



annual report



Council on Higher Education
2007 - 2008
Annual Report

Published by the Council on Higher Education

Council on Higher Education
Didacta Building
211 Skinner Street
Pretoria
South Africa

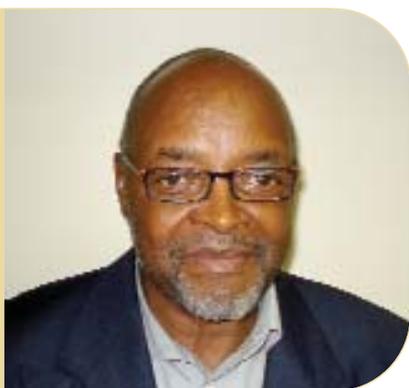
PO Box 13354
The Tramshed
0126
South Africa

Website: <http://www.che.ac.za>

ISBN: 978-1-919856-68-1

Contents	Page
FOREWORD	i
PREFACE	iii
ABBREVIATIONS AND ACRONYMS	v
CHAPTER 1: OVERVIEW OF THE CHE	1
Introduction	1
Membership	2
Responsibilities of the CHE	3
CHAPTER 2: FULFILLING THE MANDATE OF THE CHE	5
Progress in the Mandate areas	5
Interaction with the Minister of Education	7
Meetings with Department of Education	8
Task Teams	8
Monitoring and Evaluation Directorate	9
Other Activities of the CHE	10
Corporate Services	13
CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC	17
Introduction	17
HEQC Board and membership	17
Organisation	18
Office of the Executive Director	19
Programme Accreditation Directorate	22
National Reviews Directorate	27
Institutional Audits Directorate	34
Quality Promotion and Capacity Development Directorate	36
APPENDIX	43
REPORT OF THE AUDITOR-GENERAL	53
REPORT OF THE AUDIT COMMITTEE	56
FINANCIAL STATEMENTS	58
Accounting Authority Report	59
Statement for Financial Position	63
Statement for Financial Performance	64
Statement for Changes in Net Assets	65
Cash Flow Statement	66
Accounting Policies	67
Notes to financial statements	76
Detailed statement of financial performance	90
Budget vs Expenditure 2007/2008	92

FOREWORD



Professor Chabani Manganyi

“The CHE has made an important contribution to the higher education sector through its advice, monitoring and quality assurance activities.”

It gives me great pleasure to present the 10th Annual Report of the Council on Higher Education (CHE) for submission to Parliament through the Minister of Education. This Report presents the work and progress of the CHE in the execution of its statutory responsibilities for the period 1 April 2007 to 31 March 2008.

The CHE is an independent statutory body established by the Higher Education Act (ACT 101 of 1997). Its areas of responsibility are:

- to advise the Minister of Education on request or proactively on all higher education policy issues;
- to assume executive responsibility for quality assurance and quality promotion within higher education;

- to monitor and evaluate whether and how higher education policy goals are being realised, including reporting regularly on the state of higher education in South Africa; and
- to contribute to the development of higher education through a range of activities, including conferences, seminars and publications.

During the period under review the CHE and its permanent subcommittee responsible for quality assurance, the Higher Education Quality Committee (HEQC) were able to complete their schedule of work most satisfactorily in spite of changes at the leadership and executive levels.

I wish to thank my predecessor Mr Saki Macozoma, who was initially appointed as Chairperson in 2002, for his insightful and considered leadership at a time when there were significant changes in the South African higher education landscape. Also in 2007, Dr Mala Singh departed to take up a professorship at The Open University. At the time of her departure, she was Interim Chief Executive Officer but she had served the CHE since its inception as Executive Director of its Higher Education Quality Committee. The Council is deeply appreciative of Dr Singh's significant contribution particularly in quality assurance, and we wish her well in her new role.

The CHE's 10th Annual Report bears testimony to the organisation's ability to build on its strengths and to continue to discharge its core functions in a professional and efficient manner. In the past year, the Council advised the Minister of Education, Mrs Naledi Pandor, on a range of issues affecting higher education, including the entrance requirements stipulated in the National Senior Certificate. Towards the end of 2007, the CHE had a special meeting with the Minister and officials of the Department of Education to discuss areas for further attention which had been identified through the work of the CHE's Monitoring and Evaluation Directorate and the HEQC. This discussion will inform the work of the CHE in the coming year.

The achievements described in this report would not have been possible without the hard work and dedication of the CHE staff. Thank you to all staff members and a

special note of appreciation to Dr Lis Lange (Acting CEO) and Dr Jan Beukes, the Chief Financial Officer (CFO), for keeping the organisation on course during its period of leadership transition.

In marking the first decade of the CHE's work it is fitting to pay tribute to the contribution of previous Council Members and Chairpersons, including past members of the HEQC. The CHE has made an important contribution to the higher education sector through its advice, monitoring and quality assurance activities.

We look forward to the year ahead and the future with confidence. I am delighted to report that Professor Cheryl de la Rey takes up the position of Chief Executive Officer from the beginning of May. With her at the helm, we are confident that in the next decade the CHE will build on its strengths, address new challenges and thereby make a significant impact on higher education in South Africa.



Professor Chabani Manganyi,
 Chairperson
 Council on Higher Education
 July 2008

PREFACE



Dr Lis Lange

“The CHE is privileged to have a considerable level of collaboration and collegial interaction with a number of stakeholder organisations and government departments.”

The past year has been particularly challenging for the CHE and the HEQC. The unusually long search for a CEO, to succeed Professor Badat’s departure in 2006 to take up the Vice-Chancellorship of Rhodes University, demanded the concerted attention of the CHE and commitment from all the staff. Nonetheless, during the transition period, most work objectives were met and new initiatives were launched in response to the evolving higher education policy environment.

Dr Mala Singh, who was the Interim CEO of the CHE from May 2006, stepped down from this position in July 2007 to take up a professorship at The Open University (UK). In her capacity as founding Executive Director of the HEQC, Dr Singh had been involved in the work of

the CHE since the constitution of the first CHE Council. Her tenure as Interim CEO showed signs of integration in the work of the CHE, based on aligning the advice, monitoring and quality assurance functions. This conceptual approach made it easier for the CHE to proactively generate information, analysis and advice for the Minister of Education, the higher education sector and society. The CHE was fortunate to have Dr Singh as Interim CEO during a challenging transitional period for the organisation. The CHE benefited through her knowledge of higher education and moral commitment to social justice.

It has been a privilege for me to occupy the position of Acting CEO from August 2007 to April 2008. However,

this arrangement meant that the oversight responsibility for all functions of the CHE and the HEQC resided with one person and undoubtedly placed enormous pressure on all staff members.

The past year saw the beginnings of the implementation of a business plan focused on the integration of the CHE responsibilities without losing the necessary functional and conceptual separation of tasks. The CHE provided advice to the Minister of Education on a number of matters, including the Higher Education Qualifications Framework and the National Senior Certificate. It was able, on the basis of its different operational functions, to offer the Minister and her officials a first integrated briefing on the state of higher education.

The HEQC completed a demanding schedule of work in all its areas of responsibility. Four audits of public and one of private higher education institutions were completed. The HEQC continued with site visits for the national review of academic and professional programmes on education. In the routine accreditation the HEQC received 103 new applications from private and 48 applications from public higher education institutions. One hundred and eleven evaluators and auditors were trained and the HEQC worked with a number of stakeholders to coordinate and promote quality in the higher education sector. To maintain the credibility of the work of the HEQC, senior staff presented and published papers at several local and international conferences.

The fulfilment of the core functions of the CHE in the past year was greatly aided by the continuous improvement of internal support systems developed and implemented in the previous year such as project management and financial reporting systems. These systems assist in creating an organisation that is efficient in its functions and enabling the CHE to respond to increasing accountability demands.

The successful achievement of CHE/HEQC goals is due to effective teamwork and the contribution of a number of role players. Particularly in the area of quality assurance, the organisation would not have been able to discharge its responsibilities without the cooperation and support of colleagues from the higher education sector who generously lend their time and expertise to this work. The CHE is privileged to have a considerable level of collaboration and collegial interaction with a number of stakeholder organisations and government departments. Transitions are never easy for organisations and bring much additional work. A special tribute is due to all staff whose willingness, dedication and commitment made it possible to achieve organisational goals at acceptable standards.



Dr Lis Lange
Acting CEO
August 2007-April 2008

ABBREVIATIONS AND ACRONYMS

AAU	Association of African Universities
AHPCSA	Allied Health Professions Council of South Africa
AU	African Union
AUQA	Australian Universities Quality Agency
BEd	Bachelor of Education
CBE	Council for Built Environment
CEO	Chief Executive Officer
CHEA	Council for Higher Education Accreditation
CHE	Council on Higher Education
CHESP	Community Higher Education Service Partnerships
CODESRIA	Council for the Development of Social Science Research in Africa
COHORT	Committee of Heads of Research and Technology
CPTD	Continuous Professional Teacher Development
CPUT	Cape Peninsula University of Technology
CREST	Centre for Research in Science and Technology
CTP	Committee of Technikon Principals
CUT	Central University of Technology
DCC	Durban Computer College
DoE	Department of Education
DoL	Department of Labour
DST	Department of Science and Technology
DUT	Durban University of Technology
ECSA	Engineering Council of South Africa
ETDP SETA	Education, Training and Development Practices, Sector Education and Training Authority
ETQA	Education and Training Quality Assurer
FET	Further Education and Training
FINHEEC	Finnish Higher Education Evaluation Council
GATS	General Agreement on Trade in Services
HE	Higher Education
HEDCOM	Heads of Education Departments Committee
HEIAAF	Higher Education, Institutional Autonomy and Academic Freedom
HEMIS	Higher Education Management Information System
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa
HDI	Historically Disadvantaged Institution
HEI	Higher Education Institution
HEQC	Higher Education Quality Committee
HEQCIS	Higher Education Quality Committee Information System

HSRC	Human Sciences Research Council
IAU	International Association of Universities
IDASA	Institute for Democracy in South Africa
IIE	Independent Institute of Education
INQAAHE	International Network of Quality Assurance Agencies in Higher Education
JET	Joint Education Trust
MANTECH/MUT	Mangosuthu Technikon/Mangosuthu University of Technology
MANCOSA	Management College of South Africa
Mauritius TEC	Tertiary Education Commission of Mauritius
MEd	Master of Education
MIS	Management Information System
MoU	Memorandum of Understanding
MTech	Master of Technology
NAAC	National Assessment and Accreditation Council
NADEOSA	National Association of Distance Education and Open Learning in South Africa
NAPTOSA	National Professional Teachers' Organisation of South Africa
NASDEV	National Association of Student Development
NATU	National Teachers' Trade Union
NEHAWU	National Education Health and Allied Workers Union
NGO	Non-Governmental Organisation
NLRD	National Learner Records Database
NMMU	Nelson Mandela Metropolitan University
NOKUT	Norwegian Agency for Quality Assurance in Education
NQA	Namibia Qualifications Authority
NQF	National Qualifications Framework
NRF	National Research Foundation
NWU	North-West University
OECD	Organisation for Economic Cooperation and Development
PGCE	Post-Graduate Certificate in Education
QA	Quality Assurance
QAA	Quality Assurance Agency
QPCD	Quality Promotion and Capacity Development
QPU	Quality Promotions Unit
RPL	Recognition of Prior Learning
RU	Rhodes University
SABC	South African Broadcasting Corporation
SACE	South African Council for Educators
SADC	Southern African Development Community

ABBREVIATIONS AND ACRONYMS

SADTU	South African Democratic Teachers' Union
SAICA	South African Institute of Chartered Accountants
SAOU	Suid-Afrikaanse Onderwysers Unie
SAPSE	South African Post-Secondary Education
SAQA	South African Qualifications Authority
SASSAP	South African Association of Senior Student Affairs Professionals
SAUS	South African Union of Students
SAUVCA	South African Universities Vice-Chancellors Association
SERTEC	Certification Council for Technikon Education
SETA	Sector Education and Training Authority
SPQA	Student Participation in Quality Assurance
SRC	Student Representative Council
SUN	Stellenbosch University
TUT	Tshwane University of Technology
UCT	University of Cape Town
UFH	University of Fort Hare
UFS	University of the Free State
UJ	University of Johannesburg
UKZN	University of KwaZulu-Natal
UL	University of Limpopo
UMALUSI	Council for Quality Assurance in General and Further Education and Training
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNISA	University of South Africa
UNIVEN	University of Venda
UNIZUL	University of Zululand
UP	University of Pretoria
UWC	University of the Western Cape
VUT	Vaal University of Technology
WITS	University of the Witwatersrand
WSU	Walter Sisulu University
WTO	World Trade Organisation

1

CHAPTER

OVERVIEW OF THE CHE

1.1 Introduction

The Council on Higher Education (CHE) is as an independent statutory body in terms of the Higher Education Act, No. 101 of 1997. It operates in accordance with the prevailing legislative and regulatory frameworks of the Republic of South Africa and with due cognizance of its obligations and responsibilities in terms of such laws and regulations.

The Higher Education Act and Education White Paper 3 of 1997, A Programme for the Transformation of Higher Education, set out the mandate and responsibilities of the CHE.

Mission

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

The CHE operates as a national entity 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 performance management and is held accountable for these to the Parliament of the Republic of South Africa.

The main areas of work of the CHE are:

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

Vision

The CHE as an independent statutory body strives to be an organisation nationally and internationally recognized for the quality of its intellectual contribution to and its impact on the South African higher education system, its principled positions, its work ethic and its transparent governance processes in the discharge of its core functions of advising the Minister of Education, monitoring the higher education system, assuring and promoting the quality of higher education and contributing to the development of higher education.

1.2 Membership

The Higher Education (HE) Act makes provision for a chairperson, 13 ordinary members, a maximum of three co-opted members (maximum three) and six non-voting members. The Minister of Education appoints the members of the CHE following a public call for nominations from HE stakeholders and the general public. Members are appointed for a four-year period and the chairperson for five years. The members of the CHE are appointed in their own right as people with specialist knowledge and expertise on HE matters. In this regard, and despite the fact that the members of the CHE are drawn from various constituencies, the CHE functions as an independent expert statutory body rather than as a body of delegates or representatives of organizations, institutions or constituencies.

The members are as follows:

Chairperson

Mr S Macozoma*: Chairperson of STANLIB

From October 2007

Prof NC Manganyi*: Independent Researcher and Senior Research Fellow, University of Pretoria.

Ordinary members

Ms L Abrahams: Director of Learning Information Networking Knowledge (LINK)

Prof Y Ballim: Deputy Vice-Chancellor (Academic), University of Witwatersrand

Prof SF Coetzee*: Executive Director, Afrikaanse Handelsinstituut

Prof M Fourie*: Vice-Rector Teaching, University of Stellenbosch

Dr F Ginwala: former speaker of Parliament, independent consultant

Mr R Katz: Chief Executive Officer, Spirit Power

Assoc Prof AM Perez: Deputy Dean, Faculty of Health Sciences at the University of Cape Town

Prof SJ Saunders*: Senior Advisor at the Andrew W Mellon Foundation

Ms N Sibiyi: President of NEHAWU

Mr V van Vuuren: Chief Operating Officer, Business Unity South Africa (BUSA)

Non-voting members

Ms A Canca: General Manager: Science Missions and Human Capital, Department of Science and Technology, resigned October 2007, replaced by Mr Lebs Mphahlele, Acting General Manager

Mr SBA Isaacs: Chief Executive Officer: South African Qualifications Authority (SAQA)

Dr Kaniki: Executive Director, National Research Foundation, replaced by Dr M Mangaliso, President and Chief Executive Officer, National Research Foundation from February 2008

Dr RC Lubisi: Superintendent-General: Education (HEDCOM), KwaZulu-Natal Province

Dr M Qhobela*: Deputy Director-General, Higher Education, Department of Education

Co-opted Members

Prof H Africa: Independent Consultant (for the period 2006–2008)

Ms J Glennie: Director: South African Institute for Distance Education (for the period 2006–2010)

Dr W Rowlands: Council Member, National Council for the Blind (for the period 2006 – 2009)

Ex-officio members

Dr L Lange: Acting CEO, Council on Higher Education

* Members serving on the Executive Committee of the CHE

1.3 Responsibilities of the CHE

The responsibilities allocated to the CHE by the Higher Education Act and the Education *White Paper 3* of 1997 can be grouped into four main areas of work:

- advising the Minister at his/her request or proactively on all policy matters related to higher education;
- assuming executive responsibility for quality assurance and quality promotion within higher education and training – including programme accreditation, institutional audits, programme evaluation, quality promotion and capacity building;
- monitoring and evaluating whether, how, to what extent and with what consequences the vision, policy goals and objectives for higher education are being realized, including reporting on the state of South African higher education;
- contributing to the development of higher education – taking the lead or initiative in providing guidance on key national and systemic issues, producing publications, holding conferences and conducting research to sensitise government and stakeholders to immediate and long-term challenges of higher education.

The areas of responsibility of the CHE are reflected in the way the CHE has been structured i.e. a monitoring and advice division and a quality assurance division represented by the Higher Education Quality Committee, the permanent CHE sub-committee responsible for the promotion and assurance of quality in higher education. The monitoring and advice division is responsible for giving effect to the CHE responsibilities in the areas of advice, monitoring and the development of higher education, while the HEQC has responsibility for quality promotion and quality assurance in higher education. This report reflects in its scope the differentiation between the advice function (including monitoring) and the quality assurance and promotion function respectively of its permanent committee, the HEQC.

2

CHAPTER

FULFILLING THE MANDATE OF THE CHE

2.1 Progress in the mandate areas

The year under review saw the CHE giving expression to its new agenda of work. This agenda was shaped by two key factors: the Minister's requests for advice from Council and monitoring of the higher education system at the end of 2006, and the issues emerging in the work of the HEQC and the Monitoring and Evaluation Directorate that indicated policy implementation ramifications. The introduction of new legislation required that the CHE discharge its responsibility of providing advice to the Minister of Education on request and proactively. The year was marked by a number of transitions in the senior management with the departure of the Interim CEO, the appointment of the Executive Director of the HEQC as Acting CEO and, finally, the appointment of a new CEO effective from 1 May 2008. All these developments required keen attention to maintaining the schedule and momentum of work to ensure that the projects and programmes in all divisions of the CHE were not negatively affected. Overall, within the severe constraints of senior-level human resources, good progress has been made during the past year with respect to the execution of responsibilities in all mandate areas.

The responsibilities allocated to the CHE are extensive and varied. Table 2.1 below shows the CHE's responsibilities and its progress during the past year towards their fulfilment.

Table 2.1 Progress towards fulfilling the mandate of the CHE

RESPONSIBILITY	PERFORMANCE in 2007/8
<p>1. Advising the Minister on all higher education issues on which the CHE's advice is sought</p>	<ul style="list-style-type: none"> • Preparatory work on a new programme of activities relating to the advice function (in response to the priorities indicated by the Minister of Education). • Advice to the Minister of Education on the entry requirements to higher education stipulated in the National Senior Certificate. • Comments at the Minister of Education's request on the proposal to harmonise higher education programmes in Africa. • Comments at the Minister of Education's request on the African Union proposal for higher education rankings.
<p>2. Advising the Minister on its own initiative on higher education issues that the CHE regards as important</p>	<ul style="list-style-type: none"> • Finalisation of the investigation into government involvement in and regulation of higher education, institutional autonomy and academic freedom. • Advice on the Higher Education Act Amendment Bill. • Advice on the National Qualifications Framework Bill.

Table 2.1 Progress towards fulfilling the mandate of the CHE

RESPONSIBILITY	PERFORMANCE in 2007/8
<p>3. Designing and implementing a system for quality assurance in higher education and establishing the HEQC</p>	<p>Institutional audits Completed audits</p> <ul style="list-style-type: none"> • Public higher education institutions: 4 • Private providers: 1 <p>Audit reports completed: 8</p> <p>Audit notification visits for audits in 2008, 2009 and 2010: 7</p> <p>Programme accreditation Accreditation of public provider programmes</p> <ul style="list-style-type: none"> • Programmes received: 86 • Programmes reviewed: 85 • Programmes accredited: 83 <p>Accreditation of private provider programmes</p> <ul style="list-style-type: none"> • Programmes received: 115 • Programmes reviewed: 107 • Programmes accredited: 62 <p>Follow-up on conditional accreditation</p> <ul style="list-style-type: none"> • Public HEIs <p>Programmes received: 12 Programmes accredited: 12</p> <ul style="list-style-type: none"> • Private HEIs <p>Programmes received: 217 Programmes accredited: 216</p> <p>National reviews: ACE, PGCE, BEd, MEd. 2007–2008</p> <ul style="list-style-type: none"> • Programmes reviewed: 41 • Fully accredited programmes: 9 • Programmes accredited with conditions: 29 • Programmes with accreditation withdrawn: 3 <p>Quality promotion and capacity development Training</p> <ul style="list-style-type: none"> • Auditors: 22 potential auditors trained • Programmes accreditation: 89 evaluators trained

Table 2.1 Progress towards fulfilling the mandate of the CHE

RESPONSIBILITY	PERFORMANCE in 2007/8
<p>4. Monitoring the state of higher education and the effects of policy implementation</p>	<p>Monitoring</p> <ul style="list-style-type: none"> • Institutional profiles of public HEIs: 3 <p>Research projects</p> <ul style="list-style-type: none"> • Access, success and institutional culture • The state of postgraduate education <p>Higher Education Monitor – number of issues published: 2</p>
<p>5. Contributing to the development of HE through publications and conferences</p>	<ul style="list-style-type: none"> • A range of publications initiated, including policy and research reports • A consultative conference was held at Birchwood Conference Centre in November 2007 attended by more than 70 people. The theme of the conference was The Role and Implications of the Three Policy Steering Instruments in South Africa for Academic Freedom, Institutional Autonomy and Public Accountability.

2.2 Interaction with the Minister of Education

Interactions with the Minister

The CHE interacts with the Minister of Education on a needs basis and on request.

There was written correspondence on various issues pertaining to the business plan and budget and on arrangements for the CHE to brief the Minister on a regular basis on its quality assurance and monitoring work. The Minister addressed the Council in November 2007. She provided a comprehensive account of the achievements of her department in the areas of priorities and she covered concerns in higher education. The Minister engaged in discussion with Council members on a number of pertinent issues. These engagements have become part of an ongoing dialogue and interaction between the Minister and the Council.

In December 2007, members of the CHE senior management met with the Minister of Education and officials from the Department of Education. The purpose of the meeting was to brief the Minister and her officials about the issues the CHE had identified through the work of the HEQC and the Monitoring and Evaluation Directorate. This meeting set the scene for regular similar interactions.

Requests for advice from the Minister

The Minister requested the CHE to advise her on the following:

- a) Harmonisation of HE programmes in Africa. Advice was provided on 28 July 2007.
- b) Rankings of the HE Institutions in Africa as proposed by the African Union. Advice was provided on 28 July 2007.
- c) Entrance requirements to higher education stipulated in the National Senior Certificate. Advice was provided on 10 March 2008.

Proactive advice to the Minister

The CHE also provides proactive advice to the Minister. The following issues that were identified for advice have been the subject of ongoing research and investigations:

- a) Barriers (educational, financial, institutional, etc.) to equity of student access and especially equity of opportunity and outcomes in higher education.
- b) The funding and financing of higher education.
- c) The macro implementation of institutional restructuring and its impact, outcomes and consequences.
- d) South African government involvement in and regulation of higher education, institutional autonomy and academic freedom.

The CHE also provided extensive comments on the proposed National Qualifications Framework Bill and the Higher Education Amendment Bill on 10 March 2008.

2.3 Meetings with the Department of Education

The practice of regular meetings between senior CHE staff and senior officials of the Higher Education Branch of the Ministry of Education has continued and provides an important mechanism for addressing various matters. The CHE met with the DoE on a scheduled monthly basis and as required. The meetings allow for exchange of information on key matters pertaining to planning, funding and quality assurance in higher education.

2.4 Task Teams

CHE Task Teams are focused on major systemic higher education policy issues on which the Minister has requested the CHE's advice or on which the CHE wishes to provide advice proactively. They are established according to need. The members of Task Teams, including the Chair, are appointed by the CHE and non-CHE members may participate with the approval of the Council. The CHE is responsible for the management and administration of Task Teams.

South African government involvement in and regulation of higher education, institutional autonomy and academic freedom

In March 2005, the CHE established a Task Team to investigate the past decade of regulation of South African higher education by government and other agencies, and to promote debate on conceptions of institutional autonomy, academic freedom and public accountability, in general and in the specific context of higher education transformation.

Specifically, the Task Team investigation aimed to:

- stimulate research and writing;
- build shared understandings of institutional autonomy, academic freedom and public accountability, through the creation of various public forums, public discussion and debate on these important principles;
- develop consensus, as far as is possible, on the nature and modes of government involvement in higher education transformation, and on the relationships between government and other regulatory bodies and HEIs.

In order to achieve this, the Task Team commissioned a number of research papers on various aspects of the academic freedom and institutional autonomy and held a number of public meetings. The outputs of these activities can be found on the CHE website.

During the period under review, the Task Team finalised its report to the CHE. During the next financial year the CHE will have to apply its mind to the report and decide what form its advice to the Minister of Education on this matter will take; whether this will be the research report as submitted by the Task Team or, alternatively, a policy report prepared by the CHE on the basis of the Task Team's independent report.

The members of the Task Team at March 2008 were:

Dr Khotso Mokhele – Independent consultant, (Chairperson)

Dr Saleem Badat former CHE CEO, currently Vice-Chancellor, Rhodes University (Convener)

Justice Dennis Davis – Judge in the Cape High Court

Prof Steven Friedman – Research Associate, IDASA

Dr Frene Ginwala – Independent consultant, member of the CHE

Prof Adam Habib – former Executive Director, HSRC, currently Deputy Vice-Chancellor, University of Johannesburg

Prof Loyiso Nongxa – Vice-Chancellor, University of the Witwatersrand

Prof Ebrima Sall – Head of Research and Documentation, CODESRIA

Dr Mala Singh – former Interim Chief Executive Officer, CHE

Prof Peter Vale – Nelson Mandela Chair of Politics, Rhodes University.

2.5 Monitoring and Evaluation Directorate

During the year under review, the activities of the Directorate were concentrated on the areas of monitoring and research.

2.5.1 Monitoring

In the area of monitoring, the Directorate produced three institutional profiles to support the conduct of quality audits by the HEQC. The profiles were of the University of Pretoria, the Durban University of Technology and the University of the Western Cape. These profiles are analytical reports of the changes in the inputs and outputs of institutions in the core functions of teaching and learning and research for a ten-year period. The reports are based on SAPSE and HEMIS data and the analysis of journal articles published in accredited scientific journals locally and internationally. This aspect of the analysis is contracted out to the Centre for Research in Science and Technology (CREST) at Stellenbosch University.

2.5.2 Research

In the area of research, the Monitoring and Evaluation Directorate worked on the following projects this year:

The state of postgraduate education in South Africa

This project takes as its point of departure the need to integrate the DoE's and the DST's concerns and policies relating to postgraduate education through the involvement of a number of national stakeholders.

This project has four broad aims:

- to map out and understand the dynamics of the national landscape of postgraduate education in terms of a number of indicators, taking into account the specificity of different science domains;
- to map out practices of postgraduate education and their effects on the production of postgraduates;
- to map out existing interventions and support systems at national level and analyse their impacts in changing the number and profile of postgraduates in SA;
- to serve as a base for the design of coordinated interventions.

A first draft report with extensive tables and graphs and which will make an important contribution to the understanding of the landscape of postgraduate education in South Africa was completed in February 2008. The final publication will only be released in the second half of 2008.

Student access, success and institutional cultures

This research proposed a qualitative approach to the issue of student performance in higher education. Taking as its point of departure the low graduation rates, high dropout rates and general academic underperformance which confront South African universities, the research attempted to look at how the academic experience affects student performance and retention. The research project was focused on three institution-based case studies: the University of the Western Cape, the University of Pretoria and the University of the Witwatersrand, and the research was conducted by institutional teams. The research teams concluded their reports and have been working together on the final report which will be a book length report and will also engage with the issue of throughputs and institutional cultures from a theoretical point of view. The final publication will be available in the second half of 2008.

Improvement of teaching and learning

This research was a collaborative project of the HEQC and the Monitoring and Evaluation Directorate. The main purpose of the research was to make a case for more support, of different kinds, for the teaching and learning core function at public higher education institutions, and to point to a number of possible interventions designed to improve the quality of the educational experience afforded to undergraduate students and therefore the quality of higher education graduates overall. This research was published in October 2007 in the series Higher Education Monitor.

2.6 Other activities of the CHE

2.6.1 Conferences, workshops and seminars

The CHE held a one-day Consultative Conference in November 2007 at the Birchwood Conference Centre. The topic of the Conference was the role and implications of the three policy steering instruments in South African higher

education (planning, funding and quality assurance) for academic freedom, institutional autonomy and public accountability in higher education. The theme of the Consultative Conference was related to the work of the Task Team established by the CHE in 2005 to look into state regulation of higher education and its implications for academic freedom, institutional autonomy and the public accountability of higher education.

The CEO of the CHE, the HEQC Executive Director and other senior staff of the CHE and HEQC made presentations at numerous regional, national and international seminars, workshops and conferences. National conferences included those arranged by HEIs, national organisations and other statutory bodies International conferences included those of UNESCO, the AAU, the OECD and INQAAHE.

2.6.2 External representation/participation

CHE staff are represented on and participate in other national bodies, including:

- the Committee of Heads of Research and Technology (COHORT);
- the South African Qualifications Authority (SAQA) and some of its sub-committees;
- the South African Institute for Chartered Accountants (SAICA);
- the General and Further Education and Training Council (UMALUSI);
- the South African Council for Educators (SACE).

External representation on international bodies includes:

- the Association of African Universities –
 - The CHE has Associate membership of the AAU.
 - A CHE member serves on an AAU sub-committee.
- the United Nations Educational, Scientific and Cultural Organisation (UNESCO) –
 - A CHE member serves on the UNESCO Global Forum on International Quality Assurance, Accreditation and the Recognition of Qualifications in Higher Education.
 - A CHE member serves on the Africa Scientific Committee of the UNESCO Forum on Higher Education, Research and Knowledge.
- the International Network of Quality Assurance Agencies on Higher Education (INQAAHE) –
 - The CHE is member of INQAAHE.
 - A CHE member serves on the Board.
- the Council for Higher Education Accreditation (USA) –
 - A CHE member serves on the International Commission established by the Council.

2.6.3 CHE international liaison and agreements

International visitors

Because of its intellectual presence on the African continent in the matter of quality assurance, the CHE/HEQC continues to receive requests to host visits.

- In October 2007, the CHE hosted a visit by the Minister of Education and four Vice-Chancellors from the Sudan, and in January 2008, the CHE hosted a visit by the officials from the Ministry of Education in Ethiopia.

- In November 2007 the HEQC hosted a visit by the CEO of the National Council on Higher Education (NCHE) and Advisory Council for Teacher Education and Training (ACTET), Namibia.
- In March 2008, the HEQC hosted a meeting with Dr M Stewart, an expert on the quality assurance of teacher education programmes in the Caribbean.

The HEQC acknowledges that strong relationships with local, regional and international partners is essential to achieving the challenging objective of building a sound and credible quality assurance system for higher education in South Africa.

The CHE has several memorandums of understanding (MoUs) with international agencies; these include:

- the MoU with the Tertiary Education Council (Botswana) The TEC was established in terms of the Botswana Tertiary Education Act of 1999 with responsibility for coordinating tertiary education and for determining and maintaining standards of teaching, examinations and research in tertiary institutions in Botswana. This includes responsibility for quality assurance of all tertiary institutions. The MoU signed between the HEQC and TEC in October 2007 set out the terms of agreement for cooperation and collaboration between the agencies. Under these, they will work together in order to:
 - exchange information and expertise, as appropriate. This will include:
 - key policy documents and operational information, where appropriate.
 - information on programmes of study and institutions in which each party has an interest, subject to any overriding requirement of confidentiality to which either agency may be subject.
 - provide developmental opportunities as appropriate for staff of both parties;
 - collaborate in joint research projects of mutual benefit;
 - cooperate in any other mutually agreed activities for the benefit of both parties thereto;
- the Tripartite MoU with Polytechnic Namibia and the Namibian Qualifications Authority, October 2007;
 - in the context of this agreement two HEQC staff participated in the audit of the Polytechnic of Namibia arranged by NQA in 2007;
- the MoU with the Quality Assurance Agency (UK) in 2005;
 - in the context of this MoU two HEQC directors participated in a training workshop on the QAA's new audit system held in Gloucester in February 2008;
 - as part of the cooperation with the QAA, the Executive Director of the HEQC conducted a workshop on report writing for audits in London in February 2008;
- the MoU with the Norwegian Agency for Quality Assurance in Education (NOKUT) on cooperation on quality assurance matters in May 2005;
- the MoU with National Assessment and Accreditation Council (NAAC), India on cooperation on quality assurance matters in 2004;
- the MoU with the Australian Universities Quality Agency in 2003 (AUQA);
 - in the context of this MoU education experts recommended by AUQA participated in HEQC institutional audit panels in 2006. AUQA and the HEQC carried out a joint audit of Monash SA in August 2006.

2.6.4 External donor relations

The CHE received donor funding from the following sources, which enabled it to support a number of ongoing projects:

- The Ford Foundation
 - Monitoring and evaluation project – Task Team on South African government involvement in and regulation of higher education, institutional autonomy and academic freedom

- The Carnegie Corporation
 - Quality promotion and capacity development
- The Rockefeller Foundation
 - Monitoring and evaluation project – Triennial Review of Higher Education
- The Finnish Government
 - Funding of quality promotion and capacity development (received through the bi-national agreement between the Department of Education and the Finnish government).

2.6.5 CHE publications

In accordance with its mandate to contribute to the development of higher education through publications, the CHE produces a range of publications – Research Reports, Policy Reports, Policy Advice Reports, Policy Documents, Discussion Documents, Occasional Papers, Conference Reports, Newsletters, Kagisano, the CHE's Higher Education Discussion Series and organisational brochures. When necessary, the CHE also issues press releases.

Higher Education Monitor

- *Review of Higher Education in South Africa. Selected Themes* (Number 5 August 2007), by various authors.
- *A Case for the Improving Teaching and Learning in South African Higher Education*, (Number 6, October 2007), by Ian Scott, Nan Yeld and Jane Hendry.

A complete list of all CHE publications produced since its inception can be found on the CHE website under 'CHE Media'. The CHE website at www.che.ac.za provides electronic versions of all CHE publications.

2.7 Corporate Services

2.7.1 Overview

The support services section of the CHE is responsible for the efficient implementation of the financial, human resources and administrative policies which enable the organisation to carry out its core areas of work.

During the year under review, this section focused on two areas: the revision of policies and the improvement of systems. A full set of revised and new HR and IT policies and procedures was submitted to the CHE Council and subsequently approved for implementation and a new system of financial reporting was developed in order to ensure that Directorates always have the most recent expenditure information. These reports enabled Directorates to carefully monitor their spending against budgets and alerted them to potential problems in meeting strategic and budget objectives.



Dr Beukes

Matters raised by the Auditor-General and internal auditors in their management reports for the financial year 2006-2007 were addressed. Among these were issues relating to IT policies, a disaster recovery plan and password and log-on controls. As a consequence of this a new set of IT policies and procedures has been put in place. The concerted efforts of staff in the support services section and the CHE senior management resulted in the Council receiving its ninth consecutive unqualified audit from the Auditor-General for the 2007/8 financial year.

2.7.2 Internal Audit

Because of the nature and size of the organisation, the Council considers it inappropriate to establish an in-house internal audit function. The internal audit function has thus been outsourced to a firm of auditors. A three-year strategic internal audit plan based on the assessment of key work areas has been developed in consultation with the CHE Audit Committee.

2.7.3 Information Technology

An IT User and System Policy that includes email policy, web access, instructions on the business and personal use of the CHE's resources, network security, disaster recovery and legal responsibilities was adopted.

The CHE migrated from a GEN2 to a GEN3 network supplied by the Tertiary Education Network (TENET). This has improved the performance of the CHE's internet. Monthly internet uptime for the year was 99.8% inclusive of the migration between networks.

All infrastructure in the server room was unaffected by load shedding as it is equipped with a sufficient Uninterruptable Power Supply. Server uptime during working hours was 99.8%.

HEQC-online improvements

The HEQC implemented a new version of the online application form through which higher education institutions submit applications for accreditation. The new form takes into account information that is required for each site of delivery and is customised for public and private providers.

Revised website

The structure of the CHE website was improved to better serve the information needs of the website users. The emphasis of the website's structure was changed from an organisational to a functional approach, which enhances the website's usability. The visual design and appearance of the website was adapted to support the information architecture and improve the accessibility of the site.

2.7.4 Supply Chain Management

A Supply Chain Management policy was implemented as from 1 April 2007. A new position was created for this function and in March 2008 a second person was appointed to act as a support and back-up for the Supply Chain Officer.

The Supply Chain Management policy provides for the establishment of a Capex (capital expenditure) Committee to advise on the procurement of IT and capital expenditure.

A comprehensive supplier database was designed, set up and populated with the details of CHE's current suppliers. More than 300 service providers are currently registered and active on the database. The service provider database has been set up to prioritise quotations in terms of factors such as black economic empowerment (BEE), disability and women's equity status.

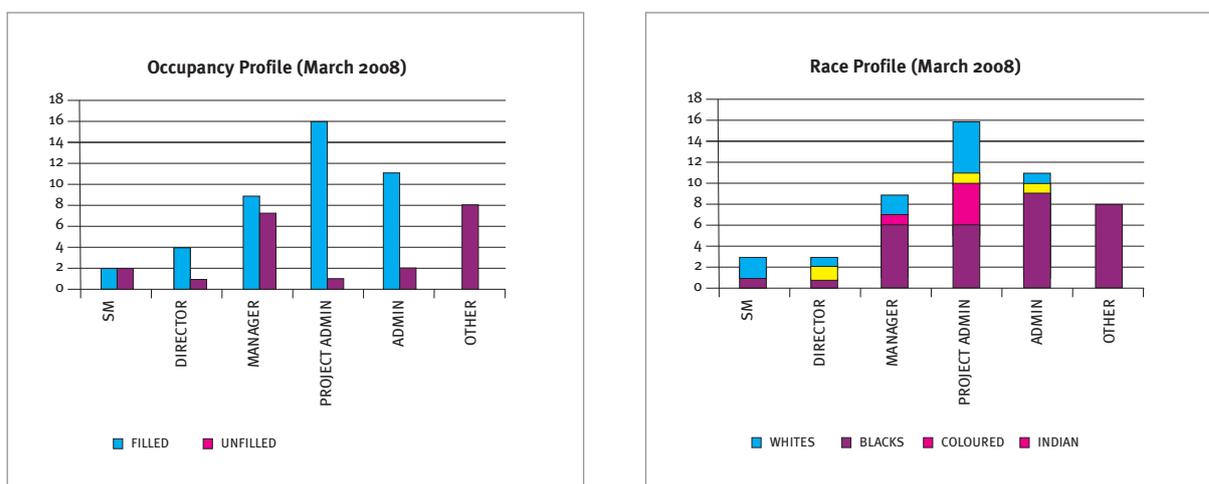
2.7.5 Human Resources

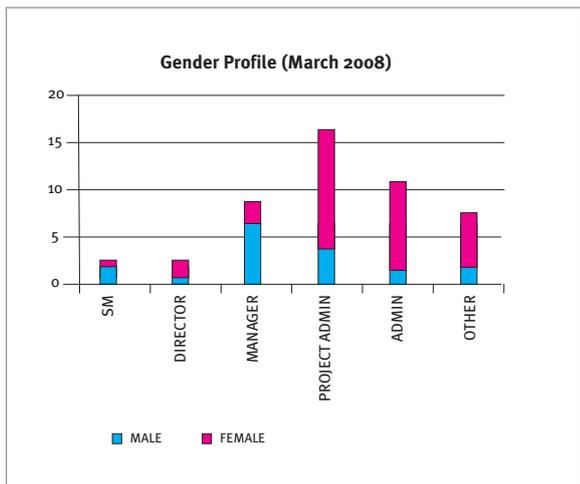
Of the 63 positions at the CHE, 50 were occupied as at 31 March 2008, and 13 remained vacant. During the year under review, 17 vacancies were advertised, of which 12 were successfully filled through normal recruitment processes. Because of the scarcity of skills and expertise in some positions in the job market, the CHE embarked on a headhunting exercise in an attempt to fill these vacancies. Four positions were filled

Staff profile

The CHE staff profile as at 31 March 2008 is shown in Figure 1.

Figure 1: CHE staff profile, 31 March 2008





Performance management and staff development

The performance management system, which was developed and launched in the previous year, has been used with great success for the second year. Performance reviews have resulted in performance rewards and have also fed into the CHE staff development programme. Employees are benefiting from the CHE staff development efforts by attending short-term training courses. These courses focus directly on job requirements and are aimed at developing the employees' skills and competencies so they can perform their duties better. The CHE spent R216,208 on staff development including funding staff to pursue undergraduate and postgraduate studies. Twenty-six employees participated in the CHE staff development programme in the year under review. The CHE staff development policy also encourages employees to further their studies with accredited higher education institutions.

3

CHAPTER

QUALITY ASSURANCE: THE WORK OF THE HEQC

3.1 Introduction

The promotion and assurance of quality is a statutory responsibility of the CHE, carried out by its permanent sub-committee, the Higher Education Quality Committee (HEQC). According to the Higher Education Act of 1997, the functions of the HEQC are to:

- promote quality in higher education;
- audit the quality assurance mechanisms of higher education institutions, and;
- accredit programmes of higher education.

To the above areas, the HEQC Board added quality-related capacity development. The HEQC operates within the framework of the NQF and is accredited by the South African Qualification Authority (SAQA) as the Education and Training Quality Assurer (ETQA) for the higher education band.



Dr Hugh Africa

3.2 HEQC Board and membership

The HEQC has its own Board with two CHE representatives on it. HEQC members are appointed by the CHE on the basis of nominations from interested parties in higher education. All HEQC members are appointed in their own right for a three to four year period. Board members bring expertise from different stakeholder domains. The current HEQC Board was constituted in April 2005 and its membership comprises:

Chairperson

Prof HP Africa* – Independent Consultant, CHE member

Voting members

Mr M Cele – Deputy Director (Research), Department of Science and Technology

Ms J Favish* – Director, Institutional Planning, University of Cape Town

Prof D Gihwala* – Dean, Faculty of Health and Wellness Sciences, Cape Peninsula University of Technology

Ms J Glennie* – Director, South African Institute for Distance Education, CHE member

Prof H Hanrahan – Professor of Engineering, University of the Witwatersrand

Prof D Mogari, Associate Professor, Institute for Science & Technology Education, University of South Africa (UNISA)

Dr M Motshekga-Sebolai* – Academic Director, PC Training and Business College

Dr P Naves – Director (Human Capital), South African Broadcasting Corporation (SABC)
Dr R Stumpf* – former Vice-Chancellor and Rector, Nelson Mandela Metropolitan University, independent consultant
Dr NM Takalo – Vice-Principal, North-West University
Mr T Yako – Provincial Manager (Western Cape), Police & Prisons Civil Rights Union (POPCRU)

Non-voting members

Dr L Lange* – Executive Director, HEQC (When Dr Singh stepped down as Interim CEO of the CHE Dr Lange was appointed Acting CEO from 1 August 2007 to 30 April 2008.)
Dr P Lolwana – Chief Executive Officer, UMALUSI
Dr M Qhobela – Deputy Director-General (Higher Education), Department of Education (Dr Qhobela represented the DoE on the HEQC until 6 March 2007. He was replaced by Mr M Mabizela who was part of the HEQC until February 2008 and who was then replaced by Dr C Schoole.)
Dr M Singh* – Interim Chief Executive Officer, CHE, until 31 July 2007.

(* Members serving on the Executive Committee of the HEQC)

3.3 Organisation

The HEQC Board meets four times a year and its Executive Committee (EXCO), meets once a month. In addition to the full Board meetings, the work of the HEQC is conducted through the following sub-committees:

- the Executive Committee
- the Accreditation Committee
- the Special Accreditation Committee (National Reviews)
- the Institutional Audits Committee.

Regular reports on the work of the HEQC are tabled at the full meetings of the CHE.

During the past year, the HEQC Board and its Executive Committee met regularly as scheduled.

The HEQC comprises approximately 36 staff members who discharge their responsibilities in the Office of the Executive Director and the following four directorates:

- Programme Accreditation and Coordination
- National Reviews
- Institutional Audits
- Quality Promotion and Capacity Development.

In addition to the permanent staff, the HEQC from time to time contracts the services of local and internationally based experts and consultants and other organisations. It draws on the general infrastructure of the CHE for services relating to finance, personnel and media and communications. The Executive Director and the directors meet at least once every six weeks and each director has weekly meetings with the Executive Director. Directors, managers and project administrators meet every four months.

There is a close working relationship between the HEQC Directorates and the CHE Monitoring and Evaluation Directorate.

3.4 Office of the Executive Director

3.4.1 Overview

The period under review saw the introduction of two new policies relating to higher education qualifications. In April 2007, the Minister of Education promulgated the National Policy Framework for Teacher Education and Development in South Africa. The purpose of this Framework is to ensure that South Africa has a quality school education system and a teaching profession that adequately 'meets the needs of a democratic South Africa in the 21st century' (2007: 1). The Framework also provides guidance on teacher development as a continuum from initial preparation to professional development. The Framework has consequences for the work of the HEQC, as it proposes a new teacher education programme structure with which existing teacher education programmes will have to be aligned. A central aspect of this Framework is the focus on Continuous Professional Teacher Development (CPTD). While the responsibility for the quality assurance of these courses has been allocated to the South African Council for Educators (SACE), collaboration between the SACE and the HEQC will be essential in order to introduce consistency and coherence into all programmes affecting teacher education and development.

The other important higher education policy, the Higher Education Qualifications Framework (HEQF), was promulgated by the Minister of Education in October 2007. This policy, together with the National Qualifications Bill and the Higher Education Amendment Bill, which are expected to be promulgated during the next financial year, concludes the review of the implementation of the National Qualifications Framework which started in 2001. The new legislation will have a major impact on the work of the HEQC as the body responsible for the accreditation of higher education programmes.

In terms of the work of the HEQC in its four areas of responsibility, the year under review has introduced new challenges in the process of implementing a national system of quality assurance. The conduct of institutional audits and re-accreditation of programmes in the context of the national review of professional and academic programmes in Education brought into sharp relief the complex context of institutions that have been merged and that have historically experienced institutional disadvantage. The issues institutions are grappling with are many and multilayered. They include dealing with mission definition and the positioning of newly defined institutions within the higher education system, issues of funding and financial sustainability, and the difficulties of setting up internal quality assurance systems and ensuring that they have the desired impact on improving the quality of provision in the three core functions of teaching and learning, research and community engagement. From an HEQC perspective, these issues have a conceptual and practical impact on the way the HEQC engages with institutions prior to their participation in audits or evaluations, the content and methodology of auditor and evaluator training, and the HEQC's own understanding of the principles that inform its notion of quality and its focus on teaching and learning. These issues also have implications for the way the HEQC connects its work with that of the CHE in the areas of advice and monitoring.

During the period under review, the capacity of the organisation has been tested by the volume of work in its accreditation and national reviews functions, and the fact that between August 2007 and May 2008 the Executive Director of the HEQC was also Acting CEO of the CHE. The national review of professional and academic programmes in Education, which started in 2005, was concluded at the end of 2007. During this period 41 programmes were

reviewed. The operational and conceptual aspects of this complex review were conducted seamlessly; thanks to the dedication of the HEQC staff and the commitment of the Education community at our higher education institutions. The preparation of a research-based report on the outcomes of this national review started during this period, and it is hoped that the publication of the report in the course of 2008 will make an important contribution to a better understanding of the quality of provision in the area of Education.

The Accreditation Directorate achieved two important objectives during the period under review: clearing a backlog of programmes about which no accreditation decisions had been made and reviewing the HEQC-online system after two years of implementation. In August 2007 for operational reasons the HEQC Board authorised the separation of the coordination and accreditation functions of this directorate and the creation of the position of the Deputy Executive Director, who was to be responsible for this function as well as for stakeholder affairs.

In the area of coordination, the HEQC worked on finalising the Delegated Functions Framework, which stipulates the conditions under which the quality assurance functions for short courses, assessment, certification arrangements and the recognition of prior learning (RPL) will be delegated to higher education institutions. The HEQC interacted with professional councils and ETQAs with the aim of developing different forms of cooperation on quality assurance issues. Also in the area of coordination, the HEQC began implementing a system to take responsibility for maintaining the National Learner Records Database (NLRD) in relation to private providers of higher education.

The Quality Promotion and Capacity Development Directorate made significant progress in implementing reconceptualised training for evaluators and institutional auditors and in re-launching its project on the Promotion of Students' Participation in Quality Assurance.

The year under review was a challenging one for the Institutional Audits Directorate as five audits were conducted, bringing the total number of audits conducted since 2004 to 22 (11 public higher education institutions, ten private providers and one SADC public higher education institution). In general, feedback from audit panels and institutions indicate that the audits were conducted in a professional and efficient manner and that institutions have found the audits a useful tool for generating institutional self-knowledge.

Overall, the HEQC managed to discharge its responsibilities in a professional and efficient manner. The organisation continued to use the experience gained in the implementation of its four quality assurance sub-systems to improve its work in all areas of responsibility. However, problems in filling vacant positions continue to hinder the effectiveness and efficiency of its work.

The work of the HEQC provides important insights into the state of higher education in the country. From this perspective it seems clear that despite the many achievements of our higher education institutions there is still work to be done to achieve the goals of the White Paper on Higher Education. The restructuring of higher education has put to the test the commitment and inventiveness of most higher education institutions, and there are many examples of important successes in this regard. Yet, the challenges are still formidable. In this context the HEQC's understanding of quality as fitness for and of purpose within a framework of transformation remains a compelling one.

In the coming year, the challenges for the HEQC will become even greater as the agency takes responsibility for implementing the HEQF, begins auditing new types of institutions and grapples with different notions of and approaches to system differentiation and diversity. Translating the HEQC's growing knowledge and information base on the higher education system into constructive and useful analysis of the state of the higher education system and the impact of policy implementation constitutes another area of challenge for

the year ahead. Finally, in the coming year the HEQC will be externally evaluated by a panel of local and international experts on quality assurance and higher education. This provides an important opportunity to take stock of the work done, reflect on the impact that the implementation of a national quality assurance system has had on higher education institutions, and identify areas for improvement and new areas of work.

3.4.2 International liaison

The HEQC continued its active participation in international debates on quality assurance in higher education. Delegates visit the HEQC regularly, particularly from countries on the African continent with newly established quality assurance agencies. During this period, the HEQC received delegations from Sudan, Namibia, Ethiopia and the West Indies.

In October 2007, the HEQC formalised its longstanding relationships with the Namibia Qualifications Authority (NQA) and the Tertiary Education Council (TEC) of Botswana by signing two MoUs. As part of its involvement in the Association of African Universities Quality Assurance Support Programme, funded by the World Bank, the HEQC hosted a workshop for eastern and southern African countries on institutional quality assurance systems, from 23 to 25 October 2007.

Staff activities

- In July 2007, Mr Bhengu was invited by the TEC, Botswana, to share information on the lessons South Africa has had in accrediting private higher education providers and their learning programmes.
- Dr Singh facilitated a module on quality assurance in the Association of African Universities' leadership programme. The course took place in Windhoek, Namibia during August 2007.
- Dr Nieuwenhuis attended the Distance Education and Teachers' Training in Africa (DETA) Conference in Uganda from 5 to 9 August 2007 at which he presented a paper entitled 'Teaching teachers to teach values'. At the same conference, Ms Menon and Professor Harley presented a paper entitled 'Preliminary insights from the Master of Education (MEd) Review'.
- In September 2007, Mr Bhengu attended the UNESCO Global Forum in Tanzania on Quality Assurance, Accreditation and Recognition of Qualifications. He presented two papers entitled: 'Students and quality assurance: An HEQC approach' (authored by Dr Lange) and 'Preliminary thoughts on differentiation in higher education' (authored by himself).
- Mr Cele attended the British Education Research Association (BERA) Conference in London from 5 to 8 September 2007. He presented a paper entitled: 'Using self-evaluation to make quality everyone's business'.
- In October 2007, Ms Menon attended a conference in Norway on Quality Assurance and presented a paper entitled 'Quality Assurance in South Africa: Through a looking glass'.
- Dr Lange conducted a briefing at the Dutch Embassy on current debates around higher education and the South African higher education landscape on 13 November 2007.
- Dr Nieuwenhuis attended the UNESCO Expert Consultation Meeting on Basic Education in Paris, France, from 17 to 18 December 2007.
- In January 2008, Dr Lange attended a quality assurance meeting convened by the US-based Council for Higher Education Accreditation (CHEA) in Washington.
- In February 2008, Dr Lange conducted a workshop with the UK-based Quality Assurance Agency (QAA) on the writing of institutional audit reports.
- In February 2008, Mr Bhengu was invited by the newly established National Council for Higher Education (NCHE) and the Advisory Council for Teacher Education and Training (ACTET) in Swakopmund, Namibia, to conduct an induction for staff.
- In March 2008, Mr Cele attended the American Educational Research Association (AERA) Conference in the US at which he presented a paper on continuing academic development and its relationship to quality.

- In early April 2008, Mr Bhengu attended a meeting of the SADC Technical Committee on Certification and Accreditation (TCCA) in Gaborone to share information about the work of the HEQC and its collaboration with foreign quality assurance agencies.

3.5 Programme Accreditation

The Programme Accreditation Directorate focuses on:

- Accreditation of new programmes from private and public higher education institutions.

3.5.1 Online accreditation system

As previously reported, in mid-2005 the HEQC launched HEQC-online, a web-based accreditation application system for new programmes submitted by both public and private higher education institutions. The introduction of the online system was a significant milestone for the HEQC as it signified the actualisation of one of the major goals of White Paper 3: A Programme for the Transformation for Higher Education (1997) – namely, the introduction of an integrated accreditation system for public and private higher education institutions.

In order to improve efficiency, the Directorate undertook a redesign and streamlining of the online system, allowing a differentiated approach for public and private providers.

a) Routine accreditation (public providers)

During the period under review, the HEQC focused on processing new applications for accreditation and a backlog of applications from the previous year. The organisation received 48 new applications for the accreditation of learning programmes from public higher education institutions submitted through the online accreditation system. The Accreditation Committee also dealt with programmes that had been submitted for accreditation in the previous reporting period. In total, 86 programmes were tabled at the Committee's meetings during the period under review. Accreditation decisions were reached in relation to 85 programmes. Of these programmes, 83 were accredited, which represents a success rate of 98 per cent. Accreditation decisions on the remaining programme will be made at meetings of the Accreditation Committee in the new financial year. (See Table 5.1).

Table 5.1: Summary of new programme accreditation (public providers), April 2007 – March 2008

Number of programmes tabled	Decisions pending	Programmes with decisions taken	Number of programmes accredited	Not accredited	Success rate
86	1	85	83	2	98%

b) Routine accreditation of new programmes (private providers)

During this period, the HEQC received 103 new applications for the accreditation of learning programmes submitted by Private Providers through the online accreditation system. All these programmes were evaluated during this period. Programme applications pending from the previous reporting period were also tabled for decision. The Accreditation Committee had 115 programmes tabled at its scheduled meetings and accreditation decisions were reached during this period for 107 programmes. Of these programmes, 62 were accredited, indicating a success rate of 58 percent. Accreditation decisions on the remaining programmes will be made during the new financial year. (See Table 5.2)

Table 5.2: Summary of new programme accreditation (private providers), April 2007 - March 2008

Number of programmes tabled	Decisions pending	Programmes with decisions	Number of programmes accredited	Not accredited	Success rate
115	8	107	62	45	58%

c) Re-accreditation of MTech: Chiropractic programmes (public providers)

Programme accreditation for private providers is valid for six years and also depends on the Department of Education's cycle of registration of private providers. During the year under review the Department of Education identified 44 programmes from ten private higher education institutions which need to be re-accredited. During this period, the HEQC began preparing for its planned re-accreditation project (2008). The re-accreditation process started in late March 2008 with a team of evaluators checking applications for completeness in terms of HEQC requirements and criteria. The re-accreditation of these programmes will be undertaken during the next reporting period.

d) Re-accreditation (private providers)

Programme accreditation for private providers is valid for six years and also depends on the Department of Education cycle of registration of private providers. During the year under review the Department of Education identified 44 programmes from ten private higher education institutions which need to be re-accredited. During this period, the HEQC began preparing for its planned re-accreditation project (2008). The re-accreditation process started in late March 2008 with a team of evaluators checking applications for completeness in terms of HEQC requirements and criteria. The re-accreditation of these programmes will be undertaken during the next reporting period.

e) Representations (public and private providers)

According to the HEQC accreditation system, institutions whose programmes have not been granted accreditation can submit representations to the HEQC on errors of fact or omissions and request a review of decisions within 21 working days of the date of receipt of the report. During the period under review, the HEQC received 39 representations (three of these from public providers). Decisions were reached on 38 applications, of which 14 were accredited, representing a success rate of 37%. (See Table 5.3)

Table 5.3: Summary of representations on accreditation decisions (public & private providers), April 2007 - March 2008

Provider Type tabled	Number of representations received and evaluated	Decisions reached	Number of programmes accredited	Number of programmes not accredited	Success rate
Public	3	3	2	1	67%
Private	36	35	12	23	34%
TOTAL	39	38	14	24	37%

f) Follow-up on conditionally accredited programmes

The HEQC has undertaken a process to ensure that all programmes and institutions accredited with conditions prior to July 2005 and including early 2007 will be cleared from the system by the end of June 2008. This goal has, for the most part, been achieved. (See Table 5.4)

Table 5.4: Programmes that met conditions set

Provider Type	Total number of institutions	Number of programmes submitted for provisional accreditations	Number of programmes receiving provisional accreditations	Number of programmes accreditation withdrawn
Public	7	12	12	0
Private	55	217	216	1

g) Review of the new accreditation system

During this period, the HEQC started a review of its new accreditation system. The purpose of this review was to align the online system more closely with the accreditation criteria. The review included commissioning research and establishing an advisory team of teaching and learning and curriculum experts to provide strategic advice to the HEQC. The redesign took into account the different contexts of institutions such as private institutions, multiple sites of delivery and different modes of delivery. The online system was relaunched in 2008.

3.5.2 Coordination and Stakeholder Affairs

During the first half of the period under review, Coordination formed part of the Accreditation and Coordination Directorate. In the second half, the Accreditation Directorate was unbundled and a new unit called Coordination and Stakeholder Affairs was created in the office of the Deputy Executive Director. This unit includes the following areas of responsibility:

- coordination of quality assurance in higher education in collaboration with professional councils and other ETQAs;
- delegation of stipulated quality assurance functions to higher education institutions;

- the Higher Education Quality Committee Information System (HEQCIS);
- stakeholder and international relations.

3.5.3 Coordination of quality assurance

As the band ETQA for higher education with responsibility for coordinating quality assurance in higher education, the HEQC continues to face challenges in this area. There are about 70 bodies (ETQAs and professional councils) with statutory responsibility for operating in higher education in the same domain as the HEQC. Because of the difficulties of coordinating the multiple quality assurance systems of these various bodies, the HEQC has adopted a multi-faceted approach, which has included sharing knowledge and expertise from its systems with other bodies through planned workshops, and attempts to sign MoUs. During the period under review, the following coordination-related activities took place:

- Attendance at quarterly meetings of the SAQA ETQA Committee. This is a subcommittee of SAQA which monitors quality assurance across the NQF to which the HEQC was co-opted in 2005.
- Attendance at quarterly meetings of the SAQA ETQA Forum. This is a forum of all ETQAs attended by Quality Assurance Managers to discuss and debate quality assurance issues of common interest.
- Participation in the quarterly meetings of the Academic Review Committee of the South African Institute of Chartered Accountants (SAICA). This is a structure of SAICA that has been largely responsible for reviewing SAICA's quality assurance systems and aligning them with those of the HEQC with a view to signing an MoU.
- A workshop with professional councils conducted by the HEQC in November 2007, to discuss the Framework for Quality Assurance Coordination and to invite requests for MoUs from professional councils.
- Participation in a Law Society workshop. The Law Society requested the HEQC to consider conducting jointly with it a national review of the quality of LLB qualifications at all higher education institutions.
- Participation in a workshop of the Allied Health Professions Council of South Africa (AHPCSA), the purpose of which was to explore aligning qualifications in the AHPCSA domain to the HEQC.
- Participation at the Curriculum Review Task Team meetings for the hospitality, travel and tourism, conservation and tour guiding, gaming and gambling, and sports and recreation industries, convened by the Department of Environmental Affairs and Tourism and the Tourism and Hospitality Education and Training Authority (THETA). The HEQC was invited to participate in order to provide information on the accreditation process.
- The HEQC accepted invitations from the Council for the Built Environment (CBE) to attend meetings at which the skills audit reports (both the supply side and the demand side) were presented for discussion and debate to a range of stakeholders.
- Bilateral meetings during this period that were mostly aimed at discussing the signing of MoUs were held with the following bodies:
 - the South African Council for Planners (SACPLAN)
 - the South African Council for Architectural Professions (SACAP)
 - the Allied Health Professions Council of South Africa (AHPCSA)
 - the South African Council for Social Services Professions (SACSSP)
 - the South African Qualifications Authority (SAQA)
 - the Council for the Built Environment (CBE)
 - the Education, Training and Development Practices SETA (ETDP-SETA).

3.5.4 Delegation of stipulated quality assurance functions to institutions

Over and above its responsibility for accrediting programmes, auditing institutions and promoting quality in higher education, the HEQC has a responsibility for monitoring and reporting on its accredited providers' quality assurance arrangements with respect to the following areas:

- assessment of student learning;
- recognition of prior learning (RPL);
- certification arrangements;
- short courses.

The HEQC indicated to SAQA and to all higher education institutions its intention to delegate to the institutions the responsibility for quality management of these four areas. During this period, the HEQC worked towards finalising the Framework which will inform the delegation of this function to institutions that have the requisite capacity. The system will be fully implemented in the next reporting period, starting with a plan to delegate those functions to institutions that have already been audited, since the quality assurance arrangements available in these areas were evaluated during institutional audits.

3.5.5 The National Learner Records Database (NLRD)

As an ETQA, the HEQC has the responsibility for submitting records of learner enrolments and learner achievements from its accredited providers to SAQA at intervals determined by SAQA. For public providers, this data is submitted to SAQA directly from the DoE's HEMIS. As no such system exists yet for private providers, during this period the HEQC outsourced the development and management of the system to SAQA for an initial three-year period. The system is known as the HEQCIS. During this period, six meetings were held between SAQA and the HEQC to prepare for the development of the system with the involvement of IT system and web designers as it will be a web-based system. During the period under review, the following database-related activities took place:

- Design of data flows.
- Identification of providers to be included in the pilot study followed by the actual piloting of the system.
- Design of the mini-website and staging area for the system.
- Setting up of load specifications and minimum standards for data submission.
- Setting up of templates for league tables for data submission both for compliance and performance.
- Actual construction of the database.
- Creation of database queries.
- Appointment of staff member to support data submission.
- Initial workshops with private providers scheduled for 11 and 18 April 2008.
- Monthly meetings held with SAQA and the IT providers to plan the project and track progress.

3.5.6 Stakeholder relations

As explained above, this is a new portfolio located in the office of the Deputy Executive Director, a position that was created first in an acting capacity in August 2007. Prior to the official creation of this position, the HEQC was represented by a senior staff member in:

- UMALUSI, the Council for Quality Assurance in General and Further Education and Training, in an ex officio capacity, and
- The South African Council for Educators (SACE) and its Registration Committee as a full Council member.

More relationships are being explored and developed by this unit. These include, among others, the business sector, various professional associations, and associations of private providers. In the context of this initiative, the HEQC has met with the Association of Private Providers of Education and Training and with the business sector. Towards the end of the reporting period, the HEQC was invited to make a presentation to Business Unity South Africa (BUSAs) as a way of fostering a relationship with business as a key stakeholder in quality higher education.

3.6 National Reviews Directorate

The National Reviews Directorate focuses on the re-accreditation of existing programmes in specific disciplines and/or qualification areas.

During the period under review, the Directorate continued to address its brief by:

- undertaking the second cycle of the review of professional programmes in Education, as part of the larger review of academic and professional programmes in Education;
- reviewing the improvement plans of programmes accredited with conditions in its national reviews;
- monitoring arrangements for the ‘teaching-out’ of de-accredited programmes;
- preparing a research-based report on the state of teacher education; and
- drafting a framework for the conduct of national reviews.



Ms Kirti Menon

3.6.1 National review of BEd, PGCE and ACE programmes 2006 - 2007

3.6.1.1 Introduction

The National Reviews Directorate, over a three-year period, carried out a review of academic and professional programmes in Education that had been approved by the HEQC Board in 2004. As reported in the previous Annual Report, the first stage of this review, carried out in 2005, focused on the Master of Education (MEd) programme with a specialisation in Education Management.

The national review continued in 2006 and 2007 with the evaluation of the Bachelor of Education (BEd), Postgraduate Certificate in Education (PGCE) and Advanced Certificate in Education (ACE) programmes. Based on the experience of the MEd, a decision was taken to ensure that programmes to be reviewed had produced one cohort of graduates. In March 2006, because of the large number of programmes to be evaluated, the HEQC Board approved a proposal to stagger the review over a two-year period. Institutions that had not undergone restructuring were evaluated in 2006. Institutions that had been affected by the restructuring process were evaluated in 2007, together with a few institutions that had requested to have site visits deferred in 2006.

The review of these programmes focused on the following specialisations:

- BEd (Foundation Phase).
- PGCE (FET Phase).
- ACE (Mathematics, Science and Technology).

For institutions that did not offer these specialisations, another specialisation was selected for review. The HEQC had indicated to institutions that it reserved the right to evaluate any specialisation using criteria such as numbers of students enrolled in that specialisation, and other considerations.

3.6.1.2 Outcomes of the national review of BEd, PGCE, ACE programmes: second cycle 2007

The second cycle of review involved the review of 41 programmes in 14 institutions. Included in this cycle was the evaluation of two MEd programmes at Tshwane University of Technology. The decisions reached by the HEQC Board were communicated to the institutions in November 2007. The decisions were posted on the HEQC website in January 2008, and continue to be updated as institutions meet the conditions required of them.

The outcomes of the second cycle of the review, carried out in 2007, are reflected in Table 6.1, showing HEQC Board decisions up to the end of March 2008.

Table 6.1: Accreditation decisions in the review of BEd, PGCE, ACE and MEd programmes: second cycle 2007 (HEQC Board decisions up to end of March 2008)

DURBAN UNIVERSITY OF TECHNOLOGY	
BEd (Economic & Management Sciences)	Accreditation with conditions: programme on notice for withdrawal of accreditation
HEBRON THEOLOGICAL COLLEGE	
PGCE (Intermediate, Senior & FET)	No accreditation
CENTRAL UNIVERSITY OF TECHNOLOGY	
ACE (Sport Development)	Full accreditation
ACE (Management and Administration)	Accreditation with conditions: programme on notice for withdrawal of accreditation
PGCE	Accreditation with conditions
TSHWANE UNIVERSITY OF TECHNOLOGY	
ACE (Senior and FET: Mathematical Literacy)	Accreditation with conditions
BEd (FET: Economics & Management Sciences)	Accreditation with conditions
PGCE (FET)	Accreditation with conditions: programme on notice for withdrawal of accreditation
MEd (Educational Technology)	Provisional accreditation
MEd (General)	Provisional accreditation with conditions
CAPE PENINSULA UNIVERSITY OF TECHNOLOGY	
ACE (Mathematical Literacy)	Accreditation with conditions
BEd (Foundation)	Accreditation with conditions
PGCE (FET)	Accreditation with conditions: programme on notice for withdrawal of accreditation
UNIVERSITY OF THE FREE STATE	
ACE (Mathematics Education)	Accreditation with conditions
BEd (Pre-school & Foundation)	Accreditation with conditions
PGCE (FET)	Accreditation with conditions

WALTER SISULU UNIVERSITY	
ACE (Mathematics)	Accreditation with conditions
BEd (Humanities)	Accreditation with conditions: programme on notice for withdrawal of accreditation
PGCE (FET)	Accreditation with conditions: programme on notice for withdrawal of accreditation
UNIVERSITY OF FORT HARE	
ACE (Mathematics)	Full accreditation
BEd (Foundation)	Full accreditation
PGCE	Accreditation with conditions: programme on notice for withdrawal of accreditation
NELSON MANDELA METROPOLITAN UNIVERSITY	
ACE: Mathematics Literacy	Full accreditation
BEd (Foundation)	Full accreditation
PGCE	Accreditation with conditions
UNIVERSITY OF JOHANNESBURG	
ACE (Mathematics Education)	Accreditation with conditions
BEd (Senior)	Full accreditation
PGCE (FET)	Accreditation with conditions
UNIVERSITY OF SOUTH AFRICA	
ACE (Mathematics Education)	Full accreditation
BEd (ECD: Foundation)	Accreditation with conditions
PGCE (Senior and FET)	Accreditation with conditions
NORTH-WEST UNIVERSITY	
ACE (Education Management) Potchefstroom and Namibia (assessed as two separate programmes)	No accreditation
ACE (Mathematics/Science Education) Mafikeng	Full accreditation
ACE (Science Education) Potchefstroom	Full accreditation
PGCE (Senior and FET) Potchefstroom	Accreditation with conditions
UNIVERSITY OF LIMPOPO	
AACE (Mathematics)	Accreditation with conditions
BEd (Senior and FET)	Accreditation with conditions: programme on notice for withdrawal of accreditation
PGCE	Accreditation with conditions
UNIVERSITY OF THE FREE STATE	
ACE (Mathematics Education)	Accreditation with conditions
BEd (Pre-school & Foundation)	Accreditation with conditions
PGCE (FET)	Accreditation with conditions
UNIVERSITY OF VENDA	
ACE (Remedial Education)	Accreditation with conditions
PGCE	Accreditation with conditions

The process of re-accreditation of the programmes reviewed in the second cycle of the review of professional programmes in Education (2007) is shown in figures in Table 6.2.

Table 6.2: The process of the national review of BEd, PGCE, ACE and MEd programmes in figures: second cycle 2007

ITEM	ACE	BEd	PGCE	MEd	TOTAL
Number of programmes reviewed in 2007	16	10	13	2 current reviews 2 follow-ups	41
Number of portfolios received	16	10	13	2	41
Number of improvement plans received	-	-	-	2	2
Number of evaluators used	50	32	42	4	128
Number of chairpersons used	18	11	15	1	45

3.6.2 Continuation of the national review of the MEd (Education Management or other near-equivalent programmes)

Although the bulk of the review of MEd programmes was carried out in 2005, with outcomes being published in the previous Annual Report, there were a few instances where the review of MEd programmes was carried over to the 2007/2008 reporting period. Four institutions did not feature in the original review as their MEd programmes were being phased out (University of Zululand, Vaal University of Technology, Tshwane University of Technology and Durban University of Technology). The HEQC elected to review other MEd programmes offered by these institutions. The review of two MEd programmes offered by Tshwane University of Technology was carried out during the 2007 cycle of review, as reflected in Table 6.1, showing accreditation decisions. A review of the MEd (Research Methods) offered by the University of Zululand was scheduled to be carried out in 2008 but has been deferred at the request of the institution.

The HEQC also resolved to review other MEd programmes at the four institutions where the MEd programmes earlier reviewed were not granted accreditation (University of Limpopo, University of the Free State, Central University of Technology, Bloemfontein, and North-West University, Potchefstroom). A review of the MEd (Research) offered by the Central University of Technology has been completed. The outcome of the review will serve before the HEQC Board in July 2008.

3.6.3 Monitoring of improvement plans for institutions that received accreditation with conditions or provisional accreditation for programmes reviewed

Those institutions whose programmes were awarded either conditional or provisional accreditation are required to submit improvement plans for such programmes. Institutions are expected to meet the conditions stipulated in the HEQC report before being awarded full accreditation status. During the period under review, the HEQC analysed improvement plans and sent reports to institutions in respect of 17 programmes in the second cycle of the review, and two programmes in the first cycle of review. When appropriate, site visits will be arranged to verify that conditions stipulated in the accreditation reports have been met by the institutions. The analysis of improvement plans will continue during the 2008/2009 period.

Table 6.3 shows the improvement plans received from institutions for review during this reporting period.

Table 6.3: Improvement plans received for review

	INSTITUTION	PROGRAMMES
1	University of Limpopo	ACE (Mathematics) PGCE (FET) BEd
2	University of the Free State	ACE (Mathematics Education) BEd (Pre-school and Foundation Phase) PGCE (FET Phase)
3	Nelson Mandela Metropolitan University	PGCE in Education (FET)
4	Central University of Technology	PGCE (FET)
5	North West University – Potchefstroom	PGCE (Senior & FET Phase)
6	University of Johannesburg	ACE (Mathematics Education) PGCE
7	University of Venda	ACE: Remedial Education PGCE
8	University of South Africa (UNISA)	BEd (Early Childhood Development: Foundation Phase) PGCE (Senior & FET Phase)
9	Cape Peninsula University of Technology	ACE (Mathematical Literacy) PGCE BEd (Foundation Phase)
10.	Centre for Creative Education	BEd
11.	University of Zululand	ACE BEd PGCE
12.	Tshwane University of Technology	ACE BEd PGCE
13.	Walter Sisulu University	-

As a result of verification that the institution had met the conditions required, the University of Pretoria was awarded full accreditation for its ACE (Education Management) as indicated in Table 6.4. Final decisions for the remaining institutions will be made in the next reporting period once all the required processes are finalised.

Table 6.4: HEQC Board decisions on BEd, PGCE and ACE programme conditions

Institution	Programme	HEQC Board decision
University of Pretoria	ACE (Education Management)	Full accreditation

During this period the HEQC Board also evaluated the progress made by institutions that had previously been accorded accreditation with conditions for their MEd programmes. Board decisions in this regard are shown in Table 6.5.

Table 6.5: HEQC Board decisions on conditions attached to MEd programmes

Institution	Programme	Board decision
University of Fort Hare	MEd (Dissertation)	Full accreditation
Cape Peninsula University of Technology	MEd (Structured)	Full accreditation
Walter Sisulu University of Technology	MEd (Educational Management & Policy)	Full accreditation
University of South Africa (UNISA)	MEd (Education Management)	Full accreditation
University of Johannesburg	MEd (Educational Management)	Full accreditation
University of Venda	MEd (Education Management)	Continuation of conditional accreditation
North-West University (Mafikeng)	MEd (Education Management)	Full accreditation

3.6.4 Monitoring of improvement plans for the fully accredited institutions

Institutions that had originally received full accreditation for programmes were also required to submit progress reports on minor conditions that were attached to their accreditation. These submissions were analysed and feedback given to the institutions. No further reports are required from these institutions.

3.6.5 Monitoring of teach-out plans

Institutions that had programmes de-accredited, or that voluntarily withdrew their programmes ahead of the review, are required to submit 'teach-out' plans for these programmes. These plans and their implementation will be monitored to ensure that 'pipeline' students are treated fairly. Table 6.6 shows the institutions involved.

Table 6.6: BEd, PGCE and ACE programmes to be phased out

Institution	Programme	Reason
Tshwane University of Technology	ACE (Education Management)	Voluntarily withdrew programme
Vaal University of Technology	PGCE	Withdrawal of accreditation
University of Venda programme	BA (Education)	Voluntarily withdrew
North-West University (Potchefstroom and Namibia)	ACE	Withdrawal of accreditation
Hebron Theological College	PGCE (Intermediate, Senior & FET)	Withdrawal of accreditation

In addition, the HEQC continues to monitor the teach-out plans of those institutions whose MEd programmes were de-accredited or voluntarily withdrawn, as reported in the previous Annual Report. These programmes are shown in Table 6.7.

Table 6.7: MEd programmes currently being phased out

Institution	Programme	Reasons
University of Limpopo	MEd (Dissertation: Education Management)	Withdrawal of accreditation
University of Free State	MEd (Education Management)	Withdrawal of accreditation
Central University of Technology (Bloemfontein)	MEd (Educational Management)	Withdrawal of accreditation
North-West University (Potchefstroom)	MEd in Educational Practice	Withdrawal of accreditation (Education Management)
Durban University of Technology	MEd Dissertation	Voluntarily withdrew the programme
Tshwane University of Technology	MTech in Education	Voluntarily withdrew the programme
University of Zululand	MEd Educational Management	Voluntarily withdrew the programme
Vaal University of Technology	MEd by dissertation	Voluntarily withdrew the programme

3.6.6 Outcomes and achievements of the national review of academic and professional programmes in Education, 2005 - 2007

Evidence gathered by the HEQC suggests that the rigorous process followed in the three-year national review of academic and professional programmes in Education has made a significant contribution to improving and assuring the quality of these programmes. This would have not been possible without a high degree of commitment from the institutions offering the programmes, the Deans of Education Forum of Higher Education South Africa, other stakeholder bodies and, particularly, the senior academics who served as evaluators. Some of the outcomes and achievements of the three-year national review of academic and professional programmes in Education are shown in Table 6.8.

Table 6.8: The national review of academic and professional programmes in Education 2005 - 2007 in figures

ITEM	ACE	BEd	PGCE	MEd
Number of programmes reviewed	24	15	22	21
Number of portfolios received	24	15	22	21
Fully accredited programmes	12	6	7	14
Accredited with conditions	9	5	8	1
Provisional accreditation				2 (1 with conditions)
Accreditation with conditions: on notice for withdrawal of accreditation	1	4	5	
No accreditation	2		2	4
Number of evaluators used	77	59	74	125
Number of institutions that withdrew from the review (phasing out the programme until pipeline students exit)			4	Zululand VUT, TUT, DUT

3.6.7 State of teacher education report

The CHE has commissioned a team of external researchers, led by Professor Soudien and Ms Menon to produce a report on the state of teacher education in South Africa. This report draws on data and experience gained in the national review to identify system-level trends, highlight issues of concern and draw attention to good practice. It is expected that the report will be ready in the second half of 2008.

3.6.8 Development of national reviews framework and manual

The Directorate has begun developing a framework for national reviews and a manual to guide the review process.

3.7 Institutional Audits Directorate



Dr Mark Hay

The Institutional Audits Directorate is responsible for conducting audits of the quality assurance mechanisms of public and private providers of higher education. The audit approach focuses on the institutional policies, systems, procedures, strategies and resources for managing the quality of the three core functions of teaching and learning, research and community engagement.

Audit programme

The period under review was the fourth year of implementation of the first cycle of audits. During the period, the Directorate conducted five audits – four of public higher education institutions and one of a private provider. (See Table 7.1)

Table 7.1: Institutions audited between April 2007 and March 2008

Name of Institution	Date of audit visit	Type of institution
Tshwane University of Technology	16–20 April 2007	Public HEI
University of Pretoria	21–25 May 2007	Public HEI
Independent Institute of Education	23–27 July 2007	Private HEI
Durban University of Technology	13–17 August 2007	Public HEI
University of the Western Cape	17–21 September 2007	Public HEI

Audit reports

Eight audit reports were approved by the HEQC Board and sent out to the respective institutions. (See Table 7.2.) Executive summaries of six of these reports have been placed on the CHE website.

Table 7.2: Audit reports approved by the HEQC Board between April 2007 and March 2008

Name of Institution	Date of approval	Type of institution
Vaal University of Technology	7 August 2007	Public HEI
Cranefield College of Project and Programme Management	7 August 2007	Private HEI
PC Training and Business College	7 August 2007	Private HEI
Monash South Africa	4 September 2007	Private HEI
Polytechnic of Namibia	4 September 2007	International HEI
University of the Free State	18 March 2008	Public HEI
University of the Witwatersrand	31 March 2008	Public HEI

Notification and support visits

The Directorate notified the following institutions to be audited in 2008 and 2009 and conducted follow-up support visits. (See Table 7.3)

Table 7.3: Institutions that were notified to be audited in 2008, 2009 and 2010

Name of institution	Planned date of audit visit	Type of institution
University of Fort Hare	5–9 May 2008	Public HEI
University of South Africa (UNISA)	11–15 August 2008	Public HEI
Nelson Mandela Metropolitan University	15–19 September 2008	Public HEI
University of KwaZulu-Natal	20–24 October 2008	Public HEI
North-West University	16–20 March 2009	Public HEI
University of Johannesburg	10–14 August 2009	Public HEI
University of Zululand	15–19 March 2010	Public HEI

Improvement plans

The institutions shown in Table 7.4 submitted post-audit institutional improvement plans to the HEQC, based on the recommendations of the audit report.

Table 7.4: Improvement plans received during the period under review

Name of institution	Dates improvement plan was received	Type of institution
Da Vinci Institute	2 September 2007	Private HEI
Vaal University of Technology	25 March 2008	Public HEI

HEQC Evaluative Study of Institutional Audits

The second phase of the HEQC Evaluative Study of Institutional Audits was commissioned for 2007 as a follow-up to the initial 2006 study. This phase of the research was expanded to include a total of eight institutions – four of the institutions audited in 2007, two of the institutions to be audited in 2008 and 2009, and follow-up studies at two institutions that were audited in 2005. The Directorate received a draft report on the study for comment in January 2008.

It is expected that the study will help the HEQC improve the effectiveness and efficiency of the audit methodology and track the ways audit report recommendations are responded to and taken up by institutions.

Audit manual

The Institutional Audit Manual was finalised and made available in electronic form on the CHE website in August 2007. Printed copies have also been made available to institutions. The new manual has now consolidated the Framework for Institutional Audits and the Criteria for Institutional Audits which were published in 2004.

Workshops

A successful Audit Readiness workshop was held from 21-22 February 2008 for five institutions preparing for audits in 2009, 2010 and early 2011. Twenty three senior members of staff from these institutions (about five per institution) participated in the workshop.

In collaboration with the Quality Promotion and Capacity Development Directorate, an Auditor Training workshop was conducted in October 2007. A total of 22 potential auditors were trained at the workshop.

3.8. Quality Promotion and Capacity Development Directorate



Mr Nhlanhla Cele

This Directorate is responsible for implementing the HEQC promotion and capacity development programme, which disseminates information and knowledge about quality assurance and prepares individuals and institutions to take part in implementing the HEQC's quality assurance system. This Directorate works in collaboration with all the other HEQC directorates.

3.8.1 Projects and activities

3.8.1.1 Student participation in quality assurance

The aim of the Promotion of Student Participation in Quality Assurance project is to equip prospective and currently registered higher education students with information to make informed decisions on issues relating to quality. The project also aims to

enable students to engage in quality assurance and quality promotion activities in their institutions with a view to enriching quality assurance arrangements and mechanisms that currently exist within institutions. The Directorate started implementing the activities of the project from 1 August 2007.

Planning meetings

The Directorate met various constituencies in August 2007 to finalise its planning for the project, including the following organisations:

- The National Department of Education, to discuss collaboration strategies on student matters between the DoE and the HEQC.
- The National Association for Distance Education and Open Learning Organisations in South Africa (NADEOSA).
- The Teacher, to discuss the content, strategy and costs of the HEQC newspaper supplement to be distributed with this newspaper.
- The South African Union of Students (SAUS), to establish partnership and forge collaboration between the newly elected SAUS executive team and the HEQC and solicit student buy-in through student governance structures.

Student Affairs Quality Forum

The first meeting of the Forum was held in Boksburg on 21 August 2007 and was attended by 60 participants – quality assurance directors and managers, deans of students and directors of student affairs units from both public and private higher education institutions. The purpose of the Forum’s meetings is for the higher education staff working in the area of student affairs to discuss issues such as the students’ educational experience and the role of student affairs staff in making students aware of their rights and responsibilities in the area of quality assurance.

Reference Group

The QPCD Directorate appointed a reference group consisting of 12 members with experience and expertise in various areas of higher education. The main function of the Reference Group is to provide strategic advice on the activities of the project. The Group’s first meeting was held on 10 August 2007.

Students Quality Forum

The Students Quality Forum provides a platform for students to discuss quality assurance issues and reflect on their institutional experiences. The Forum targets SRCs and faculty representatives from public and private providers. The first workshop was held on 14 March 2008 in Boksburg where 41 students from 20 institutions participated.

Baseline study

In December 2007, the Directorate completed a plan to conduct a baseline study that seeks to determine the extent to which students are involved in quality arrangements at institutions and the role played by Student Affairs units in enhancing the quality of the total learning experience provided by institutions. The data collection process started in January 2008 and ended in May 2008. The research team is shown in Table 8.1.

Table 8.1: Research group

Name	Job title	Institution	Role
Prof Patrick Chiroro	Senior Lecturer: Psychology	University of Pretoria	Lead researcher
Dr Nokuthula Shabalala	Senior Lecturer: Psychology	University of Cape Town	Researcher
Mr Nhlanhla Cele	Director – QPCD	HEQC	Secretariat support
Mr Kgomotso Legari	Manager – QPCD	HEQC	Secretariat support

Participation by the Directorate staff in external meetings relating to the project

- Keynote address by Mr Nhlanhla Cele at the DoE National Conference on Student Affairs. The presentation was entitled 'Quality assurance and student affairs in South African higher education'. The conference was held at the University of KwaZulu-Natal in September 2007.
- Keynote address by Mr Nhlanhla Cele at the National Association for Student Development Practitioners Conference held at the Cape Peninsula University of Technology in October 2007. The presentation was entitled 'The role of student affairs in quality promotion and enriching a positive institutional experience of students'.
- Keynote address by Mr Nhlanhla Cele at the South African Association of Senior Student Affairs Professionals Conference held at the University of Limpopo in Polokwane in October 2007.

3.8.2 Quality Systems Restructuring Project

The main purpose of this Project, which is funded as part of the Finland-South Africa cooperative programme, is to support the institutionalisation of internal quality assurance systems at merged and historically disadvantaged institutions (HDIs) in order to enable them to prioritise quality issues in their planning and to respond more effectively to the HEQC's audit and accreditation systems. This is done by allocating funds to projects on the basis of proposals submitted by institutions. Grants are also allocated on a competitive basis to the remaining higher education institutions on the basis of plans submitted to the HEQC for the improvement of the quality of teaching and learning.

An analytical report on the project on the state of quality management systems at merged HE's was completed during this period. The report forms part of a more comprehensive gathering of information on merged institutions, with a view to informing the HEQC's audit, accreditation, and quality promotion and capacity development activities.

In July 2007, the Project's Screening Committee approved proposals for funding for the following institutions:

- University of South Africa (UNISA).
- Nelson Mandela Metropolitan University.
- North-West University.
- University of the Western Cape.
- University of Johannesburg.

Following the approval of the HEQC, the Department of Education transferred the necessary funds for 2008 to the following institutions that submitted satisfactory progress reports for 2007:

- Nelson Mandela Metropolitan University.
- North-West University.
- University of the Western Cape.
- University of Johannesburg.

Institutions that were not able to spend grants given to them in the 2005-6 period nevertheless met all the conditions set by the HEQC and the Steering Committee for receiving funds for 2007-8. The conditions were the following:

- (i) That funds transferred to the respective institutions for 2005-6 had to be fully utilised for the activities indicated in their proposed schedules for 2007-8 at the latest by 15 March 2008, and a satisfactory report submitted to the HEQC by 31 March 2008.
- (ii) That the report had to indicate in detail how the funds available for 2007/8 would be utilised before the end of 2008 for the activities indicated in the proposed schedules.
- (iii) That if the funds for 2005-6 were not fully utilised by 15 March 2008, the institutions would be required to return to the HEQC the unspent portion of the funds, and the funds available for 2007 would be forfeited.
- (iv) That institutions should in future submit to the HEQC bi-monthly reports on progress in utilising funds until the end of 2008. The first report was due on 30 November 2007.

In December 2007, a second tranche of R200,000 was paid by the Department of Education to institutions that had obtained institutional grants of R400,000 each in 2006, after satisfactory mid-term reports were received indicating the progress made, as well as an interim financial statement of expenses.

The following institutions have received the funds for 2007-8:

- Durban University of Technology.
- University of Zululand.
- University of Venda.
- Tshwane University of Technology.

Progress reports of merged institutions and HDIs for 2007 were processed. Satisfactory final progress reports were also received from the University of the Witwatersrand and Stellenbosch University on grants awarded by the HEQC in 2006 for the improvement of teaching and learning. The Directorate hosted the following three workshops for this Project, as shown in Table 8.2.

Table 8.2: Project workshops

Theme	Date	Venue	Participants
Enhancing quality in multi-campus higher education institutions, with specific reference to merged institutions	28-9 May 2007	University of Pretoria	63
Towards implementing new quality management systems in merged institutions	8 October 2007	Cape Peninsula University of Technology	39
Enhancing quality in merged institutions: The role of the Management Information System (MIS)	26-7 November 2007	Tshwane University of Technology (Pretoria)	44

Supervisory meetings and monitoring visits

The following meetings were held:

- A combined meeting of the Steering Committees of the South Africa–Finland Cooperation Programme took place at the CHE on 4 June 2007.

- A meeting of the Joint Steering Committee of the South Africa–Finland Cooperation Programme took place on 16 October 2007, at which the HEQC reported on progress in the Project since the meeting on 4 June 2007. The report was well received.
- Monitoring visits were made by the project manager in 2007 and 2008 to all institutions that had been given grants from this Project.
- A group of Finnish visitors were guests of the Project from 7-10 October 2007, as part of the annual expertise exchange programme.

The group consisted of the following:

Dr Erkki Karppanen – President, Mikkeli University of Applied Sciences

Dr Anneli Pirttilä – President, South Carelia Polytechnic

Mrs Sirpa Suntioinen – Vice Rector, University of Kuopio

Dr Seppo Saari – Finnish Higher Education Evaluation Council (FINHEEC)

Prof Tapio Varis – University of Tampere.

3.8.3 Quality Forums

The Directorate hosted six workshops for this project, as shown in Table 8.3.

Table 8.3: Project workshops

Theme	Date	Venue	Number of Participants
Private providers: Building integrated quality systems inside institutions	30–31 August 2007	Birchwood Hotel and Conference Centre	50
HEQC-HESA Quality Forum: Enhancing transformation through quality assurance in higher education	29–30 October 2007	The Lord Charles Hotel, Cape Town	46
National Reviews Research Seminar: Enhancing the quality of scholarship in MEd programmes	16 November 2007	Somerset West, Cape Town	40
HEQC-AAU Quality Assurance Workshop	23–25 October 2007	Birchwood Hotel and Conference Centre	24
Private providers: Building a culture of research and scholarship in private higher education	1–2 November 2007	Birchwood Hotel and Conference Centre	45
National Reviews Research Seminar: Enhancing the quality of scholarship in MEd programmes	14 March 2008	Birchwood Hotel and Conference Centre	26

The Directorate has started a process of compiling a publication of case studies from the presentations of the National Reviews Research Seminars.

3.8.4 Capacity development and training

The Directorate is continuing with the preparation of auditors and programme evaluators in various subject/discipline areas. In the financial year in question, the Directorate conducted a total of seven evaluator and auditor preparation workshops. Evaluator Preparation Workshops were conducted in the following subject areas: Landscape Technology, Food Technology, Mathematical Technology, Analytical Chemistry and Social Development Studies. Table 8.4 shows the details of these workshops.

Table 8.4: Auditors and evaluators trained

Workshop date	Discipline area	Institutions participating	No. of evaluators trained
Evaluator preparation workshops			
18–20 July 2007	Landscape Technology	NMMU, UCT, UL, NWU, UNISA, UFS, UNIZUL, CPUT, TUT	15
25–27 July 2007	Food Technology	TUT, UL, SUN, UNIZUL; DUT, CPUT, WSU; CUT, VUT	16
01–03 August 2007	Mathematical Technology	WSU, TUT, MUT, UWC, UNIVEN, SUN, CPUT, UFH, VUT, UNIZUL	16
26–28 August 2007	Analytical Chemistry	WSU, TUT, MUT, UWC, UNIVEN, UJ, CPUT, UFH, VUT, UNIZUL, NWU, DUT, UL, UKZN, UNIVEN, NMMU, WSU	24
5–6 November 2007	Social Development Studies	UNIZUL, NMMU, MUT, Embury Institute for Teacher Education, PC Training and Business College, UKZN, WSU, Regent Business School, UFH, St. Joseph's Theological Institute, MANCOSA, DCC, Oval International Computer Education, Production Management Institute of Southern Africa	18
Auditor preparation workshops			
10–12 October 2007	Institutional Audits	DUT, CPUT, WSU, UL, UJ, MUT, TUT, UP, UNISA, NWU, UFS	22

The training of auditors and evaluators has two purposes. On the one hand, it creates a pool of trained academics and HE senior managers on which the HEQC can draw for the evaluation of programmes and the conduct of institutional audits. On the other hand, training on the HEQC quality assurance system also increases awareness and knowledge of quality assurance at HE institutions, thus fulfilling one aspect of the responsibility of the HEQC for quality promotion.

APPENDIX

The work of the CHE 1999 - 2007

Table A1 provides a brief overview of the work undertaken by the CHE between 1999 and 2006. All key mandate areas and responsibilities are covered.

Table A1: Record of the work of the CHE

RESPONSIBILITY	PERFORMANCE
<p>1. Advising the Minister on all HE issues on which the CHE's advice is sought</p>	<p>Advice given on</p> <ul style="list-style-type: none"> • HE Act Amendments Bills of 1999, 2000, 2001 and 2002 • NSFAS Bill 1999 • Shape and Size of HE 2000 • New Academic Policy for HE 2001 • Proposed new funding framework 2001 • Regulations for the registration of private providers of HE 2002 • Criteria and process for determining proposed programme mix and niches of institutions 2002 • Cooperative Governance 2002 • Ministry proposals on institutional restructuring 2002 • Nomenclature of comprehensive institutions 2002 • Conditions and criteria for the use of the designations 'university', 'technikon' and the like, and for offering/awarding degrees and postgraduate qualifications 2003 • Proposed new funding framework 2003 • Distance Higher Education in South Africa 2004 • Student Enrolment Plan 2005 • Further Education and Training Certificate 2005 • Higher Education Qualifications Framework 2005 • National Senior Certificate 2008 <p>Comments provided on</p> <ul style="list-style-type: none"> • Ministry's Draft Code of Conduct for Cross-Border/Transnational Delivery of Higher Education Programmes • Proposal for harmonising higher education programmes in Africa, at the Minister of Education's request, 2007 • African Union proposal for higher education rankings, at the Minister of Education's request, 2007

RESPONSIBILITY	PERFORMANCE
<p>2. Advising the Minister on its own initiative on HE issues that the CHE regards as important</p>	<p>Advice given on</p> <ul style="list-style-type: none"> • Private HE 2000 • Weighting of student subsidy and earmarking funds for black students for academic development • NQF Study Team report 2002 • Institutional redress policy, strategy and funding 2003 • NQF Consultative Document 2003 • New Academic Policy process 2003 <p>Comments provided on</p> <ul style="list-style-type: none"> • The Higher Education Act Amendment Bill • The National Qualifications Framework Bill <p>Ongoing research, investigation and consultations for the purpose of providing policy advice on</p> <ul style="list-style-type: none"> • Building the Responsiveness of Higher Education • Government Regulation, Institutional Autonomy and Academic Freedom <p>The CHE also commissioned a report on 'The Impact of Changing Funding Sources on Higher Education Institutions', which was shared with the Ministry and the DoE.</p>
<p>3. Designing and implementing a system for quality assurance in HE</p>	<p>Establishment of the HEQC</p> <p>Conducted evaluation of QPU and SERTEC and produced publication</p> <p>Established an interim HEQC in June 2000</p> <p>Extensive and ongoing consultations with all key stakeholders</p> <p>Received SAQA accreditation as band ETQA in 2001</p> <p>Released draft HEQC Founding Document for public comment</p> <p>Publication of HEQC Founding Document 2001</p> <p>Called for nominations and constituted HEQC in 2001</p> <p>Public launch of HEQC in May 2001</p> <p>Held national conference on quality assurance with international participants in May 2001</p> <p>Conducted research on QA systems of professional councils and SETAs and produced publication</p>

RESPONSIBILITY	PERFORMANCE
	<p>Commissioned report on quality assurance terminology</p> <p>Produced SERTEC Transition Plan, 2001 - 2002</p> <p>Produced directory of ETQAs and professional bodies August 2003</p> <p>Commissioned research on short courses</p> <p>Commissioned research on recognition of prior learning</p> <p>Commissioned research and held workshop on vocational education</p> <p>Commissioned research on NQF Consultative Document proposals</p> <p>Publication of the policy frameworks and criteria that inform the accreditation and audit system:</p> <ul style="list-style-type: none"> • Framework for Institutional Audits, June 2004 • Criteria for Institutional Audits, June 2004 • Framework for Programme Accreditation, November 2004 • Criteria for Programme Accreditation, November 2004 • Institutional Audits Manual, September 2007 <p>Publication of good practice guides and resources to support the development of capacity in the core functions of higher education:</p> <ul style="list-style-type: none"> • Improving Teaching and Learning Resources, November 2004 • A Good Practice Guide for Quality Management of Research, July 2005 • Service-Learning in the Curriculum: A Resource for Higher Education Institutions, June 2006 (in association with JET) • A Good Practice Guide and Self-evaluation Instruments for Managing the Quality of Service-Learning, June 2006, (in association with JET)

RESPONSIBILITY	PERFORMANCE
	<p>Institutional audits</p> <p>To date the HEQC has conducted the following audits of the effectiveness of the quality assurance systems of higher education institutions:</p> <ul style="list-style-type: none"> • 11 audits of public higher education institutions • 10 audits of private providers of higher education • 1 audit of a public higher education institution in the SADC region <p>Accreditation of new programmes</p> <p>The HEQC evaluated and accredited the following new programmes of higher education institutions:</p> <ul style="list-style-type: none"> • 2 140 programmes from public providers and • 721 programmes from private providers <p>National reviews</p> <p>Since 2003 the HEQC has conducted two national reviews of existing programmes, which included 37 MBA programmes and 83 academic and professional programmes in education.</p> <p>Quality promotion and capacity development</p> <p>The HEQC focuses its capacity development programmes on training individual academics and higher education senior managers to participate in the national quality assurance system</p> <p>Between 2003 and 2006 the HEQC trained:</p> <ul style="list-style-type: none"> • 490 auditors and 754 evaluators <p>The HEQC organised a number of meetings with representatives of higher education institutions, with the purpose of promoting discussion and awareness about quality assurance and communicating information about systems development in the HEQC</p>

RESPONSIBILITY	PERFORMANCE
	<p>The Quality Forums held from 2003 to 2006 were attended by:</p> <ul style="list-style-type: none"> • 288 representatives of public higher education institutions and • 490 representatives of private providers <p>Commissioned/completed the following impact studies:</p> <ul style="list-style-type: none"> • MBA National Review Impact Study • Impact Study on the Accreditation of Private Providers • Teacher Education National Review Impact Study • Various reviews of the impact of institutional audits <p>International collaboration</p> <p>Interactions with international partners in order to further the work of the HEQC</p> <ul style="list-style-type: none"> • MoUs signed between the HEQC and Quality Assurance Agency in the UK, the Norwegian Agency for Quality Assurance in Higher Education and the National Accreditation and Assessment Council in India, the Tertiary Education Council in Botswana, the Namibian Qualifications Authority and the Polytechnic of Namibia, the Australian Universities Quality Agency • Assistance to the Association of African Universities to prepare a proposal for the launch of an African Network of Quality Assurance Practitioners • Involvement in the development of the UNESCO/OECD set of guidelines on quality in cross-border higher education provision • Participation in the external evaluation of the Australian Universities Quality Agency • Conduct of capacity development workshops in association with the Association of African Universities

RESPONSIBILITY	PERFORMANCE
<p>4. Advising the Minister on the appropriate shape and size of the HE system, including its desired institutional configuration</p>	<ul style="list-style-type: none"> • Produced Memorandum and met with the Minister 1999 • Established Task Team and produced Shape and Size report 2000 • Extensive engagements with HEIs and stakeholders concerning the Shape and Size report • Obtained and analysed stakeholder submissions on Shape and Size report in preparation for National Plan • Discussions with Minister and DoE concerning National Plan • Established CHE Standing Committee on Shape and Size • Commented on National Working Group report on restructuring of HE system • Advised on criteria and process for determining proposed programme mix and niches of institutions • Advised on the Ministry's final restructuring proposals • Advice to Minister on conditions and criteria for the use of the designations 'university', 'technikon' and the like, and for offering/awarding degrees and postgraduate qualifications 2003
<p>5. Advising the Minister on the new funding arrangements for HE</p>	<ul style="list-style-type: none"> • Established CHE Financing and Funding Task Team • Advised Minister on weighting of student subsidy and earmarking funds for black students for academic development • Produced draft document on proposed funding framework 2001 • Obtained and analysed stakeholder submissions • Advised on proposed new funding framework 2001 • Public release of CHE advice to the Minister 2002 • Established Task Team on Institutional Redress policy, strategy and funding • Established Standing Committee on Financing and Funding • Advised on institutional redress policy, strategy and funding 2003 • Advised on proposed new funding framework 2003

RESPONSIBILITY	PERFORMANCE
	<ul style="list-style-type: none"> • Published a report on The Impact of Changing Funding Sources on Higher Education Institutions in South Africa March 2006
<p>6. Advising the Minister on language policy in HE</p>	<ul style="list-style-type: none"> • Established CHE Language Policy Task Team • Produced and finalised Task Team report on language policy framework for HE • Advice and report to Minister on language policy • Preliminary interaction with Minister regarding advice • Minister's language policy on higher education draws substantially on CHE advice • Public release of CHE advice to the Minister 2003
<p>7. Developing a means for monitoring and evaluating whether, how and the extent to which the vision, policy, goals and objectives for HE defined in the White Paper on HE are being realised, and what their consequences are</p>	<ul style="list-style-type: none"> • Project developed and donor funding of R2.4 million received from Ford Foundation towards building a monitoring and evaluation system in 2001 • Publication of the first issue of the <i>Higher Education Monitor</i> series, 2002 • Establishment of Reference Group to guide development of a conceptual framework and system for monitoring and evaluation in 2003 • Creation of the Monitoring and Evaluation Directorate in 2003 • Finalisation of a discussion document: Towards A Framework for the Monitoring and Evaluation of South African Higher Education 2004 • Commissioned research for the Triennial Review of Higher Education publication • Publication of a report on the <i>State of Provision of the MBA in South Africa in the Higher Education Monitor Series 2004</i> • Publication of <i>HE Monitor on South African Higher Education Responses to Students with Disabilities September 2005</i> • Publication of <i>HE Monitor on The Impact of Changing Funding Sources of Higher Education Institutions in South Africa 2006</i>

RESPONSIBILITY	PERFORMANCE
	<ul style="list-style-type: none"> • Publication of <i>Review of Higher Education in South Africa. Selected Themes</i> (No. 5, August 2007), by various authors • Publication of <i>A Case for the Improving Teaching and Learning in South African Higher Education</i>, (No. 6, October 2007), by Ian Scott, Nan Yeld and Jane Hendry • Ongoing monitoring and evaluation projects <ul style="list-style-type: none"> – Production of 12 Institutional Profiles – Research project on the state of postgraduate education in South Africa – Research project on the impact of institutional culture on student throughputs - three case studies
<p>8. Formulating advice for the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating South Africa's economy, such as greater HE–industry partnerships</p>	<ul style="list-style-type: none"> • Project established in 2001 • Project proposal developed and donor funding secured • Meeting with Minister and discussions with other government ministers and departments and prospective partners • Studies and papers commissioned and published • National colloquium held 27 - 28 June 2002 • Publication on commissioned research and colloquium • Colloquium on HE responsiveness at local government level 2003 • Facilitated process to develop MoU between HEIs in Johannesburg and Johannesburg Metropolitan Council • MoU between HEIs in Johannesburg and Johannesburg Metropolitan Council signed in 2003

RESPONSIBILITY	PERFORMANCE
<p>9. Producing reports on the state of HE</p>	<ul style="list-style-type: none"> • Produced a State of HE report for 1998/1999 – extensive report on the state of HE and the work of the CHE • Produced a State of HE report for 2000/2001 – extensive report on the state of HE and the work of the CHE • Framework developed for producing more comprehensive and analytical reports on the state of HE • Publication of a report on South African Higher Education in the First Decade of Democracy 2004 • Design of a new methodology to analyse the state of higher education that looks at institutional profiles rather than system level data
<p>10. Convening an annual consultative conference of HE stakeholders</p>	<ul style="list-style-type: none"> • Convened <ul style="list-style-type: none"> – 1st Consultative conference in November 1999 – 2nd Consultative conference in November 2000 – 3rd Consultative conference in November 2001 – 4th Consultative conference in November 2002 – 5th Consultative conference in November 2003 • Convened Colloquium on the Ten Years of Democracy and Higher Education, 10 - 12 November 2004 Decision taken to hold the consultative conferences biennially. <ul style="list-style-type: none"> – 6th Consultative conference in March 2007 – 7th Consultative conference in November 2007

RESPONSIBILITY	PERFORMANCE
<p>11. Contributing to the development of HE through publications and conferences</p>	<ul style="list-style-type: none"> • Initiated a range of publications: Policy Reports, Research Reports, Occasional Papers, the Higher Education Monitor, Newsletters and Kagisano – a HE Discussion Series to stimulate discussion and debate on important issues related to higher education • Initiated a CHE Discussion Forum – five held thus far: <ul style="list-style-type: none"> – Key Global and International Trends in Higher Education: Challenges for South Africa and Developing Countries (Prof Philip Altbach) – Globalisation, National Development and Higher Education (Prof Manuel Castells) – A Decade of Higher Education Reform in Argentina (Dr Marcela Mollis) – Tertiary Education in the New South Africa: A Lover’s Complaint (Prof Bob Wolff) – A Conceptual Critique of the Consultative Document An Interdependent National Qualifications Framework System (Prof. Michael Young) – Numerous conferences, seminars and workshops convened by the HEQC to promote quality and build institutional and individual capabilities • Partnered the AAU, CODESRIA and UNESCO conference, 27 - 29 April 2004, Accra, Ghana, on The General Agreement on Trade in Services (GATS) and the World Trade Organization (WTO) and Higher Education

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE COUNCIL ON HIGHER EDUCATION FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Council on Higher Education which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 63 to 91.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The public entity's policy is to prepare financial statements on basis of accounting determined by the National Treasury, as set out in note 1 to the financial statements.

Opinion

9. 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 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National treasury, as set out in note 1 to the financial statements and in the manner required by the PFMA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

10. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The public entity had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8.	X	
Internal audit		
• The public entity had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2	X	
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines (section 55 of the PFMA).	X	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	X	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.	X	

Unaudited supplementary schedules

11. The supplementary information set out on page 92 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

12. I have reviewed the performance information as set out on pages 5 to 41.

Responsibilities of the accounting authority

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008.
15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.

Audit findings (performance information)

16. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

APPRECIATION

17. The assistance rendered by the staff of the Council on Higher Education during the audit is sincerely appreciated.

Auditor-General

Auditor General
Pretoria
30 July 2008



AUDITOR - GENERAL

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises four members appointed by the CHE for a term of three years. Three members' terms of office expired at the end of 2007 and two of these members were re-appointed by Council. The fourth member was appointed on 4 June 2008. All the current members are non-executive. One member is a non-voting member of Council.

The Committee assists the CHE in fulfilling its oversight responsibilities. It reviews the financial reporting process, the system of internal control and the management of financial risks, the audit process, and the CHE's process for monitoring compliance with laws and regulations.

The current Committee members are:

Prof A Melck	Chairperson
Mr S Isaacs	Member
Dr R Stumpf	Member
Dr D Tromp	Member

The CEO, Chief Financial Officer and the Financial Manager usually attend Committee meetings. Representatives from the Office of the Auditor General and from the Internal Audit consultants attend meetings on invitation.

The Committee met twice during the year under review, on 25 July 2007 and 13 March 2008. At the first meeting it reviewed the Auditor-General's report and the annual financial statements for the year ending 31 March 2007. At the second it thoroughly reviewed and amended the terms of reference that had been adopted by previous Audit Committee meetings, in order to ensure the ongoing relevance of its charter. At a special meeting held on 4 April 2008 it discussed and amended the overall audit strategy for 2007/8 as submitted by the Office of the Auditor-General.

The Committee also discussed the internal audit report. The report indicated that overall the financial control systems of the CHE are functioning well and no findings were made of any matter that could have had a material impact on the correctness of the financial statements. The CHE's responses to all the findings listed in the internal auditor's management report, were approved.

At a meeting held on 23 July 2008 the Audit Committee reviewed the Auditor-General's report and the financial statements for the year ended 31 March 2008 and wishes to record its overall satisfaction that, for the period under review, the CHE has maintained:

- effective, efficient and transparent systems of financial and risk management and internal control;
- an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;
- a system for properly evaluating all major capital projects prior to a final decision on each project; and
- effective and appropriate steps to
 - Collect all revenue due to the CHE;
 - Prevent irregular expenditure, fruitless and wasteful expenditure, and losses; and
 - Manage available working capital efficiently and economically.

The Committee once again raised the matter of the steep increase in the audit fee as a serious concern. It noted that the increase in this fee was largely related to the actual hours of work done for the previous audit, which in turn can largely be ascribed to the introduction of more audit requirements, including the changeover from GAAP to GRAP.

The Committee noted that the CHE during its ten years of existence have never been issued with a qualified audit report, including this year. CHE management was commended on their performance in this regard. The Committee therefore recommended that the CHE Council approve the annual financial statements as presented by Management.

A handwritten signature in black ink that reads 'Anthony Melck'. The signature is written in a cursive style with a horizontal line underneath the name.

Professor A Melck
Chairperson
23 July 2008

Financial Statements for the year ended 31 March 2008

Contents	Page
Director's approval of annual financial statements	58
Accounting Authority Report	59
Statement of Financial Position	63
Statement of Financial Performance	64
Statement of Changes in Net Assets	65
Cash Flow Statement	66
Accounting Policies	67-75
Notes to the Financial Statements	76-89
Detailed Statement of Financial Performance	90-91
Budget vs Expenditure 2007/2008	92

Director's approval of the annual financial statements

The annual financial statements for the year ended 31 March 2008 set out on pages 58-92 were approved and signed by



Dr Cheryl De la Rey
Chief Executive Officer
31 May 2008

ACCOUNTING AUTHORITY REPORT

For the year ended 31 March 2008

Report by the Accounting Authority to the Executive Authority and Parliament of the Republic of South Africa

1 INTRODUCTION

The Council on Higher Education (CHE) is a statutory body established by the Higher Education Act, 101 of 1997. The Public Finance Management Act (PFMA), 1999, as amended has listed the CHE as a Schedule 3A entity.

In terms of the Public Finance Management Act the CHE Council acts as the accounting authority for the organisation.

2 NATURE OF THE ENTITY

2.1 The Higher Education Act (Act 101 of 1997) assigned to the CHE statutory responsibility to advise the Minister of Education on any aspect of higher education. The Act also assigned statutory responsibility to the CHE for quality assurance and quality promotion in higher education, to be carried out through a permanent body, the Higher Education Quality Committee (HEQC). Quality assurance activities are undertaken by four Directorates vis-à-vis Institutional Audits, Programme Accreditation, National Reviews and Quality Promotion and Development.

2.2 The advice function is supported by a Directorate for Monitoring and Evaluation that focuses on policy related issues and trends in Higher Education. The Advice Function to the Ministry of Education is managed by the Chief Executive Officer and supported by a range of CHE Standing Committees, Task Teams and Projects.

3 PRINCIPAL RESPONSIBILITIES

The Higher Education Act and the Education White Paper 3 of 1997 outlined the responsibilities of the CHE in fairly great detail. These responsibilities include:

- advising the Minister on all Higher Education issues on which the CHE's advice is sought;
- advising the Minister on its own initiative on Higher Education issues which the CHE regards as important;
- designing and implementing a system for quality assurance in Higher Education and establishing the HEQC;
- advising the Minister on the appropriate shape and size of the Higher Education system, including its desired institutional configuration;
- advising the Minister in particular on the new funding arrangements for Higher Education and on language policy in Higher Education;
- developing a means for monitoring and evaluating whether, how, to what extent and with what consequences the vision, policy goals and objectives for HE defined in the White Paper on HE are being realised;
- promoting the access of students to Higher Education;
- providing advice to the Minister on the proposed new Education Management Information System for Higher Education;
- formulating advice for the Minister on a new academic policy for HE, including a diploma/degree structure which would advance the policy objectives of the White Paper;
- formulating advice for the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating South Africa's economy, such as greater Higher Education – industry partnerships;
- appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public Higher Education institutions;
- establishing healthy interactions with Higher Education stakeholders on the CHE's work;
- producing an Annual Report on the state of Higher Education for submission to parliament;

ACCOUNTING AUTHORITY REPORT For the year ended 31 March 2008

- convening an annual consultative conference of Higher Education stakeholders;
- participating in the development of a coherent human resource development framework for South Africa in concert with other organisations;
- contributing to the development of Higher Education through publications and conferences.

4 REVIEW OF OPERATIONS

The CHE managed to fulfil its mandate in terms of all its core functions. On one occasion the Minister of Education shared with the Council key areas of concern in higher education, some of which she indicated to be advised on by the CHE.

5 REVIEW OF FINANCIAL POSITION

The CHE derived its operating income of R34,991,928 from the following sources:

- R29,442,645 (84,1%) from the Department of Education (DoE) Government Grant;
- R1,247,679 (3,6%) Donations received;
- R324,491 (0,9%) Sundry income; and
- R1,396,524 (4,0%) Private accreditation cost-recovery;
- R2,580,246 (7,4%) Interest received.

The CHE's total expenditure for the 2007 - 2008 was R33,714,364. This leaves the organisation with a surplus for the period of R1,277,565 (2006-2007: R6,795,830)

Employee costs made up 36,7% (2006 - 2007: 42,4%) of the total expenditure. Much of the CHE's work has been done by employing consultants who are specialists in various fields. R7,780,966 (2006 - 2007: R5,880,450) was spent on consultants during the year under review.

6 GOING CONCERN

The CHE will be able to meet its mandate due to Government's commitment to ongoing funding.

7 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Prof Cheryl de la Rey was appointed as the new CEO for the CHE with effect from 1 May 2008. Council Members are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the council or the results of its operations.

8 GOVERNANCE

8.1 *Members of Council*

1 April 2007 to 31 March 2008

Executive member

R Singh (Interim Chief Executive Officer) to July 2007
 M L Lange (Acting Chief Executive Officer) from August 2007

Voting members

AM Perez
 F Ginwala
 L Abrahams
 M Fourie
 N Sibiya
 NC Manganyi (Chairperson from October 2007)
 R Katz
 S Macozoma (Term as Chairperson ended)
 SF Coetzee
 SJ Saunders
 V van Vuuren
 Y Ballim

Non-voting members

R Singh
 M Qhobela
 A Canca (Resigned October 2007)
 L Mphahlele (From November 2007)
 SBA Isaacs
 RC Lubisi
 A Kaniki (Until November 2007)
 M Mangaliso (From February 2008)

Co-opted members

HP Africa
 JA Glennie
 W Rowland

8.2 Committees and meetings

The CHE comprises the Council, an Executive Committee, and a Secretariat headed by the CEO. During the past year the CHE had five full board meetings. On one occasion the meeting was addressed by the Minister of Education. The Executive Committee also met five times. During the past year, the Council appointed an Investment Committee to advise on the investment of surplus funds.

The HEQC Board met five times, three times for full meetings and twice for planning meetings. The Executive Committee of HEQC had six meetings. CHE Standing Committees, Task Teams and Projects have met as required. As noted, the HEQC has its own Board with two CHE members represented on it (the chairperson of the HEQC and one other).

ACCOUNTING AUTHORITY REPORT For the year ended 31 March 2008

9 ADDRESSES

The entity's business, postal and registered addresses are as follows:

Business address:

Didacta Building, 211 Skinner Street, Pretoria, 0002

Postal address:

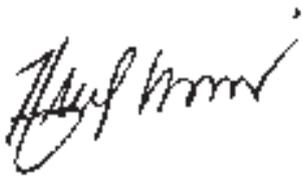
PO Box 13354, The Tramshed, Pretoria, 0126

Registered address:

Didacta Building, 211 Skinner Street, Pretoria, 0002

10 APPROVAL

The financial statements are prepared in accordance with the accounting authority standards set out in 1.1 to the financial statements. The annual financial statements set out on pages 63 to 92 fairly present the state of affairs of the CHE for the financial year ending 31 March 2008. These statements were approved by the Executive Committee.



Prof Chabani Manganyi
Chairperson of the CHE Council
Date: 31 May 2008

Financial Statements for the year ended 31 March 2008

Statement of Financial Position

FIGURES IN RAND	NOTE(S)	2008	2007
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	2,229,922	2,108,715
Intangible assets	3	154,471	144,935
		2,384,393	2,253,650
Current Assets			
Trade and other receivables	7	179,205	60,793
Prepayments	6	224,775	144,356
Cash and cash equivalents	8	24,442,668	22,837,712
		24,846,648	23,042,861
Total Assets		27,231,041	25,296,511
Net Assets and Liabilities			
NET ASSETS			
Accumulated Surplus		21,767,509	20,489,944
LIABILITIES			
Non-Current Liabilities			
Finance lease obligation	9	390,036	122,348
Deferred income	10	2,120,938	3,407,192
		2,510,974	3,529,540
Current Liabilities			
Finance lease obligation	9	220,573	180,825
Operating lease liability	5	39,833	237,619
Trade and other payables	12	2,365,572	458,504
Provisions	11	326,580	400,079
		2,952,558	1,277,027
Total Liabilities		5,463,532	4,806,567
Total Net Assets and Liabilities		27,231,041	25,296,511

Financial Statements for the year ended 31 March 2008
Statement of Financial Performance

FIGURES IN RAND	NOTE(S)	2008	2007
Revenue	14	32,411,339	31,777,511
Other income		344	3,683,436
Operating expenses		(33,654,297)	(30,548,725)
Operating (deficit)/surplus	15	(1,242,614)	4,912,222
Investment revenue	16	2,580,246	1,939,716
Finance costs	17	(60,067)	(56,108)
Surplus for the year		1,277,565	6,795,830

Financial Statements for the year ended 31 March 2008

Statement of Changes in Net Assets

FIGURES IN RAND	ACCUMULATED SURPLUS	TOTAL
BALANCE AT 01 APRIL 2006	13,694,114	13,694,114
Surplus for the year	6,795,830	6,795,830
Total changes	6,795,830	6,795,830
BALANCE AT 31 MARCH 2007	20,489,944	20,489,944
Surplus for the year	1,277,565	1,277,565
Total changes	1,277,565	1,277,565
BALANCE AT 31 MARCH 2008	21,767,509	21,767,509

Financial Statements for the year ended 31 March 2008

Cash Flow Statement

FIGURES IN RAND	NOTE(S)	2008	2007
Cash flows from operating activities			
Cash receipts from customers		31,725,123	32,465,300
Cash paid to suppliers and employees		(32,028,471)	(32,499,821)
Cash used in operations	20	(303,348)	(34,521)
Interest income		2,580,246	1,939,716
Finance costs		-	(56,108)
Net cash from operating activities		2,276,898	1,849,087
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(272,122)	(412,340)
Sale of property, plant and equipment	2	7,861	-
Purchase of other intangible assets	3	(154,403)	(111,319)
Net cash from investing activities		(418,664)	(523,659)
Cash flows from financing activities			
Finance lease payments		(253,278)	(2,515)
Total cash movement for the year		1,604,956	1,322,913
Cash at the beginning of the year		22,837,712	21,514,799
Total cash at end of the year	8	24,442,668	22,837,712

Financial Statements for the year ended 31 March 2008

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by Accounting Standards Board replacing the equivalent SA GAAP Statement as follows:

Standards of GRAP

GRAP 1: Presentation of Financial Statements
 GRAP 2: Cash Flow Statements
 GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors

Replacement Statement of GAAP

AC 101: Presentation of Financial Statements
 AC 118: Cash Flow Statements
 AC 103: Accounting Policies, Changes in Accounting Estimates and Errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in these financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

1. Terminology differences:

Standards of GRAP

Statement of financial performance
 Statement of financial position
 Statement of changes in net assets
 Net assets
 Surplus/deficit for the period
 Accumulated surplus/deficit
 Contributions to owners
 Reporting date

Replacement Statement of GAAP

Income Statement
 Balance sheet
 Statement of changes in equity
 Equity
 Profit/loss for the period
 Retained earnings
 Dividends
 Balance sheet date

2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information has been presented separately on the Statement of Financial Position such as:
 - a. receivables from non-exchange transactions;
 - b. trade and other receivables from non-exchange transactions.
4. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 - 15 of GRAP 1 has not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These accounting policies are consistent with those of previous periods.

Financial Statements for the year ended 31 March 2008

Accounting Policies

1.1 Significant judgements

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

Loans and Receivables

The entity assesses its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the Statement of Financial Performance, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment (i.e. carrying amount is less than recoverable amount) may have occurred, estimates are prepared of expected future cash flows for each group of assets.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 – Provisions.

1.2 Property, plant and equipment

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

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

Costs include costs (cash or cash price equivalent) 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. Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Item	Useful life range
Furniture and fixtures	10 - 14 years
Office equipment	7 - 21 years
Computer equipment	7 -10 years
Computer software – operating software	2 - 7 years

The residual value and the useful life of each asset are reviewed at each financial period-end. Where estimates differ from those previously assessed the change is recognised as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately over its estimated useful life. Those items of property, plant and equipment which are of such a nature that they are replaced as a whole and not in terms of component parts, are not broken down into significant components as the useful lives of the components are expected to approximate the useful lives of the items taken as a whole.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation is provided, using the straight line method, on all property, plant and equipment to write down their cost over their estimated useful lives to their estimated residual values. Where the residual value of an asset item is considered to be insignificant it is also considered to be immaterial in the calculation of the depreciable amount of those assets.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus 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 at the date of disposal.

1.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

Item	Useful life range
Computer software – application software	1 - 8 years

Financial Statements for the year ended 31 March 2008

Accounting Policies

1.4 Financial instruments

Initial recognition

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Loans to employees

These financial assets are initially recognised at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the Statement of Financial Performance.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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

The following situations would normally individually or in combination lead to a lease being classified as a finance lease and have been considered by the entity:

- lease transfers ownership of the asset to the lessee by the end to the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the asset.
- the leased asset are of such a specialised nature that only the lessee can use them without major modifications;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are born by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee; and
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

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.

The 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 the remaining balance of the liability.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

Financial Statements for the year ended 31 March 2008

Accounting Policies

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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The entity assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

1.8 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 will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income which is released to the Statement of Financial Performance as the assets are depreciated i.e. as the cost are incurred which the grant is intended to compensate.

Grants related to income are presented as a credit in the Statement of Financial Performance (separately).

Repayment of a grant related to an asset is recorded by reducing the deferred income balance by the amount repayable.

1.10 Revenue

Revenue comprises government grants related to income and related to assets received from the Department of Education (DoE), donations received and fees charged for accreditation of courses provided by Private Higher Education providers.

Financial Statements for the year ended 31 March 2008

Accounting Policies

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at balance sheet date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless they are incurred on the construction or acquisition of a qualifying asset in which case they are capitalised to the cost of that asset.

1.12 Translation of foreign currencies

Foreign currency transactions

Donations are received from foreign donors. Donor contracts stipulate that at the end of the donation period remaining donor funds should be refunded to the donors.

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.13 Irregular and fruitless and wasteful expenditure

The Council considers fruitless and wasteful expenditure to be expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is charged against income in the period in which they are incurred and disclosed in accordance with the PFMA.

The Council considers irregular expenditure to be expenditure, other than authorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. Irregular expenditure is charged against income in the period in which they are incurred and disclosed in accordance with the PFMA.

1.14 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current financial year.

Financial Statements for the year ended 31 March 2008 Notes to the Financial Statements

FIGURES IN RAND	2008			2007		
2. Property, plant and equipment						
	Cost/ valuation	Accumulated depreciation	Carrying value	Cost/ valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	1,380,869	(546,510)	834,359	1,298,581	(416,897)	881,684
Office equipment	381,957	(138,820)	243,137	343,026	(101,228)	241,798
Computer equipment & software	1,341,016	(742,045)	598,971	1,313,764	(605,598)	708,166
Office equipment leased	721,186	(167,731)	553,455	773,467	(496,400)	277,067
Total	3,825,028	(1,595,106)	2,229,922	3,728,838	(1,620,123)	2,108,715

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Depreciation	Loss on assets scrapped	Total
Furniture and fixtures	881,684	91,301	(5,698)	(132,695)	(233)	834,359
Office equipment	241,798	54,658	(11,403)	(40,994)	(922)	243,137
Computer equipment & software	708,166	126,162	(3,551)	(205,894)	(25,912)	598,971
Office equipment leased	277,067	569,146	(63,379)	(229,379)	-	553,455
	2,108,715	841,267	(84,031)	(608,962)	(27,067)	2,229,922

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Depreciation	Loss on assets scrapped	Total
Furniture and fixtures	922,159	82,369	(122,204)	(640)	881,684
Office equipment	261,829	19,883	(28,637)	(11,277)	241,798
Computer equipment & software	821,663	167,855	(214,711)	(66,641)	708,166
Office equipment leased	280,903	142,233	(146,069)	-	277,067
	2,286,554	412,340	(511,621)	(78,558)	2,108,715

Compensation received for losses on property, plant and equipment – included in operating surplus

Furniture and fixtures	1,380	-
Computer equipment	16,473	25,831
	17,853	25,831

Assets subject to finance lease (Net carrying amount)

Office equipment	553,455	277,067
------------------	---------	---------

FIGURES IN RAND
2008
2007
3. Intangible assets

	Cost/ valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	420,517	(266,046)	154,471	334,480	(189,545)	144,935

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software, other	144,935	154,403	(144,867)	154,471

Reconciliation of intangible assets - 2007

	Opening Balance	Additions	Amortisation	Total
Computer software, other	135,887	111,319	(102,271)	144,935

4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2008	Loans and receivables	Fair value through surplus or deficit – held for trading	Fair value through surplus or deficit – designated	Held to maturity	Total
Other financial assets	179,205	-	-	-	179,205
Cash and cash equivalents	-	24,442,668	-	-	24,442,668
	179,205	24,442,668	-	-	24,621,873
2007					
Other financial assets	60,793	-	-	-	60,793
Cash and cash equivalents	-	22,837,712	-	-	22,837,712
	60,793	22,837,712	-	-	22,898,505

5. Operating lease asset (liability)

Opening balance	(237,619)	(380,237)
Utilised during the year	197,786	142,618
Closing balance	(39,833)	(237,619)

The operating lease liability results from the straight-lining of operating lease payments for the rent of part of the building from SAASTA (refer to note 21).

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

6. Prepayments

The entity has two insurance policies with SA Eagle Insurance Limited and Accident & Miscellaneous Acceptance of which the premiums are paid annually in November each year. The policies are respectively for asset insurance and stated benefits (group insurance). The annual payment for the asset insurance is R114,687 (2007:R102,664) of which R67,677 (2007:R60,034) was prepaid. The annual payment for the stated benefits is R58,294 (2007:R60,745) of which R34,005 (2007:R36,190) was prepaid.

Costs relating to workshops, meetings, conferences for the following financial year to the amount of R123,093 were paid in March 2008.

FIGURES IN RAND	2008	2007
Asset insurance	67,677	60,034
Stated benefits	34,005	36,190
Workshops, meetings, conference, etc	123,093	48,132
	224,775	144,356

7. Trade and other receivables

Trade receivables	145,871	-
Staff loans	33,334	27,517
Accrued income	-	33,276
	179,205	60,793

None of the financial assets that are fully performing have been renegotiated in the last year.

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

8. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions. Cash and cash equivalents included in the cash flow statement comprise the following Statement of Financial Position amounts:

Cash on hand and balances with banks	1,817,513	716,754
Marketlink: CHE	253,523	453,235
Marketlink: Rockefeller and Ford Foundation	-	1,802,280
Corporation for Public Deposits: CHE Accreditation	2,099,454	1,905,507
Corporation for Public Deposits: CHE	20,272,178	17,959,936
	24,442,668	22,837,712

Credit quality of cash at bank and short term deposits

The maximum exposure to credit risk at the reporting date is the fair value of each class of cash and cash equivalents mentioned above.

FIGURES IN RAND **2008** **2007**

9. Finance lease obligation

Minimum lease payments due

- within one year	295,421	208,324
- in second to fifth year inclusive	439,669	133,315
	735,090	341,639
less: future finance charges	(124,481)	(38,466)
Present value of minimum lease payments	610,609	303,173

Present value of minimum lease payments due

- within one year	220,573	180,825
- in second to fifth year inclusive	390,036	122,348
	610,609	303,173

Non-current liabilities	390,036	122,348
Current liabilities	220,573	180,825
	610,609	303,173

It is the Council's policy to lease certain office equipment under finance leases.

The average lease term was three years and the average effective borrowing rate was 14% (2007: 11%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

10. Deferred income

Deferred income consists of government grants related to assets and unutilised donor funds which is both released to income as the costs which they are intended to compensate are incurred.

There are no unfulfilled conditions or contingencies attached to government assistance.

Donations/projects roll over

The Rockefeller Foundation – HE Triennial Review	-	594,597
Finish Co-operation – Quality Systems Restructuring	-	92,165
Cost recovery – Private Accreditation	289,999	743,846
	289,999	1,430,608

Government grants related to assets

Department of Education (DoE)	1,830,939	1,976,584
Total	2 120,938	3 407,192

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

FIGURES IN RAND

11. Provisions

Reconciliation of provisions - 2008

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	400,079	105,810	(179,309)	326,580

Reconciliation of provisions - 2007

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	405,661	174,158	(179,740)	400,079

The leave pay provision relates to vesting leave pay to which employees may become entitled upon leaving the employment of the Council on Higher Education. The provision is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

There is no expected reimbursement for this provision.

12. Trade and other payables

	2008	2007
Trade and other payables	2,019,715	5,065
Accrued bonus	340,116	450,365
Accrued finance charges on finance leases	5,741	3,074
	2,365,572	458,504

13. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2008

	Financial liabilities at amortised costs	Fair value through surplus or deficit – held for trading	Fair value through surplus or deficit – designated	Total
Other financial liabilities	2,019,715	-	-	2,019,715

2007

Other financial liabilities	5,065	-	-	5,065
-----------------------------	-------	---	---	-------

FIGURES IN RAND	2008	2007
14. Revenue		
Department of Education (DoE) Government Grant	29,442,645	28,066,955
Donations received	1,247,679	2,629,080
Private accreditation cost recovery	1,396,524	784,680
Sundry income	324,491	296,796
	32,411,339	31,775,511

15. Operating (deficit)/surplus

Operating (deficit)/surplus for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	1,308,367	1,096,049
Loss on sale of property, plant and equipment	(7,672)	-
Loss on property, plant and equipment scrapped	27,067	78,559
Impairment on trade and other receivables	-	31,000
Profit on exchange differences	-	63,328
Amortisation on intangible assets	144,867	102,271
Depreciation on property, plant and equipment	608,962	511,620
Employee costs (refer breakdown below)	12,053,284	12,593,347
Basic salaries	11,607,858	11,477,956
Pension	27,258	60,612
Medical Aid	227,372	234,786
Bonuses	74,194	63,089
Other	116,602	771,723

16. Investment revenue

Interest revenue		
Interest charged on trade & other receivables (financial assets: loans & receivables)	2,298	7,877
Interest received: CHE (financial asset: held for trading)	481,791	459,766
Interest received: Ford Foundation (financial asset: held for trading)	36,731	153,921
Interest received: Rockefeller Foundation (financial asset: held for trading)	35,029	55,657
Interest received: Corporation for Public Deposits (financial asset: held for trading)	1,830,450	1,163,395
Interest received: Corporation for Public Deposits: Private Accreditation (financial asset: held for trading)	193,947	99,100
	2,580,246	1,939,716

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

FIGURES IN RAND	2008	2007
17. Finance costs		
Finance leases	60,067	32,028
Effective interest paid on trade and other payables (financial liabilities: loans and payables)	-	24,080
	60,067	56,108

18. Taxation

The Council on Higher Education is exempt from normal South African income taxation in terms of Section 10(1)cA of the Income Tax Act.

19. Auditors' remuneration

External Audit	574,576	283,576
IT Audit	47,977	77,596
Internal?Audit	103,416	-
Fees	725,969	361,172

20. Cash used in operations

Surplus before taxation	1,277,565	6,795,830
Adjustments for:		
Depreciation and amortisation	753,829	613,891
Loss on sale of assets	7,672	-
Interest received	(2,580,246)	(1,939,716)
Finance costs	60,067	56,108
Impairment loss	27,067	109,559
Movements in operating lease assets and accruals	(197,786)	(142,618)
Movements in provisions	(73,499)	(5,582)
Changes in working capital:		
Trade and other receivables	(118,412)	703,991
Prepayments	(80,419)	(47,202)
Trade and other payables	1,907,068	(4,174,622)
Deferred income	(1,286,254)	(2,004,160)
	(303,348)	(34,521)

21. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	39,833	1,314,909
- in second to fifth year inclusive	-	110,095
	39,833	1,425,004

FIGURES IN RAND
2008
2007

The Council on Higher Education leases part of a building from SAASTA for a period of five years, effective from 1 May 2003 to 30 April 2008. The lease payment is calculated at the following rate: Initially 1200 square metres were rented which increased to 2 075 square metres from 26 January 2004 at an initial rate per square metres of R38.00 and 30 parking bays at R120 per bay

Escalation is calculated at 8% per annum with effect 1 May 2004 for four years. The escalation will decrease to 6% from 1 May 2007 as per the lease agreement. The Council on Higher Education has an option to renew the lease for a further three years at an escalation rate of 8% per annum, or as per mutual agreement of the parties. Three months notice is required for options to be exercised (refer to note 27).

22. Related parties
Relationships

Executive Authority

Department of Education

Public Entity under the DoE

South African Qualifications Authority (SAQA)

Members of key management

Refer to note 28

Related party transactions
Consulting fees paid

SAQA

648,000

-

Grant received

Department of Education

29,297,000

27,902,000

23. Change in estimate
Property, plant and equipment

In terms of the requirements of IAS 16 the useful life of all asset items were reviewed by management at year end. The remaining useful life expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision is an increase in the depreciation charges for the current period of 2008: R12,376 (2007: R48,415) and an increase in the amortisation charges of 2008: R0 (2007: R17,575).

24. Immaterial error adjustment

An amount of R39,598 was incorrectly included in the expenses incurred column for the Finnish Co-operation total in the schedule for donor funding in the financial statements for the year ended 31 March 2007, resulting in donor funding being understated by R39,598 and revenue received overstated by the same amount which has been adjusted in the current year.

25. Risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

FIGURES IN RAND

2008

2007

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments. Cash flow forecasts are prepared.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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.

At 31 March 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,019,715	-	-	-

At 31 March 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	5,063	-	-	-

Interest rate risk

The entity's income and operating cash flows are substantially independent of changes in market interest rates. Deposits attract interest at rates that vary with prime. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on a surplus (deficit).

At year end, financial instruments exposed to interest rate risk were as follows: Balances with banks, Marketlink accounts and deposits with the Corporation for Public Deposits.

Credit risk

Credit risk consists mainly of cash deposits with banks and the Corporation for Public Deposits, staff loans and other receivables. The Council only deposits cash with Institutions 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

Deposits with banks	253,523	2,255,515
Corporation for Public Deposits	22,371,632	19,865,443
Staff loans	35,073	28,492
Other receivables	-	33,333

Foreign exchange risk

The company does not hedge foreign exchange fluctuations.

The Council on Higher Education receives international donations/grant funds for support on projects as stipulated by the donors. The Council on Higher Education is required in terms of the contracts with these donors to return to the donors any grant funds, not expended or committed for the purpose of the grant, at the end of the grant period.

In some cases the donors require the remaining foreign currency amount to be refunded exposing the Council on Higher Education to foreign currency risk, in other cases the donors only require the remaining functional currency amount (Rands) to be refunded in which case the Council on Higher Education is not exposed to foreign currency risk.

26. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

27. Post balance sheet events

The operating lease contract was renewed, as per note 21. As there was no indication that the contract will be renewed as from the inception of the lease, no adjustments were made. The renewed contract will start 1 May 2008 and will be for five years, lease payments will be straight-lined from that date until the contract expires.

**Financial Statements for the year ended 31 March 2008
Notes to the Financial Statements**

28. Schedule of Donor-Funded project roll overs

Project 31 March 2008	Notes	Funder	Balance as at 31 March 2007	Transfer to Reserve account	Interest received	Current year income received	Current year expenses incurred	Remaining donor funds refunded to donor at end of period	Transfer to donations Received 31 March 2008	Balance as at 31 March 2008
			R	R	R	R	R	R	R	R
Quality Assurance Capacity Development/2		Carnegie Foundation	-							-
HE in Transformation of Societies		CHERI	-							-
HE Designation	2	FORD	-							-
Monitoring Goals & Objectives		FORD	-							-
Quality Promotion	2	FORD	-							-
Regulation										
Autonomy Freedom		FORD	-							-
HE Triennial Review		Rockefeller Foundation	594,597			-	(127,702)	(466,895)		-
Private Accreditation		Cost Recovery	743,846			942,677	(1,396,524)			289,999
Australian Funded Projects		AusAid	-							-
Quality Systems Restructuring		Finnish Co-operation	92,165			1,027,811	(1,001,415)		(118,561)	-
Post Graduate Education		NRF	-							-
TOTAL			1,430,608	-	-	1,970,488	(2,525,641)	(466,895)	(118,561)	289,999

Project	Notes	Funder	Balance as at 31 March 2007	Transfer to Reserve account	Interest received	Current year income received	Current year expenses incurred	Remaining donor funds refunded to donor at end of period	Transfer to donations Received	Balance as at 31 March 2008
			R	R	R	R	R	R	R	R
Quality Assurance										
Capacity Development1/2		Carnegie Foundation	293,632		17,185			(310,817)		-
HE in Transformation of Societies		CHERI	47,004	(47,004)	-					
HE Designation	2	FORD	166,433					(166,433)		-
Monitoring Goals & Objectives							(949,650)	-		-
FORD			949,650							
Quality Promotion	2	FORD	287,619					(287,619)		-
Regulation Autonomy										
Freedom			485,447				(485,447)			-
FORD			737,964				(143,367)			594,597
HE Triennial Review		The Rockefeller Foundation								
Private Accreditation		Cost Recovery	-			-1,528,526	(784,680)			743,846
Australian Funded Projects		AusAid	39,599				(39,599)			-
Quality Systems Restructuring		Finnish Co-operation	12,466			880,315	(800,616)			92,165
Post Graduate Education		NRF	250,000				(250,000)			-
TOTAL			3,269,814	(47,004)	17,185	2,408,841	(3,453,360)	(764,869)		1,430,608

NOTES

1. The grant condition of Carnegie stipulates that interest accrued to the grant should be applied to the project.
2. In terms of the contract with the donor remaining donor funds were refunded to the donor at the end of the donation term.

Financial Statements for the year ended 31 March 2008

Notes to the Financial Statements

29. Senior management remuneration

Members of the accounting authority (part of related parties disclosure, refer to note 22)
Services rendered as non executive members of the Council

Member Fees	31 March 2008	31 March 2007
HP Africa (Chairperson - HEQC)	45,392.00	47,736.00
S Macozoma (Chairperson - CHE)	3,758.00	39,312.00
SJ Saunders	11,274.00	0.00
J Glennie	36,452.60	47,035.00
C Manganyi (Chairperson - CHE)	22,696.00	
W Rowland	11,274.00	
M Fourie	18,790.00	
G Ginwala	3,758.00	
G Perez	15,032.00	
R Katz	13,941.26	
V Van Vuuren	11,274.00	
Member Fees		
S Coetzee	16,334.00	
R Stumpf	18,790.00	
T Yako	7,516.00	
J Favish	18,790.00	
MSE Moshsega-Sebolai	18,790.00	
LD Mogari	11,274.00	
TOTAL	285,135.86	134,083.00

Financial Statements for the year ended 31 March 2008
Notes to the Financial Statements

29. Senior management remuneration

	Basic Salary	Bonuses and Performances Related payment	Travel Allowances	Subsistence Allowances	Contribution to pension funds	Contribution to medical aids	Contribution to insurance schemes	Total
31 March 2008								
Chief Executive Officer								
R Singh - Interim CEO (Till July 2007)	271,004.35	15,000.00	29,578.22	935.72				316,518.29
Executive Director								
L Lange - Acting CEO (from August 2007) /		718,125.07	38,514.83	29,003.19			1,963.80	787,606.89
Chief Financial Officer								
J Beukes	533,191.71	38,478.54	1,521.04	127.00			1,823.04	575,141.33
Total	1,522,321.13	91,993.37	1,521.04	58,708.41			4,722.56	1,679,266.51
31 March 2007								
Chief Executive Officer								
R Singh (from June 2006)	726,184.64	93,912.98	6,295.87	23,000.82	0.00	0.00	2,199.0085	51,593.31
S Badat (till May 2006)	184,813.95	0.00	1,141.86	0.00	9,400.00	5,740.00	183.52	201,279.33
Chief Financial Officer								
J Beukes	431,462.90	0.00	0.00	0.00	0.00	0.00	759.60	432,222.50
Total	1,342,461.49	93,912.98	7,437.73	23,000.82	9,400.00	5,740.00	3,142.12	1,485,095.14

Financial Statements for the year ended 31 March 2008 Detailed Statement of Financial Performance

FIGURES IN RAND	NOTES	2008	2007
Revenue			
Department of Education (DoE) Government Grant		29,442,645	28,066,955
Sundry income		324,491	296,797
Donations received		1,247,679	2,629,080
Private accreditation cost recovery		1,396,524	784,680
	14	32,411,339	31,777,512
Other income			
SARS output VAT write off		-	3,683,436
Adjustment on trade and other payables		344	-
Interest received	16	2,580,246	1,939,716
		2,580,590	5,623,152
Expenses (Refer to page 91)			
		(33,654,297)	(30,548,725)
Operating surplus	15	1,337,630	6,851,939
Finance costs	17	(60,067)	(56,108)
Surplus for the period		1,277,565	6,795,831

Financial Statements for the year ended 31 March 2008

Detailed Statement of Financial Performance

FIGURES IN RAND	NOTES	2008	2007
Operating expenses			
Adjustment on trade and other receivables		3,930	1,575
Administration expense		457,806	389,015
Auditors' remuneration	19	725,969	361,172
Bank charges		34,967	33,510
Consulting fees		7,780,966	5,880,450
Consumables		6,482	-
Council meetings		232,083	281,549
Depreciation, amortisation and impairments		780,896	723,450
Employee costs		12,053,284	12,593,347
IT expenses		1,118,861	999,655
Insurance		221,053	127,200
Lease rentals on operating lease		1,308,367	1,096,049
Legal expenses		293,540	258,470
Loss on disposal of assets		7,672	-
Loss on exchange differences		-	63,328
Media and communication expense		674,795	299,680
Membership, subscription and licence fees		56,624	46,040
Project expenditure		1,069,735	1,342,010
Recruitment		427,691	356,951
Remuneration of non-executive members		285,136	134,083
Staff benefits (includes leave paid, workmen's compensation, UIF, group (insurance, loans, etc)		260,881	305,739
Staff development		216,806	174,644
Travel and subsistence		4,197,087	3,670,900
Utilities		268,876	238,162
Venue catering – workshops, meetings		1,170,792	1,171,746
		33,654,299	30,548,725

Financial Statements for the year ended 31 March 2008 Budget vs Expenditure 2007/2008

ITEM	BUDGET	EXPENDITURE
Administrative expenses	403,500	457,806
Auditing fees	465,000	725,969
Bank charges	27,000	34,967
Consultants	8,000,000	7,780,966
Council Meetings	160,000	232,083
Employee costs	12,938,575	12,053,284
Information technology expenses	790,000	1,125,343
Insurance	150,000	221,053
Lease rentals on operating leases	1,734,200	1,308,367
Legal fees	112,000	293,540
Media and communications expenses	469,000	674,795
Membership , subscriptions & licence fees	42,000	56,624
Project expenditure	1,000,000	1,069,735
Recruitment	260,000	427,691
Remuneration of non-executive members	372,924	285,136
Staff benefits	300,000	260,881
Staff development	150,000	216,806
Travel and subsistence	4,065,295	4,197,087
Utilities	267,000	268,876
Venue catering – workshops, meetings	1,200,000	1,170,792
Totals	33,171,494	32,861,801
Capital Expenditure:		
Finance Lease	175,000	253,278
Fixed Assets	437,910	426,525
	612,910	679,803
	33,519,404	33,541,604

ISBN: 978-1-919856-68-1

Date of Publication: August 2008

*Material from this publication cannot
be reproduced without the CHE's permission*

Design and layout by Blue Apple

© Council on Higher Education, Pretoria

PO Box 13354
The Tramshed
0126
South Africa

Tel: +27 12 392 9100
Fax: +27 12 392 9110

Website: <http://www.che.ac.za>



Council on Higher Education