the development of a policy on certification in higher education, the finalisation of a number of qualification standards, and the development of an integrated information management system, to mention the key ones.

The above notwithstanding, all funded projects and activities were undertaken and deliverables were realised as planned. In accreditation, 757 applications for new programmes were processed and tabled at the HEQC for final resolution. A total of 620 were accredited with or without conditions, while 137 programmes were not accredited. Poorly designed curricula and unsatisfactory teaching and learning approaches were among the most common reasons for programmes not being accredited. It should be noted that a total of 247



of the programmes for private higher education institutions were processed for reaccreditation, although 92.7% of them were part of the backlog from the previous financial year.

During the year under review, the Quality Enhancement Project (QEP) was taken to its conclusion. A synthesis report, code of good practice for enhancing student success, an analysis of institutional submissions, and a project evaluation report were drafted. These are currently going through internal review processes and will be finalised and published during the course of 2018/19 financial year.

While the development of standards was one area of work that was negatively affected by the late disbursement of funds to cover the budget shortfall, the standards for Bachelor of Sports Coaching, and Bachelor of Commerce qualifications reached their penultimate stage of development. They are now awaiting the HEQC's recommendation to Council for approval.

Following the release of the outcomes of the national review of the Bachelor of Laws (LLB) programmes, the institutions whose programmes were re-accredited with conditions and those whose programmes were placed on notice of withdrawal of accreditation, were given the opportunity to develop and submit implementation plans, followed by implementation of these plans once approved. Progress reports on the implementation of the improvement plans were received and evaluated. On the basis of the findings or results of the evaluation, a decision was made to revisit the final outcomes of the national review. This process saw some of the programmes that were initially 're-accredited with conditions' and/or 'on notice of withdrawal of re-accreditation' to have their final outcome changed to 're-accredited' and/or 're-accredited with conditions'. At the end of the process only one institution had the accreditation of its LLB programme completely withdrawn. While the national review of the LLB was being brought to conclusion, the national review of doctoral degree programmes commenced.

The Council on Higher Education performed a Special Audit of the University of Zululand in 2017 and issued its report to the Minister and the university in early 2018. Recommendations to the university are work in progress through which an improvement plan will be developed by the University of Zululand to address a number of recommendations flowing from the Special Audit. The essence of the Audit was to ensure that the core business of teaching and learning, and research, was not compromised to the detriment of students. The CHE, together with the DHET, will be monitoring implementation with the cooperation of the Senate and Council of the university.

The CHE has faced a spike in litigation by some private higher education relating to the accreditation status of their academic programmes. In 2017/18 there were three long-drawn out cases that challenged the integrity of the quality assurance framework of the CHE. This included a Court challenge by one interest group operating in the higher education space that challenged the national reviews outcomes of one university. The High Court dismissed the matter with punitive costs in favour of the CHE.

Despite the paucity of research funds, desktop research work continued to be carried out during the 2017/18 financial year leading to publications of a series of monitoring briefs titled BrieflySpeaking. Five issues were published during the year under review. The first was on research ethics and the second was on educational pathways for South African learners. The third explored debates on the decolonisation of the curriculum, while the fourth continued with the theme of decolonisation of the curriculum but with particular focus on the History curriculum. The fifth was on the changing landscape of private higher education provision. The series has been positively received.

The work on packaging and disseminating audited data on key trends in public higher education continued, with two publications, VitalStats 2015 and VitalStats 2016, being produced during the year under review.

One of the recognisable processes of internationalisation of higher education is the offering of joint degree or diploma programmes by cooperating institutions located in different countries. A desktop study was carried out to explore international practices that many countries have adopted for assuring the quality of the joint degree or diploma programmes. The study was undertaken as a benchmarking exercise to identify factors that need to be taken into consideration if the CHE were to develop guidelines or policy on the quality management arrangements for joint diploma or degrees offered by South African institutions of higher learning in partnership with overseas universities. The project will continue during the 2018/19 financial year.

The CHE continued to leverage its strategic partnerships to help it deliver in important areas of its work. Through its partnership with the DHET and the European Union (EU), under the EU Dialogue Facility Programme, it ran two projects. One was on the development of a regulatory framework for stakeholder interaction, coordination and collaboration in the post-school education and training (PSET) system of South Africa; and the other was on the development of a framework for professionalising university teaching. The two projects culminated in international colloquia that the CHE played pivotal roles in organising. The outcomes of the colloquia are being used by the DHET to finalise the two critically important national frameworks.

The CHE's active partnerships with the German Academic Exchange Services (DAAD), the Southern African Regional Universities Association (SARUA) and the Southern African Quality Assurance Network (SAQAN) similarly saw the CHE being requested to organise a regional workshop on capacity development in Southern Africa. The workshop, which was fully-funded by DAAD, took place in Pretoria in October 2017, and was attended by over 100 participants from 14 out of the 16 Southern African Development Community (SADC) member states.

The CHE was also active in the Harmonisation of African Higher Education Quality Assurance and Accreditation (HAQAA) Initiative; and the CEO alternated with the Director: Accreditation alternated in attending the HAQAA meetings and events in Europe and other countries in Africa. The trips were fully funded by the HAQAA Initiative. The CEO also continued to serve as a member of the Commonwealth of Learning (COL) Board of Governors (and Audit Committee Chair) as the South African representative, and attended its meeting in Canada.

Locally, the partnership with SAQA and the other QCs moved to a higher level of cooperation with the implementation of a joint research project to assess the impact of the National Qualifications Framework (NQF) on various aspects of education, training and employment in the country. The CHE's contribution to this joint research project was to analyse data from the NLRD to establish patterns and trends of student movement between public universities and private higher education institutions. The purpose of the study was to determine whether or not there is movement towards integration of the two hitherto distinct components of the higher education sector. Integration of the education and training system is the overarching goal of the NQF. The study was completed and SAQA is in the process of integrating and synthesising the contributions of the different bodies in order to come up with the research publication on the project.

One of the challenges that the CHE faced during the year under review is the apparent expansion of the mandate of the CHE without a concomitant increase in funding. In 2017 the DHET published the Articulation Policy for the Post-School Education and Training System of South Africa. The policy seeks to advance the realisation of two key objectives of the NQF, namely, to facilitate access to and mobility and progression within education and training and career paths; and accelerate the redress of past unfair discrimination in education, training and employment opportunities. The policy assigns to the CHE as the QC for higher education, additional functions. These are to:

- review all current higher education qualifications to ensure they contain articulation routes;
- ensure that all new qualifications and programmes submitted to SAQA for registration contain clear articulation routes;
- control the proliferation of institutional qualifications and promote more generic qualifications that provide for curriculum diversification;
- develop and implement new progressive access, articulation and credit and accumulation and transfer (CAT) policies within 12 months from the publication of the policy;
- incorporate articulation as a principle within the quality assurance framework;
- work towards removal of outdated access and CAT policies that hinder articulation in higher education institutions within 12 months of the publication of the policy;
- monitor and evaluate the quality, validity and relevance of curriculum by higher education institutions to enhance articulation opportunities;
- Identify and eliminate dead-ends for students across the higher education landscape as they occur; and
- provide quarterly reports to SAQA about the implementation of articulation across the different types of higher education institution.

Despite the numerous challenges experienced by universities since second semester of 2015, the turmoil in 2016 and stability in 2017, the CHE is confident that the quality of qualifications conferred and awarded were of acceptable quality and standards. Cooperation with universities and the private higher education institutions has enabled the higher education enterprise to make a meaningful contribution to the economy of the country in many ways. We remain concerned by an increasing number of qualified graduates who are not yet absorbed by the job market due to the weak the state of the economy of South Africa.

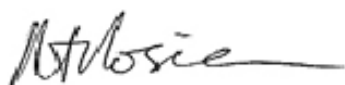
In presenting this Annual Report of the CHE for the 2017/18 financial year to stakeholders, I feel it is essential that I acknowledge the contribution of my fellow members of Council and committees of Council towards ensuring that the CHE is governed properly in line with the prescripts of good governance, and in compliance with the relevant pieces of legislation. I would also like to take this opportunity to thank Management and staff of the CHE for continuing to do their best, notwithstanding the challenges that the organisation faced during the year under review.

I wish to express my sincere thanks to the many peers and experts who participated in the CHE internal processes in the 2017/18 financial year. The peer-driven system of the CHE relies on local and international experts to enhance the credibility and integrity of the quality assurance system. Consequently, I would further wish to thank university leaders who release their staff to perform national duty, often without compensation. Our healthy working relationship with Universities South Africa (USAf) and the National Research Foundation (NRF) has contributed enormously to the success of the CHE in 2017/18.

I similarly would like to express my appreciation to local and international stakeholders and partners of the CHE, including DAAD, the EU Dialogue Facility Programme, the CoL and the HAQAA, for their continued support to the CHE in various ways. It is my wish that they continue cooperating and collaborating in areas of common interest in the years to come.

I take this opportunity to express my sincere gratitude to the Ministers and Deputy Ministers who served in the Ministry during the 2017/18 financial year; as well as to Director-General and all staff of the DHET. The CHE cherishes the continuing good relationship that it has with the Ministry and the Department, and appreciates the support that it receives from them.

Finally, I would like to express our gratitude to the Parliamentary Portfolio Committee on Higher Education and Training for playing its oversight role over the CHE critically but constructively. The Committee's engagement with Council during the year under review was enormously helpful in ensuring that the CHE never found itself in the public eye for the wrong reasons.



**Prof N. Themba Mosia**

**Chairperson**

Date: 31 July 2018



## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



The CHE is a public entity listed under Schedule 3A of the Public Finance Management Act (PFMA) No. 1 of 1999, as amended. The main source of income for the CHE comprises funds appropriated by Parliament and transferred to the CHE through the DHET (which funds are hitherto referred to as the baseline grant). A strong case has already been made over the MTEF period to illustrate that the baseline grant to the CHE is not adequate to enable it to fulfil its mandate optimally. During the 2017/18 financial year, the CHE laboured under a budget shortfall of close to 20 percent, severely constraining its capacity to execute planned activities and fulfil its mandate.

During the two preceding financial years, a strategic review process was undertaken culminating in the crafting of a Revised Strategic Plan 2015–2020. The annual performance plan (APP) for the 2017/18 financial year was based on the revised strategic plan. After costing the activities and projects in the APP, it was discovered that there would be a short-fall of R12.5 million in the operational budget. A process of reprioritisation was initiated and some activities and projects had to be placed on hold until funds could be secured from other sources to cover the shortfall. The

additional funds were eventually acquired from the DHE. However, they were transferred to the CHE barely three months before the end of the financial year. By then, it was too late to carry out the planned work on the projects that had been placed on hold at the beginning of the financial year.

The consequences of not being able to undertake in full all commitments made in the APP are clear from the performance information provided in the Annual Report. Out of the 40 sets of deliverable targets, 21, which translates into 53%, were fully achieved. This represented a drop in the numerical measure of performance of the organisation from the previous year during which 80% of targets were achieved. The organisation exceeded the targets in almost half of those deliverable targets that were achieved as a result of management's efforts to reprioritise and to optimise use of available capacities and resources, as demanded by the austere budgetary conditions.

Performance targets that could not be funded due to the budgetary include the development of a methodology for a new cycle of institutional audits; piloting the new methodology at two selected institutions; re-accrediting programmes of private higher education institutions; conducting site visits to verify institutional capacity to offer their accredited programmes; developing, piloting and publishing a new accreditation framework; developing a policy on certification in higher education; finalising some qualification standards; convening a research seminar or colloquium; producing two advisory reports; developing an integrated information management system; developing ICT governance policies; and international collaborative projects.

The baseline grant received from the DHET during the 2017/18 financial year amounted to R47 946 000, which constituted 68.3% of a total revenue of R70 188 162. The latter amount included the R12.5 million received from the DHET to cover the shortfall, interest income (R1 278 131), rolled over surplus funds (R3 282 711), fees levied on private higher education institutions for their applications for programme accreditation (R6 177 059), and a grant from the University of Pretoria (R2 198 972) which was provided to fund the QEP activities.

The total expenditure for the year, excluding depreciation and amortisation as well as loss on disposal assets, amounted to R56 469 159. There was no material difference between the total expenditure for 2017/18 and that for 2016/17 financial year. Thus, despite annual salary adjustments and increases in the cost of goods and services as influenced by consumer price index (CPI) movements, the organisation spent more or less the same amount in 2017/18 as it did in 2016/17 financial year. This implies that, overall, the organisation spent less on goods and services for the year under review, than it did during the previous year.

Employee costs made up 56.7% of total expenditure, excluding depreciation and amortisation as well as the loss on disposal assets. This was around 5 percentage points higher than the corresponding percentage for the previous year; and it reflects the effect of the annual salary adjustments.

Legal fees constituted the single largest expenditure item within the goods and services category in 2017/18 financial year. Legal fees paid amounted to R5 823 701, which was 3.2% higher than the corresponding amount for the previous year. Several institutions, particularly in the private sector, continued to go the legal route to challenge the quality assurance decisions taken by the HEQC that were not in their favour. It is expected that this trend will continue because the HEQC is obliged to execute its legislative mandate without compromise, fear or favour; and it is therefore bound to continue making decisions that might not find favour with institutions, who would then use the courts to challenge these decisions.

Payment to peer academics, which was the single largest expenditure item within the goods and services category in the previous year, was the second largest expenditure item after legal fees during the 2017/18 financial year. The quality assurance regimen of the CHE is based on a system of peer review, and therefore the CHE depends upon a substantial number of peer experts every year. It is worth noting that the expenditure on peer academics for the 2017/18 financial year, which amounted to R3 708 530, was 40.4% less than the corresponding amount during the previous year. The explanation for this drop is that a number of activities and projects that would have required engagement of peer academics were not fully implemented during the year as a result of the budget shortfall.

As in the previous year, local travel remained the third largest expenditure item within the goods and services category in the 2017/18 financial year. However, the total amount of R2 495 769 spent on local travel was 39.8% less than the corresponding amount for the previous year. Once again, this drop in the amount spent on local travel can be explained by the reduction in the scale of the organisation's operations during the year under review as a result of the budget shortfall.

The majority of the other cost items within the goods and services category registered reduced expenditure amounts in the 2017/18 financial year relative to the corresponding expenditure amounts for the previous year. The budget shortfall, and the consequent reduction in the scale of the operations in the organisation during the 2017/18 financial year, offer explanation about this dominant trend which was observed for all goods and services whose demand is elastic. On the other hand, goods and services whose demand is inelastic experienced modest increases in the amounts of expenditure relative to corresponding amounts for the previous year. These goods and services include IT expenses, recruitment costs, printing and stationery, security services, and remuneration of members of Council and its committees. The increases in expenditure on these cost items are attributable to annual consumer price index (CPI) movements, renewal of service contracts, and/or fulfilling statutory prescripts such as for auditing, planning and reporting.

As reflected elsewhere in this Annual Report, the current structure provides for 52 positions in the organisation. An intensive and objective needs analysis conducted during the 2016/17 financial year revealed that the organisation needs a minimum of 71 positions to operate optimally given that the sector that it serves has grown substantially in size and complexity, while the legislative, regulatory, policy and planning prescripts at the systemic level have imposed ever increasing demands and responsibilities on the CHE. Universities have multiplied their programmes, while the number of registered private higher education institutions has also increased from just a few score a decade ago to over 120 at present.

Currently there are about 11 000 higher education programmes on offer in higher education in the country, and the number is increasing every year. The staffing situation for the year under review was even more dire because out of the 52 approved positions, only 44 were filled. The 8 vacant posts were not filled in order to save costs. Funds budgeted for the vacant posts were redirected in an optimisation exercise to provide short-term capacity where needed most, especially in the Accreditation function, which experienced a significant uptick in numbers.

The organisation made a modest improvement in staff retention with staff turnover decreasing from 11.63% in 2016/17 to 9% in 2017/18 financial year. However, a staff turnover rate of 9% is still slightly above the industry benchmark of 8%. Staff retention is anticipated to remain a challenge for the organisation because budgetary pressures have limited the implementable staff retention strategies of the organisation to those that are non-monetary in nature. In this exists a huge vulnerability for the organisation for the experienced

and capable staff are highly marketable and easily enticed by significantly higher pay elsewhere in the sector as has been the experience.

Over the years there has been a reduction in the breadth and scale of activities in areas such as research, monitoring, advice, policy development, quality promotion, and capacity development as the decline in resourcing in real terms has begun to impact. The prognosis is that activities in these areas will continue to be downscaled or maintained at current levels until there is an improvement in the financial outlook of the organisation.

Going forward, the CHE is planning to undertake a review of its quality assurance regimen with a view towards revitalising the quality assurance approach and associated instruments, while redesigning the operational model of the organisation. It is expected that the revised quality assurance approach, as well as the redesigned and restructured operational model, will improve effectiveness and resource efficiencies in the CHE, substantially reduce the cost of compliance on the part of higher education institutions, and promote trust and confidence in the South African higher education system and its qualifications.

Furthermore, a new approach to quality assurance and a new operational model is expected to go a long way in assisting the organisation to adapt to a maturing national quality assurance system, as well as to effectively respond to the contemporary developments and trends in higher education at international and national levels. The specific objectives of this initiative are therefore as listed below:

- a. To ensure the harmonisation of the hitherto separated quality assurance methods and processes linked to the various quality assurance functions of the CHE;
- b. To facilitate the alignment of the activities and the processes of the various quality assurance functions of the CHE;
- c. To simplify and streamline processes and procedures, so as to bring about greater clarity of the CHE's processes to institutions;
- d. To make the quality assurance framework not only process but also outcome oriented, and more sensitive to stakeholder involvement (including employers) as well as matters such as graduate attributes and employability; and
- e. To address the weaknesses of the CHE processes of the last sixteen years that have been highlighted through experience.

As indicated earlier, funds sourced from DHET to cover the budget shortfall were transferred to the CHE 3 months before the end of the 2017/18 financial year, which was rather too late for the funds to be fully utilised before the end of the financial year. Consequently, the CHE will be requesting the unspent funds amounting to R15 790 870 to be rolled-over for use during the 2018/19 financial year.

As a public entity listed under Schedule 3A of the PFMA No. 1 of 1999, as amended, the CHE continued to operate in diligent compliance with the PFMA and the relevant Treasury regulations and prescripts. It strived 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 and cost effective. During the 2017/18 financial year, the organisation's supply chain policy and procedures were revised to ensure close alignment with recent changes in statutory regulations and guidelines. A strategic audit action plan was also developed to assist in addressing finance and supply chain internal control deficiencies identified by the external and/or internal auditors during the previous year. All control accounts were reconciled on a monthly basis to ensure accurate reporting of monthly finance and supply chain transactions. The strategic and operational risks were identified and assessed.

To ameliorate the financial challenges, Council directed that the organisation should start paying more attention to resource mobilisation. These will include submitting grant applications to local funding agencies such as the NSF, and the National Research Foundation (NRF), to mention a few. By April 2018, the CHE had already submitted 3 grant applications to the NSF through DHET.

Council similarly directed that the organisation should explore the possibility of sourcing funds from international bodies such as the Ford Foundation, Andrew Mellon Foundation, and the Kresge Foundation. Already, in February 2018 the CEO and the Chairperson of Council travelled to the USA to attend a conference funded by the Kresge Foundation, and they used the opportunity to explore funding prospects for activities



and projects of the CHE. The CEO had also, on separate occasions, held talks with officials of the Andrew Mellon Foundation and found that the current funding priorities for the Foundation are on disciplines in the Humanities, which therefore makes funding quality assurance-related work less likely.

The CHE will furthermore continue to engage international partners to collaborate on projects and on activities of mutual interest. During the 2017/18 financial year, the CHE ran 2 projects jointly with the European Union Dialogue Facility Programme and the DHET, at the end of which the CHE organised an international colloquium and a workshop that were fully-funded by the EU. Similarly, working with the DAAD and other regional partners, the CHE organised a regional quality assurance workshop for Southern Africa which was also fully-funded by the DAAD.

As the CHE's principals and stakeholders take time to go through the Annual Report, I take this opportunity on behalf of the Management and Staff of the CHE to convey our appreciation to Council for its guidance, critical oversight, and support that it has provided to the organisation during the year. I also extend my appreciation to members of the committees of Council who selflessly made their various expertise available to the CHE to ensure that the organisation remains one of the exemplary public entities in terms of good governance, public accountability and effective execution of its mandate. Members of the HEQC whose terms of office ended on 31 March 2018, deserve special mention in this regard, as they bow out after serving the HEQC with distinction during their term. They are Prof Theo Andrew, Dr Vanessa Brown, Prof Andrew Crouch, Prof Usuf Chikte, Dr Andrew Kaniki, Prof Martin Oosthuizen and Prof Rocky Ralebipi-Simela. The higher education sector would be pleased to note that these high calibre intellectuals will be replaced on the HEQC by equally accomplished scholars and administrators with well-known capabilities: Prof Nicolaas Johannes Grové, Prof Patrick Ngulube, Prof Angina Parekh, Dr Jeffrey Mabelebele, Prof Robert John Balfour, Prof Lesly Lionel Leonard le Grange, and Dr Siphokazi Moeng.

I thank members of the Management Committee (MANCO) for their support, professionalism and collegiality, but more especially for their dedicated efforts under trying circumstances. I also take the opportunity to thank all staff members of the CHE for their discipline, loyalty to the organisation, and commitment to their work. I am also grateful to the Executive Management and staff of the DHET for their continued support and collegial approach to matters that relate to the CHE.

As stated in various parts of the Annual Report, a substantial amount of the work of the CHE is undertaken in collaboration with local and international partners. I would therefore also like to express my gratitude to all of them. These include the DAAD and the EU on the international front; as well as SAQA, Umalusi, the QCTO, USAf, the NRF and the professional councils, on the home front.



**Prof Narend Baijnath**  
**Chief Executive Officer**  
Date: 31 July 2018

## 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 is 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.

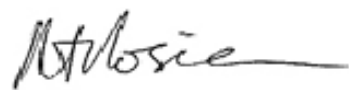
The external auditors are engaged to express an independent opinion on the annual financial statements.

In our 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 2018.

Yours faithfully



**Prof Narend Baijnath**  
**Chief Executive Officer**  
Date: 31 July 2018



**Prof N. Themba Mosia**  
**Chairperson**  
Date: 31 July 2018



## 6. STRATEGIC OVERVIEW

### 6.1. Vision

To be a dynamic organisation contributing to a transformed, equitable, and quality higher education and training system in South Africa.

### 6.2. Mission

As the independent statutory Quality Council for South African higher education, the CHE:

- Leads and manages quality assurance,
- Researches and monitors trends and developments,
- Initiates critical discourse on contemporary higher education issues
- Provides advice to the Minister on strategy and policy.

### 6.3. Values

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

- Social justice
- Quality
- Integrity
- Accountability



## 7. LEGISLATIVE AND OTHER MANDATES

The CHE's vision and mission is derived from its legislative mandate 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 upon request and at 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.

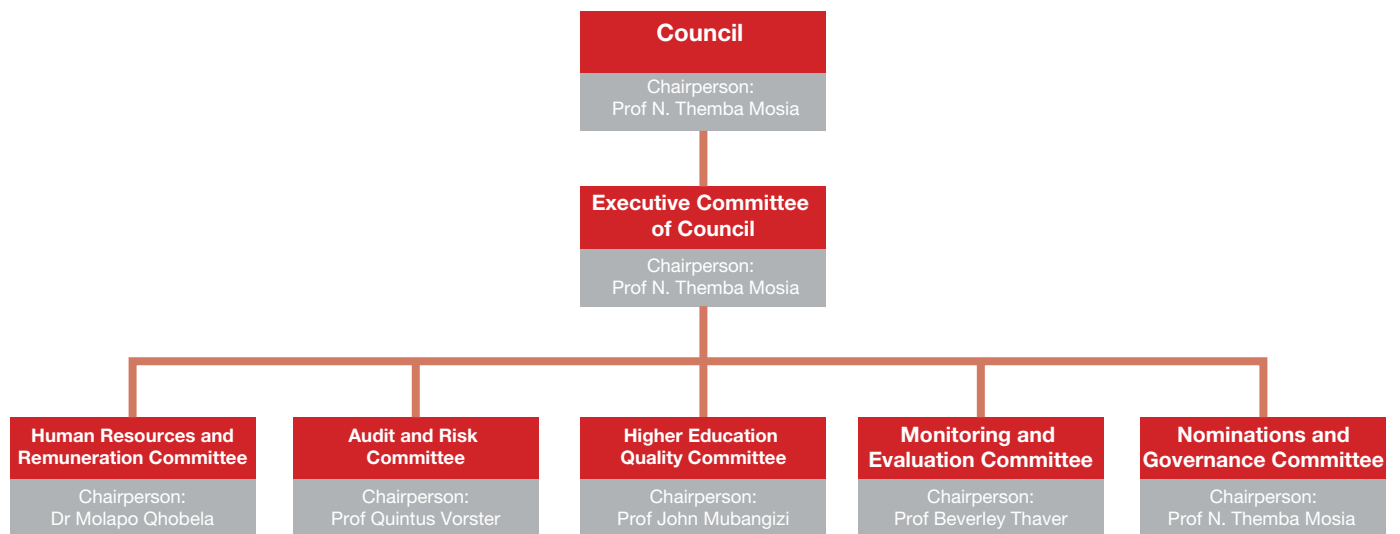
### 7.2 National Qualifications Framework Act

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:

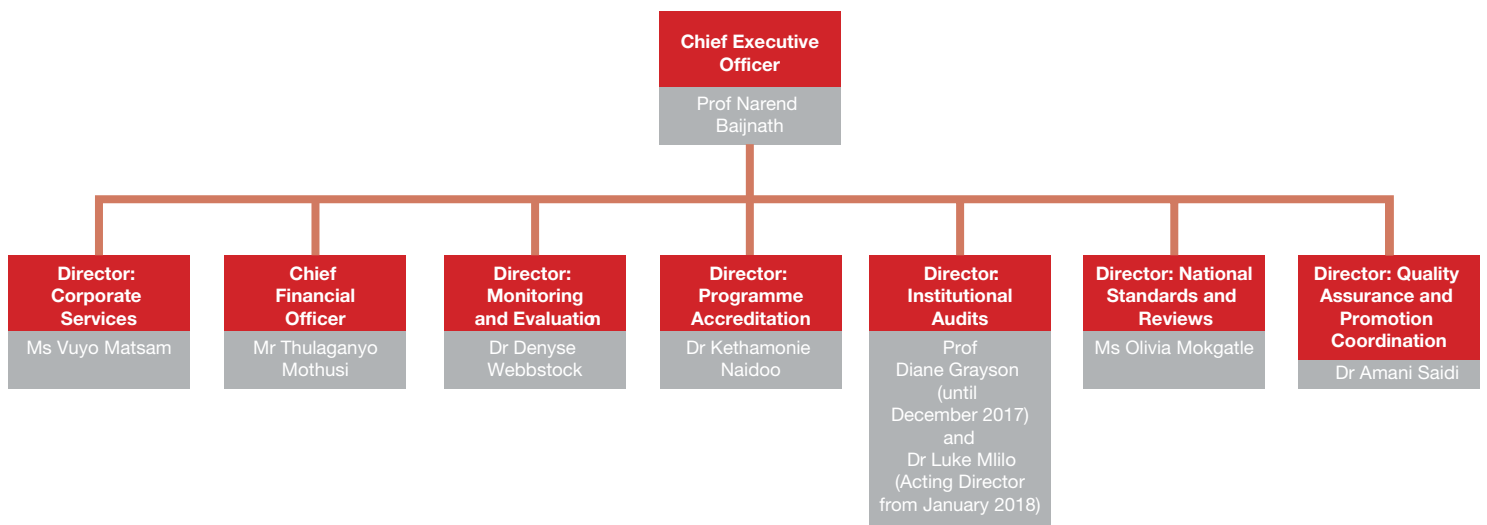
- To develop and manage the qualifications sub-framework for higher education, namely, the Higher Education Qualifications Sub-Framework (HEQSF), including the development of qualifications that are necessary for the higher education sector.
- To advise the Minister of Higher Education and Training on 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 Learners' Records Database, which is maintained by SAQA.

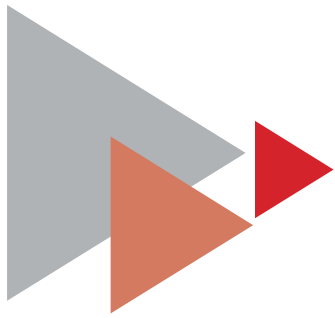
## 8. ORGANISATIONAL STRUCTURE

### 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 Report of the Auditor-General.

Refer to pages 93 to 96 of the Report of the Auditor-General, published as Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1. 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 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, together define and contextualise the performance environment of 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 (more commonly 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 diligently comply with the Act and its regulations in all its activities.

The CHE also takes due cognisance 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 similarly takes cognisance of the relevant regional, continental and international conventions.

The niche of the CHE is higher education, and other key role players in this space include universities, private higher education institutions, the government through mainly the Department of Higher Education and Training, the Sector Education and Training Authorities (SETAs), the South African Qualification Authority (SAQA), the Quality Council for Trade 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), professional councils, science councils, and other research institutions. The CHE is mindful of the initiatives of these other role players, and the changes or developments they go through, because they have bearing on its work. The CHE therefore strives to be responsive to changes and/or developments in the sector. The strategic and annual performance plans reflect the understanding on the part of the CHE, of the developments in the sector, and its plans in terms how to position itself in the wake of such developments. The strategic and annual performance plans are moreover informed by business intelligence information from across the sector.

The CHE is essentially a service organisation, and therefore its outputs are services including advisory, regulatory and policy decisions and/or documents, research and other publications, conferences and/or workshops, networks and other knowledge resources. 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 accepted as the engine of a knowledge-based economy because it generates the necessary capacity, research and innovations. The number of universities has increased, and

so too the number of private higher education institutions. CHE, as a small but only organisation of its type in the country, cannot meet the ever-increasing demand on it optimally without prioritising its focus areas. The CHE's strategic and annual performance plans reflect the outcomes of such prioritisation, balanced against available capacities and resources, and the core mandates of the CHE.

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 held, and number of other outputs. It is contemplated that going forward, input, throughput and outcome indicators will also be developed. The latter are important because they will provide a measure of the degree to which stakeholders benefit from the work of the CHE.

## 2.2 Organisational Environment

As a public entity the CHE reports to government through the Portfolio Committee on Higher Education and Training. Its Executive Authority is the Minister of Higher Education and Training. The Minister appoints the 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 Officers, Chief Financial Officer and six Directors, is responsible for the day-to-day management of the organisation, and executing its key mandated functions.

The organisation is structured into four programmes as follows:

### **i. Administration and Support comprising of the following sub-programmes:**

- Information Communication and Technology;
- Human Resources Management;
- Finance and Supply Chain Management;
- Office of the Chief Executive Officer; and
- Quality Assurance and Promotion Coordination

### **ii. Research, Monitoring and Advice comprising of the following sub-programmes:**

- Research;
- Monitoring; and
- Advice

### **iii. Institutional Quality Assurance comprising of the following sub-programmes:**

- Assessment of HEIs' QA Systems;
- Accreditation; and
- Quality Enhancement

### **iv. Qualifications Management and Programme Reviews comprising of the following sub-programmes:**

- Management of the HEQSF;
- Development of Qualifications Standards; and
- National Reviews

The programmes are essentially the operational or strategic business units in the organisation, and each 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 for budgeting purposes. The programmes are therefore important components of the organisation and their performance in the implementation of the strategic and annual performance plan determines the overall performance of the organisation. Capacity is one critical factor that has influence on the level of performance of the programmes. Currently the organisation is small, and almost all programmes lack the necessary

critical mass of personnel to operate with the necessary effectiveness, impact and efficiency. The programmes are coordinated and steered by the Chief Executive Officer to ensure that they all pull in the same direction as directed by the strategic and annual performance plan.

The Chief Executive Officer drives and coordinates the strategic planning process. The process itself is both iterative as well as cyclic, with 'top-down' and 'down-up' loops. The 'top-down' loop 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 policies, in identifying and setting the broad priority performance areas. The Chief Executive Officer and the Management Committee (MANCO) 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 'down-up' loop is informed by strategic and operational planning sessions 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 MANCO; are interrogated and debated, and the risks associated with them are assessed. Where the programme personnel are in agreement with the identified priority performance areas for the strategic goals and objectives, the sessions then proceed to formulate operational plans, performance indicators and targets on each strategic objective. Risk mitigation strategies are also developed as part of the planning process.

The outcomes of the planning sessions at the programme level are submitted to MANCO to consider, and those that are accepted are collated and used to draft the strategic and annual performance plan 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 of the following year.

The attraction and retention of appropriate skilled professionals in a very competitive market and resource strained environment 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 plans. 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 and mitigate the associated risks. These include but are not limited to 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 (resources permitting) for levels 13 and higher to ensure the retention of critical skills for the CHE;
- On-going training and capacity building initiatives for employees and;
- 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**

DHET is in the process of finalising the plan on Post School Education and Training (PSET), which follows the publication of the PSET Policy in 2013. It is anticipated that once the plan is finalised and implemented, it will signify new priorities for research, monitoring, policy development and advice for the CHE.

## 2.4 Strategic Outcome Oriented Goals

The CHE has adopted four strategic outcome oriented goals to frame the development of the strategic goals and objectives. These are:

- CHE as quality assurer
- Quality Council
- Centre for information, policy analysis and advice
- Effective, sustainable and dynamic organization

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

The delivery of the strategic objectives is undertaken by programmes and sub-programmes, 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 MTEF budget through the budgets of the different programmes and sub-programmes.

### 2.4.1 Strategic Goal One

#### 2.4.1.1 CHE as quality assurer

**Goal Statement:** *The CHE is a credible, efficient quality assurer in higher education, with processes developed and implemented to inform, assure, enhance, and promote quality in HEIs.*

#### Programme One: Institutional Quality Assurance

##### Strategic Objective 1.1

*To develop methodology to assess HEIs QA systems.*

*Objective Statement: To have designed, piloted and implemented a methodology to assess HEIs' quality assurance systems by March 2018.*

##### Strategic Objective 1.2

*To assess higher education institutions' quality assurance systems each financial year.*

*Objective Statement: To hold eight institutional assessments by 2020.*

##### Strategic Objective 1.3

*To accredit new programmes submitted each financial year.*

*Objective Statement: Accreditation of HEIs' programmes using the current framework and criteria for programme accreditation until the new framework for accreditation is approved and implemented in 2020.*

##### Strategic Objective 1.4

*To re-accredit programmes submitted each financial year.*

*Objective Statement: Re-accreditation of programmes offered by HEIs as per notification from DHET.*



### **Strategic Objective 1.5**

*Verification of institutional capacity to offer accredited programmes by means of site visits to institutions each financial year.*

*Objective Statement: Site visits conducted to verify the institutional capacity to offer accredited programmes as per recommendation of the HEQC and Accreditation Committee, or to investigate complaints.*

### **Strategic Objective 1.6**

*To revise, pilot and publish a framework and process for programme accreditation by end March 2020.*

*Objective Statement: Revise and pilot a framework and revised criteria and process for programme accreditation.*

### **Strategic Objective 1.7**

*To complete Phase 1 of the QEP.*

*Objective Statement: To produce a document synthesising what was learnt during Phase 1 of the QEP by end of March 2018.*

### **Strategic Objective 1.8**

*To implement Phase 2 of the QEP.*

*Objective Statement: To enhance key aspects of HEIs' educational provision across the HEI sector that has been identified through consultation with the sector as affecting student success by the end of March 2019.*

## **2.4.2 Strategic Goal Two**

### **2.4.2.1 Quality Council**

**Goal Statement:** *The CHE is a well-established Quality Council promoting the goals of the NQF in the context of the PSET sector.*

#### **Programme Two: Qualifications Management and Programme Review**

### **Strategic Objective 2.1**

*HEQSF Policy Development, review and implementation each financial year.*

*Objective Statement: Develop, implement, and review relevant HEQSF policies and criteria within the context of the NQF.*

### **Strategic Objective 2.2**

*HEQSF Information Management – collect data on HEQCIS to upload to NLRD each financial year.*

*Objective Statement: Maintain a database of relevant private higher education data, i.e.,*

HEQCIS to feed into the National Learners' Records Database (NLRD).

### **Strategic Objective 2.3**

*Number of qualification standards developed by the end of each financial year.*

*Objective Statement: Develop and review qualifications standards to ensure the relevance, comparability, and currency of qualifications.*

### **Strategic Objective 2.4**

*Management of the phases of National Reviews planned for each financial year.*

*Objective Statement: Undertake national reviews of existing programmes in selected subject fields and qualification levels offered by public and private higher education institutions.*

## **2.4.3 Strategic Goal Three**

### **2.4.3.1 Centre for information, policy analysis and advice**

**Goal Statement:** *The CHE is a recognised centre for information, policy analysis, and advice on higher education that informs and influences the public dialogue for the transformation of the higher education system.*

#### **Programme Three: Research, Monitoring and Advice**

#### **Strategic Objective 3.1**

*Research*

*Objective Statement: To produce and share reliable research on key issues per year to inform the development and transformation of the higher education system through one publication by the end of March each year.*

#### **Strategic Objective 3.2**

*Monitoring*

*Objective Statement: To collate and disseminate by the end of March each year monitoring information on key trends and developments in higher education.*

#### **Strategic Objective 3.3**

*Advice*

*Objective Statement: To provide by the end of each financial year research-based recommendations and advice on issues of national importance to the higher education sector, both proactively and in response to Ministerial requests.*

## **2.4.4 Strategic Goal Four**

### **2.4.4.1 Effective, sustainable and dynamic organization**

**Goal Statement:** *The CHE strives to be an effective, sustainable, and dynamic organisation, with systems, processes, and capacity/resources that enable it to discharge its mission and legal mandate optimally.*

## **Programme Four: Administration and Support**

### **Strategic Objective 4.1**

*Integrated, Online Information, Communication and Technology (ICT) System completed in the phases allocated for each year.*

*Objective Statement: Develop and maintain an effective, integrated online CHE ICT system.*

### **Strategic Objective 4.2**

*To ensure governance and compliance of ICT with statutory requirements each financial year.*

*Objective Statement: To ensure compliance with regulatory requirements.*

### **Strategic Objectives 4.3 and 4.4**

*Human Resources Management. Staff training in each financial year.*

*Objective Statement: Each year provide an enabling and nurturing human resources management environment that optimizes the skills and human capacity of the CHE.*

### **Strategic Objectives 4.5, 4.6, 4.7 and 4.8**

*Financial management and supply chain management. Targets given per financial year.*

*Objective Statement: Each year implement efficient and effective financial management and supply chain management processes.*

### **Strategic Objective 4.9**

*Number of Corporate Governance meetings each financial year. Targets are per financial year.*

*Objective Statement: Ensure on-going good corporate governance and adherence to the legislative and regulatory environment governing the CHE.*

### **Strategic Objective 4.10**

*Number of international partnerships and cooperation at the end of each financial year. Targets given per financial year.*

*Objective Statement: Develop and maintain functional strategic partnerships with international quality assurance bodies and networks.*

### **Strategic Objective 4.11**

*Number of media releases, communiqués, newsletters and other corporate information resources released by the end of each year.*

*Objective Statement: Develop and maintain good relations with stakeholders*

### **Strategic Objectives 4.12**

*To keep abreast of QA trends – one international conference participated in by the end of March each year.*

*Objective Statement: Keep abreast of international trends in quality assurance in higher education.*

### **Strategic Objectives 4.13**

*To conduct benchmarking exercises of key CHE processes.*

*Objective Statement: Benchmark the CHE quality assurance activities and processes against those of similar institutions or agencies elsewhere in the world.*

### 3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

#### 3.1. Programme/activity/objective: 2017/18

##### 3.1.1 Strategic Goal One

##### 3.1.1.1 CHE as quality assurer

The CHE is a credible, efficient quality assurer in higher education, with processes developed and implemented to inform, assure, enhance, and promote quality in HEIs.

##### **Programme: Institutional Quality Assurance**

This programme is one of the ways in which the CHE fulfils its Strategic Goal 1 through developing and implementing processes to inform, assure, enhance, and promote quality in higher education institutions (HEIs). The three areas of work or sub-programmes are:

- Assessment of HEI's quality assurance systems;
- Accreditation; and
- Quality enhancement.

Since 2014, all public and most private institutions have been engaged in Phase 1 of the QEP, a national project designed to improve student success, which is defined in the framework as 'enhanced student learning with a view to increasing the number of graduates with attributes that are personally, professionally and socially valuable'. This is done through engagement with selected focus areas at both institution and system levels in order to identify areas for development, share good practices, promote collaboration on solving shared problems, and ultimately improve quality across the system in specific aspects of educational provision.

A separate process is implemented in which all programmes of all institutions, public and private, must be accredited by the CHE before they are registered by the DHET and SAQA to be legally allowed to offer the programmes. The Framework for Programme Accreditation published in 2004 and Criteria for Programme Accreditation, published in 2004 and revised in 2012, has successfully governed processes of programme accreditation for public and private HEIs, and re-accreditation of programmes for private higher education institutions in South Africa, as well as contributing to protecting students from poor quality educational provision on the part of higher education institutions.

##### **Strategic Objective 1.1**

*To develop methodology to assess HEIs' QA systems.*

*Objective Statement: To have designed, piloted and implemented a methodology to assess HEIs' quality assurance systems by March 2018.*

##### **a. Sub-Programme: Assessment of HEIs QA Systems**

##### **Develop methodology to assess HEIs' QA systems**

The draft "Institutional Audits Framework and Manual" was submitted to MANCO (Management Committee) on 12 March for review and workshoping.

Further development is contingent upon a related development (currently under way) with regard to the "Integrated QA Framework" and other sub-frameworks.

### Other activities under the sub-programme

Ongoing research and benchmarking on the state of higher education in South Africa today in relation to global trends in QA and, specifically, in institutional audits and/or reviews.

Also underway is a small internal research project to provide a snapshot of some of the processes around the first cycle of audits.

### Strategic Objective 1.2

*To assess higher education institutions' quality assurance systems each financial year.*

*Objective Statement: To hold eight institutional assessments by 2020.*

#### b. Sub-Programme: Assessment of HEIs QA Systems

The draft "Institutional Audits Framework and Manual" was developed and workshopped with the sector.

Further development is contingent upon a related development (currently under way) with regard to the "Integrated QA Framework" and other sub-frameworks which requires evaluation and research not within the current capacity of the CHE to undertake.

### Strategic Objective 1.3

*To accredit new programmes submitted each financial year.*

*Objective Statement: Accreditation of HEIs' programmes using current framework and criteria for programme accreditation until the new framework for accreditation is approved and implemented in 2020.*

#### c. Sub-Programme: Accreditation

The Programme accreditation function is facilitated by the Accreditation Committee, which is a sub-committee of the HEQC and in 2017/2018 comprised on the following members:

NAME	DESIGNATION	INSTITUTION
Professor Lesley Lionel Leonard Le Grange	Faculty of Education	University of Stellenbosch
Mr Vincent Morta	Director Quality Assurance and MIS: Institutional Planning Office	University of the Western Cape
Professor Marvin Kambuwa	Principal	Regent Business School
Professor Martin Oosthuisen (Chair)	Deputy Vice Chancellor: Teaching and Learning	North West University
Ms Kalawathie Sattar	Centre for Quality Promotion and Assurance	Durban University of Technology
Dr Caroline Selepe	Directorate of Quality Promotion	Tshwane University of Technology
Professor Shajila A Singh	Associate Professor and Head: Department of Health and Rehabilitation Sciences	University of Cape Town
Mr Mike Thoms	Institutional Head	Boston City Campus & Business College

Name	DESIGNATION	INSTITUTION
Ms Olga Evangelou	Director Curriculum Development and Programme Accreditation Department	Vaal University of Technology
Professor Gawie du Toit	Acting Registrar	Sol Plaatje University
Professor Judith Bruce	Head: Department of Nursing Education Faculty of Health Sciences	University of the Witwatersrand
Professor Mabokang Monnapula-Mapesela	Dean: Academic Development and Support	Central University of Technology
Ms Lindi Tlou	Head Quality Unit	University of Pretoria
Mr Peter Ayuk	Head of Department: Undergraduate Studies	Milpark Business School
Professor Shajila A Singh	Associate Professor and Head: Department of Health and Rehabilitation Sciences	University of Cape Town
Mr Mike Thoms	Institutional Head	Boston City Campus & Business College

### 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 the one financial year may only receive an HEQC outcome in the following financial year.

There were 580 new applications submitted for the accreditation of new programmes in the 2017/2018. These applications are disaggregated per NQF level in Table 1 and per Classification of Educational Subject Matter (CSEM) category in Table 2 below.

In the same period 2017/2018, the HEQC approved a total of 757 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 757 outcomes, 620 programmes were accredited (with or without conditions, or deferred and 137 programmes were not accredited. Poorly designed curricula and unsatisfactory teaching and learning approaches were among the most common reasons for programmes not being accredited.

**Table 1: New applications for programme accreditation per NQF level:**

LEVELS	LEVEL 5	LEVEL 6	LEVEL 7	LEVEL 8	LEVEL 9	LEVEL 10	TOTAL
NUMBER OF APPLICATIONS	620	101	226	124	45	14	580

**Table 2: New applications for programme accreditation per CESM category:**

CESM CATEGORY		NUMBER OF APPLICATIONS
01	Agriculture, Agricultural Operations and Related Sciences	22
02	Architecture and the Built Environment	25
03	Visual and Performing Arts	50
04	Business, Economics and Management Studies	181
05	Communication, Journalism and Related Studies	15
06	Computer Science and Information Sciences	31
07	Education	84
08	Engineering	59
09	Health Professions and Related Clinical Sciences	41
10	Family Ecology and Consumer Sciences	4
11	Languages, Linguistics and Literature	1
12	Law	7
13	Life Sciences	17
14	Physical Sciences	15
15	Mathematics and Statistics	1
16	Military Sciences	
17	Philosophy, Religion and Theology	5
18	Psychology	5
19	Public Management and Services	5
20	Social Sciences	12
GRAND TOTAL		580



ITEM	TOTAL
Programmes accredited / accredited with conditions / deferred	620
Programmes not accredited	137

#### Strategic Objective 1.4

*To re-accredit programmes submitted each financial year.*

*Objective Statement: Re-accreditation of programmes offered by HEIs as per notification from DHET.*

#### d. Sub-Programme: Accreditation

##### 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 2017/18, 247 programmes for re-accreditation were tabled at an HEQC meeting with various outcomes as indicated in the table below.

ITEM	TOTAL
Total number of programmes for re-accreditation	247
Programmes not accredited	3
Re-accredited with conditions	88
Not re-accredited	25
Deferred	43
Accreditation status extended	20
Accreditation status extended with conditions	7
Accreditation status not extended	13
Put on notice to not re-accredit	44
Put on notice to not extend the accredited status	3
HEQC outcome confirmed	1

## Strategic Objective 1.5

*Verification of institutional capacity to offer accredited programmes by means of site visits to institutions each financial year.*

*Objective Statement: Site visits conducted to verify the institutional capacity to offer accredited programmes as per recommendation of the HEQC, Accreditation Committee or to investigate complaints.*

### **e. Sub-Programme: Accreditation**

During the 2017/2018 reporting period the Directorate: Programme Accreditation tabled a total of 39 site visit reports at an HEQC meeting. These reports were linked to various accreditation and re-accreditation processes including conditions, deferrals, relocation of sites and extension of programmes to existing sites.

## Strategic Objective 1.6

*To revise, pilot and publish a framework and process for programme accreditation by end March 2020.*

*Objective Statement: Revise and pilot a framework and revised criteria and process for programme accreditation.*

### **f. Sub-Programme: Accreditation**

The revised framework for accreditation and re-accreditation was tabled for approval at the HEQC meeting held on 15 February 2018. The HEQC resolved that a consultation workshop be held with the sector before it could be approved.

A consultation workshop was held on 7 March 2018 attended by members of the higher education sector.

The revised framework for accreditation and re-accreditation was discussed at the AC meeting held on 12 March 2018 and recommended to the HEQC meeting of 29 March 2018 for approval.

On 29 March 2018, the HEQC noted that, in the light of a firmer prognosis on the CHE's future resourcing for the next three years, during which the baseline budget will not be revised in line with needs, there has been a rethink on the process and feasible timeframes towards developing and implementing an Integrated Quality Assurance Framework. Flowing from Council's and EXCO's deliberations on the matter, and MANCO's response to this, it was resolved that a revised framework document would not to be presented at the HEQC meeting on 29 March 2018 as initially planned.

For that reason, the revised Framework for Accreditation and Re-accreditation also did not serve at the HEQC meeting of 29 March 2018.

## Strategic Objective 1.7

*To complete Phase 1 of the QEP.*

*Objective Statement: To produce a document synthesising what was learnt during Phase 1 of the QEP by end of March 2018.*

### **g. Sub-Programme: Quality Enhancement**

A draft synthesis document for Phase 1 of the QEP was submitted before 31 March 2018 (as per contract) by the two peer academics who were contracted to draw it up. Since then (in

April 2018) another peer academic has been contracted to do an overall edit of the document in preparation for publication.

Similarly, four draft chapters on the Code of Good Practice for Enhancing Student Success were received by 31 March 2018 (as per contract). In the same month (March) a peer academic was contracted to edit the chapters, write up an introduction and a conclusion, and prepare the document for publication.

The first draft of the QEP Phase 1 Evaluation Report was submitted on 28 March by the peer academics contracted to write it up. This is currently under further revision and will, together with the three other documents referred to above, serve in turn at the appropriate management and governance structures (i.e. MANCO, IAC and HEQC).

### **Strategic Objective 1.8**

*To implement Phase 2 of the QEP.*

*Objective Statement: To enhance key aspects of HEIs' educational provision across the HE sector that has been identified through consultation with the sector as affecting student success by end of March 2019.*

#### **h. Sub-Programme: Quality Enhancement**

A total of 24 institutional reports on Phase 2 of the QEP were submitted by public institutions (and 22 reports by private institutions for which participation in the QEP was voluntary). This marks the conclusion of direct engagement with the QEP for institutions.

Currently four QEP-related projects are under way in the Institutional Audits Directorate to take the project to conclusion:

- QEP Phase 1 Synthesis Document
- QEP Phase 1 Code of Good Practice
- QEP Phase 1 Evaluation Report
- QEP Phase 2 Analysis and Report on Institutional Submissions

## **3.1.2 Strategic Goal Two**

### **3.1.2.1 Quality Council**

The CHE is a well-established Quality Council promoting the goals of the NQF in the context of the PSET sector.

#### **Programme: Qualifications Management and Programme Review**

This programme seeks to advance the realisation of strategic goal 2 of the CHE by managing a single integrated national framework of higher education qualifications as a subset of the National Qualification Framework (NQF); developing qualification standards; and undertaking national reviews in selected programmes and qualification levels. The common denominator among these programme functions is that they all contribute towards ensuring that South African higher education qualifications meet appropriate criteria as determined by the Minister of Higher Education; and that they are of acceptable quality and internationally comparable. Such qualifications and the study programmes that lead to them are intended to contribute to the full personal development of students, and to the social and economic development of the country.

The programme is structured into three key related focus areas or sub-programmes. These are the management of the HEQSF (including managing the HEQCIS database), standards development,

and national reviews.

## **Strategic Objective 2.1**

*HEQSF Policy Development, review and implementation each financial year.*

*Objective Statement: Develop, implement, and review relevant HEQSF policies and criteria within the context of the NQF.*

### **a. Sub-Programme: Management of the HEQSF**

For the year under review, the project for this strategic objective was about developing norms and standards for certification in higher education. However, because of budget short-fall, the project started during the third quarter of the financial year. A Reference Group was established comprising four (4) registrars and five (5) deputy registrars of public universities, a chief academic officer for a group of private higher education institutions, the deputy chief executive officer of SAQA, and the director for certification at the QCTO.

Background research on current challenges regarding certification in higher education was presented at the first meeting of the Reference Group on 26 March 2018. The project will continue in 2018/19 subject to the availability of funds.

#### **Other projects and activities:**

The CHE took part in conducting the 2017 NQF Impact Study which was led and coordinated by the Research Directorate at SAQA. The CHE completed its part of the study in time. The analysis of the NLRD data to establish patterns and trends of student movement between public universities and private higher education institutions was undertaken. The results from the analysis as well as the findings of the document survey and interviews were triangulated and a report of the CHE's part of the project was compiled and submitted to SAQA. Feedback was later received from SAQA and report was accordingly refined and submitted.

## **Strategic Objective 2.2**

*HEQSF Information Management – collect data on HEQCIS to upload to NLRD each financial year.*

*Objective Statement: Maintain a database of relevant private higher education data, i.e., HEQCIS, to feed into the National Learners' Records Database (NLRD).*

### **b. Sub-Programme: Management of the HEQSF**

Student enrolment and achievement data was submitted by private higher education providers to the Higher Education Quality Council Information system (HEQCIS) in two cycles in the year. The CHE oversees the project, which is managed operationally by SAQA. In both cycles, the data on HEQCIS was successfully extracted and loaded onto the NLRD. SAQA verifies student achievements against this database.

Of the 123 registered institutions that were expected to load data by 15 December 2017, 117, or 95%, had done so successfully, with a total of 444 914 learners' records now in the system.

## **Strategic Objective 2.3**

*Number of qualification standards developed by the end of each financial year.*

*Objective Statement: Develop and review qualification standards to ensure the relevance, comparability, and currency of qualifications.*

### **c. Sub-Programme: Development of Qualifications Standards**

The National Standards and Reviews Directorate engages regularly with academic communities and other stakeholders to identify qualification types, fields of study and disciplines that would benefit from development of a national benchmark qualification standard. The following eight (8) qualification standards are at various stages of development and they will be completed during the course of 2018/19. Funding constraints meant that planned activities had to be cancelled, leading to delays.

#### **i. Doctoral Studies**

The fourth iteration of the draft qualification standard was completed. This draft version received an HEQC recommendation to conduct a narrow stakeholder consultation.

#### **ii. Advanced Diploma in Engineering and Bachelor of Engineering Technology**

Following substantial revision in response to public comment, these qualification standards await further revision subsequent to an HEQSF alignment concern raised by NSRC.

#### **iii. Bachelor of Commerce**

The fourth iteration of the draft qualification standard was completed. This draft version awaits HEQC recommendation to conduct stakeholder consultations.

#### **iv. Bachelor of Sports Coaching**

Following stakeholder consultation, the fifth iteration of the draft qualification standard was completed. This draft version awaits HEQC recommendation to CHE Council for final approval.

#### **v. Bachelor of Library and Information Sciences**

The fourth iteration of the draft qualification was completed. The qualification standard awaits further revisions by the Standard Working Group before submission to HEQC for a recommendation to conduct stakeholder consultations.

#### **vi. Higher Certificate in Emergency Care and Diploma in Emergency Care**

The second iterations of the draft qualification standards were completed. These draft versions await further revisions by the Standard Working Group.

The qualification standards for a Bachelor of Nursing and a Procurement Qualification were not developed due to a shortage of funds.

### **Strategic Objective 2.4**

*Management of the phases of National Reviews planned for each financial year.*

*Objective Statement: Undertake national reviews of existing programmes in selected subject fields and qualification levels offered by public and private higher education institutions.*

### **d. Sub-Programme: National Reviews**

#### **i. Follow-up of LLB Review outcomes**

Following the publication of the HEQC approval of the Bachelor of Laws (LLB) outcomes and review reports, the institutions were required to put measures in place to address the conditions, concerns and recommendations set out in the review report. Guidelines for development of

improvement plans were sent out to the participating institutions. The main purpose of an Improvement Plan (IP) is to provide a context and systematic approach for quality improvement. The plan provides an overall analysis of the issues raised in the report and illustrates how the institution intends to address them given the broader institutional context. The deadline for submission of the Improvement Plans was in October 2017.

Additionally, support visits were conducted for the institutions that received a *Notice of withdrawal of accreditation* outcome. The institutions that were visited are; North West University, University of the Free State, University of South Africa and Walter Sisulu University.

All the institutions submitted their IPs and progress reports for consideration in October 2017. All the improvement plans and progress reports received were subjected to an evaluation to ensure that all reasonable efforts had been made to improve the quality of the programme. The submissions were evaluated based on the guidelines for development of IPs and recommendations were made for the approval of the HEQC.

The revised final re-accreditation outcomes, as at November 2017, were as follows (in no particular order):

**Accreditation confirmed:**

- Nelson Mandela University
- University of KwaZulu-Natal
- University of Pretoria

**Re-accreditation subject to meeting specified conditions:**

- University of Johannesburg
- University of Venda
- Rhodes University
- University of the Western Cape
- University of Stellenbosch
- University of Witwatersrand
- University of Fort Hare
- North West University
- University of South Africa
- University of the Free State

**Notice of withdrawal of accreditation:**

- University of Cape Town
- University of Limpopo
- University of Zululand

**Accreditation withdrawn:**

- Walter Sisulu University

In essence, the HEQC approved alteration of the initial accreditation outcomes of April 2017 for 10 of the 17 institutions concerned, while 7 remained the same.

The National Standards and Reviews Directorate conducted support visits to institutions that received a *Notice of Withdrawal of Accreditation* or *Withdrawal of Accreditation* outcomes. The purpose of such visits was to provide support and guidance on the drafting of an Improvement Plan or a teach-out plan in cases of withdrawal of accreditation.

All affected institutions are expected to submit their IPs and progress reports for further evaluation in 2018/19 financial year.

**ii. National Report on LLB review**

The CHE appointed an LLB report-writing team and Professor Derek van der Merwe was



unanimously elected by the team as the Chairperson of the team. The terms of reference and the project plan were finalised and approved by the HEQC in June 2017.

After several team meetings and consultation with the South African Law Deans Association (SALDA), a draft national report on the LLB review was tabled at the HEQC in March 2018 for comments. HEQC comments were incorporated into the report and the final report will be submitted to the HEQC in June 2018 for final approval.

### **iii. Doctoral Degrees Review**

Following several meetings of the Reference Group the draft Institutional Self-Evaluation Report (SER) template for the Doctoral studies review was submitted to the National Standards and Reviews Committee (NSRC) for further comments. The SER template will be revised in line with the NSRC comments and any other input that may emanate from the Doctoral qualification standard consultation process. The SER template is on course to be finalised in the 2018/19 financial year.

### **iv. Other activities under the sub-programme**

A draft proposal for the national survey of the views of doctoral graduates in South Africa on the quality of the doctoral qualification was approved with minor amendments. It was agreed that the proposal be submitted to the National Research Foundation for consideration. The proposed commencement date of the project is April/May 2018, depending on the availability of funds.

## **3.1.3 Strategic Goal Three**

### **3.1.3.1 Centre for information, policy analysis and advice**

The CHE is a recognised centre for information, policy analysis, and advice on higher education that informs and influences the public dialogue for the transformation of the higher education system.

#### **Programme: Research, Monitoring and Advice**

This programme responds to strategic outcome oriented goal 3 in partial fulfilment of the Mission, i.e. being a recognised centre for information, policy analysis and advice. The functions within this programme are cross-cutting, in that they synthesise knowledge and insights gained in the quality assurance and research activities carried out in different parts of the organisation in order to inform the policy analysis and advice produced.

A key objective is to undertake research on key issues in higher education, which is generally organised in specific research projects, and which leads to the publication of research findings to be disseminated to CHE stakeholders and other interested parties.

Another is to monitor trends and developments in higher education to inform research undertaken by academics across the system or within CHE research projects, and to provide the information that is necessary for the provision of advice to the Minister.

The third objective is to provide research-based advice to the Minister of Higher Education and Training in a proactive manner. The CHE must also respond to any requests for advice from the Minister. While the number and nature of these cannot be predetermined, every request is of necessity acted upon.

## Strategic Objective 3.1

### Research

*Objective Statement: To produce and share reliable research on key issues per year to inform the development and transformation of the higher education system through one publication by the end of March each year.*

#### **a. Sub-Programme: Research**

During the year under review, the research function was severely hampered by the lack of a budget until late December, by which time it was too late to undertake the empirical research and publication envisaged in the Annual Plan. Nevertheless, once the print publication, Kagisano 11: Constituting Higher Education from work undertaken in the previous year had been finalised and disseminated early in the year, desktop research was begun on a range of issues that resulted in a new on-line series of monitoring briefs entitled Briefly Speaking. Five issues of the latter were published between August and March. The first was on research ethics and the second was on educational pathways for South African learners. The third explored debates on the decolonisation of the curriculum, while the fourth continued the theme with a more detailed look at the History curriculum at South African universities. The final one for the financial year was on the changing landscape of private higher education provision.

## Strategic Objective 3.2

### Monitoring

*Objective Statement: To collate and disseminate by the end of March each year monitoring information on key trends and developments in higher education.*

#### **b. Sub-Programme: Monitoring**

The main vehicle for disseminating monitoring information on key trends in higher education is the print publication entitled VitalStats, which presents the latest audited data on the public higher education system. VitalStats 2015: Public Higher Education was published in April 2017, and VitalStats 2016: Public Higher Education was published in March 2018.

## Strategic Objective 3.3

### Advice

*Objective Statement: To provide by the end of each financial year research-based recommendations and advice on issues of national importance to the higher education sector, both proactively and in response to Ministerial requests.*

#### **c. Sub-Programme: Advice**

Members of the CHE were involved in a number of national processes in which policy recommendations were developed. These included the Fees Commission, the National Plan for Post-Secondary Education and Training, and the development of governance indicators for higher education. Comment or advice was produced on a number of policy documents emanating from DHET or the Department of Monitoring and Evaluation. These included:

- Preliminary comment on the *Proposal for the National Skills Development Plan (NSDP)* – February 2018
- Preliminary comment on the draft *Post-School Education and Training Information Policy* – February 2018
- Comment on the *Data Confidentiality Standard* – January 2018
- Comment on the draft *NQF Act Evaluation Report* – October 2017



- Comment on the *Data Dissemination Standard – September 2017*
- Advice on the proposed *Policy on the Minimum Admission Requirements for Entry into Higher Education Institutions' Programmes Requiring a National Senior Certificate for Adults (NASCA) – June 2017*
- Preliminary comment on the *Draft Policy Framework for the Internationalisation of Higher Education in South Africa – June 2017*

### 3.1.4 Strategic Goal Four

#### 3.1.4.1 Effective, sustainable and dynamic organization

The CHE strives to be an effective, sustainable, and dynamic organisation, with systems, processes, and capacity/resources that enable it to discharge its mission and legal mandate optimally.

##### **Programme: Administration and Support**

This Programme is a cross-cutting function that is responsible for providing the systems, activities and structures that enable the organisation to operate effectively and efficiently. It covers the functions in the CEO's Office and the following key support functions: Human Resources, Information Communication and Technology (ICT), Finance and Supply Chain, Facilities management, Corporate Communication, and Administration. The main objectives of this programme are: to set the policy and tone for good governance; statutory compliance, transfer of business best practice across the organisation; ensure the efficient and effective provision of corporate services – administrative, financial, technical and professional; and to support the discharge of the core mandate of the CHE.

##### **Strategic Objective 4.1**

*Integrated, Online Information, Communication and Technology (ICT) System completed in the phases allocated for each year.*

*Objective Statement: Develop and maintain an effective, integrated online CHE ICT system.*

##### **a. Sub-Programme: Information Communication and Technology**

The strategic review process culminated in the revision of the 2015 to 2020 Strategic Plan. The Annual Performance Plan (APP) for 2017/18 was prepared on the basis of the revised Strategic Plan. The process also impelled the need for the organisation to review its operational model to emphasise human capacity optimisation, and leveraging cross-functional synergies through strong internal coordination. The aim was to continue creating value while utilising scarce resources. This further necessitated a review of the current HEQC and HEQSF Online system initially developed for the Accreditation and National Review programmes, and to incorporate them into an Online System for the operational function of all directorates in an integrated manner.

It is within this context that the CHE went out on a request for proposal (RFP) for the development of an integrated online system and the provision of a web-based online systems maintenance services. The costs for the development as realised through the bidding process were deemed too high and at the recommendation of the ICT Steering Committee, the development of the integrated online system was placed on hold to provide the organisation with adequate opportunity to review both the specifications and the associated costs. Due to the enormous financial implications the bid was withdrawn and instead replaced by a bid for the provision of maintenance services for the existing web based online system for a period of twelve (12) months, while the resource needs of the CHE receive attention, and to provide the organisation with an opportunity to finalise the conceptualisation of an integrated approach to quality assurance going forward.



## Strategic Objective 4.2

*To ensure governance and compliance of ICT with statutory requirements each financial year.*

*Objective Statement: To ensure compliance with regulatory requirements.*

### **b. Sub-Programme: Information Communication and Technology**

Information and Communication Technology (ICT) continues to play an ever more important 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.

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 offering to the CHE's users and stakeholders.

The HEQC online system is considered the backbone and /or the core competence for the CHE. There is a need for strong coordination and consolidation of these technologies. It is in this context that the 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:

- Provide and maintain stable ICT systems and platforms;
- Promote good governance and ensure compliance;
- Reduce operational costs; and
- Reduce organisational risks.

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

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

- Development and review of seven ICT policies;
- Maintenance of the records, File Plan and documents in accordance with the principles and standards as set out by the National Archives Records Service of South Africa and the South African National Standards (SANS), respectively;
- Continuous provision of technical support to all stakeholders.

### **ICT Challenges**

The absence of adequate internal ICT capacity remains a concern. However, plans are in place to develop the required critical competencies through transfer of skills by the service provider and through the sourcing of interns.

## Strategic Objectives 4.3 and 4.4

*Human Resources Management. Staff training in each financial year.*

*Objective Statement: Each year provide an enabling and nurturing human resources management environment that optimizes the skills and human capacity of the CHE.*

### **c. Sub-Programme: Human Resources Management**

The Human Resources function played a significant role in facilitating and enabling the execution of one of the CHE's key strategic imperatives, namely, to build the CHE's intellectual capability

including the development of an enabling organisational climate to enable it to discharge its mandate effectively. The Human Resources function is overseen by the Human Resources and Remuneration Committee, which is a sub-committee of Council. In establishing the CHE as an employer of choice, its priorities focus on creating a great working environment in order to attract, optimise and retain exceptional talent.

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:

- Attracted, retained and trained staff in line with purposeful strategies, policies and plans.
- Developed and reviewed a range of HR related policies.
- Enhanced employee productivity through a comprehensive and holistic employee wellness programme and a robust performance management system.
- Strengthened the Performance Management process by reviewing current measurement tools, to assure credibility of the system.
- An Employee On - Boarding programme for new employees was implemented to further mitigate the risk of retention of critical skills, which is the number one risk in terms of the CHE's Strategic risks.
- Attention was given to building relationships and maintaining harmony between staff, management and labour partners.
- The Human Resources Strategic and Operations Plan was revised in line with broader CHE Strategic Objectives.
- A new operational model/ structure was developed in response to changing organisational needs.

### **Staff Turnover, Recruitment and retention**

The total number of employees at the end of the year under review was 44, with 8 vacant positions against the 52 positions on the approved organisational structure. Four (4) of the eight (8) 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. Funding from vacancies has been redirected to provide short-term capacity where needed most.

Overall the staff turnover decreased from 11.63% to 9%, year on year against an industry benchmark of 8%. Overall the staff retention rate increased from 83% to 85 % year on year against a target of 85% set by the organisation.

### **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 and are in line with industry benchmarks.

A total of nine (9) policies, frameworks, guidelines, charters and processes were reviewed and approved by Council during the year under review.

### **Staff Training and Development**

During 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 2017/18 for the CHE was developed, approved and implemented. This was achieved through various interventions, including bursaries. The training and development achieved a rate of 76% against a target of 70% set. This is reflected in the table in Part D of the report.



## **Employment Equity Status**

The CHE has a staff complement of 52, including vacancies. The overall profile in terms of race and gender is 79% Africans, 2% Coloureds, 5% Indians, 14% Whites, 39% male and 61% female. The profile at management level is, 65% Africans, 0% Coloureds, 10% Indians, 25% Whites, 50% male and 50% female. There has been a slight improvement in the number of males organisation-wide and at management levels. The attraction of Coloureds and people with disabilities at both levels remains a challenge. This is illuminated further in Part D of the report.

## **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, and 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 – 2018/19**

The revision of the CHE Strategic Plan 2015-2020, necessitated the amendment of the Human Resources Strategic Plan to ensure alignment with the organisational strategic objectives and to further support and enable the introduction of the envisaged integrated approach to quality assurance. The revised HR Strategic Plan 2018-2023 was approved at the Human Resources and Remuneration Committee meeting held on 01 March 2018.

The demand for strategic, consultative and collaborative HR services continues to grow. During the next five years a broad set of organisational challenges must be addressed that have leadership, workforce and technological implications for the organisation. How we respond to these challenges will impact our ability to maximise organisational capacity, increase individual potential, and position the CHE as an employer of choice.

## **Strategic Objectives 4.5, 4.6, 4.7 and 4.8**

*Financial management and supply chain management. Targets given per financial year.*

*Objective Statement: Each year implement efficient and effective financial management and supply chain management processes.*

### **d. Sub-Programme: Finance and Supply Chain Management**

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. Progress reports on the strategic audit action plan were presented to 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. The strategic and operational risks were identified and assessed and progress reports were presented to the Audit and Risk Committee and Council for their recommendation and approval.

A total of 299 eligible suppliers were paid on average within 19 days during the year under review. Four expenditure reports were prepared and submitted to DHET and National Treasury by the compliance date during the year under review.

## **Policies, Frameworks, Guidelines, Procedures and Processes Development and Review**

The following policies, frameworks, guidelines, procedures and processes were developed and reviewed in the year under review:

- a. Delegation of Authority;
- b. SCM Policy;
- c. SCM Procedures
- d. ARC Charter;
- e. Rates Payable for Hiring of Venues;
- f. Applicable Rates Payable to Peer Academics for the year 2017/2018;
- g. Materiality and Significance Framework;
- h. Acceptance level of the Materiality and Significance; and
- i. Rates Payable to Peer Academics for the year 2018/2019.

### **Strategic Objective 4.9**

*Number of Corporate Governance meetings each financial year. Targets are per financial year.*

*Objective Statement: Ensure on-going good corporate governance and adherence to the legislative and regulatory environment governing the CHE.*

#### **e. Sub-Programme: Office of the Chief Executive Officer**

The Corporate Governance function in the Office of the CEO ensures ongoing good corporate governance and adherence to the legislative and regulatory environment governing the CHE. The function is administered by an Organisational Secretary who in addition provides advisory, secretarial, communication, planning and reporting support services to the governance and management structures in order to ensure optimal accountability, transparency, and compliance with relevant governance principles, laws, regulations and policies.

During the 2017/18 financial year, a total of twenty-two (22) governance meetings including the Audit and Risk Committee (ARC), the Executive Committee of Council (EXCO), the Higher Education Quality Committee (HEQC), the Human Resources and Remuneration Committee (HRRC), the Nominations and Governance Committee (NGC), and Council were held.

### **Strategic Objective 4.10**

*Number of International Partnerships and Cooperation at the end of each financial year. Targets given per financial year.*

*Objective Statement: Develop and maintain functional strategic partnerships with international quality assurance bodies and networks.*

#### **f. Sub-Programme: Office of the Chief Executive Officer**

The CHE in collaboration with the German Academic Exchange Services (DAAD), the Southern African Quality Assurance Network (SAQAN) and the Southern African Regional Universities Association (SARUA) organised a regional workshop for Southern Africa aimed at identifying capacity needs for the improvement of internal and external quality assurance in higher education. The workshop took place on 9 and 10 October 2017 at the Sierra Burgers Park Hotel in Pretoria and the participants represented universities, national quality assurance agencies, professional bodies, and government departments from fourteen (14) countries that are members of the Southern African Development Community (SADC). The theme of the workshop was 'identifying capacity development needs for internal and external quality assurance in higher education'.

The CHE hosted a number of delegations from other countries. On 19 September 2017, some senior officials in the Ministry of Higher Education in the Sultanate of Oman visited the CHE. They were interested in learning about the functions of the CHE, and also on the relationship





between the CHE and the DHET. On 6 September 2017, a team from the Botswana Qualifications Authority (BQA) also undertook a study tour of the CHE. The team was interested in learning about the CHE's quality assurance regimen, including the methodologies and approaches. On 10 and 11 July 2017, the CHE hosted a delegation from the National Council for Quality Assurance in Higher Education (CNAQ) of Mozambique led by Professor Anna Nhampule, who serves as the agency's President/CEO. The delegation engaged and shared experiences with members of senior management of the CHE on such matters as mechanisms of evaluation, accreditation and quality assurance, quality promotion, capacity building and quality improvement. There were also discussions on developing closer co-operation in capacity building for effective and systematic implementation of appropriate mechanisms of quality assurance.

The CHE hosted the meeting of the Executive Committee of the Southern African Quality Assurance Network (SAQAN) on 21 October 2017. Later in November 2017, at its meeting in Namibia, the SAQAN Executive Committee elected the CEO of the CHE as the regional body's interim president replacing the former CEO of the Zimbabwe Council for Higher Education (ZimCHE) who had retired. The CEO of the CHE will act in this capacity until a new substantive president of SAQAN is elected at the General Assembly scheduled to take place in October 2018 in Lesotho.

The Director: Programme Accreditation, attended the Fifth Technical Working Group and Advisory Board Meeting of the Harmonisation of African Higher Education Quality Assurance and Accreditation (HAQAA) Initiative. Both meetings were hosted by the Conselho Nacional de Avaliação de Qualidade do Ensino Superior (CNAQ) in Maputo, Mozambique. They took place on 21 and 22 March 2018 respectively. The Director: Programme Accreditation, also attended a HAQAA Initiative workshop in Accra, Ghana, from 29 May to 3 June 2017. The trips were funded by the HAQAA Initiative. The CEO attended the Commonwealth of Learning (COL) Board of Governors meeting in Canada as the South African representative.

The former Director: Institutional Audits jointly with the Chief Director: Teaching and Learning in DHET, convened a workshop which was attended by, among others, delegates from Europe. This workshop took place in May 2017 and was funded by the EU's Dialogue Facility Programme. The theme of the workshop was 'towards a framework for professionalising university teaching'.

#### **Strategic Objective 4.11**

*Number of media releases, communiqués, newsletters and other corporate information resources released by the end of each year*

*Objective Statement: Develop and maintain good relations with stakeholders*

##### **g. Sub-Programme: Office of the Chief Executive Officer**

Following the introduction of the CHE electronic newsletter in 2016/17 as another platform for communicating with, and engaging stakeholders, three (3) new issues of the CHE electronic newsletter were produced and distributed to stakeholders during the year under review. They were also uploaded onto the CHE website. The stakeholder feedback to the contents of these issues was generally positive.

A number of press statements were also released to address different issues. These include one that communicated the outcome of the court hearing on the withdrawal of accreditation from the LLB programme of the Walter Sisulu University which was released on 18 January 2018. Earlier on, a press statement communicating the final outcomes of the review of the Bachelor of Laws (LLB) programmes was released on 13 April 2017. This was followed by another press statement, released on 23 November 2017 providing answers to questions that students and other stakeholders had regarding the processes and outcomes of the LLB review, and the implications of the outcomes for institutions and students. The CHE also issued a statement on the student unrest at the Cape Peninsula University of Technology, on 17 October 2017. On 3 August 2017 the CHE issued a response to a media enquiry by the Citizen newspaper regarding

the matter of developing and implementing institutional improvement plan at the University of Zululand following the special audit that was undertaken by the CHE at the request of the Minister.

A communiqué was released on 5 October 2017 to the attention of public and private higher education institutions. The message in the communiqué was about the background information to the consultative workshops on integrated quality assurance approach by the CHE which were scheduled to take place on 30 and 31 October 2017 for public and private higher education institutions respectively.

#### **Strategic Objectives 4.12**

*To keep abreast of QA trends – one international conference participated in by the end of March each year.*

*Objective Statement: Keep abreast of international trends in quality assurance in higher education.*

##### **h. Sub-Programme: Office of the Chief Executive Officer**

The CEO and the Chairperson of Council attended the 2018 Achieving the Dream Conference held at the Gaylord Opryland Resort and Convention Centre in Nashville, Tennessee in the United States of America from 17 to 23 February 2018. In total 42 South Africans participated with around 20 of the participants being funded by the Kresge Foundation, which also funds the Siyaphumelela initiative involving a range of South African public universities with a view to improving student success through a range of strategies, a central one being the sophisticated and systemic use of data analytics. The CEO serves on the advisory board of the Siyaphumelela project.

The CHE, DHET and the South African-EU Dialogue Facility Programme organised the international colloquium on the Development of a Regulatory Framework for Stakeholder Interaction, Coordination and Collaboration in Post-School Education and Training in South Africa. The colloquium was held from 18 to 19 May 2017 at the Birchwood Hotel and Conference Centre, Boksburg. The purpose of the colloquium was to facilitate discussion on the production of more professional graduates and building institutional capacity to improve the flow of graduates. The participants were from South Africa and Europe.

#### **Strategic Objective 4.13:**

*To conduct benchmarking exercises of key CHE processes*

*Objective statement: Benchmark the CHE quality assurance activities and processes against those of similar institutions or agencies elsewhere in the world.*

##### **i. Sub-Programme: Office of the Chief Executive Officer**

One of the recognisable processes of internationalisation of higher education is the offering of joint degree or diploma programmes by cooperating institutions located in different countries. A desktop study was undertaken to explore international practices that have been adopted to quality assure such joint degree or diploma programmes. The purpose of the study was to identify the concerns, resource requirements, technical and logistical arrangements that the CHE, through the HEQC, should take into consideration if it decides to develop guidelines or policy on the quality management arrangements for joint degree or diploma programmes offered by South African universities in partnership with overseas institutions. The report from the desktop study was peer reviewed.

##### **Other projects and activities:**

The CHE organised consultative workshops for public universities and private higher education



institutions which took place on 30 and 31 October 2017, respectively. The workshop on 30 October 2017 attracted 79 participants while the one on 31 October 2017 attracted 112 participants.

The theme of the workshops was 'conceptualising a quality assurance approach for a changing South African higher education system'. The objectives were to: discuss the changing context of higher education and its implications for quality provision of education; reflect on the current approach and methodologies for the external quality assurance as developed and implemented by the CHE; share with the stakeholders the CHE's current thinking on possible changes to the quality assurance approach in response to developments in the South African higher education system; and provide the stakeholders and opportunity to critique CHE's current thinking on possible changes to the quality assurance approach in response to developments in the South African higher education system. Both workshops were well attended and received and valuable feedback on the proposed integrated approach to external quality assurance from the stakeholders from the public universities and private higher education institutions informed the further conceptualisation of the approach.

## 3.2 OVERVIEW OF THE CHE'S PERFORMANCE: 2017/18

### Strategic objectives, performance indicators planned targets and actual achievements

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
<b>Programme 1: Institutional Quality Assurance</b>						
1.1 To develop methodology to assess HEIs QA systems	<b>Sub-Programme: Assessment of HEIs QA Systems</b> Performance Indicator Number 1.3.1: Develop methodology to assess HEIs QA systems by end March 2018	n/a New performance indicator	Approved methodology	0	1. Approval of methodology contingent upon development of CHE "Integrated QA Framework" 2. IAD staff tied up by winding down the QEP and bringing it to a close. Directorate under-capacitated due to resignation of the Director, which further set back the completion date.	Did not achieve the target.
1.2 To assess higher education institutions' quality assurance systems each financial year	<b>Sub-Programme: Assessment of HEIs QA Systems</b> Performance Indicator Number 1.3.2: Assess higher education institutions' quality assurance systems each financial year	n/a New performance indicator	0	2 institutional quality assurance assessments (for Walter Sisulu University and the University of Zululand) completed	Processes for a "Special" Audit of University of Zululand affected by slow response on development of Institutional Improvement Plan	Exceeded the target
1.3 To accredit new programmes submitted each financial year	<b>Sub-Programme: Accreditation</b> Performance Indicator Number 1.3.3: Accredit new programmes submitted by end of March 2018	86% 660 programmes processed 771 programmes received	75% of submitted applications with a HEQC outcome within 12 months after the appointment of an evaluator	85% 619 programmes processed 725 programmes received	Although Accreditation experienced an increase in the number of applications submitted, the members of the Sub-Programme embarked on much more focused processes to identify evaluators for programmes and trained new evaluators for the specialist areas.	Exceeded the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
1.4 To re-accredit programmes submitted each financial year	<b>Sub-Programme: Accreditation</b> Performance Indicator Number 1.3.4 Re-accredit programmes submitted by end of March 2018	100% 139 programmes were received and processed	80% of submitted applications with a HEQC outcome within 18 months after the appointment of an evaluator	43%  18 programmes out of 42 served at the HEQC within eighteen month	37%  247 programmes were tabled at an HEQC meeting during the 2017/2018 reporting period. However, only 18 of these programmes are counted towards the performance of the Sub-Programme as they had HEQC outcomes within 18 months after the appointment of an evaluator. The performance figure of 43% is therefore not indicative of the actual re-accreditation work done in the 2017/2018 reporting cycle.	Did not achieve the target
1.5 To verify institutional capacity to offer accredited programmes by means of site visits to institutions each financial year	<b>Sub-Programme: Accreditation</b> Performance Indicator Number 1.3.5 Verification of institutional capacity to offer accredited programmes by means of site visits to institutions each financial year	66% 37 Site visits completed 56 site visits were tabled at the HEQC meetings	75% of reports tabled at an HEQC meeting 12 months after a site visit	72% 28 Site visits completed 39 site visits were tabled at the HEQC meetings	3%  The Sub-Programme conducted 10 site visits to ILE as part its re-accreditation process and delays were experienced in processing the ILE site visit reports due to the complexity of processing 31 individual programme reports and 10 site visit reports. The Directorate would have met its site visit target of 75% if it were not for these delays as a result of external dependencies.	Did not achieve the target
1.6 To revise, pilot and publish a framework and process for programme accreditation by end March 2020	<b>Sub-Programme: Quality Enhancement</b> Performance Indicator Number 1.3.6 Revise, pilot and publish a framework and process for programme accreditation by end March 2020	n/a New performance indicator	Approved revised framework document for programme accreditation	0	On 29 March 2018, the HEQC noted that, in the light of a firmer prognosis on the CHE's future resourcing for the medium term, were it was apparent that the baseline would not be adjusted, a rethink ensued on the process and feasible timeframes towards developing an Integrated Quality Assurance Framework flowing from Council's deliberations on the matter, and MANCO's response to this, and that a revised framework document was not to be presented at the HEQC meeting on 29 March 2018 as initially planned. For that reason, the revised Framework for Accreditation and Re-accreditation also did not serve at the HEQC meeting of 29 March 2018.	Did not achieve the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
1.7 To complete Phase 1 of the QEP	<b>Sub-Programme: Quality Enhancement</b> Performance Indicator Number 1.3.7 Complete Phase 1 of the QEP end of March 2018	18 institutional visits conducted	Approved revised framework document for programme accreditation	Synthesis document from Phase 1 of the QEP 2 workshops		Achieved the target
1.8 To implement Phase 2 of the QEP	<b>Directorate: Institutional Audits</b> Performance Indicator Number 1.3.8 Implement Phase 2 of the QEP by the end of March 2019	100% Finalised the focus areas document (Phase 2 of the QEP)	23 institutional reports received from HEIs	24 institutional reports received from HEIs		Exceeded the target
<b>Programme 2: Qualifications Management and Programme Reviews</b>						
2.1 HEQSF Policy Development, review and implementation each financial year	<b>Sub-Programme: Management of the HEQSF</b> Performance Indicator Number 2.3.1 Number of HEQSF policies developed and approved by end of March 2018	2	1 policy developed and approved	0	Owing to the budget shortfall, the project started in the third quarter and the policy scoping meeting of the Reference Group took place during the fourth quarter. The project therefore could not be finalised during the 2017/18 financial year.	Did not achieve the target
2.2 HEQSF Information Management – collect data on HEQCIS to upload to NLRD each financial year	<b>Sub-Programme: Management of the HEQSF</b> Performance Indicator Number 2.3.2 Number of HEQCIS uploads to NLRD per by the end of March 2018	94% private higher education institutions uploaded data on HEQCIS	HEQCIS to upload data to NLRD twice yearly	Two uploads to NLRD done during Q2 and Q4		Achieved the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
2.3 Number of qualification standards developed by the end of each financial year	<b>Sub-Programme: Development of Qualifications Standards</b> Performance Indicator Number 2.3. Number of qualification standards developed in planned phases by end of March 2018	4	4 Standards developed	0		
			Doctoral Studies 80%	80% Draft Doctoral Standard approved by the HEQC for external consultation with HEIs and relevant stakeholders.	The consultations will take place in the first quarter of 2018/19 financial year.	Achieved the target
			Bachelor of Commerce 100%	80% 4th iteration of the draft BCom Qualification Standard was completed	The draft version would be tabled at the next NSRC meeting in 2018/19 for a recommendation to conduct stakeholder consultations.	Did not achieve the target
			Sports Coaching 100%	90% 5th iteration of the draft Sport Coaching Qualification Standard was completed	The draft version would be tabled at the next NSRC meeting in 2018/19 for a recommendation to the HEQC. The final draft will be tabled at the CHE Council meeting for final approval.	Did not achieve the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
			Bachelor of Nursing 40%	0%	Due to shortage of funds the Working Group meeting could not be convened.	Did not achieve the target
			Library Sciences 60%	80% 4th iteration of the draft qualification was standard completed	Further contributions will be submitted to the Directorate and the final meeting of the working group is scheduled for the 1st Quarter of 2018/19 financial year.	Exceeded the target
			Engineering – Diploma 100%	0%	The qualification standard was tabled at the NSRC meeting held on 13th March 2018 but the NSRC raised an HEQSF alignment concern and they recommended that the standard be returned to the Working Group	Did not achieve the target
			Engineering – Bachelor 100%	0%	The qualification standard was tabled at the NSRC meeting held on 13th March but the NSRC raised an HEQSF alignment concern and they recommended that the standard be returned to the Working Group.	Did not achieve the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
2.4 Management of the phases of National Reviews planned for each financial year	<b>Sub-Programme: National Reviews</b>  Performance Indicator Number 2.3.4  Percentage of planned major milestones in each national review achieved by the end of March 2018.		Procurement qualifications 20%	0%	Due to shortage of funds the Working Group meeting could not be convened.	Did not achieve the target
			Higher Certificate in Emergency Care 60%	40%	The Directorate and the Working Group could not secure a suitable date for the meeting before 31st March 2018.	Did not achieve the target
		0	Approved national report on Bachelor of Social Work - Phase 3	90%	Due to shortage of funds, unable to complete this task. The report writing activities have been put on hold.	Did not achieve the target
		40%	Approved national report on Bachelor of Laws – Phase 3	100%	HEQC approval and publication of outcomes	Achieved the target
		n/a New performance indicator	Approved activities report on Doctoral Degrees – Phase 1	60%	Reached agreement on the minimum standards and criteria for the review, selected the reference group, review panels and chairs and training workshops for all key stakeholder groups held	Did not achieve the target



STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
<b>Programme 3: Research, Monitoring and Advice</b>						
3.1 Research: To produce and share reliable research on key issues per year to inform the development and transformation of the higher education system through one publication by the end of March each year	<b>Sub-Programme: Research</b>  Performance Indicator Number 3.3.1(a)  One publication recording research findings by end March 2018	2	One publication published	One publication published	The project (Kagisano 11) was finalised during Q4 of 2016/17 but it could not be recorded as an achievement for Q4 as dissemination of such research findings was done after March 2017.  There was no budget for empirical research and publication in 2017/18, thus no print output in 2017/18 with respect to this indicator. However, the online BrieflySpeaking series was produced flowing from desk-top research.	Achieved the target
	<b>Sub-Programme: Research</b>  Performance Indicator Number 3.3.1(b)  One event held by end March 2018	n/a New performance indicator	One event held	0	There was no budget to host events until too late in the year to allow the necessary research to be undertaken by participants in a colloquium.	Did not achieve the target
3.2 Monitoring: To collate and disseminate by the end of March each year monitoring information on key trends and developments in higher education	<b>Sub-Programme: Monitoring</b>  Performance Indicator Number 3.3.2  One monitoring publication, VitalStats published by end March 2018	1	One VitalStats publication produced	2 • VitalStats 2015 • VitalStats 2016		Exceeded the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
3.3 Advice: To provide by the end of each financial year research-based recommendations and advice on issues of national importance to the higher education sector, both proactively and in response to Ministerial requests	<b>Sub-Programme: Advice</b> Performance Indicator Number 3.3.3(a) Number of Proactive advice reports to the Minister of Higher Education and Training by end March 2018	0	Two Advisory reports submitted to the Minister	0	Advice is based on research. Due to the budget shortfall research could not be undertaken, which also affected this indicator.	Did not achieve the target
	<b>Sub-Programme: Advice</b> Performance Indicator Number 3.3.3(b) Number of responsive advice reports to the Minister of Higher Education and Training by end March 2018.	100% 4	80% of requests received and responded to	100% 2 requests received and responded to: • Advice on Internationalisation policy • Advice on NASCA (new qualification for adults)		Exceeded the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
<b>Programme 4: Administration and Support</b>						
4.1 Integrated, online Information, Communication and Technology (ICT) System completed in the phases allocated for each year.	<b>Sub-Programme: Information Communication and Technology</b>  Performance Indicator Number 4.3.1 Development of an integrated online CHE management information system by the end of the financial year	n/a New performance indicator	Design and pilot completed	Project Plan and Contract in place for the HEQC online in preparation for minor development of the online accreditation and National Reviews processes.	New Service Provider appointed The prognosis for securing the funds to develop and implement a new IT system is not promising. The online system sourced is still in line with the current structure and not the Integrated Online system.	Did not achieve the target
4.2 To ensure governance and compliance of ICT with statutory requirements each financial year	<b>Sub-Programme: Information Communication and Technology</b>  Performance Indicator Number 4.3.2 Number of reviewed and developed ICT policies, frameworks, guidelines, procedures and processes each quarter	8 ICT policies reviewed / developed	7	4 • 1 Framework reviewed (ICT Management Framework) • 1 Asset Management Procedure developed • Terms of Reference for the ICT Operational Committee • Call Log Process developed to monitor turnaround time and performance	The resignation of the ICT Administrator and Chair of the ICTSC had an impact on finalising the proposed policies.  2 policies are under review for finalisation in the 1st Quarter of 2018/19.  The Draft Cyber Security Policy was reworked, finalised and forwarded to an external specialist for further input.	Did not achieve the target
4.3 and 4.4 Human Resources Management. Staff training in each financial year	<b>Sub-Programme: Human Resources Management</b>  Performance Indicator Number 4.3.3 Percentage of staff trained and developed within each quarter	77% (32 training interventions)	70%	76% (31 training interventions)		Exceeded the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
4.5, 4.6, 4.7 and 4.8 Financial management and supply chain management. Targets given per financial year	<b>Sub-Programme: Human Resources Management</b> Performance Indicator Number 4.3.4 Percentage of approved posts on the organisational structure filled throughout the quarter	83% of the organisational structure filled	85% of approved posts on the organisational structure filled (44 employees)	85% 44 out of 52 approved posts on the organisational structure filled		Achieved the target
	<b>Sub-Programme: Finance and Supply Chain Management</b> Performance Indicator Number 4.3.5 Number of developed Finance and SCM policies, frameworks, guidelines and procedures within each quarter	8 Finance and SCM policies, frameworks, guidelines and procedures reviewed / developed	2 developed Finance and SCM policies, frameworks, guidelines and procedures	2 • Rates payable for Hiring of Venues • Applicable rates payable to Peer Academics for 2017/2018		Achieved the target
	<b>Sub-Programme: Finance and Supply Chain Management</b> Performance Indicator Number 4.3.6 Number of reviewed Finance and SCM policies, frameworks, guidelines and procedures within each financial year	6 reviewed policies, framework, guidance and procedures	6 reviewed policies, framework, guidance and procedures	8 • Delegation of Authority • SCM Policy • SCM Procedures (1st review) • Audit and Risk Charter • Materiality and Significance Framework • Acceptable Levels of the Materiality and Significance • Peer Academics rates payable for the year 2018/19 • SCM procedures (2nd review)		Exceeded the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
	<b>Sub-Programme: Finance and Supply Chain Management</b> Performance Indicator Number 4.3.7 Average percentage of eligible suppliers paid within 30 days each month within the quarter	100% 231	80% Average percentage of eligible suppliers paid within 30 days	100% 299 eligible suppliers averagely paid within 19 days		Exceeded the target
	<b>Sub-Programme: Finance and Supply Chain Management</b> Performance Indicator Number 4.3.8 Number of expenditure reports submitted to DHET by the compliance date	n/a New performance indicator	4 approved expenditure reports submitted to DHET	4 approved expenditure reports submitted to DHET		Achieved the target
4.9 Number of Corporate Governance meetings each financial year. Targets are per financial year	<b>Sub-Programme: Office of the Chief Executive Officer</b> Performance Indicator Number 4.3.9 Number of scheduled governance meetings to be held by the end of March 2018	n/a New performance indicator	21 meetings held	22 meetings were held		Exceeded the target
4.10 Number of International Partnerships and Cooperation at the end of each financial year. Targets given per financial year	<b>Sub-Programme: Office of the Chief Executive Officer</b> Performance Indicator Number 4.3.10 Number of active international partnerships participated in by the end of March 2018	n/a New performance indicator	5 events	4 events held <ul style="list-style-type: none"> <li>Partnership with DAAD, SAGAN and SARUA to organise a regional workshop for Southern Africa</li> <li>Hosted a delegation from the National Council for Quality Assurance in Higher Education (CNAQ) of Mozambique</li> <li>A team from the Botswana Qualifications Authority (BQA) visited the CHE on a study tour</li> <li>A delegation of senior officials in the Ministry of Higher Education in the Sultanate of Oman visited the CHE</li> </ul>	1 Resource constraints limited pursuit of this objective, with covering of the budget shortfall coming too late to undertake the planned activity.	Did not achieve the target

STRATEGIC OBJECTIVES	SUB-PROGRAMME AND PERFORMANCE INDICATOR	AUDITED ANNUAL CUMULATIVE OUTPUT FOR 2016/17	ANNUAL TARGET PER APP – 2017/18	ANNUAL CUMULATIVE OUTPUT FOR 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT AND CHALLENGES	INDICATION OF ACHIEVEMENT OR NON-ACHIEVEMENT
4.11 Number of media releases, communiqués, newsletters and other corporate information resources released by the end of each year	<b>Directorate: Quality Assurance and Promotion Coordination</b> Performance Indicator Number 4.3.11 Number of media releases, communiqués, newsletters and other corporate information resources released by the end of March 2018	3	5 media releases, communiqués, newsletters and other corporate information resources released	8 <ul style="list-style-type: none"> <li>• Newsletter (Vol 1, Issue No. 8)</li> <li>• Press release on court hearing regarding withdrawal of accreditation from the LLB programme of Walter Sisulu University</li> <li>• 1 media release on the outcomes of the LLB review</li> <li>• Volume 1, Issue No. 6 of the CHE newsletter</li> <li>• Volume 1, Issue No. 7 of the CHE electronic newsletter</li> <li>• Communique on consultative workshops</li> <li>• Media release on final outcome of LLB national review</li> <li>• Media release on student unrest at Cape Peninsula university of Technology</li> </ul>		Exceeded the target
4.12 and 4.13 To keep abreast of QA trends – one international conference participated in by the end of March each year. To conduct benchmarking exercises of key CHE processes	<b>Directorate: Quality Assurance and Promotion Coordination</b> Performance Indicator Number 4.3.12 To keep abreast of QA trends – one international conference participated in by the end of March 2018	n/a New performance indicator	1 international conference participated in	2 international conference participated in <ul style="list-style-type: none"> <li>• An international conference or colloquium on a framework for interaction, coordination and collaboration in Post-School Education and Training</li> <li>• International Conference (Achieving the DREAM – 2018) attended by the CEO and the Chairperson of Council in Nashville, USA</li> </ul>		Exceeded the target
	<b>Directorate: Quality Assurance and Promotion Coordination</b> Performance Indicator Number 4.3.13 To conduct benchmarking exercises of key CHE processes by end of each year	n/a New performance indicator	Benchmarking activity report	1 Benchmarking activity report produced on the topic of joint degrees		Achieved the target

### 3.3 LINKING PERFORMANCE WITH BUDGETS

Programme/activity/ objective	2017/2018			2016/2017		
	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 and Support	3394	33138	810	26459	31770	(5311)
Institutional Quality Assurance	25897	15767	10130	18621	16531	2090
Research, Monitoring and Advice	5590	4796	794	7039	5734	1305
Qualifications Management and Programme Reviews	7023	5286	1737	5069	5031	38
<b>Total</b>	<b>72 458</b>	<b>58987</b>	<b>13 417</b>	<b>57 188</b>	<b>59 066</b>	<b>1878</b>

### 4. REVENUE COLLECTION

Programme/activity/ objective	2017/2018			2016/2017		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
DHET - Grant	63258	33138	810	26459	31770	(5311)
Cost Recovery – Private Accreditation	5067	15767	10130	18621	16531	2090
Interest received Investment	850	1 278	(428)	1 182	977	205
Realisation of deferred transfer	850	4796	794	7039	5734	1305
Roll-over of funds	0	5286	1737	5069	5031	38
<b>Total</b>	<b>72 458</b>	<b>73471</b>	<b>(1013)</b>	<b>57188</b>	<b>60524</b>	<b>(3337)</b>

#### 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 prescripts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's (4) Report on Corporate Governance.

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

## 2. PORTFOLIO COMMITTEES

The revised Strategic Plan 2015-2020, the Annual Performance Plan 2017/18 and the MTEF Budget 2018/19-2021/21 were presented to the parliamentary Portfolio Committee on Higher Education and Training.

The CHE was invited to attend the study group meeting on 17 October 2017 to provide a briefing to members on the Unizulu Audit. On 18 October 2017, the Annual Report for the 2016/17 financial year was presented to the Portfolio Committee on Higher Education and Training at the meeting held in Parliament. The CHE delegation included the Chairperson (Prof N. Themba Mosia), Prof Beverley Thaver, Mr Cassie Kruger, the CEO (Prof Narend Baijnath) and the CFO (Mr Thulaganyo Mothusi).

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

## 3. EXECUTIVE AUTHORITY

The Director-General of Higher Education and Training, Mr GF Qonde met with Council on 28 September 2017.

## 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;
- 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; prevent, losses from criminal conduct; and prevent expenditure as a result of non-compliance with operational policies;
- Management of the assets (including safeguarding), liabilities, revenue and expenditure of the CHE;
- Compliance with applicable legislation and regulations; and
- 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 not revised during the 2016/17 financial year but it is still compliant with relevant legislation.

## **Governance Structure**

The Council comprises a Chairperson appointed for five (5) years and thirteen (13) ordinary Council members appointed by the Minister of Higher Education and Training for a period of four (4) years following a public nomination process. Eight (8) 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 on the next page.

**Table 4.1: Composition of the Council from 1 April 2017 to 31 March 2018**

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
<b>Prof N. Thembu Mosia</b>	Chairperson	July 2013  Reappointed July 2017		PhD	<ul style="list-style-type: none"> <li>• Medical education</li> <li>• Governance</li> <li>• Quality assurance</li> <li>• Management</li> <li>• Leadership</li> </ul>	NSFAS	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• NGC</li> </ul>	4 of 4	R 42 080
<b>Mr Luzuko Buku</b>	Member	December 2014		Master of Social Sciences	<ul style="list-style-type: none"> <li>• Higher Education</li> <li>• Media</li> <li>• Management and Studies</li> <li>• Public Relations</li> <li>• Urban Studies</li> </ul>		Monitoring and Evaluation Committee	4 of 4	R 32 736
<b>Prof Christiaan de Beer</b>	Member	December 2014		LLD	Higher Education		Monitoring and Evaluation Committee	3 of 4	R 24 552
<b>Prof André Keet</b>	Member	December 2014		PhD	<ul style="list-style-type: none"> <li>• Higher Education Transformation</li> <li>• Social Justice, Social Cohesion and Reconciliation</li> <li>• Human Rights and Human Rights Education</li> </ul>		<ul style="list-style-type: none"> <li>• HRRC</li> <li>• HEQC</li> </ul>	3 of 4	R 24 552

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
<b>Mr Casper Kruger</b>	Member	December 2014		BEd Education Management	Technical, vocational education and training	<ul style="list-style-type: none"> <li>• Trustee, Access Trust</li> <li>• Board Member, SA Society of Co-operative Education (SASCE) representing the national South African College Principals Organisation</li> </ul>	HRRC	4 of 4	Not remunerated
<b>Dr Bandile Masuku</b>	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"> <li>• Communications</li> <li>• Policy development</li> <li>• Community work</li> <li>• Medical skills</li> <li>• Leadership</li> </ul>	Tshwane University of Technology	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• NGC</li> </ul>	3 of 4	R 24 552
<b>Prof Shireen Motala</b>	Member	December 2010 Re-appointed December 2014		PhD	Higher education policy	None	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• NGC</li> </ul>	2 of 4	R 24 552
<b>Ms Nombulelo Nxesi</b>	Member	December 2014		Master's in Business Leadership	<ul style="list-style-type: none"> <li>• Strategy and leadership</li> <li>• Governance</li> <li>• Policy analysis</li> </ul>	None	None	1 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
<b>Dr Kimberley Porteus</b>	Member	December 2014		Doctor of Philosophy, Education	<ul style="list-style-type: none"> <li>• Pedagogical innovation in higher education</li> <li>• Teacher professional development</li> <li>• Relationship between higher education and rural community development</li> </ul>	None	NGC	3 of 4	R 24 552
<b>Prof Selby Ripinga</b>	Member	December 2014		D.Ed	<ul style="list-style-type: none"> <li>• Leadership and Governance</li> <li>• Teaching and Student Learning</li> <li>• Academic Training and Development</li> </ul>	Managing Director – ThinkSuccess Pty Ltd	EXCO	3 of 4	R 24 552
<b>Prof Ratnamala Singh</b>	Member	December 2014		D.Phil	<ul style="list-style-type: none"> <li>• International and Comparative Higher Education Policy</li> <li>• Quality Assurance</li> <li>• Higher Education and Society</li> <li>• Science Policy</li> </ul>	None	None	4 of 4	R 32 736
<b>Prof Beverley Thaver</b>	Member	December 2010 Re-appointed December 2014		PhD	Higher education	None	None	4 of 4	R 32 736

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
<b>Dr Mvuyo Tom</b>	Member	December 2014		M.Fam Med	<ul style="list-style-type: none"> <li>• Strategic Leadership and Governance</li> <li>• Public Policy Development and Management</li> </ul>	<ul style="list-style-type: none"> <li>• Director – Nelson Mandela Institute</li> <li>• Director – Fore Hare Trading Solutions</li> <li>• Masibumbane Development Organisation</li> <li>• Trustee – Fort Hare Foundation</li> <li>• Trustee – Senzwa Family Trust</li> </ul>	None	4 of 4	R 32 736
<b>Dr Siphokazi Moeng</b>	Member	October 2017		BA, HDE, BEd Hons (UPE), MSc (St Cloud State University), DEd (NMMU)	<ul style="list-style-type: none"> <li>• Education</li> <li>• Scholarship of Teaching and Learning (SoTL)</li> <li>• Student Academic Development and Success</li> </ul>		HEQC	2 of 2	R16 368
<b>Prof Sophie Mogotlane</b>	Co-opted Member	October 2012 Re-appointed October 2015		PhD	<ul style="list-style-type: none"> <li>• Community health Research</li> </ul>	None	<ul style="list-style-type: none"> <li>• NGC</li> <li>• Monitoring and Evaluation Committee</li> </ul>	1 of 4	R 8 184
<b>Prof John Mubangizi</b>	Co-opted Member	April 2015		LLD	Education, Human Rights Law, Constitutional Law	None	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• HEQC</li> </ul>	3 of 4	R 24 552



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
<b>Non-voting members Representing the following organizations:</b>									
<b>Mr Sagren Govender</b>	Department of Labour	September 2015		MBA	Public Employment Services	None	None	4 of 4	Not remunerated
<b>Mr Suren Govender</b>	Department of Basic Education	November 2015			<ul style="list-style-type: none"> <li>Education Management and Administration</li> <li>Curriculum Development and Delivery</li> </ul>	None	None	4 of 4	Not remunerated
<b>Prof Narend Bajinath</b>	CHE	n/a		PhD	<ul style="list-style-type: none"> <li>Higher Education policy, planning and development</li> <li>Quality Assurance</li> <li>Higher Education leadership</li> <li>Internationalisation</li> <li>Business intelligence</li> <li>Organisational architecture</li> <li>ICTs in higher education</li> </ul>	<ul style="list-style-type: none"> <li>Commonwealth of Learning Board and Audit Committee</li> <li>HAQAA Advisory Board</li> <li>SAQA</li> <li>UMALUSI</li> <li>QCTO</li> <li>ASSAf [member]</li> </ul>	All internal Governance Committees by virtue of his position	4 of 4	Not remunerated
<b>Mr Vijayen Naidoo</b>	QCTO	CEO		B.Paed Sc; B. Ed (Education Management)	Education, Training and Development, TVET and Assessment	<ul style="list-style-type: none"> <li>SAQA</li> <li>Umalusi</li> <li>CHE</li> <li>NSA</li> </ul>	None	2 of 4	Not remunerated
<b>Mr Joe Samuels</b>	SAQA	n/a		MPhil	<ul style="list-style-type: none"> <li>Adult education</li> <li>Continuing education policy</li> <li>Qualifications</li> <li>Quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>SAQA</li> <li>QCTO</li> <li>Umalusi</li> </ul>	ARC	4 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
<b>Dr Diane Parker</b>	DHET	n/a		PhD	<ul style="list-style-type: none"> <li>Teacher education</li> <li>Higher education</li> <li>Mathematics education</li> </ul>	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> <li>EXCO</li> <li>HEQC</li> </ul>	3 of 4	Not remunerated
<b>Dr Thomas Auf Der Heyde</b>	DST	n/a		PhD	Higher education and science and technology management and policy	Africa Institute of South Africa	None	1 of 4	Not remunerated
<b>Dr Mafu Rakometsi</b>	Umalusi	n/a		PhD	General and further education and training – curriculum and examinations	<ul style="list-style-type: none"> <li>Umalusi Council</li> <li>SAQA</li> <li>QCTO</li> <li>Helderberg College Council</li> </ul>	None	3 of 4	Not remunerated
<b>Dr Molapo Qhobela</b>	NRF	n/a		PhD	<ul style="list-style-type: none"> <li>Higher education</li> <li>Governance</li> <li>Planning</li> </ul>	<ul style="list-style-type: none"> <li>Trustee – Cradle of Human Kind</li> <li>Director – South African Actuaries Development Programme</li> <li>Trustee – UNISA Foundation</li> </ul>	HRRRC	2 of 4	Not remunerated

## Permanent Committee

The Council has one (1) 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
- accredit programmes of higher education.

**Table 4.2: Composition of the Higher Education Quality Committee from 1 April 2017 to 31 March 2018**

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
<b>Prof John Mubangizi</b>	Chairperson	April 2012 (Reappointed for second term – 24 April 2015)		LLD	Education, Human Rights Law, Constitutional Law	None		5 of 5	R 52 600
<b>Prof Theo Andrew</b>	Member	April 2012 (Reappointed for second term – 1 April 2015)		PhD	Education		None	5 of 5	R 40 920
<b>Dr Vanessa Brown</b>	Member	July 2015		PhD	<ul style="list-style-type: none"> <li>• Quality Assurance</li> <li>• Academic Reviews</li> <li>• Higher Education Policy Research</li> </ul>	None	National reviews and Institutional Audits	3 of 5	R 24 552

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
<b>Prof Usuf Chikte</b>	Member	April 2012 (Reappointed for second term – 1 April 2015)		PhD	Education		None	3 of 5	R 24 552
<b>Prof Andrew Crouch</b>	Member	July 2015		PhD	Analytical Chemistry Higher Education	None	All Council committees of Wits University	3 of 5	R 24 552
<b>Dr Andrew Kaniki</b>	Member	April 2012 (Reappointed for second term – 1 April 2015)		PhD	<ul style="list-style-type: none"> <li>Higher Education Policy and Management</li> <li>Library and Information Science-Education and Training</li> <li>Research Policy and Management</li> </ul>	<ul style="list-style-type: none"> <li>South African Library and Information Trust (SALI Trust)</li> <li>National Council for Library and Information Services</li> </ul>	Higher Education Task Team within the National Plan for Post- Secondary Education and Training	4 of 5	Not remunerated
<b>Prof Wendy Kilfoil</b>	Member	July 2015		D. Litt. et Phil.	Teaching, learning, assessment, staff development, quality assurance	None	Teaching and Learning Strategy Group, USAf	5 of 5	R 40 920

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
<b>Dr Penny Law</b>	Member	August 2016		PhD	Leadership	Regenesys Management, Regenesys Foundation, MyWealth, Dananda Talent	None	4 of 5	R 32 736
<b>Prof Martin Oosthuizen</b>	Member	April 2012 (Reappointed for second term – 1 April 2015)		D.Th. in Old Testament	<ul style="list-style-type: none"> <li>Higher Education</li> <li>Leadership and Management</li> </ul>		Accreditation Committee	5 of 5	R 40 920
<b>Dr Caroline Selepe</b>	Member	July 2015		PhD	<ul style="list-style-type: none"> <li>Science Education,</li> <li>Quality Assurance in Higher Education,</li> <li>Curriculum Development,</li> <li>Academic Development</li> </ul>	None	QCTO Quality Assurance Committee member  Accreditation Committee	3 of 5	R 24 552
<b>Prof Rocky Ralebipi- Simela</b>	Member	April 2012 (Reappointed for second term – 1 April 2015)		PhD	<ul style="list-style-type: none"> <li>Higher Education</li> <li>Executive Leadership</li> <li>LIS Leadership</li> </ul>	<ul style="list-style-type: none"> <li>SANLIC</li> <li>NLSA Board</li> </ul>	<ul style="list-style-type: none"> <li>IAC</li> <li>NCLIS</li> </ul>	1 of 5	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
<b>Prof André Keet</b>	Member			PhD	<ul style="list-style-type: none"> <li>Higher Education Transformation</li> <li>Social Justice, Social Cohesion and Reconciliation</li> <li>Human Rights and Human Rights Education</li> </ul>		<ul style="list-style-type: none"> <li>HRRRC</li> <li>Council</li> <li>HEQC</li> </ul>	2 of 5	R 16 368
<b>Dr Diane Parker</b>	Ex-officio member	n/a		PhD	<ul style="list-style-type: none"> <li>Teacher education</li> <li>Higher education</li> <li>Mathematics education</li> </ul>	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> <li>EXCO</li> <li>Council</li> <li>HEQC</li> </ul>	4 of 5	Not remunerated
<b>Mr Emmanuel Sibanda</b>	Ex-officio member	n/a		Master's Degree	Quality Assurance and Education Statistics	None	Monitoring and Evaluation Task Team (NECT)	2 of 5	Not remunerated
<b>Prof Narend Baijnath</b>	Ex-officio member	n/a		PhD	<ul style="list-style-type: none"> <li>Higher Education policy, planning and development</li> <li>Quality Assurance</li> <li>Higher Education leadership</li> <li>Internationalisation</li> <li>Business intelligence</li> <li>Organizational architecture</li> <li>ICTs in higher education</li> </ul>	<ul style="list-style-type: none"> <li>Commonwealth of Learning Board and EXCO</li> <li>HAQAA Advisory Board</li> <li>SAQA</li> <li>UMALUSI</li> <li>QCTO</li> <li>ASSAf [member]</li> </ul>	All internal Governance Committees by virtue of his position	5 of 5	Not remunerated

## Sub-committees

The Council has five (5) 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); and
- Nominations and Governance Committee (NGC)

The members of standing-committees are appointed for their 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 2017 to 31 March 2018**

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
<b>Prof Themba Mosia</b>	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> <li>• Medical education</li> <li>• Governance</li> <li>• Quality assurance</li> <li>• Management</li> <li>• Leadership</li> </ul>		<ul style="list-style-type: none"> <li>• Council</li> <li>• NGC</li> </ul>	5 of 5	R 52 600
<b>Dr Bandile Masuku</b>	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"> <li>• Communications</li> <li>• Policy development</li> <li>• Community work</li> <li>• Medical skills</li> <li>• Leadership</li> </ul>	Tshwane University of Technology	<ul style="list-style-type: none"> <li>• Council</li> <li>• NGC</li> </ul>	3 of 5	R 24 552



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
<b>Prof Shireen Motala</b>	Member	December 2010 Re-appointed December 2014		PhD	<ul style="list-style-type: none"> <li>Higher Education Policy</li> </ul>	None	<ul style="list-style-type: none"> <li>Council</li> <li>NGC</li> </ul>	5 of 5	R 40 920
<b>Prof Selby Ripinga</b>	Member	December 2014		D.Ed	<ul style="list-style-type: none"> <li>Leadership and Governance</li> <li>Teaching and Student Learning</li> <li>Academic Training and Development</li> </ul>	Managing Director – ThinkSuccess Pty Ltd	Council	4 of 5	R 32 736
<b>Prof John Mubangizi</b>	DHET	n/a		PhD	<ul style="list-style-type: none"> <li>Teacher education</li> <li>Higher education</li> <li>Mathematics education</li> </ul>	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> <li>Council</li> <li>HEQC</li> </ul>	3 of 5	Not remunerated
<b>Dr Diane Parker</b>	DHET	n/a		n/a	<ul style="list-style-type: none"> <li>Teacher education</li> <li>Higher education</li> <li>Mathematics education</li> </ul>	Peta Source cc (50% partnership)	<ul style="list-style-type: none"> <li>Council</li> <li>HEQC</li> </ul>	3 of 5	Not remunerated

**Table 4.4: Composition of the Audit and Risk Committee from 1 April 2017 to 31 March 2018**

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
<b>Prof Quintus Vorster</b>	Chairperson	May 2014		<ul style="list-style-type: none"> <li>• PhD (in Accounting)</li> <li>• Chartered Accountant</li> </ul>	Accounting Finance Management	Lemas Financial Services	Audit Committee Lemas Financial Services	5 of 5	R 40 920
<b>Mr Malson Chilenge</b>	Member	April 2013 Reappointed March 2016		<ul style="list-style-type: none"> <li>• Hons B Compt</li> <li>• Chartered Accountant</li> </ul>				4 of 5	R 19 864
<b>Mr Mohammed Gani</b>	Member	April 2016		<ul style="list-style-type: none"> <li>• Hons B Compt</li> <li>• Chartered Accountant</li> </ul>		<ul style="list-style-type: none"> <li>• Non-Executive Director on the Board of Dis-Chem Pharmacies Limited</li> <li>• Non-Executive Director on the Board of Wits Health Consortium (Pty) Ltd</li> </ul>		4 of 5	R 19 864
<b>Ms Vuyo Memani-Sedile</b>	Member	May 2014		<ul style="list-style-type: none"> <li>• Honours BCompt</li> <li>• MBA</li> </ul>	Finance	<ul style="list-style-type: none"> <li>• Director of CANSA</li> <li>• Director of Tumelong (NPO)</li> <li>• Director of Diocese of Pretoria Property Company (NPO)</li> <li>• Director of Sedile Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee of Vista Early Retirement Trust</li> <li>• CANSA Audit Committee</li> <li>• CANSA Investment Committee</li> <li>• Trustee RDLPension Fund</li> </ul>	5 of 5	R 24 830
<b>Mr Joe Samuels</b>	Member	March 2012 Reappointed April 2015		M.Phil (Adult Education)				3 of 5	Not remunerated

**Table 4.5: Composition of the Human Resources and Remuneration Committee from 1 April 2017 to 31 March 2018**

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
<b>Dr Molapo Qhobela</b>	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> <li>Higher education</li> <li>Governance</li> <li>Planning</li> </ul>	<ul style="list-style-type: none"> <li>Trustee – Cradle of Human Kind</li> <li>Director – South African Actuaries Development Programme</li> <li>Trustee – UNISA Foundation</li> </ul>	Council	2 of 2	Not remunerated
<b>Ms Tina Georgoulakis</b>	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	2 of 2	R 9 932
<b>Prof André Keet</b>	Member	April 2015		PhD	<ul style="list-style-type: none"> <li>Higher Education Transformation</li> <li>Social Justice, Social Cohesion and Reconciliation</li> <li>Human Rights and Human Rights Education</li> </ul>	None	<ul style="list-style-type: none"> <li>Council</li> <li>HEQC</li> </ul>	2 of 2	R 9 932

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
<b>Mr Casper Kruger</b>	Member	April 2015		BEd Education Management	Technical, vocational education and training	<ul style="list-style-type: none"> <li>• Trustee, Access Trust</li> <li>• Board Member, SA Society of Co-operative Education (SASCE) representing the national South African College Principals Organisation</li> </ul>	Council	1 of 2	Not remunerated
<b>Ms Mpho Letlape</b>	Member	October 2016		B. Sc. Computer Science and Psychology	Human Resources Strategy Operations	<ul style="list-style-type: none"> <li>• Lethushane PTY LTD</li> <li>• T Systems South Africa</li> <li>• Standard Bank Tutuwa Community Foundation</li> <li>• Tower Group Recruitment</li> <li>• Sapphire Logistics</li> </ul>		2 of 2	R 9 932
<b>Prof Narend Bajinath</b>	Ex-officio member	n/a		PhD	<ul style="list-style-type: none"> <li>• Higher Education policy, planning and development</li> <li>• Quality Assurance</li> <li>• Higher Education leadership</li> <li>• Internationalisation</li> <li>• Business intelligence</li> <li>• Organizational architecture</li> <li>• ICTs in higher education</li> </ul>	<ul style="list-style-type: none"> <li>• Commonwealth of Learning Board and Audit Committee</li> <li>• HAQAA Advisory Board</li> <li>• SAQA</li> <li>• UMALUSI</li> <li>• QCTO</li> <li>• ASSAf [member]</li> </ul>		2 of 2	Not remunerated

**Table 4.6: Composition of the Monitoring and Evaluation Committee from 1 April 2017 to 31 March 2018**

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
<b>Prof Beverley Thaver</b>	Chairperson	June 2011 Re-appointed April 2015		PhD	• Higher education	None	Council	1 of 1	Not remunerated
<b>Mr Luzuko Buku</b>	Member	April 2015		Master of Social Sciences	• Higher Education • Media Management and Studies • Public Relations • Urban Studies		Council	1 of 1	Not remunerated
<b>Prof Christiaan de Beer</b>	Member	April 2015		LLD	Higher Education		Council	0 of 1	Not remunerated
<b>Prof Sophie Mogotlane</b>	Member	April 2015		PhD	• Community health • Research	None	• NGC • Council	0 of 1	Not remunerated

**Table 4.7: Composition of the Nominations and Governance Committee from 1 April 2017 to 31 March 2018**

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
<b>Prof Themba Mosia</b>	Chairperson	July 2013		PhD	<ul style="list-style-type: none"> <li>• Medical education</li> <li>• Governance</li> <li>• Quality assurance</li> <li>• Management</li> <li>• Leadership</li> </ul>	None	<ul style="list-style-type: none"> <li>• Council</li> <li>• NGC</li> </ul>	1 of 1	R 10 520
<b>Dr Kimberley Porteus</b>	Member	December 2014		Doctor of Philosophy, Education	<ul style="list-style-type: none"> <li>• Pedagogical innovation in higher education</li> <li>• Teacher professional development</li> <li>• Relationship between higher education and rural community development</li> </ul>	None	NGC	1 of 1	R 8 184
<b>Dr Bandile Masuku</b>	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"> <li>• Communications</li> <li>• Policy development</li> <li>• Community work</li> <li>• Medical skills</li> <li>• Leadership</li> </ul>	Tshwane University of Technology	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• NGC</li> </ul>	1 of 1	R 8 184
<b>Prof Shireen Motala</b>	Member	December 2010 Re-appointed December 2014		PhD	<ul style="list-style-type: none"> <li>• Higher Education Policy</li> </ul>	None	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• NGC</li> </ul>	0 of 1	R 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
Prof Sophie Mogotlane	Member	April 2015		PhD	<ul style="list-style-type: none"> <li>Community health</li> <li>Research</li> </ul>	None	<ul style="list-style-type: none"> <li>NGC</li> <li>Council</li> </ul>	1 of 1	R 8 184
Prof Narend Bajinath	Ex-officio member	n/a		PhD	<ul style="list-style-type: none"> <li>Higher Education policy, planning and development</li> <li>Quality Assurance</li> <li>Higher Education leadership</li> <li>Internationalisation</li> <li>Business intelligence</li> <li>Organizational architecture</li> <li>ICTs in higher education</li> </ul>	<ul style="list-style-type: none"> <li>Commonwealth of Learning Board and Audit Committee</li> <li>HAQAA Advisory Board</li> <li>SAQA</li> <li>UMALUSI</li> <li>QCTO</li> <li>ASSAf [member]</li> </ul>		1 of 1	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 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 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, weighed, and managed.

## **6. AUDITORS**

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

## **7. INTERNAL AUDIT AND THE AUDIT AND RISK COMMITTEE (ARC)**

Internal Audit Services have been outsourced for a period of 3 years ending 2020 as the Council does not consider it economically feasible 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 2017/18 financial year were risk-based and fully implemented.

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

## **8. COMPLIANCE WITH LAWS AND REGULATIONS**

The ARC is responsible for monitoring compliance with applicable laws and regulations regarding financial matters, 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 Health 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, printing minimised, and paper is recycled.

## **13. SOCIAL RESPONSIBILITY**

The CHE undertook a renovation project at SOS Children's Village in commemoration of Mandela day.

## **14. AUDIT AND RISK COMMITTEE REPORT**

We are pleased to present our report for the financial year ended 31 March 2018. See pages 100 and 101, in Part E, for the full report.





# Part D:

## HUMAN RESOURCES MANAGEMENT



## 1. INTRODUCTION

For an overview of the human resources section please see pages 41 to 43 (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 and Support	33 138	15 460	47%	23	672
Institutional Quality Assurance	15 767	9 402	60%	17	553
Research, Monitoring and Advice	4 796	4 152	87%	5	830
Qualifications Management and Programme Reviews	5 286	2 994	57%	4	749
<b>TOTAL</b>	<b>58 987</b>	<b>32 008</b>	<b>54%</b>	<b>49</b>	<b>653</b>

\* The number of employees (49) includes fixed term contracts positions which are not on the organisational structure (44 positions from organisational structure and 5 from fixed term contracts)

### 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	2 012	6%	1	2 012
Senior Management	9 186	29%	7	1 312
Professional qualified	10 100	32%	13	777
Skilled	8 874	28%	21	423
Semi-skilled	1 484	4%	5	297
Unskilled	352	1%	2	176
<b>TOTAL</b>	<b>32 008</b>	<b>100%</b>	<b>49</b>	<b>653</b>

## Performance Rewards

Level	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	60	2 012	3%
Senior Management	344	9 186	4%
Professional qualified	251	10 100	2%
Skilled	258	8 874	3%
Semi-skilled	32	1 484	2%
Unskilled	16	352	5%
<b>TOTAL</b>	<b>961</b>	<b>32 008</b>	<b>3%</b>

\* 2016/2017 Performance rewards were paid in August 2017 in line with the Performance Management Policy

## Training Costs

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee (R'000)
Administration and Support	15 460	142	0.92	22	6.455
Institutional Quality Assurance	9 402	22	0.23	18	1.222
Research, Monitoring and Advice	4 152	32	0.77	4	8.000
Qualifications Management and Programme Reviews	2 994	14	0.47	4	3.500
<b>TOTAL</b>	<b>32 008</b>	<b>210</b>	<b>0.66</b>	<b>48</b>	<b>4.375</b>

\* Training includes fixed term contract employees where internal training(s) were held i.e. HR Intervention (Coaching) for Senior Management

## Employment and vacancies

Programme/activity/objective	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of vacancies
Administration and Support	20	22	21	1	5%
Institutional Quality Assurance	13	18	14	4	22%
Research, Monitoring and Advice	6	7	5	2	29%
Qualifications Management and Programme Reviews	4	5	4	1	20%
<b>TOTAL</b>	<b>43</b>	<b>52</b>	<b>44</b>	<b>8</b>	<b>15%</b>

Level	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of vacancies
Top Management	1	1	1	0	0%
Senior Management	7	7	6	1	14%
Professional qualified	10	15	13	2	13%
Skilled	17	21	17	4	19%
Semi-skilled	6	6	5	1	17%
Unskilled	2	2	2	0	0%
<b>Total</b>	<b>431</b>	<b>52</b>	<b>44</b>	<b>8</b>	<b>15%</b>

## 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	1	6
Professional qualified	10	4	1	13
Skilled	17	2	3	17
Semi-skilled	6	1	1	5
Unskilled	2	0	0	2
<b>TOTAL</b>	<b>43</b>	<b>7</b>	<b>6</b>	<b>44</b>

## Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	5	11.36%
Dismissal	0	0
Retirement	0	0
Ill health	1	2.23%
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>6</b>	<b>13.63%</b>

\* The number of filled positions in the organisation is 44 (excluding 5 fixed term contracts)

## Labour Relations: Misconduct and disciplinary action

Number	% of total no. of staff leaving
Verbal Warning	0
Written Warning	1
Final Written warning	2
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	0	0	0	0	0
Professional qualified	6	1	0	0	0	0	1	0
Skilled	4	1	1	1	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

## Equity Target and Employment Equity Status

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	1	0
Professional qualified	3	0	0	0	0	0	3	0
Skilled	11	0	0	0	0	0	1	0
Semi-skilled	3	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>0</b>

## Equity Target and Employment Equity Status

Levels	Disabled Staff			
	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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Part E:

## FINANCIAL INFORMATION



# 1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON 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 133, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and 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 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Context for the 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 the 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) and 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 Standards of Generally Recognised Accounting Practice 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 the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor-general'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 my responsibilities for the audit of the financial statements is included in the annexure to this report.

## Report on the audit of the financial statements

### 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 public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of 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 public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 1 – Institutional quality assurance	48-50
Programme 2 – Qualifications management and programme reviews	50-53
Programme 3 – Research, monitoring and advice	54-55

13. I performed procedures to determine whether the reported performance information was properly presented and whether the 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. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 1 – Institutional quality assurance
  - Programme 2 – Qualifications management and programme reviews
  - Programme 3 – Research, monitoring and advice

### Other matters

15. I draw attention to the matter below.

### Achievement of planned targets

16. Refer to the annual performance report on pages 48 to 55 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.



## Adjustment of material misstatement

17. I identified material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of programme 1: institutional quality assurance. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on audit of compliance with legislation

### Introduction and scope

18. 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 public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes general information, governance, human resources, linking performance with budgets, revenue, capital investment, programme/ activity /objective and situational analysis. 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.
21. 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.
22. 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.
23. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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 retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

*Auditor - General*

Pretoria

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
  - conclude on the appropriateness of the governing body, which constitutes the accounting authority use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council on Higher Education’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

## 2. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

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The reports and statements set out below comprise the annual financial statements:

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# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2018

## STATEMENT OF RESPONSIBILITY

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The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the audited financial statements fairly present the state of affairs of the Council on Higher Education (CHE) for the financial year ending 31<sup>st</sup> March 2018 and the results of its operations and cash flows for the period then ended. In terms of its external audit function, the AGSA will be engaged to express an independent opinion on the annual financial statements and were, for this purpose, given unrestricted access to all financial records and related data.

The audited 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 audited financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 that 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 by 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 year-end 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.

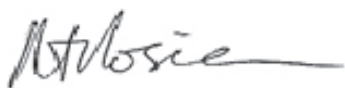
The CHE is financially dependent on a transfer payment from the Department of Higher Education and Training for the continued funding of its operations. The audited financial statements are prepared on the basis that the CHE is a going concern and that the Department of Higher Education and Training 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 2018/2019 and also for the outer years is not sufficient to realise the set strategic objectives and targets as per the Strategic Plan and the 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 audited annual financial statements set out on pages 98 to 133 which have been prepared on the basis that the CHE is a going concern, were approved by EXCO on the 27th of July 2018 and were signed on its behalf by:



**Prof N. Themba Mosia**  
Chairperson



**Prof Narend Baijnath**  
Chief Executive Officer

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31 March 2018

## AUDIT AND RISK COMMITTEE REPORT

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We are pleased to present our report for the financial year ended 31<sup>st</sup> March 2018.

### 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	4 of 5
Mr J Samuels	3 of 5
Mr M Gani	4 of 5
Ms V Memani-Sedile	5 of 5

### 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 IV 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 will be 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 3 years ending 2020. 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 2018 financial year were risk-based and fully implemented.

### External Audit

The committee agreed to the audit plan and audit fee for the 2018 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.

## Funding 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 Committee is concerned that transfer payment for the year 2018/2019 and for the outer years is not sufficient in realising the set strategic objectives and targets as per the Annual Performance Plan. objectivity and competence.



.....

**Prof Q Vorster**  
**Chairperson of the Audit and Risk Committee**

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

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## ACCOUNTING AUTHORITY REPORT

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The Council submits its report for the year ended 31 March 2018.

### 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; and
- 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 fulfils 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; and
- 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 is concerned that transfer payment for the year 2018/2019 and for the outer years is not sufficiently enough in realising the set strategic objectives and targets as per the Annual Performance Plan.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

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## ACCOUNTING AUTHORITY REPORT

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### 4. Transfer Payments

The Council is concerned that transfer payment for the year 2018/2019 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 (5) years and thirteen (13) ordinary Council members each appointed for a period of four (4) years. Eight (8) 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 (1) 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; and
- accredit programmes of higher education.

#### Sub-committees

On 31 March 2018 four (4) Council sub-committees were in place and were fully functional, namely:

1. Executive Committee (EXCO);
2. Audit and Risk Committee (ARC);
3. Human Resources and Remuneration Committee (HRRC); and
4. 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 period under review, the Council and its sub-committees, including its permanent committee responsible for quality assurance, the HEQC, have functioned effectively in terms of the CHE's statutory mandate and have adhered to principles of good governance.



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## ACCOUNTING AUTHORITY REPORT

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### 6. Subsequent events

The Council is not aware of any subsequent event arising after the end of the 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 of South Africa.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Statement of Financial Position as at 31st March 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	6	372 225	867 334
Prepayments	5	415 017	248 531
Cash and cash equivalents	7	19 371 422	6 518 609
		<b>20 158 664</b>	<b>7 634 474</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	31 586 735	32 523 487
Intangible assets	4	2 851 432	3 071 043
		<b>34 438 167</b>	<b>35 594 530</b>
<b>Total Assets</b>		<b>54 596 831</b>	<b>43 229 004</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	11	6 918 196	7 825 025
Provisions	10	2 203 900	1 986 421
Unspent conditional grants	9	852 128	-
<b>Total Liabilities</b>		<b>9 974 224</b>	<b>9 811 446</b>
<b>Net Assets</b>		<b>44 622 607</b>	<b>33 417 558</b>
Reserves			
Revaluation reserve	8	7 292 044	7 289 484
Accumulated surplus		37 330 563	26 128 074
<b>Total Net Assets</b>		<b>44 622 607</b>	<b>33 417 558</b>

\* See Note 22

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Statement of Financial Performance for the year ended 31st March 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
Exchange revenue	12	7 455 190	8 194 916
Non-exchange revenue	14	62 732 972	41 758 963
<b>Total revenue</b>		<b>70 188 162</b>	<b>49 953 879</b>
<b>Expenditure</b>			
Employee related costs	15	(32 008 010)	(30 025 392)
Depreciation and amortisation	2&4	(2 263 733)	(2 240 922)
Repairs and maintenance		(550 609)	(504 030)
Loss on disposal of assets		(252 785)	(96 137)
General expenses	16	(23 910 540)	(26 050 192)
<b>Total expenditure</b>		<b>(58 985 677)</b>	<b>(58 916 673)</b>
<b>Surplus (deficit) for the year</b>		<b>11 202 485</b>	<b>(8 962 794)</b>

\* See Note 22

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Statement of Changes in Net Assets for the year ended 31st March 2018

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
<b>Restated balance at 01 April 2016</b>	<b>4 914 475</b>	<b>35 090 868</b>	<b>40 005 343</b>
Changes in net assets			
Revaluation of building	2 375 009	-	2 375 009
Net income (losses) recognised directly in net assets	2 375 009	-	2 375 009
Restated deficit for the year	-	(8 962 794)	(8 962 794)
Total changes	2 375 009	(8 962 794)	(6 587 785)
<b>Restated* Balance at 01 April 2017</b>	<b>7 289 484</b>	<b>26 128 078</b>	<b>33 417 562</b>
Changes in net assets			
Recapitalisation of assets previously disposed	2 560	-	2 560
Surplus for the year	-	11 202 485	11 202 485
Total changes	2 560	11 202 485	11 205 045
<b>Balance at 31 March 2018</b>	<b>7 292 044</b>	<b>37 330 563</b>	<b>44 622 607</b>

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Cash Flow Statement for the year ended 31st March 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		60 534 000	41 758 963
Interest income		1 278 131	976 826
Other receipts		9 580 714	6 644 014
		<u>71 392 845</u>	<u>49 379 803</u>
<b>Payments</b>			
Employee costs		(31 790 531)	(29 038 722)
Suppliers		(25 391 910)	(28 138 686)
		<u>(57 182 441)</u>	<u>(57 177 408)</u>
<b>Net cash flows from operating activities</b>	18	<u><b>14 210 404</b></u>	<u><b>(7 797 605)</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(1 161 704)	(170 453)
Proceeds from disposal of property, plant and equipment	2	22 662	20 493
Purchase of intangible assets	4	(218 549)	(338 713)
<b>Net cash flows from investing activities</b>		<u><b>(1 357 591)</b></u>	<u><b>(488 673)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12 852 813</b>	<b>(8 286 278)</b>
Cash and cash equivalents at the beginning of the year		6 518 609	14 804 887
<b>Cash and cash equivalents at the end of the year</b>	7	<u><b>19 371 422</b></u>	<u><b>6 518 609</b></u>

\* See Note 22

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Exchange revenue	4 000 000	1 067 512	5 067 512	6 177 059	1 109 547
Interest received - investment	850 000	-	850 000	1 278 131	428 131
<b>Total revenue from exchange transactions</b>	<b>4 850 000</b>	<b>1 067 512</b>	<b>5 917 512</b>	<b>7 455 190</b>	<b>1 537 678</b>

##### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	47 946 000	12 588 000	60 534 000	60 534 000	-
University of Pretoria	1 808 600	915 500	2 724 100	2 198 972	(525 128)
Surplus funds rolled-over	-	3 282 711	3 282 711	3 282 711	-

<b>Total revenue from non-exchange transactions</b>	<b>49 754 600</b>	<b>16 786 211</b>	<b>66 540 811</b>	<b>66 015 683</b>	<b>(525 128)</b>
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<b>Total revenue</b>	<b>54 604 600</b>	<b>17 853 723</b>	<b>72 458 323</b>	<b>73 470 873</b>	<b>1 012 550</b>
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#### Expenditure

Personnel	(33 304 584)	-	(33 304 584)	(32 008 010)	1 296 574
Depreciation and amortisation	-	-	-	(2 263 733)	(2 263 733)
Repairs and maintenance	(552 121)	-	(552 121)	(550 609)	1 512
Loss on disposal of assets	-	-	-	(252 785)	(252 785)
General expenses	(20 747 895)	(17 853 723)	(38 601 618)	(23 910 540)	14 691 078

<b>Total expenditure</b>	<b>(54 604 600)</b>	<b>(17 853 723)</b>	<b>(72 458 323)</b>	<b>(58 985 677)</b>	<b>13 472 646</b>
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#### Unadjusted surplus funds

Less: Rolled over surplus from prior year	-	-	-	14 485 196	
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<b>Surplus as per Financial Performance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 202 485</b>	
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# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Statement of Comparison of Budget and Actual Amounts

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Budget on Cash Basis

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Figures in Rand

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### Budget vs Actual differences

Revenue from exchange transactions was higher than budgeted due to more applications for accreditation being received from private institutions.

Interest received more than budget due to additional surplus funds invested in the short-term call accounts during the year.

Revenue from University of Pretoria is a conditional grant and not all the funds received were spent during the year. The unspent portion is moved to current liabilities as a conditional grant.

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

Depreciation and amortisation including loss on disposal of assets not budgeted for as these are non cash items and therefore not considered for budgeting purposes.

Repairs and maintenance underspent as a result of less repairs and maintenance required to the building.

General expenses underspent due to the adjustment of the budget in December 2017 when the CHE received additional funding for the year. The CHE could not spend the funds in the remaining period.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## 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 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 is 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.

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 are initially measured at cost.



# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## Accounting Policies

### 1.2 Property, plant and equipment (continued)

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 the 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 are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses except for Land and building which are carried at the 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.

An impairment loss is recognised immediately in the surplus or deficit, except where an asset is carried at a 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	1-22 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 a basis does not require the CHE to amend the previous estimate unless expectations differ from the previous estimate.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

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.

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 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 3 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.

### 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;

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## Accounting Policies

### 1.3 Intangible assets (continued)

- 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 have been tested for impairment by 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.

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	1-16 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 instruments 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 represent fair value.

Cash and cash equivalents are measured at cost.

Financial assets or a portion thereof are derecognised when the contractual rights to the benefits specified in the contract expire and the CHE surrender those rights or otherwise loses control of the contractual rights that comprise 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<sup>st</sup> March 2018

## Accounting Policies

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### 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 of 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 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.

### 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.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## Accounting Policies

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### 1.7 Provisions and contingencies (Continued)

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 for services rendered, the value of which approximate 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 an accrual basis; and
- 3) Other revenues such as conditions, representations, reaccreditation and referrals for private institutions are recognised as revenue on an accrual basis.

### Interest received

Interest received from favourable bank deposits is recognised as revenue from exchange transactions through the 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 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 annual 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.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31<sup>st</sup> March 2018

## Accounting Policies

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### 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.

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 annual financial statements are prepared on an 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 is 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, that 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 on 31st March 2018.

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).

# COUNCIL ON HIGHER EDUCATION

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## Accounting Policies

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### 1.15 Events after reporting date (Continued)

The CHE will adjust the amount recognised in the financial statement 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 the 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 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 2. Property, plant and equipment

	2018			2017		
	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	8 300 000	-	8 300 000
Buildings	28 266 253	(7 905 584)	20 360 669	28 217 670	(6 932 333)	21 285 337
Furniture and fixtures	1 838 147	(1 278 736)	559 411	1 806 934	(1 118 422)	688 512
Office equipment	2 979 124	(1 540 136)	1 438 988	2 669 903	(1 254 044)	1 415 859
Computer equipment	2 579 899	(1 652 232)	927 667	2 231 066	(1 397 286)	833 780
<b>Total</b>	<b>43 963 424</b>	<b>(12 376 689)</b>	<b>31 586 735</b>	<b>43 225 574</b>	<b>(10 702 086)</b>	<b>32 523 487</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8 300 000	-	-	-	8 300 000
Buildings	21 285 337	74 328	(16 264)	(982 732)	20 360 669
Furniture and fixtures	688 512	33 394	(344)	(162 151)	559 411
Office equipment	1 405 833	663 438	(239 317)	(400 992)	1 438 988
Computer equipment	843 805	393 108	(19 522)	(279 699)	927 667
	<b>32 523 487</b>	<b>1 164 268</b>	<b>(275 447)</b>	<b>(1 825 574)</b>	<b>31 586 735</b>



## Notes to the Annual Financial Statements

Figures in Rand

### 2. Property, plant and equipment (continued)

#### 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	1 781 814	46 468	(3 420)	(34 888)	-	(374 115)	1 415 859
IT equipment	1 143 222	36 812	-	(32 265)	-	(313 989)	833 780
	<b>31 911 379</b>	<b>173 873</b>	<b>(3 420)</b>	<b>(114 390)</b>	<b>2 375 009</b>	<b>(1 818 963)</b>	<b>32 523 487</b>

#### Pledged as security

No assets are pledged as security.

#### Repairs and Maintenance expenditure

Expenditure relating to repairs and maintenance of the building amounted to R550,609:(2017:R504,030).

**Notes to the Annual Financial Statements**

Figures in Rand

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

The 7,580 square meters property is located at 1 Quintin Brand, Perseus Technopark, Tshwane. The title deed number is T4934/2009. The property is revalued every 3 years and was last revalued in March 2017 as follows:

- Land	8 300 000
- Building	21 285 400
<b>Revalued amount</b>	<b>29 585 400</b>

**3. Change in estimate****Property, plant and equipment**

Management reassessed the useful lives of assets that were approaching a nil carrying amount but were still in good condition. The reassessment was performed on individual assets in each category and their useful lives were extended by an additional one year.

The change in estimate was effected prospectively from the beginning of the financial year and the impact on depreciation per asset category is as follows:

Category	Original estimate	Revised depreciation	Reduction in depreciation expense
Computer equipment	22 689	11 345	(11 345)
Furniture and fittings	194	97	(97)
Office equipment	1 900	950	(950)
	<b>24 783</b>	<b>12 392</b>	<b>(12 392)</b>

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Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand

2018

2017

### 4. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Internally generated	4 196 475	(1 986 742)	2 209 733	4 196 475	(1 681 951)	2 514 524
Computer software, other	1 259 342	(617 643)	641 699	1 040 793	(484 274)	556 519
<b>Total</b>	<b>5 455 817</b>	<b>(2 604 385)</b>	<b>2 851 432</b>	<b>5 237 268</b>	<b>(2 166 225)</b>	<b>3 071 043</b>

#### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Internally generated	2 514 524	-	(304 791)	2 209 733
Computer software, other	556 519	218 549	(133 369)	641 699
	<b>3 071 043</b>	<b>218 549</b>	<b>(438 160)</b>	<b>2 851 432</b>

#### 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
	<b>3 156 527</b>	<b>338 713</b>	<b>(2 241)</b>	<b>(421 956)</b>	<b>3 071 043</b>

### Fully amortised software

During the year under review, fully amortised computer software with the cost price of R276,948 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 this software depend on the annual renewal of their respective licences.

### Internally Generated intangible assets

Internally generated assets relate to the development costs of the Higher Education Quality Committee (HEQC) and 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.

### 5. Prepayments

Opening balance	248 531	269 100
Amounts realised to expenses during the year	(223 405)	(269 100)
Additions during the year	389 891	248 531
	<b>415 017</b>	<b>248 531</b>

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Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand

	2018	2017
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### 6. Receivables from exchange transactions

Trade debtors	32 158	511 402
Deposits	13 515	13 515
Over payment to supplier	254 999	292 637
Staff loans	71 553	49 780
	<b>372 225</b>	<b>867 334</b>

#### 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 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.

#### 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 2018, R12,503 (2017: R165,737) were past due but not impaired.

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

1 month past due	19 658	163 016
3 months past due	12 503	165 737

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	709	4 628
Standard Bank: Current Account	5 397 052	2 855 279
Investec Investment Account	13 708 538	3 300 601
Standard Bank: Private Accreditation funds	265 123	358 101
	<b>19 371 422</b>	<b>6 518 609</b>

#### 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 above average interest rate of approximately 7% pa. This investment is accessible on a 30-day notice.

### 8. Revaluation reserve

Revaluation surplus relates to property, plant and equipment.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*
<b>8. Revaluation reserve (continued)</b>		
Opening balance	7 289 484	4 914 475
Change during the year	2 560	2 375 009
	<b>7 292 044</b>	<b>7 289 484</b>

The movement during the year is as a result of the recapitalisation of previously disposed assets that were still in usable condition.

### 9. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Unspent grant	852 128	-
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#### Movement during the year

Balance at the beginning of the year	-	774 163
Additions during the year	3 051 100	-
Income recognition during the year	(2 198 972)	(774 163)
	<b>852 128</b>	<b>-</b>

The grant relates to funds received from the University of Pretoria for special projects which are the UniZulu special audit, the Quality Enhancement projects (QEP) and the Higher Education Learning and Teaching Association of Southern Africa (HELTASA) awards. These funds are recognised as income once expenditure relating to these projects has been incurred. The balance of these funds is expected to be utilised in the 2018-19 financial year.

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*
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### 10. Provisions

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	1 036 302	304 737	(136 277)	1 204 762
Performance bonus provision	950 119	999 138	(950 119)	999 138
	<b>1 986 421</b>	<b>1 303 875</b>	<b>(1 086 396)</b>	<b>2 203 900</b>

#### Reconciliation of provisions - 2017

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

#### Leave pay provision

Leave pay provision relates to the vesting leave pay to which employees may become entitled upon leaving the employment of CHE. The provision is utilised when employees are paid for their accumulated leave. There are no expected reimbursement 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	1 436 976	2 015 625
Accreditation fees received in advanced	4 391 751	4 249 226
Accrued bonus	12 811	12 811
Accruals	1 076 658	1 547 363
	<b>6 918 196</b>	<b>7 825 025</b>

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.

#### Fair value of trade and other payables

### 12. Exchange Revenue

Accreditation fees and other income	6 177 059	7 218 090
Interest received - investment	1 278 131	976 826
	<b>7 455 190</b>	<b>8 194 916</b>

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*
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### 13. Investment income

#### Interest income

Interest earned	1 278 131	976 826
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Interest earned relates to surplus cash reserves deposited in short-term investments with effective interest received of approximately 7%.

### 14. Non exchange revenue

#### Operating grants

Government grant	60 534 000	40 928 000
Deferred income - Standard Development	-	774 163
National Research Foundation	-	56 800
University of Pretoria	2 198 972	
	<b>62 732 972</b>	<b>41 758 963</b>

### 15. Employee costs

Basic	26 371 146	24 667 328
Retirement annuity	497 184	480 897
Medical aid - company contributions	714 680	722 833
UIF	167 760	172 094
Leave Paid	136 277	103 937
Short term benefit -Nehawu	15 264	17 476
Other short term costs-Social club	19 960	18 240
Defined contribution plans -Provident fund	2 511 986	2 323 630
Provident Fund: Administration fees	543 204	525 556
Workmans compensation	31 411	43 282
Performance bonus provision	999 138	950 119
	<b>32 008 010</b>	<b>30 025 392</b>

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*
<b>16. General expenses</b>		
Consultancy services	1 298 878	1 213 588
Outsourced services	1 562 700	1 766 460
Assessment rates and municipal charges	222 855	209 724
Auditors' remuneration -Refer to Note 17	1 144 798	1 136 182
Bank charges	49 242	45 351
Cleaning	385 196	362 757
Peer academics	3 708 530	6 218 377
Consumables	182 783	93 509
Sundry expenses	3 936	-
Fines and penalties	-	1 800
Messenger Services	21 939	31 578
Garden services	85 839	74 297
Debt written-off	11 431	-
Teaching awards	-	150 000
Insurance	136 955	263 154
Conferences and seminars	12 447	31 798
Bursaries	88 639	47 760
IT expenses	1 024 646	849 176
Levies	30 473	29 307
Magazines, books and periodicals	1 504	17 848
Recruitment costs	789 408	499 862
Postage and Courier	32 013	60 860
Printing and stationery	1 140 518	804 423
Security services	311 984	190 249
Employee welfare	92 704	140 263
Subscriptions and Membership fees	17 226	80 225
Telephone,Cellphone and Data costs	291 624	294 200
Training	210 359	361 625
Travel - local	2 495 769	4 147 550
Travel - overseas	248 257	148 141
Electricity	513 945	626 212
Lease rentals on operating lease	122 074	125 940
Honorarium	150 000	48 000
Venue and Catering	660 349	607 075
Remuneration of Council and Committee members-Refer to note 21	1 037 818	964 152
Legal fees	5 823 701	4 408 749
	<b>23 910 540</b>	<b>26 050 192</b>
<b>17. Auditors' remuneration</b>		
External auditors	843 125	797 694
Internal auditors	301 673	338 488
	<b>1 144 798</b>	<b>1 136 182</b>



# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*
<b>18. Cash generated from (used in) operations</b>		
Surplus (deficit)	11 201 531	(8 962 794)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 264 687	2 240 922
Loss on disposal of assets	252 785	96 137
Movements in provisions	217 479	986 674
<b>Changes in working capital:</b>		
Receivables from exchange transactions	495 109	(516 183)
Prepayments	(166 486)	20 569
Payables from exchange transactions	(906 829)	(888 767)
Unspent conditional grants	852 128	(774 163)
	<b>14 210 404</b>	<b>(7 797 605)</b>

## 19. Commitments

### Operating leases- as lessee

#### Minimum lease payments due

• Within one year	80 240	115 445
• In second to fifth year inclusive	153 794	-
	<b>234 034</b>	<b>115 445</b>

Total lease obligations	234 034	115 445
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Operating lease payments represent rentals by the CHE for photocopying machines. These lease are negotiated for periods ranging from 12 months to 120 months. The operating lease liability at the end of the period is R234,034 (2017:R115,445).

### Other Commitments

The CHE has a capital commitment for the Supply and installation of the Business Management process System amounting to R406,708.(2017:R0).

Commitments for goods and services to be rendered to the CHE in the next financial year 2018-19 amounts to R6,047,216. This amount is broken down between Payroll R846,526,Purchase orders R758,597 and Contracts of R4,442,093.

The full commitments including contracts for goods and services to be rendered to the CHE as at 31st March 2018 amounts to R9,614,602 (2017:R5,326,897).

# COUNCIL ON HIGHER EDUCATION

Annual Financial Statements for the year ended 31st March 2018

## Notes to the Annual Financial Statements

Figures in Rand

2018

2017  
Restated\*

### 20. Related parties

Relationships  
Department

DHET

Public Entities under the DHET

SAQA  
University of Pretoria  
National Research Foundation

Other Entities

Department of Justice

Senior Management

Refer to note 21

### Related party balances:

#### Amounts included in Trade receivable regarding related parties

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

#### Transactions included in revenue

DHET	60 534 000	41 702 163
Department of Justice	-	855 516
University of Pretoria	2 198 972	143 024
National Research Foundation	-	56 800

#### Transactions included in expenditure (outsourced Services)

SAQA	1 562 700	1 521 160
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The CHE received funding from the University of Pretoria to be utilised for the special audit of Unizulu and the Quality Enhancement Projects (QEP) workshops.

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### 21. Members of Key Management and Council Emoluments

#### Executive Management

##### 2018

	Emoluments	Retention allowance	Performance bonus	Severance pay	Leave paid	Total
Chief Executive Officer	1 544 406	308 881	59 591	-	-	1 912 878
Chief Financial Officer	1 347 879	-	65 233	-	-	1 413 112
Director: Corporate Services	1 116 918	-	53 830	-	-	1 170 748
Director: Institutional Audits *	837 689	-	20 359	558 459	62 628	1 479 135
Director: Accreditation	1 116 918	-	53 864	-	-	1 170 782
Director: National Standards and Reviews	1 116 918	-	43 286	-	-	1 160 204
Director: Quality Assurance Promotion and Coordination	1 116 918	-	53 830	-	-	1 170 748
Director: Monitoring and Evaluation	1 116 918	-	53 596	-	-	1 170 514
	<b>9 314 564</b>	<b>308 881</b>	<b>403 589</b>	<b>558 459</b>	<b>62 628</b>	<b>10 648 121</b>

\* Resigned December 2017.

##### 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
	<b>9 093 648</b>	<b>394 664</b>	<b>9 488 312</b>

#### Council Members' Remuneration

##### 2018

	Members' fees	Total
For services as Council and Committee members	1 037 818	1 037 818

##### 2017

	Members' fees	Total
For services as Council and Committee members	964 152	964 152

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### 22. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Errors

1) After the prior year financial statements were finalised and signed off, it was discovered that some expenses that were accrued for were overstated. The correction of these expenses amounting to R149,856 has resulted in the restatement of the comparative year.

2) In March 2015, the CHE entered into a 36 months operating lease agreement with a Service provider. The rentals were paid via debit order in advance. The CHE erroneously recorded these rentals in arrears and this resulted in the misalignment between the month the service was provided and the recording of the expense relating to that service. The effect of this error was that the operating lease rentals in the 2014- 2015 financial year were understated and therefore the surplus was also overstated.

The impact of these corrections on the financial statements is as follows;

#### Error 1

##### Statement of Financial Performance

General expenses	-	(149 856)
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##### Statement of Financial Position

###### Current liabilities

Trade payables	-	(45 945)
Accruals	-	(67 492)

###### Current assets

Receivables	-	36 417
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#### Error 2

##### Statement of Financial Position

###### Current Liabilities

Trade Payables	-	10 496
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###### Net Assets

Accumulated Surplus	-	(10 496)
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### 23. Financial instruments disclosure

#### Categories of financial instruments

##### 2018

##### Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	372 225	372 225
Cash and cash equivalents	19 371 422	19 371 422
	<b>19 743 647</b>	<b>19 743 647</b>

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### 23. Financial instruments disclosure (continued)

#### Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	6 918 196	6 918 196

2017

#### Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	867 334	867 334
Cash and cash equivalents	6 518 609	6 518 609
	<b>7 385 943</b>	<b>7 385 943</b>

#### Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	7 825 025	7 825 025

### 24. 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 a 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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Bank	5 662 884	3 218 008
Trade debtors	32 158	511 402
Short-term deposits	13 708 538	3 300 601

Trade Debtors age analysis as at 31st March 2018	Over 90 Days	60 Days	30 Days	Current	Total
	12 502	19 656	-	-	32 158

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### 25. Taxation

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

### 26. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	285	-
Current Year additions	14 938	6 316
Condoned	(12 862)	(4 455)
Recovered	-	(1 576)
	<u>2 361</u>	<u>285</u>

Fruitless and wasteful expenditure relate to various flight and accommodation cancellation fees that were incurred during the year by evaluators. Also included is the insurance excess paid for by the CHE for the a claim.

### 27. Irregular expenditure

Add: Irregular Expenditure - current year	6 726	-
Less: Amounts condoned	(6 726)	-
	<u>-</u>	<u>-</u>

Irregular expenditure relates to catering and training expenditure that was incurred without following the procurement processes. The expenditure was condoned by the Financial Misconduct Committee during the year and the employees found to have flouted these procurement procedures were issued with warnings.

#### Details of irregular expenditure condoned

Incident 1	Condoned by Financial Misconduct Committee	
	Catering procured without sourcing 3 quotations	4 617
Incident 2	Training attended before issue of Purchase order	2 109
		<u>6 726</u>

### 28. Contingent Liability

The CHE had unspent cash of R15,790,870 from the budget of the year under review. This unspent cash 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 2018-19 financial year.



[illegible]



