



annual report



CHE

Council on Higher Education

2003 - 2004

Annual Report



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FOREWORD

High quality higher education has a crucial contribution to make to social equity, economic and social development and the existence of a vibrant democracy and civil society. Without higher education producing knowledgeable, competent and skilled graduates, research and knowledge and undertaking responsive knowledge-based community service, equity, democracy and development will all be constrained. The challenges of reconstruction, social transformation and development are tremendous. Higher education must not fail in helping to address the new priorities and needs of democratic South Africa.

The Council on Higher Education (CHE) is an independent statutory body established by the *Higher Education Act of 1997*. Its core mandate is:

- **Advising** the Minister at his/her request or proactively on all policy matters related to higher education
- Assuming **executive responsibility for quality assurance** within higher education and training - including programme accreditation, institutional audits, programme evaluation and 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 realised, including reporting on the state of South African higher education
- **Contributing to developing higher education** - giving leadership around key national and systemic issues, producing publications and holding conferences and research to sensitise government and stakeholders to immediate and long-term challenges of higher education.

2003-2004 has been another busy and eventful year that also marked the fifth year of the CHE's existence. Building on and continuing with a range of activities related to its advisory and general higher education development responsibilities, the CHE took important further steps in finalising and implementing a national quality assurance system for higher education. The details of all its programmes, projects and activities are detailed in this sixth Annual Report, which the CHE is required to submit, through the Minister of Education, to parliament and covers the financial year, April 2003 to March 2004.

Overall, and within the confines of personnel and/or financial constraints, the CHE is proud of and extremely pleased with its performance over the past five years and in the past year on all fronts, and especially in the quality assurance arena where there have been many notable achievements.

Guided by the wisdom of the CHE Council and Higher Education Quality Committee (HEQC) Board, and supported by a knowledgeable, highly professional and energetic and dedicated Secretariat, I look forward to the CHE continuing to effectively discharge its important and varied responsibilities. Critical challenges remain securing and retaining high-level specialist personnel, and securing from the Treasury the level of financial resources that are congruent with the effective undertaking of the CHE's mandate.



Mr Saki Macozoma
CHE Chairperson

Pretoria, August 2004

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FOREWORD

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ABBREVIATIONS AND ACRONYMS USED

AAU	Association of African Universities
APPETD	Association of Private Providers of Education Training and Development
AQAA	Australian Quality Assurance Agency
AUQA	Australian Universities Quality Agency
B Tech	Bachelor of Technology
CEO	Chief Executive Officer
CHE	Council on Higher Education
CODESRIA	Council for the Development of Social Science Research in Africa
COHORT	Committee of Heads of Research and Technology
CTP	Committee of Technikon Principals
DAAD	Deutscher Akademischer Austausch Dienst (German Academic Exchange Service)
DFID	Department for International Development
DoE	Department of Education
ED	Executive Director
EMBA	Executive Master of Business Administration
ETQA	Education and Training Quality Assurer
FEST	Foundation for Education, Service and Technology
FULSA	Forum of University Librarians in South Africa
GATS	General Agreement on Trade in Services
HAI	Historically Advantaged Institution
HDI	Historically Disadvantaged Institution
HE	Higher Education
HEIs	Higher Education Institutions
HEQC	Higher Education Quality Committee
HEMIS	Higher Education Management Information System
HESDI	Higher Education Staff Development Initiative
HR	Human Resources
HRD	Human Resource Development
HSRC	Human Sciences Research Council
ICT	Information and Communication Technology
IEASA	International Education Association of South Africa
IJC	Interim Joint Committee
IT	Information Technology
ITCL	Inter-Technikon Library Committee

ABBREVIATIONS AND ACRONYMS USED

JIP	Joint Implementation Plan
MBA	Master of Business Administration
MBL	Master of Business Leadership
MEDUNSA	Medical University of South Africa
MIS	Management Information System
MoE	Ministry of Education
MoU	Memorandum of Understanding
M Tech	Master of Technology
NAAC	National Accreditation and Assessment Council
NACI	National Advisory Council on Innovation
NAP	New Academic Policy
NLRD	National Learners' Records Database
NQF	National Qualifications Framework
NRF	National Research Foundation
NSFAS	National Student Financial Aid Scheme
QA	Quality Assurance
QPCD	Quality Promotion and Capacity Development
QPU	Quality Promotion Unit (of the Committee of University Principals)
RPL	Recognition of Prior Learning
SABC	South African Broadcasting Corporation
SADC	South African Development Community
SAPSE	South African Post-Secondary Education
SAQA	South African Qualifications Authority
SASCO	South African Student Congress
SAUVCA	South African Universities Vice-Chancellors Association
SERTEC	Certification Council for Technikon Education
SETAs	Sector Education and Training Authorities
Technikon SA	Technikon South Africa
the ACT	Higher Education Act, of 1997 (Act No 101 of 1997)
UK	United Kingdom
UKQAA	United Kingdom Quality Assurance Agency
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
USA	United States of America
White Paper	Education White Paper 3 of 1997, A Programme for the Transformation of Higher Education
WTO	World Trade Organisation

CHAPTER 1

OVERVIEW OF THE CHE

1. INTRODUCTION

The CHE defines its mission as contributing to the development of a higher education system characterised by quality and excellence, equity, responsiveness to economic and social development needs and effective and efficient provision, governance and management. It seeks to make this contribution:

- By providing informed, considered, independent and strategic advice on higher education (HE) issues to the Minister of Education
- Through the QA activities of its sub-committee, the Higher Education Quality Committee (HEQC)
- Through publications and through broader dissemination of information, through conferences and workshops on HE and other focused activities.

2. MEMBERSHIP

The *Higher Education Act* makes provision for a chairperson, 13 ordinary members, co-opted members (maximum 3) and 6 non-voting members. The Minister of Education appoints the members of the CHE following a public call for nominations for HE stakeholders and the general public. Members are appointed for a four-year period and the chairperson for five years.

The Ministry of Education issued a public call for nominations to the CHE in early 2002. In June 2002, the CHE was reconstituted with the following membership:

Chairperson

Mr S Macozoma*

Ordinary members

Prof. HP Africa	Prof. SF Coetzee*	Prof. B Figaji*
Prof. GJ Gerwel (Resigned)	Ms JA Glennie	Ms T January-McLean*
Dr MC Koorts	Mr J Mamabolo	Mr V Nhlapo
Mr E Patel (Resigned)	Prof. AM Perez	Prof. MF Ramashala
Prof. SJ Saunders		

Co-opted members

None

Non-voting members

Ms A Canca (Department of Arts, Culture, Science and Technology)
Ms N Badsha* (Department of Education)
Mr SBA Isaacs (South African Qualifications Authority)
Dr A Kaniki (National Research Foundation)
Vacant (Representative of the Department of Labour)
Vacant (Representative of the Provincial Heads of the Committee of Education)

Ex-officio

Prof. S Badat *

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

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 members of the CHE being drawn from various constituencies, the CHE functions as an independent, expert, statutory body rather than a body of delegates or representatives of organisations, institutions or constituencies. The term of office of the ordinary CHE members is until June 2006, and that of the Chairperson until June 2007.

3. RESPONSIBILITIES OF THE CHE

The *Act* and the Education *White Paper* 3 of 1997 set out the responsibilities of the CHE. These include:

- Advising the Minister on all HE issues on which the CHE's advice is sought
- Advising the Minister on its own initiative on HE issues that the CHE regards as important
- Designing and implementing a system for QA in HE and establishing the HEQC
- Advising the Minister on the appropriate shape and size of the HE system, including its desired institutional configuration
- Advising the Minister in particular on the new funding arrangements for HE
- Advising the Minister in particular on language policy in HE
- 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 HE
- Providing advice to the Minister on the proposed new Education MIS for HE
- 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 HE-industry partnerships
- Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public HEIs
- Establishing healthy interactions with HE stakeholders on the CHE's work
- Producing regular reports on the state of South African HE
- Convening an annual consultative conference of HE stakeholders
- Participating in the development of a coherent HRD framework for South Africa in concert with other organisations
- Contributing to the development of HE through publications and conferences.

The numerous and varied responsibilities require the CHE to engage in many different forms, kinds and types of activities. The CHE is required to be both reactive and proactive in the rendering of advice to the Minister. It is also required to provide advice on both a formal and informal basis. On occasions it has needed to provide advice at short notice and with considerable speed, while at other times it has been relatively cushioned from immediate time and other pressures.

In summary, the work of the CHE involves:

- **Advising** the Minister at his/her request or proactively on all policy matters related to HE
- Assuming **executive responsibility for quality assurance** within HE and training - including programme accreditation, institutional audits, programme evaluation and 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 realised, including **reporting** on the state of South African HE
- **Contributing to developing HE** - giving leadership around key national and systemic issues, producing publications and holding conferences and research to sensitise government and stakeholders to immediate and long-term challenges of HE.
- **Consulting with stakeholders** around HE.

4. THE CHARACTER AND ROLE OF THE CHE

The CHE is a product of the intense debates around relations between state and civil society - debates that resulted in a number of independent statutory bodies that are composed in a similar way to the CHE and have mandates similar to that of the CHE. There was a historical consensus that there was virtue in having a body, such as the CHE, composed of persons with special knowledge and experience of HE and HE-related matters that are nominated by a public process, rather than a body of delegates or representatives of stakeholders.

The activities of the past five years have been significant in unfolding the institutional character, identity and role of the CHE. It is generally agreed that the CHE has four policy-related roles - policy *advice*, policy *monitoring*, policy *development* and policy *implementation*. However, the four functions will vary depending on the responsibility and issue involved.

1. Policy advice

This is the principal role of CHE since its mandate is to advise the Minister of Education on policy matters, both on request and also proactively.

2. Policy monitoring

This is an important role of the CHE that is accorded to it by the *White Paper* and is also implicit in the requirement of *the Act*, as amended, for the CHE to produce regular reports on the state of South African HE. There is systemic value for an independent statutory body, working in partnership with various stakeholders and organisations, to undertake the monitoring and evaluation of progress towards the achievement of policy goals.

3. Policy development

This is undertaken in relation to and essentially limited to the domain of QA. The CHE has only taken on work of a policy development nature outside of QA at the request of the Ministry of Education in areas that it was mutually agreed - for example, Academic Policy - would be more appropriate for an independent body to conduct such work. However, the CHE has sought to ensure that engaging in work of a policy development nature does not compromise its responsibility to ultimately advise on eventual policy.

4. Policy implementation

This role pertains exclusively to the QA (programme accreditation, re-accreditation and review, institutional audits and quality promotion and capacity development) function of the CHE.

The CHE seeks to work closely and co-operatively with stakeholders (including the DoE), to hear their views on a number of issues and to be responsive to their concerns and interests. Representatives of, and participants from, national stakeholder organisations and individual HEIs contribute tremendously to the work of some committees and activities of the CHE. At the same time, the CHE tries to accommodate all invitations and requests from stakeholders and individual institutions related to participation in meetings, conferences, workshops, seminars and other activities.

Some of the views of the CHE and its advice to the Minister of Education find favour among a large number of stakeholders and institutions but leave a few dissatisfied. Other views and advice correspond with the views of some stakeholders and institutions but not with those of others. Yet other advice receives endorsement from only a few stakeholders.

Overall, the CHE does not hesitate to provide advice and recommendations to the Minister that is at odds with the views of individual stakeholders or sectors of HE but which the CHE believes to be in the best interests of the system at large. This, of course, does not endear the CHE to stakeholders all of the time. Such a situation is to be expected and must be seen as an outcome of its legislative mandate. Indeed, it is almost guaranteed by the nature of the CHE.

The understanding of itself that the CHE publicly promotes through its practice is that it is not a transmission belt for the views of stakeholders. Stakeholders must and do communicate directly with the Minister. The CHE is also not a buffer body, as it is sometimes described, in the sense of mediating between institutions and government, though if such a role is required nothing in principle precludes this. Instead, the understanding of itself that the CHE promotes is that it has been purposely and deliberately established to provide to the Minister, without fear and with courage, informed,

considered and independent advice which is in the national interest. That is, while the CHE must take and does take the views of stakeholders seriously, it is required to do considerably more than simply collate and aggregate these views in advising the Minister of Education. It is also required to interrogate and mediate these views, and offer its own independent advice to the Minister.

Thus, as an alternative to both the transmission belt and the buffer modes of operation, the CHE tries to contribute to a central steering model by trying to carve out a space for an independent, proactive and intellectually engaged type of intervention. The appropriateness and value of such a role is confirmed by two statements of the Minister of Education, in his address at the CHE consultative conference in November 2000. On the one hand Minister Asmal pointed out that he expected a far greater level of intellectual engagement from the HE community on issues of transformation and criticised the lack of this. At the same time, discussing the challenge of redress and equity in HE, Minister Asmal made clear his expectations of the CHE – **“I am relying on the CHE to take the lead in stimulating debate on redress and equity in higher education and providing me with appropriate advice on the matter”** – thereby highlighting the proactive role the CHE should take around specific issues.

This proactive role in putting issues on the agenda of stakeholders and stimulating debate seems particularly necessary in order to counteract two relatively generalised tendencies in terms of policy making and implementation. First, is the tendency on the part of some actors to interpret and implement policy in highly selective ways with the effect of almost distorting and undermining the original policy goals and objectives. Second, is the equally unsatisfactory tendency to formulate policy without giving sufficient consideration to both the conceptual and practical issues that implementation raise.

The recent past has alerted the CHE of the need to draw attention to conceptual aspects of policy when they are overshadowed by concern with implementation, and to also critique policy if it is lacking conceptually or technically or when implementation is insufficient, poor or haphazard. The steering model also implies another kind of intellectual engagement – keeping up with the current international debates on HE, bringing to the fore issues deemed relevant to South Africa and stimulating discussion among stakeholders.

The institutional character of the CHE as an independent body must therefore be embodied in its roles of:

- Providing the Minister, without fear and with courage, informed, considered and independent advice which it considers to be in the national interest
- Having to make considered, fair and objective decisions and judgements around quality matters
- Providing intellectual leadership around key national and systemic issues.

For example, the CHE must certainly take as its point of departure the values, principles and policy goals of the *White Paper*, and the policy instruments and mechanisms that are advanced for the achievement of policy goals. However, it must also subject, where necessary, these goals and instruments to critical scrutiny and raise their appropriateness in relation to the fiscal environment, the capacities of HEIs, the available human and financial resources and so forth.

Such a role may occasionally bring the CHE into disagreements and conflict with stakeholders, including the DoE. This cannot be avoided, without the independence (and value) of the CHE being compromised. It does demand tremendous wisdom, integrity, honesty and fairness on the part of the CHE.

Of course, the CHE does not operate in a vacuum, nor does it have a blank cheque. The CHE's activities and advice to the Minister of Education are and will be shaped by a number of factors. These include:

- The legislative framework for HE and the values, principles and policy goals and objectives contained in the *White Paper* and the *National Plan for HE*
- The changing requirements of economy and society and different social groups
- The goals, aims, aspirations and initiatives of national stakeholders and HEIs and science and technology institutions
- The local and international knowledge and information base with respect to HE issues, questions and practices
- The financial and HR capacities of the CHE.

CHAPTER 2

FULFILLING THE MANDATE OF THE CHE

1. PROGRESS TOWARDS THE MANDATE

As has been noted, the responsibilities allocated to the CHE are extensive and varied. Table 1 below indicates the CHE's responsibilities and its progress and activities over the past five years, and especially in the past year, towards their fulfilment.

Table 1: Progress towards fulfilling the mandate of the CHE.

RESPONSIBILITY	PERFORMANCE TO DATE
1. Advising the Minister on all HE issues on which the CHE's advice is sought	<ul style="list-style-type: none"> • Advice on <ul style="list-style-type: none"> - HE amendment Bills of 1999, 2000, 2001 and 2002 - 1999 National Student Financial Aid Scheme (NSFAS) Bill - Shape and size of HE (2000) - 2002 Regulations for the registration of private providers of HE - New Academic Policy for HE (2001) - Proposed new funding framework (2001) - Criteria and process for determining proposed programme mix and niches of institutions (2002) - Co-operative Governance (2002) - Ministry's proposals on institutional restructuring (2002) - Nomenclature of comprehensive institutions (2002) • Performance during 2003-2004 <ul style="list-style-type: none"> - Conditions and criteria for the use of the designations 'university', 'technikon' etc. and for offering/awarding degrees and post graduate qualifications (2003) - Proposed new funding framework (2003) - Distance higher education (2004)
2. Advising the Minister on its own initiative on HE issues which the CHE regards as important	<ul style="list-style-type: none"> • Advice on <ul style="list-style-type: none"> - Private HE (2000) - Weighting of student subsidy and earmarking funds for Black students for academic development - National Qualifications Framework (NQF) Study Team report (2002) • Performance during 2003-2004 <ul style="list-style-type: none"> - Institutional redress policy, strategy and funding (2003) - NQF Consultative Document (2003) - New Academic Policy process (2003) - Undertaking of investigation and preparation of draft advice on General Agreement on Trade in Services (GATS) and its implications for HE

3. Designing and implementing a system for QA in HE and establishing the HEQC

- **Establishment of the HEQC**
 - Established an interim HEQC in June 2000
 - Extensive and ongoing consultations with all key stakeholders
 - Applied to South African Qualifications Authority (SAQA) and received accreditation as an Education and Training Quality Assurer (ETQA) in 2001
 - Released for public comment draft *Founding Document* for HEQC
 - Produced *Founding Document* for HEQC
 - Called for nominations and constituted the HEQC in 2001
 - Publicly launched HEQC in May 2001
- **Research and Development**
 - Extensive research on various aspects of QA as part of developing programme accreditation and institutional audit policies and systems
 - Held national conference on QA with international participants in May 2001
 - Conducted evaluation of Quality Promotion Unit (of the Committee of University Principals) (QPU) and Certification Council for Technikon Education (SERTEC) and produced a publication
 - Conducted research on QA systems of professional councils and Sector Education and Training Authorities (SETAs) and produced publication
 - Commissioned a report on quality assurance terminology
 - Produced *SERTEC Transition Plan*, 2001-2002
- **Performance during 2003-2004**
 - Produced a directory of ETQAs and Professional Bodies (August 2003)
 - Commissioned research on short courses
 - Commissioned research on Recognition of Prior Learning (RPL)
 - Commissioned research on and held workshop on vocational education
 - Commissioned research on NQF Consultative Document proposals
- **Programme Accreditation & Co-ordination**
 - Established and convened Interim Joint Committee (IJC) and manual to process accreditation of programmes of public providers (with DoE and SAQA)
 - Undertaken accreditation of hundreds of new programmes of public Higher Education Institutions (HEIs)
 - Took over from SERTEC and delegated to Committee of Technikon Principals (CTP) (with HEQC participation) until end of 2003 quality assurance visits to technikons, agricultural colleges and polytechnics in neighbouring countries
 - Took over from the SAQA the accreditation of programmes of private providers
 - Produced new draft manual and piloted the accreditation of programmes of private providers
 - Undertook accreditation of hundreds of new programmes of private HEIs
 - Undertook re-accreditation of scores of existing programmes of private providers

- **Performance during 2003-2004**
 - Undertook accreditation of 285 new programmes of public HEIs
 - Undertook accreditation of 255 new programmes of private HEIs
 - Undertook re-accreditation of 138 existing programmes of private providers
 - Undertook re-accreditation of all MBA programmes
 - Released discussion document on proposed new accreditation framework
 - Undertook finalisation of new accreditation policies and framework
 - Prepared regulations for accreditation
 - Extensive investigation into various aspects of co-ordination of HE QA
 - Publication of a directory of ETQAs and professional bodies arising from investigation into co-ordination of HE QA
 - Various meetings with SAQA and HEIs on issues related to co-ordination of HE QA
 - Extensive and ongoing consultations with all key stakeholders
- **Institutional Audits**
 - Undertook research and development of institutional audit framework
 - Released discussion document on proposed new audit framework
 - Conducted one-day visits to all public and a selection of private institutions
- **Performance during 2003-2004**
 - Undertook three pilot audits of HEIs
 - Undertook finalisation of new audit policies and framework
 - Prepared regulations for institutional audits
 - Extensive and ongoing consultations with all key stakeholders
 - Meetings with institutions selected for institutional audits
- **Quality Promotion & Capacity Development**
 - Initiated Teaching and Learning Project
 - Produced resources for Teaching and Learning Project
 - Established HEQC national forum of QA managers at HEIs
- **Performance during 2003-2004**
 - Held numerous workshops on Teaching and Learning resources
 - Convened HEQC national forum of QA managers at HEIs
 - Organised numerous conferences, seminars and training workshops
 - Provided support to Namibian and Mozambican Ministries

	<ul style="list-style-type: none"> - Began preparation of framework document for Quality Promotion and Capacity Development - Prepared regulations for Quality Promotion and Capacity Development - Extensive and ongoing consultations with all key stakeholders • NQF implementation <ul style="list-style-type: none"> - Meetings with SAQA regarding aspects of NQF and its implementation in HE - Meetings with DoE on aspects of NQF and its implementation in HE - Convened Joint Implementation Plan (JIP) Committee for implementation of NQF within HE - Commented and advised on reviews of the NQF • Performance during 2003-2004 <ul style="list-style-type: none"> - Commented and proactively advised on NQF Consultative Document (2003)
4. Advising the Minister on the appropriate shape and size of the HE system, including its desired institutional configuration	<ul style="list-style-type: none"> - Produced Memorandum and met with the Minister (December 1999) - Established Task Team and produced Shape and Size Report (July 2000) - Extensive engagements with HEIs and stakeholders around Shape and Size Report - Obtained and analysed stakeholder submissions on Shape and Size Report in preparation for <i>National Plan</i> - Discussions with Minister and DoE around <i>National Plan</i> - Established standing Committee on Shape and Size - Commented on National Working Group Report on Restructuring - Advised on criteria and process for determining proposed programme mix and institutional niches - Advised on the Ministry's final restructuring proposals • Performance during 2003-2004 <ul style="list-style-type: none"> - Advised Minister on conditions and criteria for the use of the designations 'university', 'technikon' etc. and for offering/awarding degrees and postgraduate qualifications (2003)
5. Advising the Minister in particular on the new funding arrangements for HE	<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 • Performance during 2003-2004 <ul style="list-style-type: none"> - Advised on Institutional Redress Policy, Strategy and Funding (2003) - Advised on proposed new funding framework (2003)

<p>6. Advising the Minister in particular on language policy in HE</p>	<ul style="list-style-type: none"> - Established CHE Language Policy Task Team - Task Team reported on language policy framework for HE - Discussed and finalised report of Language Policy Task Team - Advised and reported to Minister on language policy - Preliminary interaction with Minister around advice - Minister's language policy on HE draws substantially on CHE advice <ul style="list-style-type: none"> • Performance during 2003-2004 - Public release of CHE advice to the Minister (2003)
<p>7. Developing a means for monitoring and evaluating whether, how, to the extent to which and the consequences the vision, policy goals and objectives for HE defined in the <i>White Paper</i> on HE are being realised</p>	<ul style="list-style-type: none"> - Task Team on Achievement of Policy Objectives established - Activities of the Task Team suspended due to Shape and Size activity - Monitoring and evaluation re-established as Project of Secretariat - Project and funding proposal produced and submitted to donor - R 2.4 million funding received from Ford Foundation towards building a monitoring and evaluation system - State of HE Reports of 1998/1999 and 2000/2001 provided as detailed an analysis as feasible of progress towards policy goals <ul style="list-style-type: none"> • Performance during 2003-2004 - Established Reference Group to guide development of a conceptual framework and system for Monitoring and Evaluation - Production of numerous drafts of framework document on Monitoring and Evaluation - Finalisation of a Discussion Document: <i>Towards a Framework for the Monitoring and Evaluation of South African Higher Education</i> - Preparations for release for public comment of Discussion Document
<p>8. Promoting the access of students to HE</p>	<ul style="list-style-type: none"> • The Shape and Size Report - Motivated increasing the participation rate from about 15% to 20% - Called for increased and widened access - especially for historically disadvantaged - Called for increased support for the NSFAS and increasing size of grants - Engagements around RPL and monitoring of developments in this area <ul style="list-style-type: none"> • Performance during 2003-2004 - Commissioned research on RPL and short courses - CHE decision to commission work on the barriers to equity of access, opportunity and outcomes in HE
<p>9. Providing advice to the Minister on the proposed new Education Management Information System for HE</p>	<ul style="list-style-type: none"> - Recommendations made to DoE following presentation on Higher Education Management Information System (HEMIS) in 1999 - Ongoing communication with DoE and SAQA regarding HEMIS and NLRD in relation to CHE databases for monitoring and QA

<p>10. 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 <i>White Paper</i></p>	<ul style="list-style-type: none"> - Academic Policy Task Team with representatives from key constituencies established to undertake work for the DoE - Work suspended for decisions related to Shape and Size; reactivation of work during late 2000 - CHE convened Joint Implementation Committee and the Interim Joint Committee (IJC) fed into work of the Academic Policy Task Team - Report on New Academic Policy (NAP) approved as discussion document by the CHE (2001) - Report handed over to the DoE in late 2001 for public comment process and finalisation • Performance during 2003-2004 - Ongoing communication with Ministry regarding NAP and also with SAQA - Awaited final document from the DoE for advice
<p>11. 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 submitted to donor and donor funding secured - Meeting with the Minister and discussions with other government ministers and departments and prospective partners - Studies and papers commissioned and published - National colloquium held on 27-28 June 2002 - Publication on commissioned research and colloquium • Performance during 2003-2004 - Colloquium on HE responsiveness at local government level (2003) - Facilitated process to develop a Memorandum of Understanding (MoU) between HEIs in Johannesburg and Johannesburg Metropolitan Council - MoU between HEIs in Johannesburg and Johannesburg Metropolitan Council signed in 2003 - Advice and recommendations to Minister to be finalised in late 2004
<p>12. Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public HEIs</p>	<ul style="list-style-type: none"> - An initial panel established in 1998 - Panel supplemented with new members during 2000 - Panel supplemented with new members during 2001 - Minister has utilised panel members for investigations at a number of institutions • Performance during 2003-2004 - Panel supplemented with new members during 2003 - Minister utilised panel member for investigation at the University of Durban-Westville

<p>13. Establishing healthy interactions with HE stakeholders on the CHE's work</p>	<ul style="list-style-type: none"> - Bilateral meetings with CTP and South African Universities Vice-Chancellors Association (SAUVCA) during 1999 - Bilateral meetings with South African Student Congress (SASCO) and CTP during 2000 - Bilateral meetings with all national stakeholders during 2002 - Consultative Conference serves as major forum for interaction - National stakeholders and individual HEIs contribute to the work of the CHE in various ways - Extensive engagements with national stakeholders and HEIs around Shape and Size during 2000 - Extensive contact with DoE and joint activities in some areas • Performance during 2003-2004 - Bilateral meetings with various national stakeholders - Extensive engagements with national stakeholders and HEIs around QA issues
<p>14. 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 ever more comprehensive and analytical reports on the state of HE - Future State of HE reports will be facilitated by: <ul style="list-style-type: none"> - CHE Monitoring and Evaluation activities - Protocols with institutions and organisations on data collection and sharing - CHE Triennial Review of HE project - Effective HEMIS system of DoE - NLRD of SAQA
<p>15. Convening an annual consultative conference of HE stakeholders</p>	<ul style="list-style-type: none"> - Convened 1st Consultative conference in November 1999 2nd Consultative conference in November 2000 3rd Consultative conference in November 2001 4th Consultative conference in November 2002 • Performance during 2003-2004 5th Consultative conference in November 2003
<p>16. Participating in the development of a coherent HR development framework for South Africa in concert with other organisations</p>	<ul style="list-style-type: none"> - Contributions through attendance of workshops - Informal contributions through Human Resource Development (HRD) discussions in context of NQF - Key issue for Responsiveness of HE project and of HE colloquium of 27-28 June 2002

17. Contributing to the development of HE through publications and conferences

- Initiated a range of publications: Policy Reports, Research Reports, Occasional Papers, Higher Education Monitor, Newsletters and *Kagisano* – a HE Discussion Series to stimulate discussion and debate around important issues related to HE.
- Initiated a *CHE Discussion Forum* - five held thus far:
 1. *Key Global and International Trends in Higher Education: Challenges for South Africa and Developing Countries* (Prof. Philip Altbach)
 2. *Globalisation, National Development and Higher Education* (Prof. Manuel Castells)
 3. *A Decade of Higher Education Reform in Argentina* (Dr Marcela Molis)
- **Performance during 2003-2004**
 4. *Tertiary Education in the New South Africa: A Lover's Complaint* (Prof. Bob Wolff)
 5. A Conceptual Critique of the *Consultative Document, 'An Interdependent National Qualifications Framework System'* (Prof. Michael Young)
 6. Numerous conferences, seminars and workshops convened by the HEQC to promote quality and build institutional and individual capabilities.

Overall, within the constraints of human and financial resources, the major task of establishing the CHE and HEQC infrastructure and Secretariat, and various pressures and demands on a fledgling organisation, good progress has been registered with respect to the execution of responsibilities during the past five years, including during the past year.

2. INTERACTION WITH THE MINISTER/MINISTRY OF EDUCATION

The CHE meets with the Minister of Education on a needs basis and on request. In 2003-2004, the CHE met formally with the Minister on two occasions and the Chief Executive Officer (CEO) met informally with the Minister on a few occasions. There was also various written correspondence between the Minister and the CHE.

The practice of monthly meetings between senior CHE staff and senior officials of the Higher Education Branch of the MoE has continued and provides an important mechanism for addressing various matters.

Requests for advice from the Minister of Education

During the past year the Minister requested the CHE to advise him on the following:

- a) The role of distance education in the development of the HE system and specifically:
 - The conditions and criteria that should govern the provision of distance education programmes by traditionally contact institutions given the concerns raised in the *National Plan*
 - The broader role of distance education in HE in the light of current and future international trends and the changes in Information and Communication Technology (ICT) so as to ensure that distance education is well placed to contribute to the development and transformation of the HE system and its role in social and economic development
 - The role of a single distance education institution in South Africa and in particular, the role the latter could play in the development of a 'national network of centres of innovation in course design and development, as this would enable the development and franchising of

well-designed, quality and cost-effective learning resources and courses, building on the expertise and experience of top quality scholars and educators in different parts of the country' (*White Paper*, 2.61)

The CHE provided advice in March 2004.

- b) The criteria to be used to assess the ability of a HEI to offer degrees and postgraduate qualifications.

In writing to the CHE in late 2002 to request advice on the nomenclature of comprehensive institutions, the Minister of Education indicated that **'the CHE could extend its advice to the nomenclature of HEIs more generally'**. He also indicated that he would furthermore **'appreciate the advice of the CHE on a related matter, that is the criteria to be used to assess the ability of a higher education institution to offer degrees and postgraduate qualifications'**.

The CHE provided advice in September 2003.

- c) The Ministry of Education's proposed new higher education funding framework.

The CHE provided advice in November 2003.

Proactive Advice to the Minister of Education

The CHE has also sought to provide proactive advice to the Minister on a number of issues:

- a) Prior to the Minister of Education requesting advice, the CHE identified the necessity of investigating the issues of the nomenclature of HEIs and the criteria and mechanisms and procedures to be used to assess the ability of a HEI to offer degrees and post-graduate qualifications. However, due to the difficulty of securing appropriate consultants, the investigation only began in August 2002 (see below, under the report on the Shape and Size Standing Committee). The Minister's request confirmed the importance of this investigation.

The CHE provided advice in September 2003.

- b) The CHE has since late 2001 been investigating the matter of *Institutional Redress Policy and Strategy*.

In the course of engagements around the 2000 Shape and Size Report, one of the key issues raised by some national stakeholders and institutions was the lack of any substantive *Institutional Redress Policy and Strategy*. Accordingly, the CHE placed this matter on the agenda of its November 2000 Consultative Conference and made the issue the subject of one of the commissions at the conference.

At the same Consultative Conference the Minister of Education indicated that he would welcome advice around redress policy, a view that was reiterated at a meeting with the CHE in May 2001.

Subsequently, the CHE requested its Financing and Funding Task Team to investigate *Institutional Redress Policy and Strategy and Funding* as part of creating a new HE landscape and building institutions of excellence.

While it took the CHE a considerable amount of time to formulate its advice on *Institutional Redress Policy, Strategy and Funding*, it was fortuitous that this advice was being finalised at the same time that the proposed new funding framework was being considered. As a result the CHE's advice on *Institutional Redress Policy, Strategy and Funding* was able to draw on and make reference to the Ministry's proposed new funding framework.

The CHE's *Policy Advice Report*:

- Sets out and motivates in detail the need for an Institutional Redress Policy to address the historical disadvantage experienced by black HEIs under apartheid. The CHE argues that *Institutional Redress Policy and Funding* is a necessary condition of the successful transformation of South African HE. It is necessary because, first, the legacies of historical inequities and disadvantage that persist cannot be allowed to fester indefinitely and bedevil social and institutional relations in HE. Second, *Institutional Redress Policy and Funding* is also necessary because the HDIs have an important part to play in meeting the national development challenges that face South Africa and they must be supported and equipped to play their roles.

Institutional disadvantage is not only historical but has contemporary meaning. Institutional Redress therefore has contemporary relevance. It is also feasible because various policy instruments have been developed that make possible giving effect to redress relatively immediately, without placing a major administrative burden on the Minister of Education.

- Advances, proposals and recommendations for institutional redress policy, strategy and funding and for operationalising Institutional Redress.

The CHE provided advice in November 2003.

- c) Drawing on its 'Responsiveness' project (see below, under Projects) and the Colloquium that it held in late June 2002, the CHE will advise the Minister on stimulating HE responsiveness to the knowledge and person-power needs of the private and public sectors and the building of strong relationships between HE and these sectors.
- d) The NQF Consultative Document of the Ministries of Education and Labour.

The CHE provided advice in November 2003.

New subjects of advice

In addition, the CHE has identified new issues that should be the subjects of advice to the Minister. These include:

- a) Barriers (educational, financial, institutional, etc.) to equity of student access and especially opportunity and outcomes in HE
- b) The macro implementation of institutional restructuring and its impact, outcomes and consequences
- c) South African government involvement and regulation of HE, institutional autonomy and academic freedom
- d) Undertaking of an investigation and preparation of advice on GATS and its implications for HE

These issues will be taken up through Task Teams, individual Projects or/and through the CHE Monitoring and Triennial Review projects (see Chapter 2, under Projects).

3. CHE STANDING COMMITTEES, TASK TEAMS AND PROJECTS

Initially, CHE activities were undertaken through Task Teams and Projects. Subsequently, it was decided that three different kinds of structures were necessary for CHE activities – CHE Standing Committees, Task Teams and Projects.

3.1 STANDING COMMITTEES

Standing committees are devoted to key HE policy areas and issues that require the ongoing attention of the CHE. The Chair and members of Standing Committees are appointed by the CHE. Provision is made for the participation of non-CHE members with the approval of the Council. While Standing Committees are directed and supervised by CHE members, the CHE Secretariat handles their management and administration. Four Standing Committees have been established: Higher Education Legislation, Shape and Size, Funding and Financing, and Monitoring and Evaluation.

Higher Education Legislation

This Standing Committee attends to the preparation, tabling for discussion and eventual adoption, at the full committee meeting of the CHE, of all CHE advice on proposed HE legislation. Such legislation may take the form of new Acts on or related to HE, amendments to the existing *Higher Education Act* and legislation related to HE and all HE regulations.

The Chair of the Standing Committee is Prof. GJ Gerwel, with Ms JA Glennie, Dr MC Koorts and Prof. S Badat as members.

Shape and Size

The Shape and Size Standing Committee deals with the issues of the overall capacity (size in terms of number of institutions, enrolments and participation rate) of the HE system in relation to the need to develop the high level and varied intellectual and conceptual knowledge, abilities and skills to meet the local, regional, national and international requirements of a developing democracy. This standing committee also deals with the development of intellectual and conceptual knowledge and skills as well as ongoing development of professionals at different levels, for different economic and social sectors, in different fields and disciplines and through different types and kinds of HEIs and educational and pedagogic modes (*shape*).

The Standing Committee is headed by Dr K Mokhele and comprises the following members: Ms T January-McLean, Prof. MF Ramashala, Mr J Mamabolo, Prof. SF Coetzee, Mr SBA Isaacs and Prof. S Badat.

A key task of the Standing Committee was to produce a policy report that would assist the CHE to advise the Minister of Education on the conditions and criteria under which (private) HEIs may be recognised as:

- Universities or Technikons or Institutes of Technology, etc. and/or
- Undergraduate degree offering and/or awarding institutions, and/or
- Postgraduate degree, diploma or certificate offering and/or awarding institutions.

This in turn would assist the HEQC to formulate policy and practice around the specific accreditation requirements that institutions need to meet in order to be permitted to provide Undergraduate degree programmes or/and Postgraduate degree, diploma and certificate programmes (as opposed to only Undergraduate certificates and diplomas).

The rationale for the project was that, increasingly, private HEIs are seeking to offer undergraduate degree programmes, as well as postgraduate programmes up to the level of the doctoral degree. There are also private HE providers that are seeking to use the designation 'University'. In this regard, concerns have been expressed around the need to protect and regulate the use by HEIs of the designations 'University', 'Technikon', 'Institute of Technology', etc., and ensure that private providers of HE and training have the requisite capabilities and capacities to offer undergraduate degree programmes and postgraduate degree, diploma and certificate programmes that 'are not inferior to standards at a comparable public higher education institution' (*Higher Education Act, 1997*).

The specific aims of the project were to:

- a) Identify and analyse the possible substantive criteria and conditions in terms of which (private) HE and training institutions may be recognised as Universities, Technikons, Institutes of Technology, etc. and to make recommendations in this regard.
- b) Identify and analyse the possible processes and procedures in terms of which (private) HE and training institutions may be recognised as Universities, Technikons, Institutes of Technology, etc. and to make recommendations in this regard.
- c) Identify and analyse the possible mechanisms through which (private) higher education and training institutions may be recognised as Universities, Technikons, Institutes of Technology, etc. and to make recommendations in this regard.
- d) Identify and analyse the possible substantive criteria and conditions in terms of which (private) HE and training institutions may be recognised as Undergraduate degree offering and/or awarding institutions or/and Postgraduate degree, diploma or certificate offering and/or awarding institutions and to make recommendations in this regard.
- e) Identify and analyse the possible processes and procedures in terms of which (private) HE and training institutions may be recognised as Undergraduate degree offering and/or awarding institutions or/and Postgraduate degree, diploma or certificate offering and/or awarding institutions and to make recommendations in this regard.
- f) Identify and analyse the possible mechanisms through which (private) HE and training institutions may be recognised as Undergraduate degree offering and/or awarding institutions

or/and Postgraduate degree, diploma or certificate offering and/or awarding institutions and to make recommendations in this regard.

The investigation:

- Surveyed the South African HE legislation and policy documents with reference to the aims of the project
- Reviewed the literature on HE policy and practice related to the usage of the designations 'University' and 'University of Technology' or 'Institute of Technology' in select countries
- Reviewed the literature on HE policy and practice related to the offering of Undergraduate degree programmes and Postgraduate degrees, diploma and certificate programmes in select countries
- Invited submissions from such organisations as SAUVCA, CTP, APPETD, HEIs, student organisations, etc. around the aims of the project
- Interviewed select officials, if necessary, from organisations such as DoE, CHE, SAUVCA, CTP, APPETD, professional councils and SETAs, HEIs, student organisations, etc. around the aims of the project.

The recommendations that are advanced around the criteria and conditions that private institutions should satisfy to be permitted recognition as 'Universities' and 'Technikons' and to be permitted to offer Undergraduate degree programmes and Postgraduate degrees, diploma and certificate programmes must be equitable. That is, public HEIs, notwithstanding their status as 'Universities' and 'Technikons' and as degree offering institutions, must equally meet the criteria and conditions. They should not apply to private institutions alone.

The CHE provided advice to the Minister in September 2003.

Funding and Financing

The CHE Funding and Financing Standing Committee deals with all aspects of the funding and financing of HE. The *HE Act* and the *White Paper* allocate specific responsibilities to the CHE in this regard, such as advising on 'the policies, principles and criteria that should govern the allocation of public funds among higher education providers', 'a mechanism for the allocation of public funds', 'student financial aid', 'policy regarding public and private financing and provision, the level and distribution of public subsidies to higher education' and 'forms of student financial assistance'.

Prof. SJ Saunders chairs the Standing Committee and its members are Prof. B Figaji, Prof. MF Ramashala, Prof. S Badat and Prof. RH Stumpf (invited non-CHE member).

- Funding is viewed by the *National Plan* as a crucial steering mechanism in the transformation of the HE system and in mid-2003 the DoE released its proposed new funding framework for discussion. The CHE's advice to the Minister was submitted in late 2003.

The CHE's Policy Advice Report to the Minister is an extensive document that sets out how the CHE's advice was developed, the basic propositions that inform the CHE's advice, the CHE's general comments, the CHE's specific comments in detail, and the **way forward proposed by the CHE, which includes its key proposals and recommendations.**

The Funding and Financing Standing Committee has also been involved in initiating and supervising an investigation into Institutional Redress Policy and Strategy as well as the planning, implementation and funding of such a policy and strategy for the purpose of advising the Minister in this regard.

The specific aims of the project were to:

- a) Conceptualise the meaning that should be attached to 'Institutional Redress' in the context of creating a new HE landscape
- b) Analyse the pace of 'Institutional Redress' policy in an overall policy of redress and equity
- c) Analyse Institutional Redress Policy and Strategy in the context of proposed mergers between HDIs and HAIs;

- d) Identify and discuss the strategies that could contribute effectively to Institutional Redress in the context of creating a new HE landscape
- e) Analyse issues related to financing effective Institutional Redress strategies - the duration of strategies, required budgets, possible sources of finances, etc.
- f) Analyse issues related to the planning and implementation of redress strategies and funding - determination of areas for Institutional Redress, the basis of redress allocations; the required infrastructure; the monitoring of implementation, etc.
- g) Advance specific recommendations on *Institutional Redress Policy and Strategy* and its planning, implementation and funding.

The CHE provided advice in November 2003.

Monitoring and Evaluation

The *White Paper* refers to the CHE advising the MoE on:

The performance of the system, having regard to available performance indicators.
The progress being made towards achieving national equity and HRD goals and measures to overcome impediments to achieving transformation goals (Section 3.25i & j).

The CHE's monitoring and evaluation activities are located in the Directorate: Monitoring and Evaluation and guided and supervised by the Monitoring and Evaluation Standing Committee.

Prof. AM Perez chairs the Standing Committee and its members include Prof. MF Ramashala Prof. SJ Saunders, and Dr L Lange. The Ford Foundation has provided a three-year grant to undertake research and development of the monitoring and evaluation system.

The CHE has undertaken work on a proposed Monitoring and Evaluation Framework for the HE system, which:

- Generates knowledge on HE transformation
- Enables a dialogue among key actors around progress towards policy goals and objectives
- Assists the CHE in discharging its responsibilities to provide advice to the Minister of Education effectively and produce reports on the state of South African HE that are increasingly more comprehensive and analytical
- Generates information and analysis that is of use for the effective steering by government of HE
- Strengthens democracy as far as the dissemination of the analysis and interpretation of data generates the public space for the critical interrogation of policy development and implementation.

During the past year, the following was undertaken:

- a) Building a Monitoring and Evaluation System for South African HE
 - Development and implementation of a system to monitor the achievement of HE policy goals, the efficacy of policy instruments and mechanisms, and policy processes
- Work was focused on developing a framework for the monitoring and evaluation of HE. The resultant framework, *Towards a Framework for the Monitoring and Evaluation of South African Higher Education: A Discussion Document*, was the product of extensive intense work by the CHE aided by a reference group. The framework explicates the CHE's conceptualisation of the meanings and methodologies of monitoring and evaluation for HE.
- Conducting and commissioning research on HE issues that emerged from the implementation of policy reform at a systemic and institutional level.

In association with the Inclusive Education Directorate of the DoE the CHE undertook and managed a research project focused on the implementation of *White Paper 6 (Special Needs Education)* at HE level. The Research Report based on the project, which was undertaken by the Centre for the Study of Higher Education at the University of the Western Cape, will be finalised in late 2004.

The CHE has also entered into a partnership with the HSRC to conduct a series of studies on the transition of students from high school, to HE and the labour market. The first study will commence in mid-2004.

- Production of research reports, institutional profiles, and system data analysis in support of the work of the HEQC directorates.

The CHE/HEQC produced, under the series *Higher Education Monitor*, a joint report *'The State of Private Higher Education in South Africa'*. This focused on the analysis of private provision in South Africa through the data generated by the accreditation of programmes undertaken by the HEQC.

3.2 TASK TEAMS

Task Teams are focused on systemic or major HE policy issues on which the Minister has requested the CHE's advice or that the CHE wishes to provide 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. CHE members direct and supervise Task Teams with the CHE Secretariat responsible for their management and administration.

Distance Education

An extensive investigation was prompted by a request to the CHE in late 2002 from the MoE for advice on 'the role of distance education in the development of the higher education system'.

The Minister of Education expressed concerns around 'the unanticipated consequences of the proliferation of distance education programmes offered by contact institutions in the absence of a clear policy framework' on the emerging single dedicated distance education institution (University of South Africa – UNISA); and also around the relevance and quality of the distance education programmes offered by contact institutions, 'especially as the introduction of the programmes appeared to have been driven by financial gain, in particular, with respect to programmes offered in partnership with private providers'. In these regards, the Minister of Education requested the CHE to advise him on:

- The conditions and criteria which should govern the provision of distance education programmes by traditionally contact institutions given the concerns raised in the *National Plan*
- The broader role of distance education in HE in the light of current and future international trends and the changes in information and communication technology. This would ensure that distance education is well placed to contribute to the development and transformation of the HE system and its role in social and economic development
- The role of a single distance education institution in South Africa, and in particular, the role the latter could play, as the *White Paper* suggests, in the development of a 'national network of centres of innovation in course design and development, as this would enable the development and franchising of well-designed, quality and cost-effective learning resources and courses, building on the expertise and experience of top quality scholars and educators in different parts of the country' (*White Paper*, 1997: 2.61).

It subsequently became clear that the Minister also sought advice on the funding of distance education.

The investigation of the CHE was undertaken in a complex context in which the Ministry acknowledged in both the 1997 *White Paper* and the 2001 *National Plan for Higher Education* that the 'traditional distinction between contact and distance institutions and modes of delivery is becoming increasingly blurred' (MoE, 2001: 60). It also accepted the CHE's suggestion in its *Towards a New Higher Education Landscape* that HE programmes existed on a continuum running from 'provision purely at a distance to provision that is purely face-to-face' (CHE, 2000:44). This implied that it was extremely difficult to identify at which point of the continuum many programmes sat, and hence how they might be categorised. Furthermore, other research had identified the ever-growing diversity of education practices, from distributed lecturing systems using video-conferencing to systems using well-designed study guides and decentralised tutorial support, being clustered under the 'catch-all' phrase of distance education.

Within this complex terrain, and taking the Minister of Education's request as the point of departure, the specific aims of the CHE investigation were to:

1. Develop a shared understanding of the changing nature of distance education and its costs and role in HE, and attempt to circumscribe what is being referred to as 'distance education'
2. Develop guidelines for role differentiation in the distance education sector
3. Recommend defensible and durable conditions and criteria relating to distance education provision for the Ministry to use in guiding the programme mix at South African public HEIs. This will be based in part on an agreement with the HEQC on criteria for quality distance education provision and their role in assuring these
4. Propose ways in which distance education might be funded
5. Recommend mechanisms to harness the best expertise in the country to develop high quality learning resources for widespread use in the HE sector.

The investigation took as its points of departure the vision and goals for HE expressed in the *White Paper* and the *National Plan* and the key values and principles that are intended to guide the process of transformation and development in HE. The investigation concentrated on distance education in the public HE sector as the issues on which the Minister requested advice pertained primarily to this sector.

The CHE provided advice to the Minister of Education in March 2004. A comprehensive Research Report on distance education will be released in late 2004.

3.3 PROJECTS

Issues that are not related to the immediate policy advice responsibilities of the CHE are, with the approval and guidance of the CHE, directed, supervised and managed by the CHE Secretariat as Projects. These include:

- Research and investigations that give effect to and/or inform the diverse work of the CHE. The results of these may, following discussion by the Council, lead to advice to the Minister
- Reporting on the state of South African HE
- The annual Consultative Conference
- CHE conferences and discussion forums
- CHE publications and other media
- The production of the Annual Report to parliament.

The projects of the CHE seek to give effect to the responsibilities that have been accorded to the CHE. The requirement to contribute to the development of HE provides considerable leeway for the CHE to identify systemic and national HE issues that deserve critical reflection and to initiate projects in this regard. The privileged vantage point that the CHE enjoys with respect to national HE and HE-related developments also facilitates identifying issues for investigation.

The CHE is convinced that its own ability to provide considered, independent and especially proactive advice is dependent on promoting and helping to sustain high quality critical scholarship on South African HE and HE in general. In the South African context this requires encouraging and helping to develop and nurture a community of HE scholars and policy analysts within and outside HEIs. Through a number of its projects - monitoring and evaluation, critical triennial review of HE, the role of HE in social transformation to mention just a few - the CHE seeks to involve established and emerging academics and researchers and to contribute towards building institutional capacity for HE studies.

Building Relationships between Higher Education and the Private and Public Sectors to respond to Knowledge and High-Level Human Resource Needs in the context of Inequality and Unemployment.

The purpose of the 'responsiveness' project was to give effect to the CHE's statutory responsibility 'to formulate advice to the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating the South African economy such as greater HE-industry partnerships'.

The project aimed to understand labour market needs, the fit between graduates' skills, competencies and attributes and employers' needs while reviewing the theoretical and methodological approaches that underpin the issue of responsiveness. In addition, the project was intended to bring together leaders of HE and leaders from the private and public sector and labour unions to talk about expectations, needs, and, especially, the possibility of relationships that were not only beneficial for HE and employers, but also appropriate for the economic and social needs of the country.

This project, which was funded by a grant from Department for International Development (DFID), has entered into a second phase of actual development of collaborative partnerships between HE and different private and public stakeholders. During this financial year the CHE was instrumental in facilitating the signing of a Memorandum of Co-operation between the City of Johannesburg and the public HEIs that operate within the city: University of the Witwatersrand, Rand Afrikaans University, Technikon Witwatersrand; Vista Soweto, Vista East Rand, and UNISA (as part of the new institutional configuration). The agreement was signed at a ceremony at the Johannesburg City Council in November 2003.

The project will be finalised next year with the presentation of a Policy Advice Report to the Minister of Education.

Triennial Review of HE

This project, funded by the Rockefeller Foundation, entails the production of a research-based publication called *Triennial Review of South African Higher Education*. The purpose of this publication is to gather specialist research on issues on HE that are of local importance but have at the same time international resonance. The publication has as its main purposes to reflect on emergent trends and issues in South Africa and to advance new ways of thinking about and understanding HE. At the same time the commissioning of research papers for the Review from research groups around the country is seen as an ideal opportunity to encourage the involvement of young South African researchers, especially black and female researchers, in a research-based publication.

The following are the topics on which research has been commissioned:

- The Role of Technology in South African HE
- Equity of Access in HE in Developing Countries and South Africa
- The Impact of Changing Funding Sources on the HEIs
- Transformation of Institutional Cultures
- Change and the Analysis and Theorising of Change in South African HE

HE and Social Transformation

The general aim of the project, initiated in 2001, was to understand the roles played by HE in radical or large-scale social, economic and political change through a number of country case studies, including South Africa. The Centre for Higher Education Research and Information (CHERI) at the British Open University and the Association of Commonwealth Universities spearheaded the project internationally and made funds available for the South African investigation.

The CHE hosted the final international seminar on 9-11 October 2003 on *The Role of Higher Education in the Transformation of Societies*. The seminar brought together thirty participants from South America, Asia, Western, Central and Eastern Europe, South Africa and other parts of Africa. The South African case study can be accessed on the CHE website.

GATS and its Implication for South African HE

The aims of this project are to:

1. Identify the critical issues and key challenges of principle, strategy, policy and practice that GATS raises in relation to HE and the implications it has for South African HE policymakers, regulators (Ministry and the CHE as far as quality assurance is concerned) and providers (public and private HEIs)
2. Describe and analyse the claims being made in the context of GATS at the World Trade Organisation (WTO) by a small number of countries on the South African government with

respect to HE

3. Advance approaches and strategies and possible policy options and recommendations with regard to 1 above
4. Advance approaches and strategies and possible policy options and recommendations with regard to 2 above.

To date, a third draft report has been produced. The CHE is targeting early 2005 to provide advice to the Minister on this matter.

The CHE will partner the Association of African Universities (AAU), Council for the Development of Social Science Research in Africa (CODESRIA) and United Nations Educational, Scientific and Cultural Organisation (UNESCO) in a conference on 27-29 April 2004 in Accra, Ghana, on GATS and the WTO and HE. Thereafter work will be conducted to improve and expand the present third draft report, based on ideas and issues that emerge at the Accra conference.

Research for the Fifth Consultative Conference: “How much have we achieved?”

The CHE commissioned a small-scale survey amongst key role players in the HE policy environment, including Vice-Chancellors, Chairs, CEOs of sectoral bodies, a President of a national stakeholder organisation, policy analysts and researchers, to gather their perceptions on significant changes and developments in the last five years (1997-2003) and forecasts for the next five years. Based on the survey, the CHE produced a report and made a presentation at the 5th Consultative Conference.

CHAPTER 3

QUALITY ASSURANCE AND THE HEQC

1. INTRODUCTION

Quality assurance (QA) is a statutory responsibility of the CHE, carried out through its permanent sub-committee, the HEQC. According to *the Higher Education Act* of 1997 the functions of the HEQC are to:

- Promote quality in HE
- Audit the QA mechanisms of HEIs
- Accredite HE programmes.

To the above three mandate areas, the Board of the HEQC has added quality related capacity development. The HEQC operates within the framework of the NQF and is accredited by SAQA as the ETQA for HE.

2. HEQC BOARD AND MEMBERSHIP

The HEQC has its own Board with two CHE members represented on it (the chairperson of the HEQC and one other). HEQC members are chosen by the CHE on the basis of nominations from interested parties in HE. All HEQC members are appointed in their own right for a three- to four-year period. The membership of the current Board has been extended to the end of March 2005. They bring expertise from different stakeholder domains. The current membership comprises:

Chairperson

Prof. HP Africa *	<i>Independent Consultant</i>
	CHE member

Voting Members

Ms JA Glennie *	<i>Director:</i> South African Institute for Distance Education
	CHE member
Prof. B Khotseng	<i>Independent Consultant</i> (previous Deputy Vice-Chancellor, University of Cape Town)
Prof. N Kok	<i>Senior Vice-Rector (Academic):</i> Cape Technikon
Ms K Sattar *	<i>Director:</i> Centre for Quality Promotion and Assurance, Durban Institute of Technology
Dr M Motshekga-Sebolai	<i>Manager:</i> Corporate Affairs, Educor
Mr I Sehoole	<i>Executive President:</i> South African Institute of Chartered Accountants
Ms L Gordon-Davis	<i>Executive Officer:</i> South African Tourism Institute
Mr N Bicket	<i>Director:</i> Human Resources, Old Mutual
Dr J Reddy *	<i>Independent Consultant</i>
Mr V Nkabinde	<i>Executive Director:</i> South African Graduates Development Association
Dr NM Takalo	<i>Vice-Principal:</i> North West University
Prof. P Eagles (Resigned)	<i>Chairman:</i> Forum of Statutory Health Councils

Co-opted members

Mr J Landman	National Tertiary Education Staff Union
Prof. RH Stumpf *	<i>Vice-Chancellor:</i> University of Port Elizabeth

Non-voting members

Dr M Qhobela	<i>Chief Director:</i> Department of Education, Higher Education Branch
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Department of Education

Dr P Lolwana	<i>Executive Officer:</i> UMALUSI
Prof. S Badat *	<i>Chief Executive Officer:</i> Council on Higher Education
Dr M Singh *	<i>Executive Director:</i> Higher Education Quality Committee

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

HEQC Chairperson:

Prof. HP Africa



HEQC Board:

Standing (Fltr):

Mr I Schoole, Prof. S Badat, Mr J Landman, Prof. RH Stumpf, Dr M Qhobela and Prof. N Kok

Sitting (Fltr):

Ms L Gordon-Davis, Dr M Motshekga-Sebolai, Prof. HP Africa, Dr M Singh, Dr P Lolwana and Ms JA Glennie

Insets (Fltr):

Mr N Bicket, Prof. P Eagles, Prof. B Khotseng, Mr V Nkabinde, Dr J Reddy and Ms K Sattar





HEQC Directorate:

Executive Director's Office

Fltr:

Pam du Toit (*Personal Assistant*), Dr Mala Singh (*HEQC Executive Director*) and Dr Herman du Toit (*Projects Manager*)

HEQC Directorate:

Programme Accreditation and Co-ordination

Back Fltr:

Tshepo Magabane (*Manager*), Kenny Shalang (*Project Administrator*), Julia Motaung (*Manager*), Theo Bhengu (*Manager*), Stella Mkhavele (*Clerk*) and Mercy Sondlo (*Administrator*)

Front Fltr:

Rheka Bennindeen (*Secretary/Administrator*), Derrick Zitha (*Project Administrator*), Dr Prem Naidoo (*Director*), Jenny Maloi (*Secretary*), Paulette Macheke (*Clerk*) and Lebogang Serepong (*Clerk*)



HEQC Directorate:

Programme Accreditation and Co-ordination (Private Providers)

Fltr:

Stella Mkhavele (*Clerk*), Derrick Zitha (*Project Administrator*), Paulette Macheke (*Clerk*), Moloko Mothemela (*Administrator*), Colleen Mtjali (*Clerk*) and Theo Bhengu (*Manager*)

HEQC Directorate:

Programme Accreditation and Co-ordination (Public Providers)

Fltr:

Kenny Shalang (*Project Administrator*), Jenny Maloi (*Secretary*) and Tshepo Magabane (*Manager*)





HEQC Directorate:

Quality Promotion and Capacity Development

Fltr:

Nikki Groenewald (*Project Administrator*), Dr John Carneson (*Director*), Thabisile Dlomo (*Manager*), Alpheus Sibuyi (*Clerk*) and Barbara Morrow (*Manager*)

HEQC Directorate:

Institutional Audits

Fltr:

Belinda Wort (*Project Administrator*), Dr Mark Hay (*Manager*) and Pearl Maqubela (*Secretary/Administrator*)



Inset:

Ms Innocentia Mabuela
(*Project Administrator*)



3. ORGANISATION

The HEQC Board meets about every two months and the HEQC Executive Committee (EXCO) meets once a month. The work of the HEQC is conducted through the following sub-committees:

- The EXCO
- The Policy Development and Review Committee
- The Accreditation Committee (Private Providers)
- The Interim Joint Committee (Public Providers)

An expanded EXCO functions as a Policy Development and Review Committee. Regular reports on the work of the HEQC are tabled at the bi-monthly full meetings of the CHE.

During the past year, the HEQC Board and the EXCO met regularly as scheduled and also on a 'need to' basis. In addition to regular scheduled meetings, special meetings of the Board were held to make decisions on the MBA re-accreditation exercise.

The work of the HEQC is divided among three directorates and the office of the Executive Director. The three Directorates are:

- Accreditation and Co-ordination
- Institutional Audits
- Quality Promotion and Capacity Development.

The HEQC comprises 31 full-time members of staff who are clustered into the office of the Executive Director (3), the Accreditation and Co-ordination Directorate (15), the Institutional Audits Directorate (6) and the Quality Promotion and Capacity Development Directorate (5). The HEQC also uses a number of contract staff and consultants as well as the services of local and foreign QA experts at HE and other institutions and organisations. It draws on the general infrastructure of the CHE for its finance, personnel and media related requirements.

4. EXECUTIVE DIRECTOR'S OFFICE

The Executive Director provides:

- Oversight for policy and systems development, and ongoing planning and implementation activities in all three directorates of the HEQC
- Liaison with the CHE's projects and activities
- Liaison with international quality assurance organisations
- Liaison with other national initiatives in HE in general and QA in particular
- The management of special projects.

The past year has been highly demanding, being marked by an intensification of planning and development activities relating to the testing and implementation of the HEQC's new QA system. Some of the key activities for which the Executive Director provided leadership and oversight were the following:

■ Accreditation

- The accreditation of 228 programmes from Universities, Technikons and Agricultural Colleges on the basis of the processing of 285 programmes.
- The accreditation of 115 programmes from 79 private providers on the basis of the processing of 255 programmes.

■ Re-accreditation

- The evaluation of 38 MBAs offered by 18 public and 9 private providers in the first national re-accreditation exercise carried out by the HEQC.
- The evaluation of 38 private providers and 138 programmes for the purpose of re-accreditation. On the basis of site visits to all 38 providers, 64 programmes were re-accredited.

■ Meetings with other ETQAs

- Several meetings with other ETQAs to exchange information, consult on HEQC developments and plan joint accreditation activities through the development of MoUs.

■ Communication with stakeholders

- The HEQC had bilateral meetings with all the key national stakeholders and ongoing communication with particular constituencies. The communications challenge was intensified as a result of the MBA review and the need to engage the media and stakeholders on the matter.

■ Visits to Institutions

- The completion of one-day visits to all public HEIs and a sample of private HEIs. Reports were sent to all institutions on the key issues discussed during the visits.
- Visits to public and private HEIs due to be audited in 2004 and 2005.
- Visits to institutions which merged in January 2004 to brief them on a merger-related capacity development project of the HEQC.

■ New Policy and Guideline Documents and Training Materials

- The finalisation and dissemination of the Audit Framework and Criteria.
- The development of a range of manuals for audits.
- The revision of the Programme Accreditation Framework and Criteria.
- Guidelines to Good Practice in Teaching and Learning.
- The development of training materials for workshops intended for members and chairpersons of audit panels and writers of audit reports.

■ HEQC Quality Assurance Managers' Forum

- The holding of five meetings for QA managers and co-ordinators from public and private HEIs. The meetings were used to convey information on HEQC systems and requirements and to facilitate information sharing.

■ Pilot Audits

- The conduct of three pilot audits. The pilot audits were intended to test the HEQC's audit criteria and approach to audits. Audit reports were sent to all three institutions. The findings from a comprehensive analysis of the pilot audits were used to refine and improve the HEQC's approach to audits.

■ HEQC delegations to HEIs

- Preparatory investigations into the quality management arrangements at HEIs in the areas of recognition of prior learning, short courses, assessor training and development, moderation of assessment, and certification. The preparations are intended to enable the HEQC to delegate quality management responsibility to HEIs in the above areas.

■ Special Project on Merging Institutions and Historically Disadvantaged Institutions

- Development of a funding proposal and an implementation plan to assist merging institutions and HDIs to develop quality management capacity and new internal quality management systems in order to meet the requirements of the HEQC's institutional audit and programme accreditation systems. Donor assistance from a Department of Education bilateral with the Finnish government has been secured to support this project.

■ International Liaison

- The engagement of the HEQC in a number of initiatives which focus on QA and accreditation issues in a globalising HE environment. This includes initiatives of UNESCO, the AAU, the International Network of Quality Assurance Agencies in Higher Education and the South African Development Community (SADC) which have made it possible for the HEQC to access information on new QA developments in other countries as well as to contribute towards shaping debates about QA in a developing country context.

5. ACCREDITATION AND CO-ORDINATION DIRECTORATE

The Accreditation and Co-ordination directorate has two core areas of work:

- Programme accreditation and reviews
- Co-ordination of quality assurance in relation to other ETQA bodies in HE.

Programme Accreditation and Reviews

This area of work covers:

- The accreditation of public providers to offer stipulated learning programmes leading to NQF-registered qualifications
- The accreditation of private providers to offer stipulated learning programmes leading to NQF-registered qualifications
- The development and implementation of an accreditation and evaluation framework for learning programmes leading to NQF-registered qualifications, which are not covered by professional councils and SETA-based ETQAs
- National Reviews of existing programmes.

New Accreditation System

In line with the policy intentions of the *White Paper*, the HEQC has developed a co-ordinated accreditation system applicable to the public and private HE sectors.

The new system has been developed by a working group of experts and HEQC staff, who in turn received advice from a reference group consisting of representatives from relevant stakeholder organisations and international experts. There has been extensive consultation with all HEIs and other stakeholders. The new system will be ready for institutional submission in 2005. The preparation of new accreditation criteria, guidelines, and manuals are in the process of finalisation. The Accreditation Directorate is collaborating with the Directorate for Quality Promotion and Capacity Development to train programme evaluators for the new programme accreditation system.

Routine Accreditation

During the period April 2003 to March 2004, the HEQC processed 678 applications from public and private providers to offer new learning programmes and qualifications. The applications were processed in a combination of activities that included expert comment on applications, committee screening for approval, conditional approval or rejection, and occasional site visits. The applications were processed by the IJC in the case of Universities, Technikons, Agricultural Colleges and the Polytechnic of Namibia and the Accreditation Committee in the case of private providers. This is an interim arrangement until a new accreditation system is developed and implemented in 2005. This is a large area of responsibility of this directorate as providers demonstrate their responsiveness by developing hundreds of new education and training programmes and qualifications.

■ National Review (MBA Re-accreditation)

The HEQC is mandated by *the Act* to promote and support the development, maintenance and enhancement of quality in public and private HE provision, to audit the QA mechanisms of HEIs and to accredit programmes of HE.

Since its inception in May 2001, the HEQC has been accrediting new programmes offered by public and private providers and all HE programmes offered by Agricultural Colleges. It has also been preparing new systems for institutional audits and programme accreditation, which are being implemented in 2005. Given the very large number of existing programmes on offer at HEIs in South Africa, the HEQC decided not to begin a re-accreditation exercise of all existing programmes but rather to undertake national reviews leading to re-accreditation in selected programme and qualification areas. The review of the MBA was the first such national review.

A number of factors came together in the decision of the HEQC Board to undertake a re-accreditation of all MBAs offered by public and private providers of HE.

The HEQC Board considered the following issues:

- The need to have evaluation criteria to be able to make judgments on new applications to offer MBA programmes, especially from providers who had not offered MBAs before.
- The HEQC's policy decision to undertake national reviews had to be given effect through the selection of a high profile, high impact programme area, the choice of which would allow for the development of an approach to and a methodology for conducting future national reviews.
- Concerns expressed by the MoE and other stakeholders about the proliferation of MBAs in the country and the need to have a better sense of their quality, costs and benefits, and relevance to country's needs.
- The request in the DoE's *National Plan for Higher Education* that the HEQC should prioritise the review of the quality of Postgraduate programmes.

In the light of the above, the HEQC Board made a decision in 2002 to undertake a formal evaluation of all MBAs being offered by public and registered private HEIs in South Africa (28 registered private and public HEIs, including 8 registered private providers, 5 Technikons and 15 Universities).

The main purposes of the MBA re-accreditation were as follows:

1. To undertake a comprehensive evaluation of MBAs on offer at public and registered private HEIs in South Africa in order to establish the extent, scope and quality of provision.
2. To re-accredit all existing MBAs offered by both public and registered private institutions in order to ensure a common framework for quality.
3. To improve the quality of MBA provision in the South African HE system.

The MBA Re-accreditation project followed an extensive consultative and research driven process. Research was commissioned to examine how other countries and agencies evaluated MBAs. All schools and institutions offering the MBA programme in South Africa and international experts from various countries (USA, Netherlands, Australia, Hong Kong, UK, etc.), were involved and participated in developing, finalising and implementing the criteria and other instruments for the MBA re-accreditation process. In developing the criteria and related instruments for the re-accreditation process, the HEQC had a briefing session for a focus group on 20 February 2003, which was used to discuss the process and criteria for evaluation and other relevant issues pertaining to the evaluation. Following this meeting the draft criteria were sent for comment to all institutions offering accredited and registered MBAs. These comments were taken into account in finalising the criteria document and the development of instruments for the re-accreditation of MBAs.

A questionnaire was developed early in 2003. This was sent to all institutions offering the MBA with the objective of gathering baseline information on all MBA programmes on offer at public and private HEIs. Site visits commenced on Wednesday 9 July 2003 and were completed at the end of September 2003. The HEQC made at least 28 site visits to both private and public HEIs offering a total of 38 MBA programmes. Recommendations from these site visits were tabled at the MBA Re-accreditation Committee meeting on 27-28 November 2003. The Committee carefully evaluated all the reports from peer review panels and other supporting documentation and arrived at a set of recommendations.

The recommendations of the MBA Re-accreditation Committee were communicated to institutions on 12 December 2003. Institutions were given 21 days starting from 5 January 2004 to make representations on errors of fact and omissions. These representations, together with the Re-accreditation Committee recommendations were tabled at the HEQC Board meeting for final decisions on 17-18 March 2004. Final outcomes were communicated to institutions during the week of 17 May 2004, followed by a general press release.

Table 2: MBA Re-accreditation decisions

FULLY ACCREDITED	
SCHOOL/INSTITUTION	PROGRAMMES
Gordon Institute of Business Science University of Pretoria	MBA
Wits Business School University of the Witwatersrand	MBA
Graduate School of Business (USB) University of Stellenbosch	MBA
Graduate School of Business (GSB) University of Cape Town	MBA EMBA
Graduate School of Leadership (SBL) UNISA	MBL
Graduate School of Management University of Pretoria	MBA
CONDITIONALLY ACCREDITED	
SCHOOL/INSTITUTION	PROGRAMMES
School of Management University of the Free State	MBA General MBA (Health Care Management) MBA (Entrepreneurship)
Graduate School of Business of Durban-Westville	MBA
Rhodes Investec Business School (RIBS) Rhodes University	MBA
Turfloop Graduate School of Leadership (TGSL) University of the North	MBA
Graduate School of Business and Leadership University of the North-West	MBA
Potchefstroom Business School Potchefstroom University for Christian Higher Education	MBA (Contact)
Pretoria Technikon Business School Technikon Pretoria	MBA
MBA Unit Port Elizabeth Technikon	MBA
Milpark Business School Midrand Graduate Institute	MBA

Henley Management College of SA	MBA
Management College of Southern Africa (MANCOSA)	MBA (General) MBA (Tourism Management)
Damelin International College	MBA

NOT ACCREDITED

SCHOOL/INSTITUTION	PROGRAMMES
School of Business University of Natal (Pietermaritzburg)	MBA General MBA (Water Management)
Graduate School of Business University of Natal (Durban)	MBA
School of Operations Management Technikon Witwatersrand	MBA
Business Studies Unit Durban Institute of Technology (Durban & Pietermaritzburg)	MBA
Graduate Centre for Management (GSM) Cape Technikon	MBA
De Montfort SA	MBA
Regent Business School	MBA (General) MBA (Finance) MBA (Health Care Management) MBA (Tourism) MBA (Marketing)
School of Business Bond South Africa	MBA
Business School Netherlands	MBA
Graduate School of the International Negotiation Academy (GSINA)	MBA

Information from the re-accreditation process will feed into a report on the state of MBAs in South African HE. It is planned that a national workshop on this topic will be held in the latter half of 2004. The purpose of the workshop will be to discuss issues on how to improve the quality of MBAs so that graduates leave with the requisite competencies, and to make the South African MBA internationally competitive. An analysis of the experience gained through the MBA re-accreditation process is being used to develop a framework document to conduct national reviews.

Private Providers

Routine accreditation

Between April 2003 and March 2004, 255 programmes were submitted for accreditation by 79 private providers. Of these programmes 45% were accredited and 55% were not accredited, as they did not meet the requirements for accreditation. In addition, some programmes had to be returned to the providers due to incomplete information. The status of accreditation for private providers for this period is depicted in the table below:

Table 3: Status of accreditation for private providers: April 2003-March 2004

Accreditation Committee Meeting	No. of Providers	No. of Programmes	No. of Programmes Accredited	% Percentage
27/05/2003	15	71	27	38%
22/08/2003	8	34	12	36%
31/10/2003	27	91	55	60%
03/12/2003	6	9	2	22%
26/03/2004	23	50	19	38%
TOTAL	79	255	115	45%

Re-accreditation

Between April 2003 and March 2004, 38 private providers submitted 138 programmes for re-accreditation. Of these programmes 46% were accredited and 54% not accredited as they did not satisfy the requirements for re-accreditation. The status of accreditation for private providers for this period is depicted in the table below:

Table 4: Status of re-accreditation for private providers: April 2003-March 2004

Accreditation Committee Meeting	No. of Providers	No. of Programmes	No. of Programmes Accredited	% Percentage
27/05/2003	7	24	11	45%
22/08/2003	10	51	19	42%
31/10/2003	11	47	23	48%
03/12/2003	4	8	6	75%
26/03/2004	6	8	5	63%
TOTAL	38	138	64	46%

All the programmes submitted by the 38 providers underwent a site-based evaluation.

Accreditation Reviews

In accordance with the *Promotion of Administrative Justice Act*, if an institution and/or its learning programmes have not been successfully accredited, they have 21 days to submit a written representation to the HEQC. Between April 2003 and March 2004, 14 private providers submitted applications for reviews. Of these applications for reviews, 22% were granted and 78% were not granted. In making their accreditation review requests, private providers were expected to abide by the following policy decisions that guided the review process:

- The representation lodged by the institution must set out the grounds for the request for review against the reasons given by the HEQC for not considering accreditation. In making its submission, the institution must confine itself to information available at the time of the

evaluation process. New information will not be considered. The institution must focus on demonstrating that the decision of the HEQC resulted from errors or omissions in carrying out the policies and procedures.

- The HEQC shall consider the grounds and evidence provided by the institution and the record that served before the Accreditation Committee when it made the decision to recommend to the HEQC withdrawal of accreditation.
- The institution's submission may not challenge the reasonableness of the Accreditation Committee's standards, policies and procedures.
- The HEQC will consider the information placed before it by the institution and will advise the institution within 21 days of receipt of the request.
- Failure of an institution to respond to the HEQC letter that sets out the recommendations of the Accreditation Committee will be construed as acceptance of the recommendation.

The status of accreditation reviews for private providers for this period is depicted in the table below:

Table 5: Status of accreditation reviews for private providers: April 2003-March 2004

Accreditation Committee Meeting	No. of Reviews	No. Granted	% Percentage
27/05/2003	1	0	0%
22/08/2003	4	0	0%
31/10/2003	4	1	25%
03/12/2003	3	1	33%
26/03/2004	6	1	16%
TOTAL	18	3	17%

Out of the 18 requests for review considered, 15 were declined. Therefore, the initial recommendation not to accredit HEIs and/or programmes in question was upheld. In the three cases where the HEQC ruled in favour of the institution, new site visits by completely new panels, were conducted. In all three cases, new decisions were taken and accreditation was granted to these institutions and/or programmes.

Public providers

The HEQC received 285 programmes from Universities and Technikons for consideration at its IJC meetings between April 2003 and end of March 2004. The relevant data is provided in the table below:

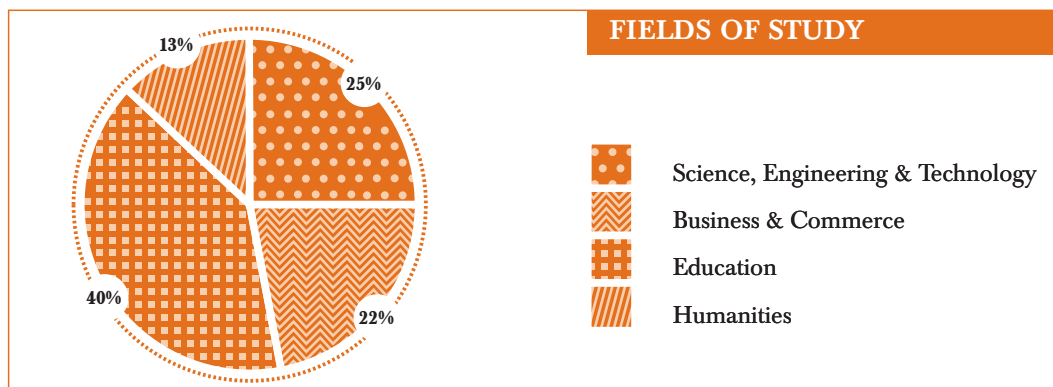
Table 6: Accreditation of programmes of public providers: April 2003-March 2004

Type of Institution	No. of Applications	Applications not tabled	Applications tabled	Not accredited	Accredited
University	158	-	158	32	126
Technikon	107	-	107	25	82
Agric Colleges / Namibia Polytechnic	20	-	20	-	20
All	285	-	285	57	228

An analysis of the data from the accreditation of public provider programmes indicates the following:

Of the fields of study in the 126 programmes of universities that were accredited during this period, 32 were in Science, Engineering and Technology, 28 in Business and Commerce, 49 in Education and 17 in Humanities. The data is represented in Figure 1:

Figure 1: Accredited programmes of universities by field of study: April 2003-March 2004



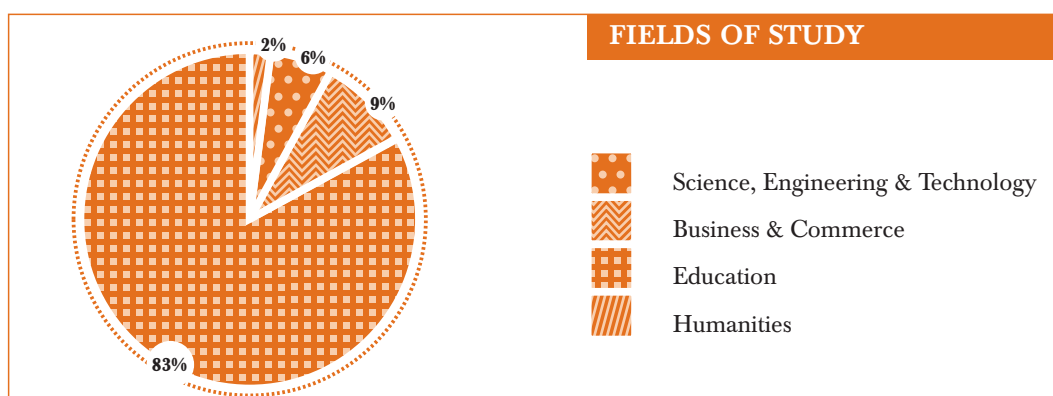
When the 126 accredited university programmes are considered by *levels of study* and by *historical type of institution*, the situation is as follows:

Table 7: Accredited university programmes by levels of study and by historical type of institution: April 2003-March 2004

Level of Study	Historically White Institutions	Historically Black Institutions	TOTAL
Undergraduate Certificates	1	1	2
Diplomas	1	3	4
Bachelor's Degrees	33	0	33
Postgraduate Certificates	4	0	4
Advanced Certificates/Diplomas	16	0	16
Postgraduate Diplomas	20	0	20
Honours	19	0	19
Masters	19	0	19
Doctorate/PhD	9	0	9
TOTAL	122	4	126

In the technikon sector, of the 82 programmes that were accredited, 5 programmes were in Science, Engineering and Technology, 7 in Business and Commerce, 68 in Education and 2 in Humanities. This data is depicted in Figure 2:

Figure 2: Accredited programmes of technikons by field of study



When the 82 accredited technikon programmes are considered by *levels of study* and by *historical type of institution*, the situation is as follows:

Table 8: Accredited technikon programmes by levels of study and by historical type of institution: April 2003-March 2004

Level of Study	Historically White Institutions	Historically Black Institutions	TOTAL
National Diplomas	36	4	40
Postgraduate Certificate/Diploma	31	0	31
B. Tech	5	2	7
Honours	1	1	2
M Tech/Masters	2	0	2
Doctoral	-	-	-
TOTAL	75	4	82

With respect to Agricultural Colleges, the HEQC mandated the CTP to manage quality evaluation visits to Agricultural Colleges during 2003.

In terms of this, the HEQC made 10 site visits to Agricultural Colleges (and one to the Polytechnic of Namibia). The Polytechnic of Namibia has requested that its programmes be evaluated by the HEQC. This is carried out by the HEQC in terms of an MoU between the HEQC, the Polytechnic of Namibia and the Namibian Qualifications Authority. Twenty programmes were part of these follow-up visits. All were given conditional accreditation. When the twenty programmes of Universities that were accredited during this period are considered in terms of fields of study, 17 were in Agriculture and 3 in Science, Engineering and Technology.

For the year 2004, the HEQC took over the overall visits to the Agricultural Colleges. For this exercise, the HEQC is managing QA at Agricultural Colleges (offering higher education programmes) and the Polytechnic of Namibia at its request.

Table 9: Accredited programmes for Agricultural Colleges & Polytechnic of Namibia: April 2003-March 2004

Level of Study	TOTAL
Certificates/Higher Certificates	17
Diplomas	2
B. Tech	1
TOTAL	20

Accreditation and Co-ordination

The HEQC's relationship with Professional Councils and other ETQAs operating in the field of higher education.

This area of work involves:

- Collaboration with professional councils and other ETQAs (such as SETAs) on the accreditation and evaluation of professional and work based programmes leading to NQF-registered qualifications
- Discussion, exchange of information and joint initiatives with relevant ETQAs and other national agencies concerned with HE.

The increase in the number of ETQAs has led to difficulties and challenges of co-ordination in HE with respect to approaches to QA and associated issues. To ensure that HE providers are not overburdened by many and conflicting QA demands, the HEQC has developed proposals for more collaborative approaches to QA.

As a result of the number of ETQAs claiming QA jurisdiction in HE, the co-ordination of QA through MoUs is a time consuming and challenging job for the HEQC as it seeks to develop a credible, manageable and sustainable QA system.

Different models of co-operation have been spelt out in the new draft accreditation Framework document, and MoUs based on these models could be concluded with different ETQAs. In the meantime, discussions and information sharing sessions are being held with ETQAs to find a working relationship. Some co-operation agreements have been concluded, and joint accreditation visits are being undertaken with some professional councils.

Delegated QA Functions to HEIs

SAQA regulations assign responsibility for certification to the relevant ETQA with the possibility of delegation to HEIs themselves.

Due to increasing reports about the offering of fraudulent certificates, the HEQC, has developed a new certification framework for the delegation of certification to HEIs themselves. The framework will help to:

- Determine the nature and status of certification and the certification processes in institutions of higher learning
- Monitor the integrity and credibility of certification processes in institutions of higher learning.

This is to ensure the protection of students and the integrity of higher education qualifications in general. The HEQC was also responsible for undertaking a process toward the delegation of QA functions to HEIs in the following areas:

- RPL
- Assessor Training and Development
- Moderation of Assessment
- Short Courses.

The HEQC requested information from all HEIs on their QA arrangements in the following key areas for the above:

- Policies and procedures in place for QA
- The extent of implementation of the policies and procedures
- Monitoring and oversight arrangements in place
- Evaluation and follow up arrangements for improvement
- Implementation timeframes for the areas that are still being developed.

A comprehensive report on HEIs that will finally be delegated such QA functions, pending SAQA approval, will be released at the end of this process. Activities that are underway with regard to this process are as follows:

- Regional workshops on HEQC requirements for delegation
- Submission of improvement plans by institutions
- Submission of progress reports by institutions
- Establishment of an expert panel to evaluate HEIs' progress reports before finalisation of delegation

The HEQC has indicated that it will delegate quality management responsibility in the above areas to HEIs themselves, institutional arrangements will be looked at in the course of institutional audits.

Priorities

For the immediate future, the Accreditation and Co-ordination Directorate has prioritised the following areas of work:

- Developing and implementing a single integrated accreditation system for both private and public providers
- Entering into and monitoring MoUs and with professional councils and other ETQAs
- Delegation of QA functions to HEIs in the areas of RPL, Assessor Training and Development, Moderation of Assessment, Certification Arrangements and Short Courses.

- Monitoring of certification processes and procedures at HEIs (public and private)
- Developing and instituting a fair administrative process for reviewing programmes that have been refused accreditation or re-accreditation by the HEQC
- Developing professional capacity and expertise both within the HEQC and in the system to implement a rigorous new accreditation system
- Developing a new integrated information management system for the accreditation of programmes for private and public providers, as well as for qualifications that need professional registration.

The Accreditation and Co-ordination Directorate has made tremendous progress in a variety of areas, including developing a new accreditation system, streamlining its current accreditation procedures, processing a large number of applications for the accreditation of new programmes, managing the re-accreditation of MBAs, preparing systems and instruments for more effective co-ordination of QA in higher education, and preparing for the delegation of certain QA functions to institutions themselves.

6. INSTITUTIONAL AUDITS DIRECTORATE

During the period under review, the Directorate underwent a name change to *HEQC: Institutional Audits* in order to more closely reflect the work of the unit. The Directorate continued to develop and implement its programme of activities started in September 2001, in accordance with the requirements of *the Act* that the HEQC audit the effectiveness of the QA mechanisms of HEIs. In particular, the Directorate further developed the policies, protocols and instruments for the institutional audit process, and successfully conducted three pilot institutional audits during the course of 2003. Preparations are now underway for the first round of audits proper to be conducted in 2004.

The Audit Project

The work of the Directorate is divided into a number of sub-projects, each contributing critical components to the emerging system of institutional audits.

Institutional Visits

The programme of one-day institutional visits to all public HE providers, and to a selection of private providers, initiated in 2002, was concluded in this period. These visits had three main goals:

- To follow up on responses to the 2001 HEQC questionnaire so as to arrive at a better understanding of each institution's quality management systems and plans
- To acquaint the institution with the HEQC's mandate, programmes and plans
- To enable the HEQC and HEIs to develop an understanding of what institutional audits could involve in terms of expectations and requirements.

The HEQC team engaged with a range of key constituencies in the course of each visit, including executive managers, academic leadership, support services, quality management units and students. After each visit, a report summarising the discussions sent to the respective institutions. An analysis was then developed of the various issues that were raised across the range of institutions. Evaluative feedback suggests that the visits provided valuable experience and insights that will assist both the development of the HEQC's own systems, as well as quality systems within HEIs themselves.

Audit Documents

Through a process of careful consultation with stakeholders in the sector, through research into international models, and based on our experience so far, four key documents outlining various dimensions of the institutional audit system have been developed. These are:

- *The Framework for Institutional Audits*: This provides a policy framework for a national audit system, including the legislative basis, the HEQC's approach to audits, the scope and focus of audits, and the methodology of the audit process.
- *Criteria for Institutional Audits*: The criteria are evaluative tools that enable the institution, the audit panel and the HEQC to focus on important institutional signals and indicators of quality and quality management. These criteria were revised significantly in the light of comments from stakeholders and the HEQC Board, and from the experience of the pilot audits.
- *Institutional Audit Manual*: This is intended to guide the self-evaluation of QA systems that institutions will undertake, and covers each stage of the entire audit process

- *Auditor Manual:* This provides a detailed guide for auditors in the audit process, documenting the principles, procedures and protocols that should be followed to ensure the integrity of audits.

The first two of the manuals listed above are due to be released in final form into the sector in mid-2004, while revised versions of the latter two manuals are to be tested during the first round of audits planned for the second half of 2004.

The Pilot Audits

Three successful pilot audits were conducted during the course of 2003, which included a university, a technikon and a private provider. Thanks to very detailed planning and preparation from Secretariat staff, the efficient preparations of the three pilot institutions, and the extensive commitment of the audit panellists, the audit visits proceeded smoothly, and no significant procedural problems were encountered.

Two international colleagues participated in the pilot audits. Dr Antony Stella, Advisor from the National Accreditation and Assessment Council (NAAC) in India, participated as an auditor on the University of Pretoria pilot audit, and Mr Rob Carmichael, Audit Director from the Australian Universities Quality Agency (AUQA) in Australia, participated as an observer in the Vaal Triangle Technikon pilot audit. Both colleagues have submitted detailed reports to the HEQC on the audit process and systems, which have been used to improve the HEQC's approach.

The preparation of the pilot audit reports proved to be a highly instructive process for the HEQC, involving the establishment of an appropriate tone and content for the report, ensuring that the conclusions reached were evidence-based, and aiming for a document that would be of constructive use to the pilot institutions. Attention to the underlying assumptions of the report provided an opportunity for reflection on the intent and purpose of the HEQC's audit mandate and its contribution to QA in HE.

The pilot institutions were provided with opportunities to comment on the final draft reports, and the reports were presented for approval to the HEQC Board at its May 2004 meeting.

The pilot audits were followed by evaluative research in three areas. The first investigated the reception of the audit by the participating pilot institutions, as well as gauging the responsiveness of the HEQC to the needs of the pilot institutions. The second monitored the audit criteria which focused on research, including how appropriate and focused the criteria were, with the goal of making recommendations on how an audit panel might proceed in future audits. The last tracked the experience of auditors with a view to improving future auditor training sessions. The results of these evaluations have resulted in the extensive revision of the audit criteria, and the revision of the audit processes as these are currently laid out in the various audit manuals. On the basis of this experience, the Directorate will proceed with greater confidence into the first round of audits proper that will commence in the second half of 2004.

The following institutions have been identified for audit in 2004:

- Central University of Technology
- Management College of Southern Africa (MANCOSA)
- Varsity College
- Oval
- City Varsity
- Bond SA

Staff from the Directorate have begun to engage with these institutions in order to support their self-evaluation and portfolio-writing processes.

Other Activities

Other activities of the Directorate have included:

- *The selection and preparation of potential auditors* in collaboration with the Quality Promotion and Capacity Development Directorate (QPCD). Two preparation sessions were conducted in July 2003 and three further sessions are planned for later in 2004, based on projections of the numbers of auditors needed for the first cycle of audits (2004-2009). In addition, refresher sessions are planned for auditors trained in 2003, in order to update them on revisions to the

system implemented in the light of the pilot audits. Specialised preparation sessions are also planned for panel chairs, and for audit report writers.

- *Case study reports from pilot institutions* have been commissioned from QA managers in these institutions. It is intended that these reports will be collated and disseminated for the information of institutions to be audited.
- *Planning of regional workshops* to inform institutions about the revised audit criteria, and adjustments to the audit process. Five regional workshops will be delivered in May and June of 2004.
- *Regulations governing the conduct of audit* have been drafted, and these are to be finalised during the course of 2004.
- *The development of a schedule of audits* for the first cycle of audits (2004-2009), to enable effective planning in the Audit Directorate. The public institutions have now all been included in the tentative schedule, but work on assessing priorities amongst private providers continues, and will be concluded later in 2004.

Overall, the Directorate concludes this reporting period confident that a robust framework, and series of procedures, has now been established for the conduct of institutional audits. However, a considerable challenge lies ahead in finding ways of fulfilling the mandate to audit all registered HE providers (public and private) within the given six-year time-frame. The Directorate may need to consider more than one model of audit procedure in order to facilitate appropriate coverage of (especially) the large number of private providers in the sector. Further, the Directorate will need to ensure that adequate numbers of appropriately-skilled personnel (apart from permanent Directorate staff) are available to fulfil the various functions associated with audits.

A further challenge will be to develop audit-related capacity at systemic, institutional and individual levels throughout the sector, especially in skills such as generating and interpreting appropriate management information, planning and conducting self-evaluation, developing systemic approaches to educational and research-development processes, writing audit portfolios, etc. The Directorate will work with the QPCD Directorate to this end.

Another priority will be to keep track of the latest developments in approaches to institutional audit in other countries. We aim to build on relationships currently being developed with colleagues in Australia, India, United Kingdom, Norway and in the SADC states.

Finally, the Directorate will consider ways of managing data arising from audits in ways that enable the HEQC to develop a baseline picture of quality management trends at institutional level. The goal will be to feed into the work of the CHE Monitoring and Evaluation Directorate.

7. QUALITY PROMOTION AND CAPACITY DEVELOPMENT DIRECTORATE

In addition to promoting quality and supporting the building of capacity, the Directorate is responsible for supporting the HEQC's national QA system by preparing a pool of expert peers who can serve on institutional audit and programme evaluation panels. The major activities of the Directorate were:

- The preparation of an initial pool of institutional auditors who could serve on HEQC audit panels
- The development of a first draft of Resources for Improving Teaching and Learning and holding workshops with practitioners to get their input
- Completing a programme, started in 2002, of one-day visits to HEIs by the HEQC.

In addition, a substantial grant was given to the CTP for capacity building in respect of quality management in Technikons.

Institutional Auditor Preparation

A total of fifty potential auditors were selected according to HEQC criteria. They attended two auditor preparation workshops held in July 2003. There was collaboration on the design, delivery and evaluation of the process with Dr David Woodhouse, who heads the Australian Universities Quality Agency, and with the Centre for Higher Education Development at the University of Cape Town. A number of trained auditors served on pilot audit panels in 2003 as chairpersons and members of panels. The process was evaluated and was used to improve the auditor preparation programme as well as the overall system of institutional audits that is being implemented in 2004.

Improving Teaching and Learning Project

The broad aims of the project are:

- To stimulate the sharing of good practice, and critical reflection, debate and scholarship, in respect of HE teaching and learning and related quality issues
- To enhance the capacity of HEIs to improve the quality of their learning and teaching systems and practice; and to develop and improve their internal quality management systems in line with HEQC requirements
- To provide HEIs and practitioners with resources that they can effectively adapt, use, develop and share as individuals, institutions and via regional and national networks, as appropriate.

The Guides to Good Practice which were drafted in the first phase of the project were further developed as a set of Resources for Improving Teaching and Learning. Practitioners from all public HEIs and a number of private HEIs came together at 14 regional workshops to give input on the guides, to share experiences and to develop strategies for improving teaching and learning. An average of 25 persons attended each workshop. The host institutions were the Durban Institute of Technology, the Border, Peninsula and Pretoria Technikons, the Universities of Stellenbosch, Durban-Westville, Rhodes, UNISA, Witwatersrand and the Rand Afrikaans University. Input from the workshops was subsequently used to improve the Resources and enhance the development of the project. The revised Resources will be made available in late 2004.

One-day visits to HEIs by the HEQC

The main objectives of the visits, which began in 2002, were:

- To arrive at a better understanding of the institution's QA systems and plans
- To acquaint the institution with the HEQC's mandate, programmes and plans
- For the HEQC and HEIs to develop an understanding of what institutional audits could involve in terms of expectations and requirements.

Institutions were told that the visits did not constitute audits. Teams consisting of HEQC board members and HEQC staff conducted the visits. Institutions provided documentation to assist the teams, and subsequent to the visit, were sent a record of the salient points discussed. The programme of visits to public HEIs was completed in 2003, with visits to 23 institutions. One private HEI was also visited, in addition to the 9 visited in 2002.

Quality Managers' Forum

The purpose of the forum is to bring together a key institutional constituency, to facilitate debate, share experiences and disseminate information. The following tables indicate attendance at the Quality Managers' Forums held.

Table 10: Participation: HEQC Public HEIs Quality Managers' Forum

Date	No. of Participants	No. of HEIs represented	Other HE Organisations /Regional Consortia
6 March 2003	40	34	6
12 June 2003	38	34	5
11 November 2003	44	34	5

Table 11: Participation: HEQC Private HE Providers Quality Managers' Forum

Date	Total Number of Participants	Number of HEIs represented
5 March 2003	78	111
13 November 2003	88	115

Supporting Capacity Development

The CTP received a grant from the HEQC for a project aimed at capacity building in respect of:

- Developing quality management and tracking systems
- Providing an overview of current quality management practices
- Incorporating HEQC requirements into quality management arrangements and initiatives to improve quality
- Generating a set of recommendations.

A key phase of the project included experts from the Australian Technology Network facilitating five regional workshops that were attended by senior staff from all Technikons. Universities were invited to send representatives, and QA managers took part in activities that built on the outcomes of workshops. A project report has been published by the CTP¹.

Other activities

1. *The Act* mandates the HEQC to 'promote quality assurance in higher education'. Work began on drafting an HEQC policy Framework for Quality Promotion and Capacity Development. The final draft will be circulated to stakeholders for comment in late 2004.
2. A workshop on Vocational Higher Education was held in October 2003, facilitated by Dr John Brennan of the Centre for Higher Education Research and Innovation in the United Kingdom. Participants included persons from HEIs, SETAs, industry, CTP, APPETD and the HEQC. The workshop is part of an ongoing project to promote quality in respect of vocational HE.
3. Research was commissioned to draw on the responses to the questionnaire on QA arrangements sent to HEIs in late 2001, and related information gathered during the one-day visits by the HEQC to the same institutions. The research is intended for internal use and will inform HEQC planning and policy implementation.
4. The Directorate participated in a workshop for heads of academic departments at the University of Venda (9-10 March 2004). The focus was on self-evaluation and planning for quality improvement. A regional programme of capacity building will be rolled out in the second half of 2004.

8. DEVELOPMENT OF A MANAGEMENT INFORMATION SYSTEM FOR THE HEQC

Since the beginning of 2002 the HEQC has set up a team to develop a Management Information System (MIS) capable of supporting the implementation of the different aspects of the HEQC QA system at a national level the accreditation of programmes, institutional audits, and capacity development and promotion.

The MIS has five main objectives:

- To allow HEIs to submit documentation to the relevant HEQC Directorate online, thus accelerating and making more effective the different tasks involved in the processing of accreditation applications and audit portfolios
- To provide a project management, workflow and reporting system for the management of work of the three HEQC Directorates that allows for efficient and effective processing of applications and conduct of tasks within processes; permanent improvement of internal processes and easy retrieval of documentation generated in the work of the three HEQC Directorates
- To provide appropriate interfaces with the CHE Monitoring and Evaluation Directorate that allow for the storage, and analysis of system level data, and the identification of areas and issues that need to be researched
- To provide external interfaces with the DoE and SAQA
- To provide a portal online to support the work of evaluators and auditors.

The development team is constituted by four external IT experts (programmers, designers and a project manager) and a CHE senior manager who takes care the system analysis and design.

¹Capacity Building For Effective Quality Management in South African Technikons (January 2004)

The development of the MIS is done in phases. The first one corresponds to the development of the sub-system for the Accreditation Directorate. The following are the elements taken into account in the conceptualisation of the system:

- The system has been conceptualised as an integrated architecture that includes a series of sub-systems (directorates) that are linked to each other through the workflow. Every task can contain one or more of the following functions: updates, queries of databases and feedback
- The system is designed taking into account external users, HEIs, and internal users, i.e. HEQC staff responsible for different aspects of the workflow in each directorate
- Given the above, and the HEQC's understanding of capacity development, the system not only guides users through a process but also explains the process conceptually. This is evident in the help function
- The system operates as a combination of information management, document management and project management principles, that at the internal level allows for the filing and retrieving of text documentation, the search in quantitative and qualitative databases; the automation of the different tasks involved in the workflow, as well as the supervision of the realisation of these tasks.

Elements of the Accreditation sub-system:

- *Online application* form to be used by HEIs that wish to apply for accreditation
- *Programme Evaluation Online*. Parallel to the application online there is an evaluation form online that can only be accessed by authorised evaluators. In this "place" evaluators fill in an evaluation form which mirrors the application in its conceptualisation. This space creates the possibility of having virtual evaluators meetings
- *Internal Interface*. It is based on the detailed analysis of the workflow staff will follow with the implementation of the new accreditation system
- *Document Management*. This part of the system deals with all the text/paper-based documentation received by the Accreditation Directorate as part of a submission and its processing. It is based in a double system of electronic and physical archiving with cross-referencing for the location of files in registry.

The accreditation sub-system is in its final draft version. During next year it will be presented to the Accreditation Directorate staff for comments and refinement and then it will be tested.

9. CHALLENGES FOR 2004-2005

Many of the HEQC's key policies and systems for QA and development have now been developed, consulted on, finalised and disseminated to the HE community and other stakeholders. Implementation of the institutional audit and programme accreditation systems begins in 2004, bringing in train all the challenges of capacity, resourcing and additional work responsibilities both for the HEQC and the HEIs. However, implementation also brings the promise and the potential of creating new and improved foundations for the HE system to offer better quality education to students in all the sectors of South African HE in ways that meet the intellectual, social and economic objectives of new policy frameworks in HE.

Some HEIs are already using HEQC frameworks and criteria to plan new internal quality management systems, even before the HEQC's implementation of the new systems has started. Others are struggling with a range of restructuring tasks which do not always prioritise quality. One of the main challenges facing the HEQC and other national agencies in HE will be to ensure that a new divide, along lines of quality and QA, does not become entrenched in the emergence of a new South African HE dispensation. The capacity development work of the HEQC will become even more critical as the new institutional audit and programme accreditation systems of the HEQC are implemented.

CHAPTER 4

OTHER ACTIVITIES OF THE CHE

1. CONFERENCES

■ 5th Annual Consultative Conference of the CHE

The annual CHE Consultative Conference was held on 12 November 2003 in Benoni with the theme *Higher Education 1997-2003: How much have we achieved?* The purpose of this conference was to debate and reflect on achievements on an institutional and systemic level in higher education.

■ CHE Discussion Forums

In accordance with its mandate to contribute to the development of HE through conferences, two CHE Discussion Forums were held for higher education leaders, policy makers and researchers.

The CHE held its fourth Discussion Forum at the Faculty of Education (Groenkloof Campus) of the University of Pretoria on 13 May 2003. About fifty people attended the lively forum. The invited speaker, the eminent United States philosopher, Prof. Bob Wolff, Professor of Afro-American Studies and Director of the Doctoral Programme in Afro-American Studies at the University of Massachusetts in the United States of America, presented a paper entitled *Tertiary Education in South Africa – A Lover's Complaint*.

The fifth CHE Discussion Forum was held on 16 October 2003, also at the Faculty of Education (Groenkloof Campus) of the University of Pretoria. Emeritus Prof. Michael Young of the Institute of Education at the University of London, presented a conceptual critique of the Consultative Document, *An Interdependent National Qualifications Framework System*.

The discussion forums follow previous ones on *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) and *A Decade of Higher Education Reform in Argentina* (Dr Marcela Mollis).

■ CHE Workshops and Seminars

- The CHE hosted a *Distance Education Research Project Workshop* on 26-28 September 2003 at Moller Centre, Churchill College, Cambridge, UK. The workshop aims were:

- To share the CHE Task Team on Distance Education's thinking, approach, and proposals on issues and areas in distance education provision that the South African Minister of Education has requested advice on.
- To critically engage the international distance education specialists on the Task Team's proposals by drawing on their knowledge and experience.
- To identify the issues and areas, on which there are major differences regarding the validity and soundness and which may therefore require re-thinking, development and refinement.
- To identify international distance education specialists that, if necessary, could be drawn on to assist the Task Team in re-thinking, developing and refining its original conceptualisations, approaches and proposals.

The workshop was fully sponsored by the UK DFID.

- The CHE hosted an international seminar on 9-11 October 2003 on *The Role of Higher Education in the Transformation of Societies*. The seminar brought together thirty participants from South America, Asia, Western, Central and Eastern Europe, South Africa and other parts of Africa.

2. CHE PUBLICATIONS

In accordance with its mandate to contribute to the development of HE through publications, the CHE and HEQC produce 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. In addition, when necessary, the CHE also issues Press Releases.

The following publications were produced during the past year:

■ **Discussion Documents**

Proposed criteria for the HEQC's first cycle of audits: 2004-2009 (March 2003)

■ **Kagisano (Discussion Series)**

The General Agreement in Trade in Services and Higher Education (No. 3, Summer 2003)

Good Governance in Higher Education (No. 2, Autumn 2003)

■ **Higher Education Monitor**

The State of Private Higher Education in South Africa (No. 1, 2003)

■ **Annual Reports**

Annual Report 2002/2003 (August 2003)

■ **Newsletters**

CHE News No.5 (April 2003)

CHE News No.6 (August 2003)

■ **Press Releases**

Auditor Orientation (22 July 2003)

■ **Conference Reports**

Proceedings of the CHE Colloquium: Building Relationships between Higher Education and the Private and Public Sectors (May 2003)

■ **Directory**

Directory of South African Quality Assurers and Professional Bodies (September 2003)

A complete list of all CHE publications since its inception can be found at the back of this report under CHE Media. The CHE website (<http://www.che.ac.za>) provides electronic versions of all CHE publications.

3. ADDITIONAL ACTIVITIES

There were also a number of additional activities. These included:

■ **Participation in the Committee of Heads of Research and Technology (COHORT)**

The CHE is an active member of COHORT, an important forum that regularly brings together all the heads of science and research councils, national higher education organisations (CHE, Higher Education Branch of the DoE, SAUVCA and CTP) and the Ministry of Arts, Culture, Science and Technology to discuss matters of science and technology policy and development and strategies for addressing challenges in these regards. The CHE CEO serves on the Executive Committee of COHORT.

■ **External conferences, seminars and workshops**

The Chief Executive Officer (CEO) of the CHE, the HEQC Executive Director (ED) and other senior staff of the CHE and HEQC addressed and represented the CHE at numerous regional, national and international seminars, workshops and conferences of stakeholders, HE and HE-related organisations, and HEIs.

The CHE CEO delivered the following keynote addresses and presentations:

■ *Management Science Graduates and the Transformation of our Economy and Society*, Vaal Triangle Technikon Management Sciences Graduation ceremony, Vanderbijl Park (12 April 2003)

■ *Building the Quality of Higher Education Qualifications, Programmes and Institutions for Reconstruction, Development and Social Transformation*. Address to the joint meeting of the Forum of University Librarians in South Africa (FULSA) and the Inter-Technikon Library Committee (ITLC), Venda (23 May 2004)

■ *Health Science Graduates and the Medical University of Southern Africa and the Reconstruction, Development and Transformation of South Africa*, MEDUNSA Graduation Ceremony, Garankuwa (24 May 2003)

■ *Credentials Evaluation and the Reconstruction, Transformation and Development of South African Higher*

Education, IESA/SAUVCA/CTP/SAQA workshop on credentials evaluation, Riverside Hotel, Durban (12 June 2003)

- *Strategising Higher Education Reform: 13 Propositions informed by the South African Higher Education Transformation Process*, 1994-2003, Bargali, Pakistan (25 July 2003)
- *The Role of Professional Development of Academic Staff in the Promotion of Quality in Higher Education*, HESDI seminar, Birchwood Conference Centre, Boksburg (6 August 2003)
- *The Diversity of Higher Educational Provision: Distance Higher Education Policy and Regulation towards Equity, Access, Quality and Social and Economic Responsiveness*. African Ministers Conference on Open Learning and Distance Education, Cape Town (1-4 February 2004)
- CHE Staff Development Seminar presentation on *Tools for Understanding Social Reality*, Pretoria (19 February 2004)
- CHE Staff Development Seminar presentation on *Social Structure: The Apartheid Legacy*, Pretoria (2 March 2004)
- CHE Staff Development Seminar presentation on *The Transition to Democracy*, Pretoria (16 March 2004)
- Seminar presentation on *Neo-Liberal Tool or Instrument of Transformation: Propositions on Higher Education Quality Assurance informed by the South African Experience*, Frankfurt University (28 March 2004)
- Seminar presentation to German government departments, higher education organisations and DAAD on *Ten Years of South African Democracy: A Critical Analysis of Higher Education Change, 1994-2004* – DAAD, Bonn (29 March 2004)

The CHE CEO, the HEQC ED and the CHE Director: Monitoring and Evaluation all participated as guest lecturers in the Masters programme in Higher Education Policy, Management and Administration offered by the University of the Western Cape.

- **Current (2004) CHE International Agreements and Representation on International Bodies**
 - **AAU**
 - A CHE member serves on the Scientific Committee of the Study Programme on Higher Education Management in Africa
 - **UNESCO**
 - A CHE member serves on UNESCO Global Forum on International Quality Assurance, Accreditation and the Recognition of Qualifications
 - A CHE member serves on the UNESCO Forum on Higher Education, Research and Knowledge
 - **International Network of Quality Assurance Agencies on Higher Education**
 - A CHE member serves on the Board
 - **Council for Higher Education Accreditation (USA)**
 - A CHE member serves on the International Commission
 - **South-South Higher Education Reform Network**
 - A CHE member serves on the Founding Committee
 - **Namibian Ministry of Education**
 - Memorandum of Understanding on CHE's QA support to the Ministry
 - **Australian Quality Assurance**
 - Memorandum of Understanding on CHE – AQAA co-operation on quality assurance matters
 - **Ford Foundation**
 - Funding of Distance Education Task Team
 - Funding of Higher Education Designation project
 - Funding of Monitoring and Evaluation project
 - Funding of Quality Promotion and Capacity Development
 - Funding of Assistance to Eduardo Mondlane University

- **Carnegie Corporation**
 - Funding of Quality Promotion and Capacity Development
- **Rockefeller Foundation**
 - Funding of Monitoring and Evaluation Project
- **Department for International Development (UK)**
 - Funding of NQF Review Project
 - Funding of Governance Project
 - Funding of Responsiveness Project
 - Funding of Quality Promotion and Capacity Development (through the Department of Education)
- **CENESA (Dutch)**
 - Funding of QA Project on Research Benchmarking
- **Envisaged New CHE International Agreements and Representation on International Bodies**
- **United Kingdom Quality Assurance Agency**
 - Memorandum of Understanding on CHE - UKQAA co-operation on QA matters
- **Finnish Government**
 - Funding of Quality Promotion and Capacity Development (through the DoE)
- **Carnegie Corporation**
 - Funding of a seminar on quality assurance for HE Partnership countries
- **British Council**
 - Funding of seminar on quality assurance for SADC countries
- **Ford Foundation**
 - Funding of Government Regulation Task Team
 - Funding of Ten Years of Democracy Colloquium

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.

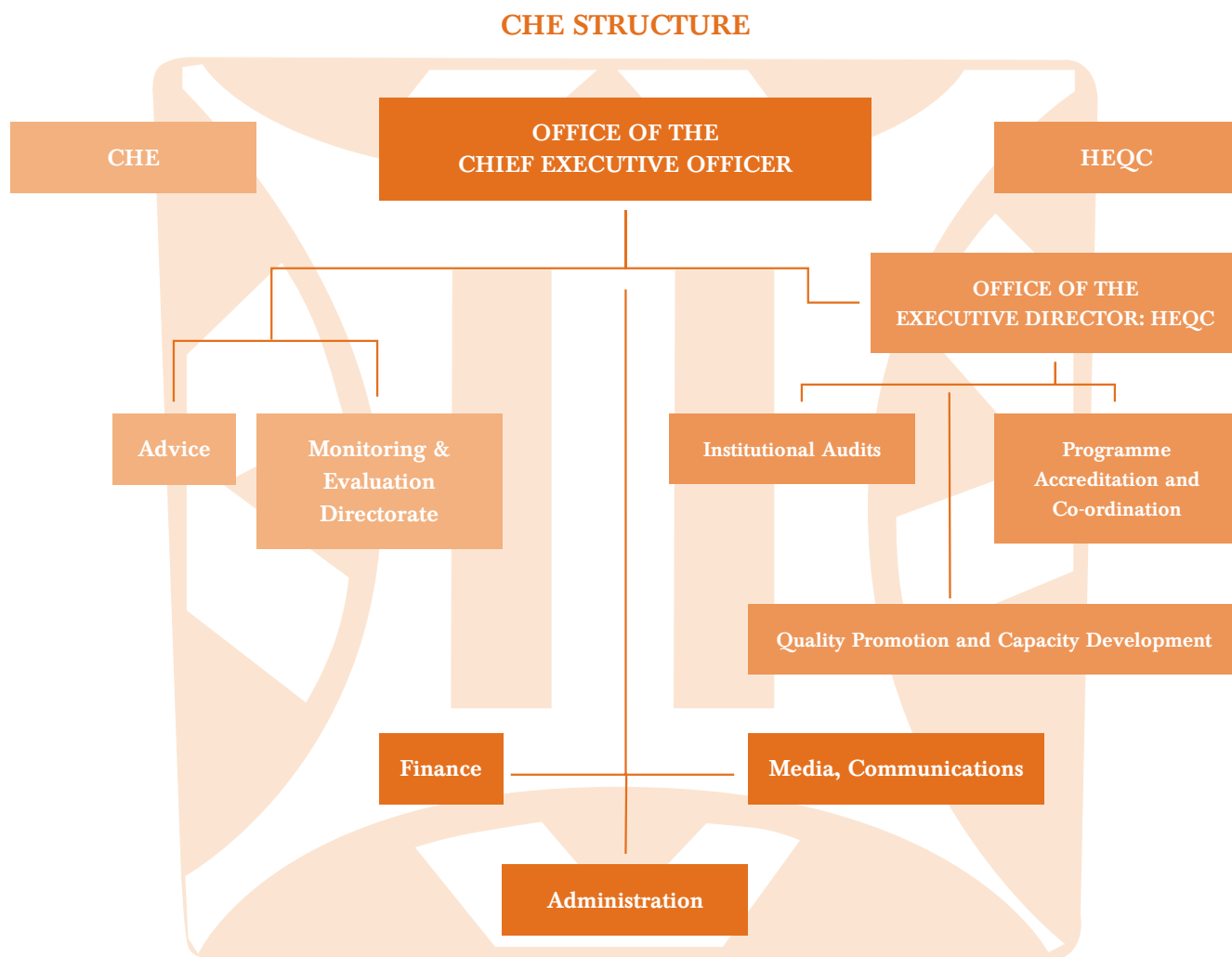
The development of a national QA system, which is the responsibility of the HEQC, necessitates the development of a comprehensive and appropriate MIS capable of dealing with the processes involved in the accreditation of programmes, the performance of institutional audits and the tasks associated with 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. <i>Chief Executive Officer</i> (CHE)	Prof. Saleem Badat
2. <i>Research Officer</i> (CHE)	Ms Chantal Dwyer (contract)
3. <i>Personal Assistant</i> (CHE)	Ms Christa Smit
4. <i>Finance Secretary</i> (CHE)	Ms Jeanette Maoko
5. <i>Finance Manager</i> (CHE)	Ms Louise Ismail
6. <i>Executive Director</i> (HEQC)	Dr Mala Singh [NRF Secondment]
7. <i>Director: Quality Promotion and Development</i> (HEQC)	Dr John Carneson
8. <i>Director: Programme Accreditation & Co-ordination</i> (HEQC)	Dr Prem Naidoo
9. <i>Director: Monitoring and Evaluation</i> (CHE)	Dr Lis Lange
10. <i>Manager: Programme Accreditation & Co-ordination</i> (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):

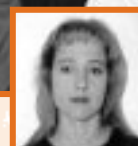
Louise Ismail (*Finance Manager*), Thierry Luescher (*Researcher*),
Chantal Dwyer (*Research Officer*), Pearl Whittle (*Finance Administrator*) and Dr Lis Lange (*Director: Monitoring and Evaluation*)

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 Bennindeen
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 Mkhavela
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)

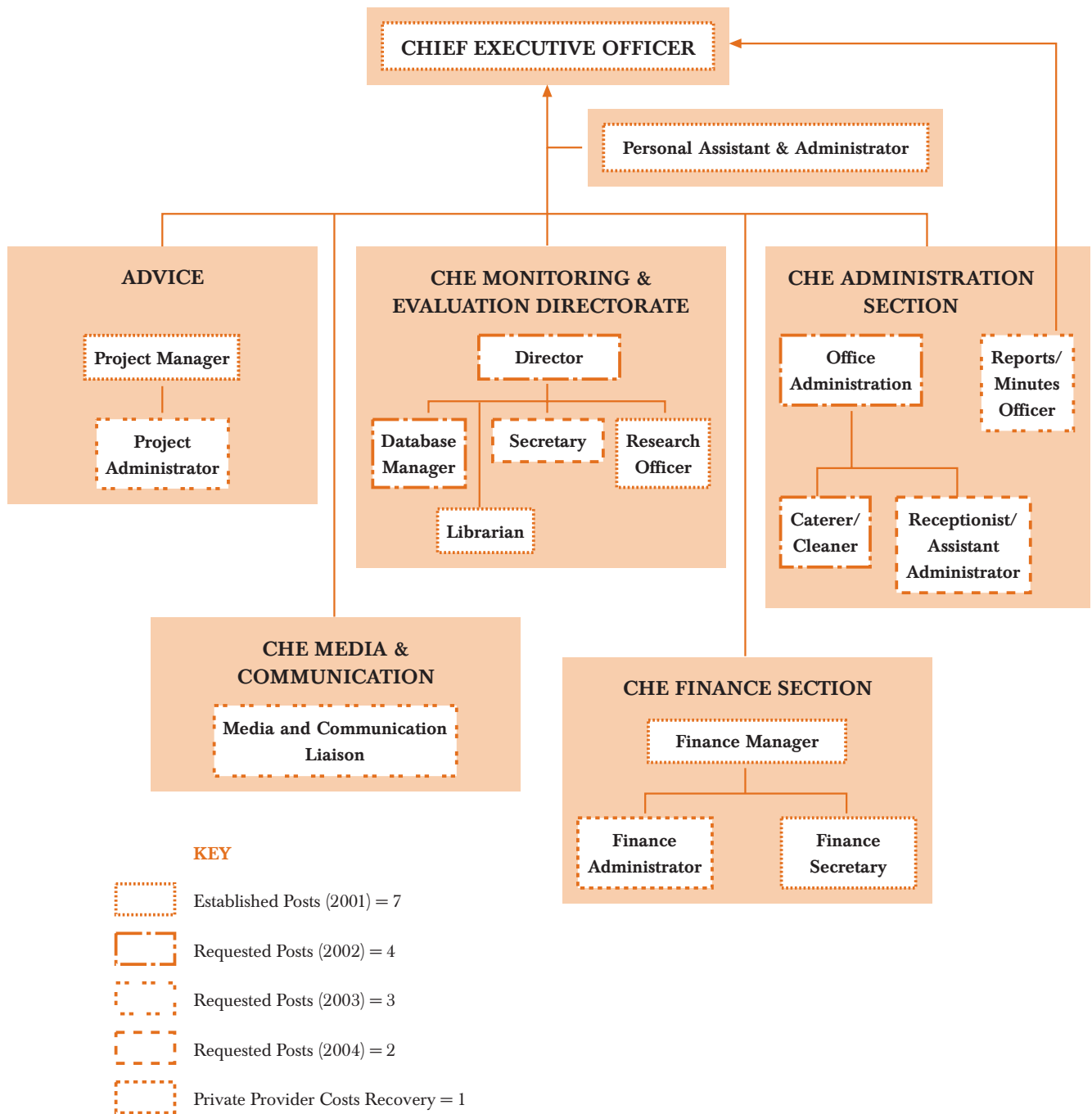
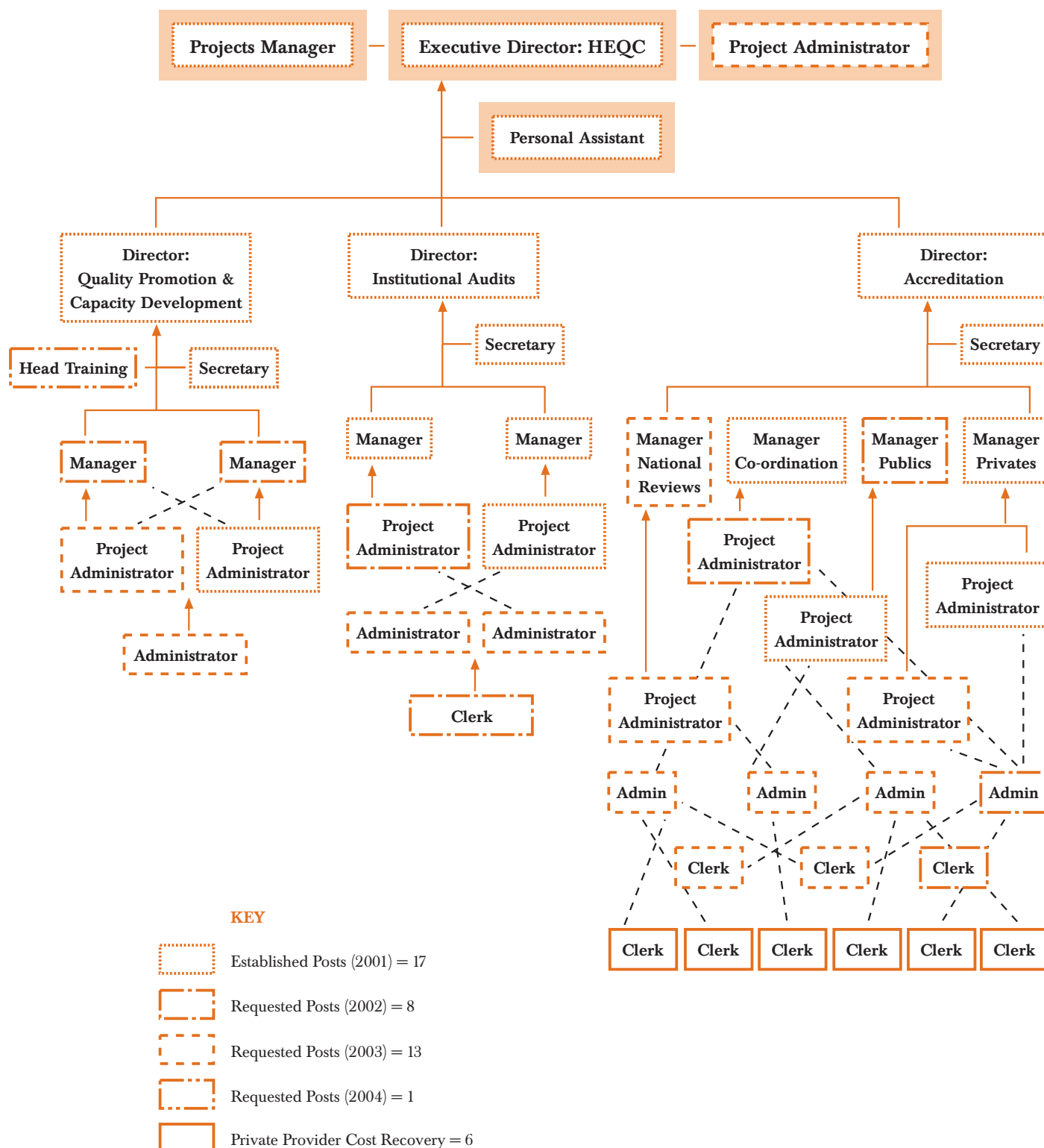


Figure 5: Requested HEQC Personnel Structure (1 April 2005)



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	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.
2	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.
3	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.

4	<p>Effective Implementation of QA Systems Risk:</p> <p>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:</p> <p>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:</p> <p>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:</p> <p>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:</p> <p>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:</p> <p>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.

RESEARCH REPORTS

- *Governance in South African Higher Education* (May 2002)
- *Clarification of private provider usage of terms 'accreditation', 'validation' and 'endorsement' and related terms* (August 2001)
- *Conditions and criteria under which higher education institutions should be permitted to use the term 'university'* (July 2001)
- *Registration and recognition of private higher education providers: Problems, prospects and possibilities with specific reference to the Higher Education Amendment Bill, 2000* (July 2001)
- *Sertec transition plan, 2001-2002* (April 2001)
- *Quality assurance in higher education: The role and approach of professional bodies and SETAs to quality assurance* (November 2000)
- *Thinking about the South African higher education institutional landscape: An international comparative perspective on institutional differentiation and restructuring* (November 2000)
- *An evaluation of Sertec and the Quality Promotion Unit* (July, 2000)

POLICY REPORTS

- *Promoting Good Governance in South African Higher Education* (May 2002)
- *Towards a New Higher Education Landscape: Meeting the Equity, Quality and Social Development Imperatives of SA in the 21st Century* (July 2000)

POLICY ADVICE REPORTS (Approved by the Minister of Education for Public Release)

- *CHE Advice to the Minister of Education on the Ministry's Higher Education Restructuring Proposals, as Published in the Government Gazettes, Numbers 23 459 (21 June 2002) and 23 550 (24 June 2002, September 2002)* (Released late 2002)
- *Language Policy Framework for South African Higher Education, July 2001* (Released 2002)
- *CHE Advice to the Minister of Education: The Proposed New Higher Education Funding Framework of the Ministry of Education and its Implications for the Reconfiguration of Higher Education, 2001* (Released 2002)

POLICY DOCUMENTS

- *Higher Education Quality Committee: Founding Document* (January 2001)
- *Higher Education Quality Committee: Draft Founding Document* (August 2000)

OCCASIONAL PAPERS

- *Human Resource Development and Higher Education Planning: Important National and Continental Initiatives* (No. 1, February 2002)

DISCUSSION DOCUMENTS

- *Proposed criteria for the HEQC's first cycle of audits: 2004-2009* (March 2003)
- *Programme Accreditation Framework* (June 2002)
- *Institutional Audit Framework* (June 2002)
- *A New Academic Policy for Programmes and Qualifications in Higher Education: Discussion Document* (October 2001)

KAGISANO (Discussion Series)

- *The General Agreement in Trade in Services and Higher Education* (No 3, Summer 2003)
- *Good Governance in Higher Education* (No. 2, Autumn 2003)
- *Reinserting the 'Public Good' into Higher Education Transformation* (No. 1, November 2001)

HIGHER EDUCATION MONITOR

- *The State of Private Higher Education in South Africa* (No 1, 2003)

CONFERENCE REPORTS

- *Proceedings of the Colloquium on Building Relationships between Higher Education and the Private and Public Sectors* (27 & 28 June 2002)
- *The Council on Higher Education 3rd Annual Consultative Conference* (29-30 November 2001)
- *HEQC institutional audit and programme review training workshop* (25-29 September 2001)
- *Workshop of HEQC Forum of quality assurance managers of higher education institutions* (24 July 2001)
- *The HEQC launch and strategic planning workshop* (May/June 2001)
- *The Council on Higher Education 2nd Annual Consultative Conference* (23-24 November 2000)
- *The Council on Higher Education 1st Annual Consultative Conference* (29-30 November 1999)

DIRECTORY

- *Directory of South African Quality Assurers and Professional Bodies* (September 2003)

ANNUAL REPORTS

- *Annual Report 2002/2003* (August 2003)
- *Annual Report 2001/2002* (August 2002)
- *Annual Report 2000/2001* (November 2001)
- *Annual Report 1999/2000* (November 2000)
- *Annual Report 1998/1999* (November 1999)

NEWSLETTERS

- *CHE News No.6* (August 2003)
- *CHE News No.5* (April 2003)
- *CHE News No.4* (November 2001)
- *CHE News No.3* (May 2001)
- *CHE News No.2* (November 2000)
- *CHE News No.1* (November 1999)

PRESS RELEASES

- *Auditor Orientation* (22 July 2003)
- *Meeting between the Council on Higher Education and the Minister of Education on the Ministry's Higher Education Restructuring Proposals* (3 May 2002)
- *CHE Colloquium: Building Relationships between Higher Education and the Private and Public Sectors and Contributing to their High-Level Person-power and Knowledge Needs* (20 June 2002)
- *New Membership of the Council on Higher Education, 2002-2006* (19 June 2002)
- *Launch of the Higher Education Quality Committee of the Council on Higher Education* (2 May 2001)
- *The National Plan for Higher Education of the Ministry of Education* (5 March 2001)
- *Public handover to the Minister of Education, Professor Kader Asmal, of the CHE Shape and Size Task Team Report, Towards a New Higher Education Landscape: Meeting the Equity, Quality and Social Development Imperatives of South Africa in the Twenty-First Century* (18 July 2001)

ORGANISATIONAL BROCHURES

- *Quality Assurance in Higher Education: The Higher Education Quality Committee* (July 2002)
- *The CHE Higher Education Quality Committee* (2000)
- *The Council on Higher Education* (2000)

INTERNET SITE

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

CHE IN THE MEDIA

■ Articles in newspapers

- Audits and pilot audits in *Business Day* (2 May 2003)
- MBA review in *Business Day* (13 May 2003)
- Follow up on the MBAs in *Business Day* (14 May 2003)
- Audits and pilots in *Beeld* (14 May 2003)
- MBA Review in *Business Day* (18 June 2003)
- MBA short course in *Business Day* (30 June 2003)
- The state of private HE in South Africa in *Business Day* (10 July 2003)
- The state of private HE in South Africa in *Illanga* (July 2003)
- MBA feature in *Mail & Guardian* (July 2003)
- MBA review in *Mail & Guardian Getting Ahead Supplement* (1 August 2003)
- MBA review in *Financial Mail* (1 August 2003)
- MBA fokus in *Beeld* (20 August 2003)
- Follow-up articles on the mergers and general HE issues (September 2003)
- Coverage on private HEIs in the *Sowetan* (January 2004)

■ Radio interview

- SABC Polekwane about the above-mentioned MBA article (May 2003)
- Radio 702 about the state of private HE in South Africa in *Business Day* (10 July 2003)
- SABC Newsbreak about the state of private HE in South Africa in *Business Day* (17 July 2003)

■ Supplements in newspapers

- Illegal private providers (*Rapport* and *City Press*, 25 May 2003)
- On private providers (*February* 2004)
 - *Cape Times* (24 February)
 - *The Star* (25 February)
 - *The Post* (26 February)
 - *Isolezwe* (27 February)
 - *Sunday Tribune* (29 February)

■ International requests for comments on the MBA review

- MBA review in *PMR Africa* (September 2003)
- MBA article in *Overseas, Overwhelmed*, Bulletin for Canadian International Education Professionals (21 May 2003)
- Article submitted upon request from *Chronicles on Higher Education*, Washington D.C. (May 2003)
- Interview with the *Times Higher Education Supplement*, UK (May 2003)
- MBA article in *African Mirror* (January 2004)

PUBLICATIONS



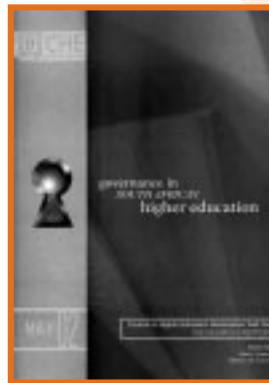
CHE Annual Report



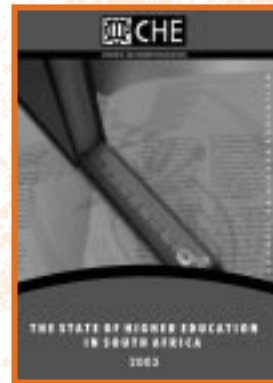
CHE Founding Document



HEQC Teacher Poster



**Governance in
South African
Higher Education**



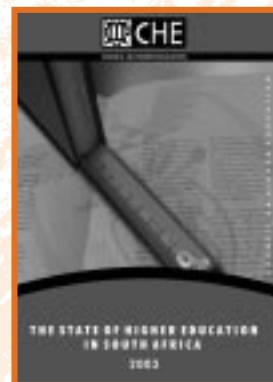
**State of Higher
Education in
South Africa**



**Special Report:
The State of
Higher Education**



**HEQC: The
Teacher:
Supplement**



**State of Higher
Education in
South Africa**

PUBLICATIONS



Programme Accreditation Framework



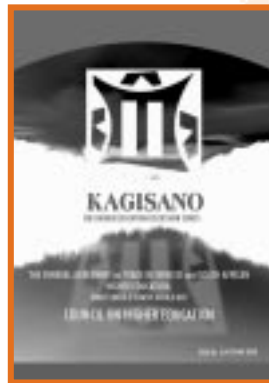
Institutional Audit Framework



Kagisano: Issue 1



Kagisano: Issue 2



Kagisano: Issue 3



Monitoring & Evaluation Framework



Policy Report



HE Monitor



Directory

AUDIT REPORT

REPORT OF THE AUDITOR-GENERAL



AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE COUNCIL ON HIGHER EDUCATION

FOR THE YEAR ENDED 31 MARCH 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 80 to 92, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 18 of the Higher Education Act, 1997 (Act No. 101 of 1997). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Council for Higher Education at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

4.1 Going concern

In evaluating the entity's ability to continue its operations in the near future, it was established that there is a concern that the Council on Higher Education will be unable to meet its mandate as set out in the Higher Education Act, 1997 and the Education White Paper 3 of 1997, due to the uncertainty of re-currant funding from the DoE. This condition indicates the existence of an uncertainty, which may cast doubt on the Council on Higher Education's ability to continue as a going concern in the long term.

We also draw your attention to the going concern paragraph in the directors' report.

5. APPRECIATION

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

N Puren

for Auditor-General

Pretoria

24 August 2004

We are pleased to present our report for the financial year ended 31 March 2004.

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder. During the year two meetings were held.

NAME OF MEMBER

Mr A de Wet	- Chairperson (Wits University)
Mr S Isaacs	- Committee Member (SAQA)
Mr I Sehoole	- Committee Member (SA Institute of Chartered Accountants)
Prof. G Lenyai	- Committee Member (Tshwane University of Technology)

2. AUDIT COMMITTEE RESPONSIBILITY

This report has been prepared in accordance with the Treasury Regulations for Public entities issued in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Council on Higher Education is listed as a national public entity in Schedule 3A of the Act. The audit committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.1.13 and 27(1)(10). The Audit Committee also reports that it has adopted formal terms of references as its audit committee charter and has discharged its responsibilities contained therein.

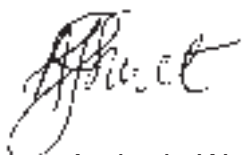
3. THE EFFECTIVENESS OF INTERNAL CONTROL

The committee has noted its satisfaction that management has put in place systems of controls designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital sufficiently managed. The Risk Assessment and Risk Management Plan has been finalised. The Internal Audit Unit of the Department performed the internal audit function for the year under review. It was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. The audit matters raised by the Auditor-General are receiving the attention of management.

4. EVALUATION OF FINANCIAL STATEMENTS

The audit committee has reviewed and discussed with the Auditor-General the audited annual financial statements to be included in the annual report as well as the Auditor-General's management letter and management response.

The Auditor-General issued the Council on Higher Education with an unqualified report for 31 March 2004. There is a concern that the Council on Higher Education will be unable to fulfil its mandate set out in the Higher Education Act and the Education White Paper 3 of 1997 due to the uncertainty of recurrent funding from the Department. The audit committee recommends that a meeting be scheduled with the Department to give clarity on this crucial matter.



Andr de Wet

CHAIRPERSON: AUDIT COMMITTEE



CHE Audit Committee:

Fltr:

Mr SBA Isaacs,
Mr A de Wet and
Mr I Schoole

Absent:

Prof. G Lenyai

AUDITED FINANCIAL STATEMENTS
For the year ended
31 March 2004



Published by: Council on Higher Education

Didacta Building, 211 Skinner Street, Pretoria | PO Box 13354, The Tramshed, 0126 | www.che.ac.za

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Director's approval of the annual financial statements

The annual financial statements for the year ended 31 March 2004 set out on pages 80 - 92 were approved and are signed by:



Prof. MS Badat
(Chief Executive Officer)

DIRECTOR'S REPORT: For the year ended 31 March 2004

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

INTRODUCTION

The directors present their annual report that forms part of the audited annual financial statements for the year ended 31 March 2004.

The CHE is incorporated as a public company in South Africa in terms of the *Higher Education Act*, 1997, as amended, and is listed as a national public entity in schedule 3A of the *Public Finance Management Act*, 1999, as amended, (PFMA).

The board of directors acts as the accounting authority in terms of the PFMA.

CORPORATE GOVERNANCE STRUCTURE

The CHE has in place effective and transparent financial management and internal control systems, policies and procedures that have been designed to satisfy the requirements of the *Public Finance Management Act*. These systems were established by a financial consultant and are revised and updated on the advice and recommendations of the Auditor General, the internal auditors, the CHE Audit Committee and the Executive Committee of the CHE.

Scrutiny of finances and financial systems occurs through:

- The annual audit of the office of the Auditor General, which is both rigorous and also formative in contributing to the enhancement of systems, policies and procedures
- Internal audits conducted by the DoE, which are important in identifying areas that may require attention
- The CHE Audit Committee, which has been constituted in accordance with regulations
- The CHE Executive Committee
- The CHE Council
- The CHE Chief Executive Officer.

The CHE budget is approved by the CHE Council, which is regularly updated on income and expenditure and provided a variance report. The Executive Committee of the CHE maintains oversight of finances through reporting every two months by the CEO on income and expenditure, including a variance report. A three-person team manages and administers CHE finances: an extremely diligent, skilled and competent full-time Finance Manager; a Finance Administrator who deals specifically with income and expenditure related to private HE providers, and a Finance Secretary. The CEO maintains strong oversight on finances.

The varied and ongoing scrutiny of CHE financial systems has been important in revealing possible areas of risk, which are then addressed. In addition, the CHE commissioned KPMG to conduct an independent and comprehensive assessment of risk and to advise on strategies and mechanisms to reduce and/or eliminate risk. The most important risks have been incorporated into *The Programme (goals, strategy and plan) of the CHE, 2004-2007*, for adoption by the CHE Council at its 19 April 2004 Council meeting. The CHE is confident that it has the necessary financial systems, policies and procedures and, above all, the finance personnel, to prevent or significantly reduce fraud.

Finally, policies and procedures – related to signing powers, declaration of interest, non-acceptance of gifts from providers of HE, etc. exist and are regularly updated to ensure that conflict of interest is either eliminated or minimised. A Code of Conduct for both CHE members and personnel also exists in this regard.

ORGANISATIONAL STRUCTURE

The CHE comprises the Council, an Executive Committee, and a Secretariat headed by the CEO. The *Higher Education Act* assigned to the CHE statutory responsibility for QA and quality promotion in HE, to be carried out through a permanent body, the Higher Education Quality

Committee (HEQC). CHE activities are undertaken through CHE *Standing Committees, Task Teams* and *Projects*.

Standing Committees are devoted to key HE policy areas and issues that require the ongoing attention of the CHE. The Chair and members of Standing Committees are appointed by the CHE. Provision is made for the participation of non-CHE members with the approval of the Council. While Standing Committees are directed and supervised by CHE members, the CHE Secretariat handles their management and administration.

There are four Standing Committees. The *Higher Education Legislation Standing Committee* attends to the preparation, tabling for discussion and eventual adoption, at the full committee meeting of the CHE, of all CHE advice on proposed HE legislation. Such legislation may take the form of new Acts on or related to HE, amendments to the existing *Higher Education Act* and legislation related to HE and all HE regulations. The *Shape and Size Standing Committee* deals with the issues of the overall capacity (size in terms of number of institutions, enrolments and participation rate) of the HE system in relation to the need to develop the high level and varied intellectual and conceptual knowledge, abilities and skills to meet the local, regional, national and international requirements of a developing democracy. This standing committee also deals with the development of intellectual and conceptual knowledge and skills as well as ongoing development of professionals at different levels, for different economic and social sectors, in different fields and disciplines and through different types and kinds of HEIs and educational and pedagogic modes (*shape*).

The CHE *Funding and Financing Standing Committee* deals with all aspects of the funding and financing of HE. The *Higher Education Act* and the *White Paper* allocate specific responsibilities to the CHE in this regard, such as advising on “the policies, principles and criteria that should govern the allocation of public funds among HE providers”, “a mechanism for the allocation of public funds”, “student financial aid”, “policy regarding public and private financing and provision, the level and distribution of public subsidies to HE” and “forms of student financial assistance”. Finally, the *Monitoring and Evaluation Standing Committee* deals with all aspects of building an effective system for monitoring and evaluating the achievement of policy goals and objectives and with monitoring and evaluation of projects and reports.

CHE *Task Teams* are focused on systemic or major HE policy issues on which the Minister has requested the CHE's advice or 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 and may participate with the approval of the Council. CHE members direct and supervise Task Teams with the CHE Secretariat responsible for their management and administration.

Finally, issues that are not related to the immediate policy advice responsibilities of the CHE are, with the approval and guidance of the Council, directed, supervised and managed by the CHE Secretariat as *Projects*. These include: research and investigations that give effect to and/or inform the diverse work of the CHE. The results of these may, following discussion by the Council, lead to advice to the Minister:

- Reporting on the state of South African HE
- The annual Consultative Conference
- CHE conferences and discussion forums
- CHE publications and other media
- The Annual Report on the CHE that is submitted to parliament.

The HEQC has its own Board with two CHE members represented on it (the chairperson of the HEQC and one other). HEQC members are chosen by the CHE on the basis of nominations from interested parties in HE. All HEQC members are appointed in their own right for a three to four year period, although they bring expertise and experience from different stakeholder domains.

The HEQC Board meets about every two months and the HEQC EXCO meets once a month. The work of the HEQC is conducted through the following sub-committees:

- The Policy Development and Review Committee
- The Accreditation Committee (Private Providers)
- The Interim Joint Committee (Public Providers)

Regular reports on the work of the HEQC are tabled at the bi-monthly meeting of the CHE Council.

Each of the units of the CHE – Divisions, Offices, Directorates, Sections – have specified responsibilities and operate within a framework of defined authority and autonomy and accountability and reporting. Regular meetings of the Senior Management of the CHE – CHE CEO, HEQC, ED, Directors – and when necessary Managers, address important strategic and organisational issues and give effect to the goal of the different CHE functional areas and organisational components of the CHE working in a mutually supportive, integrated and co-ordinated manner.

PRINCIPAL ACTIVITIES

The responsibilities allocated to the CHE are extensive and varied. Table 1 below indicates the CHE's responsibilities and its progress and activities over the past year, towards their fulfilment.

Table 1: Progress towards fulfilling the mandate of the CHE

RESPONSIBILITY	PERFORMANCE DURING 2003-2004
1. Advising the Minister on all HE issues on which the CHE's advice is sought	<ul style="list-style-type: none"> • Advice on <ul style="list-style-type: none"> - Conditions and criteria for the use of the designations "University", "Technikon" etc. and for offering/awarding degrees and Postgraduate qualifications - Proposed new funding framework - Distance HE
2. Advising the Minister on its own initiative on HE issues which the CHE regards as important	<ul style="list-style-type: none"> • Advice on <ul style="list-style-type: none"> - Institutional redress policy, strategy and funding - NQF Consultative Document - New Academic Policy process • Undertaking of investigation and preparation of draft advice on GATS and its implications for HE
3. Designing and implementing a system for QA in HE and establishing the HEQC	<ul style="list-style-type: none"> • Research and development <ul style="list-style-type: none"> - Produced a directory of ETQAs and Professional Bodies (August 2003) - Commissioned research on short courses - Commissioned research on recognition of prior learning - Commissioned research on and held workshop on vocational education - Commissioned research on NQF Consultative Document proposals

- **Programme Accreditation and Co-ordination**
 - Undertaken accreditation of 285 new programmes of public HEIs
 - Undertaken accreditation of 255 new programmes of private HEIs
 - Undertaken re-accreditation of 138 existing programmes of private providers
 - Undertaken re-accreditation of all MBA programmes
 - Released discussion document on proposed new accreditation framework
 - Undertaken finalisation of new accreditation policies and framework
 - Preparation of regulations for accreditation
 - Extensive investigation into various aspects of co-ordination of HE QA
 - Publication of a directory of ETQAs and professional bodies arising from investigation into co-ordination of HE QA
 - Various meetings with SAQA and HEIs on issues related to co-ordination of HE QA
 - Extensive and ongoing consultations with all key stakeholders
- **Institutional Audits**
 - Undertook three pilot audits of HEIs
 - Undertaken finalisation of new audit policies and framework
 - Preparation of regulations for institutional audits
 - Extensive and ongoing consultations with all key stakeholders
 - Meetings with institutions selected for institutional audits
- **Quality Promotion and Capacity Development**
 - Held numerous workshops on Teaching and Learning resources
 - Convened HEQC national forum of QA managers at HEIs
 - Organised numerous conferences, seminars and training workshops
 - Support to Namibian and Mozambican Ministries
 - Began preparation of framework document for Quality Promotion and Capacity Development
 - Preparation of regulations for Quality Promotion and Capacity Development
 - Extensive and ongoing consultations with all key stakeholders
- **NQF implementation**
 - Commented and proactively advised on NQF Consultative Document

4. Advising the Minister on the appropriate shape and size of the HE system, including its desired institutional configuration

- Advice to Minister on conditions and criteria for the use of the designations “University”, “Technikon” etc. and for offering /awarding degrees and Postgraduate qualifications

5. Advising the Minister in particular on the new funding arrangements for HE	<ul style="list-style-type: none"> Advised on institutional redress policy, strategy and funding Advised on proposed new funding framework
6. Advising the Minister in particular on language policy in HE	<ul style="list-style-type: none"> Public release of CHE advice to the Minister
7. Developing a means for monitoring and evaluating whether, how, to the extent to which and the consequences of the vision, policy goals and objectives for HE defined in the <i>White Paper</i> on HE are being realised	<ul style="list-style-type: none"> Establishment of Reference Group to guide development of a conceptual framework and system for Monitoring and Evaluation Production of numerous drafts of a framework document on Monitoring and Evaluation Finalisation of a Discussion Document: <i>Towards a Framework for the Monitoring and Evaluation of South African Higher Education</i> Preparations for release for public comment of the Discussion Document
8. Promoting the access of students to HE	<ul style="list-style-type: none"> Commissioned research on RPL and short courses CHE decision to commission work on the barriers to equity of access, opportunity and outcomes in HE
9. Providing advice to the Minister on the proposed new Education Management Information System for HE	<ul style="list-style-type: none"> Ongoing communication with DoE and SAQA regarding HEMIS and NLRD in relation to CHE databases for monitoring and QA
10. 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 <i>White Paper</i>	<ul style="list-style-type: none"> Ongoing communication with the Ministry regarding NAP and also with SAQA Awaiting the final document from the DoE for advice
11. 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	<ul style="list-style-type: none"> Colloquium on HE responsiveness at local government level Facilitated process to develop a MoU between HE institutions in Johannesburg and the Johannesburg Metropolitan Council MoU between HE institutions in Johannesburg and Johannesburg Metropolitan Council signed Advice and recommendations to the Minister to be finalised in late 2004
12. Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public HEIs	<ul style="list-style-type: none"> Panel supplemented with new members during 2003 Minister utilised panel member for investigation at the University of Durban-Westville
13. Establishing healthy interactions with HE stakeholders on the CHE's work	<ul style="list-style-type: none"> Bilateral meetings with various national stakeholders Extensive engagements with national stakeholders and HEIs around QA issues

14. Producing reports on the state of HE	<ul style="list-style-type: none"> • Future State of HE reports will be facilitated by: <ul style="list-style-type: none"> - CHE Monitoring and Evaluation activities - Protocols with institutions and organisations on data collection and sharing - CHE Triennial Review of the HE project - Effective HEMIS system of the DoE - NLRD of SAQA
15. Convening an annual consultative conference of HE stakeholders	<ul style="list-style-type: none"> • 5th Consultative conference in November 2003
16. Participating in the development of a coherent HRD framework for South Africa in concert with other organisations	<ul style="list-style-type: none"> • Contributions through attendance of workshops • Informal contributions through HRD discussions in context of NQF • Key issue for Responsiveness of HE project and of HE colloquium of 27-28 June 2002
17. Contributing to the development of HE through publications and conferences	<ul style="list-style-type: none"> • Initiated a range of publications: Policy Reports, Research Reports, Occasional Papers, Higher Education Monitor, Newsletters and <i>Kagisano</i> – a HE Discussion Series to stimulate discussion and debate around important issues related to HE. • Initiated a <i>CHE Discussion Forum</i>: <ul style="list-style-type: none"> - <i>Tertiary Education in the New South Africa: A Lover's Complaint</i> (Prof. Bob Wolff) - A Conceptual Critique of the <i>Consultative Document: An Interdependent National Qualifications Framework System</i> (Prof. Michael Young) - Numerous conferences, seminars and workshops convened by the HEQC to promote quality and build institutional and individual capabilities

REVIEW OF OPERATIONS

The amount of revenue increased by 16.12% for the year amounting to R22 420 035 as a result of an increase in the government grant as well as an increase in private accreditation cost recovery income.

REVIEW OF FINANCIAL POSITION

The CHE derived its operating income from three sources:

- R15 571 344 (70%) from the National Treasury (through the DoE)
- R 4 710 852 (21%) from donors
- R545 428 (2%) from sundry income
- R 1 592 411 (7%) from statutorily mandated QA services provided to the providers to private HE on a cost-recovery basis.

With respect to spending, 85% of the 2003-2004 operating income of R22 420 035 was expended in the execution of responsibilities. Of the total expenditure of R19 055 420, expenses incurred on QA activities constituted 50%, while the advisory, monitoring and reporting functions of the CHE and financial and administrative operations constituted 50%.

Personnel costs constituted 60% and the bulk of overall CHE expenditure. This is appropriate since CHE activities are knowledge and information intensive and therefore also personnel intensive. However, since payments to programme accreditation evaluators and consultants on advisory, monitoring and reporting projects are made from donor and project budgets, the actual expenditure

on all personnel was higher. Other major areas of expenditure were programme accreditation and co-ordination (11%) advisory, monitoring and HE development projects (10%), quality promotion and capacity development (6%) and institutional audits (3%). Almost 3% of total expenditure was on the development of an ICT infrastructure, including data management systems and databases for key CHE activities. This figure of 3% will decrease considerably once the ICT infrastructure and data management systems are established.

UNDER/OVER SPENDING

Under-spending in the 2003-2004 financial year has been 15% of the total operating income, resulting in an operating surplus of R 3 364 615.

There are four reasons for under-spending. First, in some instances suitable personnel could not be secured and/or contract staff were appointed against established posts at a lower remuneration. Second, all of the donor projects could not be executed within the established timeframes owing to unavailability of specialist consultants and/or for circumstances outside the control of the CHE. Third, the roll-out of the data management systems and databases has remained a complex exercise that has taken considerably more time to conceptualise and implement than was originally envisaged. Finally, key CHE personnel were involved in an accident during 2003, which resulted in complications in the execution of tasks and projects.

Under-spending in itself has had no significant impact on the effectiveness of the operations of the CHE. However, in successive years the budget formulation process of the CHE has become more comprehensive, the timeframes for projects have become more realistic and the calculation of annual expenditure has become more accurate. Together with the costing of QA investigation that it has commissioned, the CHE is confident that there will be no significant or major departures from budgets and under-spending in coming years.

CAPACITY CONSTRAINTS

The capacity problems of the CHE relate principally to the personpower at its disposal. In this regard, there are three related pressures on the CHE.

First, is the size of the full-time personnel complement that is available to the CHE, both for its advisory and monitoring responsibilities, and especially for its QA mandate. It has become clear that there has been a gross underestimation of the complement that is actually required for the CHE to deliver value-added, effective and efficient services. The CHE has requested that its personnel complement be increased from 36 to 54 persons. However, this expanded complement does not provide for new activities that could be accorded to the CHE following the review of the National Qualifications Framework by a Ministerial study team.

In view of the often vague and generalised references that are made to "capacity constraints", it is necessary to stress that the CHE is not lacking in intellectual, conceptual, strategic and implementation capacities. Indeed, it possesses an excellent senior- and middle-management that is highly qualified, has extensive specialist expertise, competencies and skills and is professional, supported by skilled and dedicated administrative personnel. However, the constraint is in augmenting its current personnel, especially at the senior and middle levels, because of a lack of approved posts and finances.

Second, the CHE is deeply committed to employment equity and pays serious attention to its equity profile. It has not been easy to find highly qualified black and female personnel, especially in QA, which is a relatively new and highly specialised field. On occasions, appointments have had to be put on hold, and secondments and short-term contracts have had to be utilised in order to ensure that the overall profile of the CHE in terms of race and gender is in keeping with the demographics of our country and goals of employment equity and broad-based black economic empowerment.

Third, the CHE faces the continuous challenge of retaining its experienced staff, in whom it has made a considerable investment in terms of training. It experiences strong pressure from other bodies in the education and training sector that have larger budgets and are able to attract CHE staff with offers of larger remuneration packages. Thus, personnel capacity to execute all responsibilities will

be an ongoing challenge, requiring continuous further education and training of personnel, effective mentoring and also succession planning.

In the near future, the capacity constraints could also extend to the finances that are available to the CHE to undertake all its responsibilities.

UTILISATION OF DONOR FUNDS

The CHE has been highly successful in writing project proposals and mobilising donor funding, which have been crucial for supporting the research and development activities, systems development initiatives and capacity building programmes of the CHE. The record of utilisation of donor funds is that in most cases funds have been used effectively within the times specified. In some cases, however, it has not been possible to utilise all the funds within the specified periods because of difficulties or delays in securing specialist expertise and thus lack of capacity to implement initiatives and projects. In these cases a rollover of funds has been requested and always obtained.

GOING CONCERN

In evaluating the CHE's ability to continue its operations in the near future, it was established that there is a concern that the CHE will be unable to meet its mandate, unless the DoE is able to institutionalise QA funding. This issue poses a number of challenges to the CHE and necessitates a revision of the core programmes of the CHE in relation to its mandate. These conditions indicate the existence of an uncertainty, which may cast doubt on the CHE's ability to continue as going concern in the long term.

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any 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 group or the results of its operations.

APPROVAL

The annual financial statements set out on pages 80 to 92 have been approved by the Chief Executive Officer and Chief Accounting Officer



Name: Prof. Saleem Badat

Title: Chief Executive Officer (Chief Accounting Officer)

Date: 31 May 2004.

Balance Sheet as at 31 March 2004

	Notes	2004 R	2003 R
ASSETS			
Non-current assets		893,956	762,327
Property, Plant and Equipment	2	893,956	762,327
Current assets		23,021,301	15,059,803
Trade and other receivables	3	1,330,287	483,320
Short-term investments	4.1	20,893,054	14,567,894
Cash and cash equivalents	4.2	797,960	8,589
Total Assets		23,915,257	15,822,130
EQUITY & LIABILITIES			
Capital and reserves		11,275,545	10,816,940
Distributable reserves		6,800,064	6,341,459
Sertec Reserves		4,475,481	4,475,481
Non-current liabilities		12,199,749	4,287,224
Deferred income	5	12,199,749	4,287,224
Current Liabilities		439,963	717,966
Trade and other payables		366,663	643,254
Provision	6	73,300	74,712
Total equity and liabilities		23,915,257	15,822,130

Abridged income statement for the year ended 31 March 2004

	Notes	2004 R	2003 R
Operating income	7	<u>22,420,035</u>	<u>19,307,027</u>
Operating surplus	9	3,364,615	2,795,547
Net finance income	8	1,248,484	1,399,193
Surplus for the year		<u>4,613,099</u>	<u>4,194,740</u>

Statement of changes in equity for the year ended 31 March 2004

	Notes	Sertec Reserves	Distributable Reserves	Total
Balance at 1 April 2002		4,435,661	2,146,719	6,582,380
Net surplus for the period		-	4,194,740	4,194,740
Transfer from SERTEC		39,820	-	39,820
Balance at 1 April 2003		4,475,481	6,341,459	10,816,940
Correction of fundamental error	10	-	(4,154,494)	(4,154,494)
Restated balance at 1 April 2003		4,475,481	2,186,965	6,662,446
Net surplus for the year		-	4,613,099	4,613,099
Balance at 31 March 2004		4,475,481	6,800,064	11,275,545

Cash flow statement for the year ended 31 March 2004

	Notes	2004 R	2003 R
Cash flows from operating activities			
Cash generated from operations	11	6,252,347	1,547,182
Investment income		1,248,484	1,399,193
Net cash inflow from operating activities		<u>7,500,831</u>	<u>2,946,375</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	2	(386,651)	(528,966)
Proceeds on disposal of property, plant and equipment		351	-
Net cash outflow from investing activities		<u>(386,300)</u>	<u>(528,966)</u>
Cash flows from financing activities			
Increase of transfer of assets from SERTEC		-	39,820
Net cash inflow from financing activities		<u>-</u>	<u>39,820</u>
Net increase in cash and cash equivalents		7,114,531	2,457,229
Cash and cash equivalents at beginning of year		14,576,483	12,119,254
Cash and cash equivalents at end of year		<u>21,691,014</u>	<u>14,576,483</u>

Notes to the financial statements for the year ended 31 March 2004

1. Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting practice. The financial statements are prepared in accordance with the historical cost basis, and incorporates the following accounting policies.

1.1 Property, plant and equipment

Tangible assets are stated at historical cost less accumulated depreciation. Subsequent expenditure relating to an item of property and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased.

The cost of tangible assets less the estimated residual value is written off by equal annual instalments over the expected useful lives of the assets as follows:

Furniture and fittings	- 10 years
Computer hardware	- 3 years
Office equipment	- 5 years
Software	- All software will be written off completely in the year of purchase

The cost of tangible assets less than R 2000 are written off in full during the year of acquisition.

1.2 Revenue

Revenue represents state subsidy received from the DoE, donations received and fees charged for accreditation of courses provided by Private Higher Education providers. Charges for accreditation are recognised when work done is billed to providers and excludes Value Added Taxation. Income received from grants, donations and income for specific projects are recorded as deferred income and disclosed on the balance sheet with non-current liabilities. These incomes are brought to the income statement in the financial period, when the CHE is entitled to use these funds.

1.3 Financial Instruments

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

Trade and other receivables originated by the council are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are held with registered banking institutions that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.

1.4 Provisions

Provisions are recognised when the CHE has a present legal or constructive obligation when, as a result of past events for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

1.5 Comparative Figures

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

Notes to the financial statements for the year ended 31 March 2004

2. Property, Plant and Equipment

2004	Computer Equipment	Office Equipment	Furniture & Fittings	Total
Carrying amount at beginning of the year	365,525	199,939	196,863	762,327
Cost	580,644	245,597	223,370	1,049,611
Accumulated depreciation	(215,119)	(45,658)	(26,507)	(287,284)
Additions	60,732	15,102	310,817	386,651
Disposals	-	-	-	-
Depreciation for the year	(179,903)	(49,104)	(26,015)	(255,022)
Carrying amount at end of the year	246,354	165,937	481,665	893,956
Cost	641,376	260,699	534,187	1,436,262
Accumulated depreciation	(395,022)	(94,762)	(52,522)	(542,306)
2003	Computer Equipment	Office Equipment	Furniture & Fittings	Total
Carrying amount at beginning of the year	280,439	50,986	102,995	434,420
Cost	344,976	62,103	113,566	520,645
Accumulated depreciation	(64,537)	(11,117)	(10,571)	(86,225)
Additions	235,668	183,494	109,804	528,966
Disposals	-	-	-	-
Depreciation for the year	(150,582)	(34,541)	(15,936)	(201,059)
Carrying amount at end of the year	365,525	199,939	196,863	762,327
Cost	580,644	245,597	223,370	1,049,611
Accumulated depreciation	(215,119)	(45,658)	(26,507)	(287,284)

Notes to the financial statements for the year ended 31 March 2004

	2004	2003
	R	R
3. Trade and other receivables		
Staff loans	64,299	81,570
Accrued income - Donor funding	592,715	320,192
Other receivables	673,273	81,558
	<u>1,330,287</u>	<u>483,320</u>
4.1 Short-term investments		
Marketlink: CHE	9,135,278	3,900,794
Marketlink: Ford Foundation	1,635,176	1,233,526
Marketlink: CHE Reserve Account	3,233,688	1,590,228
Marketlink: Rockefeller Foundation	1,022,686	954,352
Marketlink: Carnegie Foundation	948,160	1,779,443
Marketlink: Private Provider Accreditation	1,024,448	1,422,452
32 Day Notice Account: CHE	-	3,687,099
Corporation for Public Deposits	3,893,617	-
	<u>20,893,054</u>	<u>14,567,894</u>
4.2 Cash and Cash Equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash on hand and balances with banks	797,960	8,589
	<u>797,960</u>	<u>8,589</u>

Notes to the financial statements for the year ended 31 March 2004

	2004 R	2003 R
5. Deferred income		
Donations/projects roll-over		
CHERI - HE in Transformation	47,003	-
Rockefeller Foundation	743,409	863,597
Ford - UEM	35,638	35 638
Ford - HE Designation	223,473	328,815
Ford - Monitoring	1,803,291	2,291,839
Nuffic/Cenesa	27,435	-
Ford - Quality Promotion	986,066	-
Carnegie - Quality Assurance Capacity Development	1,008,713	428,020
Standard Bank - HE Responsiveness	-	50,000
Private Accreditation cost recovery	204,721	289,315
	<u>5,079,749</u>	<u>4,287,224</u>
Government Grants	7,120,000	-
	<u>12,199,749</u>	<u>4,287,224</u>

The balance as at 31 March 2003 was previously reported as R4 361 936. This balance included provisions for bonuses of R74 712. This amount was transferred to Provisions.

6. Provisions

	Staff bonuses	Total
Opening balance	74,712	74,712
Utilisation of provisions during the year	(74,712)	(74,712)
Unused amounts reversed during the year	-	-
Provisions made during the year	73,300	73,300
Closing balance	<u>73,300</u>	<u>73,300</u>

Notes to the financial statements for the year ended 31 March 2004

	2004	2003
	R	R
7. Revenue		
SA Government Grant	15,571,344	10,886,000
Donations received	4,710,852	5,923,828
Profit on disposal of property, plant and equipment	351	-
Sundry Income	545,077	212,432
Private accreditation cost recovery	1,592,411	2,284,767
	22,420,035	19,307,027
8. Net finance income		
Interest received	1,248,484	1,399,193
	1,248,484	1,399,193
9. Operating surplus is stated after taking the following into account:		
Auditor's remuneration	34,501	24,970
Depreciation	255,022	201,059
- computer equipment	179,903	150,582
- office equipment	49,104	34,541
- furniture	26,015	15,936
Operating lease payment	850,558	389,827
- equipment	100,353	25,367
- building	750,205	364,460
Director's emoluments	1,483,318	1,308,748
Director's remuneration (two):		
Basic Salaries	759,879	716,002
Other employee benefits:		
Car allowance	116,000	116,000
Entertainment	2,500	2,500
Pension	120,211	115,711
Non Pension Salary	40,697	40,697
Medical Aid	20,662	17,750
Other	39,430	39,296
Bonusses	66,016	61,016
Performance bonusses and leave commuted:		
Performance bonuses	66,359	93,358
Leave commuted	111,470	-
Remuneration of chair	140,094	106,418

Notes to the financial statements for the year ended 31 March 2004

	2004	2003
	R	R
10. Fundamental error		
Interest received on Carnegie donations was incorrectly stated under Distributable reserves instead of Carnegie donations.	1,376,150	-
Roll-over funds on government grants for 2003 should have been deferred to 2004.	2,778,344	-
	<u>4,154,494</u>	<u>-</u>
11. Cash generated by operating activities		
Surplus for the year	4,613,099	4,194,740
Adjustment for the following:		
Depreciation	255,022	201,059
Investment income	(1,248,484)	(1,399,193)
Profit on sale of property, plant and equipment	(351)	-
Fundamental error	(4,154,494)	-
Operating cash flows before working capital changes	(535,208)	2,996,606
Changes in working capital	6,787,555	(1,449,424)
(Increase) in trade and other receivables	(846,967)	(466,885)
Increase in trade and other payables	7,634,522	(982,539)
	<u>6,252,347</u>	<u>1,547,182</u>

Notes to the financial statements for the year ended 31 March 2004

	2004	2003
	R	R
12. Operating lease arrangements		
12.1 Equipment		
Lease agreement with Kyocera for the leasing of 2 photocopiers. The lease period is from 27 January 2003. Period of the lease is 3 years.		
Minimum lease payments		
Payable: within 1 year	101,429	92,976
1-3 years	84,524	185,953
	<u>185,953</u>	<u>278,929</u>
12.2 Buildings		
Lease agreement with SAASTA (previously known as FEST) for rent. The first lease period is from 1 May 2002 to April 2003. We have entered into a new agreement starting 1 May 2003 to April 2008.		
Minimum lease payments		
Payable: within 1 year	633,696	541,200
1-5 years	2,272,700	3,070,952
	<u>2,906,396</u>	<u>3,612,152</u>

Detailed income statement for the year ended 31 March 2004

	2004	2003
	R	R
Operating income	23,668,519	20,706,220
SA Government grant	15,571,344	10,886,000
Donations received	4,710,852	5,923,828
Profit on disposal of property, plant & equipment	351	-
Sundry income	545,077	212,432
Private accreditation cost recovery	1,592,411	2,284,767
Interest received	1,248,484	1,399,193
Less Operating expenditure	(19,055,420)	(16,511,480)
Accreditation and Co-ordination Programme	2,021,681	1,259,852
Administration fees	231,925	331,785
Advisory Programme	173,517	281,853
Audit fees	34,501	24,970
Bank charges	39,696	42,436
Consultants	3,841,496	4,734,010
Computer expenses	512,403	208,121
Conferences and workshops	369,527	406,497
Depreciation	255,022	201,059
Development of HE	411,621	270,123
General Co-ordination Programme	51,628	423
Governance	153,127	336,258
Institutional Audit Programme	173,922	144,876
Insurance	131,490	22,191
Lease - Photocopiers	100,353	25,357
Legal Fees	103,700	37,053
Media and Communication expenses	201,556	266,250
Monitoring and Evaluation Programme	126,367	155,570
Office Relocation	124,082	85,629
Quality Promotion and Capacity Development	1,141,265	552,029
Recruitment	99,601	31,725
Rent and Services	818,071	364,459
Remuneration of Chair	140,094	106,418
Resource Centre	16,035	8,582
Road accident expenses	748	5,709
Salaries	7,372,561	6,071,400
Staff benefits - computers	16,103	-
Staff benefits and contributions	71,380	50,536
Staff development	114,378	96,607
Staff relocation	5,000	49,960
Write-offs on assets less than R2000	202,570	339,744
Surplus for the year	4,613,099	4,194,740

Schedule of Donor-funded Project Roll-over as at 31 March 2004

PROJECT	FUNDER	Balance as at 31 March 2003	Adjustments to opening balances	Current year income received	Current year expenses incurred	Balance as at 31 March 2004
Quality Assurance Capacity Development	Carnegie Foundation	(428,020)	(1,376,150)	(494,683)	1,290,140	(1,008,713)
HE in Transformation of Societies	CHERI			(165,188)	118,185	(47,003)
HE Designation	Ford	(328,815)		0	105,342	(223,473)
Distance Education	Ford			(701,860)	701,860	(0)
Monitoring Goals & Objectives	Ford	(2,291,839)		0	488,548	(1,803,291)
Quality Promotion	Ford			(1,285,856)	299,790	(986,066)
UEM Project	Ford	(35,638)		0	0	(35,638)
Benchmarking of Research Quality	NUFFIC/CENESA			(247,232)	219,797	(27,435)
HE Triennial Review	The Rockefeller Foundation	(863,597)		0	120,188	(743,409)
CHE Projects	Standard Bank Foundation	(50,000)	50,000			0
Private Provider Accreditation	Cost Recovery	(289,315)		(1,507,817)	1,592,411	(204,721)
TOTAL		(4,287,224)	(1,326,150)	(4,402,636)	4,936,261	(5,079,749)