

Annual Report 2015/16



COUNCIL ON HIGHER EDUCATION




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Part A: General Information

GENERAL INFORMATION

Registered Name:	Council on Higher Education
Physical Address:	1 Quintin Brand Street Persequor Technopark, Tshwane 0020
Postal Address:	P O Box 94 Persequor Park 0020 South Africa
Telephone Number	+27 12 349 3840
Fax Number	+27 12 349 3942
Email	ceo@che.ac.za
Web	www.che.ac.za
External Auditors:	Auditor-General South Africa
Bank:	Standard Bank, Brooklyn Branch, Fehrsen Street, Brooklyn, Tshwane

LIST OF ACRONYMS

AG-SA	Auditor-General South Africa
ASB	Accounting Standards Board
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BEng	Bachelor of Engineering
BSW	Bachelor of Social Work
CAT	Credit Accumulation and Transfer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CESM	Classification of Educational Subject Matter
CHE	Council on Higher Education
DHET	Department of Higher Education and Training
Dip Eng	Diploma in Engineering
DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
DVC	Deputy Vice-Chancellor
ENE	Estimates of National Expenditure
EU	European Union
EXCO	Executive Committee
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HELTASA	Higher Education Learning and Teaching Association of South Africa
HEMIS	Higher Education Management Information System
HEQC	Higher Education Quality Committee
HEQCIS	Higher Education Quality Committee Information System
HEQSF	Higher Education Qualifications Sub-Framework
HR	Human Resources
HRRC	Human Resources and Remuneration Committee
IAC	Independent Actuaries and Consultants (in Financial Section)
IAC	Institutional Audits Committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IAC	Institutional Audits Committee
ICT	Information and Communication Technology

LLB	Bachelor of Laws
MBA	Master of Business Administration
MEC	Monitoring and Evaluation Committee
MTEF	Medium Term Expenditure Framework
NCOP	National Council of Provinces
NEHAWU	National Education, Health and Allied Workers Union
NLRD	National Learners' Records Database
NQF	National Qualifications Framework
NRF	National Research Foundation
PAA	Public Audit Act of South Africa, Act 25 of 2004
PCHET	Portfolio Committee on Higher Education and Training
PFMA	Public Finance Management Act 1 of South Africa, Act 1 of 1999
PPPFA	Preferential Procurement Policy Framework Act
QCTO	Quality Council for Trades and Occupations
QEP	Quality Enhancement Project
ROE	Returns on Earnings
RPL	Recognition of Prior Learning
SALDA	South African Law Deans Association
SANS	South African National Standards
SAQA	South African Qualifications Authority
SAQAN	Southern African Quality Assurance Network
SER	Self-Evaluation Report
SHEEC	Scottish Higher Education Enhancement Committee
SMU	Sefako Makgatho Health Sciences University
TAU	Teaching Advancement at University
QA	Quality Assurance
QAA	Quality Assurance Agency
UIF	Unemployment Insurance Fund
UMALUSI	Council for Quality Assurance in General and Further Education and Training
UNISA	University of South Africa
VAT	Value Added Tax

CHAIRPERSON'S MESSAGE



The South African higher education landscape experienced seismic shifts during the 2015/16 year and was a testing time for all. Towards the end of the 2015 academic year the #FeesMustFall movement rocked the university sector in unprecedented ways reminiscent of the biblical "David and Goliath" when an underdog challenged a giant. Sustained student protests, violence, destruction of property and postponement of examinations changed the character of the higher education system as we knew it. Although the crisis was resolved with the 0% increase in tuition and other fees for 2016, one of the primary concerns of the Council on Higher Education (CHE) as a Quality Council was the serious risk placed on the integrity of our assessment practices and the quality of our academic programmes at certain institutions of higher learning. The CHE condemned acts of violence, intolerance and encouraged all stakeholders to find amicable ways of resolving conflicts in their respective campuses.

The CHE nonetheless looks back on a productive and fulfilling year. It was my first full year at the helm for the new Council, which was appointed in December 2014. Committees of Council were both enriched and refreshed by the new Council members and the other external experts who were appointed to serve on them. The energy and commitment demonstrated by the members in the meetings of Council and its committees gave me a great sense of satisfaction that Council takes its fiduciary and general governance responsibilities seriously.

Another significant change was that Professor John Mubangizi took over the chairmanship of the Higher Education Quality Committee (HEQC), the permanent committee of Council. He was a member of the HEQC for three years before being appointed chairperson, and therefore has the requisite understanding of the intricacies and rigours of the work of the HEQC. Council furthermore appointed four new members of the HEQC to replace those whose terms had lapsed. The four are all prominent professionals within the higher education sector; and together bring the desired breadth and depth to the pool of expertise on the HEQC.

There was also a change in personnel in the top management of the organisation. Prof. Narend Baijnath was appointed the new Chief Executive Officer of the CHE, and assumed his duties on 1 October 2015. He took over from Dr Denyse Webbstock who held the position in an acting capacity for seven months, following the departure of the former CEO at the end of February 2015. I heartily welcome Prof. Baijnath to the CHE family and wish him well in his new role. In the same breath, I thank Dr Webbstock for holding the fort so ably while the search for the new CEO was conducted.

The strategy of the CHE remained the constant that galvanised all role players, old and new, amid the changes that were taking place, as alluded to above. The strategy seeks to give effect to the legislated mandate of the CHE as enunciated in both the Higher Education Act (Act No. 101 of 1997), as amended, and the National Qualifications Framework Act (Act No. 67 of 2008); within a governance framework that is based on the dictates of the Public Finance Management Act (Act No. 1 of 1999), as amended, and the relevant Treasury regulations. The strategy further seeks to locate the activities of the CHE within the broader

context of national priorities and imperatives as articulated in national strategic policy frameworks and/or plans; including the White Paper for Post-School Education and Training of 2013, the National Development Plan 2030, the Human Resource Development Strategy for South Africa 2010 – 2030, the National Skills Development Strategy III, and the Presidential Outcomes 5.1 (Higher Education and Training); to list but a few. The transformation agenda of the higher education system remains crucial to the mandate of the CHE. The 2nd Higher Education Summit convened by Minister BE Nzimande saw all higher education stakeholders gathering in Durban to navigate the contemporary transformation issues. The event culminated in a Charter adopted by representatives of all substantive formations/ organizations and heads of institutions. The CHE contributed by presenting a paper on transformation during the proceedings of the Summit.

Guided by such a mandate-driven and nationally-contextualised strategy, the CHE continued in 2015/16 to perform well and deliver in its key functional areas. Five book publications, which include one on the review of higher education spanning the two decades of democracy, were produced during the year in fulfilment of a part of the CHE mandate that requires the CHE to publish, on a regular basis, information about developments in higher education.

During the year under review, the process of aligning the more than 10 000 existing higher education programmes to the Higher Education Qualifications Sub-Framework (HEQSF) was pleasingly completed a year ahead of schedule. Similarly, the process of developing standards for five higher education qualifications was completed. These are now standards in place for the Master of Business Administration (MBA), Bachelor of Laws (LLB), Bachelor of Social Work (BSW), Bachelor of Engineering (BEng), and Diploma in Engineering (Dip Eng). Standards development for four other qualifications were also initiated.

Good progress was made during 2015/16 in the area of collecting data on student enrolment and achievement from private higher education institutions through the Higher Education Quality Committee Information System (HEQCIS). The percentage of institutions that have loaded at least one data set onto the system has remained constant at 99%.

Although the first cycle of institutional audits was completed in mid-2011, there was ongoing monitoring of those institutions that were still in the process of implementing the recommendations flowing from their audit reports. Planning commenced to reintroduce institutional audits across the higher education sector, including private higher education providers. Institutional audits are a legislated mandate of the CHE. They provide institutions of higher learning, the Department of Higher Education and Training and the public with the necessary information on the quality assurance mechanisms of institutions and are aimed at improving the effectiveness and efficiency of the higher education system.

The accreditation of new programmes for public universities and private higher education institutions remained one of the CHE's key activities in fulfilment of its quality assurance function. During the year under review, 483 applications for the accreditation of new programmes were received. Current operational procedures dictate that applications received in one financial year may only come to be considered by the HEQC in the following financial year. During 2015/16, as many as 424 applications for the accreditation of new programmes were processed and adjudicated on by the HEQC. During the same year, 129 applications for the re-accreditation of programmes of private higher education institutions were processed and the HEQC decided on them.

National Reviews serve as another key quality assurance mechanism that is employed to ensure that programmes offered by higher education institutions in any particular field meet minimum standards. During the year under review, the National Reviews Framework was revised to link the review process to standards. There was also ongoing monitoring of the Social Work programmes at institutions that are still in the process of implementing the recommendations flowing from the reports of the review of Bachelor of Social Work programmes. Also, during this financial year, the review of the Bachelor of Laws (LLB) degree

programmes started, and substantial progress made.

The Quality Enhancement Project (QEP), which was launched in 2014, and whose focus is to enhance learning and teaching in order to improve student success, continued to run during 2015/16 with a number workshops, including the first one for students. One key important development was that Deputy Vice Chancellors for teaching and learning, who spearhead the QEP at institutional level, undertook a study tour of universities in Scotland and the Scottish Quality Assurance Agency (QAA).

The first phase of the QEP was completed and institutions submitted their reports on the improvements they had made subsequent to their participation in the project. Institutional peer evaluation visits to all public universities were planned, and a few such visits were conducted during the year under review. The remainder of the institutional visits will be undertaken in the 2016/17 financial year.

In the Quality Promotion and Capacity Development function, the CHE organised and coordinated quality assurance fora for public universities, private higher education institutions and professional bodies respectively, through which the sector was engaged and important information was disseminated. Jointly with the Higher Education Learning and Teaching Association of Southern Africa (HELTASA), the CHE also continued to organise the Excellence in Teaching and Learning Awards as one other way of promoting quality among academics. The CHE also launched an electronic newsletter as an additional platform for communicating with its stakeholders and promoting quality. Similarly, the CHE assisted sister quality assurance agencies in Angola, Cameroon, Kenya, Lesotho and Malawi to capacitate some of their officials by hosting them at the CHE so they could learn from their counterparts about the South African quality assurance system and tools.

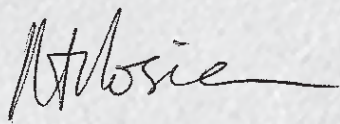
The maintenance of good relations with stakeholders is considered central to the work of the CHE. During the year under review, driven by the imperative to optimise scarce capacity, the relationship with the Department of Higher Education and Training (DHET) grew stronger. Bilateral meetings between officials of the DHET and the CHE were held regularly, and the Minister met Council in September 2015. The CHE and DHET jointly submitted funding proposals to the European Union's Bridging Facility Funding programme for two joint projects which are going to be executed during 2016/17. Likewise, the CHE continued to work closely with the South African Qualifications Authority (SAQA), other quality councils and DHET on matters relating to and giving effect to the National Qualifications Framework (NQF). Furthermore, the CHE explored areas of collaboration and cooperation with the National Research Foundation (NRF). At a regional level, the CHE was a key player in the activities of the newly launched Southern African Quality Assurance Network (SAQAN), and hosted an executive meeting of the organisation.

One of the key challenges faced during the 2015/16 year was litigation initiated by a private higher education institution which was not satisfied with the decisions taken by the HEQC pertaining to one of its programmes. The process of preparing and presenting a court defence proved to be costly financially as well as in terms of time. Since the court challenge was an acid test of the statutory authority and processes of the CHE and HEQC, the defence had to be rigorous and unflinching. Although the exercise was costly, I am confident that our response was correct under the circumstances, and in terms of the long term implications for the authority of the CHE and the rigours of its quality assurance processes.

A Council Strategy Workshop held in June 2015, came up with a list of four apex priority areas for the medium to long-term. These are the need to: (a) refine internal structural arrangements to ensure the effective and efficient operation of the CHE; (b) ensure that the CHE fulfils its legislated mandate in its entirety, including the auditing of the quality assurance mechanisms of higher education institutions; (c) diversify the sources of financial resources to fund the operations of the CHE; and (d) develop mechanisms for improving relationships with stakeholders. Work on all four apex priority areas commenced during the second half

of the year under review, and will continue into the 2016/17 financial year.

In conclusion, I would like to take this opportunity to express my appreciation to all stakeholders who, in their different ways, supported the CHE in its work during the 2015/16 financial year. The management and staff of the CHE are the foot soldiers of the organisation, and their hard work, loyalty and commitment, which they have consistently demonstrated during the year under review, are highly appreciated. I am similarly grateful to all local and international partners who collaborated with the CHE in different projects and initiatives. I thank all members of Council and committees of Council for carrying out their responsibilities with great dedication and professionalism. The support that the CHE continued to receive from the DHET even after the unforeseen events during the year forced significant attention to be diverted to other seemingly more pressing priorities is also highly appreciated. I thank the Minister, Deputy Minister, Director General and all the staff of the DHET for their unflinching support during this rather difficult year for the country. Finally, I would like to express my appreciation to the Chairperson and members of the Parliamentary Portfolio Committee on Higher Education and Training for working to ensure that I and my colleagues in Council and management are held to account for the decisions that we take in the best interests of higher education and the nation.

A handwritten signature in black ink, appearing to read 'N. Mosia', with a long horizontal flourish extending to the right.

Professor N. Themba Mosia
Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The Year in Perspective



I assumed duties as Chief Executive Officer (CEO) of the Council on Higher Education (CHE) on 1 October 2015. One of my primary duties since inception was to oversee the implementation of the 2015/16 annual performance plan (APP) during the second half of the financial year. Dr Denyse Webbstock, who served as Acting CEO from March to September 2015, was responsible for implementation of the APP during the first half.

Financial resources are a vital enabler for any organisation to achieve its objectives and realise its full potential. The CHE is dependent for its sustenance on a transfer of funds from the Department of Higher Education and Training (DHET), which is also responsible for the appropriation, accounting and reporting on funds allocated by National Treasury. During the 2015/16 financial year, the baseline grant received from DHET constituted 82% of CHE's total revenue of R49 542 462, excluding funds rolled-over from the previous financial year. The baseline grant received, which amounted to R40 819 000, was 4.4% less than the grant received in the previous year. The

reduction in the baseline grant was made up for by an increase in exchange revenue, principally from accreditation fees levied on private higher education institutions. The total expenditure for the year, excluding depreciation and amortisation, amounted to slightly over R52 million. Expenditure exceeded revenue during the year under review, which is a persistent concern. It is clear that the organisation would have been in dire financial straits during the year under review had it not been for roll-over funds being made available.

The CHE was one of the four non-SETA entities of the DHET that requested National Treasury, through the Chief Financial Officer of the DHET, to roll-over funds from 2014/15 to the 2015/16 financial year. Subsequently CHE was allowed to roll-over R14 228 697 which was constituted of budgeted amounts for projects and other activities that could not be completed during the 2014/15 financial year. It is to be noted that most of the CHE's expenses are incurred in activities that target staff and/or students from universities and private higher education institutions. The reality of the academic year starting very late in relation to the CHE's financial year poses an ongoing challenge with respect to scheduling of activities. This is exacerbated by the fact that the months of May to July, and again October to December are reserved for examinations and recesses/vacations, and are generally characterised by lower externally driven activity and accessibility at the institutional level. It is therefore an ongoing challenge to get all CHE's institutional engagement activities squeezed into the remaining 'windows' on the academic calendar. This then results in activities planned for a particular financial year being carried over into the next financial year. In turn, this impels the need for roll-over of funds. Going forward, the CHE will pay sharper attention to coordinated planning in consultation with institutions to ameliorate these challenges.

Personnel costs for the year under review amounted to R28 360 890, which was 54% of the total expenditure, excluding depreciation and amortisation. These constituted the single largest expenditure item for the organisation. Financial prudence and frugality have guided

our use of resources in a very austere funding climate, and expenses have been pared to the bone. While the implementation of cost containment measures has resulted in reduced levels of expenditure for most goods and services, personnel costs remain on an upward trajectory as a result of the annual increases in salary for the public sector as determined by the Department of Public Services and Administration, while income streams have declined or remained static.

Payment to peer academics remained the largest expenditure item in the category of goods and services, just as it was in the previous year. The business model of the CHE is predicated upon the use of peer academics, who play a central role in peer-review of institutions' submissions for accreditation and national reviews; and also to review research reports, manuscripts intended for publication, and other intellectual outputs that are generated by CHE staff or CHE-convened task teams. This is partly a pragmatic approach to keep staffing costs low, due to the impracticality of the CHE developing and maintaining all the diverse capacity required for it to fulfil its functions optimally. It is also to utilise the best expertise that is available in the sector so that the intellectual and other output of the CHE is credible and reliable.

There was a spike in legal fees during the year under review which, at R3 069 984, became the second largest expenditure item in the category of goods and services. This was a result of the CHE having to defend itself in Court after a private provider of higher education instituted proceedings to challenge a decision that the Higher Education Quality Committee (HEQC), a permanent committee of Council, made regarding the quality of one of the provider's education programmes. The CHE defended the matter vigorously. The High Court reaffirmed the authority of the CHE in the matter, while due attention is being given to the order of the Court on the remedial steps necessary.

Printing and stationery was another expenditure item that reflected a sharp increase from R495 673 in 2014/15 to R1 759 356 for the year under review. This is accounted for by the fact that five books had to be printed and published during the year under review, compared to just two during the previous year.

Expenditure on other goods and services was maintained at levels close to those of the previous year. This was as a result of implementing cost containment measures in line with the guidelines of National Treasury.

The approved organisational structure of the CHE provides for 52 positions. However, a staff complement of 52 is disproportionately small in relation to the burgeoning demands on the CHE in fulfilment of its functions as stipulated in the Higher Education Act (Act No. 101 of 1997), as amended, and the National Qualifications Framework Act (Act No. 67 of 2008). The CHE falls short of the critical mass of human resources required for it to fulfil its functions optimally, or to undertake activities that are desirable and in the interests of the sector. The available staff are, in many respects, stretched to full capacity. This serves as a 'push factor' that contributes to high staff turnover, with a potentially negative impact on the intellectual resources and capacities of the CHE. Although the rate of staff turnover decreased from 21.73% in 2014/15 to 20.45% in 2015/16, it remains worrisome when compared to a national benchmark of 8% for the sector. Various personnel-related cost containment measures that have been implemented have also not helped in easing the capacity challenges of the organisation. These include a reduction in the staff training and development budget; and a moratorium on filling vacant positions, job evaluations, payment of acting allowances and payment of retention allowances for critical skills at Senior Management level. These pose risks for the immediate future.

A number of projects were discontinued during the year under review owing to financial and/or capacity constraints. These include research projects on the state of the academic profession in South Africa; the governance and management challenges in higher education; the national benchmark tests (NBTs); and the scale of and the role played by

private higher education institutions on the African continent. Limitations were placed on the size of delegations that the CHE may send to local conferences, meetings or events: only up to two CHE staff members were allowed to attend any particular local conference, meeting or event. Attendance of international conferences, meetings or events was suspended unless it was funded by external agencies. The implementation of the second phase of the Quality Enhancement Project (QEP) was also postponed, but this was due to the instability in the sector following the student demonstrations on many campuses in the latter half of 2015 and in response to a request from institutions to do so.

During the year under review, the CHE continued to work according to principles of generally accepted business practices, including compliance with applicable laws, notably the Public Finance Management Act (Act No. 1 of 1999) as amended, the Prevention and Combating of Corrupt Practices Act (act No. 12 of 2004), the Promotion of Administrative Justice Act (Act No. 3 of 2004), and the Promotion of Access to Information Act (Act No. 2 of 2000), amongst others. The CHE maintained a relatively sophisticated supply chain management system with embedded capabilities to advance the principles of fairness, equitableness, transparency, competitiveness and cost-effectiveness. It similarly maintained effective, efficient and transparent systems of financial and risk management, internal controls, and internal audit, under the aegis of an Audit and Risk Committee (ARC) of Council. Building on the clean audit outcome of the 2014/15 financial year, the CHE worked to entrench a culture and practice of compliance with applicable laws, National Treasury regulations, accounting standards and best practice guidelines. A strategic audit action plan was developed to address internal control deficiencies identified by both the internal as well as external auditors.

The performance information in the report demonstrates that the CHE takes its legislated mandate seriously, and it strives to fulfil all aspects of the mandate. The CHE responded promptly to all requests for advice from the Minister of Higher Education and Training. The work of monitoring the state of higher education generated a number of useful book publications, while the project of aligning higher education programmes to the Higher Education Qualification Sub-Framework (HEQSF) was completed well ahead of schedule, attributable in large part to the diligence of CHE staff and cooperation from the sector.

The work on standards development started to bear fruit with standards for five qualifications being finalised and published. The Quality Enhancement Project (QEP), as the CHE's current intervention in the sector aimed at enhancing quality, with a focus on teaching and learning, entered the final stages of the first phase with institutions submitting their self-evaluation reports, and peer reviewers conducting institutional visits, after which formal feedback will be given to institutions. Programme accreditation continued to make strides in improving the turn-around times for processing applications for accreditation and/or re-accreditation.

The national review of the Bachelor of Laws (LLB) degree commenced while at the same time there was ongoing monitoring of those institutions that were still in the process of implementing the recommendations that came out of the review of the Bachelor of Social Work programmes in 2014/15.

There was an increase in quality promotion and capacity development activities in the year under review. These included convening quality assurance fora, disseminating information to stakeholders through different platforms, development of policies, a good practice guide, and networking with other higher education quality assurance bodies in Southern Africa.

The CHE was a major role player in a number national initiatives pertaining to the National Qualifications Framework (NQF). These initiatives are coordinated by the South African Qualifications Authority (SAQA). They include the NQF Impact Study, and the development of key policies such as the one on misrepresented qualifications. The CHE also worked closely with the DHET, SAQA and other Quality Councils (Umalusi and the Quality Council on Trades and Occupations) on NQF-related matters within the framework of a 'system

of collaboration' developed by SAQA as envisaged in section 13(1)(f)(i) of the National Qualifications Framework Act (act No. 67 of 2008).

A number of strategic initiatives were embarked on during the year under review. One involved conducting background research into, and developing an appropriate approach for auditing the quality assurance mechanisms of higher education institutions in fulfilment of the CHE's legislated mandate in this regard. This work will continue into the 2016/17 financial year. Another is the review and redesign of the programme accreditation workflow with a view to improving the efficiency and streamlining of the system. This is planned to be finalised in the 2016/17 financial year, influenced only by the availability of adequate resources.

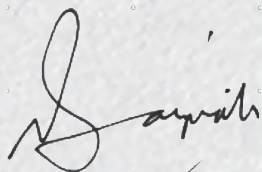
Work also began on exploring and tapping into other possible means of resourcing the organisation to supplement the dwindling baseline grant that the CHE receives on an annual basis. Strategic partnerships with local and international bodies are one such source of additional funding that is being explored, particularly for project work. Already, a strategic partnership with the National Research Foundation (NRF) is expected to result in the NRF funding a project to review doctoral qualifications across the sector.

There are two other strategic thrusts that the organisation will focus on in the medium- to long-term, under the guidance of Council. One is aimed at reshaping the functions of the organisation and ensuring that the internal capacity is appropriately and optimally utilised in ways that improve the performance of the organisation while engendering job satisfaction for staff members. The other is aimed at increasing the visibility of the CHE in public and intellectual spaces. The latter includes networking as well as developing and maintaining mutually beneficial relations with key stakeholders locally and internationally.

I am grateful to the Council firstly, for giving me the opportunity to serve in the capacity of CEO of the CHE; and secondly, for providing strategic guidance and exercising diligent oversight over the work of the CHE. I am equally grateful to all committees of Council for working tirelessly and meticulously to assist the CHE to discharge its functions effectively and efficiently, and to the highest possible governance standards. I thank Dr Denyse Webbstock for the well-prepared hand-over briefing that empowered me to enter the role seamlessly.

I appreciate the cooperation and support that I have received and continue to receive from the senior management team; and the commitment, collegiality and good work ethic demonstrated by all staff members in the organisation. I thank all local and international stakeholders, partners and collaborators of the CHE for demonstrating utmost faith in the capabilities of the CHE to deliver on its mandate, and the warm reception I have enjoyed into my role. I look forward to their continued support. I also thank the PCHET and its chairperson for keeping us true to our compass in serving the best interests of higher education and our society.

Finally, I am grateful to the DHET leadership and staff for continuing to honour the Department's commitments to the CHE, and for the cooperative and constructive engagement we have enjoyed, even in the wake of other pressing demands arising from the volatility at university campuses during the latter half of 2015.



Professor Narend Baijnath
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

A

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

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

The annual report is complete, accurate and is free from any omissions.

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

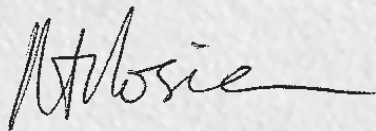
The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board applicable to the Council.

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

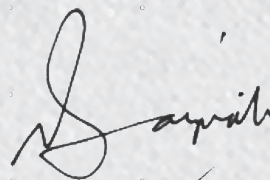
The accounting authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2016.



Professor N. Themba Mosia
Chairperson
31 July 2016



Professor Narend Bajinath
Chief Executive Officer

STRATEGIC OVERVIEW

Vision

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

Mission

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

Values

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

- Independence
- Transformation
- Integrity
- Public Accountability

LEGISLATIVE MANDATE

The CHE is a statutory body established under the Higher Education Act (Act 101 of 1997), as amended, and is the Quality Council for Higher Education in terms of the National Qualifications Framework Act (Act 67 of 2008). As a statutory body, the CHE is a Schedule 3A National Public Entity in terms of the Public Finance Management Act (Act 29 of 1999) and the applicable Treasury Regulations.

Higher Education Act

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

- To provide advice to the Minister of Higher Education and Training on all higher education matters on request and proactively.
- To promote quality and quality assurance in higher education through its permanent committee, the HEQC, including auditing the quality assurance mechanisms of, and accrediting programmes offered by, higher education institutions.
- To monitor the state of higher education and publishing information regarding developments in higher education on a regular basis, including arranging and co-ordinating conferences on higher education issues.

National Qualifications Framework Act

In terms of the National Qualifications Framework Act, as the Quality Council for Higher Education the CHE's mandate includes the following:

- To develop and manage the qualifications sub-framework for higher education, namely, the Higher Education Qualifications Sub-Framework (HEQSF), including ensuring the relevance and currency of qualifications.
- To advise the Minister of Higher Education on matters relating to the HEQSF.
- To develop and implement policy and criteria for the development, registration and publication of qualifications, as well as for assessment, recognition of prior learning and credit accumulation and transfer in the context of the policy and criteria developed by the South African Qualifications Authority (SAQA).
- To contribute to the development of level descriptors and to ensure their relevance.
- To maintain a database of learner achievements in higher education and to submit the data to the National Learners' Records Database, which SAQA maintains.
- To conduct and publish research, which facilitates the development and implementation of the sub-framework.
- To inform the public of the sub-framework.

STRATEGIC IMPERATIVES

The CHE, in interpreting and giving effect to its mandate, has adopted five strategic imperatives, which inform the development of its strategic goals and objectives:

- To contribute to informing and influencing the public debate on the policy framework for the transformation of the higher education system.
- To contribute to developing the role of the quality assurance system as a steering tool in conjunction with planning and funding to enhance the quality of higher education and to enable the achievement of national policy goals and objectives.
- To contribute to ensuring the currency and relevance of the Higher Education Qualifications Sub-Framework to meet the human resource and knowledge needs of South Africa, including the development and maintenance of standards to enhance the quality of higher education.
- To contribute to building the intellectual capability of the CHE.
- To contribute to the development of an enabling and effective organisational climate.

STRATEGIC GOALS AND OBJECTIVES

The strategic imperatives have been translated into four strategic goals and eleven linked strategic objectives, which inform the CHE's strategic plan for 2012-2017 and the framework for the CHE's Annual Performance Plan (APP). These are outlined below:

Goal One

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

Objective One

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

Objective Two

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

Goal Two

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

Objective Three

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

Objective Four

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

Objective Five

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

Goal Three

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

Objective Six

To audit the quality assurance mechanisms of higher education institutions.

Objective Seven

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

Objective Eight

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

Objective Nine

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

Goal Four

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

Objective Ten

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

Objective Eleven

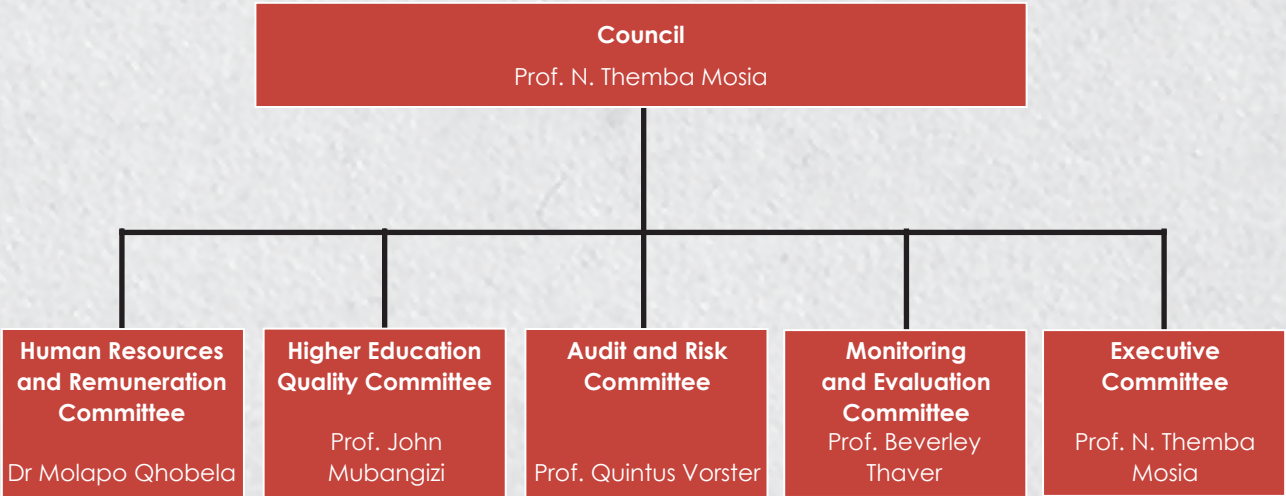
To ensure that financial, administration and supply chain management is compliant with the requirements of the PFMA, relevant Treasury regulations and laws.

Objective Twelve

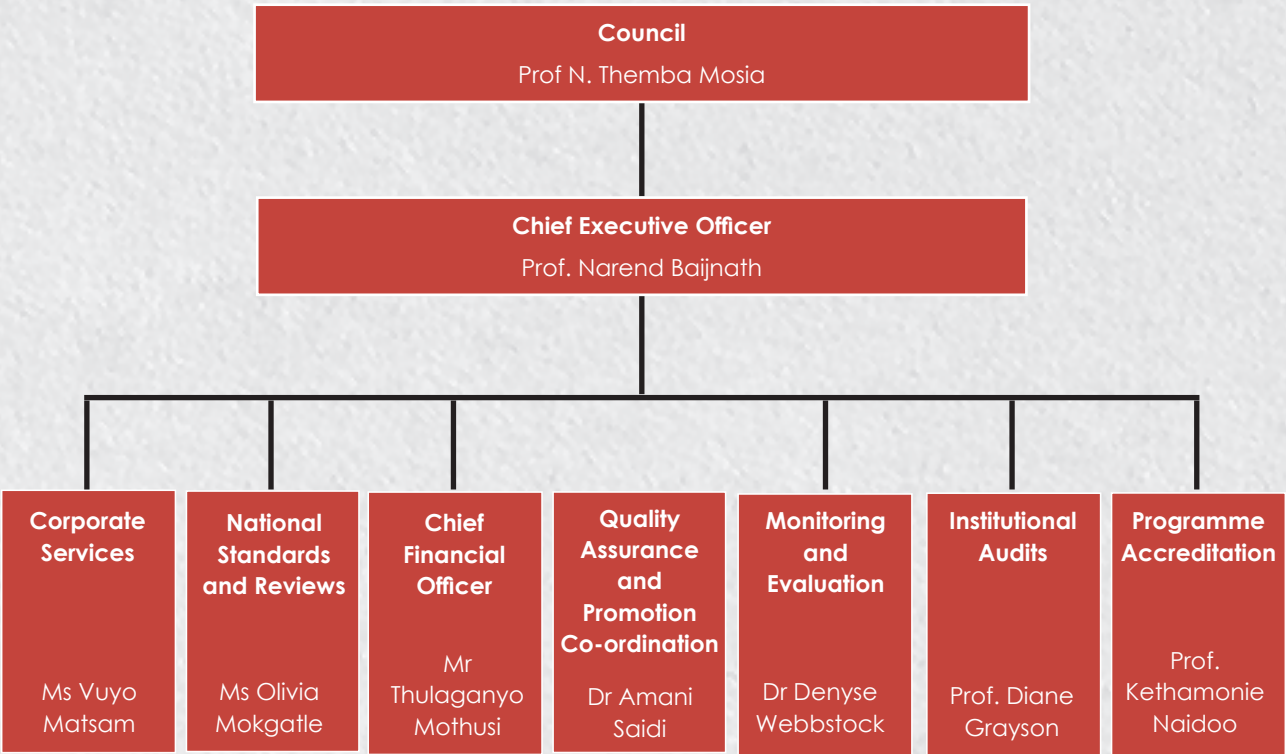
To ensure effective governance and compliance of ICT with statutory requirements.

ORGANISATIONAL STRUCTURE

Council Structure



Management Structure





Part B:

PERFORMANCE INFORMATION

PERFORMANCE INFORMATION BY PROGRAMME

Strategic Goal One

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

Objective One

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

Advice to the Minister

The CHE has a dual advisory function; providing advice at the request of the Minister of Higher Education and Training and providing advice on its own initiative in response to critical issues and challenges identified by the Council that impact on the higher education system.

In the year under review, the Council provided the Minister with advice and comment at his request on the following:

- Policy Framework for the Realisation of Social Inclusion in the Post-School Education and Training System.
- Draft Amended Regulations for the Registration of Private Higher Education Institutions, 2015.

Objective Two

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

Monitoring of the State of Higher Education

The CHE is responsible for monitoring and interpreting trends and progress towards achieving national policy goals and objectives in higher education.

Higher Education Performance Indicators

VitalStats 2013, the fourth in the annual series of VitalStats booklets to provide audited data on key aspects of the public higher education system, was published in mid-2015. It provides student and staff data in public higher education for the period 2008 to 2013, including cohort data for the 2008 student intake for both undergraduate and postgraduate qualifications. In line with previous expansions, data on higher education funding and research was included.

Review of the State of Higher Education

South African Higher Education Reviewed: Two decades of democracy, was published in March 2016. It brings together the work of eight task teams that reviewed the following aspects of higher education over the last two decades:

- Overview
- Regulation;
- Management and governance;
- Teaching and Learning;
- Research;
- Community engagement;
- Academic staffing; and
- Funding.

The 400-page document provides analysis that will inform future policy advice by the CHE.

Research Projects

Student Governance in Public Higher Education Institutions and Governance and Management

The findings of the empirical research into student governance and university governance were fed into the *South African Higher Education Reviewed* publication discussed above.

Reflections on Academic Leadership in South Africa

The role of academic leadership was the subject of a book, *Reflections of South African University Leaders, 1981-2014*, which was published in February 2016. The publication collates the reflections of a selected group of retired senior leaders in higher education. In the nine chapters, they each share their insights, knowledge and experience for the benefit of current and future leaders in higher education.

Private Higher Education Management Information System

The extension to the private higher education management information system (MIS) that facilitates the monitoring of trends in private higher education and enables comparative analysis, was tested and implemented in 2015. Training workshops were held and private providers loaded data on staffing onto the system for the first time in the year under review.

Publications

The following publications were produced in the year under review:

Monitoring and Evaluation:

- VitalStats: Public Higher Education 2013.
- *South African Higher Education Reviewed: Two decades of democracy*
- *Reflections*
- Kagisano No. 10, Student Funding

Institutional Audits:

- Content Analysis of the Baseline Institutional Submissions for Phase 1 of the Quality Enhancement Project.

National Standards and Reviews:

- Framework for Qualifications Standards in Higher Education. 2013
- Framework for National Review of programmes in Higher Education

Conferences

A colloquium on student funding discussing new ideas to contribute to potential solutions to the student financial aid crisis that erupted in late 2015 was held in December 2015. The conference proceedings were published in *Kagisano* No. 10 on *Student Funding* in March 2016.

Strategic Goal Two

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

Objective Three

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

Higher Education Qualifications Sub-Framework (HEQSF) Alignment Project

The purpose of the alignment project was to align existing programmes and qualifications offered by public and private institutions of higher education with the requirements of the revised HEQSF. The HEQSF-alignment project is completed one year ahead of schedule as follows:

- The alignment of Category A programmes, that is, programmes that required minimal change, was completed in the 2013/14 financial year.
- Category B programmes are those programmes that required less than 50% changes to the curricula in order for them to be aligned with the requirements of the HEQSF. The alignment of Category B programmes was completed in the 2014/2015 financial year
- Category C programmes are those that required more than a 50% change to the curricula in order to align with the requirements of the HEQSF and therefore will be taught-out. Category C programmes were confirmed in the 2014/2015 financial year.

Any subsequent requests received from institutions regarding changes/correction to the outcomes of the HEQSF alignment process are tabled at meetings of the Accreditation Committee and HEQC.

Objective Four

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

In this review period, the Council approved the merger of the former directorates of standards development and national reviews into a single Directorate of National Standards and Reviews. The integration signals more than a management shuffle, it emphasises the point that a crucial aspect of the quality assurance mandate of the CHE is to ensure that, in advance of all future national reviews, a standard has been developed for the qualification under review.

The Framework for Qualification Standards in Higher Education

The Framework for Qualification Standards in Higher Education was reviewed in the first quarter of 2015/16 in the light of experience gained during the pilot phase. The pilot has shown that engagement between the CHE and the relevant academic community in developing a standard ensures collaboration between the parties, and 'ownership' of the standard by that community.

Following substantial revision in response to public comment, the following standards statements were approved by HEQC and Council in 2015, and are now available for use on the CHE website:

- Master of Business Administration
- Bachelor of Laws
- Diploma in Engineering
- Bachelor of Engineering
- Bachelor of Social Work

In addition, in this planning period, the scope of standards development was expanded to include other fields of study and qualification types.

The Directorate engages regularly with academic communities to identify other qualification types, fields of study and disciplines that would benefit from development of a national standard. It was approached by the Accreditation Committee to develop a Bachelor of Commerce degree standard, and other requests from professional bodies interested in standards development in their academic areas are being considered. The qualification standards are developed by working groups of peers with the relevant disciplinary expertise.

The following 4 draft standards statements are at various stages of development, it is anticipated that they will be completed during the course of 2017.

- Advanced Diploma in Engineering
- Bachelor of Engineering Technology
- Bachelor of Commerce
- Bachelor of Sports of Coaching.

Objective Five

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

Higher Education Quality Committee Information System HEQCIS

There was continued progress in collecting data on student enrolment and achievement data in private higher education through the Higher Education Quality Committee Information System (HEQCIS), which has been developed in conjunction with SAQA. The number of unique, currently registered private providers that have submitted at least one data load increased from 113 of 114 (99%) in the previous financial year to 127 of 133 (95%) in this financial year, with a total of 347 842 learners now on the system. Within the December 2015 cycle, 82% of all unique private higher education institutions each successfully submitted at least one full data load.

Strategic Goal Three

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

Objective Six

To audit the quality assurance mechanisms of higher education institutions.

Institutional Audits

Although the first cycle of institutional audits was completed in mid-2011, there is ongoing monitoring of those institutions that are still in the process of implementing the recommendations flowing from their institutional audit reports. The monitoring of institutional audits is the responsibility of the Institutional Audits Committee (IAC), which is a sub-committee of the HEQC. The IAC is also responsible for quality assurance of the Quality Enhancement Project. In the year under review, the Institutional Audits Committee comprised the following members:

Name	Designation	Institution
*Prof. Usuf Chikte (Chairperson)	Executive Head, Department of Interdisciplinary Health Sciences	Stellenbosch University
**Prof. Nthabiseng Ogude (Chairperson)		Independent Consultant
*Prof. Bennie Anderson	Chief Executive Officer	Da Vinci Institute
Ms Judy Favish	Director, Institutional Planning	University of Cape Town
**Dr Annatjie Erasmus	Director	East London Management Institute
Prof. Tinyiko Maluleke	Professor of African Spirituality and Culture	University of Pretoria
Prof. Xikombiso Mbhenyane	Professor and Head of Human Nutrition Division	Stellenbosch University
*Prof. Rocky Ralebipi-Simela	CEO and National Librarian	National Library of South Africa
**Prof. Ian Scott	Emeritus Professor	University of Cape Town
**Prof. Lekan Ayo-Usuf	Executive Dean of the Faculty of Health Sciences	Sefako Makgatho Health Sciences University
Prof. Renuka Vithal	Deputy Vice-Chancellor Teaching and Learning	University of KwaZulu-Natal
*Prof. Nan Yeld	Director University Teaching and Learning Development	Department of Higher Education and Training

* Chairperson/Member until December 2015

** Chairperson/Member from January 2016

Progress Reports (still under consideration)

- Mangosuthu University of Technology
- North-West University
- Walter Sisulu University

Audit terminated

The institutional audit for the University of Zululand was terminated by the HEQC at its meeting of 10 June 2015 because of the instability in the senior management and the university's consequent inability to address the audit recommendations, produced in 2010. Discussions are ongoing with the DHET on how to effectively assure quality at the university.

Quality Enhancement

In the year under review, the main institution-level engagement was through the Quality Enhancement Project (QEP), which was launched in February 2014. The focus of this five-year project is enhancing learning and teaching, specifically, student success, which is conceptualised as increasing the number of graduates with attributes that are personally, professionally and socially valuable.

The project is designed to have two phases, each of which has specific focus areas. Phase 1 (2014-2015) consists of four focus areas: (1) enhancing academics as teachers, (2) enhancing student support and development, (3) enhancing the learning environment and (4) enhancing course and programme enrolment management. In September 2014 all public institutions submitted baseline reports on how they were engaging with these focus areas. These reports were analysed and the findings were published in a book entitled Content Analysis of the Baseline Institutional Submissions for Phase 1 of the Quality Enhancement Project, which was widely distributed.

One of the intended spin-offs of the QEP is to develop capacity in the sector where a need is identified. A problem identified in the content analysis was that many institutions do not allocate similar weights to teaching and research in reward structures, including promotions. A number of institutions indicated that this was, at least in part, because they lacked rigorous means of assessing teaching quality. The CHE therefore organized two workshops of two days each on 1 and 2 June and 4 and 5 June at the Protea Edward Hotel in Durban on Assessment and Recognition of University Teaching. The workshop was facilitated by Prof. Thomas Olsson, an experienced education development professional and engineering educator from Lund University in Sweden, who has participated in a national system to promote pedagogical competence among academics in Sweden. Invitations were extended to all deans and heads of teaching and learning. The workshops were attended by 65 deans or deputy deans, 37 directors or deputy directors of teaching and learning and 37 other participants. A forum on QEP focus area 1, Enhancing Academics as Teachers, was held on the day in between the two workshops, 3 June 2015. Participants from both workshops were invited to attend and a call for presentations was issued. The forum was attended by 112 participants and comprised 10 presentations interspersed with dialogue.

On 21 August 2015 a QEP student workshop was held at Birchwood Conference Centre for two student representatives per university. The workshop provided an opportunity for students to learn about quality assurance and the QEP and to suggest ways in which students can be more actively involved in promoting student success.

An important component of the QEP is the QEP DVC Forum, comprising DVCs Academic and Teaching and Learning from all public universities. The forum met on 21 April and 31 August 2015, and 1 February 2016. The DVCs are the points of contact between their institutions and the CHE for the QEP. Through the Forum, they also play a leadership role at national level in guiding the development of the QEP, since the approach utilised in the project is inductive. An important purpose of the Forum is to identify issues arising from the QEP that need to be addressed at national level. To assist in doing this, DVCs were introduced to Strategic Doing, a change process developed at Purdue University and designed to bring about rapid changes in networked, non-hierarchical groups. Four Strategic Doing task teams were constituted, one per focus area, to develop actions that will lead to improvements at national level.

One of the main influences on the conceptualization of the QEP was the work of the Scottish Quality Assurance Agency (QAA), which has been running quality enhancement activities since 2003. The Scottish Higher Education Enhancement Committee (SHEEC), comprising DVCs for learning and teaching and other key stakeholders, plays an important leadership role. From 28 September to 2 October 2015, the Director: Institutional Audits and her counterpart at QAA Scotland organized a trip for South African DVCs to meet their Scottish counterparts in a joint DVC-SHEEC meeting. They also visited 10 universities in order to see innovative teaching and learning spaces, an area that was identified in the content analysis as needing development in many South African universities. Fourteen DVCs and the Director took part in the visit. The visit served to strengthen relationships between QAA Scotland and the CHE and among participating DVCs, as well as forge new relationships between universities and generate new ideas for enhancing the learning environment.

Phase 1 of the QEP was scheduled to end with the submission of institutions' final reports in December 2015 on improvements made in the four focus areas. However, because of the instability in many institutions towards the end of 2015 flowing from protest action on fees, many institutions asked for an extension until January or February 2016. By the end of the financial year, 22 reports had been received. Two more reports have been promised, once the two institutions can address specific challenges.

In 2016 public institutions will receive feedback on the improvements they have made in the four focus areas accompanied by suggestions for further improvements. Good practices that can be shared with the sector will be distilled. Training for 39 peer reviewers was conducted on 30 November and 1 December 2015 at Leriba Lodge in Centurion. Feedback to institutions will take the form of a report written by two peer reviewers, with input from the Director: Institutional Audits. The report is based on an institution's two written reports supplemented by information obtained during a one-day visit. The visits are being arranged individually with institutions and comprise six meetings with senior management and key role players involved in each of the four focus areas. Four institutional visits have been conducted so far: University of South Africa on 17 February, University of Pretoria on 18 February, University of the Western Cape on 7 March and Rhodes University on 9 March 2015.

Private HEIs have participated in the QEP in a voluntary capacity. A working group comprising of members of the two large private provider networks was created in early 2014. The group agreed that private HEIs that completed an online baseline submission would be invited to participate in QEP workshops. A total of 69 private providers completed the submission, and a document synthesizing the findings was produced and placed on the CHE website. In 2014 a workshop for private providers had been held on focus area 1. On 4 and 5 August 2015 a workshop on focus areas 2 and 3 was held at St Augustine College in Johannesburg, attended by 39 people. This workshop was repeated on 17 and 18 September at Vega College in Cape Town and attended by 46 people. The two institutions offered their facilities free of charge. The working group was of the view that focus area 4 was not relevant for most private providers and therefore no workshop was held on this area.

Phase 2 of the QEP was scheduled to begin in 2016, but at the QEP DVC Forum on 1 February 2016 the DVCs requested that it be postponed until 2017. This was because they wanted time to consolidate what was being learnt and implemented from Phase 1 and because they wanted to engage with students following the fees protests in 2015 in order to better inform the formulation of relevant focus areas. The request was approved at the HEQC meeting on 10 March 2016.

The Director: Institutional Audits is collaborating with other national role players in promoting student success. Two noteworthy initiatives for which she serves on the advisory committees are the Teaching Advancement at University (TAU) project, funded by a DHET Teaching Development Grant, and the Siyaphumelela project, funded by the Kresge Foundation and focused on improving data analytics capabilities at universities in order to promote student success.

Objective Seven

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

Programme Accreditation

The programme accreditation function is facilitated by the Accreditation Committee, which is a sub-committee of the HEQC and in 2015/16 comprised of the following members:

Name	Designation	Institution
Prof. Martin Oosthuizen (Chairperson)	Deputy Vice Chancellor: Teaching and Learning	North West University
Ms Nicolene Murdoch	Chief Operating Officer	Monash South Africa
Dr Caroline Selepe	Directorate of Quality Promotion	Tshwane University of Technology
Dr Felicity Coughlan	Director and Head of Institute	The Independent Institute of Education
Dr Shaheeda Essack	Deputy Director: Private Higher Education	Department of Higher Education and Training
Dr Whitfield Green	Acting Chief Director: Teaching and Learning Development	Department of Higher Education and Training
Mr Mike Thoms	Institutional Head	Boston City Campus and Business College
Mr Peter Ayuk	Head of Department: Undergraduate Studies	Milpark Business School
Mr Vincent Morta	Director Quality Assurance and MIS: Institutional Planning Office	University of the Western Cape
Ms Jean Skene	Director: Higher Education Management Information System (HEMIS)	Department of Higher Education and Training
Ms Kalawathie Sattar	Centre for Quality Promotion and Assurance	Durban University of Technology
Ms Lindi Tlou	Head Quality Unit	University of Pretoria
Ms Olga Evangelou	Director Curriculum Development and Programme Accreditation Department	Vaal University of Technology
Ms Trish Gibbon	Senior Director Division for institutional Planning, Evaluation and Monitoring	University of Johannesburg
Prof. Gawie du Toit	Acting Registrar	Sol Plaatje University
Prof. Judith Bruce	Head: Department of Nursing Education Faculty of Health Sciences	University of the Witwatersrand
Prof. Lesley Le Grange	Faculty of Education	University of Stellenbosch
Prof. Mabokang Monnapula-Mapesela	Dean: Academic Development and Support	Central University of Technology
Prof. Maropeng Modiba	Professor: Curriculum Studies	University of Johannesburg

Name	Designation	Institution
Prof. Marvin Kambuwa	Principal	Regent Business School
Prof. Paul Prinsloo	Research Prof. in Open Distance Learning (ODL)	University of South Africa
Prof. Shajila A Singh	Associate Prof. and Head: Department of Health and Rehabilitation Sciences	University of Cape Town
Ms Gloria Castrillón	Director, Quality Assurance and Regulatory Affairs,	Milpark Business School

Accreditation of New Programmes

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

There were 483 applications submitted for the accreditation of new programmes in 2015/16. These applications are disaggregated per NQF level in Table 1 and per Classification of Educational Subject Matter (CESM) category in Table 2 below.

In the same period, 2015/16, the HEQC approved a total of 424 outcomes which included applications for the accreditation of new programmes, representations, and deferrals related to accreditation. It should be noted that this includes some programmes submitted in the previous financial year and processed in the current financial year. This is reflected in Table 3 below. Of the 424 outcomes, 292 programmes were accredited (with or without conditions, or deferred) and 132 programmes were not accredited. Poorly designed curricula and unsatisfactory teaching and learning approaches were among the most common reasons for programmes not being accredited.

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

Table 1: New applications for programme accreditation per NQF level

	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	TOTAL
Number of Applications	79	82	129	121	62	10	483

Similarly, as in the previous year, the majority of the applications for programme accreditation were in Business, Commerce and Management Sciences, Health Professions and Related Clinical Sciences, Education, Visual and Performing Arts, and Engineering, as shown in Table 2 below.

Table 2: New applications for programme accreditation per CESM category

CESM Category		Number of applications
01	Agriculture, Agricultural Operations and Related Sciences	15
02	Architecture and the Built Environment	9
03	Visual and Performing Arts	31
04	Business, Economics and Management Studies	111
05	Communication, Journalism and Related Studies	5
06	Computer and Information Sciences	15
07	Education	58

CESM Category		Number of applications
08	Engineering	37
09	Health Professions and Related Clinical Sciences	102
10	Family Ecology and Consumer Sciences	6
11	Languages, Linguistics and Literature	1
12	Law	8
13	Life Sciences	13
14	Physical Sciences	8
16	Military Sciences	2
17	Philosophy, Religion and Theology	30
18	Psychology	7
19	Public Management and Services	9
20	Social Sciences	16
Total		483

Table 3: HEQC Decisions and outcomes for accreditation

Item	TOTAL
Programmes accredited / accredited with conditions / deferred	292
Programmes not accredited	132
Total number of applications for new / relocated site of delivery	36
Total number of sites of delivery visited	67

Re-accreditation of Private Higher Education Institutions

On an annual basis the programmes of private higher education institutions, which are due for re-registration with the Department of Higher Education and Training, need to be re-accredited. In 2015/16 as indicated in Table 4 below, 129 programmes for re-accreditation were tabled at an HEQC meeting. There were 5 programmes that were not aligned to the HEQSF and the accreditation of these programmes was extended to allow them to be taught out. One programme is not being offered by an institution and is discontinued. There were 13 programmes that were re-accredited and 9 that were not re-accredited. There were 101 programmes deferred pending improvement plans and a site visit.

Table 4: HEQC Decisions and outcomes for re-accreditation

Item	TOTAL
Total number of programmes for re-accreditation	129
Programmes re-accredited	13
Programmes not re-accredited	9
Programmes with accreditation status extended	5
Programmes deferred pending additional information	101
Programmes discontinued	1

Objective Eight

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

National Reviews

National reviews focus on the re-accreditation of existing programmes with a view to improving programme quality. The national reviews function is facilitated by the National Reviews Committee, which is a sub-committee of the HEQC. The Committee met in May and November 2015, and comprises the following members:

Name	Designation	Institution
Prof. Theo Andrew (Chairperson)	Executive Dean: Faculty of Engineering and the Built Environment	Durban University of Technology
Prof. Jean Baxen		Independent Consultant
Dr Vanessa Brown	Director: Academic Planning Unit	University of the Western Cape
Prof. Dhiro Gihwala	Dean, Faculty of Health Sciences	Cape Peninsula University of Technology
Dr Matete Madiba	Director: Student Affairs	University of Pretoria
Ms Kuselwa Marala	Academic Administration Registrar's Office	Cape Peninsula University of Technology
Dr Paul Steyn	Academic Head	Akademia Konkordia
Prof. Völker Wedekind	Research Chair in Vocational Education and Pedagogy	University of the Witwatersrand

National Reviews Framework

Since the approval of the original framework for national reviews in September 2012, there have been major developments affecting the approach to national reviews. One is the integration of the standards development and national reviews function into one Directorate. The merger emphasises the point that these functions are closely inter-related, hence, the need to revise the National Reviews Framework to reflect this relationship. This National Reviews Framework was revised and approved by Council during 2015.

National qualification standards provide both compliance benchmarks and developmental indicators for qualification types as awarded in particular fields of study or disciplines, and serve an important function as part of the national review process.

National Review of Bachelor of Laws

The CHE and the South African Law Deans Association (SALDA) have been engaging on a proposal to undertake a national review of the LLB qualification since 2012. It was ultimately agreed in principle to start the review early in 2015, with an anticipated completion date of early 2017. At the LLB Summit held in May 2013, SALDA and the legal professions resolved that a threshold standard that would serve as a national benchmark against which all LLB programmes are measured should precede the start of the review. In the year under review the main focus was on the completion of the *Qualification Standard for Bachelor of Laws (LLB)* that gave way to the commencement of the national review of the LLB programme. It is against this background that the LLB national review was initiated in April 2015.

Preparations for the review commenced with a meeting with the law deans in April 2015. Subsequent to the deans' meeting, the LLB Review Reference Group comprised of academic experts in the field of law was constituted. The Reference Group played a pivotal role in the determination of the scope of work of the review, and will continue to provide

expert advice to the CHE. The national review has several phases, namely; consultation with key stakeholder groups, culminating in a review proposal; development of minimum standards and the SER template; desk-top evaluation of the self-evaluation reports (SERs); site-visits; and the national report on the state of legal education in South Africa.

The group met 3 times in 2015, during which the SER template and LLB National Review Manual were drafted, and were later approved by the HEQC in June 2015. These documents were developed in consultation with the higher education institutions. In addition, 4 meetings with representatives from the 17 participating institutions and SALDA were held during the year under review to provide support on the LLB review process.

All the institutions offering the LLB qualification are currently compiling their individual SERs which with a due date for submission to the CHE by 16 May 2016. Following this, the other phases of the review will unfold, culminating in the preparation of the National Review Report.

National Review of Bachelor of Social Work (BSW)

Although the national review of the Bachelor of Social Work programme was completed in December 2014, there is ongoing monitoring of those programmes that are still in the process of implementing the recommendations flowing from their national review reports. Taking into account the progress reports submitted by the institutions, the HEQC continues to revise its initial accreditation decisions to reflect improvements made. This has since increased the number of fully accredited BSW programmes from 3 to 9; 2 are accredited with conditions; 1 is on notice of withdrawal of accreditation; and 4 have been de-accredited.

Objective Nine

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

Quality Promotion and Capacity Development

There was an increase in quality promotion and capacity development activities in the year under review, following the appointment of the Director: Quality Assurance and Promotion Coordination, and Manager: Quality Promotion and Capacity Development, towards the end of 2014. Key information on the flagship projects is presented below.

Quality Assurance Fora

The dissemination of information through quality assurance fora is a key long-term project of the CHE's Quality Promotion and Capacity Development function. Every year the CHE organises and facilitates quality assurance (QA) fora for public universities, private higher education institutions and professional councils.

In the year under review, the QA forum for public universities took place on 6 October 2015; and one for private higher education institutions took place on 8 October 2015. The theme for both QA fora was *Quality Assurance and Modes of Delivery* with a special emphasis on the distance mode of delivery.

The QA forum for professional councils took place on 4 March 2016. Its main focus was the presentation and discussion of a draft framework for collaboration and cooperation among professional councils, higher education institutions and the HEQC, in the area of accreditation of professional higher education programmes. The draft framework was developed by a working group that had representatives from the CHE, professional councils, Universities South Africa (formerly Higher Education South Africa) and the Department of Higher Education and Training. Work on finalising the draft framework will continue in 2016/17

CHE Electronic Newsletter

The CHE electronic newsletter project was launched early in 2015 to provide another avenue for communicating with stakeholders and disseminating information on the quality assurance and promotion activities of the CHE. The first issue of the newsletter was distributed to stakeholders in June 2015 and the feedback was generally positive. The second issue was completed and distributed to in November 2015.

CHE/HELTASA National Excellence in Teaching Awards

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

The 2015 awards process ran smoothly and the winners were as reflected below:

Names	Institution
Ms Carolyn McGibbon, Mr Gwamaka Mwalemba and Prof. Elsje Scott (Teaching Team)	University of Cape Town
Prof. Tania Hanekom	University of Pretoria
Ms Marianne McKay	Stellenbosch University
Ms Adri Prozesky	University of South Africa
Prof. Michael Savage	University of KwaZulu-Natal

Six other contestants, as reflected below, received letters of commendation.

Names	Institution
Dr Ansie Fouché	North West University
Prof. Delawir Kahn	University of Cape Town
Mr Njabulo Gumede	Mangosuthu University of Technology
Dr Aneshkumar Maharaj	University of KwaZulu-Natal
Prof. Lara Ragpot	University of Johannesburg
Prof. James Swart	Central University of Technology

The call for applications for the 2016 awards was disseminated in March 2016. The call requests each of the 26 universities to nominate three candidates to submit portfolios in application for the awards, so that all universities are able to participate evenly.

Capacity Development on the African Continent

The CHE, as the oldest national higher education quality assurance (QA) body in Africa, south of the Sahara, is looked up to by the relatively newer national QA bodies on the continent. It therefore, from time-to-time, receives requests from sister bodies to host some of their officials who make the trip to South Africa to learn about its QA systems, methods, practices and processes. In July and August 2015, the CHE hosted officials from Angola, Lesotho and Kenya; and in November 2015, it hosted officials from Cameroon and Malawi. When hosting these delegations, the CHE prepares the necessary material and deploys its senior staff to present to, and discuss with the visiting officials matters of interest to them. Relevant brochures, literature and other resources were also made available to the visitors.

The CHE also continued to participate in the activities of the Southern African Quality

Assurance Network (SAQAN) whose objectives include developing quality assurance capacity in the Southern African region. It took part in the SAQAN launch and conference in Gaborone, Botswana, in October 2015. It also hosted a meeting of the Executive Committee of SAQAN in February 2016.

Development of Policies and a Good Practice Guide

The 2014/15 Ministerial Guidelines to Address Priorities for the National Qualifications Framework required the three Quality Councils to develop policies on the Recognition of Prior Learning (RPL), Credit Accumulation and Transfer (CAT), and Assessment, for their respective NQF sub-frameworks after SAQA had finalised theirs. The CHE commenced the work of developing these policies for higher education in 2014/15, and during the year under review, this work progressed to the stage of completion. The HEQC recommended to Council that the completed policies be approved for publication and release to stakeholders.

In 2014, a study commissioned by the CHE to look at the offering of short courses by higher education institutions, recommended that the CHE develops a good practice guide for the quality management of short courses that do not lead to qualifications on the HEQSF. The work of developing the good practice guide was undertaken during the year under review, progressing through the required stages of conceptualisation and refinement, to the penultimate stage where the HEQC recommended to Council that it be approved for publication and release to stakeholders.

Project Proposals for European Union Funding

The CHE, in collaborate with DHET submitted two proposals to the European Union's (EU) Dialogue Facility Bridging Funding Programme. One proposal was on the development of a framework through which the interaction, coordination and collaboration among professional bodies, the Quality Councils, industry, government department and post-school education and training institutions can be enhanced to produce more graduates. The second proposal aims to develop a national system for improving the effectiveness of university teaching through assessment and accreditation of academics as teachers.

The two project proposals were successful and each will be funded to the value of 123 000 Euros. The project work will be undertaken during the 2016/17 financial year.

Strategic Goal Four

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

Objective Ten

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

Human Resources

The Human Resources function played a key role in facilitating and enabling the execution of one of the CHE's key strategic imperatives, namely, *to build the CHE's intellectual capability including the development of an enabling organisational climate to enable it to discharge its mandate effectively*. The Human Resources function is overseen by the Human Resources and Remuneration Committee (HRRC), which is a sub-committee of the Council.

It contributed to a qualified staff complement through a number of processes, tools and interventions in the Human Resources value chain:

- Ensuring transparent, fair and equitable recruitment processes to attract staff who are qualified, motivated and competent to excel in their appointed positions;
- The improvement of the quality and efficiency of the recruitment and selection processes by aligning them with the CHE's Competency Framework and adopting a competency-based approach in this area;
- The introduction of behavioural assessment tools to enhance the attraction, retention and development of employees;
- Inculcating its commitment to organisational goals, fostering a positive performance – centric organisational culture and building competencies on an ongoing basis for staff and management in line with the strategic objectives of the CHE;
- The introduction of a flexible remuneration framework for levels 13 and higher to ensure the retention of critical skills for the CHE;
- Building relationships and maintaining harmony among staff, management and stakeholder labour partners and;
- Striving continuously to improve the execution and effective management of a set of basic processes, tools to ensure current and future success.

Staff Turnover, Recruitment and Retention

The CHE's approved organisational structure provides for 52 positions. A total of 46 of these are filled, and 8 positions were vacant. During the year under review there were seven new appointments, including the Chief Executive Officer. Nine terminations were recorded, which included one dismissal due to probationary requirements. The retention rate is 85%.

The second phase of the recruitment and selection process of the Chief Executive Officer commenced at the end May 2015 and was a robust and rigorous process which was concluded by the middle of June 2015, and approved by the CHE Council on 25 June 2015. Prof. Narend Baijnath, formerly Pro-Vice Chancellor of the University of South Africa, assumed duties with effect from 1 October 2015. Dr Denyse Webbstock who was appointed as an Acting Chief Executive with effect from 1 March 2015 continued fulfilling this role until the end of September 2015.

Overall the staff turnover decreased from 21.73% to 20.45%, year on year against an industry benchmark of 8%. As the economic situation stabilises we will continue our efforts to retain staff and find innovative ways of engaging, motivating, recognising and rewarding them to reduce the risk of losing key personnel. The Attraction and Retention Remuneration Framework was implemented during the year under review after a comprehensive consultative process, and this should contribute to facilitating the recruitment and retention of senior staff in the organisation, which to date has been a major risk and challenge. This will promote stability at the senior levels so that the CHE can successfully carry out its functions.

Policy Development

The following eight Human Resources policies were revised and /or developed to ensure relevance and compliance with legislation and CHE's intended practices during the year under review:

Computer Purchase Policy;

- Employee Wellness Programme Policy;
- Recruitment and Selection Policy;
- Business Travel / Subsistence/ Reimbursement Policy;

- Remuneration and Benefits Policy;
- Retirement Policy; and
- Staff Development and Training Policy.

Performance Management – 2015/16

The Performance Management assessment process for the financial year was concluded on 31 March 2016 and performance bonus awards were paid out to deserving employees.

At the Performance Management Moderation Committee meeting held on 18 March 2016 it was noted that the CHE, as an organisation has over the years embedded a culture of performance excellence, however, given the dynamic nature of this process and financial constraints the following were resolved:

- The measurement of performance requires enhancement that will ensure streamlined, objective, effective and credible measurement tools going forward.
- It was also decided that the payment of bonuses, (subject to affordability) will be moved from the end of March to the end of July/August of each year.
- The shift will be in line with best practice and will coincide with the outcome of the CHE's Annual report / results for the financial year.
- The shift will also ensure an objective and fair rewarding of employees based on the audited financial year results.
- The need to strengthen and enhance Performance Management processes will be addressed by reviewing current measurement tools to ensure credibility of the system.

The Human Resources and Remuneration Committee will continue to play a significant oversight role in the alignment of processes with the abovementioned recommendations.

A total of forty two (42) out of forty four (44) employees participated in the Performance Management process and a total of R 949 837.00 was paid out to deserving employees on 30 March 2016. The distribution of the funds is reflected in the table which follows: (Numbers per rating category, on a scale of 1 to 5).

Overall score	Count	Overall Score	Count
0 – 2.9	1	>2.9 < =3.8	18
Overall Score	Count	Overall score	Count
3.81 < = 4.9	22	5	1

Staff Training and Development

In line with the CHE's Staff Training and Development Policy, the provision of focused training programmes to address skills gaps within the organisation remains a priority. In the past year, 28 employees undertook training in various programmes. This is reflected in the table in Part D of the report.

Human Resources Challenges

The prevailing financial challenges have necessitated the implementation of a number of cost saving initiatives.

- A moratorium was placed on the filling of vacant positions, job evaluations and payment of acting allowances.

- There was a substantive review of the current methods of recruiting in an attempt to reduce the recruitment and selection costs.
- The reduction of the Staff Training and Development budget.
- The payment of retention allowances for critical skills at Senior Management level implemented in September 2014 was put into abeyance.

These aforementioned initiatives will have an impact on the organisation's intentions of sustaining the development and training of its employees and the retention of critical skills.

Future Human Resources goals and plans – 2016/17

In spite of the aforementioned challenges, aside from reviewing, updating our policies and procedures and systems where appropriate, the main focus for the new financial year will include:

- Revision of the Human Resources Strategic and Operational plan, in line with the CHE's Strategic Plan;
- Strengthening and enhancement of the Performance Management processes by reviewing current measurement tools to ensure credibility of the system;
- Development and implementation of an institutional culture that will support and enable the CHE strategy;
- Development and implementation of a sustainable On- Boarding programme for new employees to further mitigate the risk of retention of critical skills and the;
- Development of an Employee Engagement Strategy.

The above plans will materialise with the continued support and oversight role of the HRRC.

Objective Eleven

To ensure that financial, administration and supply chain management is compliant with the requirements of the PFMA, relevant Treasury regulations and laws.

Administration and Finance

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

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

Summary of financial information

	2015/16			2014/15		
Sources of Revenue	Estimate	Actual Amount Collected	(Over)/ Under expenditure	Estimate	Actual Amount Collected	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
DHET	40 819	40 819	-	42 689	42 689	-
Roll-over Funds	14 228	14 228		12 971	12 971	-
Deferred Income Recognised (Standards Development)	2 177	3 218	1 041	2 177	1 239	(938)
Accreditation	4 000	4 208	208	1 900	3 549	1 649
Investment	851	1 297	446	250	1 263	1 013
TOTAL	62 075	63 770	1 695	59 987	61 711	1 724

		2015/16			2014/15		
Programme/ Directorate Name	Items	Estimates	Actual	(Over)/ Under expenditure	Estimate Estimates	Actual	(Over)/ Under expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
Administration	Goods and Services	19 805	16 409	3 396	15 605	13 566	2 039
	Personnel	12 893	12 952	(59)	12 022	12 248	(226)
Monitoring and Evaluation	Goods and Services	3 711	2 978	733	4 536	3 197	1 339
	Personnel	3 812	4 138	(326)	3 665	2 962	703
Programme Accreditation	Goods and Services	4 363	4 294	69	4 673	5 455	(782)
	Personnel	5 845	6 119	(274)	5 621	4 558	1 063
National Standards and Reviews	Goods and Services	1 965	944	1 021	3 236	1 439	1 797
	Personnel	3 763	2 274	1 489	4 449	1 709	2 740
Institutional Audits	Goods and Services	2 074	1 466	608	2 483	1 195	1 288
	Personnel	3 844	2 878	966	3 697	3 411	286
TOTAL		62 075	54 452	7 623	59 987	49 740	10 247

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Objective Twelve

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

Information Communication Technology (ICT)

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

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

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

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

The primary goals of the ICT function are to:

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

The function is overseen by the ARC, which is a sub-committee of the Council.

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

- Aligning its processes by developing and implementing ICT governance frameworks in line with the Public Service Corporate Governance of Information and Communication Technology Policy Framework. Development and review of ICT policies and procedures.
- Maintenance of the records, file plan and documents in accordance with the principles and standards as set out by the National Archives Records Service of South Africa and the South African National Standards (SANS), respectively;
- Development of an ICT Strategic and Operational plan – 2016/2019;
- Continuous provision of technical support to all stakeholders.

Future ICT goals and plans – 2016/17

Aside from developing, reviewing, and updating ICT policies, procedures, frameworks and systems where appropriate, the main focus for the new financial year will include:

- Assessment of the HEQC Online system, with a medium to long term objective of overall development and/or enhancement and integration;
- Development of internal capacity; and
- Continuation of provision of technical support to all stakeholders.

OVERVIEW OF THE CHE'S PERFORMANCE

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Number One: To provide advice to the Minister of Higher Education and Training on all higher education matters on request and on the CHE's own initiative.	Administration	100% response to requests for advice responded to within the timeframe requested.	100% 2	100%	100% 2	No deviation	The number of responses cannot be predetermined as it is dependent on the number of requests received from the Minister. <ul style="list-style-type: none">• Comments on DHET's draft Policy on Social Inclusion• Comments on amended regulations for the registration of private higher education institutions.
		Number of pieces of advice on own initiative on issues identified as relevant flowing from the activities of the CHE.	2	2	0	Target not met	No pieces of advice (advisory reports) on own initiative on issues identified as relevant flowing from the activities of the CHE were identified during this year. A large 5-yearly research project that could lead to advice has recently been completed and published; discrete advisory reports have yet to be compiled from it.
Number Two: To monitor the state of higher education, including publishing information and convening conferences, seminars and workshops on developments in higher education.	Monitoring and Evaluation	Production of performance indicators report (on-going projects).	1	1	1	No deviation	The <i>VitalStarts</i> 2013 publication is being distributed to institutions. ISBN: 978-1-919856-96-4

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Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Monitoring and Evaluation	Research Projects in progress	4	4	4	No deviation	<p>These projects are long-term projects which will run throughout the year and across financial years. The cumulative total will remain constant at 4. As some of these projects were completed at the end of the quarter, new projects will be initiated in the next quarter.</p> <p>i. Review of the State of Higher Education: 1994-2014 (completed)</p> <p>ii. Reflections on Academic Leadership (completed)</p> <p>iii. Governance Challenges in Public Higher Education (continuing)</p> <p>iv. The role of ICT in higher education (on hold – budget cut)</p> <p>v. Funding (initiated)</p>
		Dissemination of research findings Number of publications	2	2	3	Target exceeded	<p>Publication of research reports.</p> <p>i. Reflections ISBN: 978-1-928331-09-4</p> <p>ii. South African higher education reviewed: Two decades of democracy ISBN: 978-0-9946785-4-3</p> <p>Kagisano 10: Funding ISBN: 978-0-9946785-4-6</p>

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Monitoring and Evaluation	Dissemination of research findings Number of publications	2	2	3	Target exceeded	The Kagisano publication arose from a colloquium on student funding that was organised in response to the current student funding crisis".
Number Three: To develop and manage the HEQSF, including the articulation of qualifications between the three sub-frameworks, namely, the HEQSF, the General and Further Education and Training Qualifications Sub-Framework and the Trades and Occupations Qualifications Sub-Framework.	Programme Accreditation	Percentage of programmes aligned with the HEQSF with an HEQC outcome.	100%	20% of submissions for Category B	100%	No deviation	The HEQSF-alignment project was completed a year ahead of schedule. *The Higher Education Qualifications Framework (HEQF) was promulgated in October 2007 (Government Gazette No 30353 of 5 October 2007). Given the CHE's expanded mandate as the Quality Council for Higher Education in terms of the National Qualifications Framework Act of 2008 (Act No 67 of 2008), the CHE initiated a review of the HEQF in October 2010. As determined by the Minister of Higher Education and Training the name of the HEQF was amended to the
	Programme Accreditation	Percentage of programmes aligned with the HEQSF with an HEQC outcome.	100%	20% of submissions for Category B	100%	No deviation	Higher Education Qualifications Sub-Framework (HEQSF) and the Framework was published as policy of the Council on Higher Education by SAQA in Government Gazette No. 36721, Notice 549, 2 August 2013). This gazette was recalled and it was re-gazetted by the CHE on 17 October 2014, No. 38116.

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Number Four: To develop and implement policy and standards for higher education qualifications to inform and guide the development, registration and publication of qualifications.	Standards Development	Number of standards developed	5 drafts	4	4	No deviation	Second drafts of the B Engineering Technology, and Advanced Diploma in Engineering Standards available for comment. 1 st draft of the Sports Coaching Bachelor degree standard undergoing consultation with the working group. BCom standard 1 st meeting with Academic community March. Initial draft underway
		Review of Standards Development Framework	n/a	1	1	No deviation	Framework has been finalised; Printed and in circulation
Number Five: To maintain a database of learner achievements in higher education and to submit the data to the National Learners' Records Database (NLRD), which is maintained by SAQA.	Monitoring and Evaluation	Percentage of private providers submitting learner records/ achievements for the HEQCIS database.	99% 113 of 114 private providers uploaded information	80% of service providers	95% 127 of 133 private providers uploaded information	Target exceeded	While almost all providers submit data in the bi-annual upload cycles, June and December, the changing total of providers owing to new and providers deregistered accounts for slightly deviating percentages. The number of unique, currently registered private providers that have submitted at least one data load increased from 113 of 114 (99%) in the previous financial year to 127 of 133 (95%) in this financial year, with a total of 347 842 learners now on the system.

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
<p>Number Six: To audit the quality assurance mechanisms of higher education institutions.</p> <p><i>In 2011/2 a decision was taken to change the focus from institutional audits and to focus on improving teaching and learning through the Quality Enhancement Project (QEP)</i></p>	Institutional Audits	Monitoring of progress of reports linked to institutional improvement plans	<p>100%</p> <p>2 audits were closed and 4 institutions continue to be monitored.</p>	<p>100%</p> <p>monitoring of all progress reports received</p>	<p>100%</p> <p>monitoring of all and progress reports received</p>	No deviation	<p>It is anticipated that the implementation of the first cycle of institutional audits improvement plans will be completed by end 2016.</p> <p>The audit of one institution was terminated as the institution experienced ongoing instability at senior management level following a period under administration. The DHET is engaging with the institution. The remaining three institutions are all on track with the audit process as prescribed by the Institutional Audits Committee.</p>

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Institutional Audits	Submission of Institutional Reports on the QEP focus area	n/a	23	21	Target not met	Most universities experienced disruptions to their activities in the last months of 2015. Therefore most asked for an extension to the due date for the report. Two universities are experiencing a number of challenges in submitting their final reports. We are in regular contact with them and they are promising to submit.
		Synthesis of results from QEP Phase 1 focus areas based on the institutional baseline data submitted	n/a	1	1	No deviation	Content Analysis of the Baseline Institutional Submissions for Phase 1 of the Quality Enhancement Project ISBN: 978-1-919856-97-1
		3 workshops for institutions to discuss synthesised report of baseline data linked to QEP focus areas	n/a	3	5	Target exceeded (See note)	Three unique workshops were offered, but two of the workshops were offered twice due to demand.

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Number Seven: To accredit new programmes submitted by public and private higher education institutions and to re-accredit existing programmes offered by private higher education institutions.	Programme Accreditation	Percentage of new accredited programmes with an approved HEQC outcome tabled within 6 months of screening.	n/a	60%	88% 424 programmes	Target exceeded	<p>The number of applications received varies annually.</p> <p>Due to DHET decisions that institutions had to submit new education programmes to be implemented from 2017 there was a huge increase in the number of education applications received and processed.</p> <p>All legacy nursing programmes are to be taught out and replacement programmes submitted. A large number of applications for the different nursing programmes had to be processed.</p> <p>An additional Accreditation Committee had to be scheduled in order to make recommendations to the HEQC due to the large volume of applications that were received.</p> <p>Method of calculation:</p>

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Programme Accreditation	Percentage of new accredited programmes with an approved HEQC outcome tabled within 6 months of screening.	n/a	60%	88% 424 programmes	Target exceeded	<p>The number of applications received varies annually.</p> <p>Due to DHET decisions that institutions had to submit new education programmes to be implemented from 2017 there was a huge increase in the number of education applications received and processed.</p> <p>All legacy nursing programmes are to be taught out and replacement programmes submitted. A large number of applications for the different nursing programmes had to be processed.</p> <p>An additional Accreditation Committee had to be scheduled in order to make recommendations to the HEQC due to the large volume of applications that were received.</p> <p>Method of calculation:</p> <p>The percentage is calculated as the number of decisions taken by the HEQC (including deferrals) in relation to the number of applications received and evaluators appointed. It should be noted that the baseline date was set as the process following the screening process; this is the evaluator appointment date.</p>

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Programme Accreditation	Percentage of new accredited programmes with an approved HEQC outcome tabled within 6 months of screening.	n/a	60%	88% 424 programmes	Target exceeded	The 6 months' timeframe was then calculated from the evaluator appointment date up until the closing date of the Accreditation Committee agenda. All applications first need to serve at an Accreditation Committee before it can be tabled for final recommendation at an HEQC meeting.
		Percentage of re-accredited programmes with an approved HEQC outcome tabled within 18 months of screening.	n/a	65%	65% 129 programmes	No deviation	The methodology for re-accreditation only allows the Directorate to table an entire application which may consist of programme reports, self-evaluation reports and site visit reports per institution. There is always a carry-over of programmes from one quarter to the next. The percentage is calculated as number of decisions taken by the HEQC (including deferrals) in relation to the number of applications for re-accreditation received within The methodology for re-accreditation only allows the Directorate to table an entire application which may consist of programme reports, self-evaluation reports and site visit reports per institution. There is always a carry-over of programmes from one quarter to the next.

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Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	Programme Accreditation	Percentage of re-accredited programmes with an approved HEQC outcome tabled within 18 months of screening.	n/a	65%	65% 129 programmes	No deviation	The percentage is calculated as number of decisions taken by the HEQC (including deferrals) in relation to the number of applications for re-accreditation received within 18 months after payment has been processed.
		Percentage of site visits completed with an HEQC outcome within one year of screening.	n/a	75% of applications received	75% 67 site visits	No deviation	The Accreditation Directorate conducted 67 site visits to 33 institutions in the 2015/2016 cycle The methodology for re-accreditation only allows the Directorate to table an entire application which may consist of programme reports, self-evaluation reports and site visit reports per institution. There is always a carry-over of programmes from one quarter to the next. The percentage is calculated as number of decisions taken by the HEQC (including deferrals) in relation to the number of applications for re-accreditation received within 18 months after payment has been processed.
		Number of training workshops for evaluators discipline groups/report writing	4	4	4	No deviation	Evaluator and capacity building workshops with theology and nursing institutions were hosted.

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Number Eight: To undertake national reviews of existing programmes in specific subject fields and qualification levels offered by public and private higher education institutions.	National Reviews	Finalisation of National report on Bachelor of Social Work programme.	0	1	0	Target not met	The report writer left the country before finalising the report. The report had to be reassigned to another author to complete. Approval and appointment of a replacement took longer than expected. The final draft Report still to be presented to NRC and HEQC for approval.
		Analyse and approve institutional improvement plans relating to the Bachelor of Social Work programme.	n/a	100% of institutional improvement plans received	100% 12	No deviation	4 BSW revised improvement plans re-submitted for consideration by the NRC HEQC in November. 3 Teach-out plans submitted. Follow-up site visit UFS and NMMU took place on 14 October and 7 April respectively. Monitoring of the plans (improvement and Teach-out plans ongoing)
		Development of agreed criteria to guide the national review of the LLB	0	1	1	No deviation	Criteria/minimum standards and Review manual for the LLB review approved by HEQC. Institutions have started drafting their SERs. Completed
		Site visits by peer panels to evaluate the LLB offered by higher education institutions.	n/a	100%	0%	Target not met	Submission of the self-evaluation reports (SERs) postponed due to the delays caused by student unrests in 2015. The institutions asked for extension of the submission dates to the 14 th of May 2016. Site visits depend on the SERs

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
	National Reviews	Number of training workshops for evaluators/ chairs of site visit panels.	n/a	4	1	Target not met	Training of Evaluators and the Chairs can only happen after submission of the SERs. The delay above shifted dates of the process forward.
Number Nine: To promote quality and to develop capacity and understanding of the role of quality assurance in improving quality provision in higher education at both the systemic and institutional levels.	Administration	Number of quality assurance forums for public and private institutions and professional bodies.	2	3	3	No deviation	6 October 2015 public providers 8 October 2015 private providers 4 March 2016 professional councils
		Number of staff training programmes offered.	68% 53 training events	70% of staff undergoing training and development.	88% 42 interventions 37 employees trained	Target exceeded	Due to the number of training interventions per employee, the accumulated total number of employees trained is 37 (this is made up of 3, 14, 15, 5 employees trained in Q1, Q2, Q3 and Q4 respectively).
		Number of staff training programmes offered.	68% 53 training events	70% of staff undergoing training and development.	88% 42 interventions 37 employees trained	Target exceeded	Total number of employees at the CHE is approximately 46 and 37 were trained. The numbers includes employees who left the organisation during the year under review.

Strategic Objective	Programme	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2015/2016	Annual Cumulative Output 2015/2016	Deviation from planned target to Actual Achievement 2015/2016	Comment on deviations
Number Ten: To ensure the development of human resources management environment that enables staff to develop their full potential.	Administration	Filling of critical vacant positions, including reduced turnaround time – maximum three months.	90%	80 % of organisational structure filled.	85 % of organisational structure filled.	Target exceeded	Filled positions versus organisational structure.
Number Eleven: To ensure that financial, administration and supply chain management is compliant with the requirements of the PFMA, relevant Treasury regulations and laws.	Administration	Review, update and develop finance and supply chain policies	n/a	100%	97%	Target not met	Other Finance and Supply Chain Management policies did not require updating because the update is informed by any new developments from National Treasury or GRAP standards. Therefore there was no need to update other policies
Number Twelve: To ensure effective governance and compliance of ICT with statutory requirements.	Administration	Development and implementation of ICT policies, processes and systems which relate to the Framework	n/a	100%	100%	No deviation	25% achieved per quarter. 100% for the year. In line with the DPSA ICT Governance Framework. Procurement and Migration Plan developed. Strategic and Operational Plan 2016/19 revised and approved by Council. ICT Governance Charter approved. Approved policies 2 ICT policies reviewed/developed and approved by Council. - ICT Change Management Policy. - ICT Change Control Committee- Terms of Reference.

B



Part C:

Governance

PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING

The Strategic Plan 2015-2020, Annual Performance Plan 2015/16 and the MTEF Budget 2015/16-2017/18 were presented to the parliamentary Portfolio Committee on Higher Education (PCHET) on 15 April 2015 and to the education portfolio committee of the National Council of Provinces (NCOP) on 3 June 2015.

On 19 August 2015 the PCHET was briefed on the CHE's Twenty Year Review research project.

The Annual Report for the 2014/15 financial year was presented to the Portfolio Committee on Higher Education in the National Assembly on 13 October 2015.

On 4 November 2015 the Chairperson of the CHE and the CEO made a presentation to the parliamentary standing committee on Appropriations on the funding implications of the zero fee increment in universities for 2016.

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

Executive Authority

The Minister of Higher Education and Training, Dr BE Nzimande and the Council met on 4 September 2015 to discuss a range of issues of mutual concern.

The Accounting Authority

Mandates and Objectives of the Council on Higher Education

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

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

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

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

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

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

Roles and Responsibilities

The CHE is a public entity listed under Schedule 3A of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended. In this regard, the Council fulfils the role of the Accounting Authority in terms of section 49 of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended.

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

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

Governance Structure

The Council comprises a Chairperson appointed for five (5) years and thirteen (13) ordinary Council members appointed by the Minister of Higher Education and Training for a period of four (4) years following a public nomination process. Eight (8) non-voting members are appointed by the Minister from nominations respectively by the Director-General of the Department of Higher Education and Training, the Provincial Heads of Education, the Director-General of the Department of Science and Technology, the Director-General of the Department of Labour, the National Research Foundation and the Chief Executive Officers of the South African Qualifications Authority (SAQA), the General and Further Education and Training Quality Assurance Council (Umalusi) and the Quality Council for Trades and Occupations (QCTO), in their official capacities. Three members can be co-opted by the Council.

The members of Council are listed below.

COUNCIL 1 April 2015 - 31 March 2016					
Name	Designation	Appointed in own right	Appointed	Number of meetings attended	Fees (in rands)
Prof. Themba Mosia	Chairperson	Vice Principal, Student Affairs and Residence Affairs and Accommodation, University of Pretoria	July 2013	7 of 7	58 368
Mr Luzuko Buku	Member	Secretary General SASCO	15 December 2014	6 of 7	41 624
Prof. Chris de Beer	Member	University of Pretoria	15 December 2014	5 of 7	34 056
Prof. André Keet	Member	Director: Institute for Reconciliation and Social Justice, University of the Free State	15 December 2014	6 of 7	37 840

COUNCIL 1 April 2015 - 31 March 2016					
Name	Designation	Appointed in own right	Appointed	Number of meetings attended	Fees (in rands)
Mr Casper Kruger	Member	Chief Executive Officer: False Bay TVET College	15 December 2014	4 of 7	Not remunerated
Prof. Pamela Maseko	Member	Lecturer: Rhodes University	15 December 2014	5 of 7	30 272
Dr Bandile Masuku	Member	Chris Hani Baragwanath Hospital, Gauteng Department of Health	Appointed 15 April 2009. Re-appointed May 2013 Re-appointed December 2014	3 of 7	18 920
Prof. Shireen Motala	Member	Director: Postgraduate Centre for Education and Innovation, University of Johannesburg.	December 2010 Re-appointed December 2014	5 of 7	37 840
Ms Nombulelo Nxesi	Member	Chief Executive Officer: Education, Training and Development Practices (ETDP) SETA	15 December 2014	4 of 7	Not remunerated
Dr Kimberley Porteus	Member	Executive Director: Nelson Mandela Institute for Education and Rural Development	15 December 2014	4 of 7	30 272
Prof. Selby Ripinga	Member	Independent Consultant	15 December 2014	6 of 7	37 840
Prof. Ratnamala Singh	Member	Independent Consultant	15 December 2014	4 of 7	22 704
Prof. Beverley Thaver	Member	Faculty of Education, University of the Western Cape	December 2010	7 of 7	45 408

COUNCIL 1 April 2015 - 31 March 2016					
Name	Designation	Appointed in own right	Appointed	Number of meetings attended	Fees (in rands)
Dr Mvuyo Tom	Member	Vice-Chancellor: University of Fort Hare	15 December 2014	5 of 7	34 056
Dr Molapo Qhobela	Co-opted Member* *Membership status amended to non-voting member in March 2016 as Dr Qhobela had been appointed CEO of the NRF.	Chief Executive Officer, National Research Foundation	October 2012 Non-voting March 2016	5 of 7	Not remunerated
Prof. Sophie Mogotlane	Co-opted Member	Independent Consultant	October 2012		
Prof. John Mubangizi	Co-opted Member	Deputy Vice-Chancellor and Head of the College of Law and Management Studies, University of KwaZulu-Natal	April 2015	5 of 6	30 272
Non-voting members		Representing organisation			
Mr Sagren Govender	Department of Labour	Chief Director: Work Seeker Services and Technical Support	September 2015	1 of 2	Not remunerated
Mr Suren Govender	Department of Basic Education	Chief Director: Curriculum Implementation and Monitoring, Department of Basic Education	November 2015	1 of 2	Not remunerated
Ms Joyce Mashabela	QCTO	Chief Executive Officer: Quality Council for Trades and Occupations	n/a	3 of 7	Not remunerated
Mr Joe Samuels	SAQA	Chief Executive Officer: South African Qualifications Authority	n/a	5 of 7	Not remunerated

COUNCIL 1 April 2015 - 31 March 2016					
Name	Designation	Appointed in own right	Appointed	Number of meetings attended	Fees (in rands)
Dr Diane Parker	DHET	Deputy Director General: Department of Higher Education and Training	n/a	6 of 7	Not remunerated
Dr Thomas Auf Der Heyde	DST	Deputy Director General: Human Capital and Knowledge Systems, Department of Science and Technology	n/a	1 of 3	Not remunerated
Dr Mafu Rakometsi	Umalusi	Chief Executive Officer: the Council for Quality Assurance in General and Further Education and Training (Umalusi)	n/a	4 of 7	Not remunerated

The details of Council members, including their qualifications, areas of expertise and directorships/membership of other organisations are listed in the table on page 71

Committees and Sub-Committees

Permanent Committee

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

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

The recent term of office of the HEQC ended on 31 March 2015. The Council, in the interests of continuity, re-appointed 8 members who were eligible to serve a second term from 1 April 2015 to 31 March 2018. 4 new members were appointed and Prof. Mubangizi was appointed Chairperson.

HIGHER EDUCATION QUALITY COMMITTEE (HEQC)						
Name	Designation	Appointed in own right	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Prof. Theo Andrew	Member	Executive Dean: Faculty of Engineering and the Built Environment, Durban University of Technology	April 2012 (Reappointed for second term)		3 of 4	22 704
Dr Vanessa Brown	Member	Director, Academic Planning Unit, University of the Western Cape	July 2015		3 of 3	22 704
Prof. Usuf Chikte	Member	Executive Head: Interdisciplinary Health Sciences, University of Stellenbosch.	April 2012 (Reappointed for second term)		4 of 4	30 272
Prof. Andrew Crouch	Member	Deputy Vice Chancellor (Academic) and Vice-Principal, University of the Witwatersrand	Appointed July 2015		1 of 3	7 568
Dr Andrew Kaniki	Member	Executive Director: Knowledge Management and Strategy, National Research Foundation	April 2012 (Reappointed for second term)		1 of 4	Not remunerated
Dr Wendy Kilfoil	Member	Director: Department for Education Innovation, University of Pretoria	Appointed July 2015		3 of 3	22 704
Prof. John Mubangizi	Chairperson	Deputy Vice-Chancellor and Head: College of Law and Management Studies, University of KwaZulu-Natal	April 2012 (Reappointed for second term)		3 of 4	29 184

HIGHER EDUCATION QUALITY COMMITTEE (HEQC)						
Name	Designation	Appointed in own right	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Ms Nicolene Murdoch	Member	Executive Director: Teaching, Learning and Quality Assurance, Monash University, South Africa.	April 2012 (Reappointed for second term)		3 of 4	22 704
Prof. Nthabiseng Ogude	Member	Vice-Chancellor: Tshwane University of Technology	April 2012 (Reappointed for second term)		2 of 4	15 136
Prof. Martin Oosthuizen	Member	Deputy Vice Chancellor: Teaching and Learning, North-West University	April 2012 (Reappointed for second term)		4 of 4	30 272
Dr Caroline Selepe	Member	Director: Quality Promotion, Tshwane University of Technology	July 2015		2 of 3	15 136
Prof. Rocky Ralebipi-Simela	Member	Chief Executive Officer: National Library of South Africa	April 2012 (Reappointed for second term)		2 of 4	Not remunerated
Dr Diane Parker	Ex-officio Member	Director General: Universities, DHET			3 of 4	Not remunerated

Sub-committees

The Council has four (4) standing committees, namely:

Executive Committee (EXCO) established in terms of section 13 of the Higher Education Act;

Audit and Risk Committee (ARC);

Human Resources and Remuneration Committee (HRRC);

Monitoring and Evaluation Committee (MEC).

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

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

EXECUTIVE COMMITTEE					
Members	Designation	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Prof. Themba Mosia	Chairperson	July 2013		3 of 4	19 456
Dr Bandile Masuku	Council Member	Re-appointed June 2011 and April 2015		4 of 4	22 704
Prof. Shireen Motala	Council Member	Appointed April 2015		4 of 4	22 704
Dr Diane Parker	Council Member	Re-appointed June 2011 and April 2015		2 of 4	Not remunerated
Prof. Selby Ripinga	Council Member	Appointed April 2015		4 of 4	24 864
Prof. John Mubangizi	Chair of the HEQC	By invitation		1 of 2	7 568

AUDIT AND RISK COMMITTEE						
Members	Designation	Appointed in own right	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Dr Doeke Tromp	Chairperson	Independent Consultant	Re-appointed June 2011, July 2014 and April 2015. Chairperson from September 2013 – April 2015.	March 2016	5 of 5	25 936
Mr Malson Chilenge	Expert Member	Independent Consultant	April 2013		5 of 5	45 920
Mr Joe Samuels	Council Representative	Chief Executive Officer: SAQA	March 2012 Reappointed April 2015		4 of 4	Not remunerated
Prof. Quintus Vorster	Expert Member Chairperson from April 2015	Director Finance: University of Pretoria	May 2014		5 of 5	69 728
Ms Vuyo Memani-Sedile	Expert Member	Executive Director: Finance, UNISA	May 2014		3 of 5	27 552

HUMAN RESOURCES AND REMUNERATION COMMITTEE						
Members	Designation	Appointed in own right	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Ms Jennifer Browning	Expert Member	Independent Consultant	June 2011	March 2015	2 of 2	9 184
Ms Tina Georgoulakis	Expert Member	Independent Consultant	August 2012 Re-appointed March 2015		2 of 2	9 184
Prof. André Keet	Member	Council Member	Appointed April 2015		1 of 1	7 568
Mr Casper Kruger	Member	Council Member	Appointed April 2015		1 of 1	Not remunerated
Dr Molapo Qhobela	Chairperson Council member	Chief Executive Officer: National Research Foundation	Appointed April 2015		1 of 1	Not remunerated

MONITORING ANAND EVALUATION COMMITTEE						
Members	Designation	Appointed in own right	Appointed	Resigned	Number of meetings attended	Fees (in rands)
Mr Luzuko Buku	Council member		April 2015		1 of 1	Not remunerated
Prof. Christiaan de Beer	Council member		April 2015		1 of 1	Not remunerated
Prof. Sophie Mogotlane	Council member		April 2015		1 of 1	Not remunerated
Prof. Beverley Thaver	Council Member		June 2011 Re-appointed April 2015		1 of 1	Not remunerated

Remuneration of Council Members

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

Risk Management

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

Materiality Framework

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

Internal Audit

The internal audit function is contracted out as the Council does not consider it economically feasible to establish an in-house internal audit function due to the nature and size of the CHE. However, the ARC is responsible for monitoring the internal audit function and for evaluating the effectiveness of the internal controls in place, including recommending improvements to Council where appropriate.

Auditors

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

Compliance with laws and regulations

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

Audit Report Matters in the Previous Year

A consolidated strategic audit action plan was developed and implemented and this resulted in 2 audit findings from the internal auditors (classified as medium) and 6 audit findings from external auditors (4 classified as other important matters and 2 as administrative matters) being addressed.

Supply Chain Management

There were no unsolicited bids.

Fraud and Corruption

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

No fraud was reported during this financial year.

Subsequent events

The Council is aware of one subsequent event arising after the end of the financial year, which is disclosed in note 26 of the Financial statements.

Minimising Conflicts of Interest

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

Code of Conduct

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

Health, Safety and Environmental Issues

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

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

The CHE is also cognisant of the need to ensure that the work environment is environmentally sustainable. In this regard, efforts have been made to ensure that lights and other appliances are switched off appropriately at the end of the working day and paper is recycled. The Council is, however, aware that the actions taken to date are limited and require further development.

Social Responsibility

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

Audit and Risk Committee Report

See page 87, in Part E, for the full report.

Council Members (Appointed by the Minister of Higher Education and Training)

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Prof. Themba Mosia	Chairperson	EXCO	PhD	<ul style="list-style-type: none"> Medical education Governance Quality assurance Management Leadership 	NSFAS
Mr Buku Luzuko	Member	MEC	Master of Social Sciences	<ul style="list-style-type: none"> Higher Education Media Management and Studies Public Relations Urban Studies 	None
Prof. Chris de Beer	Member	MEC	LL.D	<ul style="list-style-type: none"> Higher Education 	None
Prof. André Keet	Member		PhD – Education Management, Law and Policy	<ul style="list-style-type: none"> Higher Education Transformation Social Justice, Social Cohesion and Reconciliation Human Rights and Human Rights Education 	Chair of Board, Centre for Education Rights and Transformation, University of Johannesburg Council Member, INSETA Committee Member, Centre for Education Law and Policy, University of Pretoria EECA Consulting, Shareholder Council Member, Stellenbosch University

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Mr Casper Kruger	Member		BEd Education Management	<ul style="list-style-type: none"> Technical, vocational education and training 	Trustee, Access Trust. Board Member, SA Society of Co-operative Education (SASCE) representing the national South African College Principals Organisation.
Dr Pamela Maseko	Member		PhD	<ul style="list-style-type: none"> Sociolinguistics and sociology of language Language Policy and Planning in Education (Focus on African context) 	None
Dr Bandile Masuku	Member	EXCO	Fellow of the College of Obstetrics and Gynaecology (FCOG)	<ul style="list-style-type: none"> Communications Policy development Community work Medical skills Leadership 	Tshwane University of Technology
Prof. Shireen Motala	Member	MEC	PhD	<ul style="list-style-type: none"> Higher education policy 	None
Ms Nombulelo Nxesi	Member		Masters in Business Leadership	<ul style="list-style-type: none"> Strategy and leadership Governance Policy analysis 	None

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Dr Kimberley Porteus	Member		Doctor of Philosophy, Education	<ul style="list-style-type: none"> • Pedagogical innovation in higher education • Teacher professional development • Relationship between higher education and rural community development 	None
Prof. Simeon Ripinga	Member	EXCO	D.Ed	<ul style="list-style-type: none"> • Leadership and Governance • Teaching and Student Learning • Academic Training and Development 	Managing Director ThinkSuccess Pty Ltd
Prof. Ratnamala Singh	Member		D.Phil Philosophy	<ul style="list-style-type: none"> • International and Comparative Higher Education Policy • Quality Assurance • Higher Education and Society • Science Policy • Higher education 	None
Prof. Beverley Thaver	Member	MEC	PhD (Education)		None

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Dr Mvuyo Tom	Member		M.Fam Med	<ul style="list-style-type: none"> Strategic Leadership and Governance Public Policy Development and Management 	Director – Nelson Mandela Institute Director – Fore Hare Trading Solutions Masibumbane Development Organisation Trustee – Fort Hare Foundation Trustee – Senzwa Family Trust
Prof. Sophie Mogotlane	Co-opted member		PhD	<ul style="list-style-type: none"> Community health Research 	None
Dr Molapo Qhobela	Co-opted member	HRRC	PhD	<ul style="list-style-type: none"> Higher education Governance Planning 	Trustee – Cradle of Human Kind Director – South African Actuarial Development Programme Trustee – UNISA Foundation

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Non-Voting					
Dr Thomas Auf der Heyde (DST)	Department of Science and Technology		PhD (Chemistry)	<ul style="list-style-type: none"> Higher education and science and technology management and policy 	<ul style="list-style-type: none"> Africa Institute of South Africa
Prof. Narend Baijnath	Chief Executive Officer: Council on Higher Education	EXCO ARC HRRC HEQC	PhD	<ul style="list-style-type: none"> Higher Education policy, planning and development Quality Assurance Higher Education leadership Internationalisation Business intelligence Organizational architecture ICTs in higher education 	<ul style="list-style-type: none"> Commonwealth of Learning Board and Exco RohMoh Investments [dormant] HAQAA Advisory Board SAQA UMALUSI QCTO ASSAf [member] SAQAN exco
Ms Joyce Mashabela (QCTO)	Quality Council for Trades and Occupations		MA	<ul style="list-style-type: none"> Education and administration 	<ul style="list-style-type: none"> Umlusi SAQA QCTO
Dr Diane Parker (DHET)	Department of Higher Education and Training	EXCO HEQC	PhD	<ul style="list-style-type: none"> Teacher education Higher education Mathematics education 	<ul style="list-style-type: none"> Peta Source cc (50% partnership)

Name	Designation	Other CHE committees	Qualification	Area of Expertise	Directorships / Council Memberships
Non-Voting					
Dr Mafu Rakometsi (Umlusi)	Umlusi		PhD	<ul style="list-style-type: none"> General and further education and training – curriculum and examinations 	<ul style="list-style-type: none"> Umlusi Council SAQA QCTO Helderberg College Council
Mr Joe Samuels (SAQA)	South African Qualifications Authority	ARC	MPhil	<ul style="list-style-type: none"> Adult education Continuing education policy Qualifications Quality assurance 	<ul style="list-style-type: none"> SAQA QCTO Umlusi
Mr Suren Govender	Department of Basic Education	None	Masters of Art	<ul style="list-style-type: none"> Education Management and Administration Curriculum Development and Delivery 	<ul style="list-style-type: none"> None
Mr Sagren Govender	Department of Labour	None	Master of Business Administration, (MBA)	<ul style="list-style-type: none"> Public Employment Services 	<ul style="list-style-type: none"> None



Part D:

Human Resource Management

OVERVIEW

For an overview of the human resources section please see page 39 Part B.

Human Resources Oversight Statistics

Personnel cost by programme

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
	(R'000)	(R'000)			(R'000)
Administration*	29 361	12 952	44%	21	1.00
Monitoring and Evaluation	7 116	4 138	58%	6	1.00
Programme Accreditation	10 413	6 119	58%	9	1.00
National Standards and Reviews	3 218	2 274	71%	3	1.00
Institutional Audits	4 344	2 878	66%	5	1.00
TOTAL	54 452	28 361	52%	44	1.00

* Administration refers to Corporate Services, the Chief Executive Officer's office and Quality Promotion and Capacity Development

Personnel cost by salary band

Level	Personnel Expenditure	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee
	(R'000)			
Top Management	856	3.11%	1	859
Senior Management	8 427	34.15%	7	1 346
Professional qualified	7 082	25.66%	10	708
Skilled	11 705	36.00%	24	414
Semi-skilled	0	0	0	0
Unskilled	291	1.05%	2	146
TOTAL	28 361	100%	44	627

Performance Rewards

Level	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	0	856	0
Senior Management	432	8 427	4.58%
Professional qualified	204	7 082	2.88%
Skilled	302	11 705	3.04%
Semi-skilled	0	0	0
Unskilled	11	291	3.78%
TOTAL	949	28 361	3.44%

Training Costs

Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
	(R'000)	(R'000)			
Administration*	12 952	184	1.42%	13	14
Monitoring and Evaluation	4 138	46	1.11%	4	12
Accreditation	6 119	21	3.24%	4	5
National Standards and Reviews	2 274	6	0.26%	2	3
Institutional Audits	2 878	17	0.59%	5	3
TOTAL	28 361	274	0.96%	28	10

* Administration refers to Corporate Services, the Chief Executive Officer's office and Quality Promotion and Capacity Development

* Excludes accommodation and travelling

Employment and vacancies - by Directorate

Directorate	2014/2015 Number of Employees	2015/2016 Approved posts	2015/2016 Number of Employees	2015/2016 Vacancies	% of vacancies
Administration*	20	22	21	1	4.54%
Monitoring and Evaluation	7	7	6	1	14.28%
Programme Accreditation	10	11	9	2	18.18%
**National Standards and Reviews	3	5	3	2	40%
Institutional Audits	6	7	5	2	28.57%
TOTAL	46	52	44	8	15.38%

* Administration refers to Corporate Services, the Chief Executive Officer's office and Quality Promotion and Capacity Development

** Due to the merging of two directorates, one position was removed the organisational structure

Employment and vacancies - (by level)

Level	2014/2015 Number of Employees	2015/2016 Approved posts	2015/2016 Number of Employees	2015/2016 Vacancies	% of vacancies
Top Management	0	1	1	0	0%
Senior Management	7	7	7	0	0%
Professional qualified	14	14	10	4	28.57%
Skilled	23	28	24	4	14.28%
Semi-skilled	0	0	0	0	0%
Unskilled	2	2	2	0	0%
TOTAL	46	52	44	8	15.38%

Employment Changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	1	0	1
Senior Management	7	0	0	7
Professional qualified	14	2	6	10
Skilled	23	4	3	24
Semi-skilled	0	0	0	0
Unskilled	0	0	0	2
TOTAL	46	7	9	44

Note: The lines above do not add up horizontally
There have been internal transfers/promotions of staff members and two directorates merged

Reasons for Staff Leaving

Reason	Number	% of total number of staff leaving
Death	0	0%
Resignation	7	15.90%
Dismissal	1	2.27%
Retirement	1	2.27%
Ill Health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	9	20.44%

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	1	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	3	0	0	1	0	0	1	0
Skilled	6	0	1	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	1
Total	11	0	1	1	1	0	1	1

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	2	0
Professional qualified	3	0	0	0	0	0	3	0
Skilled	14	0	0	0	0	0	3	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	2	0	0	1	0	0	0	0
Total	21	0	0	1	1	0	8	0

Levels	Disabled Staff	
	Current	Target
Top Management	0	0
Senior Management	0	0
Professional qualified	0	1
Skilled	0	0
Semi-skilled	0	0
Unskilled	0	0
TOTAL	0	1

D

Equity Target and Employment Equity Status (continued)

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	1	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional qualified	3	0	0	1	0	0	1	0
Skilled	6	0	1	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	1
Total	11	0	1	1	1	0	1	1
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	2	0
Professional qualified	3	0	0	0	0	0	3	0
Skilled	14	0	0	0	0	0	3	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	2	0	0	1	0	0	0	0
Total	21	0	0	1	1	0	8	0

Levels	Disabled Staff	
	Current	Target
Top Management	0	0
Senior Management	0	0
Professional qualified	0	1
Skilled	0	0
Semi-skilled	0	0
Unskilled	0	0
TOTAL	0	1



Part E:

Annual Financial Statements

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STATEMENT OF RESPONSIBILITY

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

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

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

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

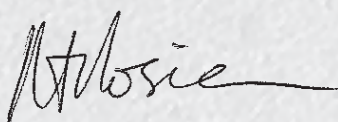
The Council is of the opinion, based on the information and explanations given by management in response to the internal and external audit reports, that the system of financial internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial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

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

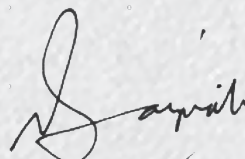
The Council is primarily responsible for how the financial affairs of the CHE are governed and overseen.

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

The annual financial statements set out on page 95 to 114 which have been prepared on the basis that it is a going concern, were approved by the Council on 28th July 2016 and were signed on its behalf by:



Prof. N. Themba Mosia
Chairperson



Prof. Narend Baijnath
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

Audit and Risk Committee members and attendance

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

Name of member	Number of meetings attended
Prof. Q Vorster (Chairperson)	5 of 5
Mr M Chilenge	5 of 5
Mr J Samuels	4 of 4
Dr D Tromp	5 of 5
Ms V Memani-Sedile	3 of 5

Audit and Risk Committee responsibility

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

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

The effectiveness of internal control

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

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

Internal Audit

Internal Audit Services have been outsourced for a period of 3 years ending 2017. The Committee is satisfied that the key risks have been identified, assessed and have received adequate attention. In compliance with the PFMA, the internal audit plans for 2016 financial year were risk-based and fully implemented.

External Audit

The committee agreed to the audit plan and audit fee for the 2016 financial year. The fee is considered appropriate for the work and services rendered by the external auditors. The external auditors have remained independent through the financial year. The Committee satisfied itself of their continued objectivity and competence.

Monthly and Quarterly reports submitted in terms of the act

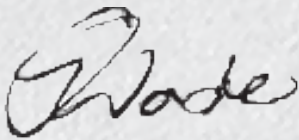
The Committee is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Council during the year under review.

Evaluation of annual financial statements

The Committee has:

- reviewed and discussed with the Auditor-General South Africa (AGSA) and the Accounting Authority the audited Annual financial statements to be included in the annual report;
- reviewed the Auditor General's management report and management response thereto; and
- reviewed significant adjustments resulting from the audit.

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



Prof. Q Vorster

Chairperson of the Audit and Risk Committee

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Council on Higher Education set out on pages 95 to 124, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council on Higher Education as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of GRAP, and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 24 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the Council on Higher Education at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2016:
- Programme: Monitoring and Evaluation on page 45
 - Programme: Standard Developments on page 48
 - Programme: Institutional Audits on page 49
 - Programme: Programme Accreditation on page 51
 - Programme: National Reviews on page 55
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. The material findings in respect of the selected programmes are as follows:

Programme: monitoring and evaluation

Usefulness of reported performance information

14. The FMPPI requires performance indicators to have clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 50% of indicators were not well defined.
15. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 25% of the indicators were not verifiable.
16. The FMPPI requires performance targets to be specific in clearly identifying the nature and required level of performance. A total of 50% of targets were not specific.
17. The FMPPI requires performance targets to be measurable. A total of 50% of targets were not measurable.
18. The FMPPI requires the period or deadline for delivery of targets to be specified. A total of 25% of targets were not time bound.

Reliability of reported performance information

19. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 25% of indicators.

Programme: institutional audits

Usefulness of reported performance information

20. The FMPPI requires performance targets to be measurable. A total of 25% of targets were not measurable.

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 25% of indicators.

Programme: standard developments

Usefulness of reported performance information

22. The FMPPI requires performance indicators to have clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 50% of important indicators were not well defined.
23. The FMPPI requires performance targets to be measurable. A total of 100% of targets were not measureable.

Reliability of reported performance information

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 50% of indicators.
25. I did not raise any material findings on the usefulness and reliability of the reported performance information of the following programmes:
- National reviews
 - Programme accreditation

Additional matter

26. I draw attention to the following matter:

Achievement of planned targets

27. Refer to the annual performance report on pages 45 to 57 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 14 to 24 of this report.

Compliance with legislation

28. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

29. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of property, plant and equipment and commitments identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on annual performance report and the findings on compliance with legislation included in this report.

Leadership

31. The adequate review and monitoring controls of commitments reported in the financial statements, and reassessment of useful lives, depreciation method and residual values of property, plant and equipment, were not implemented during the year under review.

32. Management did not adequately oversee compliance with National Treasury's FMPPi to ensure that indicators are well defined and performance targets are specific in clearly identifying the nature and required level of performance for the programmes reported.

Financial and performance management

33. Year-end reconciliations were not always performed to prevent and detect errors in the commitment schedule and to ensure complete and accurate financial information.

Auditor - General.

Pretoria

30 July 2016



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ACCOUNTING AUTHORITY REPORT

The Council submits its report for the year ended 31 March 2016.

1. Mandate and Objectives of the Council on Higher Education

The Council on Higher Education (CHE) is a public entity listed under Schedule 3A of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended. It adheres to principles of good governance, financial and performance management and is held accountable to the Parliament of the Republic of South Africa.

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

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

2. Role and responsibilities

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

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

- overseeing effective, efficient and transparent systems of financial and risk management and internal control, internal audit and procurement;
- taking effective and appropriate steps to collect revenue due, to prevent irregular, fruitless and wasteful expenditure, and prevent losses from criminal conduct and expenditure as a result of non compliance with operational policies; managing and safeguarding the assets, liabilities, revenue and expenditure of the CHE;
- ensuring compliance with applicable legislation; and
- ensuring that there is an effective and appropriate disciplinary system for failure to comply with the PFMA and the internal control system.

3. Going concern

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

4. Governance of the Council on Higher Education

Council

The Council comprises a Chairperson appointed for five (5) years and thirteen (13) ordinary Council members each appointed for a period of four (4) years. Eight (8) non-voting members are appointed to the Council, nominated respectively by the Director-General of the Department of Higher Education and Training, the Provincial Heads of Education, the Director-General of the Department of Science and Technology, the Director-General of the Department of Labour, the National Research Foundation and the Chief Executive Officers of the: South African Qualifications Authority (SAQA), the General and Further Education and Training Quality Assurance Council (Umalusi) and the Quality Council for Trades and Occupations (QCTO) in their official capacities. Three members can be co-opted by the Council.

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

Committees and Sub-committees

Permanent Committee

The Council has one (1) permanent committee, the Higher Education Quality Committee (HEQC). The HEQC has executive responsibility for quality promotion and quality assurance in higher education. The functions of the HEQC in terms of the Higher Education Act are to:

- promote quality in higher education;
- audit the quality assurance mechanisms of higher education institutions; and
- accreditation of programs of higher education.

Sub-committees

On 31 March 2016 four (4) Council sub-committees were in place and were fully functional, namely:

1. Executive Committee (EXCO);
2. Audit and Risk Committee (ARC);
3. Human Resources and Remuneration Committee (HRRC); and
4. Monitoring and Evaluation Committee (MEC).

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

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

5. Subsequent events

The Council is aware of one subsequent event arising after the end of the financial year, which is disclosed in note 26 of the Financial statements.

6. Risk Management

The CHE has reviewed its risk profile during the course of the year to consider the extent to which potential events may have an impact on the achievement of the CHE's objectives.

Emerging events were assessed from two perspectives – likelihood and impact – and a number of risks, predominantly on a strategic level, were identified and weighed.

7. Materiality and significant framework

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

8. Internal audit

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

9. Auditors

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

Statement of Financial Position

as at 31 March 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	14 804 887	19 102 406
Receivables from exchange transactions	2	351 151	143 745
Prepayments	4	269 100	290 122
		15 425 138	19 536 273
Non-Current Assets			
Property, plant and equipment	5	31 911 380	32 813 443
Intangible assets	6	3 156 530	3 506 611
		35 067 910	36 320 054
Total Assets		50 493 048	55 856 327
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	8 717 143	6 189 948
Provisions	9	999 751	762 351
		9 716 894	6 952 299
Non-Current Liabilities			
Unspent conditional grants and receipts	10	774 163	3 992 329
Total Liabilities		10 491 057	10 944 628
Net Assets		40 001 991	44 911 699
Reserves			
Revaluation reserve		4 914 475	4 914 475
Accumulated surplus		35 087 516	39 997 224
Total Net Assets		40 001 991	44 911 699

Statement of Financial Performance

For the year ended 31 March 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Exchange revenue		4 207 811	3 548 825
Interest received - investment	11	1 297 485	1 263 195
Non exchange revenue	12	44 037 166	43 928 110
Total revenue		49 542 462	48 740 130
Expenditure			
Personnel	13	(28 360 890)	(25 035 961)
Depreciation and amortisation		(2 323 754)	(2 262 814)
Interest paid		-	(990)
Bad debts written off		-	(7 000)
Repairs and maintenance		(1 090 646)	(1 037 162)
Loss on disposal of assets		(250 854)	-
General expenses	14	(22 426 026)	(21 445 720)
Total expenditure		(54 452 170)	(49 789 647)
Deficit for the year		(4 909 708)	(1 049 517)

Statement of Changes in Net Assets

For the year ended 31 March 2016

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Restated Balance at 01 April 2014	4 914 475	41 046 741	45 961 216
Changes in net assets			
Deficit for the year	-	(1 012 263)	(1 012 263)
Total changes	-	(1 012 263)	(1 012 263)
Opening balance as previously reported			
Adjustments	4 914 475	40 034 478	44 948 953
Restatements	-	(37 254)	(37 254)
Restated* Balance at 01 April 2015 as restated*	4 914 475	39 997 224	44 911 699
Changes in net assets			
Deficit for the year	-	(4 909 708)	(4 909 708)
Total changes	-	(4 909 708)	(4 909 708)
Balance at 31 March 2016	4 914 475	35 087 516	40 001 991

Cash Flow Statement

For the year ended 31 March 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Grants		44 037 166	43 928 110
Interest income		1 297 485	1 263 195
Other receipts		4 207 811	3 548 825
		49 542 462	48 740 130
Payments			
Employee costs		(28 360 890)	(25 035 961)
Suppliers		(24 156 625)	(22 524 459)
		(52 517 515)	(47 560 420)
Net cash flows from operating activities	15	(2 975 053)	1 179 710
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1 225 377)	(1 163 007)
Proceeds from disposal of property, plant and equipment		247	-
Purchase of intangible assets	6	(97 336)	(644 501)
Net cash flows from investing activities		(1 322 466)	(1 807 508)
Net increase/(decrease) in cash and cash equivalents			
		(4 297 519)	(627 798)
Cash and cash equivalents at the beginning of the year		19 102 406	19 730 204
Cash and cash equivalents at the end of the year	3	14 804 887	19 102 406

Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2016

Budget on Cash Basis

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

Revenue

Revenue from exchange transactions

Exchange revenue	4 000 000	-	4 000 000	4 207 811	207 811
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Interest received - investment	851 000	-	851 000	1 297 485	446 485
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Total revenue from exchange transactions	4 851 000	-	4 851 000	5 505 296	654 296
---	------------------	----------	------------------	------------------	----------------

Revenue from non-exchange transactions

Non exchange revenue	42 996 000	-	42 996 000	44 037 166	1 041 166
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Transfer revenue

Surplus funds rolled-over	-	14 228 697	14 228 697	14 228 697	-
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Total revenue from non-exchange transactions	42 996 000	14 228 697	57 224 697	58 265 863	1 041 166
---	-------------------	-------------------	-------------------	-------------------	------------------

Total revenue	47 847 000	14 228 697	62 075 697	63 771 159	1 695 462
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Expenditure

Personnel	(31 359 877)	-	(31 359 877)	(28 360 890)	2 998 987
-----------	--------------	---	--------------	--------------	-----------

Depreciation and amortisation	(2 156 430)	-	(2 156 430)	(2 323 754)	(167 324)
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Repairs and maintenance	(2 610 940)	-	(2 610 940)	(1 090 646)	1 520 294
-------------------------	-------------	---	-------------	-------------	-----------

Loss on disposal of assets	-	-	-	(250 854)	(250 854)
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General expenses	(11 719 753)	(14 228 697)	(25 948 450)	(22 426 026)	3 522 424
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Total expenditure	(47 847 000)	(14 228 697)	(62 075 697)	(54 452 170)	7 623 527
--------------------------	---------------------	---------------------	---------------------	---------------------	------------------

Reconciliation for non cash items

2015 Surplus	9 318 989
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- Depreciation and amortisation 2 323 755
- Loss on disposal of assets 250 854
- Capital expenditure (1 322 713)

Surplus funds available	10 570 885
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Statement of Comparison of Budget and Actual Amounts (continued)

For the year ended 31 March 2016

Budget differences

Revenue from exchange transactions was higher than budget due to more applications for accreditation being received from private institutions as well as more interest received than anticipated on invested amount.

Revenue from non-exchange transaction is higher than the budget due to a merger between the Programme Standards Developments and National Reviews and now operating at full capacity and also approved surplus from the prior year by National Treasury.

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

General expenses under spent as a result of late approval of roll-over of surplus funds and these funds were therefore not fully utilised by the end of the last quarter.

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Effective interest rate

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

Allowance for doubtful debts

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

1.2 Property, plant and equipment

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

Property, plant and equipment (continued)

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

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

An impairment loss is recognised immediately in the surplus or deficit, except where an asset is carried at a revalued amount in accordance with another GRAP standard on property,

Property, plant and equipment (continued)

plant and equipment. Such an impairment loss is treated as a revaluation decrease to the extent of the revaluation surplus available.

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

Item	Average useful life
Land	Indefinite
Buildings	30 years
Furniture and fixtures	1-21 years
Office equipment	1-15 years
IT equipment	1-13 years

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

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

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

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

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

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

Revaluation of Land and Building

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

Revaluations are done by an independent valuer every 3 years so that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. The fair value of Land and Buildings measured using the valuation model is based on market values.

Change in estimate

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

1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from CHE and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the CHE intends

to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the CHE or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

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

Intangible assets are derecognised:

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

1.4 Financial instruments

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

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

Financial Assets

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

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

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

Trade and other payables

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

1.5 Leases

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.6 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.7 Provisions and contingencies

Provisions are recognised when the CHE has a present obligation as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation. All the provisions of the CHE are short-term in nature and thus ignore the effect of discounting.

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

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

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

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

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

1.8 Revenue from exchange transactions

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

The CHE receives exchange revenue from the Private institutions as indicated below:

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

Interest received

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

1.9 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Unspent conditional grant

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

1.10 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

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

1.10 Fruitless and wasteful expenditure

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

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

1.11 Irregular expenditure

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

- (a) The PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

1.12 Budget information

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

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

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

1.13 Related parties

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

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

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

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

1.14 Standards of GRAP not yet effective

The following standards have been approved but are not effective at 31 March 2016

GRAP 108 on Statutory Receivables; and

GRAP 20 on Related Party Disclosures.

1.15 Events after reporting date

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

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

The CHE shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

Non-adjusting events after the reporting date

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

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

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

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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2. Receivables from exchange transactions

Trade debtors	12 625	111 455
Deposits	7 045	7 045
Over payment to supplier	270 652	9 000
Staff loans	60 829	16 245
	351 151	143 745

Trade and other receivables pledged as security

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

Credit quality of trade and other receivables

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

Fair value of receivables from exchange transactions

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2016, R10,000.00 (2015: R0) were past due but not impaired.

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

3 months past due	10 000	-
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The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable stated above. The CHE does not hold any collateral as security .

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

3. Cash and cash equivalents

Cash on hand	55	2 609
Standard Bank: Current Account	637 117	1 825 936
Investec Investment Account	14 157 046	17 026 565
South African Reserve Bank Account	-	19 006
Standard Bank: Private Accreditation funds	10 669	228 290
	14 804 887	19 102 406

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

2016

2015

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

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

The CHE holds a short term investment account at Investec Bank where surplus cash is held during the year earning an average interest of 6% pa. This investment is accessible on a day's notice.

4. Prepayments

Prepaid insurance and license fees

Opening balance	290 122	136 501
Amounts realised to expenses during the year	(290 122)	(136 501)
Additions for the period	269 100	290 122
	269 100	290 122

5. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	6 360 120	-	6 360 120	6 360 120	-	6 360 120
Buildings	27 732 416	(5 979 446)	21 752 970	27 865 363	(5 081 952)	22 783 411
Furniture and fixtures	1 942 871	(1 069 618)	873 253	1 977 409	(914 818)	1 062 591
Office equipment	2 767 078	(1 000 594)	1 766 484	2 347 109	(775 144)	1 571 965
IT equipment	2 695 160	(1 536 607)	1 158 553	2 919 261	(1 883 905)	1 035 356
Total	41 497 646	(9 586 266)	31 911 380	41 469 263	(8 655 820)	32 813 443

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	6 360 120	-	-	-	6 360 120
Buildings	22 783 411	-	(69 385)	(961 056)	21 752 970
Furniture and fixtures	1 062 591	14 660	(11 201)	(192 799)	873 251
Office equipment	1 571 965	609 007	(68 451)	(346 037)	1 766 484
IT equipment	1 035 356	601 710	(91 558)	(386 954)	1 158 554
	32 813 443	1 225 377	(240 595)	(1 886 846)	31 911 379

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand 2016 2015

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Land	6 360 120	-	-	6 360 120
Buildings	23 539 881	199 714	(956 183)	22 783 411
Furniture and fixtures	1 096 415	157 086	(190 910)	1 062 591
Office equipment	1 284 327	603 485	(315 847)	1 571 965
IT equipment	1 186 029	202 722	(353 395)	1 035 356
	33 466 772	1 163 007	(1 816 335)	32 813 443

Property

The 7580 square metres property is located at 1 Quintin Brand, Persequor Technopark, Tshwane. The title deed number is T4934/2009. The property was revalued at 31st March 2014 by Onyx Valuation Services under Mr Barry Richardson a professional Valuer registration number 4500/7.

Revalued amount as at 31 March 2014	29 900 000
-Acquisitions after revaluation	199 714
-Disposals after revaluation	(70 103)
-Depreciation	(1 916 520)
Carrying Amount	28 113 091

6. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Internally generated	4 196 475	(1 377 160)	2 819 315	4 158 202	(1 073 786)	3 084 416
Computer software, other	762 903	(425 688)	337 215	1 096 055	(673 860)	422 195
Total	4 959 378	(1 802 848)	3 156 530	5 254 257	(1 747 646)	3 506 611

Reconciliation of intangible assets - 2016

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

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

2016

2015

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Internally generated	2 996 811	374 881	(287 277)	3 084 416
Computer software, other	311 774	269 620	(159 202)	422 192
	3 308 585	644 501	(446 479)	3 506 608

Pledged as security

No intangible assets are pledged as security.

Fully amortised software

During the year, fully amortised Computer Software with a cost price of R245,421 was still in use. After the reassessment of useful lives of all assets at year end, Management decided not to extend their amortisation period as their continued use depends on the annual renewal of their respective licenses.

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

These systems are continuously developed with additional functionality and these development costs are capitalised as soon as they meet the Intangibles criteria.

7. Payables from exchange transactions

Trade payables	2 823 619	1 922 797
Accreditation fees received in advanced	4 428 162	2 748 255
Accrued bonus	12 811	21 534
Accruals	1 452 551	1 497 362
	8 717 143	6 189 948

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

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

8. Current operating lease liability

125 940

125 940

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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9. Provisions

Reconciliation of provisions - 2016

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

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	687 931	277 074	(202 654)	762 351

Leave pay provision

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

Leave from the previous cycle not taken within 6 month after the end of the cycle is forfeited by the employee.

10. Unspent conditional grants and receipts

In 2010, National Treasury granted approval to the DHET to transfer an additional R9 million to the CHE for the implementation of the Standard Setting directorate which is part of the expanded mandate of the CHE resulting from the promulgation of the NQF Act.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Deferred income	774 163	3 992 329
Movement during the year		
Balance at the beginning of the year	3 992 329	5 231 439
Income recognition during the year	(3 218 166)	(1 239 110)
	774 163	3 992 329

11. Investment revenue

Interest revenue

Interest earned	1 297 485	1 263 195
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Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

2016

2015

12. Non exchange revenue

Operating grants

Grants received from DHET	40 819 000	42 689 000
Deferred income - Standard Development	3 218 166	1 239 110
	44 037 166	43 928 110

13. Employee costs

Basic	23 545 232	20 190 769
Bonus	949 837	860 396
Medical aid - company contributions	777 858	826 542
UIF	154 425	156 750
Leave Paid	148 027	202 654
NEHAWU	12 920	8 635
Other short term costs	12 710	13 190
Defined contribution plans	2 211 487	2 037 208
Provident Fund: Administration fees	514 437	513 915
Workman's compensation	33 957	37 254
Arbitration awards	-	188 648
	28 360 890	25 035 961

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
14. General expenses		
Consultancy services	466 459	83 780
Outsourced services	1 588 538	1 577 315
Assessment rates and municipal charges	197 967	182 540
Auditors' remuneration	1 337 152	1 545 062
Bank charges	38 982	38 650
Cleaning	342 597	385 604
Peer academics	3 819 350	6 752 277
Consumables	96 714	129 192
Sundry expenses	35 175	-
Fines and penalties	10 064	-
Garden services	70 965	58 342
Teaching awards	150 000	-
Insurance	263 402	246 619
Conferences and seminars	35 111	47 619
Bursaries	7 500	38 980
IT expenses	1 283 121	1 092 924
Lease rentals on operating lease	125 940	280 921
Promotions	115 731	164 321
Levies	25 897	35 109
Magazines, books and periodicals	27 086	6 287
Recruitment costs	853 205	900 579
Postage and courier	83 702	94 098
Printing and stationery	1 759 356	495 673
External Meetings-Workshops	-	40 245
Security services	191 062	190 065
Employee welfare	343 496	353 860
Subscriptions and membership fees	179 495	170 674
Telephone and fax	287 985	266 335
Training	262 699	772 728
Travel - local	2 711 577	2 322 066
Travel - overseas	290 638	112 486
Electricity	563 627	508 525
Honorarium	23 500	434 502
Venue and Catering	835 981	673 037
Remuneration of Council and Committee members	931 968	890 624
Legal fees	3 069 984	554 681
	22 426 026	21 445 720

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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Prior period reclassification

A reclassification between expense items within general expenses in the comparative year has been made. International travel amounting to R43,489 was previously disclosed under local travel and have now been reclassified under international travel. Other reclassifications were also made between electricity and garden services (R19,940) as well as between repairs and maintenance and general expenses (R870) and between peer academics and outsourced services (R1,577, 315).

Legal fees

Included in legal fees is an amount of R2,179, 752 that was incurred in a case where the CHE was cited as a respondent by SANTS to an order of reviewing and setting aside the decision of the HEQC to withdraw the accreditation of its application. This case was disclosed in last year's financial statements under reports after the reporting date and the full legal costs at that time was not known.

15. Cash (used in) generated from operations

Deficit	(4 909 708)	(1 049 517)
Adjustments for:		
Depreciation and amortisation	2 323 754	2 262 814
Loss on disposal of assets Debt impairment	250 854	-
Debt impairment	-	7 000
Movements in provisions	237 400	74 420
Changes in working capital:		
Receivables from exchange transactions	(207 405)	235 699
Prepayments	21 022	(153 621)
Payables from exchange transactions	2 527 196	1 042 025
Unspent conditional grants and receipts	(3 218 166)	(1 239 110)
	(2 975 053)	1 179 710

16. Auditors' remuneration

External auditors	915 027	1 068 586
Internal auditors	422 125	476 476
	1 337 152	1 545 062

17. Commitments

Operating leases -as Lessee

Minimum lease payments due

-Within one year	125 940	125 940
-In second to fifth year inclusive	115 445	251 880
	241 385	377 820

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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Operating lease payments represent rentals by the Council for photocopying machines. These leases are negotiated for periods ranging from 12 months to 120 months. The operating lease liability at the end of the period is R241,385 (2015:R377,820).

The Council has capital commitments (PPE) of R0 (2015: R491,850) for the forthcoming year.

Other commitments of R7,273, 378 (2015: R3, 678, 048) relates to contracts and orders made by the Council for goods or services that have yet to be received.

18. Related parties

Relationships

Executive Authority	DHET
Public Entities under the DHET Members of Key Management	SAQA
	Refer to note 19

Related party balances:

Unspent conditional grant owed to related parties

DHET	(774 163)	(3 992 329)
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Related party transactions:

Consulting fees paid to related parties

SAQA	1 438 390	1 577 315
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Grant received from related parties

DHET	(40 819 000)	(42 689 000)
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Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

19. Members of Key Management and Council Emoluments

Executive Management

2016

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

* Appointed October 2015

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

Members of Key Management and Council Emoluments (continued)

2015

	Emoluments	Bonuses & performance related payments	Retention Allowance	Acting Allowance	Total
Chief Executive Officer	1 240 921	-	-	-	1 240 921
Chief Financial Officer	984 558	66 950	-	-	1 051 508
Director: Corporate Services	964 902	72 368	90 058	-	1 127 328
Director: Institutional Audits	964 902	72 368	67 543	-	1 104 813
Director: Accreditation	241 226	12 785	68 226	-	322 237
Director: National Standards and Reviews	507 152	59 119	-	-	566 271
Acting Chief Financial Officer	186 293	-	-	-	186 293
Director: Quality Assurance Promotion and Coordination	471 963	-	-	-	471 963
Director: Monitoring and Evaluation	964 902	72 368	90 058	10 629	1 137 957
	6 526 819	355 958	315 885	10 629	7 209 291

Council Members' Remuneration

2016

	Emoluments	Total
For services as Council and Committee members	931 968	931 968

2015

	Emoluments	Total
For services as Council and Committee members	890 624	890 624

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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20. Fruitless and wasteful expenditure

Opening balance	471 063	471 063
Current year	32 079	990
Condoned	(503 142)	(990)
	-	471 063

Fruitless and wasteful expenditure for the current year relates to interests and penalties charged on late payment of workman's compensation fees, cancelled Scotland trip by a Deputy Vice Chancellor as well as amounts paid to various organisations without receiving the service, due to various reasons. The full breakdown of the current year transactions is as follows:

Current year fruitless and wasteful expenditure summary

Workman's Compensation interests and penalties	10 064	-
Training cancellation fees	2 390	-
Deputy Vice Chancellors Scotland trip	15 792	-
Non refundable air ticket	3 155	-
Consultant over payment	678	-
	32 079	-

These amounts were fully condoned by the Accounting Officer after the Financial Misconduct committee carried out investigations and found no CHE employee to have acted negligently regarding these transactions.

21. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	351 151	351 151
Cash and cash equivalents	14 804 887	14 804 887
	15 156 038	15 156 038

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand

Financial instruments disclosure (continued)

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	8 717 138	8 717 138

2015

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	143 745	143 745
Cash and cash equivalents	19 102 406	19 102 406
	19 246 151	19 246 151

Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	6 189 948	6 189 948

22. Taxation

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

23. Risk management

Financial risk management

Liquidity risk

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

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

At 31 March 2016	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	8 717 138	-	-	-
At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	6 189 948	-	-	-

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
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23. Risk management

Interest rate risk

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

Credit risk

Credit risk consists mainly of cash deposits with banks and the Corporation for Public Deposits, staff loans and other receivables. The CHE only deposits cash with Institutions with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2016	2015
Bank	647 841	2 056 835
Trade debtors	12 625	111 455
Short term deposits	14 157 046	17 045 571

Trade Debtors age analysis as at 31st March 2016

Over 90 Days	60 Days	30 Days	Current	Total
10 000	-	-	2 625	12 625

24. Change in estimate and prior period error

At the end of the financial year, the CHE reassessed the useful lives of all fixed assets and it was discovered that some assets that had fully depreciated were still in good condition and therefore changed their estimated useful lives. The change of estimated useful lives was based on the current condition of the assets and the extension ranged from one (1) year to up to ten (10) years. The effect of this change in estimate of useful lives was to retrospectively restate prior periods.

During the year under review, the CHE successfully submitted the returns on earnings (ROE) to the workman's compensation for the years 2010 to 2015. This was after many unsuccessful attempts over the last years to bring the CHE account up to date as the workman's compensation online system was not functioning properly. The effect of this payment was to retrospectively restate the comparative 2015 financial statements as no provision was made in this regard.

The impact of the above change in estimate and error resulted in the following adjustments to the prior period in the financial statements;

Notes to the Annual Financial Statements

for the year ended 31 March 2016

Figures in Rand	2016	2015
Statement of Financial Performance		
Employee costs understated	-	37 254
Depreciation and amortization understated	-	12 004
Statement of Financial Position		
Trade payables understated	-	115 686
Accumulated depreciation and amortisation overstated	-	(12 004)
Movement in Accumulated Surplus	-	-
Closing accumulated surplus as previously reported	-	39 392 253
Correction of error-Trade payables	-	(115 686)
Change in estimate-Depreciation and Amortisation	-	(12 004)
Change in estimate-Accumulated depreciation overstatement	-	732 661
Closing restated accumulated surplus	-	39 997 224

25. Donations

During the financial year under review, the CHE received a donation in the form of eleven (11) books on higher education related topics from a book publisher called African Minds. This publisher has previously printed books for the CHE at a fee. The monetary value of the donated books was R1,715.

26. Events after the reporting date

On the 30 June 2016, the CHE received approval from National Treasury to retain its unutilised funds from the year under review to the amount of R10,570,885 . This surplus amount as disclosed in the Statement of comparison of Budget and Actual amounts will be rolled over into the 2016/17 budget and address budget pressures that the CHE was facing for the 2016/17 financial year.

Notes

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Published by

The South African Council on Higher Education

Telephone: +27 (12) 349 3840

1 Quintin Brand Street,
Persequor Technopark
Tshwane
South Africa

P O Box 94
Persequor Park
0020
South Africa

www.che.ac.za

ISBN 978-0-9946785-7-7

Design, Layout and Printing by Shereno Printers

