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Council on Higher Education

2006 - 2007

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CHE

FOREWORD



Mr. Saki Macozoma: Chairperson

The CHE is an independent statutory body established by the Higher Education Act of 1997. Its mandate areas are:

- ♦ **Advising** the Minister of Education on request or pro-actively on all higher education policy issues
- ♦ **Assuming executive responsibility for quality assurance and quality promotion** within higher education
- ♦ **Monitoring and evaluating** whether and how higher education policy goals are being realized, including reporting regularly on the state of higher education in South Africa
- ♦ **Contributing to the development of higher education** through a range of activities, including conferences, seminars and publications.

This is the 9th Annual Report of the CHE for submission to Parliament through the Minister of Education. This Annual Report covers the financial year April 2006 - March 2007 and presents the work and progress of the CHE in the execution of its mandatory responsibilities.

As chairperson of the CHE, I am pleased to signal the satisfaction of the Council with the performance and achievements of the organisation, including its quality assurance committee, the HEQC. In spite of a number of potentially destabilizing events, the organization completed its schedule of work at the expected high levels of professionalism and efficiency. In the past year, the founding CEO of the organization, Prof. Saleem Badat, left the CHE to take up the position of Vice-Chancellor at Rhodes University. In addition, the period under review saw a new CHE being instituted with a mix of new members as well as some members of the previous Council to ensure a balance of new direction-setting and continuity in the work of the Council. It was also a year when the Minister of Education signalled very clearly to the CHE her priorities in higher education and her interest in the CHE contributing to a better understanding of the performance of the higher education system in respect of key policy goals. The Council, the HEQC Board and the Secretariat are already busy with the development of a programme of work that will respond directly to emerging priorities in the higher education system in addition to maintaining the Council's routine functions and tasks.

On behalf of the Council, I would like to record my gratitude and appreciation for the invaluable contribution made by Prof. Badat to conceptualizing and shaping the work and identity of the CHE since its inception. His passionate commitment to the development of higher education in this country, the vision and intellectual rigour that he brought to the work of the CHE, and the networks that he helped to forge in order to maximize the impact of the CHE's work have laid critically important foundations for the current and future work of the Council.

The departure of Prof. Badat and the difficulties experienced in filling the CEO position would have left the CHE in a leadership vacuum had it not been for the willingness of the Executive Director of the HEQC, Dr Mala Singh, to step in as Interim CEO. On behalf of the Council, I would also like to express my appreciation for the commitment, integrity and generosity with which Dr Singh provided intellectual leadership for this organization for most of the reporting period.

I would also like to take this opportunity to thank the outgoing members of the CHE for their valuable contribution to shaping the work of the CHE in the last four years. My thanks also go to the members of the current Council and the HEQC Board, the dedicated and hardworking Secretariat, and all other external collaborators and partners for their immense and highly professional contribution to the work of the CHE and the HEQC.

It has been my privilege to have been associated with the work of the CHE since my appointment as Chairperson in 2002. In the period since then, I have seen the CHE build on its strengths as an organisation that discharges its mandate in an intellectually rigorous, efficient and consultative way. It has made its distinctive mark as a significant organization which has impacted on the higher education system through its advice, monitoring and quality assurance activities. As outgoing Chairperson, I am confident that the CHE's tradition of professionalism, dedication to its work in the service of social development and social justice, and interactive style with key stakeholders will continue into the future. My every good wish for its continuing valuable contribution to the development of South African higher education and South African society.



Saki Macozoma
Chairperson
Council on Higher Education
June 2007

PREFACE



Dr. Mala Singh: Interim CEO

The past year has been extremely challenging for the CHE and HEQC. The death of Dr Prem Naidoo, the departure of senior staff including the CEO Prof. Saleem Badat to take up the Vice-Chancellorship of Rhodes University, the coming into office of a new Council, and the need for the CHE to maintain an extensive scheduled programme of work in all mandate areas, severely tested the planning vision, the operational management, and the work endurance of the Council and HEQC Board members and particularly of the secretarial staff. It is to the credit of all involved that, despite acute capacity constraints and other challenges, the CHE and HEQC were not only able to complete their respective work schedules but also to begin planning new projects, especially in relation to the advice and monitoring function.

In her address to the Council in August 2006, the Minister of Education expressed her view that the CHE needs to alter its focus from shaping policy in higher education to supporting the monitoring of the progress that South Africa is making against the goals set in the National Plan for Higher Education

and in other major policy pronouncements. This established a clear framework for the future directions of the work of the CHE, especially in relation to its advice and monitoring and evaluation functions.

The past year already saw the beginnings of planning processes to conceptualize the advice and monitoring functions of the CHE with a clear eye to the phase of policy implementation and its requirements and impacts, as well as to think more systematically about using quality assurance information from the HEQC's work for advice and monitoring purposes.

The HEQC completed a gruelling schedule of work in all areas. Despite having several senior level positions vacant, it completed a number of audits of public and private higher education institutions, carried out several site visits in relation to accreditation and national reviews, and ran a variety of workshops in support of quality promotion and capacity development. CHE and HEQC staff also presented papers at several national and international conferences.

The discharge of the core functions of the CHE in the past year was greatly facilitated by the development and implementation of a range of internal support service functions, laying the foundations for the CHE to become more efficient in its functions and to respond effectively to the increasing accountability demands on the organization.

The successful achievement of organizational goals is due to a number of role-players. A special note of thanks and appreciation is due to the founding CEO of the CHE Prof. Badat. He started at the CHE in June 1999 with a small budget and even smaller staff complement and few available models of how to develop an organization with hybrid functions of advice and regulation. He took up his new position in mid- 2007, leaving behind a professionally and intellectually well grounded organization with excellent national and international working relationships and a reputation for producing high quality work in all core function areas. His passionate commitment to transformation in higher education and his sophisticated

understandings of higher education policy infused everything that he did at the CHE. The CHE was fortunate in having him as its founding CEO as he was able to establish many of the traditions of professionalism, integrity and high quality which are critically important for the work of the CHE.

The CHE would not be able to discharge its many responsibilities, especially its quality assurance function, without the co-operation and support of colleagues from higher education institutions and other related organizations. However, given the particularly difficult problems that faced the organization in the past year, a special tribute is due to all the staff of the CHE, especially the senior staff. Without their dedication and willingness to pull together in order to complete the scheduled programme of work, far less would have been accomplished and far less well.



DR MALA SINGH
INTERIM CEO
JUNE 2007

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ACRONYMS AND ABBREVIATIONS

AAU	Association of African Universities
ACE	Advanced Certificate in Education
AHPCSA	Allied Health Professions Council of South Africa
AUQA	Australian Universities Quality Agency
B Ed	Bachelor of Education
Bond SA	Bond South Africa
CBE	Council for the Built Environment
CEO	Chief Executive Officer
CHEA	Council for Higher Education Accreditation
CHE	Council on Higher Education
CHESP	Community Higher Education Service Partnerships
CODESRIA	Council for the Development of Social Science Research in Africa
COHORT	Committee of Heads of Research and Technology
CPUT	Cape Peninsula University of Technology
CTP	Committee of Technikon Principals
CUT	Central University of Technology
Da Vinci	Da Vinci Institute
DoE	Department of Education
DoL	Department of Labour
DST	Department of Science and Technology
DUT	Durban University of Technology
ECSA	Engineering Council of South Africa
ED	Executive Director
ETDP SETA	Education, Training and Development Practices, Sector Education and Training Authority
ETQA	Education and Training Quality Assurer
EXCO	Executive Committee
FET	Further Education and Training
FINHEEC	Finnish Higher Education Evaluation Council
GATS	General Agreement on Trade in Services
HE	Higher Education
HEIAAF	Higher Education Institutional Autonomy and Academic Freedom
HEMIS	Higher Education Management Information System
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa
HDIIs	Historically Disadvantaged Institutions
HEIs	Higher Education Institutions
HEQC	Higher Education Quality Committee
IAU	International Association of Universities
ICT	Information and Communications Technology
IDASA	Institute for Democracy in South Africa
IIE	Independent Institute of Education
INQAAHE	International Network of Quality Assurance Agencies in Higher Education
Int'l Hotel School	International Hotel School
JET	Joint Education Trust
MANTECH	Mangosuthu Technikon
Mauritius TEC	Tertiary Education Commission of Mauritius
M Ed	Masters of Education
MoU	Memorandum of Understanding
M Tech	Masters of Technology

NAAC	National Assessment and Accreditation Council, India
NADEOSA	National Association of Distance Education and Open Learning in South Africa
NAPTOSA	National Professional Teachers' Organisation of South Africa
NASDEV	National Association of Student Development
NATU	National Teachers' Trade Union
NEHAWU	National Education Health and Allied Workers Union
NLRD	National Learner Records Database
NGOs	Non-governmental Organisations
NOKUT	Norwegian Agency for Quality Assurance in Education
NQA	Namibia Qualifications Authority
NQF	National Qualifications Framework
NRF	National Research Foundation
NMMU	Nelson Mandela Metropolitan University
NWU	North-West University
OECD	Organisation for Economic Co-operation and Development
PGCE	Post-Graduate Certificate in Education
QA	Quality Assurance
QAA	Quality Assurance Agency
QPCD	Quality Promotion and Capacity Development
QPU	Quality Promotions Unit
RPL	Recognition of Prior Learning
SAASSAP	South African Association of Senior Student Affairs Professionals
SABC	South African Broadcasting Corporation
SADC	Southern African Development Community
SADTU	South African Democratic Teachers' Union
SAICA	South African Institute of Chartered Accountants
SAOU	Suid Afrikaanse Onderwysers Unie
SAPSE	South African Post Secondary Education
SAQA	South African Qualifications Authority
SAUVCA	South African Universities Vice-Chancellors Association
SERTEC	Certification Council for Technikon Education
SUN	Stellenbosch University
TUT	Tshwane University of Technology
UCT	University of Cape Town
UFH	University of Fort Hare
UFS	University of the Free State
UJ	University of Johannesburg
UKZN	University of KwaZulu-Natal
UL	University of Limpopo
UMALUSI	Council for Quality Assurance in General and Further Education and Training
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNISA	University of South Africa
UNIVEN	University of Venda
UNIZUL	University of Zululand
UP	University of Pretoria
UWC	University of the Western Cape
WITS	University of the Witwatersrand
WSU	Walter Sisulu University
WTO	World Trade Organisation

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CHAPTER

OVERVIEW OF THE CHE

1 INTRODUCTION

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

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

The vision of the CHE is a transformed, equitable, high quality, economically and socially responsive, productive and sustainable higher education system in a transformed, equitable, just, humane and democratic South Africa, based on the principles and values of non-racialism, non-sexism, freedom of expression and other basic human and social rights.

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

- ♦ by providing informed, considered, independent and strategic advice on higher education (HE) policy issues to the Minister of Education;
- ♦ through the quality assurance and quality promotion activities of its subcommittee, the Higher Education Quality Committee (HEQC); and
- ♦ through publications and a broader dissemination of information, and through conferences and workshops on HE and other focused activities.

2 MEMBERSHIP

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

The term of office for many of the sitting Council members came to an end in June 2006. The Ministry of Education appointed a new Council with effect from July 2006. The members are as follows:

Chairperson

Mr S Macozoma*: Chairperson of STANLIB

Ordinary members

Dr AM Perez: Interim Dean, Faculty of Health Sciences at the University of Cape Town

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

Ms N Sibiya : President of NEHAWU

Dr F Ginwala: Former speaker of Parliament, independent consultant

Prof SF Coetzee*: Business School, University of Stellenbosch

Prof NC Manganyi: Independent researcher

Prof M Fourie*: Vice-Rector, Academic Planning at the University of the Free State

Prof Y Ballim : Deputy Vice-Chancellor Academic at the University of Witwatersrand

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

CHAPTER 1: OVERVIEW OF THE CHE

Ms S Sibiya: President: South African Union of Students (SAUS) -resigned October 2006)

Mr R Katz : Chief Executive Officer, Spirit Power

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

Non-voting members

Dr M Singh* : Interim CEO, Council on Higher Education

Dr L Lange*: Acting Executive Director, HEQC

Ms N Badsha: Deputy Director General Higher Education branch, DoE, on the CHE until July 2006,

Dr M Qhobela*: Acting Deputy Director General, Higher Education, Department of Education, from August 2006

Ms A Canca: General Manager: Science Missions and Human Capital, Department of Science and Technology

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

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

Prof A Kaniki: Executive Director, National Research Foundation

Co-opted Members

Ms J Glennie: Director: SA Institute for Distance Education (for the period 2006-2010)

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

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

* Members serving on the Executive Committee of the CHE

3 RESPONSIBILITIES OF THE CHE

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

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

The areas of responsibility of the CHE are reflected in the structure of its secretariat, which is organised into an advice and monitoring division, which includes the Office of the CEO and the Monitoring and Evaluation Directorate, and a quality assurance division, represented by the Higher Education Quality Committee, the permanent CHE sub-committee responsible for the promotion and assurance of quality in higher education. The Office of the CEO and the Monitoring and Evaluation Directorate are responsible for giving effect to the CHE responsibilities in the areas of advice, monitoring and the development of higher education. The HEQC has executive responsibility for quality promotion and quality assurance in higher education.

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CHAPTER

FULFILLING THE MANDATE OF THE CHE

1 PROGRESS IN THE MANDATE AREAS

The year under review saw the coming into office of several new Council members and increased interaction with the Minister of Education. This necessitated intensive planning in order to shape a new agenda of work for the coming three to four year period of the Council's operations. The new work programme was shaped by two key factors. The first factor had to do with the Minister's inputs and requests to the Council in relation to priority areas for advice on and monitoring of the higher education system. The second factor relates to the issues emerging in the work of the HEQC and the Monitoring and Evaluation Directorate which indicated policy implementation challenges in a number of areas of higher education restructuring. The year also brought a number of transitions in the senior leadership of the secretariat with the departure of the founding CEO of the organisation, the death of a senior colleague, and new interim and permanent appointments in the positions of CEO and the HEQC Executive Director. All these developments required keen attention to successful maintenance of the schedule and momentum of work in order to ensure that the projects and programmes in all divisions of the CHE were not negatively affected. Overall, within the severe constraints of senior level human resources, good progress has been made during the past year with respect to the execution of responsibilities in all mandate areas.

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

Table 1: Progress towards fulfilling the mandate of the CHE

RESPONSIBILITY	PERFORMANCE in 2006/7
1. Advising the Minister on all higher education issues on which the CHE's advice is sought.	♦ Advice given on the Higher Education Qualifications Framework; ♦ Comments given on the Framework for Teacher Education Development; ♦ Preparatory work on a new programme of activities relating to the advice function (in response to the priorities indicated by the Minister of Education and emerging CHE priorities)
2. Advising the Minister on its own initiative on higher education issues that the CHE regards as important.	♦ Continuing investigation into Government Involvement in and Regulation of Higher Education Institutional Autonomy and Academic Freedom
3. Designing and implementing a system for quality assurance in higher education and establishing the HEQC.	Institutional Audits <i>Completed audits</i> ♦ Public higher education institutions: 3 ♦ Private providers : 2 ♦ Polytechnic of Namibia Audit reports completed: 5 Audit notification visits for audits in 2007: 5

CHAPTER 2: FULFILLING THE MANDATE OF THE CHE

Programme accreditation

Accreditation of Public Provider programmes

- ♦ Programmes received: 61
- ♦ Programmes reviewed: 39
- ♦ Programmes accredited: 34

Accreditation of Private Provider programmes

- ♦ Programmes received: 97
- ♦ Programmes reviewed: 53
- ♦ Programmes accredited: 27

Special project: accreditation of programmes at multiple sites of delivery

- ♦ Programmes received: 189
- ♦ Programmes evaluated: 189
- ♦ Programmes accredited: 173

Coordination

MoU signed with Engineering Council of South Africa.

National Reviews

Review of the M Ed

- ♦ Programmes reviewed :19
- ♦ Fully accredited programmes :11
- ♦ Programmes accredited with conditions: 4
- ♦ Programmes with accreditation withdrawn: 4

Review of the BEd, PGCE and ACE

- ♦ Programmes reviewed: 22
- ♦ Programmes fully accredited: 16
- ♦ Programmes accredited with conditions: 2
- ♦ Programmes accredited with condition on notice of withdrawal of accreditation: 3
- ♦ Programmes with accreditation withdrawn: 1

Quality Promotion and Capacity Development

Training

- ♦ Auditors: 118 potential auditors trained
- ♦ Audit panel chairs: 10 chairpersons trained
- ♦ National Reviews: 244 evaluators trained
- ♦ Programmes Accreditation: 224 evaluators trained

4. Monitoring the state of higher education and the effects of policy implementation

Monitoring

- ♦ Institutional Profiles of Public HEIs: 4

Research projects:

- ♦ Access, Success and Institutional Culture
- ♦ The State of Postgraduate Education
- ♦ Triennial Review of Higher Education

Higher Education Monitor -number of issues published: 2

5. Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public HE institutions	♦ Nominations were sought for the composition of a new assessment panel. A list of 9 names was submitted to the CHE for approval and sent to the Minister in April 2007.
6. Contributing to the development of HE through publications and conferences	♦ Initiated a range of publications including Policy and Research Reports, ♦ A consultative conference was held at Birchwood Hotel in March 2007 attended by more than 100 people. The theme of the conference was <i>The Impact of Institutional Culture on Student Access and Success</i>.

2. INTERACTION WITH THE MINISTER OF EDUCATION

Interactions with the Minister

The CHE meets/interacts with the Minister of Education as required.

There was written correspondence on various issues pertaining to the business plan and budget as well as on arrangements for the CHE/HEQC to brief the Minister on a regular basis on its quality assurance and monitoring work. The Minister addressed the Council in August 2006, provided a comprehensive account of her priorities and concerns in higher education, and engaged in discussion with Council members on a number of pertinent policy and implementation issues. This laid the basis for ongoing dialogue and interaction between the Minister and the Council.

Requests for Advice from the Minister of Education

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

The National Policy Framework for Teacher Education and Development.

Comments were provided to the Minister on this document in December 2006.

The Higher Education Qualifications Framework.

Advice was provided on this document in April 2007.

Proactive Advice to the Minister of Education

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

- a) Barriers (educational, financial, institutional, etc.) to equity of student access and especially equity of opportunity and outcomes in higher education;
- b) The funding and financing of higher education;
- c) The macro implementation of institutional restructuring and its impact, outcomes and consequences;
- d) South African government involvement in and regulation of higher education, institutional autonomy and academic freedom. This project is due for completion at the end of 2007.

CHAPTER 2: FULFILLING THE MANDATE OF THE CHE

Meetings with the Department of Education

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

3. TASK TEAMS

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

South African Government Involvement in and Regulation of Higher Education, Institutional Autonomy and Academic Freedom

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

Specifically, the Task Team investigation aims to:

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

In order to achieve this, the Task Team commissioned a number of research papers on different aspects of academic freedom and institutional autonomy. During the period under review the following research reports have been published:

- ♦ *Academic Freedom, Institutional Autonomy and Public Accountability in Higher Education: a Framework for Analysis of the 'State-Sector' Relationship in a Democratic South Africa* by Ruth Jonathan
- ♦ *Eternal (and Internal) Tensions?: Conceptualising Public Accountability in South African Higher Education* by Steven Friedman and Omano Edigheji
- ♦ *Academic Freedom, Institutional Autonomy and the Corporatised University in Contemporary South Africa* by Kristina Bentley, Adam Habib and Seán Morrow
- ♦ *Autonomy as a Social Compact* by André du Toit.

During the period under review, the Task Team continued to conduct interviews with selected individuals or groups having relevant knowledge, experience, perspectives or affiliations. In this period, all the conceptual and logistical planning for the public seminar to be held in April 2007 was completed. By end-March 2007, the Task Team had met with: members of the Executive Committee of Higher Education South Africa; representatives of the Department of Education; representatives of the Board of the Higher Education Quality Committee; and representatives of the student movement. A presentation was made to the Parliamentary Portfolio Committees on Education, and on Science and Technology in May 2006.

The Task Team has been organising as well as accessing structured fora in order to facilitate discussion, exchange views, and further debate. A key element of the HEIAAF process was the convening of a series of regional fora for the purposes of engaging institutional and other stakeholders in the debate. The first such forum was held in Pretoria in March 2006, while five further regional fora (Bloemfontein, Cape Town, Johannesburg, Durban and Port Elizabeth) were held between April and June 2006. Fora organised by the CHE drew on the perspectives of knowledgeable individuals through keynote addresses and discussant responses, while providing ample opportunity for discussion from the floor.

The Task Team's investigation will culminate in an independent research report to be discussed at the CHE Consultative Conference in November 2007, and a report to the Minister of Education. These outputs will be produced in the second half of 2007, while the investigation will be consolidated between April 2007 and September 2007 through interim reports, further consultations and supplementary research.

Members of the Task Team at end-March 2007 are: Dr Khotso Mokhele - (Chairperson); Dr Saleem Badat - Vice-Chancellor, Rhodes University (Convener); Dr Mala Singh - Interim Chief Executive Officer, Council on Higher Education; Prof Steven Friedman - Research Associate, IDASA; Prof Ebrima Sall - Head of Research and Documentation, CODESRIA; Dr Frene Ginwala - member of the Council on Higher Education; Justice Dennis Davis - Judge in the Cape High Court; Dr Adam Habib - Executive Director, Human Sciences Research Council; Prof Loyiso Nongxa - Vice-Chancellor, University of the Witwatersrand; Prof Peter Vale - Nelson Mandela Chair of Politics, Rhodes University.

4. MONITORING AND EVALUATION DIRECTORATE

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

4.1 Monitoring

In the area of monitoring, the Directorate produced four institutional profiles which supported the conduct of quality audits by the HEQC. The profiles were of Vaal University of Technology, University of the Free State, University of the Witwatersrand and Tshwane University of Technology. These profiles are analytical reports of the changes in the inputs and outputs of institutions in the core functions of teaching and learning and research for a ten-year period. The reports are based on SAPSE and HEMIS data as well as on an analysis of journal articles published in accredited scientific journals locally and internationally. This aspect of the analysis is contracted out to the Centre for Research in Science and Technology at the University of Stellenbosch.

4.2 Research

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

Triennial Review of Higher Education

This project has been concluded and the research report is currently at the publication stage. Funded by the Rockefeller Foundation, the project entailed the production of a research-based publication called the *Triennial Review of South African Higher Education*. The purpose of this publication was to stimulate research on issues on higher education that are of local importance but also have international resonance.

The publication has as its main purposes reflection on emergent trends and issues in South Africa and advancing new ways of thinking about and understanding higher education. The commissioning of research papers for the Review from specialist research groups around the country was seen as an ideal opportunity to involve young South African researchers, especially those who are black and female, in a research-based publication.

CHAPTER 2: FULFILLING THE MANDATE OF THE CHE

The following are the research topics contained in the publication:

- ♦ Systemic Governance, Public Accountability and Institutional Autonomy
- ♦ Transformation of Institutional Cultures: A Critical Analysis of Changes and Continuities in South African Higher Education 1994 - 2004
- ♦ Understanding the Discourses of Pedagogy, Change and the Role of Technology in South African Higher Education
- ♦ Equity, Access and Success in Higher Education in South Africa for Adult Learners and Workers
- ♦ Changing Sources of Funding in South African Higher Education.

The publication will be publicly available in the second half of 2007.

The State of Postgraduate Education in South Africa

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

This project has four broad aims:

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

The project has finalized the research on the statistical and quantitative aspects of postgraduate education and the research on the area of institutional support. Both reports will be published during 2007.

Student access, success and institutional cultures

This research proposes a qualitative approach to the issue of student performance in higher education. Low graduation rates, high drop out rates and general academic underperformance are central problems facing South African universities. Currently there is little understanding of why large numbers of students are dropping out of higher education institutions. Yet current quantitative approaches to understanding throughput in terms of systemic inefficiencies rarely address questions about the multiple ways in which the academic experience affects student performance and retention. The research project was designed to address this gap through the investigation of three institution-based case studies: University of the Western Cape, University of Pretoria and Wits University. The research was conducted by institutional teams. The conclusions from the field work were presented at the CHE Consultative Conference in March 2006 and a book will be published in the second half of 2007. The interest generated by the study among HEIs has led to the CHE considering the extension of the investigation to other higher education institutions where contextual issues are different.

5. OTHER ACTIVITIES OF THE CHE

5.1 Conferences, workshops and seminars

The CEO of the CHE, the HEQC Executive Director (ED) and other senior staff of the CHE and HEQC addressed and represented the CHE at numerous regional, national and international seminars, workshops and conferences of stakeholders, HE and HE-related organisations, and HEIs. National conferences included those arranged by HEIs, national organisations and other statutory bodies. International conferences included those of UNESCO, the AAU, the OECD and INQAAHE.

5.2 External representation/participation

CHE staff are represented on and participate in the work of other national bodies including:

The Committee of Heads of Research and Technology (COHORT)

The South African Qualifications Authority (SAQA) and some of its sub-committees

The General and Further Education and Training Council (UMALUSI)

The National Council on Innovation (NACI)

External representation on international bodies include:

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

5.3 Current CHE /HEQC International Agreements

- ♦ Tripartite MOU with Polytechnic Namibia and the Namibian Qualifications Authority.

Two HEQC staff participated in the audit of the Polytechnic of Namibia arranged by the NQA. An audit of the Polytechnic Namibia was completed by the HEQC in March 2007.
- ♦ Australian Universities Quality Agency

Memorandum of Understanding on CHE/HEQC-AUQA cooperation on quality assurance matters.

Two Australian higher education experts recommended by AUQA participated in HEQC institutional audit panels in 2006. AUQA and the HEQC carried out a joint audit of Monash SA in August 2006.
- ♦ Quality Assurance Agency (UK)

Memorandum of Understanding on CHE/HEQC-QAA cooperation on quality assurance matters. Two HEQC directors participated in a training workshop on the QAA's new audit system held in Gloucester in February 2006.

CHAPTER 2: FULFILLING THE MANDATE OF THE CHE

- ♦ National Assessment and Accreditation Council (NAAC), India
Memorandum of Understanding on CHE/HEQC-NAAC cooperation on quality assurance matters.
- ♦ Norwegian Agency for Quality Assurance in Education (NOKUT)
Memorandum of Understanding on CHE/HEQC-NOKUT cooperation on quality assurance matters.

5.4 External donor relations

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

- ♦ Ford Foundation
 - Monitoring and Evaluation project
 - Quality Promotion and Capacity Development
 - Task Team on South African Government Involvement in and Regulation of Higher Education, Institutional Autonomy and Academic Freedom
- ♦ Carnegie Corporation
 - Quality Promotion and Capacity Development
- ♦ Rockefeller Foundation
 - Monitoring and Evaluation project -Triennial Review of Higher Education
- ♦ Finnish Government
 - Funding of Quality Promotion and Capacity Development (received through the bi-national agreement between the Department of Education and the Finnish government)

5.5 CHE publications

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

Higher Education Monitor

- ♦ *The Impact of Changing Funding Sources of Higher Education Institutions in South Africa* (No. 4, March 2006)
- ♦ *ICTs and the South African Higher Education Landscape*, (No 5, July 2006)

Research Reports

- ♦ *Academic Freedom, Institutional Autonomy and Public Accountability in Higher Education: a Framework for the Analysis of the 'State-Sector' Relationship in a Democratic South Africa* by Ruth Jonathan

- ♦ *Eternal (and Internal) Tensions?: Conceptualising Public Accountability in South African Higher Education* by Steven Friedman and Omano Edigheji
- ♦ *Academic Freedom, Institutional Autonomy and the Corporatised University in Contemporary South Africa* by Kristina Bentley, Adam Habib and Seán Morrow
- ♦ *Autonomy as a Social Compact* by André du Toit.
- ♦ *HEQC Evaluative Study of Institutional Audits.*

Kagisano

- ♦ *Ten Years of Higher Education Under Democracy*, Kagisano Issue No. 4, March 2006
- ♦ *Universities of Technology*, Kagisano Issue No. 5, March 2006

Good Practice Guides

- ♦ CHE/HEQC and CHESP/JET, *A Good Practice Guide and Self-Evaluation Instruments for Managing the Quality of Service Learning*, 2006
- ♦ CHE/HEQC and CHESP/JET, *Service Learning in the Curriculum: A Resource for Higher Education Institutions*, 2006

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

QUALITY ASSURANCE: THE WORK OF THE HEQC

1. INTRODUCTION

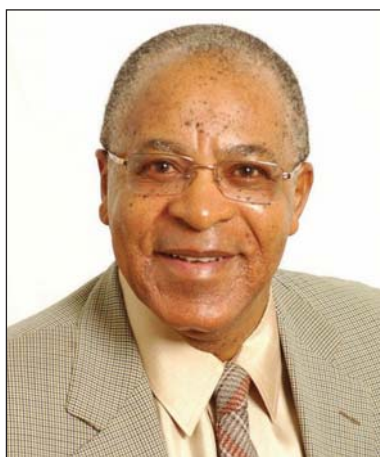
The promotion and assurance of quality is a statutory responsibility of the CHE, carried out by its permanent sub-committee, the Higher Education Quality Committee (HEQC). According to the *Higher Education Act* of 1997, the functions of the HEQC are to:

- ♦ Promote quality in higher education
- ♦ Audit the quality assurance mechanisms of higher education institutions; and
- ♦ Accredite programmes of higher education.

To the above three mandate areas, the Board of the HEQC added quality-related capacity development.

The HEQC operates within the framework of the NQF and is accredited by the South African Qualification Authority as the Education and Training Quality Assurer for the higher education band.

2. HEQC BOARD AND MEMBERSHIP



Prof. Hugh Africa:
Chairperson HEQC

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

Chairperson

Prof. HP Africa *

Independent Consultant, CHE Member

Voting Members

Ms J Glennie*:

Director, South African Institute for Distance Education, CHE Member

Dr M Motshekga Sebolai*:

Academic Director, PC Training and Business College

Ms J Favish*:

Director Institutional Planning, University of Cape Town

Dr D Gihwala*:

Dean of Science, Cape Peninsula University of Technology

Dr R Stumpf*:

Vice Chancellor and Rector, Nelson Mandela Metropolitan University

Prof. H Hanrahan:

Professor of Communications Engineering, University of the Witwatersrand

Dr D Mogari Director:

Quality Assurance and Promotion Directorate, University of Venda,

Dr NM Takalo:

Vice-Principal, North-West University

Mr M Cele:

Deputy Director Research, Department of Science and Technology

Mr T Yako:

Secretary General, South African Students' Congress

Dr P Naves:

Director: Human Capital, SABC

Co-opted members

Ms N Nxesi:	Chief Executive Officer, ETDP SETA
Ms S Jawoodeen:	Regional Secretary, NEHAWU, Ikapa Metropole Region

Non-voting members

Dr M Qhobela:	Chief Director, Higher Education Branch, Department of Education. Since February 2007, Dr Qhobela has been appointed Deputy Director General
Dr P Lolwana:	Chief Executive Officer, UMALUSI
Dr L Lange*:	Executive Director, Higher Education Quality Committee
Dr M Singh*:	Interim Chief Executive Officer, Council on Higher Education

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

3. ORGANISATION

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

- ♦ The Exco
- ♦ Accreditation Committee
- ♦ Special Accreditation Committee (National Reviews)
- ♦ Institutional Audits Committee

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

During the past year, the HEQC Board and Exco met regularly as scheduled.

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

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

The HEQC Directorates work closely with the Monitoring and Evaluation Directorate of the CHE. The HEQC comprises approximately 31 staff members who discharge their responsibilities in the Office of the Executive Director, the Programme Accreditation and Coordination Directorate, the National Reviews Directorate, the Institutional Audits Directorate and the Directorate for Quality Promotion and Capacity Development. The HEQC uses a number of contract staff and consultants as well as the services of local and foreign quality assurance experts from higher education institutions and other organisations. It draws on the general infrastructure of the CHE for services relating to finance, personnel and media and communications. The Executive Director and the directors meet once a month and each director has weekly meetings with the Executive Director. Directors, managers and project administrators meet every two months with the Executive Director.

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

4. OFFICE OF THE EXECUTIVE DIRECTOR



Dr. Lis Lange: ED HEQC

Overview

The beginning of the period under review was marked by several transitions in the organisation of the HEQC following Dr Prem Naidoo's death, the departure of Dr Badat to take up the position of Vice-Chancellor at Rhodes University, and the resignation of several senior staff members. The appointment of Dr Mala Singh as Interim CEO of the CHE required the appointment of a new Executive Director for the HEQC. Dr Lis Lange was appointed first in an acting capacity and after a formal process, in a permanent capacity since January 2007.

It seems opportune to record in this report the fundamental role that Dr Singh, the founding Executive Director of the HEQC, has played in the conceptualisation, design and implementation of the national quality assurance system in South Africa. The success and achievements of the HEQC, and much of its international reputation six years after its launch in 2001, are a tribute to her intellectual leadership, strategic vision, and personal integrity.

The reorganisation of the HEQC during this period took two forms. First, a new directorate was created with dedicated responsibility for the conduct of national reviews. This function was until the 2005/6 period part of the responsibilities of the Programme Accreditation Directorate. Second, a review was undertaken of the focus and scope of work in all directorates. New directors were appointed to fill vacancies in the Institutional Audits Directorate and in the Quality Promotion and Capacity Development Directorate, and a director was appointed to the newly created National Reviews Directorate.

The HEQC continued with its implementation schedule in relation to the accreditation of new programmes, the accreditation of existing programmes in selected disciplines, and institutional audits. Towards the end of the period under review the HEQC reinstated its regular meetings of the Quality Assurance Forum. The main goal of these meetings is to facilitate the sharing of information between the quality agency and higher education institutions and to improve the understanding of key stakeholders of the work of the HEQC.

In the area of accreditation the HEQC has worked on eliminating some of the problems that emerged from the implementation of the new online applications system. After a marked decrease in the number of applications for accreditation of programmes, which might have been caused by lack of familiarity with the new system as well as technical problems, numbers are up again for both private and public provider applications. In the area of coordination, the HEQC signed its first Memorandum of Understanding with the Engineering Council of South Africa on 7 November 2006.

The newly created National Reviews Directorate took over the ongoing activities relating to the review of professional and academic programmes in education, which had started in 2005 with the evaluation of 22 MEd programmes. The year 2006/7 focused on the evaluation of the BEd, PGCE and ACE, offered at 10 higher education institutions. Good professional relations with faculties and schools of education as well as the commitment of individual academics made possible the implementation of a process which has generally been regarded as transparent, participative, and most importantly, as having an impact on improving the quality of programmes.

In the area of audits, to date the HEQC has conducted 11 audits of public higher education institutions and 7 audits of private providers. In general, feedback from institutions as well as the comments of members

of audit panels suggest that the audit process has been conducted professionally and efficiently and that institutions have found the audits useful tools to generate institutional self-knowledge. The HEQC has also introduced further refinements to the auditing of private providers which distinguishes between different types of providers among them.

The work of the Quality Promotion and Capacity Development Directorate has been reconfigured to create greater efficiencies. Specialised training for discipline specific-evaluators in the accreditation system, training for evaluators in the context of national reviews, and training for auditors as well as workshops to support the preparation of institutions that will undergo audits are the activities on which staff of this directorate have concentrated their energies during this year. The review of training modules and the materials provided in the different workshops have been well-received by participants, according to evaluation forms completed after training sessions. In the area of quality promotion, the HEQC finalised a number of projects and refocused its energies on the reconceptualisation of its student literacy project, a process which is still underway. The HEQC has re-launched its QA Forum meetings, this time in partnership with HESA and has resumed similar meetings with private providers of higher education.

Overall, this year, which marked the middle of the implementation of the first cycle of quality assurance, was a successful one. The HEQC continued to use the experience gained in the implementation of its four sub-systems to improve its work in all areas of responsibility. The finalisation of the leadership arrangements in the HEQC has helped to give confidence to staff and to the system as to the direction in which the organisation is moving. However, problems in filling some of the vacant positions have hindered the effectiveness and efficiency of the work of the HEQC. It is hoped that appointments made at the end of the reporting period will have a positive effect on the work of the HEQC.

In the coming year the challenges for the HEQC will become even greater as National Reviews and Institutional Audits start focusing on merged institutions which are in the process of establishing new academic identities after settling some of the more vexing operational aspects of the mergers. One other area of challenge for the coming year will be for the HEQC to develop a closer relationship with the advice function of the CHE. This will make it possible for the HEQC's knowledge and information base on of the higher education system to be translated into constructive and useful analyses on the state of the higher education system and the impact of policy implementation.

International Liaison

Staff Activities

- ♦ Appointment of Dr Lis Lange, the Executive Director of the HEQC to the Board of the International Network of Quality Assurance Agencies in Higher Education (INQAAHE) in March 2007
- ♦ Attendance of Dr Singh and Dr Lange of the Annual Conference of the Council for Higher Education Accreditation (CHEA) and of the CHEA International Commission meeting in Washington in January 2007. Dr Singh is a member of the CHEA International Commission.
- ♦ Participation of Dr Singh and Dr Lange at the regional seminar of the UNESCO African Scientific Committee on "The Contribution of Higher Education to National Education Systems: Current Challenges for Africa" in Accra in March 2007. Dr Singh was rapporteur at the seminar.
- ♦ Paper presented by Dr Lange entitled "Quality assurance impact on institutional differentiation: Vivre la difference or the homogenisation effect?" Co-authored with Dr M Singh, at the INQAAHE Conference in Toronto in April 2007
- ♦ Participation of Dr Mark Hay and Mr Nhlanhla Cele in the QAA Institutional Audit Training Workshop in Gloucester in February 2007
- ♦ Presentation by Mr Nhlanhla Cele entitled "Making Quality Everyone's Business Through Self-Evaluation" at the St Mary's International Invitational Colloquium held at the St Mary's International University College in London in February 2007

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

- ♦ Keynote address by Ms Kirti Menon, at the UNESCO conference on Sustainable Development Education, in Barcelona in February 2007. The title of the address was "Sustainable development initiatives in the formal and non-formal sectors in South Africa."
- ♦ Ms Menon also attended the Peace, Non-violence and Empowerment Conference in New Delhi, India in February 2007.
- ♦ Ms Kirti Menon attended the INQAAHE Biannual Conference in Toronto in February 2007
- ♦ Keynote address by Dr Mala Singh at the World Bank seminar on Quality Assurance in Tertiary Education, Paris. The title of the address was "Quality Assurance in Higher Education: Complex Realities, Simple Solutions."
- ♦ Keynote address by Dr Mala Singh at the Higher Education Forum preceeding the meeting of the OECD Ministers of Education held in Greece, entitled "The Social Dimensions of Higher Education."
- ♦ Dr Mala Singh attended the International Conference on Accreditation in Higher Education organised by the Global University Network for Innovation where she presented a paper entitled
- ♦ The governance of accreditation", Barcelona, November 2006
- ♦ Dr Mala Singh attended the Global Colloquium of the UNESCO Forum on Higher Education, Research and Knowledge, Paris. December 2006.
- ♦ A presentation by Dr Mala Singh on the UNESCO/OECD Guidelines for Quality in Cross-border Education at the 16th Commonwealth Education Ministers Conference held in Cape Town, December 2006.
- ♦ Dr Singh made several inputs into the work of the International Network of Quality Assurance in Higher Education (INQAAHE).
- ♦ Dr Singh was an instructor on an online course on quality assurance organised by the International Institute for Educational Planning of UNESCO and offered to Anglophone countries in sub-Saharan Africa, November and December 2006.

International visitors to the HEQC

- ♦ The HEQC hosted a four person delegation from Finland in November 2006. The Finnish delegation participated in workshops organized by the HEQC under the auspices of the Quality Systems Restructuring Project, which is part of a South Africa- Finland Cooperation programme.
- ♦ CHE hosted a two day visit of Prof Oyewole from the Association of African Universities. He had several meetings with staff who briefed him on the work and systems of the HEQC and engaged in discussions on the AAU programme on Quality Assurance to which the CHE has made a substantial planning input.
- ♦ Visit by Prof Larkin, Vice-Chancellor and President of Monash University, Australia.
- ♦ Minister of Education and education officials from the Sultanate of Oman.
- ♦ Country visit by Dr Christine Hongoke, member of the SADC team who conducted a study on benchmarking quality assurance systems and qualifications in the Southern African region, in February 2007.
- ♦ Dr Singh met with an education ministry delegation from Burundi in order to provide information on the South African higher education system.

5. PROGRAMME ACCREDITATION AND COORDINATION DIRECTORATE



**Mr. Theo Bhengu: Director of
Programme Accreditation &
Coordination**

The Programme Accreditation and Coordination Directorate area of work includes:

- ♦ Accreditation of new programmes from private and public higher education institutions.
- ♦ Coordination of quality assurance in higher education through relationships with other ETQAs, professional councils and other regulatory authorities on quality assurance in higher education. This includes delegation of certain quality assurance responsibilities to bodies or institutions with systems to carry out such responsibilities.
- ♦ The delegation of stipulated quality assurance areas (e.g. short courses, RPL, assessor training, moderation of assessment and certification arrangements) to higher education institutions with proven systems to manage the quality of these areas.

5.1 Online Accreditation System

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

5.1.1 Routine Accreditation (Public Providers)

During the period under review, the HEQC received 61 learning programmes from public higher education institutions submitted through the online accreditation system. All these programmes were evaluated during this period. The decision making process, however, depends on the scheduled meetings of the Accreditation Committee and therefore, accreditation decisions were reached during this period in relation to 39 programmes. Out of these programmes, 34 were accredited, which represents a success rate of 87 percent. Accreditation decisions on the remaining 22 programmes will be made at the first meeting of the Accreditation Committee in the new financial year.

Table 1: Summary of Routine Accreditation (Public Providers), April 2006 - March 2007

Number of programmes received and evaluated	Decisions pending	Programmes with decisions taken	Number of Programmes Accredited	Not Accredited	Success Rate
61	22	39	34	5	87%

The number of applications submitted by public institutions for the period of April 2006 to March 2007 has increased compared to those submitted in the year 2005/2006. The HEQC is streamlining the online accreditation system in order to support increased programmes responsiveness from higher education institutions.

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

5.1.2 Re-accreditation of M Tech: Chiropractic Programmes (Public Providers)

Following collaboration between the HEQC, HESA and the Allied Health Professions of South Africa (AHPCSA), the re-accreditation project for M Tech Chiropractic programmes commenced during this

period. The project involves the only two public higher education institutions offering these programmes, namely, the Durban University of Technology (DUT) and the University of Johannesburg (UJ). The main objective of this project was:

- ♦ To undertake an evaluation of M Tech: Chiropractic programmes on offer at higher education institutions in order to establish the quality of provision.
- ♦ To determine whether the quality of M Tech: Chiropractic programmes meet the basic quality requirements of the HEQC in relation to postgraduate provision.

On 16 and 17 August 2006, a site visit was undertaken to evaluate the M Tech Chiropractic programmes offered at the Durban University of Technology (DUT). The programme was initially conditionally accredited. After the institution satisfied all the HEQC's conditions, the programme was granted full accreditation. The site visit for the MTech Chiropractic Programme of the University of Johannesburg will be undertaken in May 2007.

5.1.3 Routine Accreditation (Private Providers)

During this period the HEQC received 97 learning programmes submitted through the online accreditation system from private higher education providers. All these programmes were evaluated during this period. The decision making process, however, depends on the scheduled meetings of the Accreditation Committee, therefore accreditation decisions were reached during this period in relation to 53 programmes. Out of these programmes 27 were accredited, a success rate of 51 percent. Accreditation decisions on the remaining 44 programmes will be made during the new financial year.

Table 2: Summary of Routine Accreditation (Private Providers), April 2006 - March 2007

Number of programmes received and evaluated	Decisions pending	Programmes with decisions	Number of Programmes Accredited	Not Accredited	Success Rate
97	44	53	27	26	51%

The particularly low success rate of private providers in the accreditation process can be explained through the difficulties these providers encounter to meet HEQC criteria, particularly in the areas of compliance with the national policy framework and human and infrastructural resources. It is worth noting that the private providers that are newly established experience the greater difficulties, while established providers are in a better position to meet the criteria.

5.1.4 Re-accreditation (Private Providers)

During this period, six private providers applied for re-accreditation of 11 programmes. Of these, 8 programmes were accredited which represents a success rate of 73 per cent.

Table 3: Summary of Re-accreditation of Private Providers, April 2006 - March 2007

Number of provider	Number of Programmes	Number of Programmes Accredited	Number of Programmes Not Accredited	Success Rate
6	11	8	3	73%

According to the HEQC accreditation system, institutions whose programmes have not been accredited can submit representations to the HEQC on errors of fact or omissions and request a review of decisions within 21 working days of the date of receipt of the report. During the period under review, the HEQC received 14 representations and processed 6 applications for review of which 50% were accredited.

Table 4: Summary of Routine Accreditation (Private Providers), April 2006 - March 2007

Number of representations received	Number of Representations Evaluated	Number of Programmes Evaluated	Number of Programmes Not Accredited	Success Rate
14	6	3	3	50%

5.1.5 Evaluation of Multiple Sites of Delivery (Private Providers)

In accordance with the Regulations for the Registration of Private Providers (December 2002), every site of delivery of a private institution must be accredited and registered in its own right, hence the need for this project. In this period, the HEQC undertook an evaluation of 19 sites of delivery and 189 programmes offered by one private provider. Site visits were conducted to evaluate each programme at each site of delivery. Of these, 173 programmes were accredited and 16 were not accredited leading to a success rate of 91.5 per cent (see Table 5 below):

Table 5: Evaluation of Multiple Sites of Delivery

Number of sites of Delivery	Total Number of Programmes evaluated	Number of Programmes Accredited	Number of Programmes Not Accredited	Success Rate
19	189	173	16	91.5 %

5.2 COORDINATION

5.2.1 Memoranda of Understanding (MoUs)

As the band ETQA for higher education with responsibility to coordinate quality assurance in higher education, the HEQC continues to face challenges in the area of coordination. There are about 70 bodies (ETQAs and professional councils) with statutory responsibility to operate in higher education in the same domain as the HEQC. Because of difficulties experienced in this area of work caused by multiple quality assurance systems of the different ETQAs, the HEQC has adopted a multi-faceted approach, which has included the sharing of knowledge and expertise from its systems with other bodies through planned workshops in addition to attempts to sign MoUs. Workshops have been held with the following bodies in an attempt to share systems information so as to try and coordinate quality assurance in higher education:

- ♦ The Engineering Council of South Africa (ECSA)
- ♦ The South African Institute of Chartered Accountants (SAICA)
- ♦ The Allied Health Professions Council of South Africa (AHPCSA)
- ♦ The Council for Built Environment (CBE)

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

In the context of the framework for the signature of MoUs approved by the HEQC Board on November 2005, the HEQC signed an MoU with the Engineering Council of South Africa (ECSA) on 7 November 2006.

5.2.2 *Quality Assurance Functions Delegated to Higher Education Institutions*

The HEQC is required to report to SAQA on how its constituent providers quality assure the following areas:

- ♦ Recognition of Prior Learning (RPL)
- ♦ Assessor Training and Development
- ♦ Moderation of Assessment
- ♦ Certification Arrangements
- ♦ Short Courses

The HEQC indicated to SAQA and to all higher education institutions its intention to delegate responsibility to institutions for quality management of these areas. During this period, the HEQC received progress reports in respect of already submitted improvement plans. These were evaluated by a group of experts contracted by the HEQC.

The HEQC has developed a framework for the delegation of these areas to institutions. Comments were obtained from an expert advisory group. The final framework will be approved by the HEQC for implementation to start in the next financial year.

5.2.3 *The National Learner Records Database (NLRD)*

As an ETQA, the HEQC has responsibility to submit learner achievements to SAQA at intervals determined by SAQA. For public providers, this data is submitted to SAQA directly from the DoE's HEMIS system. As no such system exists yet at the DoE for private providers, the HEQC has commenced a process of developing a system which will allow private providers to submit their data to the HEQC. After a thorough process of verification, such data will be submitted to SAQA.

The HEQC commissioned a framework detailing requirements for the NLRD during this period. In line with PFMA requirements, the HEQC will ask for tenders for the development and implementation of the system. Preliminary consultations have been held with private providers on this.



**Ms. Kirti Menon: Director of
National Reviews**

6. NATIONAL REVIEWS DIRECTORATE

The establishment of the National Reviews Directorate was approved by the HEQC Board in 2005, with the Directorate being effectively constituted in 2006. This Directorate focuses on the re-accreditation of existing programmes in specific disciplines and/or qualification areas. Until the creation of this Directorate, national reviews were part of the responsibility of the Programme Accreditation Directorate. This Directorate initiated the first part of the national reviews of academic and professional programmes in education, which had been approved by the HEQC Board in 2004. The first stage of this review focused on the MEd (Education Management).

The national review continued in 2006 and 2007 with the evaluation of the Advanced Certificate in Education (ACE), Bachelor of Education (B Ed) and Post-graduate Certificate (PGCE) in Education programmes. Based on the experience of the M Ed, a decision was taken to ensure that programmes to be reviewed had produced one cohort of graduates. In March 2006 the HEQC Board approved a proposal submitted by the new Directorate to stagger the review over a two-year period based on the large numbers of programmes to be evaluated.

6.1. National Review of the M Ed (Education Management/ or other near-equivalent programmes) 2005/6

During the period under review the Directorate concluded the review of the M Ed (Education Management/or other equivalent programmes). Out of 19 programme evaluators reports submitted for the consideration of the HEQC Board, 11 received full accreditation, 4 received accreditation with conditions and accreditation was withdrawn in the case of 4 programmes. A further four institutions did not feature in the review and their programmes are being phased out. Other M Ed programmes offered by these institutions will be reviewed in 2007 and 2008. The results of completed reviews as at April 2007 are indicated in the table below:

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

Table 6: Accreditation Decisions on MEd Programmes 2005/6

Institution	Programme	Decision
University of Witwatersrand	M Ed (Structured)	Full Accreditation
University of Stellenbosch	M Ed (Education Policy Studies)	Full Accreditation
Nelson Mandela Metropolitan University	M Ed (Educational Management)	Full Accreditation
Walter Sisulu University of Technology	M Ed (Educational Management and Policy)	Full Accreditation
University of Kwazulu-Natal (Durban/Pietermaritzburg)	M Ed (Education, Leadership and Management)	Full Accreditation
University of Cape Town	M Ed (Educational Administration, Planning and Social Policy)	Full Accreditation
Rhodes University (Grahamstown/Namibia)	M Ed (Educational Leadership and Management)	Full Accreditation
University of the Western Cape	M Ed (Educational Management, Administration and Policy)	Full Accreditation
University of South Africa	M Ed (Education Management)	Full Accreditation
University of Pretoria	M Ed (Educational Leadership)	Full Accreditation
Cape Peninsula University of Technology (Mowbray)	M Ed (Structured)	Full Accreditation
University of Venda	M Ed (Education Management)	Accreditation with Conditions
University of Fort Hare (Alice/East London)	M Ed (Dissertation)	Accreditation with Conditions
University of Johannesburg	M Ed (Educational Management)	Accreditation with Conditions
North-West University (Mafikeng)	M Ed (Educational Planning & Administration)	Accreditation with Conditions
University of Limpopo	M Ed (Dissertation: Education Management)	Withdrawal of Accreditation
University of Free State	M Ed (Education Management)	Withdrawal of Accreditation
Central University of Technology (Bloemfontein)	M Ed (Educational Management)	Withdrawal of Accreditation
North-West University (Potchefstroom)	M Ed in Educational Practice (Education Management)	Withdrawal of Accreditation
Durban University of Technology	M Ed Dissertation	The institution is discontinuing this programme
Tshwane University of Technology	M Tech in Education	The institution is discontinuing this programme
University of Zululand	M Ed Educational Management	The institution is discontinuing this programme
Vaal University of Technology	M Ed by Dissertation	The institution is discontinuing this programme

6.2. Monitoring of Improvement Plans for the eight institutions that received Accreditation with conditions/Provisional accreditation after the Board decision in March 2006

The institutions that received accreditation with condition or provisional accreditation for their M Ed programmes had to submit improvement plans to the HEQC. These plans were analysed by the HEQC and feedback provided to the institutions. The Directorate drew up a schedule for monitoring the Improvement Plans of the conditionally accredited/provisionally accredited institutions. Site visits were arranged to verify that conditions stipulated in the accreditation reports were met by the institutions. As a result of these visits, the University of South Africa, Cape Peninsula University of Technology, Walter Sisulu University and the University of Pretoria were awarded full accreditation (as indicated in the table above). Final decisions in relation to the University of Fort Hare, North-West University (Mafikeng Campus) and the University of Johannesburg, will be made in the next financial year once all required processes are finalized.

6.3. Monitoring of Improvement Plans for the fully accredited institutions

The seven institutions that were originally granted full accreditation also had to submit progress reports on minor conditions that were attached to their accreditation. These submissions were analysed and feedback given to the institutions. All seven institutions received comments from the HEQC regarding their progress on meeting conditions. No further reports are required from these institutions.

6.4. Monitoring of 'Teach-out' Plans

The Directorate organized two-day site visits by two-person peer review panels to the four institutions which withdrew their M Ed programmes from the review process (Durban University of Technology; Tshwane University of Technology; University of Zululand; Vaal University of Technology). Reports on the findings on the site visits were provided to the four institutions. Alternative M Ed programmes have been selected for review at the University of Zululand and Tshwane University of Technology which will take place during the 2007/8 reporting year.

The four institutions not granted accreditation for the selected M Ed programmes reviewed, completed detailed plans on arrangements for pipeline students. Progress reports were received in October/November 2006. The four institutions received responses from the HEQC secretariat in December 2006 with a request for further progress reports to be submitted in November 2007.

6.5. Review of B Ed, PGCE and ACE programmes

The HEQC began the review of professional programmes in education in 2006. This review was scheduled to take place over two years (2006 and 2007). Institutions which did not undergo restructuring/mergers and those that had already produced a cohort of graduates were evaluated in 2006. Institutions that have been affected by the merger process will be evaluated in 2007. The review of these programmes focuses on the following specializations:

- ♦ B Ed (Foundation Phase)
- ♦ PGCE (FET Phase)
- ♦ ACE (Mathematics, Science and Technology).

For institutions that do not offer these specializations, another specialization was selected for review. The HEQC had indicated to institutions that it will reserve the authority to evaluate any specialization using criteria such as numbers of students enrolled in that specialization and other considerations.

The first cycle of reviews for the ACE, B Ed and PGCE programmes which included 22 programmes was completed in September 2006. After a meeting of the Special Accreditation Committee held on 23 and 24 November 2007, draft accreditation reports were sent to the institutions. Reports and representations from the institutions were tabled at the HEQC Board Meeting on 5 March 2007 which made the final decision on the accreditation status of the programmes assessed. The final outcomes of this review are indicated in the table below.

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Table 7: Accreditation decisions on the B Ed, PGCED and ACE programmes 2007

INSTITUTION	PROGRAMME	BOARD DECISION
Centre for Creative Education	B Ed (Foundation/Intermediate)	Accreditation with Conditions
Rhodes University	ACE (Mathematics Education)	Full Accreditation
	PGCE (Senior/FET)	Full Accreditation
Stellenbosch University	ACE (Mathematical Literacy)	Full Accreditation
	B Ed (Foundation)	Full Accreditation
	PGCE (FET/GET)	Full Accreditation
University of Cape Town	ACE (Mathematics)	Full Accreditation
	PGCE (Senior & FET)	Full Accreditation
University of Kwa-Zulu Natal	B Ed (Foundation/Intermediate)	Full Accreditation
	PGCE (FET)	Full Accreditation
	ACE (Mathematics GET)	Full Accreditation
University of Pretoria	PGCE (FET)	Full Accreditation
	B Ed (ECD/Foundation)	Full Accreditation
	ACE (Educational Management)	Accreditation with Conditions : On notice for withdrawal of accreditation
University of Zululand	ACE (Mathematics and Science Education, GET and Senior)	Accreditation with Conditions
	B Ed (Foundation/Intermediate)	Accreditation with Conditions: On notice for withdrawal of accreditation
	PGCE (FET Full-time/Part-time/ Learnership)	Accreditation with Conditions: On notice for withdrawal of accreditation
University of the Western Cape	PGCE (FET)	Full Accreditation
	ACE (Mathematics)	Full Accreditation
Vaal University of Technology	PGCE (Senior and FET)	No Accreditation
Wits University	ACE (Learners with Special Educational Needs)	Full Accreditation
	PGCE (Senior and FET Phase)	Full Accreditation

Quantitative information on the programmes reviewed in the 2006 phase of the evaluation is provided in the table below:

Table 8: The process of national reviews in figures 2006

YEAR	ITEM	ACE	B ED	PGCE	TOTAL
2006	No. of programmes reviewed (10 Institutions)	8	5	9	22
	No. of portfolios received	8	5	9	22
	No. of improvement plans	1	1	-	2
	No. of evaluators used	24	28	35	87
	Monitoring Teach-out	-	-	-	-
	Monitoring withdrawals	-	-	1	1
	No. of reports sent	-	-	-	10

As indicated above, the revised system for national reviews was initiated in 2006. On the basis of using the new system, the 2006 review concluded with no major problems to record. Experience from the 2006 review informed the realignment of systems, procedures and processes for 2007. Policy gaps were identified and addressed.

Plans were finalised for site visits to the remaining 14 institutions with a total of 41 programmes to be evaluated between March and June 2007. These programmes include the ACE, B Ed and PGCE as well as the 2 M Ed programmes at Tshwane University of Technology. The programmes scheduled for review in the second cycle are indicated in the table below. The first eight site visits have been completed.

Also included in the table are the institutions that were given the status of Accreditation with Conditions during the M Ed Review of 2005. These institutions had to submit Improvement Plans which were analysed by the Directorate and feedback was given to the institutions. They will now be evaluated to ascertain if they have met the necessary conditions.

Table 9: Institutions which have submitted improvement plans

INSTITUTION	PROGRAMME	DATE
Walter Sisulu University	B Ed, PGCE	26-30 March
Central University of Technology	ACE, PGCE	16-20 April
Cape Peninsula University of Technology	ACE, B Ed, PGCE	16-20 April
Hebron Theological College	PGCE	23-26 April
North-West University	ACE, PGCE	7-11 May
University of Johannesburg	ACE, B Ed, PGCE	7-11 May
North-West University (Mafikeng)	M Ed	11 April*
University of Fort Hare	M Ed	11 May*
Nelson Mandela Metropolitan University	ACE, B Ed, PGCE	14 -18 May
University of the Free State	ACE, B Ed, PGCE	21st-25 May
Durban University of Technology	B Ed (FET)	4-8 June
University of Fort Hare	ACE, B Ed, PGCE	4-8 June
Tshwane University of Technology	ACE, B Ed, PGCE, M Ed (Ed Tech) and M Ed (General)	11-15 June
University of South Africa	ACE, B Ed, PGCE	18-22 June
North-West University:Potchefstroom	ACE (Ed Management)	25-28 June
North-West University: Namibia	ACE (Ed Management)	13-16 August
University of Venda	M Ed	10-14 Sept August
University of Limpopo	ACE, B Ed, PGCE	3-7 Sept

* Site visits completed but reports not finalised

CHAPTER 3: QUALITY ASSURANCE :THE WORK OF THE HEQC

7. INSTITUTIONAL AUDITS DIRECTORATE



Dr. Mark Hay:
Director of Institutional Audits

The Institutional Audits Directorate is responsible for the conduct of audits of the internal quality management systems that public and private providers of higher education have in place in order to ensure good quality of provision in the three core functions of teaching and learning, research and community engagement.

7.1 Audit Programme, 2006-2007

The Directorate started its third year of implementation of the audit cycle after a largely successful second year of conducting quality audits. During the period under review, the Directorate conducted six audits, three of public higher education institutions, two of private providers and one audit of the Polytechnic of Namibia. The latter was carried out as part of the HEQC MoU with that institution and the Namibian Qualifications Authority. Five audit reports have been sent out to institutions. Executive summaries of these reports have been placed on the CHE website.

In November 2006 the Directorate conducted an internal review of the efficiency and effectiveness of its processes which resulted in a number of adjustments and improvements for the 2006/7 institutional audits.

Table 10: Institutional Audits conducted by the HEQC between April 2006 and March 2007

Name of higher education institution audited by the HEQC	Dates of the audit visit	Type of institution
Vaal University of Technology	1-19 May 2006	Public HEI
Da Vinci Institute for Technology Management	6-8 June 2006	Private HEI
Monash South Africa	28 Aug-1 September 2006	Private HEI
University of Witwatersrand, Johannesburg	18-22 September 2006	Public HEI
University of the Free State	16-20 October 2006	Public HEI
Polytechnic of Namibia	5-9 March 2007	Namibian HEI

The HEQC has conducted notification visits to the following institutions to be audited in 2007 and 2008.

Table 11: Institutional audits for 2007 which were notified during 2006

Name of higher education institution to be audited by the HEQC	Dates of the audit visit	Type of institution
Tshwane University of Technology	16-20 April 2007	Public HEI
University of Pretoria	21-25 May 2007	Public HEI
Independent Institute of Education	23-27 July 2007	Private HEI
Durban University of Technology	13-17 August 2007	Public HEI
University of the Western Cape	10-14 September 2007	Public HEI

A successful Readiness for Audit Workshop was held from 20 to 21 February 2007 for institutions preparing for an audit in 2008 and early 2009. About 35 senior members of staff from institutions (about five per institution) participated in the workshop.

A number of institutions have submitted post-audit institutional improvement plans to the HEQC, based on the recommendations of the audit report.

7.2 Adjustment to the Institutional Audit Cycle

An analysis of the workload of the Directorate in relation to each audit indicated that it is not possible to conduct more than five audits in a year as efficiently as required. This finding combined with the fact that some institutions had started asking for more time to prepare, prompted the secretariat to make a proposal to the HEQC Board that the audit cycle be extended until 2010. In March 2007 the HEQC approved the addition of a further year to the cycle to allow some universities to prepare better for the institutional audit as well as to assist the Directorate to accommodate the demands of an increased workload.

7.3 HEQC Evaluative Study of Institutional Audits 2006

At the end of 2005 the HEQC commissioned research on the effect of the audit process on higher education institutions. The overall aim of the study was to evaluate the extent to which the institutional audits conducted by the HEQC since 2004 took place in an efficient and effective manner in each of their phases and in relation to both the participants and structures involved in the process. A key question posed refers to the extent to which the audits have advanced the objectives set out by the HEQC in its *Framework for Institutional Audits*. The HEQC evaluative study was conducted at three public higher education institutions and two private providers during the course of 2006. The report entitled *HEQC Evaluative Study of Institutional Audits 2006* was finalised and placed on the CHE website in January 2007.

A second phase of the research has been commissioned for 2007 as a follow up to the initial study and will be conducted at four institutions to be audited in 2007, two institutions to be audited in 2008 as well as follow-up studies at two institutions audited in 2005 and included in the 2006 evaluation study mentioned above - a total of eight universities. The main focus of the second phase of the research will be the relationship between audit and institutional change and development.

7.4 Audit Manual

The *Framework for Institutional Audits and the Criteria for Institutional Audits* which were published in 2004 needed to be supplemented with a manual that could support institutions in their preparations for the institutional audits and provide panel members with an easy reference guide to different aspects of the actual audit process, ethical issues related to audit, etc. Given that the HEQC has been improving its processes since the first audits conducted in 2004 the audit system is now sufficiently refined for the agency to finalise and release an audit manual which will have validity for the conduct of institutional audits until 2010, the end of the first audit cycle. The manual will be made available electronically on the CHE website and in hard copy to institutions in mid-2007.

7.5 Training of Auditors

In collaboration with the Quality Promotion and Capacity Development Directorate, three auditor training workshops were conducted in July and October 2006, and March 2007. A total of 128 persons have been trained in the audit system during the period under review.

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8. QUALITY PROMOTION AND CAPACITY DEVELOPMENT DIRECTORATE



Mr. Nhlanhla Cele
Director of Quality Promotion
& Capacity Development

This Directorate is responsible for the implementation of the HEQC promotion and capacity development programme, which focuses on the dissemination of information and knowledge about quality assurance and the preparation of individuals and institutions to participate in the implementation of the HEQC's quality assurance system. This Directorate works in collaboration with all other directorates of the HEQC.

8.1 Projects and activities

8.1.1 Training workshops

The directorate has conducted a number of workshops on Evaluator Preparation and Auditor Preparation. The following table provides a summary of workshops conducted between March 2006 and May 2007.

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Table 12: Training Workshops for Auditors and Evaluators

Type of workshop	Number of workshops	Participating institutions	Number of auditors and evaluators trained
Institutional Audits			
Auditor Preparation	Total of 118 auditors trained 4 workshops	All public institutions; Namibia Polytech; Int'l Hotel School; IIE; NAMQA; Mauritius TEC; Bond SA, IAU; Da Vinci	118
Institutional Audits			
Chairpersons Preparation Workshop	Total of 10 audit panel chairpersons trained 1 workshops	SUN, UCT, WSU, CPUT, UKZN, UNW	10
National Reviews			
Evaluator Preparation for MEQ, ACE, PGCE and BED programme reviews.	Total of 244 evaluators trained 8 workshops	All public institutions excluding Mangosuthu Technikon; Henley Management College; Hebron College; SAOU; SADTU; NATU; NAPTOSA; Centre for Creative.	244
Accreditation and Coordination			
Training of Evaluator per Disciplinary Field			
Environmental Health	1 workshop	NMMU, NWU, Mangosuthu, UI, UL, UOFS, TUT, CUT, UFH, UNIZUL, CPUT, UP, UNIVEN, DUT	27
Biotechnology and Bioinformatics	1 workshop	SUN, CPUT, CUT, MANTEC, UNIZUL, UWC, TUT, DUT, WITS, UKZN	12
Psychology	3 workshops	All public institutions and the Health Professions Council of South Africa	42
Arts and Design (interior design, graphic design, fashion design)	1 workshop	UCT, CTUT, NMMU, DUT, TUT, US, VY, CUT, VUT, Private Providers-JDC, GDCC, DSSA	25
Transport Management	2 workshops	LearnCorp; UNISA; US; NWU; Centre for Logistics	22
Architecture	1 workshop	Umbobo Construction cc; South African Council for Project and Construction Management Profession; Letchmiah Daya Mandindi Johannesburg Inc; Projcore; Department of Public Works; South African Council for the Quantity Surveying Profession; South African Council for the Landscape Architectural Profession; Engineering Council of South Africa; Council for the Built Environment; UJ; UCT CPUT; WITS	17
Social Development/ Development Studies			
Social Development/ Development Studies	2 workshops	All public institutions; South African Board for Personnel Practice; University of the Western Cape; Centre for Creative Education; Cornerstone Christian College; Cape Town Baptist Seminary; Helderberg College	37
Accounting	2 workshops	All public institutions	39

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

8.1.2 *Evaluator preparation workshops*

At the beginning of 2006, the HEQC conducted an internal review of the model used for the training of evaluators for programme accreditation. On the basis of the findings, the focus in the training shifted from technical training in the use of the accreditation online system to the specific aspects of programme evaluation. The Accreditation Directorate in liaison with QPCD decided that, while it is important to train evaluators on the technologies and the IT platform used in programme evaluation, the focus of the evaluator preparation should be on the accreditation criteria. The training now focuses on:

- ♦ applying the criteria to evaluate new programmes
- ♦ using the on-line system to evaluate programmes.

This new approach has the advantage of fulfilling another goal of the HEQC capacity development and promotion programme, viz. building capacity within institutions with the purpose of enhancing the quality of programme design and internal reviews.

The *Evaluator Preparation* workshops were co-ordinated and organised by QPCD and aimed at training and capacitating programme evaluators in the following identified subject areas and disciplines. The following are the disciplinary areas proposed by the Accreditation and Coordination Directorate where evaluator expertise needs to be extended and enhanced:

- ♦ Environmental Health
- ♦ Biotechnology
- ♦ Psychology
- ♦ Social Development/Development Studies
- ♦ Accounting
- ♦ Environmental Health
- ♦ Landscape Technology
- ♦ Food Technology
- ♦ Mathematical Technology
- ♦ Actuarial Science
- ♦ Analytical Chemistry

8.1.3 *Auditor preparation workshops*

Auditor preparation workshops have been reviewed and streamlined in order to focus on the training of senior administrators and academics in institutions. QPCD prepared an internal report on auditor training based on evaluation forms completed by participants and on feedback provided by the Audit Directorate on the actual experience of audit panels. The report has been used to improve the quality of Auditor Preparation Workshops.

8.1.4 *National Reviews preparation workshops*

Evaluator Preparation for the National Reviews directorate has evolved and improved. In 2006, QPCD produced an evaluative report on this training programme which was used to improve the quality, efficiency and effectiveness of these workshops. In 2007 only one Evaluator Preparation Workshop was conducted. The National Reviews Directorate is currently conducting programme reviews on teacher education. The current number of trained evaluators is sufficient for the purpose of the current phase of the review.

8.2 **Quality Forum**

QPCD has entered into a collaborative arrangement with HESA to co-host quality forums for the public higher education institutions. The first jointly hosted event took place in October 2006 and was attended by 29 participants. In 2007 the HEQC will also hold a Quality Forum for private providers of higher education.

8.3 Consolidation of the auditor/evaluator database

The purpose of this database is to record all relevant information on individuals who have been trained by the HEQC. The Audit and Accreditation Directorates utilise this information to select trained candidates, to plan for future training workshops, to refine selection processes, and to produce accurate reports and statistics for internal reporting. Not all the information of the individuals trained for the three HEQC sub-systems has been entry yet in this newly developed database. The table below shows that total entries captured in the database. There are still approximately 500 names that need to be entered into the data base to have a complete record of all the individuals trained.

Table 13: Data captured in the database

	July 2006	December 2006
1. Total Entries	713	1121
2. Auditors	268	411
3. Evaluators	445	548
4. National Review Evaluators	0	162

8.4 Community engagement and service learning

A conference on Community Engagement in Higher Education jointly hosted by the HEQC and the Community Higher Education Service Partnerships (CHESP) took place at the Bantry Bay Hotel, Cape Town at the beginning of September 2006. The aim of the conference was to promote an enabling environment for conceptualising and implementing community engagement in South African higher education. More than two hundred participants from government, national and international HEIs, municipalities, and NGOs took part. Issues arising from the planned report will help the HEQC as well as interested higher education institutions to conceptualise further work in the field of community engagement and service learning.

8.5 Student quality literacy project

This area of work of the HEQC focuses on students' role in the improvement of the quality of provision at higher education institutions. The project has two main aspects. On the one hand, it looks at improving the knowledge and ability that potential higher education students have to choose serious providers to enrol for their qualifications. On the other hand, the project looks at the involvement of higher education students in the different structures and processes available to assure the quality of provision at institution level. In 2005, the HEQC undertook a study of student involvement in quality assurance processes in public higher education institutions. Focus group discussions were held with students from six public institutions: University of Pretoria, Nelson Mandela Metropolitan University, Walter Sisulu University, University of Johannesburg, Fort Hare University and Wits University, and questionnaires sent to quality managers and deans of students. The survey was completed in April 2006 and a full report written by the researcher.

The HEQC sent a representative to the SABC careers fair held at the Polokwane Civic Centre on 7-9 June 2006. The fairs are attended by Grade 9-12 pupils who wish to enter higher or further education in the near future. The purpose of HEQC's participation is to alert prospective students and parents to the importance of choosing good quality higher education, and to the role which students and associated stakeholders can play in ensuring attention to and improving quality.

This project was established to equip currently registered and prospective higher education students to make informed decisions relating to quality education, and to engage in quality assurance and quality promotion activities.

CHAPTER 3: QUALITY ASSURANCE: THE WORK OF THE HEQC

HEQC collaborated with NADEOSA in offering a Student Quality Literacy Workshop during the NADEOSA Conference that was held from 22-24 August 2006. The workshop was held on the last day of the conference targeting representatives of the South African Union of Students. The workshop was facilitated by Ms. A Venter from UNISA who has submitted a workshop report to QPCD.

HEQC also participated in the conference for Student Affairs Professionals under the auspices of NASDEV and SAASSAP. This conference was held at the University of Free State (Bloemfontein Campus) from the 4-6 of October 2006. An HEQC staff member presented a paper entitled *The Role of Student Affairs in the HEQC Institutional Audits*. QPCD is currently reviewing this project in order to align its conceptualisation more effectively with broad HEQC functions.

8.6 Quality systems restructuring project

The main purpose of the project is to support the institutionalisation of internal quality assurance systems at merged and historically disadvantaged institutions (HDIs), in order to enable them to prioritise quality issues in their planning and to respond more effectively to the HEQC's audit and accreditation systems. Grants are also allocated on a competitive basis to the remaining public institutions on the basis of plans submitted to the HEQC for the improvement of the quality of teaching and learning, and to departments within institutions for innovation plans developed for the improvement of quality of any of the core functions.

The process of awarding competitive grants commenced on 30 June 2006 with letters of invitation sent to the Vice-Chancellors of all relevant institutions, inviting them to participate and setting out the conditions and procedures. The institutions invited to participate were: University of Cape Town, University of Stellenbosch, Rhodes University, University of the Free State, Central University of Technology, Vaal University of Technology, University of Pretoria, and University of the Witwatersrand.

All institutions which qualified for the grants submitted applications to the HEQC by 15 September 2006. The Awards Committee, which was set up by the HEQC as an independent body for allocating the grants, met on 4 October 2006 and awarded two institutional grants (R400,000 each) and 12 departmental grants (R70,000 each), as follows:

- University of Stellenbosch (1 institutional and 2 departmental grants)
- University of Cape Town (3 departmental grants)
- University of Pretoria (1 departmental grant)
- University of the Witwatersrand (1 institutional, and 1 departmental grant)
- Rhodes University (2 departmental grants)
- Central University of Technology (Free State) (1 departmental grant)
- University of the Free State (2 departmental grants)

The programme for and process that leads to the awarding of these grants is still continuing.

The HEQC received a group of visitors from Finland in the period 9-12 October 2006, as part of the Project's annual exchange of expertise. The visitors were the following:

- ♦ President Dr. Pentti Rauhala, Laurea Polytechnic (University of Applied Sciences) Also chairperson of the Rectors Conference of Polytechnics.
- ♦ President Dr. Jorma Niemelä, Diaconia Polytechnic (University of Applied Sciences). Also vice chairperson of the Rectors Conference of Polytechnics.
- ♦ President Dr Ritva Laakso-Manninen, Helia Polytechnic (University of Applied Sciences).
- ♦ Dr Seppo Saari (Project Manager, Finnish Higher Education Evaluation Council (FINHEEC)).

The visitors attended an internal seminar with HEQC and CHE staff and a HEQC workshop at the Graduate Centre of the University of Pretoria to which representatives of merged institutions and HDIs were invited. The seminar focused on Quality Challenges at Merged and Historically Disadvantaged Institutions.

The delegation also visited the Soshanguve Campus of the Tshwane University of Technology (TUT), and the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth.

The following institutions which are funded by the HEQC as part of its Merger and HDI Project received follow up visits from the Project Coordinator

University of Limpopo (20 Nov. 2006)
 University of Venda (21 Nov. 2006)
 University of Zululand (24 Nov. 2006)
 Mangosuthu Technikon (27 Nov. 2006)
 University of Fort Hare (28 Nov. 2006)

The year was concluded with the annual meeting of contact persons of the HEQC's Merger Project and Project for HDIs at the Birchwood Conference Centre on 5 December 2006, in order to reflect on activities in 2006 and plan for 2007. The meeting was attended by representatives from 12 institutions.

In February, the amounts allocated for 2007 were transferred to merged institutions and HDIs that completed their activities planned for 2006 and handed in successful progress reports. The amounts are intended for developing / refining quality management systems in merged institutions and HDIs, also in preparation for HEQC audit and programme accreditation requirements.

On 12 March 2006, a meeting to report on progress in the project and discuss ways to measure the impact of the different components of the project, viz. quality assurance (HEQC), information and communications technology (DoE), and research and collaboration (CHE/DoE) took place between a delegation from Finland and the coordinators of the different projects.

8.7 International links

The Scottish South African link developed as one of the results of the Memorandum of Understanding between the HEQC and its counterpart organization in the United Kingdom, the Quality Assurance Agency (QAA). Its purpose was to enable Scottish and South African quality assurance practitioners, and the HEQC and QAA, to exchange experiences and share information of mutual benefit.

In November 2005, a five-person group consisting of Professor Nthabiseng Ogude (Nelson Mandela Metropolitan University), Dr Makhapa Makhofola (Walter Sisulu University of Technology), Dr Chrissie Boughey (Rhodes University), Professor Hugh Africa (Chair: HEQC Board) and Barbara Morrow (HEQC) undertook a one-week visit to six Scottish universities and to QAA: Scotland.

In September 2006, a return visit took place. Members of the Scottish group were Dr Claire Carney, QAA Scotland; Heather Gibson, QAA Scotland; Professor David Lines, freelance consultant; and Professor Simon van Heyningen, University of Edinburgh. The group had discussions at Nelson Mandela Metropolitan University, Walter Sisulu University and the University of Fort Hare, as well as informal conversations with academic colleagues at the 'Assessment Event' convened at Rhodes University and at which members of the Scottish group gave presentations.

Because of the relatively short time available, the programme focussed entirely on the one province: the Eastern Cape. It included a one-day visit to the Nelson Mandela Metropolitan University, and key participation in the "Conversations about Assessment" event organised by Rhodes University. The purpose of this event, which drew participants from across the country, was to share experiences of assessment practices and concepts. Professor Simon van Heyningen (University of Edinburgh), Claire Carney (QAA: Scotland) and Dr David Lines (The Robert Gordon University) presented keynote addresses in the programme.

CHE: ORGANISATION, SUPPORT SERVICES AND HUMAN RESOURCES

1. ORGANISATION

Operational Structure

Figure 1 shows how the operations of the CHE are organised in terms of structure of authority, accountability and reporting.

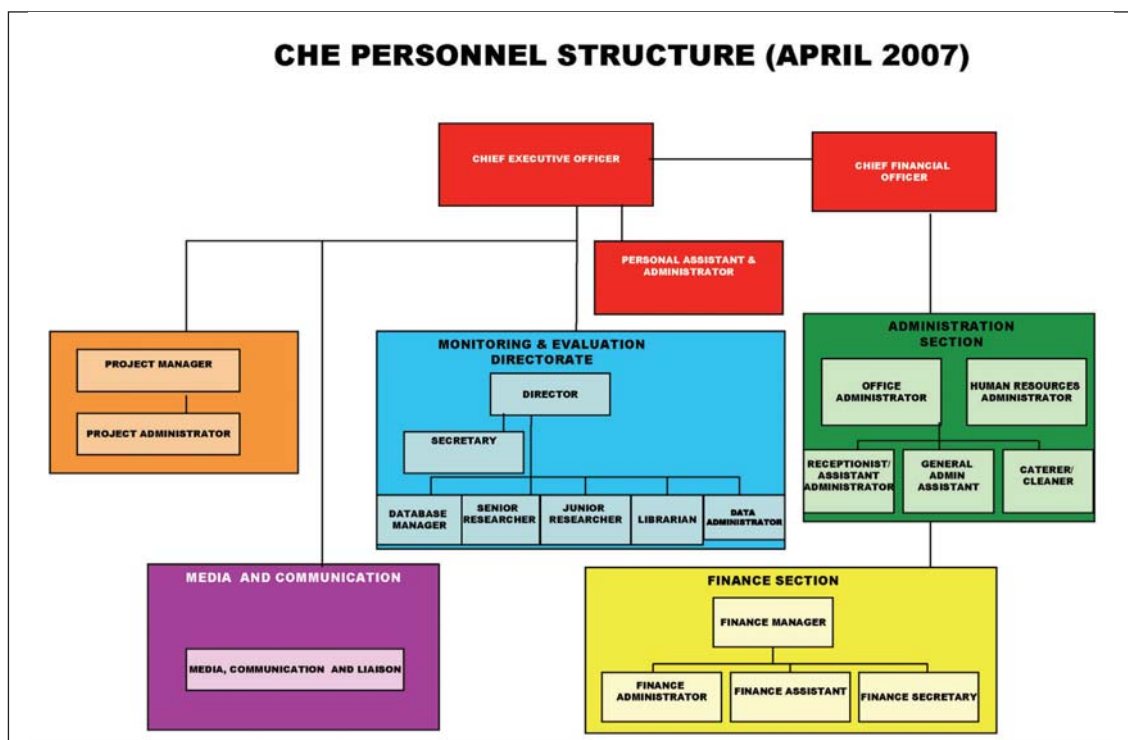


Figure 1

CHE 2007-2010 Business Plan (Goals, Strategy and Budget)

The CHE 2007-2010 Business plan was reviewed and updated in September 2006. The business plan sets out the mandate and responsibilities of the CHE as outlined in the Higher Education Act, No 101 of 1997. These responsibilities are all clearly reflected in the mission and overall strategy of the CHE as well as in the programmes and projects that have been planned for the period 2007. Although the business plan is reviewed annually, the CHE always takes into account the emerging challenges of a continually changing environment within which the organisation operates. The CHE's programmes and projects are therefore planned in such a way that they are flexible and forward-looking in order that stakeholder expectations can be met, while at the same time ensuring the sustainability of the organisation in terms of operational efficiency in its core functions.

Management Information System

The HEQC started the implementation of a new system for programme accreditation in 2005. This was accompanied by the development of an online system for the submission of applications for accreditation by higher education institutions and the internal processing and tracking of applications by the HEQC. The implementation of the online system will be followed by the development of a document management system for accreditation which will be eventually extended to the other directorates of the HEQC and CHE.

Risk Management

Effective risk management is imperative in an organisation like the CHE. During 2004, the CHE commissioned KPMG to conduct an independent and comprehensive assessment of the risks faced by the organisation and to advise on strategies and mechanisms to reduce and/or eliminate such risks. The risk register that was developed was aligned with the principles of the King Report and the Public Finance Management Act. The register was updated for the first time in February 2006. Although the updated version is still largely relevant, it will be reviewed for the second time in July 2007.

2. SUPPORT SERVICES



Dr. Jan Beukes
Chief Financial Officer

Supply Change Management

During the year under review, a position dedicated to Supply Change Management was created. A number of Key Performance Areas have been defined for this position, including the responsibility to ensure that the CHE asset register is properly maintained and updated.

A new policy for Supply Change Management was approved by Council on 28 March 2007 and implemented from 1 April 2007. This policy is aimed at introducing accepted best practices in respect of Supply Chain Management while at the same time addressing government's preferential procurement policy linked to increasing broad based Black Economic Empowerment and SMME development.

Financial Policies

The CHE's financial policies and procedures were comprehensively reviewed during the 2006-2007 financial year. A number of gaps in the CHE's existing policies and procedures were identified and addressed. The main focus of the review was on two key areas i.e. Risk Management and Financial Management and Reporting. The findings and conclusions resulting from the review resulted in a comprehensively new set of financial policies and procedures approved by Council on 28 March 2007. The new set of policies is compliant with the PFMA and Treasury regulations.

3. HUMAN RESOURCES

Policy issues

Leave

During the year under review the CHE modified some aspects of its leave policy. The number of sick leave days in a 3-year cycle was changed from 30 days to 36 days. This is now in line with the Basic Conditions of Employment Act. A clause that provides for temporarily incapacity leave was added to the sick leave policy. Staff members can only utilize the incapacity leave if they have exhausted their 36 sick leave days. This leave can only be granted at the discretion of the CEO.

Performance Management

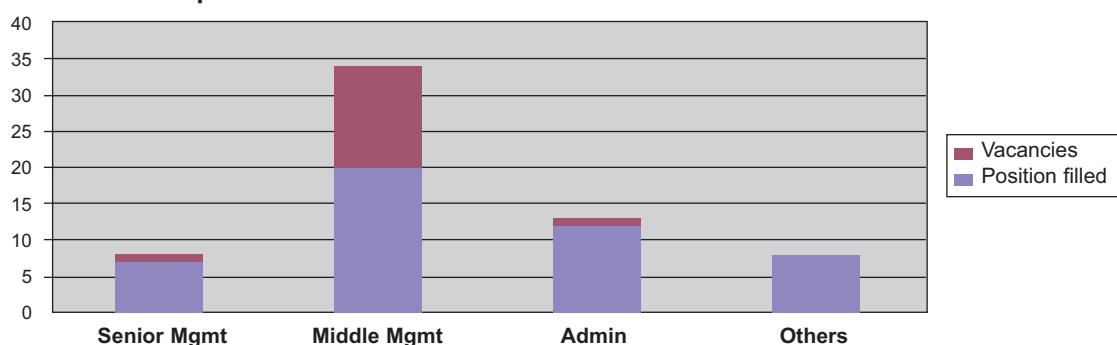
The year under review saw the implementation of a new Performance Management System. In accordance with current best practices, the HR section has developed and launched a new comprehensive performance management system which provides line managers with an integrative framework and powerful tools for managing individual performance effectively. The system aligns individual objectives with those of the relevant directorate and ultimately with organizational objectives. The whole process is central to the successful operation of the CHE and has been widely welcomed throughout the organization. The system has an impact on the allocation of pay increases and other rewards. The key performance areas which were identified will be used as criteria for 2007 performance reviews.

CHE: ORGANISATION, SUPPORT SERVICES AND HUMAN RESOURCES

Staff Complement

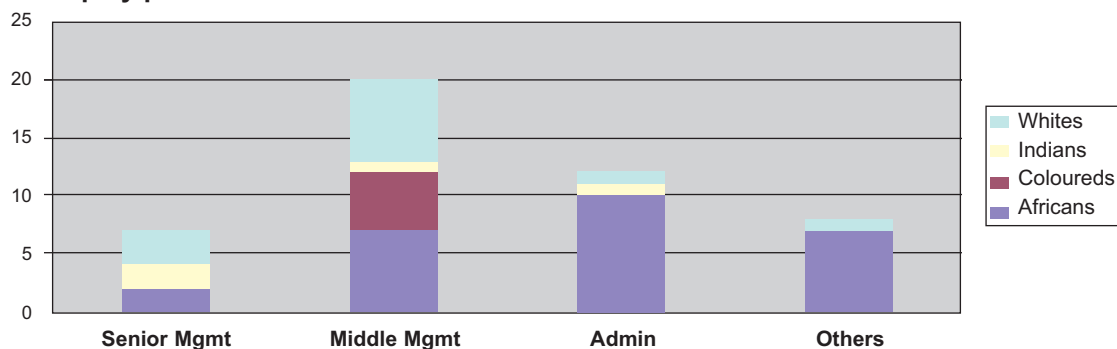
Of the total number of sixty-three positions within the CHE, forty-six were filled at 31 March 2007, leaving a total number of seventeen vacancies. The CHE is continuously attempting to fill the vacant positions with appropriately qualified staff. The number of vacancies is more critical at middle management and project administrator levels. In addition to this, the CHE is also engaging in short term secondment arrangements with higher education institutions in order to supplement existing skills shortages in the CHE. This is with a view to maintaining an acceptable level of core permanent staff.

Number of positions: March 2007



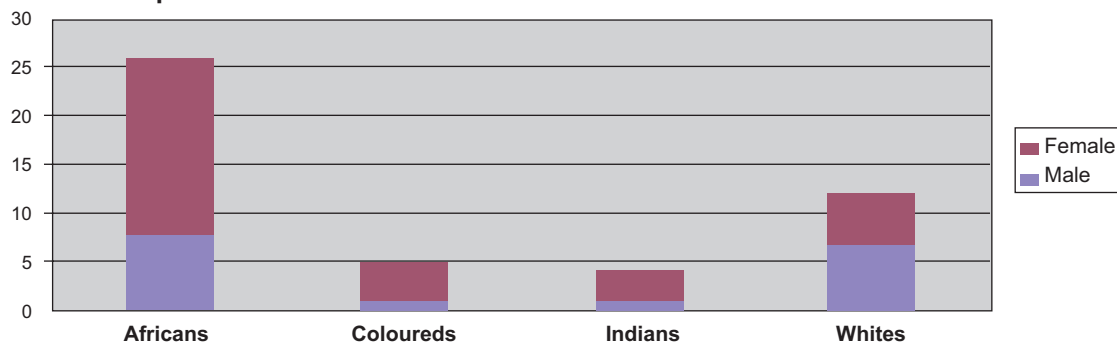
Graph 1

Equity profile: March 2007



Graph 2

Gender profile: March 2007



Graph 3

APPENDIX

CHE MEDIA

1999-2006

The table below provides a brief overview of the work undertaken by the CHE in the period between 1999 and 2006. All key mandate areas and responsibilities are covered.

Table 14: Record of the work of the CHE

RESPONSIBILITY	PERFORMANCE
♦ Advising the Minister on all HE issues on which the CHE's advice is sought	Advice given on - HE Act Amendments Bills of 1999, 2000, 2001 and 2002 - NSFAS Bill, 1999 - Shape and size of HE, 2000 - New Academic Policy for HE, 2001 - Proposed new funding framework, 2001 - Regulations for the registration of private providers of HE, 2002 - Criteria and process for determining proposed programme mix and niches of institutions, 2002 - Cooperative Governance, 2002 - Ministry proposals on institutional restructuring, 2002 - Nomenclature of comprehensive institutions, 2002 - Conditions and criteria for the use of the designations, such as 'university', 'technikon' and the like, and for offering/awarding degrees and postgraduate qualifications, 2003 - Proposed new funding framework, 2003 - Distance Higher Education in South Africa, 2004 - Student Enrolment Plan, 2005 - Further Education and Training Certificate, 2005 - Higher Education Qualifications Framework, 2005 Comments provided on - The Ministry's Draft Code of Conduct for Cross Border/Transnational Delivery of Higher Education Programmes
♦ Advising the Minister on its own initiative on HE issues that the CHE regards as important	Advice given on - Private HE, 2000 - Weighting of student subsidy and earmarking funds for black students for academic development - NQF Study Team report, 2002 - Institutional redress policy, strategy and funding, 2003 - NQF Consultative Document, 2003 - New Academic Policy process, 2003 Ongoing research, investigation and consultations for the purpose of providing policy advice on - Building the Responsiveness of Higher Education - Government Regulation, Institutional Autonomy and Academic Freedom The CHE also commissioned a report on "The Impact of Changing Funding Sources on Higher Education Institutions", which was shared with the Ministry and the DoE.

CHAPTER 4: CHE: ORGANISATION, SUPPORT SERVICES AND HUMAN RESOURCES

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

Establishment of HEQC

Conducted evaluation of QPU and SERTEC and produced publication.
 Established an Interim HEQC in June 2000
 Extensive and ongoing consultations with all key stakeholders.
 Received SAQA accreditation as band ETQA in 2001.
 Released draft HEQC *Founding Document* for public comment.
 Publication of HEQC *Founding Document*, 2001.
 Called for nominations and constituted HEQC in 2001.
 Public launch of HEQC in May 2001.
 Held national conference on quality assurance with international participants in May 2001.
 Conducted research on QA systems of professional councils and SETAs and produced publication.
 Commissioned report on quality assurance terminology.
 Produced *SERTEC Transition Plan, 2001-2002*.
 Produced directory of ETQAs and Professional Bodies (August 2003).
 Commissioned research on short courses.
 Commissioned research on recognition of prior learning.
 Commissioned research and held workshop on vocational education.
 Commissioned research on NQF Consultative Document proposals.

Publication of the policy frameworks and criteria that inform the accreditation and audit system:

Framework for Institutional Audits, June 2004.
Criteria for Institutional Audits, June 2004.
Framework for Programme Accreditation, November 2004.
Criteria for Programme Accreditation, November 2004.

Publication of good practice guides and resources to support the development of capacity in the core functions of higher education:

Improving Teaching and Learning Resources, November 2004.
A Good Practice Guide for Quality Management of Research, July 2005.
Service-Learning in the Curriculum: A Resource for Higher Education Institutions, June 2006 (in association with JET).
A Good Practice Guide and Self-evaluation Instruments for Managing the Quality of Service-Learning, June 2006, (in association with JET).

Systems Implementation

Institutional Audits:

To date the HEQC has conducted the following audits of effectiveness of the quality assurance systems of higher education institutions:

7 audits of public higher education institutions
9 audits of private providers of higher education

Accreditation of New Programmes

The HEQC evaluated and accredited the following new programmes of higher education institutions:

2043 programmes from public providers and
431 programmes from private providers.

National Reviews:

Since 2003 the HEQC conducted two national reviews of existing programmes which included 37 MBA programmes and 42 academic and professional programmes in education.

Quality Promotion and Capacity Development

The HEQC focuses its capacity development programmes on the training of individual academics and higher education senior managers to participate in the national quality assurance system.

Between 2003 and 2006 the HEQC trained:
468 auditors
665 evaluators

The HEQC organized a number of meetings with representatives of higher education institutions with the purpose of promoting discussion and awareness about quality assurance and communicating information about systems development in the HEQC.

The Quality Forums held from 2003 to 2006 were attended by 242 representative of public higher education institutions and 440 representatives of private providers.

Commissioned/Completed the following impact studies:

MBA National Review Impact Study
Impact Study on the Accreditation of Private Providers
Teacher Education National Review Impact Study
Various reviews of the impact of institutional audits.

CHAPTER 4: CHE: ORGANISATION, SUPPORT SERVICES AND HUMAN RESOURCES

	International Collaboration Interactions with international partners in order to further the work of the HEQC MoUs signed between the HEQC and Quality Assurance Agency in the United Kingdom, the Norwegian Agency for Quality Assurance in Higher Education and the National Accreditation and Assessment Council in India, the Tertiary Education Council in Botswana, the Namibian Qualifications Authority and the Polytechnic of Namibia, the Australian Universities Quality Agency. Assistance to the Association of African Universities to prepare proposal for the launch of an African Network of Quality Assurance Practitioners. Involvement in the development of the United Nations Educational, Scientific and Cultural Organisation /Organization for Economic Cooperation and Development (UNESCO/OECD) set of guidelines on quality in cross-border higher education provision. Participation in the external evaluation of the Australian Universities Quality Agency.
Advising the Minister on the appropriate shape and size of the HE system, including its desired institutional configuration	- Produced Memorandum and met with the Minister, 1999. - Established Task Team and produced Shape and Size Report, 2000. - Extensive engagements with HEIs and stakeholders concerning the Shape and Size Report. - Obtained and analysed stakeholder submissions on Shape and Size Report in preparation for National Plan. - Discussions with Minister and DoE concerning National Plan. - Established CHE standing Committee on Shape and Size. - Commented on National Working Group report on restructuring of HE system. - Advised on criteria and process for determining proposed programme mix and niches of institutions. - Advised on the Ministry's final restructuring proposals. - Advice to Minister on conditions and criteria for the use of the designations, such as 'university', 'technikon' and the like, and for offering/awarding degrees and postgraduate qualifications (2003).

Advising the Minister on the new funding arrangements for HE

- Established CHE Financing and Funding Task Team.
- Advised Minister on weighting of student subsidy and earmarking funds for black students for academic development.
- Produced draft document on proposed funding framework (2001).
- Obtained and analysed stakeholder submissions.
- Advised on proposed new funding framework (2001).
- Public release of CHE advice to the Minister (2002).
- Established Task Team on Institutional Redress policy, strategy and funding.
- Established Standing Committee on Financing and Funding.
- Advised on institutional redress policy, strategy and funding (2003).
- Advised on proposed new funding framework (2003).
- Published a report on The Impact of Changing Funding Sources on Higher Education Institutions in South Africa (March 2006).

Advising the Minister on language policy in HE

- Established CHE Language Policy Task Team.
- Produced and finalised Task Team report on language policy framework for HE.
- Advice and report to Minister on language policy.
- Preliminary interaction with Minister regarding advice.
- Minister's language policy on higher education draws substantially on CHE advice.
- Public release of CHE advice to the Minister (2003).

4. Developing a means for monitoring and evaluating whether, how, and the extent to which the vision, policy goals and objectives for HE defined in the *White Paper* on HE are being realized, and what their consequences are

- Project developed and donor funding of R 2.4 million received from Ford Foundation towards building a monitoring and evaluation system in 2001.
- Publication of the first issue of the Higher Education Monitor series, 2002.
- Establishment of Reference Group to guide development of a conceptual framework and system for Monitoring and Evaluation in 2003.
- Creation of the Monitoring and Evaluation Directorate in 2003.
- Finalization of a Discussion Document: Towards A Framework for the Monitoring and Evaluation of South African Higher Education 2004.
- Commissioned research for the Triennial Review of Higher Education publication.
- Publication of a report on the State of Provision of the MBA in South Africa in the Higher Education Monitor Series, 2004.

CHAPTER 4: CHE: ORGANISATION, SUPPORT SERVICES AND HUMAN RESOURCES

	- Publication of HE Monitor on South African Higher Education Responses to Students with Disabilities September 2005. - Publication of HE Monitor on The impact of changing funding sources of Higher Education Institutions in South Africa 2006. - Ongoing monitoring and evaluation projects: - o The external critical review for the chapters of the Triennial Review was completed. - o Production of 7 Institutional Profiles. - o Research project on the state of postgraduate education in South Africa. - o Research project on the impact of institutional culture on student throughput - three case studies.
Formulating advice for the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating South Africa's economy, such as greater HE-industry partnerships	- Project established in 2001. - Project proposal developed and donor funding secured. - Meeting with Minister and discussions with other government ministers and departments and prospective partners. - Studies and papers commissioned and published. - National colloquium held on 27-28 June 2002 - Publication on commissioned research and colloquium. - Colloquium on HE responsiveness at local government level (2003). - Facilitated process to develop an MoU between HEIs in Johannesburg and Johannesburg Metropolitan Council. - MoU between HEIs in Johannesburg and Johannesburg Metropolitan Council signed in 2003.
14. Producing reports on the state of HE	- Produced a State of HE report for 1998/1999 - extensive report on the state of HE and the work of the CHE. - Produced a State of HE report for 2000/2001 - extensive report on the state of HE and the work of the CHE. - Framework developed for producing more comprehensive and analytical reports on the state of HE. - Publication of a report on South African Higher Education in the First Decade of Democracy 2004. - Design of a new methodology to analyse the state of higher education that looks at institutional profiles rather than system level data.

15. Convening an annual consultative conference of HE stakeholders	- Convened - o 1st Consultative conference in November 1999. - o 2nd Consultative conference in November 2000. - o 3rd Consultative conference in November 2001. - o 4th Consultative conference in November 2002. - o 5th Consultative conference in November 2003. - Convened Colloquium on the Ten Years of Democracy and Higher Education on 10-12 November 2004. Decision taken to hold the consultative conferences biennially. - o 6th Consultative conference in March 2007.
17. Contributing to the development of HE through publications and conferences	- Initiated a range of publications: Policy Reports, Research Reports, Occasional Papers, Higher Education Monitor, Newsletters and <i>Kagisano</i> - a HE Discussion Series to stimulate discussion and debate on important issues related to higher education - Initiated a <i>CHE Discussion Forum</i> - five held thus far: - o Key Global and International Trends in Higher Education: Challenges for South Africa and Developing Countries (Prof. Philip Altbach); - o Globalization, National Development and Higher Education (Prof. Manuel Castells); - o A Decade of Higher Education Reform in Argentina (Dr Marcela Mollis); - o Tertiary Education in the New South Africa: A Lover's Complaint (Prof. Bob Wolff); - o A Conceptual Critique of the Consultative Document <i>An Interdependent National Qualifications Framework System</i> (Prof. Michael Young); and - o Numerous conferences, seminars and workshops convened by the HEQC to promote quality and build institutional and individual capabilities. - Partnered the AAU, CODESRIA and UNESCO conference on 27-29 April 2004 in Accra, Ghana on <i>The General Agreement on Trade in Services (GATS) and the World Trade Organization (WTO) and Higher Education</i>.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE COUNCIL ON HIGHER EDUCATION FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Council on Higher Education which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 67 to 73.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practice Board, with the effective Standards of General Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - ♦ designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - ♦ selecting and applying appropriate accounting policies
 - ♦ making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 647 of 2007*, issued in *Government Gazette* No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.
6. An audit also includes evaluating the:
 - ♦ appropriateness of accounting policies used
 - ♦ reasonableness of accounting estimates made by management
 - ♦ overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

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

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Council on Higher Education as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

10. General controls in the information technology environment
- ♦ Information technology security documents had been compiled but were not comprehensive and had not been formally approved or distributed to users. Users might therefore not be aware of the rules or procedures established to minimise the risk of errors, fraud and the loss of data confidentiality, integrity and availability.
 - ♦ Although precautions had been taken to ensure data recovery in the event of a disaster, a comprehensive disaster recovery plan had not been developed or tested to ensure prompt recovery of the critical systems.
 - ♦ Several shortcomings identified in the password and logon controls on the systems would allow unauthorised access to be gained to the system/functions of the user.

OTHER REPORTING RESPONSIBILITIES**Reporting on performance information**

11. I have audited the performance information as set out on pages 13 to 43.

Responsibilities of the accounting authority

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

Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in Government Gazette No. 29919 of 25 May 2007.
14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings.

Audit findings

16. No audit findings.

APPRECIATION

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



WG Oppermann *for* Auditor-General
Pretoria

31 July 2007



AUDITOR - G E N E R A L

AUDIT REPORT

REPORT OF THE AUDIT COMMITTEE

Audit Committee members

Mr. A de Wet ¹	Chairperson (Wits)
Prof A Melck ²	Chairperson (University of Pretoria)
Mr. S Isaacs	Member (SAQA)
Prof. G. Lenyai	Member (Tshwane University of Technology)
Dr R Stumpf	Member (Higher Education Quality Committee)

The Audit Committee established in terms of Treasury Regulations 27.1, met twice during the year under review i.e. on 13 March and 25 July 2007. The Committee reports that it has reviewed the formal terms of reference that was adopted and wishes to confirm the ongoing relevance of its charter. The Committee further confirms that it has satisfied its responsibilities for the year, in compliance with its terms of reference.

The Department of Education informed the CHE towards the end of 2006 that the Department would no longer be able to assist the CHE with its internal audit function. A contract was subsequently signed with Aurco to perform this function for the next three years. The internal audit report was discussed by the Audit Committee. The report indicated that the overall controlling system of the CHE is functioning well. No critical findings were made that could have a material impact on the system of internal control. Management's response, dealing with all significant findings was approved.

The Audit Committee also noted and discussed an Information Systems Audit report submitted by the Office of the Auditor-General. This report highlighted a number of issues that have to be addressed. Management submitted its response together with a draft IT policy at the Audit Committee meeting held on 25 July 2007.

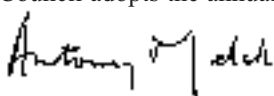
The Audit Committee wishes to record its satisfaction with the CHE that, for the period under review, it has maintained:

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

The Committee raised the steep increase in the audit fee as a serious concern with the office of the Auditor General.. The Auditor-General explained that the 167% increase in the audit fee was largely related to the actual hours of work done for the previous audit, which in turn can largely be ascribed to the change-over from GAAP to GRAP.

The committee discussed the process of identifying and managing risks. The problem of filling senior positions, in particular that of the CEO, was identified as a significant risk.

The Auditor-General issued the CHE with an unqualified report for 31 March 2007. The Audit committee has therefore at its meeting held on 25 July 2007 recommended that the Executive Committee of the CHE Council adopts the annual financial statements for the 2006/2007 financial year.



Prof. A Melck
Chairperson
25 July 2007

¹ Resigned as member of the CHE Audit Committee with effect from 31 October 2006

² Appointed as member and Chairperson of the CHE Audit Committee with effect from 25 January 2007

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

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Director's approval of the annual financial statements

The annual financial statements for the year ended 31 March 2007 set out on pages 59-93 were approved and signed by



Dr. M Singh
Interim Chief Executive Officer
31 May 2007

ACCOUNTING AUTHORITY REPORT

For the year ended 31 March 2007

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

1. INTRODUCTION

The CHE members present their annual report that forms part of the audited annual financial statements for the year ended 31 March 2007.

The Council on Higher Education is listed as a national public entity in schedule 3A of the Public Finance Management Act, 1999, as amended, (PFMA).

The CHE members act as the accounting authority in terms of the PFMA.

2. GOVERNANCE

2.1 Members of the entity

1 April 2006 to 30 June 2006

Executive members

S Badat: Chief Executive Officer (Resigned 1 May 2006)
R Singh: Acting Chief Executive Officer (1 June 2006 - 31 August 2006)
R Singh: Interim Chief Executive Officer (1 September 2006 - 31 March 2007)

Voting Members

AM Perez
HP Africa
JA Glennie
B Figaji
V Nhlapo
MF Ramashala
T January-MClean
S Macozoma (Chairperson)
M Koorts
SF Coetzee
SJ Saunders
J Mamabolo
CRM Dlamini

Non-voting members

S Badat
N Badsha
A Canca
SBA Isaacs
A Kaniki

ACCOUNTING AUTHORITY REPORT

1 July 2006 to 31 March 2007

Executive member

R Singh (Interim Chief Executive Officer)

Voting members

AM Perez
F Ginwala
L Abrahams
M Fourie
N Sibiya
NC Manganyi
R Katz
S Macozoma (Chairperson)
S Sibiya (Resigned Oct 2006)
SF Coetzee
SJ Saunders
V van Vuuren
Y Ballim

Non-voting members

R Singh
M Qhobela
A Canca
SBA Isaacs
RC Lubisi
A Kaniki
Co-opted members
HP Africa
JA Glennie
W Rowland

2.2 Governance

The CHE comprises the Council, an Executive Committee, and a Secretariat headed by the CEO. During the past year, the Council of the CHE had three full meetings and an induction meeting for all new council members. This meeting was addressed by the Minister of Education. The Executive Committee met six times.

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

3. ORGANISATIONAL STRUCTURE

The CHE comprises of the Council, an Executive Committee, and a Secretariat headed by the CEO. The operational structure comprises 5 Directorates. Each of the Directorates has specified responsibilities and operates within a framework of defined regulations, authority, autonomy, accountability and reporting.

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

ACCOUNTING AUTHORITY REPORT

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

4. PRINCIPAL RESPONSIBILITIES

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

- ♦ Advising the Minister on all Higher Education issues on which the CHE's advice is sought;
- ♦ Advising the Minister on its own initiative on Higher Education issues which the CHE regards as important;
- ♦ Designing and implementing a system for quality assurance in Higher Education and establishing the HEQC;
- ♦ Advising the Minister on the appropriate shape and size of the Higher Education system, including its desired institutional configuration;
- ♦ Advising the Minister in particular on the new funding arrangements for Higher Education and on language policy in Higher Education;
- ♦ Developing a means for monitoring and evaluating whether, how, to what extent and with what consequences the vision, policy goals and objectives for HE defined in the White Paper on HE are being realised;
- ♦ Promoting the access of students to Higher Education;
- ♦ Providing advice to the Minister on the proposed new Education Management Information System for Higher Education;
- ♦ Formulating advice for the Minister on a new academic policy for HE, including a diploma/degree structure which would advance the policy objectives of the White Paper;
- ♦ Formulating advice for the Minister on stimulating greater institutional responsiveness to societal needs, especially those linked to stimulating South Africa's economy, such as greater Higher Education -industry partnerships;
- ♦ Appointing an independent assessment panel from which the Minister is able to appoint assessors to conduct investigations into particular issues at public Higher Education institutions;
- ♦ Establishing healthy interactions with Higher Education stakeholders on the CHE's work
- ♦ Producing an Annual Report on the state of Higher Education for submission to parliament;
- ♦ Convening an annual consultative conference of Higher Education stakeholders;
- ♦ Participating in the development of a coherent human resource development framework for South Africa in concert with other organisations;
- ♦ Contributing to the development of Higher Education through publications and conferences.

5. REVIEW OF OPERATIONS

The CHE managed to fulfil its mandate in terms of all its core functions vis-à-vis advice to the Ministry of Education, monitoring and evaluation of educational policies and trends, contribution to the development of higher education, and quality assurance and promotion.

New Council members had been appointed and they were all exposed to an induction session. The Minister of Education shared with the Council key areas of concern in higher education on which she would want to be advised from the CHE. Projects that were dependent on donor funding have been scaled down in order to create more capacity for mandatory activities.

ACCOUNTING AUTHORITY REPORT

6. REVIEW OF FINANCIAL POSITION

The CHE derived its operating income of R33 720 568 from the following sources:

- ♦ R28 066 955 (83,2%) from the Department of Education (DoE) Government Grant
- ♦ R2 629 080 (7,8%) Donations received;
- ♦ R296 796 (0,9%) Sundry income; and
- ♦ R784 680 (2,3%) Private accreditation cost-recovery;
- ♦ R1 939 716 (5,8%) Interest earned

A SARS vat write off amount of R3 683 436, accumulated during previous years, was added to the CHE income after the CHE was successfully deregistered for VAT. The CHE's total expenditure for the 2006-2007 was R30 548 725. This leaves the organisation with a surplus for the period of R6 795 830 (2005/06; R6 990 113. Only R931 990 percent of the surplus resulted from the government grant allocated to the CHE during the year under review.

Personnel and consultancy costs made up 60,5 percent (2005- 2006: 57,2 percent) of the total expenditure. This ratio is seen as appropriate since the CHE is operating primarily as a knowledge-based organisation with most of its activities being driven by knowledge and information.

The CHE received R2 629 089 by means of donations. This is about 50 percent less than the previous year (R5 181 291. The bulk of this money was spent on monitoring and evaluation projects.

Going Concern

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

Events Subsequent to Balance Date

The directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the group or the results of its operations.

7. ADDRESSES

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

Business address:	Postal address:	Registered address:
Didacta Building 211 Skinner Street Pretoria 0002	P O Box 13354 The Tramshed Pretoria 0126	Didacta Building 211 Skinner Street Pretoria 0002

8. APPROVAL

The annual financial statements set out on pages 61-89 have been approved by the Accounting Authority



Mr Saki Macozoma
Chairperson of the CHE Council
31 May 2007

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
STATEMENT OF FINANCIAL POSITION**

Figures in Rand	Note(s)	2007	2006
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	2,108,715	2,286,554
Intangible assets	3	144,935	135,887
		2,253,650	2,422,441
Current Assets			
Prepayments	4	144,356	97,154
Trade and other receivables	7	60,793	795,784
Cash and cash equivalents	8	22,837,712	21,514,799
		23,042,861	22,407,737
Total Assets		25,296,511	24,830,178
Net Assets and Liabilities			
NET ASSETS			
Accumulated surplus		20,489,944	13,694,114
LIABILITIES			
Non-Current Liabilities			
Finance lease obligation	9	122,348	175,552
Deferred income	10	3,407,192	5,411,352
		3,529,540	5,586,904
Current Liabilities			
Finance lease obligation	9	180,825	130,136
Operating lease liability		237,619	380,237
Provisions	11	400,079	405,661
Trade and other payables	12	458,504	4,633,126
		1,277,027	5,549,160
Total Liabilities		4,806,567	11,136,064
Total Net Assets and Liabilities		25,296,511	24,830,178

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
STATEMENT OF FINANCIAL PERFORMANCE**

Figures in Rand	Note(s)	2007	2006
Revenue	13	31,777,511	33,312,774
Other income		3,683,436	24,751
Operating expenses		<u>(30,548,725)</u>	<u>(27,631,167)</u>
Operating surplus	14	4,912,222	5,706,358
Investment revenue	15	1,939,716	1,316,745
Finance costs	16	(56,108)	32,990)
Surplus for the period		<u>6,795,830</u>	<u>6,990,113</u>

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
STATEMENT OF CHANGES IN NET ASSETS**

Figures in Rand	Accumulated surplus	Total Net Assets
Opening balance as previously reported	6,870,914	6,870,914
Adjustments		
Prior period adjustments. Refer to note 18	(166,913)	(166,913)
Balance at 01 April 2005 as restated	6,704,001	6,704,001
Changes in net assets		
Surplus for the year	6,990,113	6,990,113
Total changes	6,990,113	6,990,113
Balance at 01 April 2006	13,694,114	13,694,114
Changes in net assets		
Surplus for the year	6,795,830	6,795,830
Total changes	6,795,830	6,795,830
Balance at 31 March 2007	20,489,944	20,489,944

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 CASH FLOW STATEMENT

Figures in Rand	Note(s)	2007	2006
Cash flows from operating activities			
Cash receipts from customers		32,465,300	32,683,720
Cash paid to suppliers and employees		(32,499,821)	(27,293,099)
Cash (used in) generated from operations	19	(34,521)	5,390,621
Interest income		1,939,716	1,316,745
Finance costs		(56,108)	(32,990)
Net cash from/(used in) operating activities		1,849,087	6,674,376
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(412,340)	(639,479)
Purchase of other intangible assets	3	(111,319)	(69,300)
Net cash from/(used in) investing activities		(523,659)	(708,779)
Cash flows from/(used in) financing activities			
Finance lease payments		(2,515)	131,851
Net increase/(decrease) in cash and cash equivalents		1,322,913	6,097,448
Cash and cash equivalents at the beginning of the period		21,514,799	15,417,351
Total cash and cash equivalents at end of the period	8	22,837,712	21,514,799

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Standards of GRAP

GRAP 1: Presentation of Financial Statements
GRAP 2: Cash flow Statements
GRAP 3: Accounting Policies, changes in accounting estimates and errors

Replacement Statement of GAAP

AC 101: Presentation of Financial Statements
AC 118: Cash flow Statements
AC 103: Accounting policies, changes in accounting estimates and errors

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

1. Terminology differences:

Standards of GRAP

Statement of financial performance
Statement of financial position
Statement of changes in net assets
Net assets
Surplus /deficit
Accumulated surplus /deficit
Contributions from owners
Distributions to owners

Replacement Statement of GAAP

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

2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information has been presented separately on the statement of financial position such as:
 - a) Receivables from non-exchange transactions, including taxes and transfers
 - b) Taxes and transfers payable
 - c) Trade and other payables from non-exchange transactions
4. Amount and nature of any restrictions on cash balances is required.

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

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

These accounting policies are consistent with the previous period.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

1.1 Significant judgements

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

Loans and receivables

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for these assets.

Provisions

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

1.2 Property, Plant and Equipment

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

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

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

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

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

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

Where necessary property, plant and equipment is broken down into significant component parts and each component is depreciated separately over its estimated useful life. Those items of property, plant and equipment which are of such a nature that they are replaced as a whole and not in terms of component parts, are not broken down into significant components as the useful lives of the components are expected to approximate the useful lives of the items taken as a whole.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

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.

1.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

Amortisation is provided, using the straight line method, on all intangible assets to write down their cost over the estimated useful lives to their estimated residual values.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

1.4 Financial instruments

Initial recognition

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

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

The entity's principal financial assets are staff loans, trade receivables and other receivables and the principal financial liabilities are trade creditors and accruals.

Loans to employees

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

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

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

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

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

Cash and cash equivalents

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

1.5 Leases

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

Finance leases - lessee

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

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

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

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

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

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

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/ liability. This liability is not discounted.

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

1.6 Impairment of assets

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

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

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

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

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

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

1.7 Employee benefits

Short-term employee benefits

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

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

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

1.8 Provisions

Provisions are recognised when:

- ♦ the entity has a present obligation as a result of a past event;
- ♦ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- and
- ♦ a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure required to settle the present obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the present obligation.

Provisions are not recognised for future operating losses.

1.9 Government grants

Government grants related to income and related to assets are received from the Department of Education (DoE).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

Government grants are recognised when there is reasonable assurance that:

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

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

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

Government grants related to assets are presented in the Statement of financial position by setting up the grant as deferred income which is released to the Statement of Financial Performance as the assets are depreciated i.e. as the costs are incurred which the grant is intended to compensate.

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

1.10 Revenue

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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

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

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

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

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007 ACCOUNTING POLICIES

1.12 Translation of foreign currencies

Foreign currency transactions

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

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

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

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

1.13 Irregular and fruitless and wasteful expenditure

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

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

1.14 Comparative figures

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand **2007** **2006**

2. PROPERTY, PLANT AND EQUIPMENT

	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	1,298,581	(416,897)	881,684	1,217,093	(294,934)	922,159
Office equipment	343,026	(101,228)	241,798	339,260	(77,431)	261,829
Computer equipment	1,156,876	(489,564)	667,312	1,158,751	(442,777)	715,974
Computer operating software	156,888	(116,034)	40,854	156,888	(51,199)	105,689
Capitalised office equipment	773,467	(496,400)	277,067	631,233	(350,330)	280,903
Total	3,728,838	(1,620,123)	2,108,715	3,503,225	(1,216,671)	2,286,554

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Depreciation	Impairment loss	Total
Furniture and fittings	922,159	82,369	(122,204)	(640)	881,684
Office equipment	261,829	19,883	(28,637)	(11,277)	241,798
Computer equipment	715,974	167,855	(149,876)	(66,641)	667,312
Computer operating software	105,689	-	(64,835)	-	40,854
Capitalised office equipment	280,903	142,233	(146,069)	-	277,067
	2,286,554	412,340	(511,621)	(78,558)	2,108,715

Reconciliation of property, plant and equipment - 2006

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	951,279	86,928	-	(116,048)	922,159
Office equipment	264,357	19,356	-	(21,884)	261,829
Computer equipment	694,550	195,271	(23,698)	(150,149)	715,974
Computer operating software	84,421	38,953	-	(17,685)	105,689
Capitalised office equipment	147,656	298,971	-	(165,724)	280,903
	2,142,263	639,479	(23,698)	(471,490)	2,286,554

Pledged as security

Obligations under finance leases are secured by the lessor's title to the leased asset. Carrying value of assets pledged as security is R 277 067 (2006: R 280 903)

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

Computer equipment	25,831	11,640
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Assets subject to finance lease (Net carrying amount)

Capitalised office equipment	277,067	280,903
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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2. Property, Plant and Equipment

		2007			2006	
	Cost	Accumulated amortisation	Carrying value		Cost	Accumulated amortisation

3. INTANGIBLE ASSETS

Computer application software	334,480	(189,545)	144,935	223,162	(87,275)	135,887
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Reconciliation of intangible assets - 2007

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

Reconciliation of intangible assets - 2006

	Opening Balance	Additions	Amortisation	Total
Computer application software	106,617	69,300	(40,030)	135,887

4. PREPAYMENTS

The entity has two insurance policies with SA Eagle Insurance Limited and Accident & Miscellaneous Acceptance of which the premiums are paid annually in November each year. The policies are respectively for asset insurance and stated benefits (group insurance). The annual payment for the asset insurance is R 102 664 (2006: R 105 327) of which R 60 034 (2006: R 61 441) was prepaid. The annual payment for the stated benefits is R 60 745 (2006: R 54 170) of which R 36 190 (2006: R 31 599) was prepaid.

The entity has an agreement with the Tertiary Education Network for the providing of HE-Internetworking services. The payments of R 4114 (2006) is payable in advance.

Air travel to the amount of R 48 132 for the month of April 2007 was paid in March 2007.

Prepayments

Asset assurance	60,034	61,441
Stated benefits	36,190	31,599
Tertiary Education Network - HE-Internetworking services	-	4,114
Air Travel	48,132	-
	44,356	97,154

5. TAXATION

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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6. STANDARDS ISSUED BY THE IASB BUT NOT YET EFFECTIVE

AC 144 Financial instruments: Disclosures has been issued by the International Accounting Standards Board. An entity shall apply this standard for annual periods beginning on or after 1 January 2007. The Council on Higher Education plans to apply this standard from the year ending 31 March 2008. The initial application of this standard will require more enhanced disclosure on financial instruments especially with regard to the Council's exposure to risk and how those risks are managed.

7. TRADE AND OTHER RECEIVABLES

Staff loans - at nominal value	28,492	54,383
Staff loans - impact of amortised cost accounting	(975)	(2,925)
Other receivables - at nominal value	-	35,761
Other receivables - impact of amortised cost accounting	-	(8)
Accrued income - at nominal value	33,333	712,974
Accrued income - impact of amortised cost accounting	(57)	(4,401)
	60,793	795,784

8. CASH AND CASH EQUIVALENTS

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

Cash on hand and balances with banks	716,754	3,276
Marketlink: CHE	453,235	2,540,824
Marketlink: Rockefeller Foundation	937,299	834,283
Marketlink: Ford Foundation	864,981	2,160,035
Marketlink: Carnegie Foundation	-	170,142
Corporation for Public Deposits: CHE	17,959,936	14,599,832
Corporation for Public Deposits: CHE Accreditation	1,905,507	1,206,407
	22,837,712	21,514,799

9. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	208,324	157,596
- in second to fifth year inclusive	133,315	190,911
	341,639	348,507
less: future finance charges	(38,466)	(42,819)
Present value of minimum lease payments	303,173	305,688
Present value of minimum lease payments due		
- within one year	180,825	130,136
- in second to fifth year inclusive	122,348	175,552
	303,173	305,688
Non-current liabilities	122,348	175,552
Current liabilities	180,825	130,136
	303,173	305,688

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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It is the Council's policy to lease certain office equipment under finance leases.

The average lease term is 36 months. The average effective borrowing rate is 11.50% (2006: 10.50%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments with no annual escalation rate but varies with the prime rate changes. No arrangements have been entered into for contingent rent.

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

10. DEFERRED INCOME

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

Donations / projects roll over

CHERI - HE in Transformation of Societies	-	47,004
The Rockefeller Foundation - HE Triennial Review	594,597	737,964
FORD - HE Designation	-	166,433
FORD - Monitoring Goals and objectives	-	949,650
FORD - Regulation Autonomy Freedom	-	485,447
NRF - Post Graduate Education	-	250,000
FORD - Quality Promotion	-	287,619
Carnegie Foundation - Quality Assurance Capacity Development	-	293,632
AusAid - Australian Funded projects	-	39,599
Finnish Co-operation - Quality Systems Restructuring	92,165	12,466
Cost Recovery - Private Accreditation	743,846	-
	1,430,608	3,269,814

Government Grants related to assets

Department of Education (DoE)	1,976,584	2,141,538
	1,976,584	2,141,538

11. PROVISIONS

Reconciliation of provisions - 2007

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

Reconciliation of provisions - 2006

	Opening Balance	Additions	Utilised during the year	Total
Leave pay provision	384,090	229,917	(208,346)	405,661

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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The leave pay provision relates to vesting leave pay to which employees may become entitled upon leaving the employment of the Council on Higher Education. The provision is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them. There is no expected reimbursement for this provision.

12. TRADE AND OTHER PAYABLES

Trade creditors - at nominal value	5,065	889,749
Trade creditors - impact of amortised cost accounting	-	(24,080)
VAT	-	3,683,436
Accrued bonuses	450,365	81,318
Accrued finance charges on finance leases	3,074	2,703
	458,504	4,633,126

	2007	2006
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13. REVENUE

Department of Education (DoE) Government Grant	28,066,955	26,583,988
Donations received	2,629,080	5,181,291
Sundry income	296,796	777,537
Private accreditation cost recovery	784,680	769,958
	31,777,511	33,312,774

14. OPERATING SURPLUS

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

Building		
- Contractual amounts	1,096,049	1,096,047
Loss on disposal of property, plant and equipment	-	(23,698)
Foreign exchange loss	63,328	-
Impairment on property, plant and equipment	78,559	-
Impairment on trade and other receivables	31,000	-
Amortisation on intangible assets - application computer software	102,271	40,030
Depreciation on property, plant and equipment	511,620	471,490
Employee costs (refer breakdown below)	12,608,166	10,939,912
Basic salaries	11,477,956	9,560,067
Pension	60,612	159,436
Medical Aid	234,786	324,097
Bonuses	63,089	264,230
Other	771,723	632,080

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
15. INVESTMENT REVENUE		
Interest revenue		
Effective interest received on trade and other receivables	7,877	8,787
Interest received: CHE	459,766	307,588
Interest received: Ford Foundation	153,921	122,301
Interest received: Rockefeller Foundation	55,657	44,369
Interest received: Private Provider	-	41,277
Interest received: Corporation for Public Deposits	1,163,395	730,460
Interest received: Corporation for Public Deposits: Private Accreditation	99,100	33,982
Interest received: Reserve Account	-	27,981
	1,939,716	1,316,745
16. FINANCE COSTS		
Finance charges on finance leases	32,028	27,088
Effective interest paid on trade and other payables	24,080	5,902
	56,108	32,990
17. AUDITORS' REMUNERATION		
Fees	361,172	104,624

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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18. PRIOR PERIOD ERRORS

Donor funds

Donor funding received from FORD for the HE Designation project were used by the Council on Higher Education to fund another project during the year ended 31 March 2005. The utilisation of these funds on the other project was not authorised by Ford. As a result Ford insisted that these funds were to be refunded to them. The Council on Higher Education refunded these funds to Ford during the year ended 31 March 2007. By utilising the HE Designation project donor funds for this other project in 2005 the impact on the 2005 surplus was effectively nil. The expenses incurred on this other project should have affected the surplus in 2005 as it was not funded by any donor funds. This error has been corrected retrospectively and comparatives have been restated.

Finance leases

Finance lease calculations for finance leases entered into during the years ended 2003 to 2006 were incorrect. Changes in the prime rate over the lease term were not taken into account for some of the finance leases. Monthly rentals are paid in advance on all the finance leases however finance charges was not accrued for the last month of each financial year. Some monthly installments were misallocated to other expense accounts and omitted in the initial finance lease calculations, impacting on the finance charges and repayment of capital calculations for some of these leases. These errors have been corrected retrospectively and comparatives have been restated.

Application software licences:

Some application software licences were expensed fully in the year they were incurred, they were not capitalised as an intangible assets and amortised over the term of the licence to reflect the pattern in which the assets future economic benefits are consumed by the entity as required in terms of AC 129. In addition some application software licences were capitalised but incorrectly amortised over a period longer than 1 year being the effective date of these licences. These errors have been corrected retrospectively and comparatives have been restated.

Trade and other receivables

Trade and other receivables were initially and subsequently measured at nominal cost instead of initially at fair value and subsequently at amortised cost as required in terms of AC 133. This error has been corrected retrospectively and comparatives have been restated.

Trade and other payables

Trade and other payables were initially and subsequently measured at nominal costs instead of initially at fair value and subsequently at amortised cost as required in terms of AC 133. This error has been corrected retrospectively and comparatives have been restated.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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Government grant related to assets

The prior period error adjustment on intangible assets (application software licences) directly resulted in an prior period error adjustment on the deferred income balance on grants related to assets. The grant is released to income as the expenses which the grant is intended to compensate is incurred and these expenses i.e. the amortisation on the intangible asset were adjusted retrospectively. Comparatives have been restated.

Property, Plant and Equipment and Intangible assets

Application computer software, which is considered not to be an integral part of the related hardware, was incorrectly accounted for as property, plant and equipment in terms of AC 123 in prior years. The application computer software should have been accounted for in terms of AC 129 as intangible assets. This error has been adjusted retrospectively and comparatives have been restated.

Provisions and Trade and other payables

Bonuses payable to employees was incorrectly accounted for as provisions in terms of AC 130 in prior years. Both the timing (bonuses is paid to employees in the month as stipulated in their employment contracts) and the amount (bonuses payable is determined by applying a specific formula based on the structure of the employees salary) of the liability is certain and therefore should have only been disclosed as an accrual. This error has been adjusted retrospectively and comparatives have been restated.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Donor funds	-	-
Increase in deferred income - donations / project roll overs	-	143,474
Decrease in opening accumulated surplus	-	(143,474)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
18. PRIOR PERIOD ERRORS (CONTINUED)		
Finance leases	-	-
Decrease in property, plant and equipment capitalised office equipment	-	33,304
Decrease in finance lease obligation: long term portion	-	(2,000)
Increase in finance lease obligation: short term portion	-	10,136
Decrease in opening accumulated surplus	-	(47,192)
Decrease in trade and other payables - trade creditors	-	(32,361)
Increase in trade and other payables - accrued finance charges on finance leases	-	2,703
Increase in trade and other payables - Vat	-	18,575
Intangible assets	-	-
Decrease in Intangible Assets - Cost	-	316
Decrease in opening accumulated surplus - increase in amortisation	-	(22,229)
Increase in intangible assets - accumulated depreciation	-	14,059
Trade and other receivables	-	-
Decrease in accumulated surplus - fair value adjustment expenses and effective interest received	-	(5,179)
Decrease in loans and receivables - staff loans	-	2,925
Decrease in loans and receivables - accrued income	-	4,401
Decrease in loans and receivables - other receivables	-	8
Trade and other payables	-	-
Increase in opening accumulated surplus - fair value adjustment income	-	5,232
Decrease in trade and other payables - trade creditors	-	(24,080)
Government grant related to assets	-	-
Increase in opening accumulated surplus	-	45,927
Decrease in deferred income - government grant related to assets	-	(14,376)
Property, Plant and Equipment and Intangible assets	-	-
Decrease in Property, plant and equipment - accumulated depreciation	-	73,216
Decrease in Property, plant and equipment - cost	-	(223,479)
Increase in intangible assets - cost	-	223,479
Increase in intangible assets - accumulated amortisation	-	(73,216)
Provisions and Trade and other payables	-	-
Decrease in provisions	-	(81,318)
Increase in trade and other payables - accrued bonuses	-	81,318
Total	-	(9,831)
Statement of financial performance		
Finance leases	-	-
Increase in depreciation	-	(167)
Decrease in impairment loss	-	1
Decrease in project expenditure	-	8,470
Increase in finance charges on finance leases	-	(2,820)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
Statement of financial performance (cont..)		
Decrease in administration expense	-	11,352
Intangible assets	-	-
Increase in amortisation	-	(11,946)
Decrease in membership, subscription and licence fees	-	19,799
Trade and other receivables	-	-
Increase in fair value adjustment expense	-	(10,943)
Increase in effective interest received on trade and other receivables	-	8,787
Trade and other payables	-	-
Increase in effective interest paid on trade and other payables	-	(5,902)
Increase in fair value adjustment income	-	24,751
Government grant related to assets	-	-
Increase in government grant income	-	(31,551)
Total	-	9,831

19. CASH (USED IN) GENERATED FROM OPERATIONS

Profit before taxation	6,795,830	6,990,113
Adjustments for:		
Depreciation and amortisation	613,891	511,520
Loss on disposals of property, plant and equipment	-	23,698
Interest received	(1,939,716)	(1,316,745)
Finance costs	56,108	32,990
Impairment loss on financial assets and fixed assets	109,559	-
Movements in operating lease liability	(142,618)	50,865
Movements in provisions	(5,582)	21,572
Changes in working capital:		
Trade and other receivables	703,991	612,827
Prepayments	(47,202)	21,405
Trade and other payables	(4,174,622)	432,454
Deferred income	(2,004,160)	619,884)
	(34,521)	5,390,621

20. COMMITMENTS

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1,314,909	1,238,665
- in second to fifth year inclusive	110,095	1,425,004
	1,425,004	2,663,669

The Council on Higher Education leases part of a building from SAASTA for a period of 5 years, effective from 1 May 2003 to 30 April 2008. The lease payment is calculated at the following rate: Initially 1200 square meters were rented which increased to 2075 square meters from 26 January 2004 at an initial rate per square meter of R 38.00 and 30 parking bays at R 120 per bay. Escalation is calculated at 8% per annum with effect 1 May 2004 for 4 years. The escalation will decrease to 6% from 1 May 2007 as per the lease agreement. The Council on Higher Education has an option to renew the lease for a further 3 years at an escalation rate of 8% per annum, or as per mutual agreement of the parties. Three months notice is required for options to be exercised.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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21. RELATED PARTIES

Relationships

Senior management: (See note 30)

S Badat: Chief Executive Officer (resigned 1 May 2006)

R Singh: Interim Chief Executive Officer

S Macozoma: Chairperson of the CHE

J Beukes: Chief Financial Officer\

L Lange: Executive Director

Department of Education

Related party transactions

Government grant received	27,902,000	26,648,00
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22. CHANGE IN ESTIMATE

Property, Plant and Equipment

In terms of the requirements of AC 123 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision is an increase in the depreciation charges for the current period of R 48 415 and an increase in the amortisation charges of R 17 575.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

Expenses

Some expenses have been reclassified to reflect the cost of Council meetings separately.

The effect of the reclassifications as mentioned above are as follows:

Statement of financial performance	-	-
Expenses	-	-
Decrease in consultants	-	(26,016)
Decrease in travel and subsistence	-	(134,961)
Decrease in venue and catering - workshops and meetings	-	(20,781)
Decrease in project expenditure	-	(15,509)
Increase in council meetings	-	197,267

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Figures in Rand	2007	2006
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24. RISK MANAGEMENT

Liquidity risk

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

Interest rate risk

Deposits attract interest at rates that vary with prime. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on a gain (deficit).

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

Credit risk

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

Financial assets exposed to credit risk at year end were as follows deposits with banks and the Corporation for Public Deposits, staff loans and other receivables

Foreign exchange risk

The Council on Higher Education receives international donations / grant funds for support on projects as stipulated by the donors. The Council on Higher Education is required in terms of the contracts with these donors to return to the donors any grant funds, not expended or committed for the purpose of the grant, at the end of the grant period. In some cases the donors require the remaining foreign currency amount to be refunded exposing the Council on Higher Education to foreign currency risk, in other cases the donors only require the remaining functional currency amount (rands) to be refunded in which case the Council on Higher Education is not exposed to foreign currency risk.

25. GOING CONCERN

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

26. POST BALANCE SHEET EVENTS

The Council is not aware of any matter or circumstance arising since the end of the financial year which requires adjustments to or disclosure in the annual financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

NOTES TO THE FINANCIAL STATEMENTS

27. SCHEDULES OF DONOR-FUNDED PROJECT ROLL OVERS

PROJECT	Notes	FUNDER	Balance as at 31 March 2006	Transfer to Reserve account	Interest received	Current year income received	Current year expenses incurred	Remaining donor funds refunded to donor at end of period	Balance as at 31 March 2007
31 March 2007			R	R	R	R	R	R	R
Quality Assurance Capacity Development	1/2	Carnegie Foundation	293,632		17,185			(310,817)	-
HE in Transformation of Societies		CHERI	47,004	(47,004)				-	-
HE Designation	2	FORD	166,433					(166,433)	-
Monitoring Goals & Objectives		FORD	949,650				(949,650)		-
Quality Promotion	2	FORD	287,619					(287,619)	-
Regulation Autonomy Freedom		FORD	485,447				(485,447)		-
HE Triennial Review		The Rockefeller Foundation	737,964			1,528,526	(143,367)		594,597
Private Accreditation		Cost Recovery	-			(784,680)			743,846
Australian Funded Projects		AusAid	39,599			(39,599)			-
Quality Systems Restructuring		Finnish Co-operation	12,466			(761,018)			92,165
Post Graduate Education		NRF	250,000			(250,000)			-
		TOTAL	3,269,814	(47,004)	17,185	2,369,243	(3,413,762)	(764,869)	1,430,608
31 March 2006			R	R	R	R	R	R	R
Quality Assurance Capacity Development	1	Carnegie Foundation	952,785		34,703	476,840	(1,170,696)		293,632
HE in Transformation of Societies		CHERI	47,004						47,004
HE Designation		FORD	166,433						166,433
Monitoring Goals & Objectives		FORD	1,413,515				(463,865)		949,650
Quality Promotion		FORD	350,720				(63,101)		287,619
UEM Project - South African Networking		FORD	24,339				(24,339)		-
Regulation Autonomy Freedom		FORD	317,064			647,942	(479,560)		485,447
HE Triennial Review		The Rockefeller Foundation	635,062			377,837	(274,936)		737,964
Private Accreditation		Cost Recovery	46,787			723,171	(769,958)		-
Australian Funded Projects		AusAid	-			269,938	(230,339)		39,599
Quality Systems Restructuring		Finnish Co-operation	-			851,921	(839,454)		12,466
Post Graduate Education		NRF	-			400,000	(150,000)		250,000
		TOTAL	3,953,710		34,703	3,747,649	(4,466,248)		3,269,813

NOTES

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

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
NOTES TO THE FINANCIAL STATEMENTS**

Figures in Rand	2007	2006
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28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure of R 31 000 was incurred during the year ended 31 March 2006 as a result of an employee being paid twice. A settlement was reached in terms of the CCMA case that the dismissed employee lodged against the entity. The employee was paid the settlement amount of R 31 000 after normal PAYE deductions. The payment was duplicated in error with the processing of the entity's monthly staff salaries. The entity's attorneys were instructed to retrieve the money from the former employee after attempts to recover the money failed. A summons was issued against the person. Correspondent attorneys have applied for default judgement against the employee because of failure to respond. Default judgement has been granted by the Magistrate Court. Our attorneys proceeded with a writ of execution to attach the employee's moveable assets. Verbal warning was given. The attorneys have informed The Council on Higher Education that this money will not be recovered. This debtor has been fully impaired in this year.	-	31,000
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29. IRREGULAR EXPENDITURE

Finance Leases

Irregular expenditure was incurred in 2006 as a result of finance leases relating to office equipment which was incorrectly accounted for as operating leases. The expenditure incurred was therefore in contravention of the Treasury Regulation 32.2.5(b). The entity sought through the Minister of Finance as per Treasury Regulation 32.2.5(b) permission to enter into finance lease agreements. Application was made to the Minister of Finance. Up till date no response has yet been received from the Minister of Finance. National Treasury issued a circular stating that finance lease payments are not considered to be irregular this year.	-	198,802
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

NOTES TO THE FINANCIAL STATEMENTS

30. SENIOR MANAGEMENT REMUNERATION

Members of the accounting authority

Services rendered as non executive members of the Council

Member Fees	31 March 2007	31 March 2006
HP Africa (Chair person - HEQC)	47,736.00	49,615.00
S Macozoma (Chairperson - CHE)	39,312.00	29,835.00
SJ Saunders	0.00	1,989.00
Saide	47,035.00	13,923.00
TOTAL	134,083.00	93,483.00

	Basic Salary	Bonuses and Performance related payments	Travel Allowances	Subsistence Allowances	Contributions to pension funds	Contributions to medical aids	Contributions to insurance schemes	Total
31 March 2007								
Chief Executive Officer								
R Singh (from June 2006)	726,184.64	93,912.98	6,295.87	23,000.82	0.00	0.00	2,199.00	851,593.31
S Badat (till May 2006)	184,813.95	0.00	1,141.86	0.00	9,400.00	5,740.00	183.52	201,279.33
Chief Financial Officer								
J Beukes	431,462.90	0.00	0.00	0.00	0.00	0.00	759.60	432,222.50
TOTAL	1,342,461.49	93,912.98	7,437.73	23,000.82	9,400.00	5,740.00	3,142.12	1,485,095.14
31 March 2006								
Chief Executive Officer								
S Badat	592,008.63	54,807.42	12,156.78	20,224.64	56,400.00	35,583.00	1,101.12	772,281.59
TOTAL	592,008.63	54,807.42	12,156.78	20,224.64	56,400.00	35,583.00	1,101.12	772,281.59

Persons serving on senior management / key management personnel remuneration

	Bonuses and Basic Salary	Performance related payments	Travel Allowances	Subsistence Allowances	Contributions to pension funds	Contributions to medical aids	Contributions to insurance schemes	Total
31 March 2007								
L Lange	576,339.59	79,407.90	1,600.25	8,240.75	0.00	0.00	1,355.50	666,943.99
TOTAL	576,339.59	79,407.90	1,600.25	8,240.75	0.00	0.00	1,355.50	666,943.99
31 March 2006								
R Singh	549,534.93	86,015.76	1,703.51	14,383.36	84,006.09	0.00	0.00	735,643.65
L Lange	467,846.75	69,052.32	0.00	8,300.67	0.00	0.00	921.00	546,120.74
TOTAL	1,017,381.68	155,068.08	1,703.51	22,684.03	84,006.09	0.00	921.00	1,281,764.39

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
DETAILED STATEMENT OF FINANCIAL PERFORMANCE**

Figures in Rand	Note(s)	2007	2006
Revenue			
Department of Education (DoE) Government Grant		28,066,955	26,583,988
Donations received		2,629,080	5,181,291
Sundry income		296,796	777,537
Private accreditation cost recovery		784,680	769,958
	13	31,777,511	33,312,774
Other income			
SARS output vat write off		3,683,436	-
Fair value adjustment income on trade and other payables		-	24,751
Net finance income	15	1,939,716	1,316,745
		5,623,152	1,341,496
Expenses (Refer to page 92)		(30,548,725)	(27,631,167)
Operating surplus	14	6,851,938	7,023,103
Finance costs	16	(56,108)	(32,990)
Surplus for the period		6,795,830	6,990,113

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2007	2006
Operating expenses			
Administrative expenses		(389,015)	(449,637)
Auditing fees	17	(361,172)	(104,624)
Bank charges		(33,510)	(32,677)
Consultants		(5,880,450)	(4,871,417)
Depreciation, amortisation and impairment			
Loss on disposal of property, plant and equipment		-	(23,698)
Electricity and utilities		(238,162)	(211,065)
Information technology		(999,655)	(833,201)
Insurance fees		(127,200)	(100,863)
Legal fees		(258,470)	(90,194)
Media and communications expense		(299,680)	(265,517)
Membership, subscriptions and license fees		(46,040)	(52,841)
Council meetings		(281,549)	(197,267)
Operating lease		(1,096,049)	(1,096,047)
Personnel costs		(12,608,166)	(10,939,912)
Project expenditure		(1,342,010)	(1,023,624)
Recruitment		(356,951)	(146,330)
Remuneration of Non Executive members		(134,083)	(93,483)
Staff benefits (leave, workmen's compensation, UIF, Group Insurance)		(290,920)	(385,378)
Staff development		(174,644)	(114,551)
Travel and subsistence		(3,670,900)	(4,671,030)
Venue and catering - workshops, meetings		(1,171,746)	(1,405,348)
Foreign exchange loss		(63,328)	-
Fair value adjustment on trade and other receivables		(1,575)	(10,943)
		(30,548,725)	(27,631,167)

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007
BUDGET VS EXPENDITURE 2006/2007**

Figures in Rand	Budget	Expenditure
Administrative expenses	412,000	389,015
Auditing fees	365,000	361,172
Bank charges	35,000	33,510
Consultants	6,500,000	5,880,450
Electricity and utilities	239,767	238,162
Information technology	999,000	999,655
Insurance fees	130,000	127,200
Legal fees	260,000	258,470
Media and communications expense	244,000	299,680
Membership, subscriptions and license fees	149,500	46,040
Personnel costs	13,131,529	12,608,166
Board: Council & Exco Expenditure	290,000	281,549
Operating Lease	1,250,000	1,096,049
Project expenditure	1,614,093	1,342,010
Recruitment	350,000	356,951
Remuneration of Chairperson	150,000	134,083
Staff benefits	320,000	290,920
Staff development	175,000	174,644
Travel and subsistence	4,100,000	3,670,900
Venue and catering - workshops, meetings	1,300,000	1,171,746
Totals	32,014,889	29,760,372
Capital Expenditure:		
Finance Lease	180,000	142,233
Fixed Assets	503,000	523,659
	683,000	665,892
	32,697,889	30,426,264

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