

1. ORGANISATION

The CHE comprises the Council, an Executive Committee, and a Secretariat headed by the CEO. During the past year, the Council of the CHE met about every two months while the Executive Committee (EXCO) met almost monthly. 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). Figure 3 below illustrates how the operations of the CHE are organised and the structure of authority, accountability and reporting.

Since relocating to its own offices in May 2002, the CHE has moved out of the ground floor of the Didacta Building to occupy the newly refurbished second floor, which has been designed to CHE specifications. The CHE now occupies both first and second floors of the west wing of the Didacta Building, and still shares the building with two other statutory bodies, the Foundation for Education, Science and Technology (FEST) and the National Advisory Council on Innovation (NACI). The CHE has secured, within the constraints of its financial resources, the workspace, office furniture and equipment essential for effective and efficient functioning.

The move to the new offices required the CHE to make major investments in Information and Communication Technology (ICT). This has resulted in the CHE establishing its own ICT infrastructure, becoming part of the Tertiary Education Network and changing its domain name.

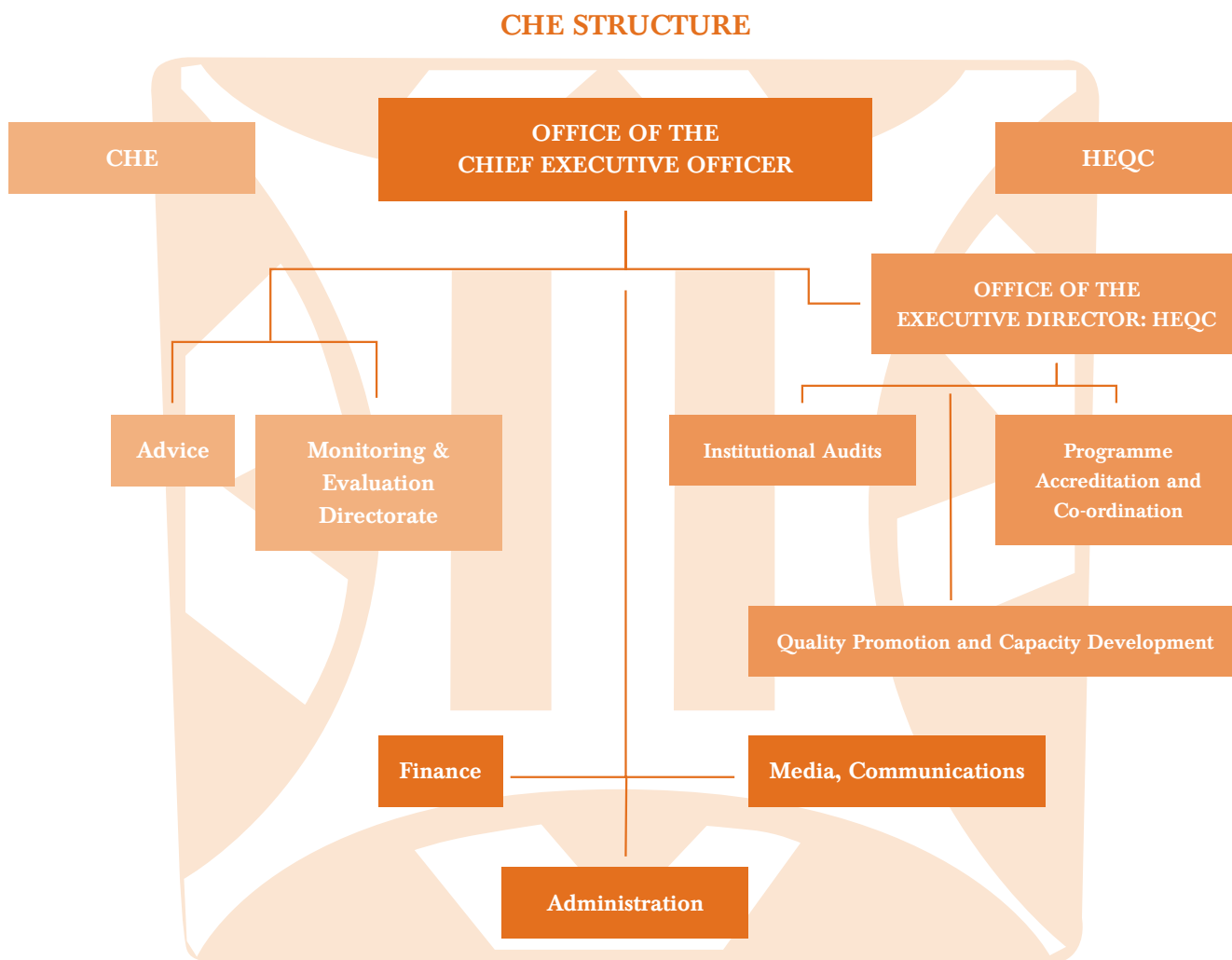
The development of a national QA system, which is the responsibility of the HEQC, necessitates the development of a comprehensive and appropriate MIS capable of dealing with the processes involved in the accreditation of programmes, the performance of institutional audits and the tasks associated with quality promotion and capacity development. The CHE has embarked on the development of a MIS, which has as its main purpose the support of the HEQC work, but extends also to areas of documentation management for the whole organisation.

The objectives of the MIS are:

- To conceptualise, develop and implement an integrated MIS for the CHE
- To automate internal and external processes for the accreditation of programmes
- To automate internal and external processes for the institutional audits of HEIs
- To automate internal and external processes for the activities of quality promotion and capacity development
- To develop a document management system to automate the CHE registry function.

Work is continuing on the phased implementation of a knowledge management system, including the creation of various key databases. This is an extremely complex and expensive matter requiring considerable attention to the mapping of the various business processes of the CHE.

Figure 3: The operations of the CHE and the structure of authority, accountability and reporting



1. SECRETARIAT/PERSONNEL

The CHE has sought to appoint a core of full-time professional staff with knowledge and experience of HE, supported by able administrators and support staff. Where necessary, the CHE requests institutions to second personnel with special expertise and skills to the CHE and also makes use of contract staff and local and international consultants.

The present personnel structure and complement is noted below.

Table 12: Personnel structure of the CHE and permanent and contract staff (March 2004)

POST	INCUMBENT
1. Chief Executive Officer (CHE)	Prof. Saleem Badat
2. Research Officer (CHE)	Ms Chantal Dwyer (contract)
3. Personal Assistant (CHE)	Ms Christa Smit
4. Finance Secretary (CHE)	Ms Jeanette Maoko
5. Finance Manager (CHE)	Ms Louise Ismail
6. Executive Director (HEQC)	Dr Mala Singh [NRF Secondment]
7. Director: Quality Promotion and Development (HEQC)	Dr John Carneson
8. Director: Programme Accreditation & Co-ordination (HEQC)	Dr Prem Naidoo
9. Director: Monitoring and Evaluation (CHE)	Dr Lis Lange
10. Manager: Programme Accreditation & Co-ordination (HEQC)	Mr Tshepo Magabane (contract)



CHE Chief Executive Officer:

Prof. Saleem Badat

CHE Directorate:

Monitoring & Evaluation

Fltr:

Thierry Luescher (*Researcher*)
and Dr Lis Lange (*Director*)



CHE Finance Department:

Fltr:

Jeanette Maoko (*Finance Secretary*),
Louise Ismail (*Finance Manager*) and
Pearl Whittle (*Finance Administrator*)

CHE Administration:

Back (Fltr):

Louise Ismail (*Finance Manager*), Thierry Luescher (*Researcher*),
Chantal Dwyer (*Research Officer*), Pearl Whittle (*Finance
Administrator*) and Dr Lis Lange (*Director: Monitoring and
Evaluation*)

Front (Fltr):

Maria Mmaoko (*Office Assistant*), Christa Smit (*Personal Assistant*),
Prof. Saleem Badat (*CHE CEO*) and Jeanette Maoko (*Finance
Secretary*)

Inset:

Lehanda Rheeder (*Office Administrator & Special Projects Officer*)



Office of the CEO:

Fltr:

Christa Smit (*Personal Assistant*),
Prof. Saleem Badat (*CHE CEO*) and
Chantal Dwyer (*Research Officer*)

11. <i>Manager: Programme Accreditation & Co-ordination (HEQC)</i>	Mr Theo Bhengu
12. <i>Manager: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Mary Mwaka
13. <i>Manager: Institutional Audits (HEQC)</i>	Dr Mark Hay (contract)
14. <i>Manager: Quality Promotion & Development (HEQC)</i>	Ms Barbara Morrow (contract)
15. <i>Project Administrator: Programme Accreditation & Co-ordination (HEQC)</i>	Mr Kenny Shalang
16. <i>Project Administrator: Programme Accreditation & Co-ordination (HEQC)</i>	Mr Derrick Zitha
17. <i>Project Administrator: Institutional Audits (HEQC)</i>	Ms Innocentia Mabuela
18. <i>Project Administrator: Quality Promotion & Development (HEQC)</i>	Ms Nikki Groenewald
19. <i>Personal Assistant (HEQC)</i>	Ms Pam du Toit (NRF Secondment)
20. <i>Secretary: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Jenny Maloi
21. <i>Secretary: Institutional (HEQC)</i>	Ms Nokuthula Twala
22. <i>Secretary/Administrator (HEQC)</i>	Ms Pearl Maqubela
TEMPORARY CONTRACT POSTS*	
23. <i>Researcher (CHE)</i>	Mr Thierry Luescher
24. <i>Office Administrator and Special Projects Officer (CHE/HEQC)</i>	Ms Lehanda Rheeder
25. <i>Office Assistant (CHE/HEQC)</i>	Ms Maria Mmaoko
26. <i>Receptionist/Assistant Administrator (CHE)</i>	Ms Ketty Moyo
27. <i>Finance Administrator (CHE)</i>	Ms Pearl Whittle
28. <i>Project Manager (HEQC)</i>	Dr Herman du Toit
29. <i>Secretary/Administrator (HEQC)</i>	Ms Rheka Benindeen
30. <i>Project Administrator: Institutional Audits (HEQC)</i>	Ms Belinda Wort
31. <i>Administrator: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Mercy Sondlo
32. <i>Administrator: Programme Accreditation & Co-ordination (HEQC)</i>	Mr Moloko Mothemela
33. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Colleen Mtjali
34. <i>Clerk: Institutional Audits (HEQC)</i>	Mr Dominicus Yotwana
35. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Paulette Macheke
36. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Stella Mkhavelle
37. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Helen Mohlala
38. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Makwena Rabele
39. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Ms Lebogang Serepong
40. <i>Clerk: Programme Accreditation & Co-ordination (HEQC)</i>	Mr Alpheus Sibuyi

* *Temporary posts:* These draw on the state funds for approved posts that are vacant or are linked to projects funded by donors or where there is cost-recovery as in the case of the accreditation of private provider programmes.

Extensive use continued to be made of consultants, especially on projects, and of short-term contract staff because of limited state funding and reliance on donor funding.

The CHE has overhauled its human resource (HR) policies and instituted new and updated HR policies. These have been developed over many months and staff was fully consulted. HR consultants made a presentation to staff at the Staff Planning meeting at the end of November 2003, and all staff contracts were revised in accordance with the new HR policies.

Performance reviews were conducted in late November/early December 2003 for the purposes of analysing performance, commending good performance and strengths, identifying weaknesses

and instituting strategies to improve performance. The reviews have resulted, where appropriate, in performance rewards and have also fed into the CHE staff development programme for 2004.

The success of the CHE depends on high quality, effective and efficient staff with the necessary knowledge, expertise, skills and competencies. Pertinent issues are the following:

First, it is clear that the CHE will not often find staff at the senior and middle-levels that can immediately discharge the responsibilities associated with their posts. This means that throughout the organisation, and especially at the senior and middle-levels, the CHE will have to function as not just a learning organisation but also a strong mentoring organisation - internally and through various forms of staff development through other avenues.

Second, while the overall equity profile of the CHE is generally acceptable (see Table 13 below), especially in terms of gender, a challenge is the race profile at the executive and senior staff level. Mentoring and effective succession planning will be required to address this challenge.

Table 13: Equity profile of CHE Staff (March 2004)

Race	African		Coloured		Indian		White		TOTAL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Executive					1	1			1	1
Directors					1		1	1	2	1
Managers	2	1		1			1	1	3	3
Project Administrators	2	3		1			1	2	3	6
Administrative & Clerical Staff	3	13		1		1		2	3	17
Total (Gender)	7	17	0	3	2	2	3	6	12	28
									30%	70%
Total (Race)	24		3		4		9		40	
% by Race	60%		7.5%		10%		22.5%		100%	

Third, as a relatively small organisation the retention of good staff, especially those at senior and middle-levels of the HEQC, is an ongoing challenge. Other QA bodies appear to have the resources to offer considerably better salary packages than the CHE.

Finally, the CHE is highly sensitive to the resource constraints of HE and the need to avoid creating the CHE as a financially unsustainable body. However, the personnel structure of forty people that is currently provided for is proving inadequate in relation to responsibilities. There is much stress and strain, especially on executive and senior staff in both the advisory and QA operational areas of the CHE.

It will be necessary to secure the approval of the DoE for a revised personnel structure that makes provision for three additional staff on the advisory and general affairs side of the CHE and 13 additional staff at different levels on the QA side (see figures 4 & 5). This does not include the extra staff that will be required if standard setting becomes a CHE responsibility, as proposed by the Study Team on the NQF.

Adequate financial provision has to be made for the reasonable staffing of the CHE or the demands made on the CHE will need to become congruent with the finances allocated to it.

Figure 4: Requested CHE Personnel Structure (1 April 2005)

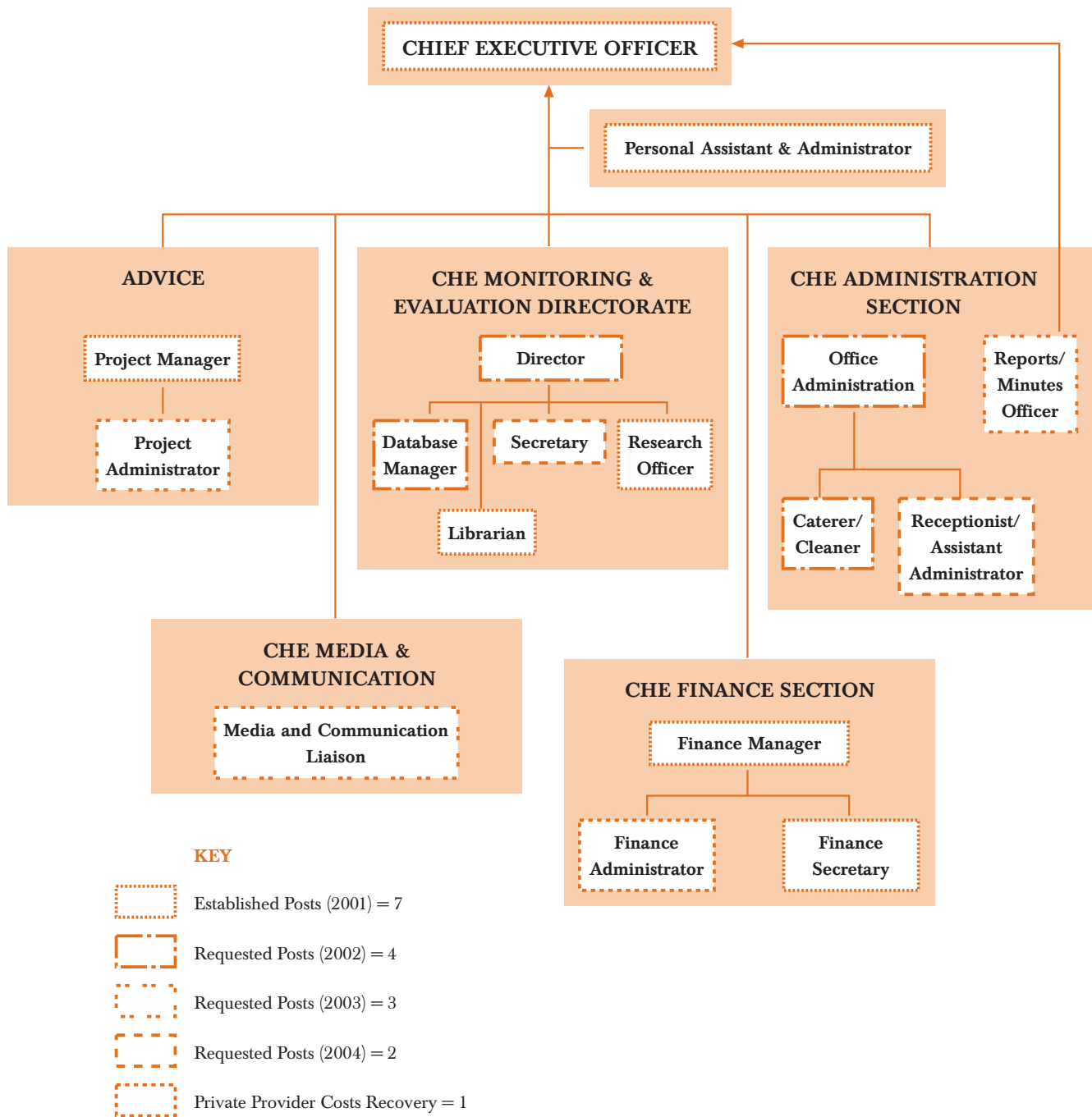
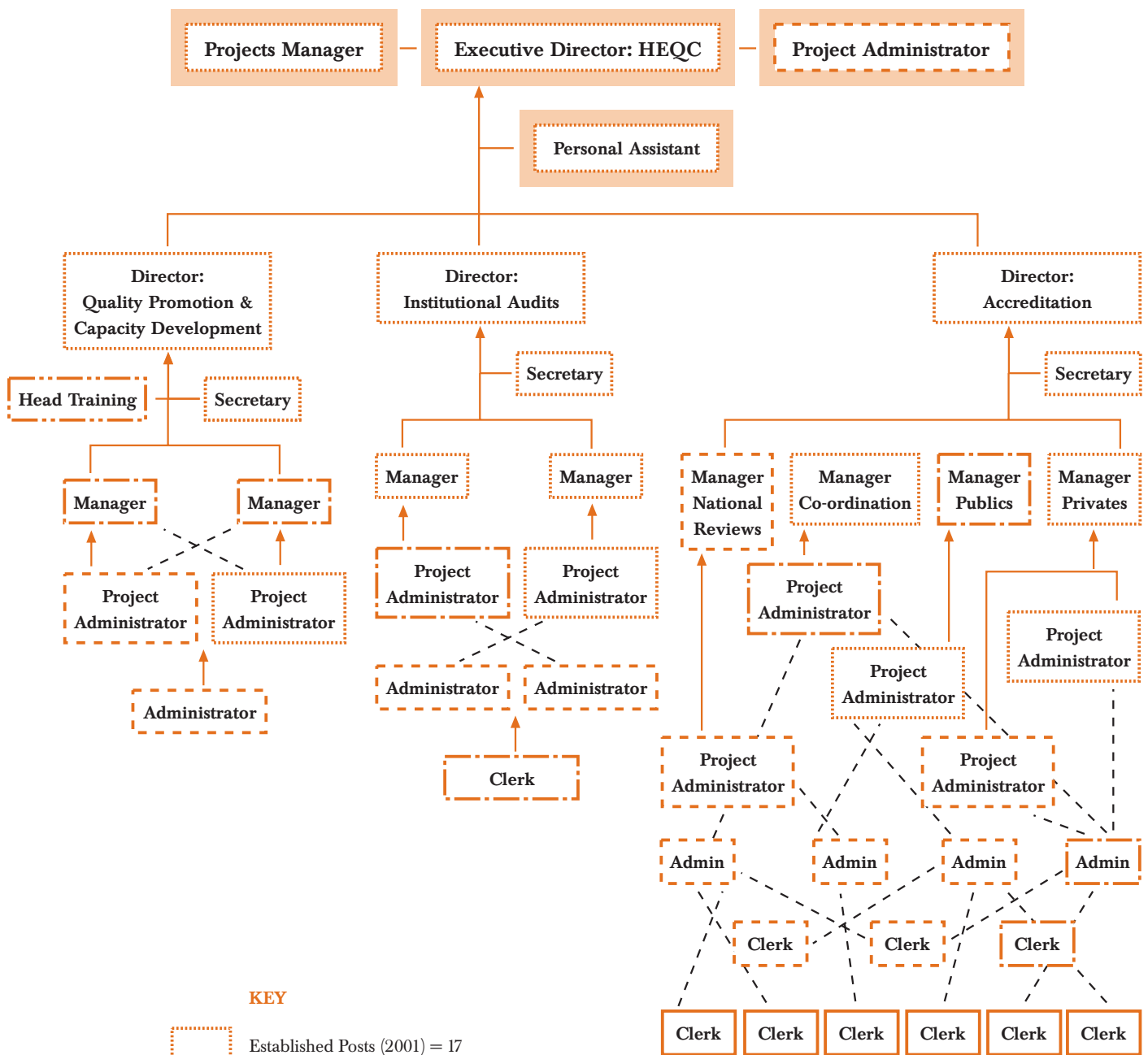


Figure 5: Requested HEQC Personnel Structure (1 April 2005)



KEY

- Established Posts (2001) = 17
- Requested Posts (2002) = 8
- Requested Posts (2003) = 13
- Requested Posts (2004) = 1
- Private Provider Cost Recovery = 6

1. STAFF DEVELOPMENT

Good use is being made of the staff development policy. Staff members are undertaking Postgraduate studies at the Honours, Masters and PhD level in areas that are of direct relevance to the organisation. Staff members are also receiving training in identified ICT areas as well as in language and communication skills.

An internal staff development seminar programme was instituted, with the CHE CEO and other senior staff playing a strong and direct role in the intellectual, professional and organisational development of personnel. The objective of these seminars is to enhance the theoretical, conceptual, historical and sociological knowledge of staff of South African HE, to develop their intellectual, professional and organisational skills and to sharpen their understanding of the CHE and its work.

2. FINANCES

The Secretariat has, and will continue to spend much energy and effort in mobilising donor funding for research and development activities. During the past year, new funds were secured from the Ford Foundation, the Carnegie Corporation, the Open University Centre for Higher Education Research Institute (CHERI), DFID, and the British Council. Where possible, the DoE has provided great assistance in supporting CHE applications for donor funding.

Of the R22.4 million operating income for 2003-2004, some R4.7 million is derived from donors. These donors have made it clear that while they are committed to assisting around certain research and initial development activities, they are not prepared to carry costs related to the long-term system functions, especially around QA.

Table 14: CHE operating income by sources and functions, 2003-2004

Source	CHE	HEQC	TOTAL
National Treasury	R 5 793 000		R 5 793 000
DoE		R 9 000 000	R 9 000 000
Surplus		R 778 344	R 778 344
Total Government	R 5 793 000	R 9 778 344	R 15 571 344
Private Providers Income		R 1 592 411	R 1 592 411
Donor	R 1 115 852	R 3 595 000	R 4 710 852
Sundry Income	R 545 428		R 545 428
Total	R 7 454 280	R 14 965 775	R 22 420 035
DoE Contribution (%)	78%	65%	69%
Donor Contribution (%)	22%	24%	23%
Cost Recovery (%)		11%	7%
Total	100	100	100

Government funding that is adequate for the discharge of all the responsibilities that have been allocated to the CHE, and particularly the QA responsibilities, will have to be secured. The commitment of the DoE to find a way of institutionalising the funding for QA activities is an important first step. The principle should be that government meets all core personnel costs of the CHE/HEQC. The overall targets should be that in 2006/2007, government meets 80% of the CHE portion of the budget and 90% of the HEQC portion of the budget. Unless there is a move in this direction, sustainability will be a problem.

3. RISK ASSESSMENT AND MANAGEMENT

The executive team of the CHE recently committed the organisation to a process of risk assessment. A workshop, facilitated by KPMG and attended by senior members of CHE management, was held in February 2004 in order to generate a risk profile of the organisation. The motivation for the workshop was as follows:

- A mandate to comply with the *Public Finance Management Act*
- A need to gain a perspective of all key risks facing the organisation so that operational risk management efforts and internal audit plans can be adjusted
- A desire to develop a consistent and integrated approach to risk assessment in accord with the risk management principles of the King II Code
- The creation of a risk management strategy so as to effectively position the CHE in relation to future developments in HE.

The workshop guided the CHE representatives through a methodology that encompassed the following exploratory processes:

- Verification of the organisation's strategic and high-level objectives
- Modelling of the organisation's key objectives and critical success factors
- Identification of 'mission critical' processes, assets, suppliers and stakeholders
- Identification of risks that could impact upon the above (many of which had been identified and recorded by CHE staff in a pre-workshop process); and
- Sizing and ranking of the top risks.

About fifty key risks were identified and considered. These were a mixture of actual risks and potential risks. Each of these risks was deemed important by the management team, but the risk assessment methodology drew out nine risks most likely to have a major impact upon the operations of the CHE in the next two years. These nine risk areas are indicated in table 15.

The top nine risk areas were ascertained by considering the potential impact of each risk and the inherent probability of the risk resulting in an unwanted outcome. The residual risk profile was determined by evaluating the perceived effectiveness of controls for each risk. Although there is an unavoidable subjectivity with this sort of evaluation process, the KPMG methodology encouraged a consensus view by the management team so that there is at least a common perspective of the risk and its controls.

Table 15: CHE Top 9 Risk Areas 2004

RISK NUMBER	Assessed Risk
1	<p>Human Resources Risk: Requisite expertise of different kinds; performance management; lack of an/or inappropriate staff development; retention of skills and staff; succession planning; sector financial remuneration constraints; inadequate number of staff for our needs.</p>
2	<p>Communication Risk (Internal & External): Inadequate attention to effective communication; lack of a comprehensive media and communication strategy; aligning the internal and external quality and quantity of information to needs; more regular feedback to staff, e.g. updating staff on current projects or future projects (including: giving feedback to staff about meetings with external bodies); giving wrong information to our stakeholders or institutions; not being able to deal with enquiries in a proper manner; inadequate procedures or failure of communication procedures.</p>
3	<p>Reputation and Credibility Risk: Failure to address historical equity challenges, internally and externally; engagement on policy issues; leadership around strategic HE issues; human resources; capacity and equity; respect; proactive strategic advice; strategic advice on request.</p>

4	<p>Effective Implementation of QA Systems Risk: Sustaining and building the differential buy-in into a Quality and Accreditation system; national consensus; impact on education processes; HR expertise, internal and external; refinement of criteria through consultation; adequate training of peers and internal staff; lack of financial resources; inability of peers to make judgements; financially sustainable systems.</p>
5	<p>Financial Resources Risk: Incongruence between responsibilities and budgets; non-institutionalising the budget for QA; over-reliance on donor funding (international); aligning, planning, budgeting, tracking expenditure; excessive fluctuation in private income; non-compliance with Government and donor processes; cost of defending legal challenges; payment of possible damages; loss prevention (avoiding claims, etc.).</p>
6	<p>Failure of Advisory Processes Risk: People - internal expertise; external consultancy resources; political acumen; managing stakeholder conflict/contestation; possible reluctance of Council to provide proactive advice around difficult issues.</p>
7	<p>Co-ordination Function Risk: Proliferation of ETQAs, each with different legislation that is not aligned; lack of common understanding regarding QA; risk of legal suits and endless squabbling due to different interpretations thereof; conflicting charging policies.</p>
8	<p>Effective ICT Infrastructure and Reliable MIS Risk: Lack of integration between MIS and internal procedures; lack of integration between MIS and external users; lack of effective utilisation of MIS information; lack of staff buy-in to MIS utilisation; staff training; loss of data; lack of appropriate systems; fire, theft.</p>
9	<p>Political Environment Risk: Ability of CHE to maintain its independence; having to deal with the tensions between Government departments; Board reluctance to confront certain political matters; competing claims around jurisdiction; incongruence between national policy goals, macro policy frameworks and political developments; politicians dismissive of HE; credibility crisis, lack of public confidence in HE.</p>

Strategies and mechanisms for addressing the risks have been identified and an overall management strategy to address all risks will now be developed.

4. THE FIRST DRAFT PROGRAMME (GOALS, STRATEGY AND PLAN) OF THE CHE, 2004-2007

The CHE Council was provided with a first draft *CHE Programme (Goals, Strategy and Plan)* and a detailed document on the proposed new performance targets in relation to goals.

The first draft CHE programme for 2004-2007 has been written as a comprehensive and maximalist document. The assumptions informing the document are:

- The role and value of the CHE should not be regarded as self-evident. Instead, its various responsibilities, roles, mode of operation and performance to date should be described in detail
- The connection between context, mandate, responsibilities, core programmes and human and financial resource needs must be made explicit and clear

- The document must serve as a stand-alone document that does not require reference to various other documents
 - Parts of the overall document can also serve other purposes, such as new CHE and HEQC member and new CHE staff induction
 - It is advisable to be detailed and comprehensive and undertake trimming thereafter, instead of being restrictive and minimalist and having to add much new information and text.
- The CHE Programme will be finalised in mid-2004.

5. FUTURE CHALLENGES

The higher education system, and its constituent parts and actors continue to be in flux and to face major challenges. Priorities are for the Ministry to purposefully effect the restructuring that is necessary and to build and consolidate the system through planning, funding and QA activities. There is considerable stress, strain and anxiety within HE and a further and urgent priority is to work diligently to create system and institutional stability. The system, institutions and actors are at the limits of their capacities to absorb in terms policy changes. It would be prudent not to make any further major demands on institutions and actors beyond the necessary structural restructuring, institutionalisation of a new academic policy system and the consolidation and enhancement of quality. The overall approach of the CHE takes this as its frame of reference.

In the coming years the **key tasks and challenges for the CHE** include:

- Consolidating and further developing the ability of the CHE to provide informed, considered and strategic advice to the Minister
- Implementing an effective system for monitoring and evaluating performance in and towards the achievement of policy goals, and undertaking effective monitoring and evaluation, to ensure feedback into further policy development and refinement
- Making the transition from policy and systems development systems around QA and promotion to effective implementation of policies, and systems, including developing the legal framework for the QA and promotion activities
- Effectively communicating and continuing to build system-wide understanding among diverse actors of the character and role of the CHE and to frame the CHE's role in terms of contributing to the effective steering of the HE system
- Continuing to build and consolidate the consultative, integrated, interlocking and co-ordinated functioning of the different responsibilities and organisational components (advice, QA, monitoring and evaluation and HE development)
- The following are crucial issues for the future effectiveness and sustainability of the CHE:
 - Addressing effectively, through appropriate strategies and mechanisms, the key risk areas that have been identified
 - Securing the requested new personnel structure and additional posts as from 1 April 2005
 - Institutionalising the adequate funding of the CHE and especially its QA responsibilities.

Overall, the CHE is in a healthy state and is well poised to continue discharging the mandate and responsibilities accorded to it by the *Higher Education Act* and the *White Paper* more comprehensively, effectively and efficiently in the coming years. The support and guidance of the CHE Council and HEQC Board EXCO will be indispensable as will be the continued creative and hard work of the Secretariat, and the adequate resourcing of the CHE.