ANNUAL REPORT 2014

PRO GENTIBUS SAPIENTIA

UNISA

UNIVERSITY OF SOUTH AFRICA

The Unisa crest is composed of ten graphic elements which are distinctly African and rich in symbolism. The elements are used as design elements in the publication and a full explanation of the meaning of each element is included on page 134.

CONTENTS

UNISA: BACKGROUND AND CONTEXT

BACKGROUND TO UNISA

Established in 1873 as the University of the Cape of Good Hope, Unisa's origins were to serve primarily as an 'examining body'. In 2013 the University of South Africa celebrated its 140th anniversary and 2014 continued this remarkable journey in higher education. Unisa defines itself as a public-spirited institution with a clear social mandate. It is focused on quality, development, and transformation through education – teaching, research and community engagement – nationally, continentally and globally.

In 2001, in line with the new, fully inclusive democracy, and in the context of equity and redress, the South African higher education landscape underwent a complete reconfiguration and from this exercise, the new Unisa emerged in 2004 as South Africa's single, dedicated, comprehensive distance education institution (amalgamating the old Unisa, Technikon Southern Africa and the Vista University for Distance Education Campus).

Throughout its history, Unisa was perhaps the only university in the country to have resisted exclusionary dictates, providing all people with access to education, irrespective of race, colour or creed (although graduation ceremonies were differentiated by race for a time in terms of national legislation). This vibrant past is mirrored in Unisa's rich history, more particularly its impressive database of alumni, many of whom are to be noted amongst the most senior echelons of society across the world. Given its rootedness in South Africa and the African continent, Unisa today can truly claim to be *the* African university shaping futures in the service of humanity.

Unisa is the largest open distance learning (ODL) institution in South Africa and Africa, and one of the world's top 30 mega-institutions. With more than 350 000 students Unisa enrols over one-third of all South Africa's tertiary students. The student profile reflects the demographics of South Africa's democratisation process and its status on the continent since 1994, underscoring the pivotal role that Unisa plays in higher education, and its strategic position nationally, continentally and globally, as a key vehicle for transformation, growth and development.

As it has developed and matured into a modern, innovative and effective 21st Century university, Unisa's institutional governance and management structures have been continually adapted and adjusted to meet emerging regulatory requirements, socioeconomic dynamics and the institutional spirit of transformation and growth. Unisa's philosophy and goals as set out in the ***Unisa at a glance*** section of this report reflect Unisa's unequivocal commitment to quality and define its imperatives for sustainable change and development.

CONTEXT OF THIS REPORT

This report reflects the significant activities for the period 1 January – 31 December 2014 and covers the total operations of Unisa. The emphasis of content for the report was determined by the Reporting Regulations (2014) set by the Department of Higher Education and Training. Whilst all reasonable attempts were made to equally align the report with with the best practices recommended by King III, a critical challenge in preparing the report was the requirement to comply with the specific parameters of the DHET guidelines and respond to all the issues raised for consideration in the regulating guidelines. This onus has the effect of focusing the report on context-specific stipulated information outside (and different to) the recommended boundaries of King III. This is critical for the relevance of the report as it ensures a reflection of material information that is of direct relevance to our particular sector, being public higher education.

Further information that may be required on any matter in this report or otherwise, may be found on either the Unisa website or by contacting the office of the Vice-Principal: Advisory and Assurance Services and acting Registrar: Governance by email at ***dsingh@unisa.ac.za***

UNISA AT A GLANCE

The following is a brief overview of Unisa's philosophy and goals, its organisational structure and information on its student and staff profiles. The reports to follow on governance and institutional-related matters give account of how Unisa's operations supported its philosophy and goals in 2014.

VISION

Towards *the* African university shaping futures in the service of humanity.

MISSION

Unisa is a comprehensive, open distance learning institution that produces excellent scholarship and research, provides quality tuition and fosters active community engagement. We are guided by the principles of lifelong learning, student centredness, innovation and creativity. Our efforts contribute to the knowledge and information society, advance development, nurture a critical citizenry and ensure global sustainability.

VALUES

Social justice and fairness: Inspired by the foundational precepts of our transforming society, social justice and fairness animate our strategy, guide our efforts and influence our imagined future.

Excellence with integrity: We subscribe to the truth, honesty, transparency and accountability of conduct in all that we do and uphold high standards of aspiration in all our practices, with continuous attention to improvement in quality.

VALUE PROPOSITION

Accessible, flexible and globally recognised.

TRANSFORMATION CHARTER

PREAMBLE

We, the Council, Management, Staff and Students of the University of South Africa –

AFFIRM

that the context of transformation in Unisa is unprecedented political and social change following the advent of democracy in South Africa

ENDORSE

the need to

- galvanise the university to help fulfil societal aspirations for a just, prosperous society as encapsulated in the Constitution
- provide equitable access to higher education institutions, programmes and knowledge
- redress previous injustices referred to in the Constitution and the Higher Education Act 101 of 1997 based on race, gender, class and ethnicity
- provide scholarship and tuition aimed at social and human resource development that is socially responsive

ACKNOWLEDGE

the collective efforts of higher education in South Africa thus far, towards a more equitable dispensation

WE DECLARE THAT

Transformation is fundamental and purposeful advancement towards specified goals: individual, collective, cultural and institutional, aimed at high performance, effectiveness and excellence. It entails improvement and continuous renewal guided by justice and ethical action, and achievement of a state that is demonstrably beyond the original.

Individual and collective change requires regular and frequent introspection and self-criticism to examine how assumptions and practices are expressive of and resonant with transformational goals.

Cultural change requires the creative disruption and rupture of entrenched ways of thinking, acting, relating and performing within the institution and a willingness to adapt.

Institutional change entails the reconfiguration of systems, processes, structures, procedures and capabilities to be expressive of transformational intent. Transformation is monitored, milestones agreed, progress evaluated and measured, with individual and collective accountability for clearly identified responsibilities.

Transformation is sponsored, driven and led by the Vice-Chancellor. It is also articulated and advocated by the entire institutional leadership.

Transformational leaders are to be found at all levels and in all sectors of the organisation, not necessarily dependent on positional power. They are distinguished from mere actors by their insight into how things are in comparison to where they need to be, with the resolve and capability to act catalytically in pursuit of institutional and societal change imperatives in the face of opposition, resistance and limited resources.

Transformation keeps us at the frontier as pathfinders: to find ever better and innovative ways of enriching the student experience, elaborating and building upon African epistemologies and philosophies, developing alternative knowledge canons and advancing indigenous knowledge systems that ground us on the African continent, without averting our gaze from the global horizon.

WE COMMIT TO

constructing together a new DNA for Unisa, characterised by openness, scholarly tradition, critical thinking, self-reflection and the values of African cultures – openness, warmth, compassion, inclusiveness and community.

THIS WE WILL ACCOMPLISH THROUGH

- **COMMUNICATION:** Ensuring shared meaning and promoting mutual understanding at all levels, by making explicit relevant decisions, actions, choices and events timeously and transparently
- **CONVERSATION:** Actively participating in dialogue that transforms the relationship and narrows the scope of differences while enhancing understanding and empathy
- **CONSERVATION:** Preserving and utilising what is best from our legacy, making choices and decisions and taking actions in the present which ensure a sustainable future
- **COMMUNITY:** The university staff, students and alumni cohering around our shared vision, aspirations and interests in the spirit of Ubuntu, while embracing diversity in its multiple forms
- **CONNECTION:** Reinvigorating stakeholder relations to find greater synergy, harmony and meeting of minds in pursuit of transformational goals
- **CARE:** Fostering a sense of belonging among the members of the Unisa community so that they feel accepted, understood, respected and valued
- **COLLEGIALITY:** Cultivating an ethos of professionalism, shared responsibility, mutual respect, civility and trust while understanding and acknowledging one another's competencies and roles

- **COMMITMENT:** Dedicating ourselves individually and collectively to promoting and upholding the vision, goals and values of Unisa

- **COOPERATION:** Working together proactively and responsively towards the realisation of Unisa's goals and aspirations

- **CREATIVITY:** Nurturing an environment that is open and receptive to new ideas, liberates potential and leads to imaginative and innovative thinking and action

- **CONSULTATION:** Taking into account, in good faith, the views, advice and contributions of appropriate stakeholders and individuals on relevant matters; and

- **COURAGE** to act, decide and make choices with conviction and resolution in the best interests of the institution

THIS PLEDGE WE MAKE, confident that the institutional climate we seek to create will free us from the shackles of our pasts in order that we may face the future with confidence, pride and dignity.

STRATEGIC GOALS

Goal 1: Improve academic performance in teaching and learning, research and innovation, and community engagement to enhance institutional impact and student success

Goal 2: Establish Unisa as a leader in sound corporate governance and the promotion of sustainability

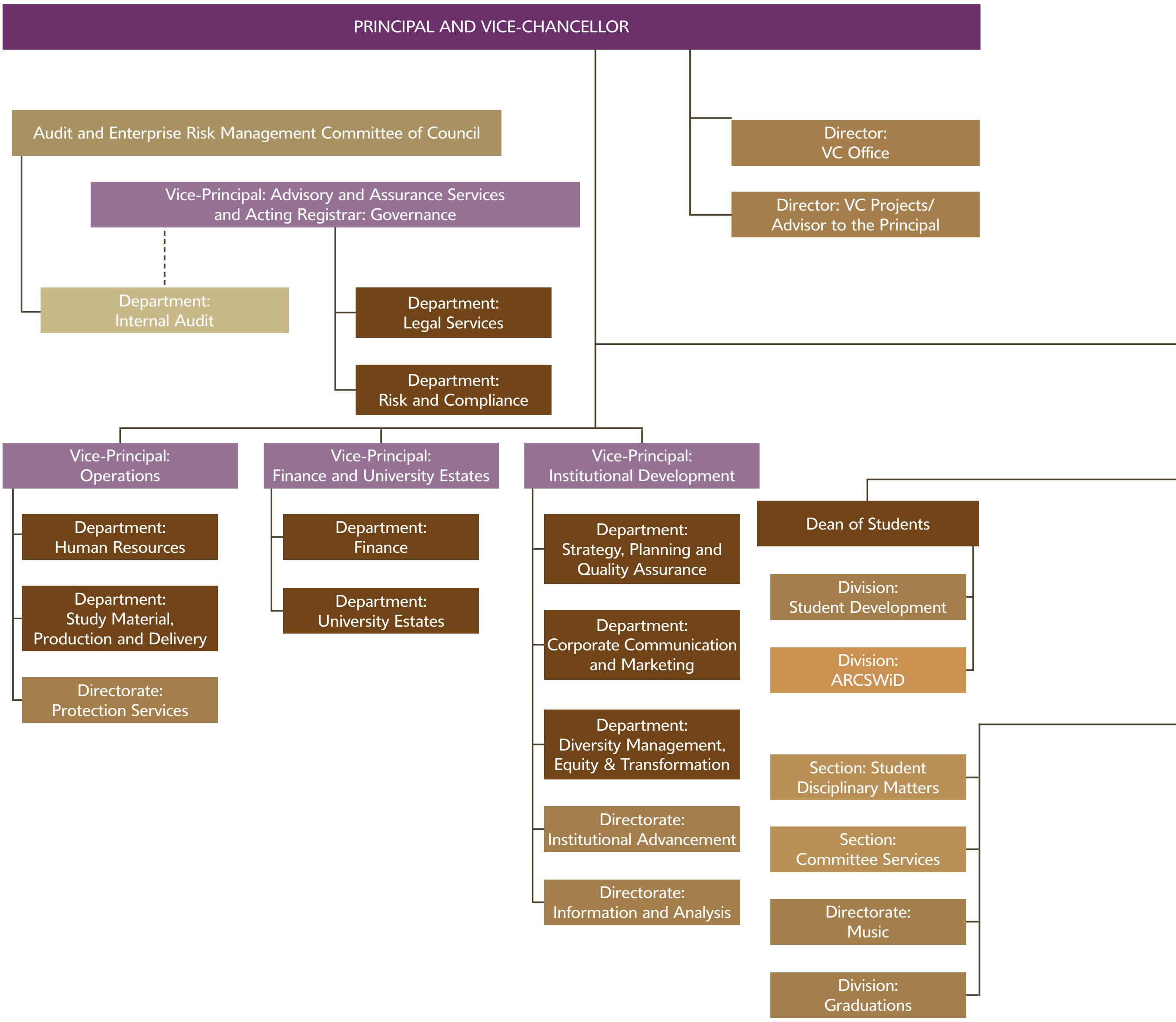
Goal 3: Promote service efficiency and effectiveness in the institution towards being a recognised student-centred organisation

Goal 4: Establish a people-centred university by enhancing capabilities and capacities and advancing cultural transformation

Goal 5: Cultivate external stakeholders and stakeholder relationships

ORGANISATIONAL STRUCTURE

The organisational structure is designed to support the university in executing its core business areas of teaching and learning, research, innovation and community engagement, and to give practical effect to the identified and agreed institutional strategic and operational priorities. It introduces an equitable distribution of functions across the portfolios and promotes horizontal integration of activities, bringing cognate functions under the correct departmental and portfolio responsibility with the underpinning ethos of overall accountability resorting with the Vice-Chancellor. All the Vice-Principals report directly to the Vice-Chancellor, and the Pro-Vice-Chancellor is responsible for the strategic areas of ICT, Procurement, and Academic Planning (and Community Engagement), as well as the key projects of open education resources (OERs), ODL and the new organisational architecture and business model.



EXECUTIVE MANAGEMENT

Prof. Mandla Makhanya
Principal and Vice-Chancellor

Prof. Narend Baijnath
Pro-Vice-Chancellor

Prof. Rita Maré
Vice-Principal: Academic: Teaching & Learning

Prof. Divya Singh
Vice-Principal: Advisory & Assurance Services

Mr Adrian Robinson
Vice-Principal: Finance & University Estates

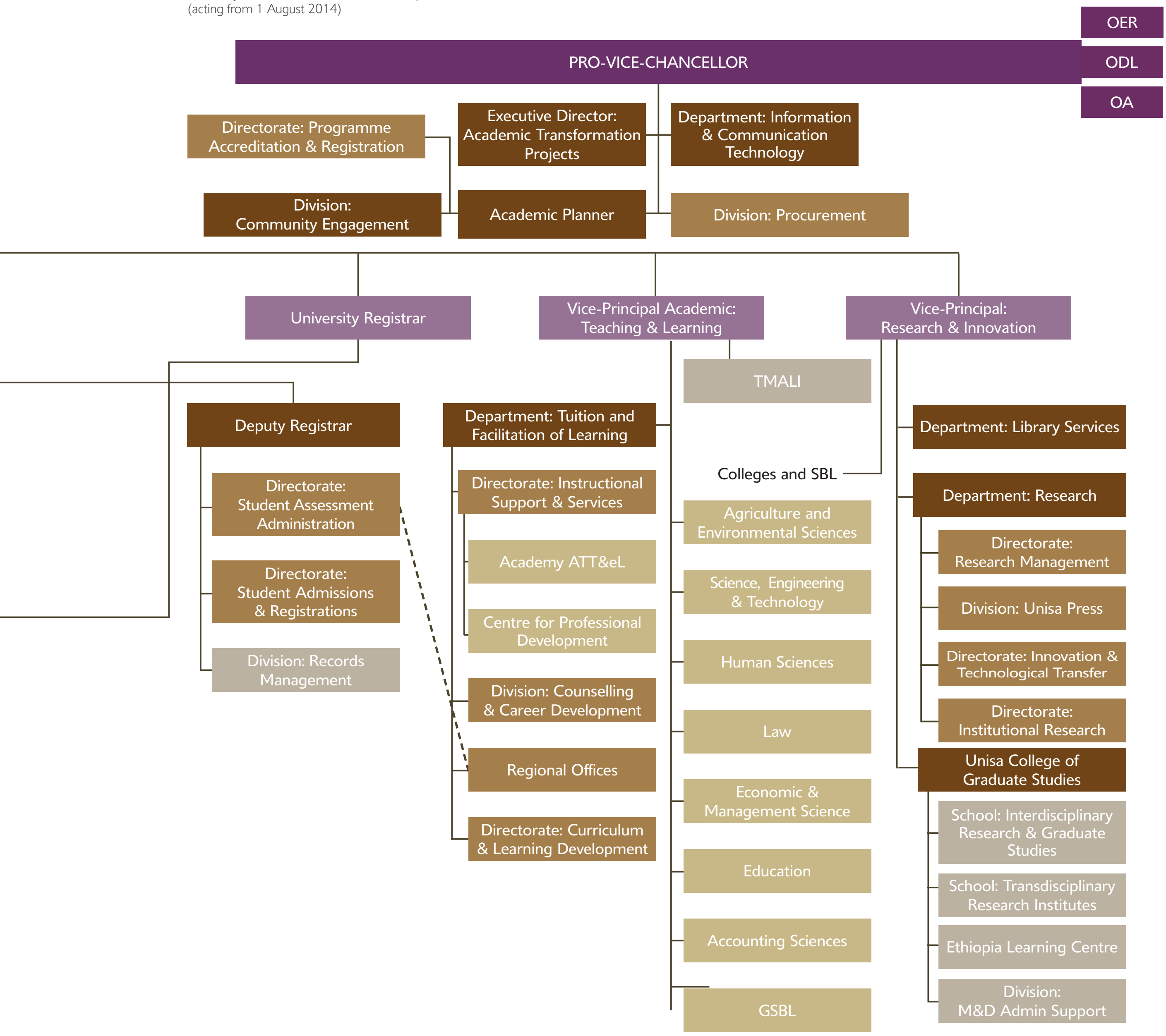
Ms Vuyo Memani-Sedile
Vice-Principal: Finance & University Estates (acting from 1 August 2014)

Dr Molapo Qhobela
Vice-Principal: Institutional Development

Prof. Barney Erasmus
Vice-Principal: Operations

Prof. Mamokgethi Phakeng
Vice-Principal: Research & Innovation

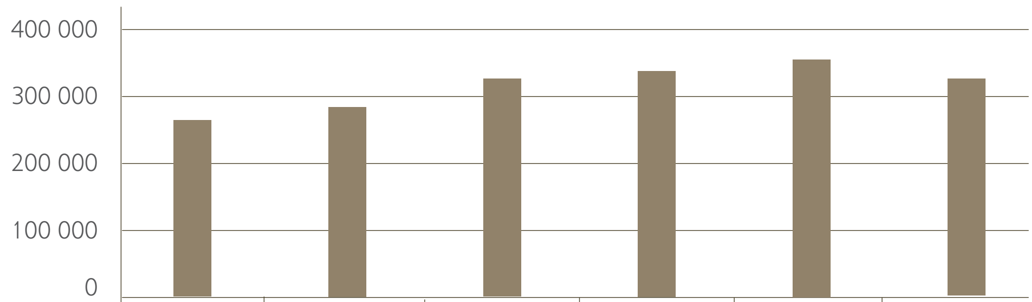
Prof. Mogege Mosimege
University Registrar



STUDENT PROFILE[1]

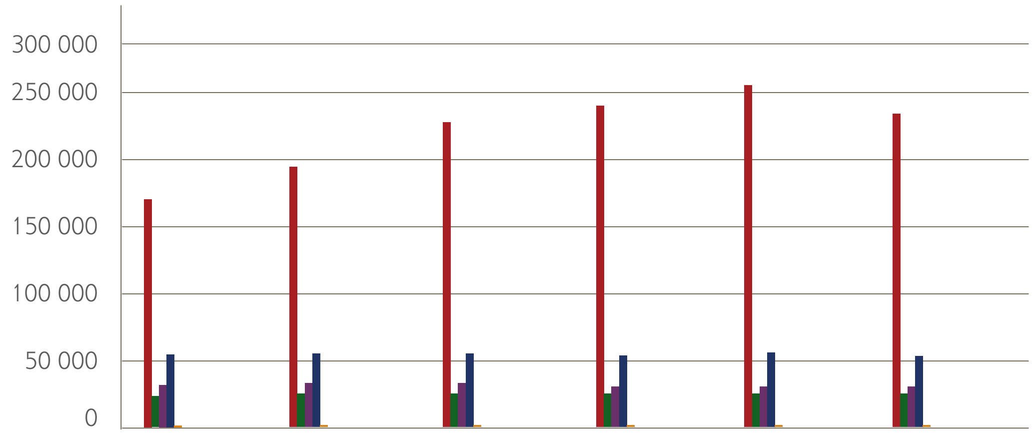
The following graphs reflect the Unisa student profile and the changes experienced over the past five years in terms of total enrolments, race, gender, region and nationality.

Student enrolments: 2009 to 2014



	2009	2010	2011	2012	2013	2014 (Prelim)
Enrolments (HC)	263 559	293 437	328 864	336 286	355 240	326 442

Student enrolments by race group

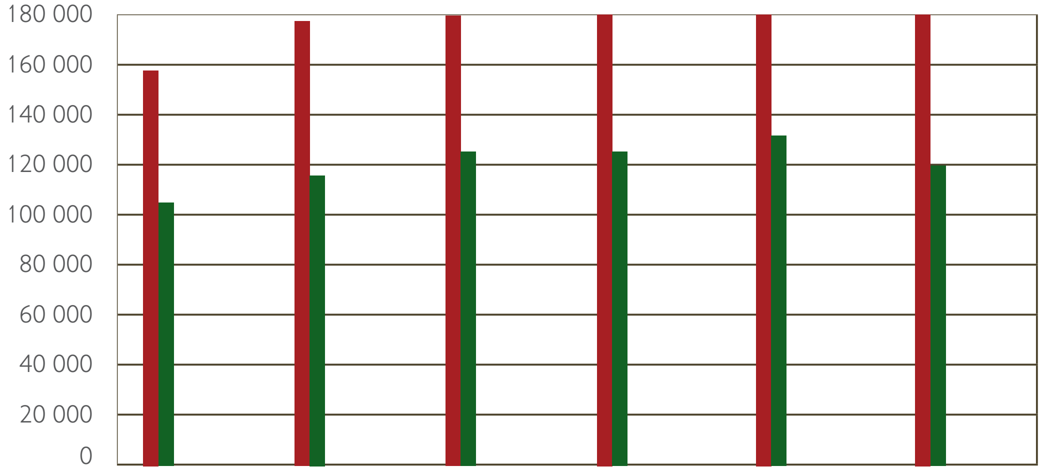


	2009		2010		2011		2012		2013		2014	(Prelim)
African	168 614	64,0%	195 553	66,6%	228 159	69,4%	239 577	71,2%	253 613	71,4%	232 046	71,1%
Coloured	15 338	5,8%	16 610	5,7%	17 643	5,4%	17 595	5,2%	19 105	5,4%	18 047	5,5%
Indian	23 418	8,9%	24 113	8,2%	24 571	7,5%	23 162	6,9%	24 401	6,9%	22 377	6,9%
White	56 117	21,3%	56 965	19,4%	58 094	17,7%	55 350	16,5%	57 268	16,1%	52 979	16,2%
No Information	72	0,0%	196	0,1%	397	0,1%	602	0,2%	853	0,2%	993	0,3%

The African segment grew to more than 71% of the total student population.

[1]The 2009 to 2013 student figures presented are based on data extracted from the final audited HEMIS submissions to the Department of Higher Education and Training (DHET). The 2014 figures represent information extracted from preliminary HEMIS student data and is subject to final verification and auditing.

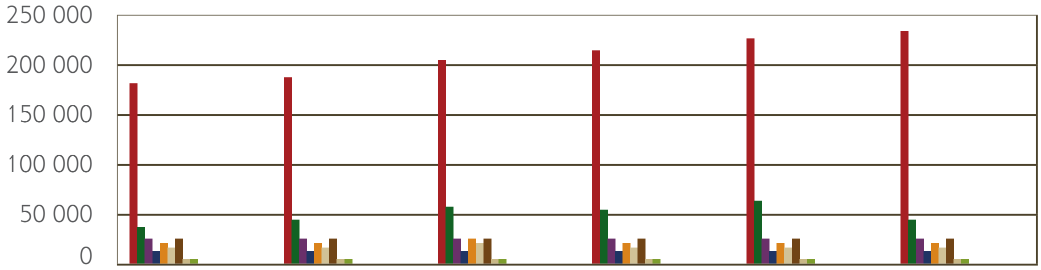
Student enrolments by gender



	2009		2010		2011		2012		2013		2014	(Prelim)
Female	158 699	60,2%	177 503	60,5%	202 003	61,4%	210 314	62,5%	223 603	62,9%	206 702	63,3%
Male	104 860	39,8%	115 934	39,5%	126 861	38,6%	125 972	37,5%	131 635	37,1%	119 738	36,7%

Female students accounted for over 63% of the total student population.

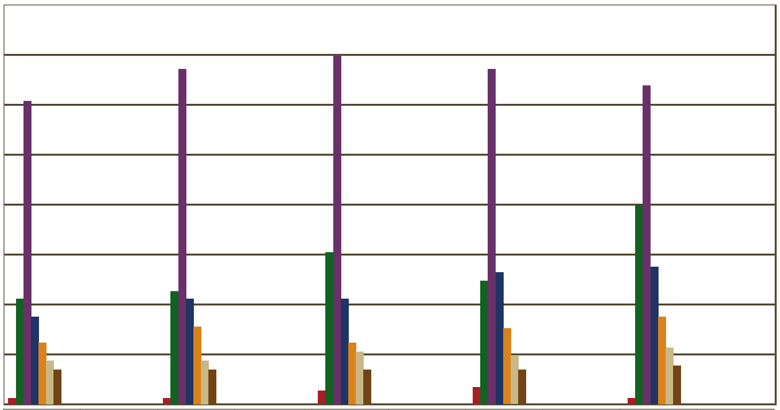
Student enrolments by region



	2009		2010		2011		2012		2013		2014	(Prelim)
Gauteng	172 137	65,3%	187 953	64,1%	203 197	61,8%	212 698	63,2%	223 871	63,0%	223 133	68,4%
KwaZulu-Natal	34 796	13,2%	41 916	14,3%	56 127	17,1%	52 964	15,7%	59 309	16,7%	45 456	13,9%
Limpopo	17 810	6,8%	17 832	6,1%	17 150	5,2%	16 683	5,0%	17 359	4,9%	14 171	4,4%
Mpumalanga	6 634	2,5%	7 843	2,7%	8 668	2,6%	8 868	2,6%	9 197	2,6%	6 855	2,1%
Midlands	10 498	4,0%	12 751	4,3%	15 347	4,7%	16 664	5,0%	15 620	4,4%	12 769	3,9%
Eastern Cape	8 750	3,3%	11 101	3,8%	13 535	4,1%	13 010	3,9%	12 914	3,6%	10 168	3,1%
Western Cape	12 795	4,9%	13 888	4,7%	14 670	4,5%	15 276	4,5%	16 864	4,7%	13 754	4,2%
Ethiopia	104	0,0%	145	0,0%	166	0,1%	120	0,0%	96	0,0%	45	0,0%
Foreign / Unknown	35	0,0%	8	0,0%	4	0,0%	3	0,0%	10	0,0%	91	0,0%

Close to 70% of Unisa's students resided in Gauteng.

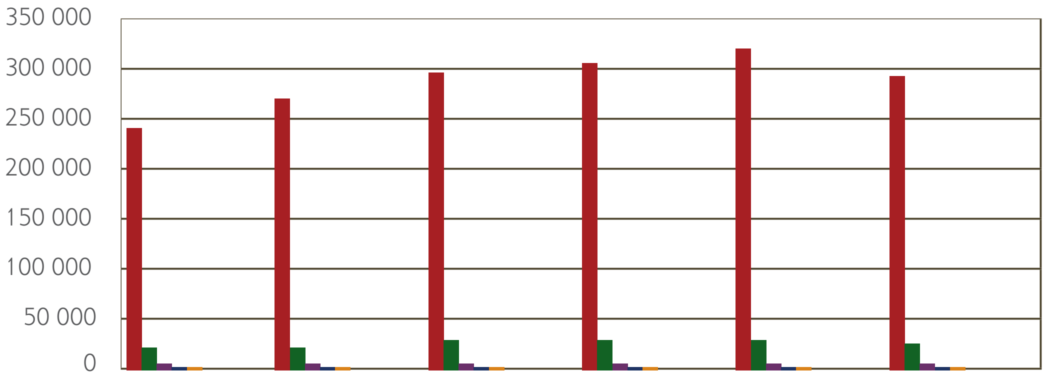
Student enrolments by college



	2009		2010		2011		2012		2013	(Prelim)
CAES	4 030	1,5%	5 341	1,8%	6 947	2,1%	8 798	2,6%	9 679	2,7%
CEDU	43 323	16,4%	49 393	16,8%	64 790	19,7%	72 615	21,6%	80 843	22,9%
CEMS	122 825	46,6%	133 482	45,5%	139 764	42,5%	134 117	39,9%	131 076	37,2%
CHS	36 426	13,8%	41 912	14,3%	48 167	14,6%	51 132	15,2%	55 247	15,7%
CLAW	25 648	9,7%	29 008	9,9%	32 550	9,9%	34 085	10,1%	36 984	10,5%
CSET	17 122	6,5%	19 335	6,6%	21 232	6,3%	21 232	6,3%	22 699	6,4%
Occasional	14 185	5,4%	14 966	5,1%	15 019	4,6%	14 307	4,3%	16 295	4,6%

Enrolments in the College of Education nearly doubled in number over the past five years and the college has more than 80 000 students.

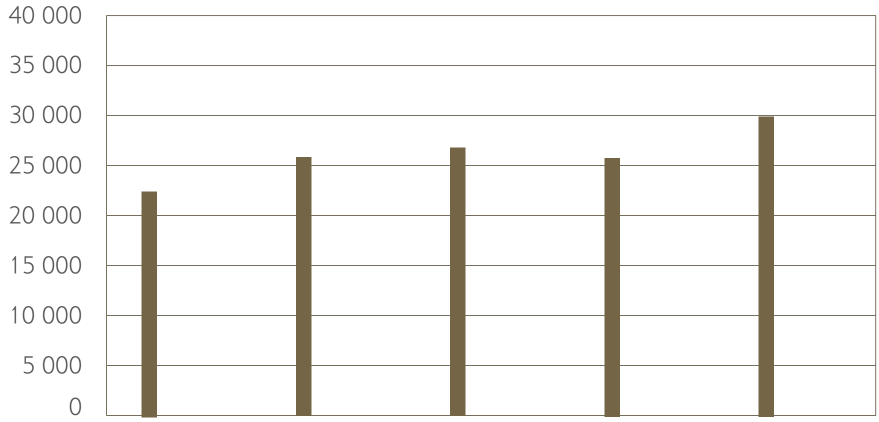
Student enrolments by nationality



	2009		2010		2011		2012		2013		2014	(Prelim)
South Africa	242 512	92,0%	269 061	91,7%	300 842	91,5%	307 142	91,3%	324 607	91,4%	297 086	91,0%
Other SADC countries	15 682	6,0%	18 647	6,4%	21 831	6,6%	23 480	7,0%	24 863	7,0%	24 041	7,4%
Other African countries	3 815	1,4%	4 067	1,4%	4 252	1,3%	3 978	1,2%	4 074	1,1%	3 779	1,2%
Rest of the world	1 505	0,6%	1 606	0,5%	1 751	0,5%	1 601	0,5%	1 497	0,4%	1 336	0,4%
No information	45	0,0%	56	0,0%	188	0,1%	85	0,0%	0,1%	200	200	0,1%

91% of Unisa students were South African, with a further 7.4% from other SADC countries.

Graduates



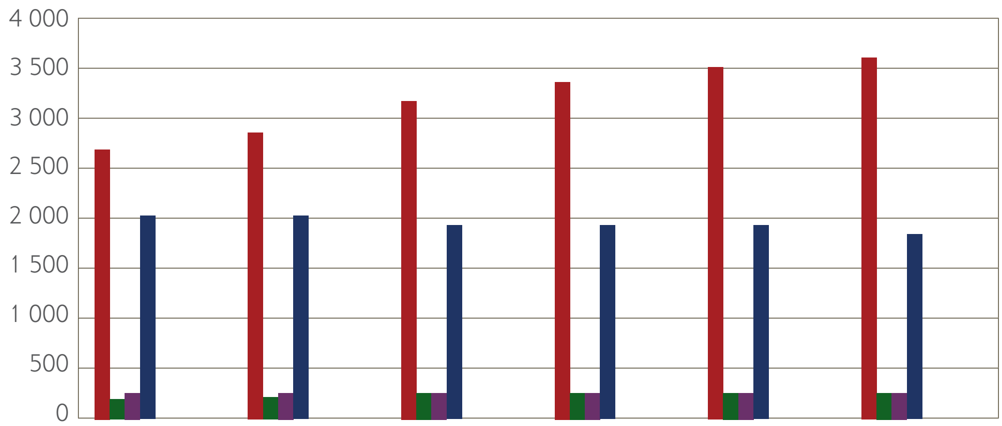
	2009		2010		2011		2012		2013	
Graduates	22 675	100,0%	26 073	100,0%	26 808	100,0%	26 210	100,0%	34 934	100,0%

Unisa strengthened the labour market with close to 35 000 graduates in 2013.

STAFF PROFILE[2]

The graphs present the Unisa staff profile and the changes experienced over the past five years in terms of race, gender and personnel category.

Staff by race

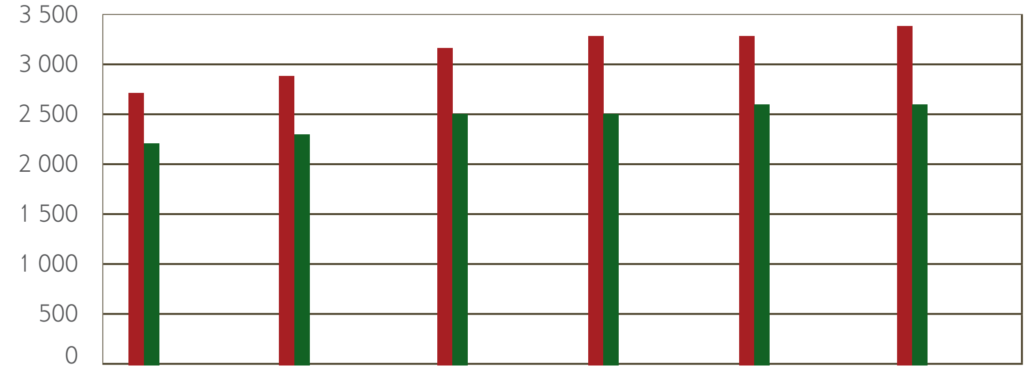


	2009		2010		2011		2012		2013		2014	(Prelim)
African	2 648	53,0%	2 874	55,0%	3 211	57,6%	3 372	58,9%	3 514	60,0%	3 677	61,5%
Coloured	169	3,4%	175	3,3%	200	3,6%	209	3,7%	225	3,8%	223	3,7%
Indian	188	3,8%	204	3,9%	200	3,6%	210	3,7%	219	3,7%	230	3,8%
White	1 989	39,8%	1 977	37,8%	1 964	35,2%	1 933	33,8%	1 896	32,4%	1 845	30,9%

The proportion of African staff saw a significant growth from 53.0% in 2009 to 60% in 2014.

[2]The 2009 to 2013 staff figures presented are based on data extracted from the final audited HEMIS data submissions to DHET. The 2014 staff figures presented are based on data extracted from the first preliminary HEMIS data submission to DHET and are subject to final verification.

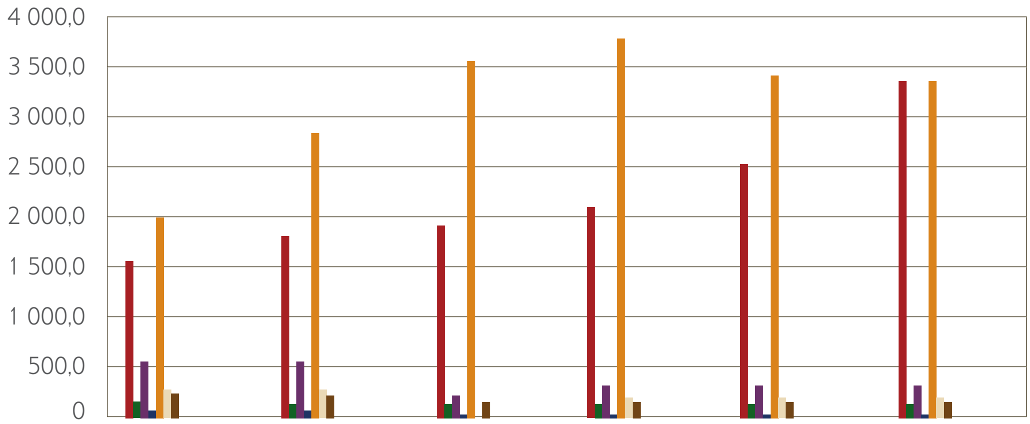
Staff by gender



	2009		2010		2011		2012		2013		2014	(Prelim)
Female	2 742	54,9%	2 888	55,2%	3 088	55,4%	3 173	55,4%	3 261	55,7%	3 333	55,8%
Male	2 252	45,1%	2 342	44,8%	2 487	44,6%	2 551	44,6%	2 593	44,3%	2 642	44,2%

55.8% of staff were female.

Staff by category



	2009		2010		2011		2012		2013		2014 (Prelim)	
Instructional/Research Professional	1 598.5	33.5%	1 792.0	31.3%	1 937.3	31.9%	2 096.6	32.4%	2 541.4	39.3%	3 346.3	46.2%
Executive/Management Professional	148.2	3.1%	125.0	2.2%	114.4	1.9%	120.0	1.9%	116.0	1.8%	122.3	1.7%
Specialised/Support Professional	556.7	11.7%	541.8	9.5%	191.6	3.2%	223.0	3.4%	222.1	3.4%	225.9	3.1%
Technical	87.8	1.8%	46.9	0.8%	19.4	0.3%	17.8	0.3%	16.6	0.3%	17.2	0.2%
Non-Professional Admin	1 991.2	41.7%	2 837.9	49.6%	3 577.0	58.9%	3 784.0	58.5%	3 378.1	52.2%	3 342.7	46.1%
Crafts/Trades	214.4	4.5%	216.7	3.8%	135.6	2.2%	133.8	2.1%	120.8	1.9%	122.2	1.7%
Service Workers	175.5	3.7%	161.7	2.8%	98.9	1.6%	96.6	1.5%	78.4	1.2%	72.4	1.0%

The category instructional/research professionals has seen a significant growth over the past years and was the largest category (46.2%) in 2014.

PERFORMANCE ASSESSMENT **REPORT**

In September 2013, at its annual strategic planning workshop, the Unisa Council engaged the performance objectives proposed by the Management. The 2014 annual performance plan was aligned to Unisa's five strategic goals and approved at the scheduled Council meeting held in September 2013.

Set out hereafter is the 2014 Annual Performance Plan with a clear indication of achievements against the stated objectives. During 2014, performance against objectives was monitored by the management. A further quarterly report was submitted to the Audit and Enterprise Risk Management Committee of Council and to Council. Council expressed satisfaction with the achievements of the university, especially in the core business area of teaching and research where all the set targets were achieved. However, there was concern that two critical areas, namely service delivery and the establishment of technology systems and platforms appeared not to have made successful progress. The consequential prejudice to students was highlighted and Council directed that project plans indicating achievement of outcomes in 2015 be developed and monitored through the Audit and Enterprise Management Committee (in addition to the performance objectives of the 2015 Annual Performance Plan).

RISK	RESPONSIBILITY	2014 PERFORMANCE OBJECTIVE	2014 TARGETS / MILESTONES
Loss of reputation as a result of the failure to provide quality service to students and other stakeholders	VP Academic: Teaching and Learning	1. Improve efficiency in teaching and learning across colleges by redeveloping modules that were reviewed in 2013 **Complete**	300 (additional) modules and/or programmes developed or redeveloped according to new policies and innovation by 24 December 2014
Inability to transform into a fully-fledged ODL institution	VP Academic: Teaching and Learning	2. Improve efficiency across colleges by training staff and e-tutors in virtual learning environments, assessment and online and blended learning **Complete**	Train all new e-tutors by 24 December 2014
			800 staff trained by 24 December 2014 in various aspects of online and blended learning, assessment and teaching, as required by the new ODeL model
Inability to transform into a fully-fledged ODL institution	VP Academic: Teaching and Learning	3. Approve teaching and learning by incrementally implementing the integrated tutor model **Complete**	Fully functional and effective e-tutor system in place and applied to 50% of NQF 5 level modules by the 30 November 2014
			Face-to-face tutors appointed in respect of all STLSC approved 'high risk modules' by 30 July 2014
Failure to achieve optimal success rates [pass rates] and throughput rates and research outputs	VP Academic: Teaching and Learning	4. Increase the success rate of undergraduate students who sat the final examination **Complete**	64% (minimum average) examination- sitting pass rate at undergraduate level
		5. Improve teaching and learning by increasing non-venue-based summative assessment **Complete**	Increase non-venue based summative assessments up to and including the scheduled Senate meeting of October 2014 as follows: CAES: 8 modules CEDU: 8 modules CHS: 8 modules CSET: 5 modules CLAW: 5 modules CEMS: 8 modules

RISK	RESPONSIBILITY	2014 PERFORMANCE OBJECTIVE	2014 TARGETS / MILESTONES
			CLAW: 5 modules CEMS: 8 modules
Failure to achieve optimal success rates [pass rates] and throughput rates and research outputs	VP: Research and Innovation	6. Increase the number of master's and doctoral graduates **Complete**	22% cohort throughput in all master's graduates and 15% cohort throughput in doctoral graduates of Unisa in minimum expected time
		7. Increase the number of NRF-rated researchers **Complete**	150 NRF-rated researchers by 24 December 2014
		8. Improve research and innovation performance **Complete**	Increase the number of permanent academic staff members with doctoral degrees to 32% by 24 December 2014
			Enhance research performance across the university to 0.9 weighted research output points per capita
Failure to close the stakeholder expectation gap	Pro-Vice- Chancellor	9. Increase community engagement and outreach activities **Complete**	80 outputs from registered community engagement projects to be produced by 24 December 2014 in accordance with Section 4.4 of the Community Engagement and Outreach Policy
Misalignment between business strategy and ICT strategy	VP: Operations	10. Implementation of the Supply Chain Management System **Not complete**	Based on prevailing constraints, the AERCoC, on recommendation of the Management Committee, approved the deferral of the performance objective to 2015 and the changes were noted by to Council
Loss of reputation as a result of the failure to provide quality service to students and other stakeholders	University Registrar	11. Implementation of the Student Relationship Model Procurement of the system by 30 June 2014 Report and improvement plan completed by 30 October 2014 Phase 1 of SRM Project to be implemented by 1 December 2014 **Not complete**	Based on prevailing constraints, the AERCoC, on recommendation of the Management Committee, approved the deferral of the performance objective to 2015 and the changes were noted by to Council
Misalignment between business strategy and ICT strategy	University Registrar	12. Implementation of a one-stop point of enquiry for students **Not complete**	Based on prevailing constraints, the AERCoC, on recommendation of the Management Committee, approved the deferral of the performance objective to 2015 and the changes were noted by to Council

RISK	RESPONSIBILITY	2014 PERFORMANCE OBJECTIVE	2014 TARGETS / MILESTONES
Skill shortages in critical areas	VP: Operations	13. Implement the Talent Management Plan to attract new staff and retain existing staff **Complete**	• Review of all relevant HR policies to include talent management imperatives completed by 31 July 2014 • Review (and appropriate revision) of talent management framework to ensure the focus on ODeL imperatives approved by Management Committee by 31 July 2014 • Talent Management Policy approved by Council by 31 September 2014 • Establish talent management and employment equity committees in all departments and colleges by 31 July 2014
	VP: Advisory and Assurance Services	14. Implementation of the overlapping recommendations from the Ethics Risk and Organisational Health Assessments **Complete**	• Implementation Plan approved by Management Committee by 24 June 2014 • 50% of recommendations implemented by 31 October 2014
Skill shortages in critical areas	VP: Institutional Development	15. Advance employment equity **Not complete**	• Attainment of all the set targets in the Employment Equity for 2014 by 24 December 2014 • 400 staff members trained in 2014 in diversity management and tolerance promotion by 24 December 2014
		16. Maximise strategic collaborations and partnerships with FET Colleges **Complete**	• Conclude formal agreements with at least five FET colleges (new partnerships) to offer Unisa Higher Certificates • Agreements concluded by 24 December 2014
Misalignment between business strategy and ICT strategy	Pro-Vice-Chancellor	17. Implement the Organisational Architecture Framework, Plan, and Change Management Plan **Not complete**	• Conduct a reprioritisation study aligning current institutional requirements to ICT roll-out projects by 31 July 2014 revised by 30 September 2014 • Review of ICT capacities and increase staff capacity to accommodate defined personnel requirement based on revised scope of work by June 2014

RISK	RESPONSIBILITY	2014 PERFORMANCE OBJECTIVE	2014 TARGETS / MILESTONES
Misalignment between business strategy and ICT strategy	Pro-Vice-Chancellor	17. Implement the Organisational Architecture Framework, Plan, and Change Management Plan **Not complete**	• Conduct a reprioritisation study aligning current institutional requirements to ICT roll-out projects by 31 July 2014 revised by 30 September 2014 • Review of ICT capacities and increase staff capacity to accommodate defined personnel requirement based on revised scope of work by June 2014 • Establish OA project management framework for change management in the office of the Pro-Vice Chancellor by 31 May 2014 • Evaluation of 2013 implementation of Signature Course processes for online delivery, process re-engineering and continual improvement by 30 August 2014 • Establish a fully functional internal communication platform by 30 March 2014 • Define high level targets, dependencies and interdependencies with support infrastructure by 31 May 2014 • Conduct institutional climate study focused on changing environment by 31 May 2014 • Internal review of HR skills requirements of colleges completed (comparing required skills with current skillset), to guide professional development strategy by 31 August 2014 to promote digitisation • Financial analysis of different models for supply of ICT/ Internet access to students completed by 31 July 2014 • Conduct data collection studies with external stakeholders on shift in telecommunication networks, accessibility to affordable, faster bandwidth and devices/ technologies by 31 March 2014, revised and updated by 30 September 2014 • Annual report on progress towards digitisation targets, incorporating analysis of key metrics, prepared and submitted to: the OA ICT Committee by 31 October 2014; and Council by 30 November 2013

RISK	RESPONSIBILITY	2014 PERFORMANCE OBJECTIVE	2014 TARGETS / MILESTONES
Loss of critical data and prolonged downtime	Pro-Vice-Chancellor	18. Develop and test updated Disaster Recovery Plans **Not complete**	• Disaster Recovery Plan by July 2014 • Technical Operations Centre and service management in place and fully functional by 31 August 2014 • Migration of all temporary staff to the Oracle System completed by 31 July 2014
	VP: Advisory and Assurance Services	20. Manage 2015 enrolments according to the 2014 Enrolment Plan approved by DHET, specifically incorporating the obligations set by Council at the strategic planning lekgotla on 19 September 2013 **Complete**	College Enrolment Plans approved by Senate at the scheduled meeting in March 2014 and by Council at the scheduled meeting in April 2014

In summary, 13 of the agreed performance objectives have been achieved and seven were not completed. Four of the performance objectives not achieved relate to systems development and electronic platforms that needed to be implemented. All are in varying stages of progress and revised action plans and target dates have been set in respect of all performance objectives not achieved. The assurance has been provided to the Council that the outstanding targets will be achieved during the first half of 2015.

Dr NM Phosa
Chairman: Council

Prof MS Makhanya
Principal and Vice-Chancellor

REPORT OF THE **CHAIRMAN OF COUNCIL**

EFFECTIVE ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

As I reflect on Unisa 2014 I am, as always, amazed by the complexity and dynamism of this great organisation which I have the privilege to lead. I am cognisant of the challenges and acknowledge that there is always room for more to be done; however, I want to pay tribute to my team of Council members and management for always giving their total commitment to the university and striving to ensure the success, sustainability and relevance of Unisa.

The formal announcement of the new White Paper on Post-School Education and Training took place at Unisa in January. Immediately thereafter, Unisa opened the discussion on the White Paper under the banner of the White Paper Discourse Series involving all internal and external role players and stakeholders, as well as Council. Participants were required to reflect on the strategic imperatives in the White Paper that would need to be considered and that should be foremost in the minds of Council, thereby opening up Council's views on the strategic trajectory for the university. I relate this example to explain how Unisa Management and Council worked together during the year to enhance the coherence of their relationship. This has been critical as Unisa also used 2014 to begin the planning process for its second strategic cycle 2016-2030. Lest I be misunderstood, I must emphasise at this point that the Unisa Council is very clear on its role in providing *strategic leadership* and has never descended into the arena of operational management of Unisa.

The 2016-2030 planning activity consumed a significant amount of Council's time and included several engaged discussions on the future of higher education in the country, the continent and the world. No-one can predict the future and a 15-year strategic plan is a daunting task given the rapid pace of change. However, once Council approved the guiding values for Unisa 2016-2020, namely, (i) ethical and collective responsibility; (ii) integrity; (iii) innovation and excellence; (iv) responsive student-centredness; and (v) dignity in diversity, the task began to take shape and Management was given a clear direction on the 2015 Annual Performance Plan that would then serve as a springboard for the 2016-2030 Plan. By the end of 2014, Council had also approved an amended vision, mission and set of values for Unisa, the high-level strategic focus areas for 2016-2030, as well as the 2015 Annual Performance Plan.

My success in chairing the Unisa Council is augmented by the fact that the Council unerringly demonstrates an unequivocal commitment to good governance and ethical leadership. Since the inception of the ethics project at Unisa some three years ago, Council has maintained oversight of the numerous activities, often providing direct leadership on and participating in specific activities as we strive to embed a truly ethical culture at Unisa. The development and success of the ethics project is monitored through the Audit and Risk Management Committee of Council. During 2014, there was a growing sense that the Unisa ethics project, coupled with the institution of a sustainability office, needed more focused consideration by the Council if Unisa is to take the step to the next level in the process. The Council will be giving consideration to the institution of a social and ethics committee whose terms of reference will be designed to support the institutional emphasis on developing a holistic integrated ethical culture and overall sustainability as part of the Unisa transformation agenda. The matter will be finalised in 2015. The mark that Unisa is making as a leader in ethics and higher education was confirmed by the partnership agreement signed between Unisa and Globethics, Geneva, in which Unisa is identified to be the regional representative of Globethics, Geneva.

As part of the underpinning governance framework, the Council applies the principles of King III as a guide to best practice. The level of commitment to the application of the Code is detailed in Council's Statement on Governance; however, one issue that remains a vexed question is that of a corporate citizenship statement for Unisa. The Council has approved several documents which speak to the principles of corporate citizenship and a further separate Corporate Citizenship Statement was therefore deemed unnecessary. However, the issue will again be engaged in 2015 during the annual review of the application of the King III Code.

In line with the culture of good governance, Unisa's governance paradigm is undergirded by a strong risk management framework. Council has expressed itself on the importance of optimising risk management in order to achieve our vision and objectives. The role of governing risk and risk oversight at Unisa is delegated to the Audit and Enterprise Risk Management Committee (AERMCoC), which is a sub-committee of Council. However, Council is aware that by so doing it has not abdicated responsibility for risk governance, and regular reports from the AERMCoC are received by Council on the issues considered and areas for attention. I am satisfied that Council and management have reasonable assurance that risks are being managed. However, this is an area that will demand greater attention, awareness and understanding from the university and the academic communities as they are challenged to *integrate* risk assessments into all of their many functions.

ICT is also a key pillar to the success and sustainability of Unisa. The Council has provided support to the university regarding the necessary resources for the maintenance of systems and development of new systems. However, I remain concerned when reading the external audit report and the 2014 annual performance achievements, as there appear to be significant challenges that the university will need to address urgently if it is to leverage the benefits of ICT and the funds that are being made available from the institutional budget. This is a matter that Council will prioritise for 2015 through the committee structures as Unisa must begin to see the appropriate return on investment in its ICT domain.

Insofar as ICT governance is concerned, Unisa follows the COBIT framework, which is a widely acknowledged industry standard, and efforts during the year under review focused on ensuring optimum compliance with the COBIT prescription for good ICT governance. Structurally, three levels of oversight have been implemented for ICT governance – the first being through the Organisational Architecture ICT Steering Committee, the second being the Management Committee, and the top level of governance oversight and steerage being exercised by the ICT Committee of Council. The AERMCoC and Fincom also play a role in ensuring appropriate risk management, internal controls and fiscal probity in all ICT projects. However, it must be stated that committees see only what is presented to them by Management.

Co-operative governance and the management of stakeholder relationships are taken very seriously by Council, ensuring that communication and consultation between stakeholders were managed professionally and with appropriate seriousness. However, I am aware that without a proper student relationship management system, Unisa students – its most important stakeholder – will continue not to receive optimal service. In 2013, Council prioritised service delivery and the implementation of the Student

System and Student Relationship Management System for 2014. The reality though, which Council has had to accept, is that functional implementation of the systems will only commence in 2015.

It is extremely gratifying to report that there was no labour unrest or student protest at the university. The doors for constructive engagement have remained open and the staff and student representatives on the Council enjoy equal space in the discussions and decision-making processes. Critical issues were engaged by the Council vis-à-vis stakeholder relations, including the subject of fee-free education, student fees and bursaries. In 2014 Unisa experienced increased demands on the NSFAS bursary scheme and the rallying cry from students for free education. Council made available an amount of R125 million towards bursaries for students, in order to increase access for students who showed the potential for success and met the means test set by the university. This is an increase in the amount of R97 million allocated in 2013 and was offered *in addition to* the NSFAS allocation. Acknowledging that the Council is not in a position to resolve this intractable problem, the Unisa bursary fund is an extremely generous allocation of resources supporting core business and the national agenda.

Council has expressed a clear directive regarding the aspiration of education for all and the importance of access for success. The Unisa Enrolment Plan was approved in 2014 and adheres to the ministerial targets taking account of the need to redress equity imbalances and provide access to previously disadvantaged students. The university has also been reviewing its Programme and Qualification Mix and the curricula in order to ensure market relevance and our graduate relevance and employability, as advised by the White Paper. Council is on record as requiring industry to be engaged to ascertain their needs for employability. Allied to this is the statement that quality must be at the centre of all activities, for both staff development and student engagements, and the success of the initiatives in respect of academic staff development is evident in the 2014 Annual Performance Plan. Unisa has also introduced a system of research and development incentives to increase the attractiveness and to build capacity in this area and the programme is bearing fruit. Council is pleased that Unisa does not compromise on quality as a matter of principle.

Unisa has a good financial framework based on a compendium of Council-approved policies which sets out both the implementation and regulation of the financial processes and allied activities at Unisa. Financial sustainability is monitored by the Finance, Investment and University Estates Committee and financial risks are engaged at the AERMCoC (as part of the combined assurance report submitted quarterly). Council has expressed itself on the need for fiscal prudence and a greater emphasis to be placed on increasing third-stream income. This has become necessary particularly in view of declining revenue from student fees (a 3% drop from 2013) and a very small increase in investment income (0.4% for the period under review). The challenge has been accepted by the Management Committee and the 2015 budget, approved by Council, was based on a zero-based budgeting model taking cognisance of necessary austerity measures. Council was very cognisant that the revenue decline should not, however, be passed to the students and the student fee increase was kept to a minimum, and agreed with the National SRC prior to submission to Council for approval. The 2016-2030 Plan indicates the institution of a dedicated business enterprise unit to focus attention on enhancing third-stream income.

Notwithstanding the attainment of a strong governance regimen at Unisa, built on a foundation of accountability and transparency, the Council recognises that there is always room for improvement. In this regard, I anticipate the new King IV Code and what it will mean for universities. We will also need to keep abreast of global developments post the 2015 Millenium Development Goals. Higher education is in a very exciting space and Unisa is critically positioned and geared to play its role.

Dr N Mathews Phosa
Chairman: Unisa Council

COUNCIL STATEMENT ON **GOVERNANCE**

This statement was approved at a full Council meeting held on 12 June 2015. The meeting was quorate and the documentation for approval by the Unisa Council was circulated with the meeting agenda in advance of the meeting and with due notice

Unisa is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. In keeping with these values Council has been unequivocal in its acknowledgement of the King III Code of Governance as a sound benchmark of good practice. Council has endeavoured to apply the principles set out in the Code and where they were not directly relevant or applicable, the spirit of the principles was applied.

In 2013 Unisa was applying 70% of the principles, partially applying 27% of the principles, and eight of the accepted principles were not applied. In 2014, an audit was conducted by Internal Audit and management actions were classified into those that were verified, partially verified and those that could not be verified. The Directorate: Compliance conducted a follow-up on management actions that were partially verified and those that could not be verified.

Three measures were identified with which Unisa had not applied:

(i) Amended terms of reference of Council prohibiting the chief executive officer (CEO) from being the Chairperson of Council until three years had lapsed
(ii) Evidence that a corporate citizenship statement was drafted and approved
(iii) Review of the terms of reference of university committees annually

All three issues will receive consideration in 2015. In 2014 Council also conducted a review of the 30 principles/recommended practices which were previously considered 'not relevant' to Unisa and approved that, applying the principle of modification, only 12 were in fact not at all applicable.

The Unisa Council comprises 30 members including external, academic and non-academic persons appointed in terms of the Unisa Institutional Statute. A majority of the members (at least 60%) are, however, neither employees nor students of the university.

Chapter	Principle / practice	King III recommendation
2	14.5	Listed companies should have a policy regarding dealing in securities by directors, officers and selected employees
2	15.2	The board should ensure that its consideration is fair to save a financially distressed company either by way of workouts, sale, merger, amalgamation, compromise with creditors or business rescue
2	19.4	The board should make full disclosure regarding individual directors to enable shareholders to make their own assessment of directors
2	24.1	Listed subsidiaries must comply with the rules of the relevant stock exchange in respect of insider trading
2	24.2	The holding company must respect the fiduciary duties of the director serving in a representative capacity on the board of the subsidiary
2	24.3	The implementation and adoption of policies, processes or procedures of the holding company should be considered and approved by the subsidiary company
2	24.4	Disclosure should be made on the adoption of the holding company's policies in the integrated report of the subsidiary company
2	26.4	The remuneration report, included in the integrated report should include participation in share incentive schemes
2	26.10	The remuneration report, included in the integrated report should include the maximum expected potential dilution as a result of incentive awards
2	27.1	Shareholders should pass a non-binding advisory vote on the company's yearly remuneration policy
3	3.3	The chairman of the audit committee should be present at the AGM
3	4.5	The audit committee should consider the need to issue interim results

A follow-up assessment of application will be conducted in 2015/2016 and the report submitted from the Management Committee to the Audit and Enterprise Risk Management Committee for recommendation to Council for approval.

UNISA COUNCIL AND COUNCIL COMMITTEES

UNISA COUNCIL

Chairperson: **Dr NM Phosa**

In accordance with the principles of sound governance and the Institutional Statute, the role of the Chairperson of Council is separate from the role of the Principal and Vice-Chancellor. The current Chairman was appointed in terms of the Institutional Statute (published in the Government Gazette dated 20 June 2008) which made provision for members to be re-elected for two further terms of office. This provision in the Statute was deliberately included to ensure that Unisa had the necessary continuity in Council to take it through the turbulent merger period and ensure institutional stability. The Chairman's tenure will come to an end in June 2015. The revised Institutional Statute (published in the Government Gazette dated 19 December 2012) makes clear provision that members of Council serve only two terms of office, as Unisa has reached a state of harmony and clarity that will not be negatively impacted by a leadership change on an eight-year cycle.

Matters referred to Council for decision-making are set out in the Institutional Statute by custom and in terms of the Higher Education Act of 1997. Specifically, however, the Council remains accountable for setting and maintaining the strategic direction of Unisa, and the approval of major developments, and may require regular reports from management on the day-to-day operations of the business of the university.

Council met five times during 2014. There was one special meeting of the Council on 1 December which dealt with the contract of the Principal and Vice-Chancellor. The meeting in September was, as always, preceded by the two-day annual strategic breakaway session of Council, during which issues relevant to the strategic macro- and micro-level sustainability of Unisa and the post-school system generally were engaged.

The effectiveness of Council is managed through an efficient committee structure. The committees include the Executive Committee (Exco), the Remuneration Committee (Remco) the Nominations and Governance Committee (NGCoC), the Audit and Enterprise Risk Management Committee (AERMCoC), the Finance Investment and University Estates Committee (Fincom), the Human Resources

Committee (HRCoC), the Information and Communication Technology Committee (ICToC), the Brand Committee, the SBL Board, the Institutional Forum (IF) and Senate. A list of Council and Council Committee meetings is included on page 33 of this report and a list of decisions of the Council is available on page 35 of this report.

All the Committees of Council are formally constituted with terms of reference and comprise a majority of members of Council who are neither employees nor students of Unisa. In September 2014, the Unisa Council approved that for reasons of functional efficiency the Vice-Chancellor will be allowed to withdraw the role of Secretary of Council from the portfolio of the Registrar and appoint someone to act in the role in accordance with section 11(1) of the Institutional Statute.

REMUNERATION COMMITTEE (Remco)

Chairperson: **Dr NM Phosa**

Remco consists of five independent members of Council and meets at least twice a year. The committee is responsible for the remuneration of members of senior management on Peromnes grades P1-P3, including payment of salaries on average at above the median and the payment of allowances to members of senior management. Remco operates within the parameters of its terms of reference, which are reviewed annually and approved by Council as well as the appropriate remuneration policies applicable to senior management.

A critical focus area of Remco is its contribution to a performance-driven university by ensuring that members of senior management lead by example in terms of their own performance on agreed deliverables. Remco approves the performance bonus allocations to all members of senior management and, in the spirit of good governance and the interests of transparency, provides a summary report to Council on all matters with which it has dealt. No significant challenges were experienced by Remco during 2014.

FINANCE INVESTMENT AND ESTATES COMMITTEE (Fincom)

Chairperson: **Mr BP Vundla**

Fincom recommends, among other matters, Unisa's annual operating and capital budgets, and monitors performance in relation to approved operating and capital budgets. It also interrogates financial implications of both capital development programmes and the annual operating budget, including the implications of resource allocation to strategic activities. It is responsible for ensuring the financial health of Unisa as a going concern and for ensuring that the accounting information systems are appropriate and the staff complement adequate and suitably qualified to maintain the accounting records of Unisa.

Fincom receives the quarterly investment reports from the external service provider appointed to manage Unisa's investments and monitors the investment income. It also attends to all matters relating to infrastructure development and the allied expenditure.

NOMINATIONS AND GOVERNANCE COMMITTEE (NGCoC)

Chairperson: **Dr NM Phosa**

The NGCoC considers nominations for vacancies in the Council membership in terms of the Institutional Statute. It also receives matters pertaining to institutional governance and makes recommendations to Exco and/or Council.

AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE (AEMCoC) including the Statement of the AERMCoC

Chairperson: **Mr S Simelane**

The Council operating through its Audit and Enterprise Risk Management Committee provides oversight of the reporting process required in terms of legislation and best practice. The AERMCoC is made up of seven independent members, none of whom is employed by or a student of Unisa. Five members of the committee (including the chairperson) are also members of Council and the two remaining members were co-opted to the committee for their specialist skills and expertise. The combined qualifications and experience of the members of the AERMCoC are set out on page 37.

Both the internal and external auditors have unrestricted access to the AERMCoC, which ensures that their independence is in no way impaired. Meetings are held at least four times a year and are attended by the external and internal auditors and the relevant members of the executive management. The committee functions according to the Council-approved Audit Charter and, inter alia, ensures compliance with applicable legislation, the principles of good governance (as set out in King III), internal and external policies and the requirements of the regulatory authorities; monitors Unisa's combined assurance model and receives a quarterly combined assurance report which includes a consideration of ethics and sustainability issues at Unisa; monitors matters relating to financial and internal control, accounting policies, reporting and disclosure; monitors the activities, scope, adequacy and effectiveness of the internal audit function and audit plans; and evaluates the assessment of all areas of risk, including financial and ICT risks and their management.

The AERMCoC further reviews recommendations to Council, the terms of reference of the committee as well as the Audit Charter and other policies and guiding frameworks pertaining to activities of internal audit, risk, compliance and sustainability. The committee recommends the institutional risk register to Council and maintains a reporting system that enables it to monitor changes in the university's risk profile and to ensure that risk management is effective. Additionally, it reviews at least annually the internal auditor's assessment of risks and approves the internal audit plan to ensure that audits are appropriately conducted to mitigate the identified risks; reviews and approves the external audit plans, findings, annual audit management letters, problems, reports, fees and the annual assessment of the external auditors for purposes of recommending appointment/re-appointment to the Auditor-General; and after due deliberation and discussion with the external auditors, recommends the annual financial statements to the Council.

The AERMCoC is vested with the role of following up on a quarterly basis with all items raised in the annual audit management letter and internal audit reports to ensure that they are addressed and that actions previously taken to address issues are still in place and effective, thereby ensuring that the problems have not recurred. In 2014 the Institute of Internal Auditors presented the committee with its quality assurance evaluation report on the department internal audit, rating the department grade 5, level 3, indicating achievement of the highest grade with room for improvement to attain level 5.

During 2014, the AERMCoC gave specific attention to refining the quarterly combined assurance report, ensuring that critical issues were covered and that management responses clearly indicated ameliorating controls, where relevant. The report has been structured to allow the committee to follow the quarter-on-quarter trends and changes. The committee maintained firm oversight of the performance against objectives in respect of the annual performance plan, interrogating targets and the achievement of milestones on a quarterly basis. The 2013 interim management letter was engaged and management was required to provide clear responses and action plans to address areas of challenge including (i) the Student System, (ii) training and skills issues in the Department of Finance, (iii) unclear suspense accounts, (iv) controls that existed but had not been implemented, (v) controls that did not exist, (vi) issues of software licensing and the use of ICT consultants, and (vii) the slow procurement processes for ICT projects.

The implementation of King III principles was monitored by the committee, which also revisited the principles previously deemed not applicable to Unisa. The committee recommended to Council that the purpose of some of the previously excluded principles was relevant to Unisa and that the Council should approve their application with due adaptation.

The AERMCoC further considered the narrative governance reports for the 2014 Annual Report, as well as the financial statements and final management letter and audit reports, and recommended them to Council for approval. The audit fee overrun was approved with the proviso that documentary evidence be provided to support the reasons for the overrun and the claims. The 2014 External Audit Plan, 2015 Internal Audit Plan, 2015 Ethics Plan and 2015 Year Plan for the AERMCoC were approved and the Internal Audit Charter, Enterprise Risk Management Framework, and the review and the revision of the Institutional Risk Register 2013-2015 were recommended to Council for approval. The committee further considered specific requests from the external auditors to conduct additional services/work and approved that Unisa be allowed to participate in and purchase the results of the Deloitte remuneration surveys. The committee noted the results of the independent evaluation of the external auditors and recommended their re-appointment in 2015, in accordance with the Public Audit Act.

The AERMCoC was able to deal with all the issues, challenges, and critical issues that came under its gaze, and the 2014 Internal Audit Plan was satisfactorily achieved. However, notwithstanding the regular monitoring activities the AERMCoC notes with concern the 2014 Management Letter and Audit Opinion. The findings of the external auditors point to specific control weaknesses which were raised by the Internal Audit Reports, but appear not to have been adequately addressed. As part of its continuous oversight, the AERMCoC will refocus its approach in 2015 to ensure that the findings of the 2014 Management Letter, the Reports of the Internal Auditors, and the actions of the Management are brought under closer scrutiny and that appropriate consequence management is applied. The committee has further emphasised to management the need to ensure appropriate urgency in finalising necessary internal controls in critical areas and reducing the numbers of repeat significant findings in the Internal Audit reports, and to safeguard that a similar outcome is not repeated in 2015 Management Letter.

Mr S Simelane
Chairman: Audit and Enterprise Risk Management Committee

Dr NM Phosa
Chairman: Council

INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE (ICTCoC)

Chairman: **Dr S Mokone-Matabane**

Council is accountable for ICT governance, which role it fulfils through the ICToC, whilst management remains responsible for the implementation of the approved IT governance framework. The ICToC receives regular reports on the status of the updated IT asset register and evaluates significant IT investment and expenditure, with the support of Fincom which monitors the ICT budget and expenditure. ICT risk management and the appropriateness of the internal control environment are reported to the ICToC as well the AERMCoC through the quarterly combined assurance reports.

During the year under review several ICT projects were initiated or given further momentum in order to improve overall institutional performance and ensure the sustainability of Unisa. Many of the projects are aimed at replacing legacy systems which currently pose a risk to the institution with increasing interruptions in service and lack of stability; others are designed to introduce new functionalities to deal with the unbridled growth in student numbers over the last years. The increased student numbers have led to an exponential demand for services and efficiencies in a disjuncture with current ICT capabilities. The ICTCoC has monitored capacity planning and ensured that these issues are taken into account in the forecasting and design for the future.

THE HUMAN RESOURCES COMMITTEE (HRCoC)

Chairperson: **Mr F Marupen**

The HRCoC approves, among other things, appointments to the level of director and makes recommendations to Council for senior management appointments. It also considers general staff policies, remuneration and bonuses, executive remuneration and retirement funds and, where appropriate, makes recommendations to Council.

The Reporting Regulations require that Council give due consideration to and report of specified areas of activity within the university. The following section details the information required.

PROCUREMENT AND LARGE TENDERS

Unisa's procurement practices are managed and applied in terms of a Council-approved Procurement Policy. The principles and processes for procurement at Unisa are well established and oversight takes place under the auspices of the Management Committee. There is, however, an independent tender committee under the leadership of Prof CJ Swanepoel, Professor in Decision Sciences. The other permanent members of the Tender Committee are Mr MT Matsimela (Deputy Chairperson of the Tender Committee), Prof JA Badenhorst-Weiss (College of Economic and Management Sciences), Prof B Mothudi (College of

Science, Engineering and Technology), Prof EB Lombardi (College of Graduate Studies), Prof VS Mncube (Unisa Press), Prof FN Mudau (College of Agriculture and Environmental Sciences), Prof AP Phillips (College of Human Sciences), Prof CJ Visser (College of Law), Prof LJ Teffo (College of Graduate Studies) and Dr S Viljoen (College of Law). The Tender Committee is supported in its function by the Tender Working Committee, which consists of members who are specialists in the subject content, the Procurement Directorate and the Directorate of Enterprise Risk Management. Several large tenders were adjudicated and awarded in 2014. In respect of tenders between R500 001.00 and R1 million, a closed tender process is initiated and overseen by the Procurement Office and a monthly report is submitted to the Tender Committee for information. In respect of tenders exceeding R1 million, they are all subject to the Council approved Public tender Policy and Procedures. The Tender Committee adjudicates the awarding of the tenders and makes a recommendation to the Management Committee, for final approval.

Currently, Unisa does not have a clear policy on monitoring suppliers' performance and workplace ethics, nor does it have a policy and system for blacklisting vendors who do not meet their legal obligations and the branded Unisa values and ethical practices and standards. These identified gaps were noted in 2013-2014 and will be addressed and identified gaps closed in 2015 with the review and revision of the Procurement Policy.

CAPITAL AND INFRASTRUCTURE DEVELOPMENT PROJECTS

There were no new big projects undertaken in 2014 as the university sought to optimally capacitate the Department University Estates to lead and manage large infrastructure projects. Projects already in the pipeline, including the Polokwane Student Centre, the Es'kia Mphahlele Registrations Building renovations, the Mthatha Regional Office organisational health and safety renovations, and the OR Tambo HVAC upgrade on the Muckleneuk campus were continued and all these projects will be completed in 2015.

CONTRACT MANAGEMENT

Unisa's online contract management system has been functional from 2013. The underlying principles of the system are to ensure responsibility, accountability, due diligence and probity of the contractual engagements, as well as a built-in system to mitigate identified risks. The system ensures that levels of approval are escalated electronically to relevant managers with appropriate provision for comment and/or backward referral. A contracts database is maintained by the Legal Services Office; however, the contract owners remain responsible for the implementation of the agreements.

Since the introduction of the system, 245 users have been trained on the system. Contracts to a total value of R3.4b have been concluded during the period 10/2013 to 10/2014 and R2.5b in the period 10/12 to 10/13. Council is satisfied with the integrity of the electronic contract management system and process, and ongoing enhancements to the system will continue to provide increasing levels of assurance and protection for the university.

COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS AND SPECIFICALLY THE PROMOTION OF ACCESS TO INFORMATION ACT (PAIA) OF 2000

Council, through the AERMCoC, receives quarterly reports on Unisa's compliance with rules, codes, laws and standards as part of the quarterly combined assurance report. These activities include the identification of applicable regulatory requirements, the compilation of compliance risk management plans, the continuous review of adherence to regulatory requirements and the reporting of non-compliance to the relevant governance structures. Compliance monitoring was performed specifically on the National Student Financial Aid Scheme Act, the Value-Added Tax Act and the Occupational Health and Safety Act, and a gap assessment audit was conducted with regard to the requirements of PAIA. The recommended actions for implementation were approved by the AERMCoC and roll-out will commence in 2015. The envisaged timeline for full compliance is 3-5 years; however, actions will be prioritised according to seriousness of risk and impact. In 2014 the Compliance Directorate was tasked by Council to track the management actions pertaining to internal audit reports, the 2013 interim and final management letters and the Higher Education Management Information Systems (HEMIS) report and report back to the AERMCoC on progress.

In 2014 Unisa received 51 requests for information in terms of PAIA, 11 of which were declined. The reasons for declining the requests were that the requestor was seeking detail with regard to;

- Personal information of students and/or employees
- Financial transactions in which an individual was involved (which is defined as personal information)
- Information tendered by competing tenderers (which was deemed confidential)
- Personal information of researchers in a specific college
- Internal audit reports
- Personal information of a political person

It is pleasing to note that Unisa maintained its clean record and received no regulatory penalties, sanctions and/or fines for contravening or not complying with statutory obligations in the year under review.

CONFLICT RESOLUTION

The terms of reference of Council provide for Council to take appropriate measures to resolve disputes. This includes the appointment of independent specialists, where necessary, with the objective of avoiding unnecessary conflict and wasting organisational resources. The appointment of such professionals follows the regular Unisa process outlined in the Procurement Policy. During the current year Council has not had cause to appoint any mediation, arbitration and/or dispute resolution specialist. Unisa is not *dominus litus* in the pending litigation with the previous Registrar, which was referred directly to the High Court by the Registrar. As far as Council is concerned, litigation is a measure of last resort; however, Council will equally not compromise its integrity or the honour of the university with unreasonable settlements simply to avoid conflict.

CO-OPERATIVE GOVERNANCE

Unisa uses a number of participating structures on issues which affect employees and students directly and materially, and which are designed to achieve good employer/employee and student relations through effective sharing of relevant information, consultation and the identification and resolution of conflict. These structures embrace goals relating to productivity, career security, legitimacy and identification with Unisa as the employer.

Unisa signed recognition agreements with its two labour organisations on the dates specified below:

NEHAWU	19 September 1996 (as amended)
APSA	01 March 2010

CODE OF ETHICS

The Employee Code of Conduct and Ethics commits Unisa employees to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders. The approved values have been further unpacked in a separate values statement which is shared with all staff members at the beginning of every year. The Employee Code of Ethics and Conduct will be reviewed and considered for approval by Council in 2015.

Unisa has a separate Code of Conduct and Ethics for members of Council which is aligned with the Code of Conduct and Ethics applied to employees. It is also aligned with a Council-approved Student Charter of Rights and Responsibilities setting out the conduct, values and ethics expected from every registered student.

COUNCIL PERFORMANCE ASSESSMENT

The annual performance assessment of Council and the committees of Council was conducted by the Unisa Bureau for Market Research. The assessment instrument was redesigned to take into account various best practice benchmarks, including the King III Code, the Council Code of Ethics and Conduct, the Unisa Code of Ethics and Conduct, the Council terms of reference and the terms of reference for the various Council Committees. The final results were presented to Council at the scheduled meeting held on 19 September 2014. The results are set out on page 41. The assessment report concluded as follows:

In general relatively good corporate governance conduct and behaviour exists among Council members with specific reference to those roles and functions outlined in the Council Terms of Reference, Code of Conduct for Council Members and the Unisa Code of Ethics and Conduct. Based on reliability tests (Cronbach alpha) the performance assessment instrument designed for Council is valid. No comparative analysis with other universities was possible. The 2014 index scores will serve as a benchmark for future assessment studies.

COUNCIL AND COUNCIL COMMITTEES

Membership of as well as participation in Council and Committees of Council are set out below:

LEGEND: Number of meetings held per committee in 2014

5 Council meetings
5 Exco meetings
6 HRCoC meetings
7 Fincom meetings
6 AERMCoC meetings
4 ICTCoC meetings
8 NGCoC meetings
5 SBL Board meetings
4 Remco meetings

Council is also represented on Senate (4 meetings), the Honorary Degrees Committee which is a joint committee of Council and Senate (2 meetings), the Institutional Forum (3 meetings), the Thabo Mbeki Foundation Unisa Board (1 meeting) and Convocation (1 meeting).

Category	Name	Status	Committee membership (and attendance)
Principal and Vice-Chancellor	Prof MS Makhanya	Ex officio	1. Council (4) 2. Exco (5) 3. Fincom (6) 4. HRCoC (6) 5. ICTCoC (2) 6. NGCoC (7) 7. SBL Board (4) 8. Honorary Degrees (2)
Pro-Vice-Chancellor	Prof N Baijnath	Ex officio	1. Council (5) 2. Exco (4) 3. Fincom (5) 4. HRCoC (6) 5. ICTCoC (4) 6. SBL Board (4) 7. Honorary Degrees (2)
Three persons appointed by the Minister	Ms JA Glennie	01.07.04 -30.06.07 01.07.07- 30.06.11 01.07.11- 30.06.15	1. Council (4) 2. AERMCoC (6) 3. ICTCoC (4)
	Mr E Motala	01.07.11 -30.06.15	1. Council (3)
	Mr S Zungu	22.06.12 -30.10.14 (when he resigned from Council)	1. Council (2 out of 3) 2. Fincom (0 out of 5) 3. ICTCoC (0 out of
Two permanent academic employees who are not members of Senate, elected by the permanent academic employees	Dr ZJ Jansen	01.09.12 -30.08.14	1. Council (2 out of 2) 2. Fincom (1 out of 4)
	Prof PH Potgieter	01.09.12 -30.08.14	1. Council (1 out of 2) 2. ICTCoC (2 out of 2)
	Prof S Dube	01.09.14 – 31.08.16	Council (3 out 3)
	Prof FJ van Staden	01.09.14 – 31.08.16	Council (2 out of 3)

Category	Name	Status	Committee membership (and attendance)
Two permanent academic employees who are members of Senate	Prof IOG Moche	01.07.13 – 30.06.15	1. Council (5) 2. ICTCoC (3)
	Prof RT Mpofu	01.07.13 – 30.06.15	1. Council (3) 1. Fincom (1)
Two students, elected by the Students' Representative Council	Mr M Mabuza	01.04.14 – 30.03.16	1. Council (4) 2. ICTCoC (1 out of 1)
	Mr BM Njokweni	01.04.14 – 30.03.16	1. Council (5) 2. HRCoC (0 out of 2)
Two permanent employees other than academic employees, elected by such employees	Mr R Bezuidenhout	01.03.11 – 28.02.13 Re-elected: 11.06.13 – 11.06.15	1. Council (1 out of 1
	Ms MSM Lengane	02.05.12 – 28.02.13 Re-elected: 11.06.13 – 11.06.15	1. Council (5) 2. HRCoC (5)
Two members of the Convocation	Dr C von Eck (President of Convocation)	26.03.10 – 25.03.14 19.11.11 – 18.11.15	1. Council (3) 2. AERMCoC (4) 3. Convocation (1)
	Mr BP Vundla	01.07.04 – 30.06.08 01.07.08 – 30.06.12 01.07.12 – 30.06.16	1. Council (4) 2. Exco (3 out of 4) 3. Fincom (6) 4. NGCoC (7) 5. Senate (2) 6. Remco (3 out of 3)
Previous Chairperson of the Board of the Graduate School of Leadership	Ms XE Shemane-Diseko	24.02.10 – 23.02.14	SBL Board (1 out of 1)
Acting Chairperson of the Board of the Graduate School of Leadership	Mr O Ngwenya	April 2014 – 20.05.14	Council (1 out of 1)
Chairperson of the Board of the Graduate School of Leadership	Mr AA da Costa	01.07.04 – 30.06.08 01.07.08 – 30.06.12 01.07.12 – 21.05.14 (when he resigned from Council) Appointed as Chairperson of the SBL Board (21.05.14 – 21.05.18)	1. Council (3) 2. Exco (3) 3. Remco (3) 4. NGCoC (7) 5. Fincom (5) 6. SBL Board (5)
One nationally recognised local government sector representative	Mr OSN Lebese	01.05.14 – 30.05.18	1. Council (4 out of 4) 2. HRCoC (1 out of 2) 3. IF (2 out of 2)
One person nominated by the Board of Trustees of the Unisa Foundation **No nomination**			
Ten members with a broad spectrum of competencies in fields such as education, business, finance, law, marketing, information technology and human resource management nominated and elected by Council	Mr F Marupen	01.07.12 – 30.06.16	1. Council (5) 2. Exco (1 out of 1) 3. HRCoC (3) 4. AERMCoC (4) 5. Remco (1 out of 1)
	Mr S Simelane	01.10.12 – 30.09.16	1. Council (3) 2. Exco (4) 3. AERMCoC (5) 4. NGCoC (7) 5. Remco (3)
	Mr SP du Toit	01.07.04 – 30.06.07 01.07.07 – 30.06.11 01.07.11 – 30.06.15	1. Council (3) 2. HRCoC (4) 3. ICTCoC (3)
	Dr NM Phosa	01.07.04 – 30.06.07 01.07.07 – 30.06.11 01.07.11 – 30.06.15	1. Council (5) 2. Exco (4) 3. NGCoC (8) 4. Honorary Degrees (0) 5. Remco (4)

[3]Recused for the meeting of 1 December.

Category	Name	Status	Committee membership (and attendance)
	Dr ES Jacobson	01.07.04 – 30.06.08 01.07.08 – 30.06.12 23.09.11 – 30.06.12 01.07.12 – 30.06.16	1. Council (5) 2. HRCoC (6) 3. Fincom (1 out of 1)
	Dr RH Stumpf	01.07.07 – 30.06.11 01.07.11 – 30.06.15	1. Council (4) 2. Fincom (5) 3. SBL Board (4) 4. Senate (1)
	Ms N Mapetla	01.07.08 – 30.06.12 01.07.12 – September 2014 (when she resigned from Council)	1. Council (3 out of 3) 2. Exco (3 out of 4) 3. AERMCoC (5 out of 5) 4. HRCoC (5 out of 5) 5. NGCoC (7 out of 7) 6. Remco (3 out of 3)
	Dr S Mokone-Matabane (Deputy Chairperson)	01.07.04 – 30.06.08 01.07.08 – 30.06.12 01.07.12 – 30.06.16 01.07.08 – 30.06.12 01.07.12 – 30.06.16	1. Council (5) 1. Council (5) 2. Exco of Council (5) 3. Fincom (5) 4. ICTCoC (4) 5. Honorary Degrees (2) 6. NGCoC (7) 7. Remco (4) 8. TMFU Board (1)
	Dr B Mehlomakulu	15.09.14 – 14.09.18	1. Council (2 out of 3) 2. Fincom (1 out of 2)
	Mr L Tlhabanelo	15.09.14 – 14.09.18	1. Council (3 out of 3) 2. HRCoC (1 out of 1) 1. ICTCoC (1 out of 1)

RESOLUTIONS OF COUNCIL 2014

Senior appointments and Council appointments	Changes in structure	Policies and terms of reference approved/ reviewed/revised	Other major decisions taken
Mr OSN Lebese – Council (in the category **Local government representative)**	Institution of the positions of COO and Secretary in the GSBL	Terms of reference: Exco	- 2014 assessment instrument for the evaluation of Council and Council Committees - 2014 assessment of Council and Council Committees
Dr B Mehlomakulu – Council (in the category **Persons with special skills and expertise)**	Realignment of portfolio of the Registrar	Terms of reference: ICTCoC	Narrative reports for the 2013 annual report
Mr L Tlhabanelo – Council (in the category **Persons with special skills and expertise)**		Terms of reference: Remco	Application of King III – succession planning for Chair of Council and CEO positions
Mr LT Madzivhandila – co-opted member on HRCoC		Terms of reference: HRCoC	Application of King III – succession planning for Chair of Council and CEO positions
Mr LT Madzivhandila – co-opted member on HRCoC		Terms of reference: HRCoC	Brand elements for the College of Accounting Sciences
Ms NV Mokoka – co-opted member on HRCOC		Internal Audit Charter	Membership of the Brand Committee

Senior appointments and Council appointments	Changes in structure	Policies and terms of reference approved/ reviewed/revised	Other major decisions taken
Mr P Maharaj – co-opted member on ICToC		Senior Management Performance Bonus Policy	Approval of R136 838 270.54 (over 5 years) for the final software, maintenance and implementations for the new Student System
Ms D Dondur – co-opted member on AERMCoC		Performance Bonus Policy for Directors	Progress reports on 2014 Annual Performance Plan
Prof M Nkomo – Unisa Ombudsman		Investment Strategy (Financial Assets)	2013 Pre-determined objectives – final report on performance against objectives
Mr G Reddy – IF (in the category **Civil Society representing Business)**		Policy on Centres	- Enrolment at Unisa: 2014/15 to 2019/20 - Response to the 2019 Ministerial enrolment and output targets
Mr M Shaikh – ED: CC&M		Human Resources Delegation of Powers and Duties: appointments and related aspects, including signing powers	Honorary Degrees: Prof PN Nzimande Prof B O'Connell Mr AM Mlangeni Prof Ngugi was Thiong'o
Prof MS Makhanya – Principal and Vice-Chancellor: extension of contract for the period 01/01/2016 – 31/12/2020		Academic employees appointed or seconded to senior management	Filling of vacancies on Council Committees
		Human Resources Training Policy	2014 Budget review
		Conditions of Service: Leave Policy	2013 Annual financial statements
		Students' Disciplinary Code	2013 Final management letter
		Policy: Unisa Ombudsman	2013 Final audit reports
		Accounting policies	2015 Tuition fees
		Pricing Strategy	Re-appointment of external auditors in terms of Public Audit Act
		Research Ethics	2015 Annual Performance Plan and implementation plans
		Research Institutes and Bureaux	- Process for the review of the employment contract of the Principal and Vice- Chancellor - Membership of the Review Committee
		Official signing powers	Unisa budget 2015
		Pay Progression Policy	Annual review: Strategic Risk Register 2013-2015
		Transfer and Relocation Policy	Unisa Strategic Plan 2016-2030 - Vision Statement, mission and values - Strategic focus areas 1 and 2 SFA 1 and 2 – Objectives and targets
		Talent Management Policy	

Senior appointments and Council appointments	Changes in structure	Policies and terms of reference approved/ reviewed/revised	Other major decisions taken
		Policy and Procedures for Inter-Institutional Partnerships	
		Policy on Awards for Excellence in Teaching and Learning	
		Enterprise Risk Management Framework	
		Sport and Recreation Policy	

QUALIFICATIONS AND EXPERIENCE OF THE MEMBERS OF THE AERMCoC

Member of AERMCoC 2014	Qualification and/or business experience	Period of service	Meetings attended in 2014					
			20.03.14	24.03.14	03.04.14	03.06.14	29.08.14	30.10.14
S Simelane	• BCom (UniZul) • BCom Hons (Unisa) • Certified Government Auditing Practitioner (CGAP) • MBA (Regenesys) • Currently enrolled for MCom (Accounting) (Wits) • Chief Financial Officer: Mintek • Previous Chief Audit Executive and Chief Financial Officer: Department of Minerals and Energy • Over 10 years at executive level and solid experience in areas of financial management, auditing, information technology and process reengineering. • Serving as: - Chair: Unisa AERMCoC - Chair: Economic Development Audit and Risk Committee - Chair: Audit Committee in the Office of the Public Service Commission	01.10.12 – 30.09.16	√	√	√	√	√	√
J Glennie	• BSc Hons: Mathematics (Wits) • MA (London: SOAS and Institute of Education) Currently • Executive Director: South African Institute for Distance Education • Member: Sol Plaatje University AERMC • Deputy Chair: Sol Plaatje University Council	01.07.11 – 30.06.15	√	√	√	√	√	√

Member of AERMCoC 2014	Qualification and/or business experience	Period of service	Meetings attended in 2014					
			20.03.14	24.03.14	03.04.14	03.06.14	29.08.14	30.10.14
J Glennie *continued*	• Member: various NGO boards Relevant previous experience • Member: (Former) Unisa Audit Committee • Chair: Commonwealth of Learning Audit Committee (Vancouver) • Member: DHET Ministerial Committee on University Funding • Chair: Council on Higher Education (CHE) University Funding Review Team • Deputy Chair: Higher Education Quality Committee • Member: Council on Higher Education	01.07.11 – 30.06.15	√	√	√	√	√	√
C von Eck	• BA • IAC Business Administration Diploma • MBL • DPhil • Professional designations: Cert Dir • Serving on following related bodies: - Public Sector Audit Committee Forum: Executive Committee - Forum for Accounting Bodies - Chairman of the Anti-Intimidation and Ethical Practices Forum - Convocation (Unisa)	19.11.11 – 18.11.15	√	x	√	√	x	√

Member of AERMCoC 2014	Qualification and/or business experience	Period of service	Meetings attended in 2014					
			20.03.14	24.03.14	03.04.14	03.06.14	29.08.14	30.10.14
F Marupen	• BA Hons (UWC) • Higher Diploma in Education (UWC) • BEd Hons (UP) • Masters Diploma in Human Resources Management (UJ) • MBA (US) • LCOR (Stanford, USA) • Group HR Director: SAPPI, Ltd • Former Chief Human Resources Executive of ABSA • Acting COO of BUSA • Board member: - Royal Energy - Institute of People Management (IPM) • Served on the board of Iemas Financial Services	01.07.12 – 30.06.16	√	x	√	x	√	√
T Ramasike	• Senior Executive Leadership Development Programme (SELDP) (GIBS) • BCom (Vista University) • CAIB (SA) (Institute of Bankers of SA) • Founder and CEO: Gerald group • Various operational and executive roles in the banking sector including: - Head: Franchising – Standard Bank - Head: Private Banking – RMB Private Bank JHB • Non-Executive Chairman and member of various boards including: - EIC Wealth Investors - African Unity Insurance Limited - Oasis Southern Africa	01.05.14-31.12.14 Resigned 01.2015	√	√	√	√	√	√

Member of AERMCoC 2014	Qualification and/or business experience	Period of service	Meetings attended in 2014					
			20.03.14	24.03.14	03.04.14	03.06.14	29.08.14	30.10.14
D Dondur	• BAcc (US) • BCompt Hons (Unisa) • Certificate in the Theory of Accounting (CTA) (Unisa) • CA(SA) – SAICA • BAdmin Hons (US) • MBA (US) • Certificate in Labour Relations (Unisa) • International Executive Development Programme (WITS in conjunction with the London Business School) • Gaming Executive Development Program (University of Reno, Nevada, USA) • Advanced Programme in Human Resources (Unisa) Employment history • Professional Non-Executive Director and Audit Committee Member (Various positions) – 2005 to current • Doris Dondur Consulting CC (Independent Consultant) – 2010 to current	01.05.14-31.12.14 Resigned 01/2015	-----	-----	-----	√	x	x
N Mapetla	• MBA • MA (Economics) • Postgraduate Diploma in Development Economics • BA Economics & Accounting • Nov 2004 – CEO Estates Agency Board • June 2003 – Executive Manager NER	01.07.12 – 30.09.14 Resigned 09/2014	√	√	√	√	√	-----

2014 COUNCIL PERFORMANCE EVALUATION

LOW COMPLIANCE ITEMS **3 out of 97 items Range: 65.01% – 73.00%**	**AVERAGE COMPLIANCE ITEMS** **15 out of 97 items Range: 73.01% – 80.00%**	**HIGH COMPLIANCE ITEMS** **45 out of 97 items Range: 80.01% – 88.00%**	**HIGHEST COMPLIANCE ITEMS** **32 of the 97 items Range: 88.01% – 96.00%**
Council members are remunerated fairly	Council determines the performance criteria of Council members annually to serve as a benchmark for performance appraisal	Council members maintain the confidentiality of meetings	The Chairperson of Council manages Council meetings effectively
Council ensures a succession plan for the role of the Chairperson of Council	Council determines the performance criteria of Council Committees annually to serve as a benchmark for performance appraisal	Council takes action against Council members who do not serve the best interests of the Council	Council members do not engage in practices of harassment and/or bullying during Council meetings
Council ensures the reliability of an effective ICT system	Council has an appropriately constituted efficient ICT Committee	Council ensures that the terms of reference of all its committees are reviewed annually	When taking decisions Council considers the impact of Council decisions on Unisa students
	Council ensures that risk management forms an integral part of Unisa's risk management strategy	Council ensures that performance evaluation of Council is conducted annually	Council accepts accountability for the strategic performance of Unisa
	Council ensures that new members receive the necessary induction/ training to enable them to perform effectively on Council	Council has an appropriately constituted efficient Audit and Enterprise Risk Management Committee	Council members take collective responsibility for resolutions of Council
	Council ensures that Unisa's ICT strategy is integrated with the institution's strategic processes	Council has an appropriately constituted efficient Remuneration Committee	The Chairperson of Council ensures overall leadership of Council
	The Secretary of Council ensures that the agenda, with supporting documentation, is sent to members of Council at least seven days before a meeting	Council has an appropriately constituted efficient Finance Investment and University Estates Committee	Council acts in the best interest of Unisa
	Council ensures that Unisa's strategy will result in sustainable outcomes taking people, the planet and profit into account		The Council Chairperson sets the ethical tone for Council
	Council ensures that performance evaluations of members are conducted annually		
	The Secretary of Council is competent		
	Council ensures that the risk management process at the University is monitored effectively		
	Council determines the performance criteria of Council annually to serve as a benchmark for Council appraisal		

COUNCIL STATEMENT ON **SUSTAINABILITY**

Unisa – through the Council, Management and staff – made a commitment to sustainability, setting goals that will demonstrate short-, medium- and long-term commitments. Started in 2013, the sustainability drive really got off the ground in 2014 with the institution of the Sustainability Office and a more directed approach to establish the necessary foundation with Council-approved policies and an implementation framework.

These initiatives have been supported by an increased awareness of sustainability issues at national level, the understanding of sustainability as an element of good governance and Unisa's international commitments as a signatory to the United Nations Global Compact (UNGC). These are all aimed at preventing pollution and ecological degradation, promoting conservation and securing ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Unisa has continued to roll out the Green Economy and Sustainability Engagement Model (GESEM) through the implementation of the Sustainability Framework and the various policy statements which commit the institution to environmentally sustainable practices. These documents have spurred Unisa on to adopt the mantra that sustainability has to be integrated into all activities of the university.

During 2014, the Sustainability Office started developing a number of master plans which will set relevant baselines for the gradual process of integrating sustainability initiatives into the institution. Work commenced on the following master plans:

(i) Carbon footprint inventory and management plan to determine and update Unisa's emissions profile, set reduction targets, allocate responsibility and monitor progress
(ii) Integrated water efficiency and rainwater harvesting plan
(iii) Energy management master plan
(iv) Waste management master plan
(v) Solar power master plan

A ground-breaking partnership was concluded with the National Business Initiative (NBI) that will expedite the implementation of three of the master plans included in its Private Sector Energy Efficiency (PSEE) project during 2015. Critical input was also made during the revision of the Procurement Policy to ensure a sustainability focus in the revised policy.

It is recognised that Unisa will not be in a position to stop all carbon-high activities and the focus is therefore on mitigating actions to offset carbon use in the university's attempt to become a carbon-neutral organisation. Working together with the Sustainability Office, the Department of Strategy Planning and Quality Assurance has collected and collated raw data for categories 2 and 3 for electricity, domestic and international travel and the motor vehicle fleet. The framework in terms of the layout of the report for 2012/13 was developed and the main themes were identified. The carbon calculation for the motor vehicle fleet was completed and progress was made towards finalising the calculation and analysis for electricity and air travel. With these baselines in place, the specifications for outsourcing the development of a carbon footprint inventory and management plan have been finalised and the project will be implemented in 2015.

Unisa's signature modules, which are compulsory for every student enrolling for a degree, continued to gain momentum. The pass rate for the signature module for the College of Economic and Management Sciences (CEMS) entitled Sustainability and Greed increased significantly from an average of 61% in 2013 to up to 81% in 2014. Other specific modules in CEMS and the College of Agriculture and Environmental Sciences (CAES) have been redesigned to focus on pertinent issues of sustainability. There is no standard in place requiring such curricula revision and it will be a submission to the Senate Teaching and Learning Committee for consideration in 2015.

Unisa invested in 198 community engagement and outreach projects in 2014. Of the 47 projects completed, 15 reported an impact on environmental sustainability and 5 that they have encouraged the development of environmental friendly technology.

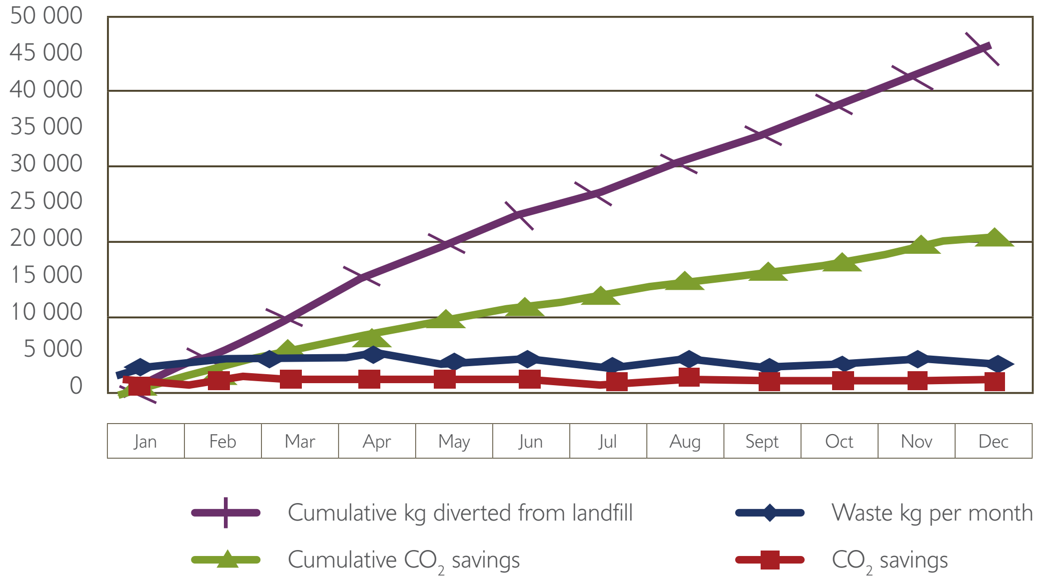
Unisa's postgraduate and research outputs have similarly engaged issues related to sustainability. In 2015, the Sustainability Office, together with the Library and the Department of Research and Innovation, will prepare a bibliography of sustainability research and publications produced by Unisa. This will be published on the Sustainability Office's website and contribute to the sustainability dialogue and discourse.

In 2013, Unisa introduced waste minimisation through the principles of reduce, reuse and recycle. In the food waste recycling programme, which has been expanded, food waste is collected and then added to compost. Through this project fertilizer is provided for the gardens and food nutrients are recycled back into the soil. In 2014, a total of 46 309.9 kg of food waste was diverted from landfill, resulting in cumulative CO2 savings of 21 375.9 kg. The detail is set out in the table below.

Table 1: Food waste recycled (2014)

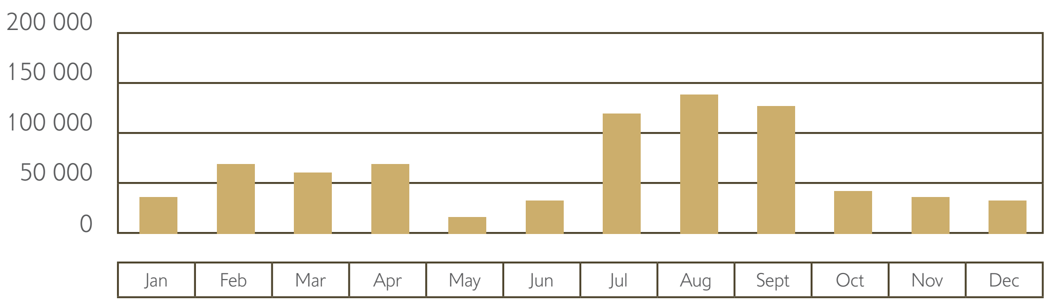
Month	Bins filled and Composted	Waste kg per month	CO2 savings (kg)	Cumulative CO2 savings (kg)	Cumulative kg diverted from landfill
Jan	25	3 500	1 522.5	1 522.5	669.9
Feb	31	4 340	1 887.9	3 410.4	5 009.9
Mar	36	5 040	2 192.4	5 602.8	10 049.9
Apr	40	5 600	2 436	8 038.8	15 649.9
May	30	4 200	1 827	9 865.8	19 849.9
Jun	30	4 200	1 827	11 692.8	24 049.9
Jul	20	2 800	1 218	12 910.8	26 849.9
Aug	30	4 200	1 827	14 737.8	31 049.9
Sept	26	3 640	1583.4	16 321.2	34 689.9
Oct	26	3 640	1 583.4	17 904.6	38 329.9
Nov	29	4 060	1 766.1	19 670.7	42 389.9
Dec	28	3 920	1 705.2	21 375.9	46 309.9

Figure 1: Statistical representation of 2014 Food Waste Recycling



Efforts to reduce paper usage continue. The total amount of waste paper recycled in 2014 was 813 590 tons. The detail per month is set out in Figure 2 below.

Figure 2: Paper recycled in 2014



The ICT Department participated in an initiative to educate staff on resetting their computer's default printing settings to back-to-back printing and disabling the banner sheet that is printed out with each print job. In collaboration with the College of Science, Engineering and Technology, eight boxes of paper that were printed on one side only were collected and distributed to disadvantaged nursery schools. All new computers and computer screens purchased are power efficient.

The sustainability awareness and education programme is continuing. In 2014 University Estates completed its project to refurbish the aloe garden on the Muckleneuk campus, planting specific types of aloes which are native to Africa and currently threatened with extinction. At present this is the only aloe garden in South Africa to include every aloe species and the intention is to make the garden available as a site for research and learning. The entire irrigation system on the campus is connected to the main borehole which feeds the borehole reservoir from which all the irrigation around the campus takes place.

Unisa submitted its first communication on engagement (COE) to the UN Global Compact (UNGC) in the first quarter of 2014 after the UNGC upheld a resolution on 31 October 2013 which introduced the COE as the new reporting mechanism for non-business entities to disclose progress on their activities and projects. In terms of the new reporting framework and requirements, Unisa will report to the UNGC every alternate year.

In terms of the 2014 UNGC self-assessment report, the university scored 60.31% across the four principles of human rights, labour, environment and anti-corruption. Labour standards compliance took the lead with 68.68.29%, followed by environmental protection, human rights and anti-corruption. There has been a significant improvement in terms of environmental protection and awareness from 27.59% in 2013 to 60.23% in 2014, which may be attributed to the green initiatives that have been rolled out as part of the implementation of the Sustainability Framework. Overall non-compliance has also decreased from 22.25% in 2013 to 9.54% in 2014.

Table 2: 2014 Self-assessment table: compliance and non-compliance

UNGC broad principles	Unisa compliance / non-compliance								
	YES - Unisa adheres to the UNGC principles	%	NO - Unisa does not adhere to the UNGC principles	%	F/A - Further attention is required	%	N/A Principle activities that are not applicable to Unisa	%	TOTAL
HUMAN RIGHTS	54	58.06%	14	15.05%	16	17.20%	9	9.68%	93
LABOUR	28	68.29%	4	9.76%	2	4.88%	7	17.07%	37
ENVIRONMENT	53	60.23%	4	4.55%	25	28.41%	6	6.82%	88
ANTI-CORRUPTION	23	57.50%	3	7.50%	14	35.00%	0	0.00%	40
TOTAL	158	60.31%	25	9.54%	57	21.76%	22	8.40%	262

The specific issues of stakeholder inclusivity, innovation, fairness and collaboration, social transformation, student numbers and throughput, and alternate funding streams (or third-stream income) are all addressed in other statements in this report and the information will not be repeated.

There is no denying that the values of sustainability are gaining traction at Unisa, but embedding them in a large and complex organisation is not a quick action. The basic principles engaging the issues of people, planet and profit are monitored by the Audit and Enterprise Risk Management Committee (AERMCoC) through the quarterly combined assurance report. However, similar to the ethics project, as the sustainability agenda matures and activities gain momentum, Council will need to provide a more engaged leadership (and the AERMCoC may not be the optimal committee for the matters to be discussed). The Vice-Chancellor's year-end gift to staff of a Portulacaria afra (known as elephant bush, dwarf jade plant, porkbush and spekboom) was a clear message from management and the enthusiasm with which the gift was received was heartening. These plants are being nurtured proudly in many offices and reports on the growth and wellness of these plants are a common topic of conversation.

Dr NM Phosa
Chairman: Unisa Council

TRANSFORMATION REPORT AND **EMPLOYMENT EQUITY STATUS** STATEMENT

The transformational change initiatives of 2014 were all targeted to create an institutional culture that respects diversity and enhances human development for the university community. While discussed separately for ease of reading, they constitute a holistic transformation and change management engagement at Unisa.

Targeted effort has been made to change the demographic profile of staff at the university, in line with the Council-approved employment equity (EE) plan. As an illustrative example, at senior management level (1 – 3), women constitute 48.7% of employees, excluding foreign nationals and in terms of race, white staff constitute 41%. This is a significant improvement relative to previous years. These changes at leadership level are important to ensure, set the tone for and enhance equitable representation in terms of race and gender across the university. With regard to changing racial profiles of academics, the proportion of African professors has changed positively and currently stands at 12.6%. Key initiatives that were implemented include the following:

- Executive decision to fill vacant positions with staff from designated groups
- Involvement of stakeholders, including organised labour, in appointing staff to ensure fairness and transparency
- Continuous and regular review of human resources policies and practices to ensure alignment with strategic and executive decisions
- Increased focus on mentoring and coaching, with this being a key performance requirement for all staff above 60 years of age
- Conducting continuous surveys to assess the impact of policies and practices in order to improve where there are challenges relating to staff health and morale

In addition, a range of capacity-building programmes have been designed and implemented in 2014 to create awareness of the preferred institutional behaviours among staff. These programmes cover issues such as ethical behaviour, harassment and general bullying, including racism and sexism.

Unisa remains committed to its social justice mandate of delivering on the crucial human resource requirements of the country and continent. In this regard, the university provides unparalleled access to a diverse student population ranging in age, race, gender, geographical location and socioeconomic status. Access is accompanied by a commitment to student success and graduation. As part of the Council-approved enrolment plan, Unisa is committed to an undergraduate student equity profile of at least 72% African, 60% female, 1% disabled and 25% under the age of 25.

A transformed university allocates resources appropriately to address its strategic transformational priorities and Unisa's strategic resource allocation model assist it in achieving this purpose. One of the pillars of the budgeting process is the achievement of social equity, including infrastructure, ICT and other resources – all of these dimensions are assessed to enhance equitable access, particularly for persons with disabilities and students with limited or no access to ICT tools.

Unisa developed its 2013-2015 Employment Equity Plan, guided by its long-term aspirational goal to become a fully transformed and equitable higher education institution. To this end, in consonance with the vision, mission and values supporting this institutional goal and informing institutional practice are principles of inclusivity, institutional culture change, diversity management, affirmative action and the creation of an enabling environment for persons with disabilities, as well as broader national social justice ideals.

The underrepresentation of designated employees in specific areas and occupational levels formed part of the target-setting process. Following these engagements with the leadership structures in their functional domains, the executive deans/directors and their college and departmental management committees were required to set realistic, achievable and measurable targets. This report therefore is an account of the Unisa EE status as at the end of December 2014.

In terms of section 23 of the Employment Equity Act, for the purpose of enabling a continuous process of addressing the underrepresentation of people from designated groups, a designated employer must prepare a subsequent EE plan before the end of the term of its current EE plan. This EE plan is different from the first plan in that it requires the consolidation of inputs for the various university colleges and departments. In addition, the plan has identified a common set of strategic priorities and interventions that will ensure continuous improvement of the transformation and EE project. Assisting this process and at the core of institutional policy instruments are the Unisa Transformation Charter (2011), Unisa Service Charter (2007), the Code of Ethics and Conduct (2009) and *Unisa 2013 – 2015: Towards a high performance university* (documenting the university's strategic plan), as well as the strengthened Unisa Ethics and Governance regime.

In addition, in 2014 Unisa established the institutional Talent Management and Employment Equity Committee. All these programmes and initiatives have been clearly communicated and engaged by the university community. Together they seek to give character and direction to the broader social transformation and EE ideals inclusive of the promotion of social inclusion and cohesion.

The 2014 EE report recognises that EE and transformation not only affect the university with regard to demographic changes, but also impact transformation overall with reference to the understanding and subsequent application of insights embedded in the Unisa vision, values, ethics and business processes. Thus the transformation and EE programme of the university should be viewed as a dynamic process that is driven congruently with the core of the university values and available policies which are intended to change mindsets and encourage cognitive shifts. The EE programme, together with the initiatives mentioned above, is supportive of staff immersion into

- The constitutional right of equity and equality of opportunities and outcomes, as well the conscious application of anti-racism and gender sensitivity empowerment and understanding the condition and position of the designated groups, with particular focus on Africans in general and African women in particular
- Respect for academic freedom, including responsiveness towards the National Development Agenda imperatives
- Respect for the dignity of every person in the work environment as enshrined in the Constitution of the Republic of South Africa (1996), the White Paper on Education: Programme for Transformation of Higher Education Institutions (1997), the Employment Education Act (1998), the National Plan on Higher Education (2001), the Ministerial Report on the Elimination of Racism and Discrimination in Public Higher Education Institutions (2009), the National Higher Education Summit (2010) resolutions, responding to the demands of the National Development Plan (2012) with reference to institutions of higher learning, as well as the social justice imperatives clearly laid out in the White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System (2013)
- Elimination of all forms of discrimination while applying the affirmation action principles to reduce demographic inequalities
- Respect for and acceptance of diversity and promotion of tolerance
- Professional excellence and high performance standards
- Promotion and practice of good and sustainable corporate governance guided by ethical conduct.

OCCUPATIONAL LEVELS

This 2014 Unisa EE Report covers the second year in the implementation of the Unisa 2013-2015 EE Plan. The tables below capture the specific detail regarding the progress made in the domain of institutional equity.

The table below gives account of the total number of employees (including employees with disabilities) in each of the following occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	1	0	0	0	0	0	0	0	0	0	1
Senior Management	8	3	3	8	10	0	1	10	1	1	45
Professionally qualified and experienced specialists and mid-management	297	32	30	310	206	15	36	393	72	28	1419
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	974	50	46	287	1118	78	68	658	41	43	3363
Semi-skilled and discretionary decision making	49	1	0	1	41	0	0	0	0	0	92
Unskilled and defined decision makers	1	0	0	0	0	0	0	0	0	0	1
TOTAL PERMANENT	1330	86	79	606	1375	93	105	1061	114	72	4921
Temporary employees	483	24	18	98	670	47	47	277	88	62	1814
GRAND TOTAL	1813	110	97	704	2054	140	152	1338	202	134	6735

Legend: A: Africans, C: Coloureds, I: Indians and W: Whites

The table below reflects the total number of employees for people with disabilities in each of the following occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	1	5	0	0	0	2	0	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	9	0	3	9	3	0	1	10	2	1	38
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision makers	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	10	0	4	15	3	0	1	12	2	1	48
Temporary employees	0	0	0	0	1	0	0	1	0	0	2
GRAND TOTAL	10	0	4	15	4	0	1	13	2	1	50

Legend: A: Africans, C: Coloureds, I: Indians and W: Whites

Prof MS Makhanya
Principal and Vice-Chancellor

Dr NM Phosa
Chairman: Council

REPORT ON **INTERNAL ADMINISTRATIVE/OPERATIONAL** STRUCTURES AND CONTROLS

Unisa has a combination of manual, automated, administrative, operational structures and controls targeted at supporting the following goals:

(i) Achieve the university's objectives in an effective, efficient, economical, socially responsible and ethical manner
(ii) Provide accurate and timely financial information in accordance with financial reporting standards
(iii) Safeguard assets and information
(iv) Improve quality
(v) Comply with legislation and regulations
(vi) Infuse an ethical culture into the operational activities of staff members.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of the controls. Accordingly, the existence of an internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets and can change according to circumstances. The hybrid state of the system of internal controls remains a challenge, but Unisa is increasingly moving towards using information systems to process, manage and monitor its operational activities.

In 2014 the university has embarked on a number of strategic projects and new initiatives which raised new risks and simultaneously required that existing processes be maintained and new risks managed. The new initiatives involved rejuvenation or renovation of existing processes and systems and the introduction of new technology, which required a commensurate training and skills development that still has to need to be ensured. This also caused the internal control system to be exposed to strain, as well as the competing demands on resources (both financial and non-financial in nature).

The systems of internal control are reviewed in line with best practices by the Internal Audit Department, an independent and objective function that functionally reports to the Audit and Enterprise Risk Management Committee (AERMCoC), and administratively reports to the Vice-Chancellor's Office. Through combined assurance, the external auditors also conduct reviews on the internal controls as part of their statutory audit and they are included as one of the role-players in the implementation of the combined assurance model that is applied by Unisa. The internal auditors and external auditors co-ordinated their engagements in 2014 to prevent duplication of actions, whilst ensuring adequate audit coverage. Other role-players in the combined assurance model include the Risk and Compliance Department which facilitates risk management in the university and in addition to having defined the compliance universe, monitored the implementation of agreed management actions on internal audit and external audit findings; and the Legal Services Office, which performs legal scrutiny over contracts, policies and labour related matters. The Department: Finance, Department: Human Resources; Department: ICT; Directorate: Procurement; the Ethics Office and the Sustainability Office are all contributing partners to the combined assurance report. The combined assurance model continued to evolve from 2012 and this has assisted significantly in increased coverage and monitoring.

In 2014, the Internal Audit Department conducted 55 reviews (2013: 63 reviews) based on the Internal Audit Coverage Plan, as approved by the AERMCoC. Fewer reviews were performed in 2014 due to increased focus on providing internal audit assurance on strategic risk areas, and increased complexity and scope of the audit engagements. The results of the internal audit engagements conducted in 2014 resonated with the findings in 2013, which indicated that there is a challenge with ensuring that internal controls are firstly, effective, and secondly, complied with. Repeat findings are evident and consequence management within Unisa management remains a challenge.

The university's systems of internal control are evolving, although at a slower pace than what would have been optimal and/or expected. The current overall assessment of the internal control system is that it is at between partially effective and ineffective. This is of a major concern. Some of the Information Technology controls identified as requiring urgent management attention pertains to the finalisation of business continuity planning; change management; formalisation of a Back-up Policy and procedures; classification of system changes; user access; password administration; interface management and application controls. Financial controls that require urgent management attention are compliance with the Tax Act regarding deductions from payroll; personnel costs; supply chain management; inventory; goods received processes; creditors and accruals; assets and depreciation; capitalisation; recognition of income; NSFAS loans; suspense accounts, control accounts and reconciliations; cut-off procedures, prior year adjustments and journals; and record keeping.

The AERMCoC is monitoring the follow-up audit reports very closely and Management has been placed on notice to reduce the number of significant repeat findings and to resolve the findings in the 2014 Management Letter. Quarterly reports will continue to be submitted to the AERMCoC. The Council, operating through its Finance Investment and University Estates Committee (Fincom) and the ICT Committee, further monitors the financial and ICT controls respectively. The Fincom is further mandated to monitor the financial reporting processes. During the period under review, the AERMCoC re-iterated the onus on Management to be responsible for ensuring an adequate control and compliance environment and in need raised the key issues of material concern with the Council.

The university assessed its internal control systems as at 31 December 2014 in relation to the criteria for effective internal control over financial reporting described in its policies and procedures. The assessment is based on the findings from the internal audit and external audit findings. A formal management self-assessment of the internal controls was not done in 2014, but in compiling risk registers, managers assess their mitigation measures, which are then tested through the internal and external audits that are performed. Based on this assessment, the university acknowledges that, as at 31 December 2014, its systems of internal control over its operational environment, information reporting and safeguarding of assets against the unauthorised acquisition, use or disposal of assets requires improvement in order to optimally and functionally meet the set criteria.

The Audit and Enterprise Risk Management Committee reviewed the Report on internal administrative and operational structures and controls in the year under review at its meeting of 21 May 2015, which meeting was quorate and the documentation for approval by the Committee was circulated with the meeting agenda in advance with due notice.

Mr S Simelane
Chairman: Audit and Enterprise Risk Management Committee

A Steenkamp

Ms A Steenkamp
Chief Audit Executive

REPORT ON **RISK EXPOSURE** ASSESSMENT AND RISK MANAGEMENT

RISK MANAGEMENT PHILOSOPHY

Unisa acknowledges that elements of risk may be present in most of its activities and consequently, that responsible and reasonable risk-taking will often be necessary to achieve its objectives. However, to ensure that there is always appropriate standards of vigilance, the Unisa Council set the following parameters: (i) that Unisa pursues opportunities that will generate sufficient and sustainable performance and value; (ii) that Unisa will avoid intolerable risks; (iii) that Unisa manages residual risk within defined levels; and (iv) that Unisa must be prepared to respond to risks or appropriate opportunities when necessary. This philosophy has been embedded in the Enterprise Risk Management (ERM) Framework approved by the Council in 2014.

RISK MANAGEMENT GOVERNANCE STRUCTURE

Council is ultimately responsible to govern risk and to oversee the adequacy and overall effectiveness of the university's risk management process. The university's risk management governance structure, roles and responsibilities are set out in the Risk Management Framework. The following diagram depicts this structure:

The **Audit and Enterprise Risk Management Committee of Council (AERMCoC)** is mandated to oversee the implementation of the univeristy's enterprise risk management process and is responsible for monitoring the adequacy and effectiveness of the system of internal control by reviewing risk management and internal control processes. The committee oversees the continuous development and approval of the ERM Framework, risk implementation plan and policy. It reports to Council on material risks facing the university and associated risk mitigation responses.

The **Management Committee (Mancom)** provides AERMCoC with quarterly reports on performance of risk management. Members of Mancom are responsible for implementing risk management within their portfolios, arranging annual risk assessments, receiving and accepting risk profiles and the assessment of the adequacy of risk profiles. The **Department Risk and Compliance** falls within the portfolio headed by the Vice-Principal: **Advisory and Assurance Services** who is the process owner of the risk management implementation plan of the university. The department consists of two directorates. The **Directorate Enterprise Risk Management** is tasked with the responsibility of developing a methodology and framework for enterprise risk management at the university; carrying out all the responsibilities set out in the ERM Framework and Policy; assisting in the coordination of risk activities; providing technical guidance; and assisting in the reporting processes. The **Directorate Compliance** identifies, assesses, advises, monitors and reports on compliance and attendant risks. The management of compliance risk forms part of Unisa's ERM Framework.

Central to the risk management process at Unisa is the **Risk Management Committee (RMC)**, a sub-committee of Mancom. The RMC met four times during 2014 to review, evaluate and coordinate the management of identified strategic and operational risks (financial and non-financial), faced by the university, and prepared advice to Mancom on emerging strategic and operational risks as well as remediating actions.

IDENTIFICATION AND ASSESSMENT OF RISK

Unisa maintains an Institutional Strategic Risk Register to record the most significant risks currently facing the university and which requires the attention of Management and Council. The register is updated annually by Mancom and the AERMCoC. The ERM Framework provides for a rating scale of 1 to 16 which is used to rate the impact and likelihood of each risk, with 16 being the highest exposure.

During the development of the Institutional Strategic Risk Register 2014 – 2015, six high risks (with a rating higher than 8) were identified and approved by the Council. In respect of each of the identified risks, relevant mitigating controls to manage the risk were included in the 2014 Institutional Operational Plan and the risks will be assessed again in 2015, with a concomitant review of controls.

STRATEGIC RISK REGISTER 2014-2015

Key risk	Further description	Link to strategic goals	Risk owner	Rank owner	Status
Loss of reputation	Loss of reputation as a result of the failure to provide quality service to students and other stakeholders	Goal 1: Academic Goal 3: Service Goal 4: People Goal 5: Stakeholders	VP Academic: Teaching & Learning	1	High
Unauthorised distribution and/or publication of private and confidential information	Inability to implement systems and processes to protect the security and integrity of examination-related information (including papers, marks and results)	Goal 1: Academic Goal 3: Service Goal 4: People Goal 5: Stakeholders	Registrar	2	High
Skill shortages in critical areas	Skill shortages in critical areas as a result of the attrition and loss of key staff, limited/no succession planning and the inability to attract appropriately skilled staff generally and particularly in the ICT field	Goal 4: People	VP: Operations	3	High
Inability to manage enrolment growth	Inability to manage enrolment growth as a result of the failure/inability to develop and implement an improved enrolment planning and management strategy for the university	Goal 1: Academic	VP Academic: Teaching & Learning	4	High
Misalignment between business strategy and ICT strategy	Misalignment between business strategy and ICT strategy as a consequence of the absence of an integrated enterprise architecture framework and inability of ICT to keep the institution at the cutting edge of ODL	Goal 1: Academic Goal 2: Corporate governance and sustainability Goal 3: Service Goal 5: Stakeholders	Pro-Vice-Chancellor	5	High
Loss of critical data and prolonged down time	Loss of critical data and prolonged down time as a consequence of the failure of critical systems and technology and the absence of a functional business continuity plan (including a DRP that is fully backed up and regularly tested)	Goal 2: Corporate governance and sustainability Goal 3: Service	Pro-Vice-Chancellor	6	High
Failure to achieve optimal success rates (i.e. pass rates) and throughput rates	Failure to achieve optimal success rates (i.e. pass rates) and throughput rates, with the effect of compromising Unisa's long-term sustainability	Goal 1: Academic Goal 4: People	VP Academic: Teaching & Learning	7	Moderate
Inability to transform into a fully fledge ODL institution	Inability to transform into a fully fledge ODL institution as a result of the institutional inability and/or unwillingness to optimise the utilisation of IT	Goal 1: Academic Goal 3: Service Goal 4: People	VP Academic: Teaching and Learning	8	Moderate
Unauthorised distribution and/or publication of private and confidential information	Unauthorised distribution and/or publication of private and confidential information due to the inability to secure and protect confidential information of staff, students, and other stakeholders	Goal 1: Academic Goal 3: Service Goal 4: People Goal 5: Stakeholders	Registrar	9	Moderate
Failure to achieve optimal research outputs	Failure to achieve optimal research outputs with the effect of compromising Unisa's long-term sustainability	Goal 1: Academic Goal 4: People	VP: Research & Innovation	10	Moderate
Failure to close the stakeholder expectation gap	Failure to close the stakeholder expectation gap as a result of the failure to adequately define our stakeholders and their expectations	Goal 5: Stakeholders	VP: Institutional Development	11	Moderate

With specific reference to financial risks, the university is exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk. As far as these can be assessed and quantified, the respective levels of exposure and the measures taken to mitigate such risks are described in the notes to the Consolidated Annual Financial Statements. The university's policy with regard to insurance and risk cover is set and monitored by the Fincom. Unisa is a participant in a national consortium of Higher Education Institutions, which provides both cost effective insurance and service expertise. Consequently, Unisa is adequately covered in terms of its insurance policy against fire and related risks, accidental damage, business interruption, theft, and both public and employee liability.

MANAGING RISKS

During the year under review, Unisa continued to reinforce the building blocks that were established in the previous years. Some of the initiatives included:

- The Ethics Risk Register (the register, prepared after the results of ethics risk assessment in 2013) was updated and broadened to take a holistic approach to ethics risks, including recommendations from the organisational health survey conducted in 2014. Holistic institutional action plans were developed and are being implemented.
- The mitigating controls from the Fraud and Corruption Risk Register were implemented: the prevention strategy has been finalised and actions are being rolled-out and monitored across Unisa.
- The recommendation contained in the Business Continuity Management Model was executed.
- The monitoring of compliance with regulatory and policy requirements was conducted on a regular basis.
- The I-contract Management System makes express provision for all new contracts to be loaded on to the electronic platform after any/all risks have been considered and recorded, ensuring that due consideration is given to the risk environment of any contract obligation.
- Risk registers at an institutional level, for each school in the academic sector and each department in the support sectors were maintained.
- The first iteration of a Sustainability Risk Register with mitigating actions was completed.
- A discreet Academic Risk Register for Unisa is being discussed with the academic portfolios. Currently, academic risks are distributed across different risk registers and the challenge will be to consolidate the various risks already identified and to rate them in a single comprehensive document. When complete, this will enable better-informed planning and reporting in a critical area of Unisa's core business.
- Education and training on risk management were provided.

RISK MATURITY – THE WAY FORWARD

Since 2013 enterprise risk management has increased the flow of risk information across the university, which in turn leads to better-informed decisions, greater consensus and better communication with Management. This translates into the increased ability to meet strategic goals. The development of the ERM Framework was a critical step in improving the risk maturity of Unisa as it is geared to change risk behaviour and culture and embed the related risk processes.

Enterprise risk management at Unisa is maturing and there has been clear progress but there is still important work to be done to embed an appropriate integrated risk culture. Risk management is an ongoing evolving capability, the remediation strategy which the university has adopted is an investment in continuous awareness and improvement and it is hoped that the emerging positive changes will inspire further action. Some of these risk management initiatives for 2015 include:

- Intensifying the need to ensure that adequate measures are in place to protect both data and the personal information of all stakeholders of Unisa. This is in line with the Protection of Personal Information legislation.
- Measuring the risk maturity of Unisa. This step will entail a comparative analysis of the risk maturity before the roll-out of the awareness plan and after its roll-out.
- Making available more tools and/or information to raise awareness about risk management.
- Finalising the ERM Guidelines and reviewing them on a regular basis to ensure relevance.
- Facilitating enhanced risk communication, awareness and training.
- Strengthening the risk maturity within the university at all levels by harnessing our risk management culture.
- Reviewing and updating the risk appetite and implement risk tolerance levels within the University.
- Reflecting a more holistic risk profile in co-operation with other risk disciplines.

However, the achievement and success of the planned risk mitigation activities in 2015 will be crucially dependent on the allocation of adequate resources. This was one of the biggest challenges that the Directorate Risk Management faced during 2014.

Mr S Simelane
Chairman: Audit and Enterprise Risk Management Committee

Prof. D Singh
Chairperson: Risk Management Committee

STATEMENT OF THE **PRINCIPAL AND VICE-CHANCELLOR ON LEADERSHIP,** ADMINISTRATION AND OPERATIONAL MANAGEMENT

The year 2014 marked the penultimate year of Unisa's 2015 strategic planning cycle, which was reflected in the rhythms and performance of the institution. Our ethos of servant leadership became more firmly embedded in institutional practice and management, as evidenced by a greater openness to free and frank discussions on institutional and transformational issues, an accretive and developmental practice of teamwork towards cohesive leadership, management and task completion, and a deliberate increase in programmes dedicated to staff development, both personally and professionally.

Effective planning

The annual extended management makgotla focused on contextualising the national and global environments in preparation for the 2016–2030 strategic planning cycle, while the annual Vice-Chancellor's summit (which includes both extended management and managers to the level of departmental chair) was used to assert Unisa's African identity and direction, and to reinforce efficient institutional governance, including ethics and risk management best practices.

The White Paper on Post-School Education and Training: Building an expanded, effective and integrated post-school education system (2013) was launched at Unisa in January 2014 and, read with the Policy for the provision of distance education in South African universities in the context of an Integrated postschool system, had significant implications for Unisa in terms of its synergy with the entire post-school system, capacity sharing and the opening of open distance learning (ODL) to the higher education sector. The university embraced the White Paper and embarked on a series of seminars with broad institutional participation, ensuring a clearer understanding and appreciation among staff of Unisa's future role in open distance learning and e-learning nationally, continentally and globally. This is a continuing conversation.

The performance objectives in the 2014 Pre-determined objectives compact with the Minister were identified because of the material impact that they would have on Unisa's service, quality and sustainability commitments. Council approved the compact, highlighting the achievement of set targets as an institutional priority. The results are reported in the Performance Assessment Report on page 17 and indicate areas of particular disquiet, given that many of the targets not achieved in 2014 are repeated failures from 2013. 2015 will see a very strong emphasis on project completion to ensure that no legacy projects from the 2015 strategic plan are carried into the next strategic planning phase.

Students – our priority

Given its promise of student-centredness and the focus on service excellence, but acknowledging the criticisms of 2013, Unisa's relationship with its students as a key stakeholder group was prioritised in 2014, as is evident from the ministerial compact. While service delivery and student engagement during 2014 remained a challenge, there were definite pockets of improvement at both the individual and departmental levels. One of the highlights in 2014 was the conclusion of a comprehensive needs analysis for students with disabilities who were studying at Unisa to ensure alignment of the university's services. This included the establishment of multipurpose centres at regional centres nationally (funded through a DHET grant) for implementation in 2015, the production of study materials in alternative formats, including Braille, large print, electronic and audiotape, in support of academic and learner success, the provision of needs-based support in terms of assignments, examinations and the curriculum, and sign language interpretation services for deaf students. Staff training was provided in the regions with respect to accommodating the needs of students with disabilities, advocacy and awareness-raising programmes were developed and implemented, and governance and student participation were enhanced through instituting a forum for students with disabilities.

Further, acknowledging students as one of Unisa's key stakeholder groups, student governance is a critical facet of the university governance model. 2014 saw the successful inauguration of the new SRC and the office bearers of Student Parliament and ensured student participation on all university governance structures as well as other committees pertinent to student activities and imperatives. Student leaders were exposed to various training interventions, as well as intergovernmental and international governance exposure including participation in the Pan-African Parliament – Youth Dialogue (African Union), the Council on Higher Education Workshop, the 2014 Nelson Mandela Annual Lecture, the gender dialogue, induction on the university processes and procedures, teambuilding exercises and training for Student Parliament office bearers.

In 2014 Unisa rolled out an internally designed quality evaluation instrument that allows the university to obtain an integrated stakeholder perspective of the quality of the services provided to all students. The results are shared among all stakeholders with the purpose of identifying gaps and filling the lacunae to ensure institutional responsiveness to service expectations.

Being ethic and responsible

The ethics project at Unisa is a source of great pride and a key driver of cultural transformation and governance excellence. The pre-Senex ethics discussions, the Vice-Chancellor's monthly Ethics Roundtables, our Pop-in-for-Ethics conversations with staff, my blog *(In my life I have learned ...)* and the fortnightly Mizzity ethics snippets and reports have deepened institutional conversations by providing safe spaces for, often conflicting, viewpoints. The transformational impact of these initiatives is evident in a number of staff requesting to present at these fora as well as in the increase in reporting that we have seen on both the Ethics Helpline and the KPMG Whistleblowers' Hotline. The focus on the execution of ethics, as well as values and culture training in 2014, concretises the awareness raising that started in 2013 in a very positive manner. The ethics project remains in my office, recognising that the tone must be set from the top.

2014 also saw increased emphasis on risk management and its integration into the institution. The annual review of the strategic risk register confirmed the importance of institutional reputation as we consider Unisa's sustainability into the future – while other risks changed rankings on the register, it remained the highest-rated risk for Unisa. On the issue of reputation, there was measurable success in eliminating examination fraud during 2014, as well as a zero-tolerance approach to matters of fraud, corruption, theft and other irregularities both in the academic and non-academic areas of operation. This approach is supported by the Council as Unisa jealously guards the integrity of its qualifications.

While communication and marketing has been flagged as an area for rejuvenation and cost savings, there have been satisfying levels of communication to staff, especially in regard to aspects such as issues of common concern and mutual interest. Given the student population and the number of lives affected by Unisa, the university is very cognisant of its responsibility to provide uninterrupted quality service to students as far as reasonably possible. Unisa thus takes its business continuity project very seriously and has made significant progress in completing its Business Continuity Model and Implementation Plan, which will include a separate but integrated ICT Disaster Recovery Plan, thereby catering for a critical segment of the institutional business.

Improved business systems

ICT at Unisa is a critical area of growth and development. Work commenced on the new Student Relationship Management (SRM) System, as well as on a mega project to replace the Student System. Both these projects are repeated in the 2015 Annual Performance Plan and Unisa anticipates significant, quantifiable outcomes during 2015. The core systems that support teaching and learning are being stabilised after a period of intense challenges during 2013 and 2014 when the number of students accessing online systems increased exponentially. Maturing ICT governance processes to minimise service disruptions, performing upgrades to infrastructure and improving coordination of system changes and resource requirements with stakeholders contributed to the better stabilisation of the key business systems.

As part of the development of an enterprise architecture for Unisa, a High Availability (HA) Architecture was designed in 2014 and implemented to address integration of key business systems – including the Student System, the Enterprise Content Management System, the Student Relationship Model, the Supply Chain Management System, Millennium, and the Oracle Human Resource and Finance systems – and to ensure that highly accessed and high-volume systems (like myUnisa) are supported by the right technology.

Management and administration

Unisa has an established committee structure that seeks to ensure due process as well as efficient and effective management and administration. However, the breadth and complexity of Unisa sometimes creates challenges as we try to balance the demands of consultation with streamlined decision-making. During 2014 we again experienced an increase in *ad hoc* committees and committee meetings. While this increase was a response to increased levels of business, we will be monitoring this aspect of governance very carefully with an eye to rationalising, where prudent, in the next strategic and structural phase. Most importantly, it has been very pleasing to note the focused content of institutional reporting and the improving quality of committee administration.

While 2014 commenced with a full top management complement, the positions of the Vice-Principal: Finance and University Estates and the Registrar became vacant during the year. These have been prioritised to be filled during 2015 in line with the new structure that will also be presented to the Council early in 2015. The positions of executive dean in the College of Economic and Management Sciences and the College of Education also became vacant during 2014. They were both advertised during the year and the process of filling them is underway, with the expectation that recommendations of suitable candidates will be submitted to the first meeting of the Council in 2015. In the professional and support environments, one appointment at the level of executive director was made in the Department of Corporate Communication and Marketing.

As far as staffing is concerned, 2014 has seen a nett gain of 76 personnel aligned to Unisa Employment Equity Policy – the 2014 Employment Equity Report is published on page 46. Unisa is clear, however, that the staff transformation agenda goes beyond mere numerical values and must include quality training and development opportunities for all new and existing employees. During 2014, significant progress was made in setting a foundation for the institutionalisation of talent management through the review of all human resources policies to ensure alignment with talent management and the approval of the Talent Management policy by Council. 2015 will be an exciting year as the various initiatives begin to take root and become a reality for staff members.

Communication and marketing

In the period under review the implementation of the Communication and Marketing Strategy (CMS) – 2014 to 2016, approved by the Council in 2013, enjoyed top priority. Aimed at advancing the institutional goals, the key strategic focus areas of the CMS were informed by the university's Institutional Operational Plan and included the following: (i) building the reputation of the institution as a high-performance university;

(ii) communicating and marketing the social impact of Unisa; (iii) communicating and marketing in support of improving the university's relationship with its stakeholders; and (iv) communicating and marketing to facilitate staff engagement with the university's values in order to transform attitudes and behaviours. Challenges and achievements experienced in 2014 across all of these areas are discussed in the paragraphs that follow.

Unisa is determined to claim its space as a high-performance African university with a strong social justice mandate. In pursuit of this goal, 2014 continued the trend set in previous years with the purposeful profiling of academic leaders and the application of knowledge to grassroots and life-changing community projects that garnered positive media coverage, further enhancing Unisa's image as a university committed to social transformation. Flowing from the success of the leadership programmes offered by the Thabo Mbeki Africa Leadership Institute (TMALI), the university played a pioneering role in the establishment of the Thabo Mbeki Presidential Library (TMPL) as a tangible instrument in African intellectual scholarship. Furthermore, the African Intellectuals: Knowledge Systems and Africa's Futures programme hosted a number of open discourses, adding significant traction to the debate on South Africa's developing democracy in the wider context of the rejuvenation of Africa – politically, socially and economically. These engagements were supported by additional critical engagements with organised business, the diplomatic corps and government via several platforms for debate and the exchange of thought.

Employee relations

My stated goal is to establish an institution built on the pillars of values-driven leadership, quality, service, sound governance and accountability – and people are crucial to the achievement of this goal. Therefore, while the university will never subscribe to the principles of deterrence and punitive justice, employee discipline (as uncomfortable as it may be sometimes) is an important element of the management process. Unisa applies a very clear practice of progressive discipline in dealing with staff matters. Each case is dealt with individually and the aim is to enhance ethical conduct and an ethical culture, as well as recognition of the institutional rules and practices.

For the year 2014, Unisa closed 100 cases, of which 34 related to the failure by staff members to complete the declaration of interest form for 2013. The sanctions in the latter cases varied from a verbal warning to corrective counselling. Of the remaining 46 cases, 8 cases resulted in dismissals, 3 in final written warnings and 3 in written warnings. In five cases the employees were found not guilty and in five cases the charges were withdrawn. Three cases were finalised through the preformal procedures, five were referred for corrective counselling and two were referred for managerial discussions. In one case the university had no jurisdiction, in one case the employee's contract was not renewed, in two cases the employees resigned, in one case the complaint was dismissed, in one case the matter was referred to the Employee Assistance Programme (managed by the Department Human Resources) and, finally, in two cases the outcomes of the hearings are still pending. As is evident from the statistics, the university's commitment to progressive discipline resulted in eight dismissals, which were unavoidable given the gravity of the charges. Eleven additional matters that were referred to the Legal Services Office were dealt with in a non-formal disciplinary manner, thereby empowering managers to manage the conduct of staff members and to avoid acrimonious labour relations that often result from formal disciplinary procedures.

While student discipline is generally dealt with by the Registrar's Office, in 2014 the Legal Services Office also finalised 21 student disciplinary hearings where the charges related to the sale, sharing or purchasing of stolen examination question papers for purposes of cheating in an examination. A total of 19 cases resulted in findings of guilty and in two cases the students were found not guilty. In addition, 41 grievances were recorded in 2014, most of which pertained to allegations of unfair labour practices and harassment. A total of 38 of these grievances were finalised within 45 days from the date of receipt, while only 3 grievances were finalised outside the prescribed time period. Overall, the 2014 year was more stable than 2013 with regard to labour and employee relations.

Quality education

This report will not dwell on teaching, research and community engagement as they are adequately covered in the Senate Report. However, pursuant to the decision made in 2013 to delay the implementation of the full e-learning business model, Unisa has been following a blended model approach that has created the space for it to move more gradually towards a fully online business model of delivery, ensuring that all staff and students are taken along on this incremental journey. The pace of progress has been steady and it is pleasing to note the spirit of innovation in scholarship that is emerging. There is no gainsaying Unisa's responsibility to provide teaching and learning of the highest quality to all students and Unisa actively engages in internal and external quality review processes.

During 2014, 453 modules were internally reviewed according to set quality standards. As far as external reviews are concerned, the College of Human Sciences prepared the BSocial Work (BSW) improvement plan for submission to the Council on Higher Education (CHE) following the national review of BSW in August 2013. In September 2014 the university submitted the institutional plans for phase 1 as required by the CHE Quality Enhancement Project (QEP) and Unisa's quality assurance framework also includes engagement with relevant professional bodies. In 2014, the College of Accounting Sciences received a successful follow-up visit from the South African Institute for Chartered Accountants (SAICA) and the College of Science, Engineering and Technology (CSET) received provisional accreditation from the South African Council for Professional and Technical Surveyors (PLATO). The CSET has been involved in preparations for the follow-up visit by the Engineering Council of South Africa (ECSA) scheduled for March 2015 and the College of Human Sciences presented quarterly reports on progress to relevant institutional committees regarding the implementation of improvements highlighted in the Unisa Improvement Plan following the MA Psychology accreditation visit by the Health Professions Council of South Africa (HPCSA) during 2013.

Generally, the university functioned at a reasonably high level of productivity and generated the necessary outcomes to ensure a successful year, aligning itself with the imperatives of the national agenda while being cognisant of its particular drivers for success. As always, there were great successes, responsible achievements and even some failures. One of the significant lowlights for the year was the 2014 Management Letter and Audit Opinion which pointed to critical control weaknesses. The university accepted the report noting that many of the areas were in process of being resolved. However, my commitment to ensure greater urgency and accountability to effect the improved systems or, at least, interim compensating actions. Overall, however, the management and administration of the university in 2014 was sound and the management team operated, by and large, at the level and standard expected of persons appointed to lead the largest university in the country and on the continent.

Prof MS Makhanya
Principal and Vice-Chancellor

SENATE REPORT

COMPOSITION OF THE SENATE

The Senate is constituted in terms of paragraph 22 of the Institutional Statute (2012) and consists of the following members:

- Principal and Vice-Chancellor, who is the Chairperson of the Senate
- Pro-Vice-Chancellor, who acts as the Chairperson in the absence of the Principal and Vice-Chancellor
- Vice-Principals
- Registrar, who serves as the Secretary of the Senate
- Deputy Registrar, who acts as the Secretary in the absence of the Registrar
- Executive Deans of the colleges
- Deputy Executive Deans of the colleges
- The following directors:
    - o Directors of schools and other Directors in the colleges
    - o Director of the Directorate: Curriculum and Learning Development
    - o Academic Director: Graduate School of Business Leadership
    - o Director: Short Learning Programmes
- Chairpersons of academic departments
- Heads of institutes, bureaus and centres that are formally constituted
- Executive Directors
- Dean of Students
- One full professor from each department of a college and the Graduate School of Business Leadership (or where there is no full professor, an associate professor) elected by the permanent academic employees of the relevant section
- A permanent academic employee, who is not a full professor, from each college and the Graduate School of Business Leadership, elected from among the ranks of the permanent academic employees in the college or Graduate School of Business Leadership
- One permanent employee (other than an academic employee) from each college elected by employees of the college who are not academic employees
- Two members of Council, who are neither employees nor students of the university
- Two students elected by the National Students' Representative Council
- Not more than five additional persons designated by the Senate for the special contribution that they will be able to make to the role that the Senate plays at the university

During the year under review, the composition of the Senate was not amended, however, the Senate approved the participation of advisors who serve on the Senate as a result of their specific expertise and/or areas of specialisation. They include managers in the Office of Graduate Studies and Research from each of the colleges; the Executive Director: ICT; the Executive Director: Study Material Production and Delivery; the Director: Student Assessment Administration and the Director: Student Admissions and Registrations.

ACADEMIC STRUCTURES

The academic structures remained relatively stable during 2014. Changes were effected in the School of Business Leadership in the Departments Finance and Economics, Leadership and Organisational Behaviour, Management Systems, and Strategy and Marketing. An exciting development was the introduction of the new School of Governance, which currently resorts under the direct leadership of the Principal and Vice-Chancellor, emphasising the strategic aspirations for this new entity. The executive committee of the Senate (Senex) approved the amendment of post structures for all academic departments to bring it in line with the Academic Human Resource Allocation Model (AHCRAM) and ensure that staff allocations in the colleges were fit for purpose without being grandiose.

Teaching

***Vice-Principal: Academic: Teaching and Learning* – Professor MC Maré**

Enrolment planning and management

2014 saw a focus on the implementation of the Council-approved Enrolment Plan 2014-2019. A critical initiative in the implementation process was the setting of clear and specific targets for each qualification according to the plan. This was achieved in consultation with the colleges and based on the available historic data to ensure that the targets were realistic. The enrolment targets will be reviewed on an annual basis, ensuring alignment with the changing environment and national developments.

Enrolment will also need to be managed and the new Student System will be critical to the success of enrolment management. One of the features of the new system is the automation of student admissions. Thus, a complete review of the set admission requirements was undertaken to ensure compliance with both the statutory and the Senate-approved institutional requirements. The business requirements for the new Student System were finalised in 2014.

The Senate also approved the introduction of an Academic Point System (APS), which enables Unisa to select students to be offered places for studying at Unisa as part of the enrolment management practice. The introduction of the managed enrolment system will ensure stability in the planning environment. The ACHRAM was also revised and aligned to the planned targets provided for in the enrolment plan. For example, in the past the ACHRAM relied on historical data, whereas the new model is forward looking and aligns with the enrolment management system.

Progression rules

Academic progression rules were applied for the first time at Unisa in 2014 and only to students who registered at Unisa for the first time in 2013. Prior to the registration process, all new students were clearly informed of the applicable rules. In March 2014, the Senate approved the implementation of progression rules for students who enrolled prior to 2013. The progression rules will assist to incrementally increase the throughput and success rate. At the end of 2014, 10 000 students, who did not demonstrate academic progress, were excluded from further study at Unisa.

Assessment systems and practices

During 2014 a special project to review and reconfigure the Unisa assessment systems and practices was initiated. The key objectives were to: (i) establish an assessment framework in full compliance with the quality assurance criteria of the HEQC; and (ii) implement alternative assessment practices (already approved by the Senate) and develop new assessment practices to the benefit of students. The project required all colleges to conduct a self-evaluation, to identify levels of compliance with the HEQC quality criteria. The college responses indicated the lacunae in Unisa's processes and constituted the basis of the institutional Assessment Improvement Plans.

The project further sought to introduce alternative assessment practices to enhance the current venue-based summative assessments. Colleges were again requested to identify modules to which non-venue-based, technologically-driven assessment methods could be applied. In addition, the following types of assessments were approved by Senate: take-home examination, portfolios and e-portfolios, webinars, peer-reviewed examinations, timed-examinations and continuous assessments. The business requirements and standard operating procedures were developed and significant effort went into ensuring that the various types of assessments were accommodated in *myUnisa*, Unisa's learning management system. The success of the project will be reviewed at the end of 2015.

Quality assurance

Quality assurance is an inherent part of the design and development of learning programmes and modules. Annually, a select number of modules are subjected to a review by various stakeholders to provide feedback that is then used to redevelop the modules or learning programmes. In 2014, 453 modules underwent quality reviews.

Framework for Professional Development (FPD)

Unisa values teaching and learning. In 2014, the FPD was developed to provide continuous professional development of all academic teachers and allied professionals in teaching and learning. The FPD contains a menu of services that caters for the professional development of staff who are at various development phases of their career.

Regions

Unisa has students throughout the country and they receive administrative and academic support from the regional offices in all provinces of South Africa, including counselling, library access, face-to-face tutorials and academic literacy programmes. In 2014, Unisa was engaged with the reconceptualisation of human resource structures in the regions, to ensure that the structures support the university's strategic plan of increasing academic support in all regions.

Learning programmes and curriculum changes

The Senate, at its four sittings during 2014, approved the following matters:

Introduction of new programmes/qualifications/modules

A number of new proposed qualifications were recommended to the DHET for accreditation and some of these include:

- Postgraduate Diploma in Intellectual Property Management
- Advance Diploma in Education (Technology Education Teaching)
- BA Hons (Forensic Science and Technology)
- MA (Security Management)
- MA (Policing)
- MA (Forensic Science and Technology)
- Diploma in Safety Management
- Introduction of new modules in Criminal Justice programmes
- Introduction of a new proposed model for the delivery of Science Foundation Programmes (SFP) for both the College of Agriculture and Environmental Sciences (CAES) and the College of Science, Engineering and Technology (CSET) and the introduction of the SFP tables.

Amendment of qualifications and/or curriculum and related matters

The modules for the MBA/MBL degrees, as well as the LLB research methodology module in the College of Law (CLAW), were converted from semester to year modules. In addition, the criteria applied in the College of Economic and Management Sciences (CEMS) for reverting semester modules to year modules were also approved.

Several colleges, including the College of Accounting Sciences (CAS), the College of Human Sciences (CHS), CEMS and CSET, reviewed and revised the co-requisite and pre-requisite requirements in their programme curricula to allow for easy mobility of students registered for the identified qualifications. A number of modules in existing programmes were revised (e.g. Occupational Health and Safety Law III, Copyright Law, Law of Damages, Bachelor of Science in Life Sciences, Diploma in Nature Conservation, Diploma in Ornamental Horticulture, Anthropology, Archaeology, Arabic and Islamic studies). In addition, there were some programmes that were revised (e.g. BCom Hons: Transport Economics, BCom Hons: Logistics and BCom Hons: Tourism Management). Teach out plans were approved for several programmes/modules and, in respect of the Bachelor of Theology (Hons), the teach-out plan was extended from 2013 to the end of 2015, to allow for the approval by the HEQC of the replacement qualification. Teach-out guidelines were approved to ensure that closed qualifications are not opened in error in CEMS and CAES.

Special permission was granted for students in the School of Computing to register for modules that are discontinued, to allow them to complete their qualifications. Admission requirements of several qualifications were approved (CAS, CEMS, CHS and CAES) and Senex approved a number of improvement initiatives for the Bachelor of Social Work, based on the results of the review by the HEQC.

Discontinuation of programmes/qualifications/modules

A number of programmes/qualifications/modules were discontinued either due to rationalisation of the programme and qualification mix (PQM) or the need to align these with the requirements of the HEQF and/or professional bodies. Below are some examples:

- Discontinuation of the MEd (Guidance and Counselling) – Psychology of Education professional qualification as per the decision of the related professional body (HPCSA) (CEDU)
- Discontinuation of the four-year degree in BA: Visual Multimedia Arts and the introduction of a three-year BA degree and a one-year honours degree in Visual Multimedia Arts as part of the rationalisation of the PQM
- Discontinuation of the following programmes: BTech (Correctional Services Management) and MTech (Correctional Services Management)

Policy/guidelines/procedural matters

The following matters received attention in the year under review:

- Guidelines for the discontinuation of Afrikaans in certain modules
- Criteria for the compilation of the examination timetable
- Academic planning calendar
- Rules and procedures for processing applications for exemptions
- The institutional submission of the Quality Enhancement Project (QEP)
- Revision of rules for awarding degrees with distinction
- Amendment of Final Year concession procedures to exclude year mark in calculating the final results
- Framework for student support and menu of services
- Baseline study on open education resources (OER) – a research report

Achievements

Unisa received an award from the Commonwealth of Learning (CoL) for one of its signature courses.

The annual Excellence in Tuition Awards (ETA) is a vehicle for awarding excellence in teaching and learning at Unisa. Awards are handed out to individuals or teams who meet the set criteria.

Student success and throughput

Unisa has an institutional committee that focuses on various aspects of student success and throughput, which, among other activities, oversees the implementation of the student success and support frameworks and monitors impact; ensures the cross-functional, institution-wide integration and coordination of all initiatives to enhance student success at undergraduate and postgraduate levels; provides a working forum for in-depth engagement with reports, analyses and tracking system information and alerts as well as the sharing of information and best practices across the institution; and monitors the dissemination of student and institutional intelligence to all relevant student support role-players. A challenge in the work of the Student Success Forum (identified in 2013) was follow-through on some of the detailed aspects emanating from discussions. To this end a Student Success Unit (SSU) was introduced in the Directorate of Counselling and Career Development, which has addressed this shortcoming during 2014.

Senate Language Committee

The Senate Language Committee initiated a project for the translation of 24 modules in all official South African Languages. The committee also approved a project for the assessment of student preferences in the use of all South African official languages.

Research

Vice-Principal: Research and innovation – Professor RM Phakeng

During 2014, the research activities at Unisa continued to gain traction in line with national directives and international best practice and benchmarks; a Research Integrity Office (RIO) was introduced; and the policy on Research Ethics (an outcome of the RIO) and a policy on Research Institutes and Bureaus were reviewed and approved by the Council. The latter policy provides a cogent guideline for the appointment of top-quality active researchers, capable of leading the development and implementation of the university's research and innovation strategy, while at the same time coordinating research activity within identified strategic areas.

Research Output Summary 2013

The table below indicates the audited figures for 2013.

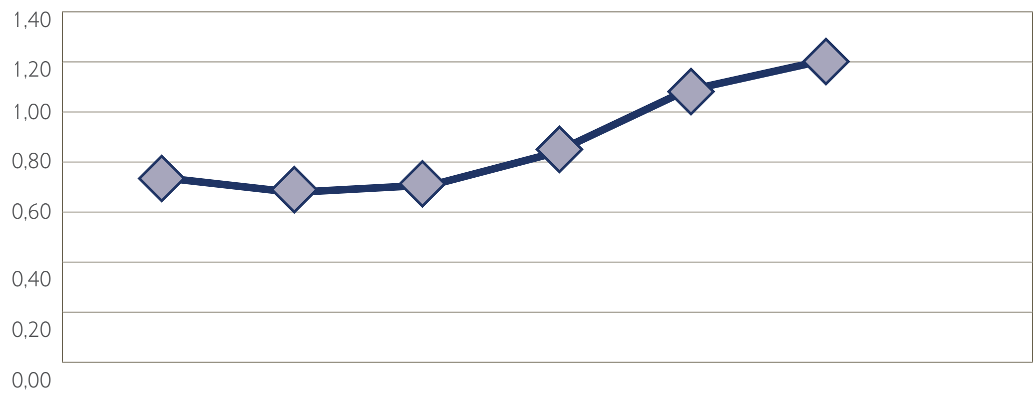
Table 1: Comparative research dashboard indicators

Research output metrics	2008		2009		2010		2011		2012		2013		Increase / Decrease (2012-2013)
	Actual	Position*	Actual	Position*	Actual	Position*	Actual	Position*	Actual	Position*	Actual	Position*	
Total weighted Research Output	951,90	7th	938,60	8th	989,08	9th	1266,95	7th	1669,33	7th	1947,04	7th	16,64%
Publication Output	652,40	6th	625,70	6th	724,60	6th	797,62	6th	892,52	6th	1030,04	7th	15,41%
Weighted Output Per Capita	0,72	12th	0,67	14th	0,70	13th	0,84	13th	1,05	13th	1,19	13th	13,33%

*Position indicates Unisa's ranking when compared with other higher education institutions in South Africa

Unisa's total weighted research outputs indicate a 16.64% increase over the 2012 figures. This increase is also reflected in the graph below, depicting the weighted outputs per capita of 1.19 in 2013.

Figure 1: Weighted output per capita, 2008-13



	2008	2009	2010	2011	2012	2013
Weighted output per capita	0,72	0,67	0,70	0,84	1,05	1,19

The table below highlights publications by research institutes in the College of Graduate Studies and the contribution made by these institutes in 2014.

Table 2: Publications produced by research institutes

School/Institute	No. units: articles in accredited journals	No. books/book chapters published	ODL research articles	CE research articles
College of Graduate Studies				
Graduate Studies	11.01	10	28	0
Institute for African Renaissance Studies (IARS)	5.00	3	21	0
Archie Mafeje Research Institute (AMRI)	6.00	4	0	0
Institute for Science and Technology Education (ISTE)	3.85	11	0	0
Institute for Social and Health Sciences (ISHS)	10.31	2	0	2 Articles (and 1 book chapter)
Institute of Open and Distance Learning (IODL)	4.00	4	0	0
TOTAL	30.17	34	49	2

Research support programmes, grants and incentives

In 2014, Unisa continued with the roll-out of its research support programmes, which are aimed at inculcating a culture of research at Unisa and improving the research status of staff members, especially from designated groups. The table below highlights the programmes offered and the amount spent on each programme in 2014.

Table 3: Research support programmes and value spend

Programme	Aim	R value spend
Academic Qualification Improvement Programme (AQIP)	Approved by the DHET, the AQIP programme is geared towards providing financial support for Unisa permanent academic staff to pursue senior qualification (master's and doctoral degrees) on a full-time basis. In 2014, 62 staff members received funding - 25 males and 38 females; black: 38, white: 19, coloured: 1, Indian: 4.	R114 221 576
Master's and Doctoral Support Programme (MDSP)	This staff development initiative is aimed at increasing the number of Unisa staff holding doctoral qualifications. Total number funded in 2014 was 88 – 36 males and 52 females; black: 40, white: 34, coloured: 3, Indian: 11.	R3 461 833
Postdoctoral Fellow Research Support Programme (PDF)*	This programme is aimed at inculcating the culture of research and innovation at the university by bringing to Unisa doctoral graduates from universities around the world. The intention is to energise research excitement among young, developing researches, thereby ensuring an emerging cohort of young researchers to replace the aging cohort (which is a critical concern for Unisa), who will contribute to the growth of the total research output of Unisa. In 2014, 59 staff members were assisted by this programme – 54 males and 5 females: black: 44, white: 9, Indian: 6	R12 675 000
VisionKeepers Research Support Programme (VK)	Initiated in 2011, this programme is intended to fast-track young academics with a PhD qualification towards greater and improved research efficiency and the achievement of NRF ratings. A total of 7 researchers benefited from this programme – males: 5, whites: 2.	R2 310 703
Women in Research Support Programme (WiR)	Developed in 2013, this programme recognises that the research and innovation space in South Africa and at Unisa, in particular, is currently occupied mainly by male researchers. The programme provides research funds to a group of women researchers with a view of fostering mentoring within the group, fast-tracking the production of research output and concomitantly propelling women research towards NRF rating. The programme directly supports Unisa's transformation objective. A total of 3 female, white researchers were assisted by this fund.	R956 462

Programme	Aim	R value spend
Unisa Research Chairs Programme	In an effort to develop research excellence, Unisa started the Unisa Research Chairs in 2013. Today there are 5 chairs – 5 male managed; black: 3, white: 1, Indian: 1.	R3 381 149
Emerging Researcher Support Programme (ERSP)	Also approved by the DHET, the ERSP programme funding is provided to help permanent research staff, who have completed their doctoral degrees within the past five years, to develop as researchers. In 2014, 5 researchers benefited from this programme – 1 male and 4 females; black: 1 and white: 4.	R12 193 048
Visiting Researcher	In 2014, there were 5 visiting researchers – 28 male and 7 females.	R19 616 272
Research Professor	17 researchers – 28 males and 7 females.	R1 700 000
Open Distance Learning Research Support Programme (ODL-RSP)	3 awards – 1 male and 2 females; black: 2, white: 1.	R1 313 140
TOTAL	**301 grants**	**R170 629 184**

*Note. Some PDFs resigned and contracts not renewed for others.

External research grants and incentives

In 2014 Unisa had a total of 236 external grants, amounting to R29 093 093.00.

The sum of R43 539 282.00 was paid out as research incentives as follows:

- Master's and doctoral incentives: R9 287 500.00
- Accredited articles: R29 377 000.00
- Accredited conference papers: R1 133 532.00
- Books: R811 250.00
- NRF-rating incentives: R2 930 000.00

Highlights

One of the highlights of the year was the third annual Research and Innovation Week, which continues to provide a platform for meaningful cross-discipline engagement on topical issues. The event attracted both internal staff and researchers from other higher education institutions, scientific bodies and funding agencies. The event more than doubled the attendance figures for the previous year.

Unisa also hosted the third Annual Student Research and Innovation Showcase, in collaboration with the National Student Representative Council (NSRC). The theme of the two-day symposium was *Innovation is our Business* and the main purpose was to promote research and innovation among Unisa students and to create greater awareness of the importance of research and innovation as tools for socioeconomic development and progress. National Science Councils made presentations on research that they were undertaking and the opportunities thereof for students to participate. Presentations were also made by young innovators showcasing their innovations. Innovation support organisations such as the Innovation Hub and the Technology Innovations Agency, informed students about their suit of programmes to support young innovators.

The symposium also provides a platform for students to share their research with fellow students. A total of 64 research papers were received from students in response to a call for research papers. The papers were reviewed by discipline-specific technical committees comprising Unisa researchers and 33 research papers from all disciplines were accepted for oral presentation and a further 18 for poster presentation. The presentations were also judged by members of the discipline-specific technical committees. The top three oral and poster presentations in each discipline were announced at an awards ceremony.

The finalists of the Unisa Talent Innovation Programme (TIP) also presented their innovative ideas at the symposium. The TIP provides a platform for Unisa students to express their innovative ideas at providing a solution to some of the societal challenges. Judging in the TIP took place beforehand, firstly by an internal selection committee and then by an external panel of experts. The winners were also announced during the awards ceremony.

The symposium provided an opportunity for students to engage on topical issues that are of importance to the country and the world. The topic of discussion for 2014 was *Feminism*, since the event took place in August, which is women's month. In keeping with this theme, the majority of the keynote speakers, discussants and sessions chairpersons were female students, most from Unisa and some from sister institutions in the province.

The number of IP disclosures has increased significantly from 2013, though this comes from a low base. The Department of Intellectual Technology Transfer (DITT) received 16 IP disclosures in 2014, which translates into a 167% increase. Out of these disclosures, three patent applications were filed.

In 2014, Unisa hosted 35 visiting researchers with the aim of improving publications in high-impact-factor journals, facilitating knowledge transfer to strengthen the competencies of Unisa staff, developing and maintaining a network of external researchers and generally stimulating research discourse and debate.

A total of 43 NRF-rated awards, including new and re-rated researchers, who joined with a rating, were made in 2014. This figure was made up of 9 Y-rated researchers, 3 B-rated researchers, and 31 C-rated researchers. At the end of 2013 Unisa had 160 rated researchers, which accounts for an increase of 11.8% over the previous year's figures.

In addition, the internal Women-in-Research awards were handed out to six women in different categories including the youngest woman staff member to obtain a doctoral degree, leadership in research award (4) and developing researcher award (1).

During 2014, the Principal's prize for research was awarded to the following three staff members: Professor IM Ambe (CEMS); Professor MM Wethmar-Lemmer (CLAW) and Professor FK Mulenga (CSET).

Three following researchers were inducted as members of different science academies during the year:

- Professor A Saurombe (CLAW): South African Young Academy of Science
- Professor Mohamed Seedat (CHS): Academy of Science of South Africa
- Professor Sekhar Ray (CSET): Academy of Science of South Africa

Prestigious national awards were awarded to the following three researchers:

- Professor Puleng Segalo (CHS): Distinguished Young Woman Scientist, Women in Science Awards (WISA), Department of Science and Technology
- Professor Mohamed Seedat (CHS): Psychology and Social Change Award (Rhodes University)
- Professor Evelyn Chiloane-Tsoka (CEMS): Africa Education Leadership Award

Community Engagement

***Pro-Vice-Chancellor* – Professor N Baijnath**

During the year under review, based on the data received from the colleges, Unisa conducted 217 community engagement projects reaching close to 60 000 beneficiaries.

The disaggregated picture reflects as follows:

In 2014, an amount of R42 463 257 was allocated to a total number of 217 community engagement projects (excluding the Unisa Music Foundation). The projects collectively reached a minimum number of 59 776 beneficiaries. The reach of the projects was facilitated and supported to a greater extent by the involvement of students and partnerships with third parties such as government departments, municipalities, private sector companies and non-governmental organisations.

Colleges reported the involvement of 1 135 students, whilst 91 partnerships were formed with third parties. The colleges further reported 4 917 educational and training-related outputs from the projects broken down as follows:

- 57.9% of the outputs comprised courses, presentations and tutoring
- 32 master's and doctoral studies are related to community engagement projects
- 338 books, reports, articles and manuals
- 45 accredited articles
- 58 articles were submitted for publication
- 39 articles were accepted, but not yet published
- 11 accredited book chapters
- 30 papers were published in accredited conference proceedings

Collectively, the colleges identified 235 individual contributions from the community engagement projects that support the National Development Plan, which focuses mainly on the issues of improving educational outcomes; job creation and employment opportunities.

REPORT OF THE
INSTITUTIONAL FORUM

The report highlights decisions and/or recommendations taken by the Institutional Forum (IF) during the period under review.

The IF plays an advisory role to Council and is representative of the various institutional constituencies. The composition of the IF is as follows:

- Two members of senior management
- Dean of Students
- Executive Director: Tuition and Facilitation of Learning
- One Council member, who is neither an employee nor a student of the university, elected by Council
- Two members of the Senate, elected by the Senate
- Two permanent academic employees elected by such employees
- Two permanent employees other than academic employees elected by such employees
- Two students from the Students' Representative Council (SRC), elected by the SRC
- Two members nominated by each of the two sufficiently representative employees' organisations
- Two external members recommended by the Management Committee and approved by Council
- One or more members co-opted by the IF to assist in any project or projects

During 2014 the IF held a total of four meetings on 20 February, 24 July, 18 August and 17 October, respectively, and the following matters were discussed.

Delays in dispatching study material to students

At its meeting on 24 February 2014, members the Students Representative Council raised concerns about the delays in the delivery of study material to students as a result of the strike by the South African Post Office (SAPO) workers, which had occurred at the beginning of the 2014 academic year. The IF resolved to advise the Council to discuss the matter with the Unisa Executive Management and for the latter to initiate intervention measures to ensure that delays in the delivery of study material are obviated in the future.

At its meeting on 21 July 2014, the IF resolved that the Registrar should request the Executive Director: Study Material, Production and Delivery to compile a holistic and comprehensive report to be tabled at the next meeting. Members requested that the report be completed by 31 September 2014 and circulated to them. It should be noted that at the time of reporting, SAPO employees were on strike and colleges and other departments are regularly provided with reports on the status of the same.

Institutional Forum procedures

The IF considered the documents on Procedures and Call for Agenda Items. The documents articulate procedures in terms of which matters can be brought to the forum for investigation. The documents were approved by committee members and were sent to the Council for approval. The said documents were tabled at Council and were noted without alterations. The documents were subsequently discussed, in detail, at the Senate on 4 June 2014.

Conversations on human rights

At the meeting of the IF on 20 February 2014, the IF discussed, in detail, Unisa's report to the South African Human Rights Commission on matters relating to its compliance and implementation of policies on racism and racial discrimination. The IF noted that the report revealed the existence of racism in some departments and colleges. The committee resolved that a series of conversations on various aspects of human rights be facilitated by the IF.

The IF, in collaboration with Unisa Ethics Office, launched the first IF Open Discourse Series on 28 August 2014. The event attracted eminent speakers such as Ms Tiseke Kasambala: Human Rights Watch – Africa Division, Advocate Kevin Malunga: Deputy Public Protector and Judge Kollapen: Judge of the High Court of South Africa and Deputy Chairperson of the South African Law Commission.

Institutional Forum website

The Institutional Forum also discussed the need for a dedicated IF website. The IF resolved that a website be created and the Secretariat and the University Registrar should facilitate the process.

The website has been created and the e-mail address is institutional.forum.ac.za

Election of IF members

A special meeting of the IF was convened on 18 August 2014. The purpose of the meeting was to nominate two representatives of the IF to serve on the selection committee for the position of the Vice-Principal: Finance and University Estates. Three members were nominated, namely Professors R Songca, OE Mashile and MC Maré. Professor Maré noted her unavailability. The committee resolved to nominate Professors R Songca and OE Mashile as the two representatives of the IF to serve on the selection committee for the position of the Vice-Principal: Finance and University Estates.

Conclusion

The attendance of IF members has improved during the year under review and the IF chairperson expressed appreciation for their support.

Prof. R Songca
Chairperson: Institutional Forum

ANNUAL FINANCIAL **REVIEW 2014**

The purpose of this report is to present an overview of the financial results of the University for 2014 and to provide information about the following:

- Budgeting and budgetary control processes
- Overview of financial achievements
- Productivity and financial position of Unisa
- Analysis of ratios
- Internal control deficiencies identified

BUDGETING AND BUDGETARY CONTROL PROCESSES

The university allocates its financial resources to ensure the achievement of its strategic objectives. The allocation of resources is determined by the Strategic Resource Allocation Model (SRAM), which has been in use since 2006. This model ensures that there is proportionate allocation of resources aligned to the priorities of the university.

The Budget Committee comprises of representatives from all portfolios and scrutinises all budget requests to ensure that they are aligned to the university strategy. In 2014, the allocation was R1.995 billion to colleges, R254.381 million to primary academic support, R1.546 billion to primary student support and R1.197 billion to institutional support and Management. The model is constantly reviewed and refined to address current as well as future needs.

Budget control and availability of funds is enforced electronically for all expenditure at requisition level through the procurement system to avoid expenses being incurred where there is no adequate budget. Portfolio based budget versus actual reports are presented to Management and the Finance, Investment and Estates Committee on a regular basis.

OVERVIEW OF FINANCIAL ACHIEVEMENTS

Although, Unisa continued to be in a sound financial position, there were however major challenges facing the university. This is evidenced by the fact that total expenditure during 2014 increased by 14%. For the financial year under review, Unisa recorded an operating loss of R 34 million (2013: 1, 141 billion surplus) a decrease of 103%.

One of the main reasons for the decrease in the operating surplus is the fair value adjustment of investments because of the slow market growth and the liquidation of long term investments to meet cash flow needs. Investments are exposed to the volatility of the global equity markets and the fair value adjustment changed by 55% from R777 million in 2013 to R349 million during the year under review. Investment related income increased by 39% when compared to 2013 and income from interest and dividends increased by 0.4%. Should the investment related income be ignored, total income increased 1.5%, which is less than the increase in expenditure. Total investments have grown by 0.1%, while other non-current assets net of depreciation and amortisation and fair value adjustments, increased by 19% over the previous year.

Tuition fee increases were contained at 7,5% on average for the year, revenue from student fees was down by 3% compared to 2013. This decrease is primarily due to a decrease in student numbers during the year under review. However, it should be noted that included in expenses is an amount of R131m (2013: R147m) that was for bursaries to Unisa students. Expenses also include an amount of R66 (2013: R38m) written off as irrecoverable and doubtful. Net income from tuition fees for the year was therefore R2.718 billion. This trend in tuition fees is expected to decline in the coming years as the university enforces its admission and enrolment management policies, however this should be compensated by increase in output subsidy once the policy settles down.

The gross subsidy has increased by 9.7% to R2.234 billion in 2014 from R2.036 billion in 2013. However, R61.8 million (2013: R204.6 million) of the teaching and development grant was deferred. At the time of reporting, it is unclear what the effect of the revised subsidy formula of the Department of Higher Education and Training (DHET) would be in future years. Total expenditure for the year, including operational and personnel costs, amounted to R5.975 billion in 2014 (2013: R5.226 billion) - an increase of 14% compared to the previous year. This increase in spending leaves some cause for concern; the year-on-year increase in spending for 2014 over 2013 was 14% against an average inflation rate of 5.7% but tight budgetary controls have been put in place to curb the increasing expenditure.

Table 1: Analysis of income and expenditure

	% increase	2014	% increase	2013	2012
		R'000		R'000	R'000
Total income	(5%)	5 935 448	12%	6 245 832	5 568 215
Total income excluding FVA	2%	5 586 162	13%	5 508 657	4 850 386
Total expenditure	14%	5 975 222	16%	5 225 923	4 498 679
Total staffing cost	9%	3 486 914	16%	3 193 454	2 764 310

Personnel expenditure (including expenditure from earmarked funding) rose by 9%. Personnel costs accounted for 58% (2013: 61%) of total expenditure. At 61% (2013: 52%) of the Council controlled recurring income (CCRI), staff costs are within the DHET guideline and also adopted by the Unisa Council of 59% - 62% of CCRI. It should however be noted that there is a constant vacancy rate of around 18% across the university. Should all the vacancies be filled, the ratio will stand at 63%.

The increase in staffing costs can be ascribed to salary increases above inflation; review of academic salaries and increase in number of permanent and fixed term employees in the academic division:

Table 2: Increase in number of employees

	2014	Increase	2013	Increase	2012
Number of permanent employees	4 793	1.6%	4 716	1.3%	4 655
Number of fixed-term employees	860	4.0%	827	0.9%	819
Number of temporary employees	8097	-2.3%	8 290	65.5%	5 010

Productivity and financial position of Unisa

Tables 3 to 5 provide a trend analysis of the last five years with respect to Unisa's financial position.

Table 3: Consolidated statement of financial position

	2014	2013	2012	2011	2010
	R'000	R'000	R'000	R'000	R'000
Total assets	10 271 385	10 129 904	8 878 676	7 425 951	6 692 931
Total liabilities	2 531 189	2 355 544	2 245 311	1 675 929	1 648 602
Total net assets	7 740 196	7 774 360	6 633 365	5 750 022	5 044 329
Investments:					
• **Total investments**	6 571 251	6 563 397	5 653 720	4 925 202	4 526 147
• **Fair value adjustment**	349 286	776 733	717 829	174 108	377 091
• **Return on investments**	312 294	311 087	311 990	265 250	269 171
Facilities:					
• **PPE net of accumulated depreciation**	2 587 343	2 381 762	2 051 965	1 590 929	1 199 426
• **Spending on building projects**	120 733	277 154	364 884	296 953	188 920

The following are some of the items, which contributed to the increase of 1% in total assets as disclosed in the Consolidated Statement of Financial Position:

- An increase of R205.6 million (9%) in property, plant and equipment
- A 0.1% increase in investments (excluding cash)

Future planned infrastructure spending includes the following:

- Construction of the generator and chiller plant (approved budget R350 million)
- Upgrade of the Unisa Library in the Samuel Pauw building and the Science Library at the Florida campus (approved budget R543 million)
- New building for the College of Economic and Management Sciences on Muckleneuk Campus (approved budget R1 150 million)

Table 4: Consolidated statement of comprehensive income

	2014	2013	2012	2011	2010
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Total revenue	5 935 448	6 285 390	5 568 215	4 652 785	4 299 313
State subsidies & grants	2 234 016	2 036 518	1 831 612	1 801 537	1 607 194
Tuition fee & other revenue	2 784 394	2 888 449	2 438 394	2 181 896	1 828 607
Total expenditure	5 975 222	5 225 923	4 498 679	4 012 848	3 501 628
Personnel costs	3 641 578	3 318 830	2 880 825	2 620 390	2 383 013
Other Operating expenses	2 093 510	1 695 707	1 442 509	1 224 213	1 154 076

During the year under review there were no transfers made to reserves. The balances of reserve accounts at the end of 2014 were as follows:

Business continuity reserve	R1 030 million
New buildings reserve	R712 million
Renewal & replacement of buildings reserve	R380 million
Maintenance reserve	R61 million
ICT renewal reserve	R45 million

These reserves are matched with investments.

Analysis of ratios

Table 5: Important financial ratios

	2014	2013	2012	2011	2010
Current ratio	4.86:1	5.44:1	5.10:1	6.43:1	5.51:1
Quick ratio	4.79:1	5.36:1	5.01:1	6.31:1	5.38:1
Cash ratio	4.36:1	4.90:1	4.61:1	6.04:1	5.07:1
Surplus margin as a percentage of total revenue	(1)%	18.15%	19.21%	13.78%	18.52%
Subsidies and grants as a percentage of total revenue	37%	32.12%	32.70%	38.47%	37.20%
Tuition fee and other revenue as a percentage of total revenue	46.91%	45.95%	43.79%	46.89%	42.53%
Personnel costs as a percentage of total expenditure	58%	62%	63.53%	62.94%	65.44%
Operating expenses as a percentage of total expenditure	34.09%	32.1%	32.07%	30.51%	32.96%

Conclusion

Despite loss incurred for the 2014 financial year, Unisa's the balance sheet is still positive and therefore regarded as a going concern.

Chairperson: Mr BP Vundla
Chairperson of Finance, Investment

Ms V Memani-Sedile
Vice-Principal: Finance and University Estates (Acting)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2014

The Council is responsible for the preparation, integrity and fair presentation of the consolidated financial statements of the University of South Africa.

The consolidated financial statements presented on pages 83 to 133 for the financial year ended 31 December 2014, have been prepared in accordance with International Financial Reporting Standards, regulations for Annual Reporting by Higher Education Institutions and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by the management. The Council has also prepared other information as required to be included in this Annual Report and is responsible for both its accuracy and consistency with the consolidated financial statements.

The Council's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Council's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The going concern basis has been adopted in the preparation of the consolidated financial statements. Council has no reason to believe that the University of South Africa will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the institution is supported by the content of the consolidated financial statements.

The consolidated financial statements have been audited by the auditors Deloitte who have been given unrestricted access to all financial records and related data, including minutes of meetings of the Council and all its committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements on pages 83 to 133 were approved by the Council on 12 June 2015 and signed on its behalf by:

Dr Mathews Phosa
Chairperson of Council

Prof. MS Makhanya
Principal and Vice Chancellor

Mr BP Vundla
Chairperson of Finance, Investment and Estates Committee

Ms V Memani-Sedile
Vice-Principal: Finance and University Estates (Acting)

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF SOUTH AFRICA

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have audited the consolidated financial statements of the University of South Africa (UNISA) as set out on pages 83 to 133, which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in funds, and the consolidated statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated financial statements

The Council is ultimately responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa (no. 101 of 1997) (HEA) and for such internal control as the Council determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with Public Audit Act (PAA) of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated 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 university's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Inventory

We were unable to obtain sufficient appropriate audit evidence to confirm the valuation of *inventories – study materials and courseware* amounting to R86,2 million included in inventory balance of R103 million on the financial statements due to the inability to ascertain the labour and overhead costs pertaining to the valuation of the *inventories – study materials and courseware* by alternative means. We are of the opinion that the standard costing was not appropriate. We are unable to determine whether any adjustments to inventory and other current operating expenses were necessary.

Property, plant and equipment

We were unable to obtain sufficient appropriate audit evidence to confirm the existence and completeness of certain movable tangible assets, relating to the following:

- Audio-visual equipment amounting to a net book value of R19,8 million included in the financial statements net book value of R190,3 million for laboratory assets,
- Furniture and equipment amounting to a net book value of R141,1 million included in the financial statements, and
- Computer equipment amounting to net book value of R185 million included in the financial statements net book value of R188,9 million.

We were unable to confirm the existence and completeness for the above assets by alternative means.

We are therefore unable to determine whether any adjustments to property, plant and equipment, depreciation and amortisation and other current operating expenses were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects, the financial position of the University of South Africa as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa.

Emphasis of matters

We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Restatement and reclassification of prior year amounts

As disclosed in note 27 to the financial statements, certain prior year balances for the year ended 31 December 2013 have been restated. We draw attention to the following restatements:

- Employees' performance bonus paid in February 2014 which related to the performance for the 2013 financial year was not provided for. A restatement of R82,1 million was recorded in the annual financial statements.
- Leave pay provision for the 2013 financial year was understated. A restatement of R50,6 million was recorded in the annual financial statements.
- Certain fixed assets relating to work-in progress were previously expensed in the 2013 financial year and should have been capitalised. A restatement of R9,8 million was recorded in the annual financial statements.
- Deferred income was restated due to grant expenses that were previously deferred and not recognised as income in the 2013 financial year to the value of R19,7 million.
- Output VAT on electronic services was previously not provided for t the value of R19,3 million (2012: R11,3 million).
- A provision for student debtors to the value of R37,8 million for the financial year 2013 was incorrectly reversed.
- For additional restatements relating to other balances, refer note 27 to the annual financial statements.

OTHER MATTERS

We draw attention to the matters below. Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the general notice issued in terms thereof, we report the following findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual report, compliance with legislation as well as internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the reported performance information in the section headed ***Self-assessment*** of institutional performance as set out on page 17 to 22 of the annual report. The reported performance against predetermined objectives was evaluated against the overall criterion of reliability. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

Compliance with laws and regulations

We performed procedures to obtain evidence that the UNISA had complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

Auditing Profession Act, 2005 (Act 26 of 2005) – reportable irregularity

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, 2005 (Act 26 of 2005) we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of UNISA which constitute a reportable irregularity in terms of the Auditing Profession Act, and we have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 29 to the financial statements.

Internal control

We considered internal control relevant to our audit of the financial statements, self-assessment of institutional performance and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualification opinion, the findings on the self-assessment of institutional performance are included in this report.

Financial and performance management

We have conducted tests on internal controls at UNISA and found them to be inadequate to prevent, or to detect and correct misstatements in the annual financial statements. Refer to note 30 in the Annual Financial Statements for specific internal control deficiencies identified.

In addition significant adjustments were made to the annual financial statements that resulted in the audit opinion above.

OTHER REPORTS

Investigations

We are aware of certain investigations being currently performed by the internal audit department as at the date of this report.

AGREED UPON PROCEDURES ENGAGEMENT

The following agreed upon procedures engagement have been performed or are currently being performed at the request of UNISA by our sub-contracting auditors NexiaSAB&T Incorporated. These are mandatory in terms of the Department of Higher Education and Training, except for the SBL College:

- Awards granted by the National Research Foundation;
- Teaching Collaborative Grant;
- Research and Development Grant;
- Foundations Provision Programme;
- Infrastructure Funding Allocation (Cycle 1);
- Infrastructure and Efficiency Funding Allocation (Cycle 3);
- Teaching Development Grant;
- Infrastructure Spending for Veterinary Sciences
- Accredited Research Output;
- School of Business Leadership (SBL); and
- Higher Education Management Information Systems reports – student's submission and human resources submission.

Deloitte & Touche.

Deloitte & Touche

Registered Auditors
Per N Essop
Partner

30 June 2015

FINANCIAL STATEMENTS AND REPORTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014	2013	As at 01 January 2013
			Restated*	Restated*
		R'000	R'000	R'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	1	2 587 343	2 381 762	2 051 965
Intangible assets	2	77 252	70 628	43 194
Investment property	3	20 796	24 888	23 463
Other investments	6	272 000		148 828
		2 957 391	2 477 278	2 267 450
CURRENT ASSETS				
Inventories	4	103 186	115 762	114 192
Trade and other receivables	5	496 400	561 697	462 622
Other investments	6	6 299 251	6 563 397	5 504 892
Pension fund asset	11.2	155 971	86 503	57 747
Cash and cash equivalents	7	258 602	324 683	471 189
		7 313 410	7 652 042	6 610 642
Non-current assets held for sale	8	584	584	584
		7 313 994	7 652 626	6 611 226
TOTAL ASSETS		**10 271 385**	**10 129 904**	**8 878 676**
EQUITY AND LIABILITIES				
RESTRICTED PPE DISTRIBUTABLE RESERVES				
Held for investment in property, plant and equipment	9	1 241 672	1 171 628	1 079 392
		1 241 672	1 171 628	1 079 392
DISTRIBUTABLE RESERVE				
Unrestricted	9	6 467 469	6 580 628	5 532 269
Restricted	9	31 055	22 104	21 704
		6 498 524	6 602 732	5 553 973
TOTAL EQUITY		7 740 196	7 774 360	6 633 365
NON-CURRENT LIABILITIES				
Interest-bearing borrowings	10		7 281	17 226
Post-employment medical obligations	11.1	679 653	634 785	612 926
Employee benefit liability in respect of pension fund guarantee	11.3	66 463	61 165	110 549
Accumulated leave liability	12	209 340	177 050	146 496
Funds administered on behalf of Department of Higher Education and Training		70 869	68 998	62 243
		1 026 325	949 279	949 440
CURRENT LIABILITIES				
Trade and other payables	13	819 441	616 581	643 433
Post-employment medical obligations	11.1	42 551	39 311	35 317
Accumulated leave liability	12	22 797	14 004	16 240
Deferred income	14	398 450	554 460	389 000
Student deposits		214 344	170 951	197 104
Current portion of interest-bearing borrowings	10	7 281	10 958	14 777
		1 504 864	1 406 265	1 295 871
TOTAL EQUITY AND LIABILITIES		**10 271 385**	**10 129 904**	**8 878 676**

**Certain amounts are restated and those adjustments are reflected in Note 27*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Education and General					
		Council controlled unrestricted A	Specifically funded activities restricted B	Sub Total	Student and staff accommo-dation restricted C	2014	2013 Restated*
		R'000	R'000	R'000	R'000	R'000	R'000
RECURRENT ITEMS		(58 509)	7 863	(50 646)		(50 646)	1 058 731
INCOME		5 687 804	25 745	5 713 549		5 713 549	6 142 567
State subsidies and grants		2 022 989		2 022 989		2 022 989	1 893 431
Tuition and other fee income		2 784 394		2 784 394		2 784 394	2 888 449
Income from contracts		6 617	24 127	30 744		30 744	22 166
For research		6 617	24 127	30 744		30 744	20 325
For other activities							1 841
Sales of goods and services		169 083	239	169 322		169 322	198 164
Private gifts and grants		44 520		44 520		44 520	52 537
Interest and dividends	15	310 915	1 379	312 294		312 294	311 087
Fair value adjustment – investments	15	349 286		349 286		349 286	776 733
EXPENDITURE		5 746 313	17 882	5 764 195		5 764 195	5 083 836
Personnel costs	16	3 483 012	3 902	3 486 914		3 486 914	3 193 454
Academic & professional		1 516 615	3 902	1 520 517		1 520 517	1 304 743
Other personnel	27	1 966 397		1 966 397		1 966 397	1 888 711
Other current operating expenses	17	2 023 189	13 958	2 037 147		2 037 147	1 677 996
Depreciation and amortisation		228 903	22	228 925		228 925	207 992
Finance costs	18	11 209		11 209		11 209	4 394
NON-RECURRENT ITEMS		10 872		10 872		10 872	(264)
INCOME		10 872	211 027	221 899		221 899	142 823
Special projects DHET			44 017	44 017		44 017	7 585
(Loss)/profit on disposal of PPE		(876)		(876)		(876)	(264)
Profit on investments		11 748		11 748		11 748	
Teaching and research development			164 221	164 221		164 221	125 376
Staff restructuring			2 789	2 789		2 789	10 126
EXPENDITURE			211 027	211 027		211 027	142 087
Special projects DHET			44 017	44 017		44 017	7 585
Staff restructuring			2 789	2 789		2 789	10 126
Teaching and Research Development			164 221	164 221		164 221	125 376
NET SURPLUS		**(47 637)**	**7 863**	**(39 774)**		**(39 774)**	**1 058 467**
OTHER COMPREHENSIVE INCOME							
Re-measurement gains/(losses) on defined benefit plans	11	5 610		5 610		5 610	82 528
TOTAL COMPREHENSIVE INCOME		**(42 027)**	**7 863**	**(34 164)**		**(34 164)**	**1 140 995**

Certain amounts are restated and those adjustments are reflected in Note 27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Notes	Operating Funds - unrestricted			Operating Funds – restricted				Property, Plant and Equipment (PPE)				
		Accumulated funds Unrestricted	Unrestricted/ designated	Sub Total A	Restricted use funds Residence	Restricted use Funds reserves other	Trust Fund	Sub Total B	Restricted Use	Fixed Asset Fund PPE	Unrestricted Use	Sub Total C	Total (A+B+C)
2013		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance as at 01.01.2013		**4 891 439**	**717 334**	**5 608 773**		**21 704**		**21 704**	**32 710**		**1 046 682**	**1 079 392**	**6 709 869**
Prior year error	**27**	(76 504)		(76 504)									(76 504)
Balance as at 31.12.2013 (restated*)		**4 814 935**	**717 334**	**5 532 269**		**21 704**		**21 704**	**32 710**		**1 046 682**	**1 079 392**	**6 633 365**
Surplus for the year (restated*)		1 073 183		1 073 183		1 387		1 387	5 156		61 269	66 425	1 140 995
Surplus as previously reported		1 073 422		1 073 422		1 387		1 387	5 156		61 269	66 425	1 141 234
Prior year error	27	(239)		(239)									(239)
Transfers – Credit		987	59 399	60 386							25 811	25 811	86 197
Transfers – Debit		(85 210)		(85 210)		(987)		(987)					(86 197)
BALANCE AT 31.12.2013 (restated*)		**5 803 895**	**776 733**	**6 580 628**		**22 104**		**22 104**	**37 866**		**1 133 762**	**1 171 628**	**7 774 360**
2014													
Balance as at 01.01.2014		**5 803 895**	**776 733**	**6 580 628**		**22 104**		**22 104**	**37 866**		**1 133 762**	**1 171 628**	**7 774 360**
Surplus		(111 868)		(111 868)		7 660		7 660	4 561		65 483	70 044	(34 164)
Transfers – Credit		427 447		427 447		1 291		1 291					428 738
Transfers– Debit		(1 291)	(427 447)	(428 738)									(428 738)
BALANCE AT 31.12.2014		**6 118 183**	**349 286**	**6 467 469**		**31 055**		**31 055**	**42 427**		**1 199 245**	**1 241 672**	**7 740 196**

Transfers-debit/credits relate to transfers the between different types of funds either restricted or unrestricted

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014	2013 Restated*
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	(317 828)	257 576
Rental Income	15	3 444	4 519
Interest received	15	219 258	233 889
Dividends received	15	89 592	72 679
Finance cost	18	(11 209)	(4 394)
NET INFLOW FROM OPERATING ACTIVITIES		**(16 743)**	**564 269**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	1	(410 662)	(519 624)
Acquisition of investment property	3		(1 657)
Acquisition of intangible assets	2	(27 265)	(45 870)
Proceeds on disposal of property, plant and equipment		13	239
Sale/(Acquisition) of investments		353 181	(132 944)
NET OUTFLOW FROM INVESTMENT ACTIVITIES		**(84 733)**	**(699 856)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest-bearing borrowings repaid	10	(10 958)	(13 764)
NET OUTFLOW FROM FINANCING ACTIVITIES		**(10 958)**	**(13 764)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(112 434)	(149 351)
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS		46 353	2 845
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		324 683	471 189
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**7**	**258 602**	**324 683**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

1.1 REPORTING ENTITY

The University of South Africa is an institution domiciled in South Africa. The consolidated financial statements of the University as at and for the year ended 31 December 2014 comprise the University and entities which the University has the power to control. The basis of consolidation of the consolidated financial statements is set out in point 2.3. The University as an educational institution is primarily involved in tuition, research and community service in South Africa and beyond.

1.2 REGISTERED OFFICE

Preller Street
Muckleneuk Ridge
Pretoria

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements are prepared in accordance and compliance with International Financial Reporting Standards, regulations for annual reporting by Higher Education Institutions and in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended.

2.2 BASIS OF PREPARATION

2.2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss and,
- the defined benefit asset is recognised as the net total of plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

The methods used to measure fair values are discussed further in note 2.19.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (refer note 2.6).

2.2.2 Functional currency

The consolidated financial statements are presented in South African Rand, which is the University's functional currency, rounded to the nearest thousand.

2.2.3 Presentation of information

Presentation in the consolidated statement of comprehensive income and statement of changes in equity, on these financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training.

2.2.4 Specifically funded activities restricted (Education and general)

The specifically funded activities restricted consist mainly of research activity. Here decision-making rights over income earned and related expenses rest with researchers. Council retains an oversight role in regard to ensuring that expenditure is in accordance with the mandate received from funders.

2.2.5 Unrestricted Council controlled funds

The Council controlled segment predominantly represents the teaching component of the University. Decision-making rights relating to income earned in this segment rests with Council.

2.2.6 Non-distributable Reserve

This reserve relates to the funds earmarked for investment in property, plant and equipment.

2.2.7 Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 11 – measurement of defined benefit obligations
- Note 19 – contingent liabilities
- Accounting policy 2.12 and note 18 – valuation of financial instruments
- Accounting policy 2.10 – lease classification

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements include all assets and liabilities of the University of South Africa, the University of South Africa Foundation, and the University of South Africa Fund Inc. Entities are included in the consolidated financial statements when the University has the power to control the entities. Control is achieved when the University:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee: and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the University obtains control over the subsidiary and ceases when the University loses control of the subsidiary.

The University of South Africa Fund Inc. year-end is June, the University of South Africa Fund Inc. has been dormant.

2.3.1 Transactions and grants eliminated on consolidation

Transactions

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Grants

Grants between related funds are eliminated in the consolidated annual financial statements.

2.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost and is not depreciated as it is deemed to have an unlimited useful life. Property, plant and equipment acquired by means of donations are recorded at nominal value. Artwork is recorded at cost or the estimated fair value at the date of the donation. The fair value is deemed to be a reasonable market value at the date of the donation or the purchase price item. The useful life of artworks is determined to be indefinite. The carrying value is reviewed annually and adjusted for impairment when necessary.

Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. The cost of self-constructed items of property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the item to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Work in progress includes all expenditure that is directly attributable to the construction of the items of property, plant and equipment, until the construction is completed and an occupation certificate is issued. Work in progress is capitalised during the construction phase and only depreciated once the building is available for occupation.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an item of property, plant and equipment over its estimated useful life. Depreciation is charged on the depreciable amount to profit or loss on a straight-line basis over the estimated useful lives of the property, plant and equipment. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the period and are treated as changes in accounting estimates.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value.

Residual value is the estimated amount that the University would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment was already of age and in the condition expected at the end of its useful life.

Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the University will obtain ownership by the end of the lease term.

The estimated useful live for the current and periods are as follows:

- Motor vehicles and farm equipment 5 years

•	Laboratory equipment	5–10 years
•	Computer equipment	3–8 years
•	Furniture and equipment	5–15 years
•	Buildings and improvements	75 years
•	Library Books	3 years

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The residual values, depreciation method and useful lives of items of property, plant and equipment are reassessed annually and adjusted prospectively, if appropriate.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the item of property, plant and equipment will flow to the entity and the costs can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. Profits/ (losses) on the disposal of items of property, plant and equipment are recognised in profit or loss. The profit or loss is the difference between the net disposal proceeds and the carrying amount of the item of property, plant and equipment.

Routine maintenance costs are recognised in profit or loss as they are incurred. The costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except if the cost had been recognised as a separate part of the cost of the item of property, plant and equipment.

2.5 INVESTMENT PROPERTIES

Investment properties are properties which are either held to earn rental income and/or for capital appreciation but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Owner-occupied properties are held for educational activities and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated by using the straight-line method to write off the depreciable amount over the investment property's estimated useful life.

The useful life for the current and prior period is:

- Buildings and improvements – 50 years

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) are recognised at the lower of the carrying amount and their previous carrying amount and the fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is allocated to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and employee benefit assets, which continue to be measured in accordance with the University's accounting policies.

2.7 INTANGIBLE ASSETS

An intangible asset is an identified, non-monetary asset that has no physical substance. An intangible asset is recognised when:

- it is identifiable
- the University has control over the asset as a result of a past event
- it is probable that economic benefits will flow to the University
- the cost of the asset can be measured reliably

The amortisation period, residual values and amortisation method are reassessed annually.

2.7.1 Research

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss when incurred.

2.7.2 Computer software

Acquired computer software that is significant and unique to the business is capitalised as an intangible asset on the basis of the cost incurred to acquire and make available for use the specific software.

Costs associated with maintaining computer software programmes are capitalised as intangible assets only if they qualify for recognition. In all other cases, these costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the University and that will probably generate economic benefits exceeding one year are recognised as intangible assets. Direct costs include the costs of software development, employees' costs and an appropriate allocation of relevant overheads.

Computer software is amortised on a straight line basis over its estimated useful life from the date it becomes available for use.

The useful life for the current and prior period is:

- Capitalised software 3 – 10 years

Subsequent expenditure on capitalised intangible assets is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates and the costs can be measured reliably. All other expenditure is expensed as incurred.

2.8 IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

The carrying amounts of the University's assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

The allowance accounts in respect of student and other receivables are used to record impairment losses unless the University is satisfied that no recovery of the amount owing is possible. At that point the amounts considered irrecoverable are written off directly against the financial asset.

The impairment of student receivables, loans and other receivables is established when there is objective evidence that the University will not be able to collect all amounts due in accordance with the original terms of the credit/loans given, and includes an assessment of recoverability based on historical trend analyses and events that exist at the reporting date. In assessing collective impairment the University uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement. The amount of the impairment adjustment is the difference between the carrying value and the present value. For debtors, impairment losses are recognised in profit or loss.

For loans and receivables the adjustment is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the loan or receivable. Objective evidence includes default of delinquency by a debtor or adverse changes in the payment status of debtors to the University.

An impairment loss is recognised if the carrying amount of a non-financial asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2.8.1 Calculation of recoverable amount

The recoverable amount of the University's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of a non-financial asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.8.2 Reversals of impairment

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

In respect of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of impairment losses on these financial assets is recognised in profit or loss.

2.9 FOREIGN CURRENCIES

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency transactions are translated to the University's functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at rates of exchange ruling at the end of the financial year.

It is not the policy of the University to take out forward exchange contracts on foreign currency transactions entered into.

2.10 LEASES

2.10.1 Finance leases

Leases of property, plant and equipment where the University obtains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised. All other leases are classified as operating leases. The classification is based on the substance and financial reality of the whole transaction rather than the legal form. Leases of land and buildings are analysed separately to determine whether each component is an operating or finance lease.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Any direct costs incurred in negotiating or arranging a lease is added to the cost of the asset. The discount rate used in calculating the present value of minimum lease payments is the rate implicit in the lease.

Capitalised leased assets are accounted for as property, plant and equipment. They are depreciated using the straight-line basis at rates considered appropriate to write off the depreciable amount over the estimated useful live. Where it is not certain that an asset will be taken over by the University at the end of the lease, the asset is depreciated over the shorter of the lease period and the estimated useful life of the asset.

Finance lease payments are allocated between the lease finance cost and the capital repayment using the effective interest method. Lease finance costs are charged to operating costs as they become due.

2.10.2 Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. In negotiating a new or renewed operating lease, the lessor may provide incentives for the University to enter into the agreement, such as up-front cash payments or an initial rent-free period. These benefits are recognised as a reduction in the rental expense over the lease term on a straight-line basis.

2.11 PROVISIONS

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.12 FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity and debt securities, student and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

2.12.1 Measurement

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, directly attributable transaction costs, and for financial instruments through profit or loss, excluding attributable costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

2.12.2 Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.12.3 Student and other receivables

Student and other receivables are subsequently classified as loans and receivables and measured at amortised cost using the effective interest method less any impairment losses.

2.12.4 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, using the effective interest method. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the University unless otherwise stated. Bank overdrafts that are repayable on demand and form an integral part of the University's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.12.5 Trade and other payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are subsequently carried at amortised cost using the effective interest method.

2.12.6 Loans and receivables

Loans and receivables are stated at amortised cost, less any impairment losses. Amortised cost represents the original invoice amount less principal repayments received, the impact of discounting to net present value and impairment adjustments, where applicable.

2.12.7 Recognition and de-recognition

A financial instrument is recognised when the University becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the University's contractual rights to the cash flows from the financial assets expire or if the University transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date (the date that the University commits itself to purchase or sell the asset). Financial liabilities are derecognised when the University's obligations specified in the contract expire or are discharged or cancelled.

2.12.8 Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the University has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12.9 Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the University manages such investments and makes purchase and sale decisions based on their fair value in accordance with the University's documented risk policy. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. Fair value movement recognised in profit or loss excludes interest and dividends.

2.13 INVENTORY

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the weighted average cost method. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated scrap values.

2.14 NORMAL TAXATION

The University is exempted from normal taxation in terms of section 10 of the South African Income Tax Act, 1962 (Act No. 58 of 1962).

2.15 FINANCE COSTS AND INCOME

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

2.16 RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operational decisions. Key Management staff and their close family members are also regarded as related parties. Key Management staff are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

2.17 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University.

Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the University but not recognised in the statement of financial position.

2.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.19 DETERMINATION OF FAIR VALUES

A number of the University's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods indicated below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

2.19.1 Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the University's investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

2.19.2 Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date.

2.19.3 Trade and other receivables

The fair value of student and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2.20 REVENUE

2.20.1 Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be measured reliably, the amount of revenue can be measured reliably, and there is no continuing management involvement with the goods.

2.20.2 Services and tuition fees

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Stage of completion is assessed based on the proportion that costs incurred to date bear to the estimated total costs, subject to recoverability. Tuition fees are recorded as income in the period to which it relates. Deposits received from prospective students are recognised as income once the service has been rendered.

2.20.3 Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

2.20.4 Government grants

An unconditional government grant or subsidy is recognised in profit or loss when the grant becomes receivable. Other conditional government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the University will comply with the conditions associated with the grant. Grants that compensate the University for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Non-monetary assets received through a government grant are accounted for at a nominal amount.

2.20.5 Donations

Donations are recognised as income when received.

2.20.6 Dividend and interest income

Dividend income is recognised when the right to receive payment is established.

2.21 EMPLOYEE BENEFITS

2.21.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries and annual leave represent the amount which the University has a present obligation to pay as a result of employee services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

2.21.2 Long-term service benefits

The University's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise. The discount rate is the yield at the reporting date on AAA credit rated bonds that have maturity dates approximating to the terms of the University's obligation.

2.21.3 Termination benefits

Termination benefits are recognised as an expense in profit and loss when the University is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the University has made an offer encouraging voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.21.4 Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution retirement plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.21.5 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The University's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

The fair value of any plan assets and any unrecognised past service costs is deducted. The discount rate is the market yield at the reporting date on government bonds that have maturity dates approximating to the terms of the University's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

When the calculation results in a benefit to the University, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The University recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income.

2.22 BASIS OF APPORTIONMENT BETWEEN FUNDS

2.22.1 Short-term assets and liabilities

Short-term assets and liabilities are accounted for in the various fund groups in which the related additions and deductions are reflected.

2.22.2 Investment income

The allocation of investment income and realised profits or losses on pooled investments is based on the effective monthly balances. Funds in the fund group restricted use and funds of Institutes and Centres which are not in terms of University policy invested in listed bonds and equities do not share in the investment income and the realised profits or losses of these investments.

2.23 OTHER

2.23.1 Transfers

Transfers are made to reserves in respect of property, plant and equipment to make provision for current and future fixed asset renovations, upgrading, acquisitions and maintenance.

2.23.2 Funds administered on behalf of Department of Higher Education and Training

As legal successor for the former Vista University, the University administers the medical aid liability of the Vista pensioners on behalf of the Department of Higher Education and Training. These funds are recognised as a non-current liability.

NOTE 1: PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings	Furniture and equipment	Computer equipment and leased assets	Vehicles & farm equipment	Laboratory, museum, art and audio-visual	Library	Total
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
At 1 January 2013								
Cost		1 935 614	242 147	448 841	16 568	117 604	625 665	3 386 439
Prior year error	27						4 004	4 004
Closing cost restated		1 935 614	242 147	448 841	16 568	117 604	629 669	3 390 443
Accumulated depreciation		(238 310)	(130 799)	(312 464)	(11 109)	(81 992)	(563 693)	(1 338 367)
Prior year error	27						(111)	(111)
Closing accumulated depreciation restated		(238 310)	(130 799)	(312 464)	(11 109)	(81 992)	(598 075)	(1 372 748)
Net carrying value restated		**1 697 304**	**111 348**	**136 377**	**5 459**	**35 612**	**65 865**	**2 051 965**
At 31 December 2013								
Opening net book amount		1 697 304	111 348	136 377	5 459	35 612	65 865	2 051 965
Prior year error	27	9 786				(314)	(1 335)	8 137
Additions		15 785	30 208	132 476	50	25 366	56 045	259 930
Disposals			(589)	(152 997)	(2 335)	(45 767)	(1 626)	(203 314)
Depreciation on disposals			568	152 515	2 335	45 767	1 626	202 811
Work in progress		251 583						251 583
Depreciation		(45 116)	(27 759)	(64 697)	(2 154)	(11 697)	(37 927)	(189 350)
Closing net carrying value restated		**1 929 342**	**113 776**	**203 674**	**3 355**	**48 967**	**82 648**	**2 381 762**
At 1 January 2014								
Cost		2 212 768	271 766	428 320	14 333	98 165	684 088	3 709 440
Accumulated depreciation		(283 426)	(157 990)	(224 646)	(10 978)	(49 198)	(601 440)	(1 327 678)
Net carrying value		**1 929 342**	**113 776**	**203 674**	**3 355**	**48 967**	**82 648**	**2 381 762**
At 31 December 2014								
Opening net book amount		1 929 342	113 776	203 674	3 355	48 967	82 648	2 381 762
Transfer from investment property		3 447						3 447
Additions		12 968	57 482	64 493	1 070	159 488	33 074	328 575
Disposals			(6 331)	(12 695)		(520)	(34 273)	(53 819)
Depreciation on disposals			6 323	12 102	(151)	586	34 273	53 133
Work in progress		104 318						104 318
Depreciation		(51 387)	(30 203)	(78 624)	(2 048)	(18 129)	(49 682)	(230 073)
Closing net carrying value		**1 998 688**	**141 047**	**188 950**	**2 226**	**190 392**	**66 040**	**2 587 343**
At 31 December 2014								
Cost		2 335 212	322 917	480 118	15 403	257 133	682 889	4 093 672
Accumulated depreciation		(336 524)	(182 870)	(291 168)	(13 177)	(66 741)	(616 849)	(1 506 329)
Net carrying value		**1 998 688**	**141 047**	**188 950**	**2 226**	**190 392**	**66 040**	**2 587 343**
Net carrying value								
At 31 December 2014		**1 998 688**	**141 047**	**188 950**	**2 226**	**190 392**	**66 040**	**2 587 343**
At 31 December 2013 restated		**1 929 342**	**113 776**	**203 674**	**3 355**	**48 967**	**82 648**	**2 381 762**
At 01 January 2013 restated		**1 697 304**	**111 348**	**136 377**	**5 459**	**35 612**	**65 865**	**2 051 965**

A register of land and buildings owned by the University is available at the University's registered address. The University is not permitted to dispose of or alienate land and buildings without the approval of the Minister.

Land included in the above land and buildings

	Note	2014 R'000	2013 R'000
Balance as at 1 January		154 442	154 442
Balance as at 31 December		**154 442**	**154 442**

Leased assets included in the above comprise certain computer equipment, purchased in terms of financial lease agreements.

	2014 R'000	2013 R'000
Opening net carrying value	20 510	33 308
Net acquisitions	(15 421)	5 059
Depreciation	(3 123)	(17 857)
Balance as at 31 December	**1 966**	**20 510**

Capitalised leased assets are encumbered in terms of finance lease agreements (refer note 10).

NOTE 2: INTANGIBLE ASSETS

	Note	2014 R'000	2013 Restated R'000	As at 01 January 2013 Restated R'000
Computer Software & Library Databases				
Cost				
Balance as at 1 January		111 358	80 432	61 274
Prior year error	27			(6 804)
Acquisitions		27 265	44 507	25 962
Disposals		(1 111)	(13 581)	
Balance as at 31 December		**137 512**	**111 358**	**80 432**
Accumulated amortisation				
Balance as at 1 January		(40 730)	(37 238)	(25 351)
Prior year error			1 363	811
Amortisation for the year		(20 641)	(18 436)	(12 698)
Disposals		1 111	13 581	
Balance as at 31 December		**(60 260)**	**(40 730)**	**(37 238)**
Carrying value				
At 31 December		**77 252**	**70 628**	**43 194**

NOTE 3: INVESTMENT PROPERTY

	2014 R'000	2013 R'000
Cost		
Balance as at 1 January	31 748	30 091
Transferred to Property, Plant & Equipment	(5 159)	
Additions		1 657
Balance as at 31 December	**26 589**	**31 748**
Accumulated depreciation and impairment losses		
Balance as at 1 January	(6 860)	(6 628)
Transferred to Property, Plant & Equipment	1 713	
Depreciation for the year	(646)	(232)
Balance as at 31 December	**(5 793)**	**(6 860)**
Carrying value		
At 31 December	**20 796**	**24 888**

The investment property was valued during 2014 by Corporate Valuations CC, a registered independent property appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined by using the income capitalisation method. The fair value as determined by the property appraiser as at 31 May 2014 amounted to R42,7 million. University's assessment of the valuation indicated no significant change in the fair value of the property as at the reporting date. The property will be valued in 2019.

Rental income from investment property amounted to R3,253 million (2013: R6,934 million) and the direct operating expenses amounted to R0,526 million (2013: R0,430 million).

A register of the land and buildings included in investment properties is available at the University's registered address.

NOTE 4: INVENTORIES

	2014 R'000	2013 R'000
Study materials and courseware	86 242	97 177
Technical inventories	1 827	1 673
Consumable inventory	15 117	16 912
	103 186	**115 762**

The study material and courseware balance disclosed above is after an impairment adjustment of R16,569 million (2013: R19,746 million). In 2014 paper, printing consumables, changes in finished goods and work in progress recognised as cost of sales amounted to R188 515 million (2013: R261,543 million).

NOTE 5: TRADE AND OTHER RECEIVABLES

	2014	2013 Restated	As at 01 January 2013 Restated
	R'000	R'000	R'000
Student receivables core	176 834	182 753	54 834
Prepayments	70 533	28 810	24 274
Department of Higher Education and Training	22 628	190 956	217 330
Accrued interest	31 073	32 202	28 427
National Student Financial Aid Scheme (NSFAS)	19 412	41 138	429
Other receivables	175 920	85 838	137 328
	496 400	**561 697**	**462 622**

Trade receivables are non-interest bearing and are generally on 60–120 days. As at 31 December 2014 trade receivables of an initial value of R142,4 million (2013: R55,1 million) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

Movement in the allowance for impairment in respect of student and other receivables

	2014	2013	As at 01 January 2013
Student receivables			
Balance as at 1 January	38 000	70 778	74 799
Impairment loss reversed	(35 654)	(70 778)	(74 799)
Impairment loss recognised	66 805	38 000	70 778
Balance as at 31 December	**69 151**	**38 000**	**70 778**
Other receivables			
Balance as at 1 January	17 077	15 341	19 398
Impairment loss reversed	(7 279)	(3 593)	(7 650)
Impairment loss recognised	63 422	5 329	3 593
Balance as at 31 December	**73 220**	**17 077**	**15 341**
Total allowance for impairment	**142 371**	**55 077**	**86 119**

The University's exposure to credit, currency and interest rate risks relating to trade and other receivables is disclosed in note 18.

NOTE 6: OTHER INVESTMENTS

	2014	2013
	R'000	R'000
Non-current investments		
Designated at fair value through profit and loss	272 000	
Current investments		
Designated at fair value through profit and loss	70 568	239 829
Held for trading instruments	6 228 683	6 323 568
	6 299 251	**6 563 397**
	6 571 251	6 563 397

The University's exposure to credit, currency and interest rate risks relating to other investments is disclosed in note 18.

NOTE 7: CASH AND CASH EQUIVALENTS

	2014	2013
	R'000	R'000
Bank balances and cash on hand	164 239	168 674
Short-term bank deposits, money market deposits	94 363	156 009
	258 602	**324 683**

The weighted average effective interest rate, for the year, earned on short-term bank deposits was 6.76% (2013: 6.51%). The University's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

NOTE 8: NON-CURRENT ASSETS HELD FOR SALE

The Council has formally approved the disposal of the three residential properties in Florida. As the University is awaiting approval in terms of Section 20(5) of the Higher Education Act 101 of 1997, the process is expected to exceed one year. The non-current assets held for sale comprises:

	2014	2013
	R'000	R'000
Carrying Value		
Immovable property and improvements thereon	584	584
	584	**584**

NOTE 9: FUNDS

	Note	2014	2013 Restated	As at 01 January 2013 Restated
		R'000	R'000	
Property, plant and equipment distributable reserves				
Held for investment in property, plant and equipment.		**1 241 672**	**1 171 628**	**1 079 392**
The balance represents funds set aside for investment in property, plant and equipment.				
Distributable reserves				
Unrestricted	**27**	**6 467 469**	**6 580 628**	**5 532 269**
The balance represents operating funds controlled by Council.				
Restricted		**31 055**	**22 104**	**21 704**
The balance represents operating and property, plant and equipment funds restricted for specific use.				

NOTE 10: INTEREST-BEARING BORROWINGS

	2014 R'000	2013 R'000
Finance Leases		
Liability arising from finance lease agreements. The liabilities bear interest at rates linked to the prime bank lending rate and are repayable in monthly instalments.	7 281	18 239
Less		
Amounts payable within twelve months included in current liabilities	(7 281)	(10 958)
		7 281
Total		
Amounts payable within twelve months included in current liabilities	**7 281**	**10 958**
Long-term portion	**–**	**7 281**

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2014 Future minimum lease payment R'000	2014 Interest R'000	2014 Present value of minimum lease payment R'000	2013 Future minimum lease payments R'000	2013 Interest R'000	2013 Present value of minimum lease payment R'000
Less than one year	7 790	509	7 281	12 496	1 538	10 958
Between one and five years				7 790	509	7 281
	7 790	**509**	**7 281**	**20 286**	**2 047**	**18 239**

NOTE 11: POST-EMPLOYMENT OBLIGATIONS

11.1 Post-Employment Medical Obligations: Former UNISA, TSA and Vista (Vudec)

In accordance with past personnel practice, the Council has undertaken to make contributions to a defined benefit plan that provides medical benefits for employees upon retirement. The plan entitles retired employees and future retirees of the former Unisa to receive the following contributions:

- Employees who retired up to and including 30 June 1990 – 100% of the premium
- Employees who retired on or after 1 July 1990 and were employed by Unisa before 1 February 1996, receive a subsidy of 80% of contributions to Bonitas and 73,44% of contributions to Bestmed
- Employees who are employed as from 1 February 1996 up to and including 31 August 2003 – 50% of the premium
- Employees who are employed as from 1 September 2003 – 2% per year of employment with a maximum of 50% of the premium
- TSA members receive a subsidy of 60% of contributions, inclusive of any savings account contribution, on retirement
- Vudec members receive a subsidy of 70% of contributions. The entitlement of these benefits is based upon employment prior to 1 January 2000
- Employees employed after 31 December 2005 receive no post-retirement medical benefits.

Amounts recognised in the statement of financial position:

	2014 R'000	2013 R'000
Post-employment defined benefit medical obligations	722 204	674 096
Non-Current		
Post-employment defined benefit medical obligations	679 653	634 785
Amounts payable within one year, included in current liabilities		
Post-employment defined benefit medical obligations	42 551	39 311

The present value of this commitment is valued by an independent actuary, based on the specific contribution rates, and the costs are spread over the expected remaining period of employment.

The post-employment medical obligation is unfunded. The last actuarial valuation was at 31 December 2014.

	2014 R'000	2013 R'000
Liability		
Present value of unfunded defined benefit obligation	722 204	674 096
Present value of unfunded defined benefit obligation comprises liabilities towards:		
Active employees	161 571	144 910
Continuation members	560 633	529 186
	722 204	**674 096**

Amounts recognised in profit or loss

Included as personnel costs in profit or loss

Current service cost	6 463	6 322
Interest cost	55 170	52 024
	61 633	**58 346**

Movement in the net liability recognised in the statement of financial position is as follows:

Net liability at beginning of year	674 096	648 243
Expense recognised in profit or loss	61 633	58 346
Actuarial gains/losses	25 786	2 824
Benefits payments	(39 311)	(35 317)
Liability at end of year	**722 204**	**674 096**

Historical information

	2014 R'000	2013 R'000	2011 R'000	2010 R'000	2009 R'000
Experience adjustments arising on plan liabilities	(25 786)	(2 824)	(61 810)	46 779	(47 577)

Membership

	2014	2013
Active employees	250	259
Continuation members	882	879
Total number of members at year end	**1 132**	**1 138**

There has been a decrease in the number of active employees due to the majority of employees accepting a buy-out option. Liability buy-out options were offered to current employees, eligible as at 31 December 2005. At 31 December 2014, 250 employees have chosen not to elect the buy-out option.

Valuation assumptions

	2014	2013
Discount rate	8.19%	8.43%
Healthcare inflation costs	7.37%	7.44%
Real discount rate	0.76%	0.92%

Sensitivity analysis

	Variation	Current Obligations R'000	Revised Obligations R'000	% Change
Assumptions				
Real discount rate	-100 basis points			
Active members		161 571	191 167	18.3%
Continuation members		560 633	616 434	10.0%
		722 204	**807 601**	
Real discount rate	+100 basis points			
Active members		161 571	138 083	(14.5%)
Continuation members		560 633	513 451	(8.4%)
		722 204	**651 534**	
Medical inflation rate	1% increase	722 204	801 044	10.9%
	1% decrease	722 204	654 946	(9.3%)

	Variation	Current Obligations R'000	Service costs plus interest R'000	% Change
Medical cost trends	1% increase	722 204	72 029	11.9%
	1% decrease	722 204	57 841	(10.1%)

11.2 Defined benefit pension fund asset

The assets of the Unisa Retirement Fund ("Unisarf", or the "Fund") are held independently of the University of South Africa's assets in a separate trustee-administered fund.

The Fund is valued by independent actuaries every three years, in line with the statutory requirement in terms of Section 16(8) of the Pension Funds Act. The last statutory valuation was undertaken with an effective date of 31 December 2011 and the Valuator reported that the Fund was in a sound financial position at that date. The next statutory valuation is to be performed with an effective date of 31 December 2014.

A valuation has been carried out as at 31 December 2014 specifically for the purposes of the University's IAS19 disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of Unisarf for recognition in terms of the IAS19 accounting standard. The movement in the value in the Fund's defined benefit assets and liabilities has been shown below.

	2014 R'000	2013 R'000
Projected benefit obligations	(733 448)	(637 209)
Fair value of plan assets	934 905	841 026
Pension fund asset at year end	**201 457**	**203 817**
Asset Limitation	(45 486)	(117 314)
Pension fund asset at year end after asset limitation	**155 971**	**86 503**

Plan assets comprise

	2014 R'000	2013 R'000
Equity securities	400 139	338 092
Bonds and cash	534 766	502 934
	934 905	**841 026**

At 31 December 2014, 42.8% (2013:40.2%) of the plan assets were invested in equity securities and 57.2% (2013:59.8%) were invested in bonds and cash.

Movement in the present value of the defined benefit obligations

	2014 R'000	2013 R'000
Defined benefit obligation 1 January	637 209	569 517
Transfers in – new pensioner capital	50 963	122 406
Benefits paid by the plan (net of reinsurance recoveries)	(54 329)	(49 165)
Current service cost and interest	60 648	53 711
Actuarial (losses)/gains recognised	38 957	(59 260)
Defined benefit obligation as at 31 December	733 448	637 209

Movement in the present value of plan assets

	2014 R'000	2013 R'000
Fair value of plan assets at 1 January	841 026	627 264
Transfers in – new pensioner capital	50 963	122 406
Benefits paid by the plan	(54 329)	(49 165)
Expected return on plan assets	75 541	54 770
Actuarial gains	21 704	85 751
Fair value of plan assets at 31 December	**934 905**	**841 026**

Historical information:

	2014 R'000	2013 R'000	2011 R'000	2010 R'000	2009 R'000
Present value of the defined benefit obligations	(733 448)	(637 209)	(569 517)	(438 578)	(336 419)
Fair value of plan assets	934 905	841 026	627 264	519 297	437 376
Pension fund asset at year-end	**201 457**	**203 817**	**57 747**	**80 719**	**100 957**
Asset limitation	(45 486)	(117 314)			
Pension fund asset at year-end after asset limitation	**155 971**	**86 503**	**57 747**	**80 719**	**100 957**
Experience adjustments arising on plan liabilities	38 957	(59 260)	(53 765)	(19 085)	(9 502)
Experience adjustments arising on plan assets	21 704	85 751	26 611	7 136	1 990

Amounts recognised in profit or loss and other comprehensive income:

	2014 R'000	2013 R'000
Current service costs	3 166	3 422
Interest on obligation	57 482	50 289
Expected return on plan assets	(75 541)	(54 770)
	(14 893)	**(1 059)**

Movements in the pension fund asset recognised in the statement of financial position are as follows:

Net asset at beginning of year	86 503	57 747
Net movement for the year	69 468	28 756
Net asset at end of year	155 971	86 503
Actual return on plan assets	10.1%	19.80%

Key valuation assumptions

Investment returns	8.70%	9.00%
Inflation	6.20%	6.25%
Salary increases	8.90%	8.95%
Pension increase	3.10%	3.13%
Pensioner mortality	PA(90)-1*	PA(90)-1*
Capitalisation factor for minimum benefit	6%PA(90)-1*	6%PA(90)-1*
Discount rate	8.70%	9.00%

The expected return on assets in 2014 and 2013 is the same as the rate used to discount the liabilities in each respective year, thus no provision has been made for the equity risk premium.

* Per the standard actuarial tables.

Sensitivity analysis

The sensitivity of the pension fund surplus to changes in certain key valuation assumptions is disclosed below:

	Variation	Current Assets	Revised Asset	% Change
Assumption				
Investment return	1% decrease	934 905	31 307	(79.9%)
Investment return	1% increase	934 905	155 971	0.0%
Salary increases	1% increase	934 905	96 158	(38.3%)
Salary increases	1% decrease	934 905	155 971	0.0%

The University expects to pay R314 million in contributions to be paid during 2014 in respect of its in-service members (i.e. R177 million employer contribution and R137 million employee contribution). No further contributions will be made in respect of the minimum, benefit guarantee from 2014.

11.3 National Tertiary Retirement Fund guarantee

In November 1994, the former TSA withdrew from the Government pension fund and transferred their funds to the National Tertiary Retirement Fund (NTRF). The NTRF is a defined contribution fund governed by the Pensions Act, 1956. In terms of the conditions of transfer, staff members who were in the employ at 30 November 1994 and members of the Government pension fund were guaranteed that they would not be worse off than if they remained on the defined benefit scheme. Any liability arising from the guaranteed amount is accounted for as a defined benefit obligation.

The fund is financed by employer and employee contributions and designated investment income. The University's contributions in respect of the defined benefit structure are based on actuarial advice and are shown in profit or loss. It is policy to ensure that the fund is adequately funded to provide the benefits of members, and particularly to ensure that any shortfall with regard to the defined benefit structure is being met by additional contributions.

A valuation has been carried out as at 31 December 2014 specifically for the purposes of the University's IAS19 disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of the NTRF for recognition in terms of the IAS19 accounting standard. Liabilities in respect of the defined benefit structure are calculated based on assumptions regarding the expected experience in respect of death, withdrawals, early retirement, family statistics, rate of increase in pensionable remuneration administration costs and the expected yield on assets.

Liability

	2014 R'000	2013 R'000
Present value of unfunded defined benefit obligation guaranteed	**66 463**	**61 165**

Amounts recognised in profit or loss and other comprehensive income:

Current service costs	1 522	2 080
Interest costs	5 033	8 184
Included in personnel costs	**6 555**	**10 264**

Movements in the pension fund liability recognised in the statement of financial position are as follows:

	2014 R'000	2013 R'000
Liability at beginning of year	61 165	110 549
Expense recognised	(13 073)	(47 391)
Benefits paid	(4 808)	(1 993)
Re-measurements	23 179	
Liability at end of year	**66 463**	**61 165**

Sensitivity Analyses

The sensitivity of the liability to changes in the net discount rate is disclosed below:

	Variation	Current liability	Revised Liability	% Change
Assumption	0.9% increase	66 463	34 441	48.18%
Net discount rate	1.8% increase	66 463	17 799	73.22%

Principal actuarial assumptions used for accounting purposes were

	2014	2013
Expected rate of return	8.35%	8.86%
Future pension increases	3.62%	4.50%
Future salary increases	7.58%	7.67%
The SA 56-62 ultimate table was used as a basis for mortality assumptions.		

The University expects R54,4 million in contributions to be paid to the funded defined benefit plan of which employee contributions are R18,1 million and employer contribution is R36,3 million.

11.4 Former Vista University Distance Education Centre (Vudec)

The assets of the Vista University Pension and Provident Funds are held independently of the University of South Africa's assets in a separate fund administered by SANLAM. The Vista University Pension and Provident Funds are defined contribution funds. Employer contributions for active members are credited against the Provident Fund and employee contributions to the Pension Fund.

The liability in respect of the pensioners has been outsourced to Quantum Pensions, a Sanlam insurance product.

The Vista University Pension and Provident Funds are valued by independent actuaries every three years. The last actuarial valuation was carried out on 31 December 2013 and the Funds were fully funded.

The members of the Vista University Pension and Provident Fund have been moved to the Unisa Retirement Fund with effect from 01 March 2014.

11.5 Re-measurement gains and (losses) in other comprehensive income

	Note	2014 R'000	2013 Restated R'000
Post-retirement Medical Aid		(25 786)	(2 824)
National Retirement Tertiary Fund guarantee		(23 179)	57 655
Unisarf Actuarial (loss)/gain		(38 957)	59 260
Return on planned assets		21 704	85 751
Asset ceiling limitation		71 828	(117 314)
	26	**5 610**	**82 528**

NOTE 12: ACCUMULATED LEAVE LIABILITY

	Note	2014	2013
			Restated
		R'000	R'000
Balance at beginning of the year		191 054	162 736
Net current year charge to profit or loss		41 083	28 318
Balance at end of year	27	232 137	191 054

	2014	2013
Non-Current		
Accumulated leave liability	**209 340**	**177 050**

Amounts payable within one year, included in current liabilities

	2014	2013
Accumulated leave liability	22 797	14 004

This represents the provision for annual leave. Entitlement only occurs upon the passing away, resignation or retirement of a staff member.

NOTE 13: TRADE AND OTHER PAYABLES

	Note	2014	2013	As at 01 January 2013
			Restated	Restated
		R'000	R'000	R'000
Trade payables		169 356	214 224	159 137
Sundry Creditors		165 091	123 422	140 798
Accruals		97 563	42 650	33 310
DHET (Vista Debtors)		13 723	13 628	13 484
Bursaries		34 245	30 713	2 400
Other		339 463	191 944	294 304
	27	**819 441**	**616 581**	**643 433**

Terms and conditions of the above financial liabilities:

Trade payables, sundry creditors and other payables are non-interest bearing and are normally settled on 60-day terms

Bursaries are non-interest bearing and are distributed to student accounts as and when they are allocated

DHET (Vista Debtors) are non-interest bearing and payable upon demand

NOTE 14: DEFERRED INCOME

	Note	2014 R'000	2013 R'000
The amount represents student fees received in advance in respect of the 2014 academic and financial year. The student fees are recognised as income in the year when tuition is provided to the student.		41 866	31 879
Various other grants received by the University during 2014 to the amount of R5,892 million (2013: R3,902 million). The University has spent R6,144 million during 2014 (2013: R4,568).		7 749	5 543
Amounts received for Unisa Foundation		20 502	
The Department of Higher Education and Training (DHET) has made nine funding allocations to the University:			
An amount of R100 million for the improvement of infrastructure and student output efficiencies received in prior years. For 2014, an amount of R0,389 million (2013: R2,019 million) was spent on infrastructure, and R2,605 million (2013: R3,483 million) including depreciation which was charged through profit and loss.		78 814	81 418
An amount of R39,2 million for infrastructure and efficiency (undergraduate engineering laboratories – Florida campus) received in prior years. Amount of R18, 432 million (2013: R1,732 million) which was charged through profit and loss as depreciation.		19 035	37 467
An amount of R50 million for staff restructuring received in prior years. The University has spent R2,789 million during 2014 (2013: R10,125 million) which was charged to profit and loss.		5 367	8 156
An amount of R87,130 million for Infrastructure and Efficiency Funds (FC1 to FC9) received in prior years. An amount of R1,343 million (2013: R0,271 million) was spent on infrastructure, and R3,049 million (2013: R0,271 million) including depreciation which was charged through profit and loss.		83 810	86 858
An amount of R21,605 million (2013: R30,320 million) allocated for Research development. The University has spent R39,328 million during 2014 (2013: R1,040 million) which was charged to profit and loss.		51 814	69 537
An amount of Rnil (2013: R190,859 million) was received for Teaching development in the current year. The University has spent R124,789 million during 2014 (2013: R124,830 million) and R124,796 million including depreciation (2013: R124,830 million) which was charged through profit and loss.		61 802	186 669
An amount of Rnil (2013: R10,068 million) for foundation programmes in the current year. The University has spent R18,415 million during 2014 (2013: R6,422 million) which was charged to profit and loss.		24 020	42 435
An amount of R0,787 million was received during 2014 for Teaching Collaborative grant. The university has spent R 97 thousand in 2014 which was charged to profit and loss.		690	
An amount of Rnil (2013: R1 million) was received for veterinary sciences programmes during 2014. The University has spent R1,518 million during 2014 (2013: R1,259 million) which was charged to profit and loss.		2 981	4 498
	27	**398 450**	**554 460**

NOTE 15: INVESTMENT INCOME AND FAIR VALUE ADJUSTMENTS

	Note	2014 R'000	2013 Restated R'000
Rental Income	27	3 444	4 519
Interest income			
General		9 900	9 068
Held for trading instruments		209 358	224 821
		219 258	233 889
Dividend income			
Held for trading instruments		89 592	72 679
		312 294	**311 087**
Fair value adjustments			
Designated at fair value		(28 000)	21 854
Held for trading instruments		377 286	754 879
		349 286	**776 733**

NOTE 16: PERSONNEL COSTS

	Note	2014 R'000	2013 Restated R'000
Academic and professional		1 520 517	1 304 743
Other personnel costs		1 966 397	1 888 711
	27	3 486 914	3 193 454

Included in Other personnel costs is an amount of R67,462 million (2013: R66,258 million) paid to invigilators, examiners tutors and markers .

Compensation paid to Senior Management and Council members is included in other personnel costs, and disclosed in note 22.

The number of persons employed as at 31 December 2014

	2014	2013
Full time	4 793	4 716
Part time	860	827
	5 653	**5 543**

NOTE 17: OTHER CURRENT OPERATING COSTS

The following items have been charged in arriving at the net surplus:

	Note	2014 R'000	2013 Restated R'000
Supplies and services		1 465 728	1 266 086
Cost of services outsourced		105 440	86 965
Maintenance		84 792	142 440
Bursaries		139 893	142 530
Non-capitalised assets		84 990	16 324
(Profit)/loss on exchange rate transactions		(46 353)	(2 845)
Impairment write off		142 114	(36 235)
Student receivables		66 805	(37 843)
Sundry debtors		75 309	1 608
Operating lease charges		54 334	54 079
Property		47 029	49 437
Vehicles		7 305	4 642
Auditors remuneration		6 213	8 652
Audit		5 828	6 929
Expenses		213	13
Other services		172	1 710
	26	**2 037 147**	**1 677 996**

NOTE 18: FINANCE COSTS

	2014 R'000	2013 R'000
Interest-bearing borrowings		
Finance leases	1 543	3 857
Interest paid other	9 666	537
	11 209	**4 394**

NOTE 19: FINANCIAL INSTRUMENTS

	Note	Total	At fair value through profit and loss (Held for trading)	At fair value through profit and loss (Designated at fair value)	Loans and receivables	Financial liabilities at amortised cost	Other financial instruments outside of the scope of IAS39 (AC 133)
2014		R'000	R'000	R'000	R'000	R'000	R'000
Assets							
Student receivables	5	176 834			176 834		
Trade and other receivables	5	319 566			319 566		
Other investments	6	6 571 251	6 228 683	342 568			
Cash and cash equivalents	7	258 602			258 602		
Total assets		**7 326 256**	**6 228 683**	**342 568**	**755 002**		
Liabilities							
Funds administered on behalf of DHET		(70 869)				(70 869)	
Trade and other payables		(819 441)				(819 441)	
Student deposits		(214 344)				214 344	
Current portion of finance lease agreements	10	(7 281)					(7 281)
Total liabilities		**(1 111 935)**				**(1 104 654)**	**(7 281)**
2013							
Assets							
Student receivables	5	144 753			144 753		
Trade and other receivables	5	416 944			416 944		
Other investments	6	6 563 397	6 323 568	239 829			
Cash and cash equivalents	7	324 683			324 683		
Total assets		**7 449 777**	**6 323 568**	**239 829**	**886 380**		
Liabilities							
Finance lease agreements	10	(7 281)					(7 281)
Funds administered on behalf of DHET		(68 998)				(68 998)	
Trade and other payables		(616 581)				(616 581)	
Student deposits		(170 951)				(170 951)	
Current portion of finance lease agreements	10	(10 958)					(10 958)
Total liabilities		**(874 769)**				**(856 530)**	**(18 239)**

Financial risk management

The University's principal financial instruments comprise the following: interest-bearing borrowings, financial assets at fair value through profit or loss (including equity instruments, debt instruments and unit trust investments) as well as cash and cash equivalents. The main purpose of these financial instruments is to fund the University's current and future operations. The University has other financial assets and liabilities such as student and other receivables and trade payables, which arise directly from its operations.

The main risks arising from the University's financial instruments are credit risk, market risk and liquidity risk.

The University's financial risk management objectives and policies are governed by a formalised investment policy and related procedures approved by the Council of the University. The means by which the risks referred to above are managed include a specified strategic asset allocation between different categories of financial assets and the appointment of specialised investment managers. The investment managers are issued with specific mandates that include restrictions to manage the financial risks referred to above. The Operational Investment Committee monitors the investment performance on a regular basis.

The University does not undertake any specific hedging activities.

19.1 Credit risk

Credit risk is the risk of financial loss to the University if a student, employee or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the University's receivables from students, employees and investment securities.

The University is exposed to credit risk arising from student receivables relating to outstanding fees. The University requires students to pay a minimum deposit on registration in respect of fees in order to mitigate this risk. Outstanding fees are monitored on a regular basis and action is taken in respect of long outstanding amounts. The University is also exposed to credit risk arising from unsecured vehicle loans made to employees. The university no longer grants loans.

Credit risk also arises from the University's other financial assets, which comprise cash and cash equivalents and financial assets at fair value through profit or loss. The University places cash and cash equivalents with reputable financial institutions and invests through specialised investment managers with mandates restricting credit risk exposure.

19.1.1 Exposure to credit risk

Impairment Losses

The ageing of student receivables at the reporting date was:

		2014		**2013**
	Gross debtors impaired	**Gross debtors not impaired**	**Gross debtors impaired**	**Gross debtors not impaired**
	R'000	**R'000**	**R'000**	**R'000**
Past 120 days	69 151	176 834	38 000	144 753
More than one year				
Total	**69 151**	**176 834**	**38 000**	**144 753**

All debtors that are passed 120 days are past due.

The maximum exposure to credit risk for student fees receivables at the reporting date by geographic region was:

	2014 R'000	2013 R'000
Domestic	241 526	181 275
Foreign students	4 459	1 478
	245 985	**182 753**

For other financial assets the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

19.2 Market risk

19.2.1 Interest rate risk

The University manages its exposure to interest rate risk by limiting its investments in interest-bearing financial assets, as specified in its strategic asset allocation and mandate to investment managers. The level of interest-bearing borrowings is also monitored and kept at a conservative level.

19.2.1.1 Exposure to interest rate risk

19.2.1.1.1 Short term assets

The following table reflects the market value of the domestic cash portfolio:

	2014 R'000	2013 R'000
Domestic cash portfolio	10 714	114 039

The University measures the value of the domestic cash portfolio for the purposes of its financial statements at amortised costs. As such, the market risk variable to which the University is exposed in terms of these assets is interest rates (domestic only). Cash balances bear interest at variable rates.

Sensitivity analysis: Interest Rate Movements

The sensitivity analysis below focuses on cash flow sensitivity (the impact on future interest-related cash flows). It is understood that while interest rate changes may not have a significant impact on the fair value of the domestic cash portfolio, they would impact variable interest cash flows. The cash flow impact on the portfolio of a 2% parallel increase/decrease in South African interest rates was therefore considered.

The following sensitivity analysis which was based on a regression model using data from 31 January 2002 to 31 December 2014:

	Scenario 1	Scenario 2
Annual change in interest rate	2.0%	2.0%
Projected portfolio performance	6.65%	6.77%

	Scenario 1 R'000	Scenario 2 R'000
Projected interest cash flows for 2014	713	725

19.2.1.1.2 Long term assets

As at 31 December 2014, the University had 88% (2013: 88%) of its fixed interest portfolios invested locally and 12% (2013: 12%) internationally. The University measures the value of the abovementioned portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is interest rates (domestic and international). The international portfolio is also exposed to currency risk, which is addressed separately in note 19.2.2.

Sensitivity analysis: interest rate movements

The table below sets out the impact on the fixed interest portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 2% parallel increase in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel increase in United States interest rates (relevant for the international fixed interest portfolio). All other variables have been kept constant. Note that a negative impact reflects the fact that the fair value of the fixed interest portfolios will fall in response to an increase in interest rates. The analysis is performed on the same basis as for 2013.

	2014 R'000	2013 R'000
Domestic bond portfolio	(209 425)	(213 155)
International bond portfolio	(37 086)	(37 039)
	(246 511)	**(250 194)**

The table below sets out the impact on the fixed interest portfolios of a 2% parallel decrease in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel decrease in United States interest rates (relevant for the international fixed interest portfolio). Note that a positive impact reflects the fact that the fair value of the fixed interest portfolios will increase in response to a fall in interest rates. The analysis is performed on the same basis for 2013.

	2014 R'000	2013 R'000
Domestic bond portfolio	282 978	270 956
International bond portfolio	51 536	16 858
	334 514	**287 814**

19.2.2 Foreign currency risk

The University's exposure to foreign currency risk arises from Ethiopian student fee income, international portfolio investments and foreign currency asset purchases. The University's international portfolio is managed by its asset manager. The remaining foreign currency exposure is not managed on an active basis.

19.2.2.1 Exposure to currency risk

As at 31 December 2014, the University had R1,251 billion (2013: R1,168 billion) invested in international assets within the long term portfolio, of which R995 million (2013: R920 million) was in equities and R255 million (2013: R247 million) was invested in bonds.

Sensitivity analysis: Exchange Rate Movements

A 10% strengthening of the Rand (ZAR) against the following currencies as at 31 December would have changed (increased/(decreased)) equity and profit or loss (on a pre-tax basis) by the amounts shown below. This analysis assumes that all other variables remain constant. (For example, the US Dollar figure assumes that the Rand strengthens against the US Dollar only, and remains constant against the other currencies). The analysis is performed on the same basis as for 2013.

	2014 R'000	2013 R'000
US Dollar	(64 316)	(63 528)
Euro	(21 884)	(21 320)
Japanese Yen	(9 403)	(12 584)
	(95 603)	**(97 432)**

A 10% weakening of the Rand against the above currencies as at 31 December would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

19.2.2 Other Market price risks

19.2.2.1 Equity price risk

Equity price risk that arises from equity securities at fair value through profit or loss is minimal, as the University follows a long-term and conservative investment strategy. The primary goal is to maximise investment returns. The equity portfolio is managed by specialised fund managers with specific mandates.

19.2.2.2 Exposure to equity price risk

As at 31 December 2014, the University had 83.8% (2013: 83.3%) of its equity portfolio invested in domestic equities and 16.2% (2013: 16.7%) in international equities. The University measures the value of the equity portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is equity indices (domestic and international).

Sensitivity analysis

The impact on the equity portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 20% fall in the JSE All Share Index (relevant for the domestic equity portfolio) and a 10% fall in the MSCI World Equity Index (relevant for the global equity portfolios) is as follows (the analysis is performed on the same basis as for 2013):

	2014 R'000	2013 R'000
Domestic equity portfolio	(503 904)	(578 005)
International equity portfolio	(93 737)	(86 719)
	(597 641)	**(664 724)**

A 20% increase in the value of the JSE All Share Index and a 10% increase in the value of the MSCI World Equity Index as at 31 December 2014 would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

19.3 Liquidity risk

The University's operations are mainly cash driven. The liquidity is managed to ensure, as far as possible, that the University will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. The Operational Investment committee is tasked to manage the cash requirements.

19.4 Maturity analysis

2014	Note	Carrying amount R'000	Within 1 year R'000	2–5 years R'000	More than 5 years R'000
Funds administered on behalf of DHET		70 869	4 813	16 964	49 092
Trade and other payables		819 441	819 441		
Student deposits		214 344	214 344		
Interest-bearing borrowings	10	7 281	7 281		
		1 111 935	**1 045 879**	**16 964**	**49 092**

2013	Note	Carrying amount R'000	Within 1 year R'000	2–5 years R'000	More than 5 years R'000
Funds administered on behalf of DHET		68 998	4 609	16 242	48 147
Trade and other payables		616 581	616 581		
Student deposits		170 951	170 951		
Interest-bearing borrowings	10	18 239	10 958	7 281	
		874 769	**803 099**	**23 523**	**48 147**

19.5 Fair values

The fair values together with the carrying amounts of all financial instruments shown in the statement of financial position are as follows:

	Note	2014 Carrying amount R'000	2014 Fair Value R'000	2013 Carrying amount R'000	2013 Fair value R'000
Financial assets carried at fair value					
Financial assets designated at fair value through profit or loss	6	342 568	342 568	239 829	239 829
Financial assets held for trading	6	6 228 683	6 228 683	6 323 568	6 323 568
		6 571 251	**6 571 251**	**6 563 397**	**6 563 397**
Financial assets carried at amortised cost					
Loans and receivables	5	496 400	496 400	561 697	561 697
Cash and cash equivalents	7	258 602	258 602	324 683	324 683
		755 002	**755 002**	**886 380**	**886 380**
Financial liabilities carried at amortised cost					
Interest-bearing borrowings	10			7 281	7 281
Trade and other payables		819 441	819 441	616 581	616 581
Student deposits		214 344	214 344	170 951	170 951
Current portion of interest-bearing borrowings	10	7 281	7 281	10 958	10 958
		1 041 066	**1 041 066**	**805 771**	**805 771**

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

Listed debt and equity securities

Fair value is based on quoted market prices at the reporting date without any deduction for transaction cost.

Unit trust investments

The fair value of unit trust investments is determined as the redemption value of these investments at the reporting date.

Interest-bearing borrowings and non-current receivables

Fair value is calculated based on discounted expected future principal and interest cash flows. The discount rate used to calculate fair value for 2014 was 5.27% (2013: 8.48%).

Student and other receivables/payables and student deposits

For receivables/payables and student deposits with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.

19.6 Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 December 2014				
Financial assets designated at fair value through profit or loss	342 568			342 568
Financial assets held for trading	6 228 683			6 228 683
	6 571 251			**6 571 251**

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 December 2013				
Financial assets designated at fair value through profit or loss	239 829			239 829
Financial assets held for trading	6 323 253	315		6 323 568
	6 563 082	**315**		**6 563 397**

During the financial year ended 31 December 2014 no financial assets were transferred (2013: R 315 000 from level 1 to level 2). There have been no transfers between categories.

NOTE 20: CONTINGENT LIABILITIES

20.1 Guarantees

A contingent liability in the form of guarantees, amounting to R1.4 million (2013: R312 million) exists in respect of loans and bank facility guarantees.

20.2 Other

A contingent liability amounting to R3.96 million (2013: R0 million) exists in respect of supplier payment in dispute.

20.3 Industrial Relations

At 31 December 2014 outstanding claims amounting to approximately R11 million (2013: R6.9 million) in respect of ongoing industrial relations litigation existed. No provisions for settlement of these claims have been recognised at reporting date.

NOTE 21: COMMITMENTS

21.1 Capital commitments

Contracts negotiated and orders placed in respect of capital items and inventories not yet executed:

		2014 R'000	2013 R'000
21.2	Property, plant and equipment	213 133	191 890
	Inventories and services	359 019	1 004 280
		572 153	**1 196 170**

Capital commitments approved, but not yet contracted amounts to R2,108 billion (2013: R2,349 billion). These commitments will be funded from existing unrestricted funds and operational cash flows.

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	2014 R'000	2013 R'000
Not later than 1 year	50 100	47 784
Later than 1 year and not later than 5 years	107 552	97 186
	158 067	**144 970**

The University leases photocopying machines, motor vehicles, buildings and warehouse facilities countrywide for the purpose of Regional Offices, Learning Centres, Examination Centres and storage facilities under operating leases. The leases typically run for a period of three years with an option to renew the lease after that date. Lease payments will increase annually or as agreed-upon based on changes in the price index.

NOTE 22: CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

	Note	2014 R'000	2013 Restated R'000
Net (deficit)/surplus		(34 164)	1 140 995
Adjustments for:			
Pension fund (surplus)/ loss recognised	11.2	(69 468)	(28 756)
Fair value adjustments	14	(349 286)	(776 733)
Depreciation and amortisation		228 925	207 992
Loss on sale property plant and equipment		876	264
Profit on sale of investments		(11 748)	
Investment income	14	(312 294)	(311 087)
Finance costs	17	11 209	4 394
Net foreign exchange differences		(46 353)	(2 845)
Increase in post-employment obligation	11.1	48 107	25 852
Increase in funds administered on behalf of the DHET		1 870	6 755
Changes in working capital (excluding the effects of acquisition and disposal):		**214 498**	**9 256**
Accounts and other receivables	5	65 298	(99 075)
Inventories	4	12 576	(1 570)
Trade and other payables	13	136 625	91 389
Cash generated from operations		**(317 828)**	**257 576**

NOTE 23: COMPENSATION PAID TO EXECUTIVE MANAGEMENT AND COUNCIL MEMBERS

Compensation paid to Executive Management

The following disclosure relates to compensation paid to Executive staff. Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

Name	Office held	Total costs R'000
Prof M S Makhanya	Principal and Vice Chancellor	4 211
Prof B J Erasmus	Vice Principal: Operations	2 684
Prof D Singh	Vice Principal: Advisory and Assurance Services	2 680
Prof M C Maré	Vice Principal Academic: Teaching and Learning	2 658
Prof N Baijnath	Pro Vice Chancellor	2 569
Prof R M Phakeng	Vice Principal: Research and Innovation	2 323
Dr M Qhobela	Vice Principal: Institutional Development	2 285
Mr Adrian Robinson	Vice Principal: Finance and University Estates	2 236
Ms V F Memani-Sedile	Executive Director: Finance	2 226
Prof E Sadler	Deputy Executive Dean: College of Economic and Management Sciences	2 208
Prof P H Havenga	Executive Director: Academic Planner	2 086
Prof M J Linington	Executive Dean: College of Agriculture and Environmental Sciences	2 054
Ms L Sangqu	Executive Director: Information and Communication Technology	2 052
Prof R M Moeketsi	Executive Dean: College of Human Sciences	2 006
Dr A M Mahomed	Executive Director: Study Material, Production and Delivery	1 998
Dr B Mbambo-Thata	Executive Director: Library	1 961
Prof R Songca	Executive Dean: College of Law	1 943
Mr J C van Wyk	Executive Director: Legal Services	1 935
Ms L Griesel	Executive Director: Strategy, Planning and Quality Assurance	1 935
Prof R T Mpofu	Deputy Executive Dean: College of Economic and Management Sciences	1 912
Dr T N D Sidzumo-Mazibuko	Executive Director: Diversity Management, Equity and Transformation	1 867
Dr J C Henning	Deputy Executive Director: Library Services	1 854
Prof M Mosimege	Registrar	1 850
Dr Q M Temane	Deputy Registrar	1 849
Prof L Labuschagne	Executive Director: Research	1 840
Mrs A Steenkamp	Chief Audit Executive	1 827
Dr P S Zulu	Executive Director: Human Resources	1 781
Dr I O G Moche	Executive Dean: College of Science, Engineering and Technology	1 771
Prof E O Mashile	Executive Director: Tuition and Facilitation of Learning	1 770
Mr I I Mogomotsi	Executive Director: University Estates	1 769
Prof G C Cuthbertson	Executive Dean: College of Graduate Studies	1 757
Prof I W Alderton	Deputy Executive Dean: College of Science, Engineering and Technology	1 723
Mr D C Fortuin	Executive Director: Compliance	1 638
Mr D van der Merwe	Deputy Executive Director: Information and Communication Technology	1 625
Prof M Slabbert	Deputy Executive Dean: College of Law	1 618
Prof V A McKay	Deputy Executive Dean: College of Education	1 584
Dr B E Zawada	Deputy Executive Dean: College of Human Sciences	1 578
Dr J M Brinders	Executive Director: Academic Transformation (Projects)	1 419
Prof V A Clapper	Executive Dean: College of Economic and Management Sciences	1 410
Prof Z L Dlamini	Deputy Executive Dean: College of Agriculture and Environmental Sciences	1 339
Prof K P Dzvimbo	Executive Dean: Education	1 194

Compensation paid to Council Members

The following disclosure relates to compensation paid to Council Members for work as a Council member.

Council Member	Attendance at meetings	Reimbursement of expenses	Total
	R'000	R'000	R'000
Mr AA da Costa	62	1	63
Mr SP du Toit	18		18
Dr ES Jacobson	29	3	32
F Karodia	5		5
Dr S Mokone- Matabane	61	4	65
Dr L Makuleni	13		13
Ms N Mapetla	52	9	61
Dr NM Phosa	65	2	67
Mr T Ramasike	50	17	67
Mrs XE Shemane-Diseko	4		4
Mr SA Simelane	44	4	48
Prof RH Stumph	26	1	27
C Thokoane	8		8
Mr P Vundla	51	3	54
Mr BF van Niekerk	3		3
Dr C von Eck	15	1	16
M Shaik-Amod	30	3	33
MES Motala	8	2	10
O Ngwenya	10		10
FCS Marupen	29	2	31
SD Mayinga	9	2	11
SP Zungu	5	1	6
DD Mokgatle	11	1	12
NV Mokoka	6	2	8
LT Madzivhandila	8		8
DLT Dondur	2		2
OSN Lebese	18	3	21
G Reddy	6	1	7
B Mehlomakulu	8	1	9
LI Tlhabanelo	11		11
P Maharaj	2		2
JA Glennie	15	6	21

NOTE 24: ESTIMATIONS AND JUDGEMENT APPLIED BY MANAGEMENT IN APPLYING THE ACCOUNTING POLICIES

The following estimations and judgements were applied by the Council and Management in applying the accounting policies

24.1 Write-down of inventory

The level of study material and prescribed books on hand at each reporting date is examined and compared to the historical usage and estimated future student registrations. Study material that will be revised within a two year period is also identified. Any material in excess of demand is written down and reflected at their scrap value.

Damaged inventory is similarly written down when identified.

24.2 Post retirement employee benefits

The estimations and assumptions applied by the independent actuaries in valuing the University's post-retirement pension fund and medical aid liabilities are fully disclosed in the related notes.

NOTE 25: RELATED PARTIES

25.1 Senior Management and employees

25.1.1 Emoluments paid to Senior Management

Senior Management has been defined on all post grades between Deputy Executive Dean/ Director and the Principal and Vice-Chancellor. Please refer to note 23 for more detail.

25.1.2 Study benefits

In terms of conditions of service, employees and dependants are entitled to the following study benefits:

- Senior Management and their close relatives who study at any other recognised tertiary institution will receive a subsidy from the University. During 2014 an amount of R76 316 (2013: R105 117) was paid as subsidies.
- Senior Management and their close relatives who study at the University will only pay the cost for one undergraduate semester module. In certain cases the study fees will be subsidised in full. During 2014 the benefit granted amounted to R nil (2013: R nil).

25.1.3 Council members, senior management and employees interest in supply contracts

In terms of the University's policy, all employees are required to declare any potential conflict of interest that may arise when the University contracts with an external supplier. During the year the following transactions were concluded with institutions where Council Members were involved with:

Name	Supplier	Relationship with Unisa	Relationship with Supplier	Service rendered	Amount
Ms JA Glennie	SAIDE	Council Member	Director	To provide services to the Unisa Open Distance Learning project	R0.031 million
Mr F van Niekerk	Atterbury IH Ltd	Council Member	Chairperson	Office space for rental	R6.089 million
The value of the contract is R32 million over a three year period					

25.2 Exchanges with the Department of Higher Education and Training (DHET)

25.2.1 Funds administered on behalf of DHET

	2014 R'000	2013 R'000
Funds administered	70 869	68 998

The University has been appointed as legal successor for the former Vista University. In terms of a memorandum of agreement with the DHET the University will administer the medical aid liability of the Vista's pensioners on behalf of the DHET.

Amount receivable from the DHET

	2014 R'000	2013 R'000
Subsidy received	2 023 000	1 874 000

25.2.3 Funds allocated for the improvement of teaching/learning facilities and infrastructure, student output efficiencies and for staff restructuring

	2014 R'000	2013 R'000
Amount spent	389	2 019
Amount charged through profit and loss	2 605	3 483

The DHET has allocated R100 million in 2007 to the University for the improvement of infrastructure and student output efficiencies. The funds will be spent according to the pre-approved project plans submitted to the DHET. The University is required to submit regular reports to the DHET on the implementation of the projects, including accounting for all expenditure.

	2014 R'000	2013 R'000
Amount spent	2 789	10 125

The (DHET) has allocated R50 million in 2007 for staff restructuring

25.2.4 Funds allocated for teaching development

	2014 R'000	2013 R'000
Amount allocated		190 859
Amount spent	124 796	124 830

The DHET has allocated development funding for the improvement of teaching. The funds will be spent within the parameters as set out in the University's proposal to the DHET. The University will be required to submit regular reports.

25.2.5 Funds allocated for research development

	2014 R'000	2013 R'000
Amount allocated	21 605	30 320
Amount spent	39 328	1 040

The DHET has allocated development funding for the improvement of research. The funds will be spent within the parameters as set out in the University's proposal to the DHET. The University will be required to submit regular reports.

25.2.6 Funds allocated for foundation provision

	2014 R'000	2013 R'000
Amount allocated		10 068
Amount spent	18 415	6 422

The DHET has allocated foundation funding. These funds will be spent within the parameters as set out by the DHET.

25.2.7 Funds allocated for veterinary sciences programmes

	2014 R'000	2013 R'000
Amount allocated		1 000
Amount spent	1 518	1 259

The DHET has allocated funding for the improvement of equity profiles of veterinary sciences programmes, increases in the graduate outputs of these programmes, institutional cooperation and improvements in the geographical distribution of veterinary sciences specialization.

25.2.8 Funds allocated for infrastructure and efficiency (Engineering and Undergraduate Life and Physical Sciences)

	2014 R'000	2013 R'000
Amount spent		39 200
Amount charged through profit and loss	18 432	1 732

The DHET has allocated funding for infrastructure and efficiency (Engineering and Undergraduate Life and Physical Sciences).

25.2.9 Funds allocated for infrastructure and efficiency (FC1 to FC9)

	2014 R'000	2013 R'000
Amount allocated		87 130
Amount spent	1 343	271
Amount charged through profit and loss	3 049	271

The DHET has allocated funding for infrastructure and efficiency The funds will be spent within the parameters as set out in the University's proposal to the DHET. The University will be required to submit regular reports.

25.2.10 Funds allocated for teaching collaborative grant

	2014 R'000	2013 R'000
Amount allocated	787	
Amount spent	97	

The DHET has allocated funding for the teaching and collaborative grant. The funds will be spent within the parameters as set out in the University's proposal to the DHET. The University will be required to submit regular reports.

25.3 Post-employment benefit plans

Contributions by the University to these plans are disclosed in note 11.

NOTE 26: CAPITAL MANAGEMENT

The University's objectives when managing capital are:

- safeguard the university ability to continue as a going concern
- generate additional investment income
- act as a short-term relief for operational cash flow requirements
- act as a source of bridging capital when required
- provide project finance
- provide financial stability and security
- protect the capital base of the reserve funds against inflation

Funds are invested according to the cash flow requirements and projected future cash flows.

The University manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The management of the capital has been outsourced to specialised investment fund managers who are issued with specific mandates and restrictions. The performance of fund managers is monitored on a regular basis by the Operational Investment Committee and reported to the Finance, Investment and Estates Committee of Council and Council.

The University is subject to the regulatory requirements of the Department of Higher Education and Training relating to its capital management.

NOTE 27: ADJUSTMENTS

The results for the year ended 31 December 2013 have been restated. The reasons for the restatements are disclosed below. Since the university is exempt from taxation, no taxation or deferred taxation effect of the restatements are disclosed.

In terms of IAS 19, returns on planned assets and any change in the effect of the asset ceiling are shown as Other Comprehensive Income. In terms of the universities accounting policy the full movement in respect of staff benefits, including returns on planned assets and changes in the effect of the asset ceiling is recognised in profit or loss

The impact was as follows:	**2013** **R'000**
Increase in personnel costs	55 339
Increase in other comprehensive income	55 339

Accumulated Funds: Unrestricted

	Note	2013 R'000	As at 01 January 2013 R'000
Balance as previously reported		7 851 103	6 709 869
Adjustment arising from:			
Incorrect provision of staff bonuses		(82 406)	(70 716)
Depreciation incorrectly calculated on intangible assets		(630)	811
Depreciation incorrectly calculated on library books		(1 446)	(111)
Depreciation incorrectly calculated on laboratory equipment		(314)	
Subscriptions incorrectly capitalised as intangible assets			(2 802)
Provision for library debtors not reversed		7 650	7 650
VAT on electronic services not provided for		(19 266)	(11 336)
Donation incorrectly recorded as deferred income		2 461	
WIP incorrectly added to other operating expenses		9 786	
Student debtors provision incorrectly reversed		37 843	
Operating expenses accounted for in the incorrect period		4 031	
Incorrect calculation of leave provision		(51 404)	
Incorrect raising of rental income		(2 827)	
Grant expenses previously deferred and not recognised as income		19 779	
Adjusted opening balance	**9**	**7 774 360**	**6 633 365**

Property plant and Equipment

	Note	2013 R'000	As at 01 January 2013 R'000
Cost			
Balance as previously reported		3 694 638	3 386 439
Adjustment arising from:			
Library books incorrectly classified as intangible assets		4 004	4 004
Assets incorrectly written off		1 012	
WIP incorrectly added to other operating expense		9 786	
Adjusted opening balance	**1**	**3 709 440**	**3 390 443**
Accumulated depreciation			
Balance as previously reported		(1 324 906)	(1 338 367)
Adjustment arising from:			
Depreciation on Library books incorrectly classified as intangible assets		(1 446)	(111)
Depreciation incorrectly calculated on laboratory equipment		(314)	
Adjusted opening balance	**1**	**(1 327 678)**	**(1 338 478)**

Intangible Assets

	Note	2013 R'000	As at 01 January 2013 R'000
Cost			
Balance as previously reported		118 164	87 238
Adjustment arising from:			
Library books incorrectly classified as intangible assets		(4 004)	(4 004)
Subscriptions incorrectly capitalised as intangible assets		(2 802)	(2 802)
Adjusted opening balance	**2**	**111 358**	**80 432**
Accumulated depreciation			
Balance as previously reported		(42 904)	(38 049)
Adjustment arising from:			
Depreciation on Library books incorrectly classified as intangible assets		2 174	811
Adjusted opening balance	**2**	**(40 730)**	**(37 238)**

Accounts and other receivables

	Note	2013 R'000	As at 01 January 2013 R'000
Balance as previously reported		519 031	454 972
Adjustment arising from:			
Incorrect raising of rental income		(2 827)	
Provision for library debtors not reversed		7 650	7 650
Student debtors provision incorrectly reversed		37 843	
Adjusted opening balance	**12**	**561 697**	**462 622**

Accumulated leave liability

	Note	2013 R'000
Balance as previously reported		139 650
Adjustment arising from:		
Incorrect calculation of leave provision		51 404
Adjusted opening balance	**12**	**191 054**

Trade and other payables

	Note	2013 R'000	As at 01 January 2013 R'000
Balance as previously reported		518 940	561 381
Adjustment arising from:			
Incorrect provision of staff bonuses		82 406	70 716
VAT on electronic services not provided for		19 266	11 336
Accruals raised in the incorrect period		(4 031)	
Adjusted opening balance	**13**	**616 581**	**643 433**

Deferred Income

	Nota	2013 R'000
Balance as previously reported		**576 700**
Adjustment arising from:		
Grant expenses previously deferred and not recognised as income		(19 779)
Donation incorrectly recorded as deferred income		(2 461)
Adjusted opening balance	**14**	**554 460**

Impact on cash flow statement(increase/(decrease) in cash flows):

Operating	9 470
Investing	(9 470)
Net changes in cash and cash equivalents	0

NOTE 28: CONTINGENT ASSET

The Department of Higher Education will fund the Teaching Development grant of R132,245 million on condition the University completes an agreed upon procedure audit on a previous grant received. The University intends to complete the grant during 2015.

NOTE 29: REPORTABLE IRREGULARITY

29.1 Unemployment Insurance Contribution Act and Skills Development Levies Act

During the current year based on an audit conducted by the South African Receiver of Revenue, it was noted that unemployment insurance fund (UIF) contributions in terms of Section 6 of the Unemployment Insurance Contributions Act (UIC Act) and the skills development levy (SDL) in terms of Section 3(1) and 4 of the Skills Development Levies (SDL Act) were not withheld from the salaries of the Independent contractors.

At the date of this report, the matter has been resolved.

29.2 Income Tax Act, 1962 (Act No. 58 of 1962 as amended)

During the current year based on an audit conducted by the South African Receiver of Revenue, it was noted that the University failed to comply with the requirements of the Income Tax Act, 1962 (Act No. 58 of 1962 as amended). Pay as you earn (PAYE) was not withheld for a certain fringe benefit paid to management. The impact is not considered to be material.

At the date of this report, the matter has been resolved.

NOTE 30: OTHER ITEMS

Internal Control Deficiencies

During the audit, external auditors identified the following control issues:

- Lack of effective human resource management and performance management to ensure that adequate and sufficiently skilled resources are in place to address the internal control deficiencies identified during the audit.
- Inadequate controls pertaining to information technology systems relating to information security.
- Certain information technology system related limitations that do not prevent or detect misstatements.
- Inadequate controls over fixed assets relating to complete and accurate fixed asset register and physical verification of assets.

- Inadequate controls over library intangible assets relating to completeness of the intangible asset register due to the lack of appropriate information on the intangible asset register.
- Inadequate controls over inventory relating to the valuation of inventory due to the lack of accurate recording of labour and overhead costs.
- Inadequate controls over trade payables and accruals relating to complete and accurate recording of good received vouchers.
- Non-compliance with certain Unisa internal procurement policies, relating to contract management.

NOTE 31: STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

In terms of IAS 8 entities are required to include in their financial statements disclosure about the future impact of Standards and Interpretations issued but not yet effective at the reporting date.

At 31 December 2014, the following Standards and Interpretations were in issue but not yet effective

Standard/Interpretation		Effective date Periods beginning on or after
IFRS 9	*Financial Instruments*	1 January 2018
IFRS 10	*Consolidated Financial Statements*	1 January 2016
IFRS 11	*Joint Arrangements*	1 January 2016
IFRS 12	*Disclosure of Interests in Other Entities*	1 January 2016
IFRS 14	*Regulatory Deferral Accounts*	1 January 2016
IFRS 15	*Revenue from contracts from customers*	1 January 2017
IAS 1	*Presentation of Financial Statements*	1 January 2016
IAS 16	*Property, Plant and Equipment*	1 January 2016
IAS 27	*Consolidated and Separate Financial statements*	1 January 2016
IAS 28	*Investments in Associates*	1 January 2016
IAS 38	*Intangible Assets*	1 January 2016

THE **CREST**

The crest symbol is composed of ten graphic elements, all carefully researched, selected and crafted to express the core values and vision of Unisa. Distinctly African – each element is rich in meaning.

The Flames
The flames are Unisa's unique differentiation as a flexible and accessible environment affording learners the freedom to pursue their dreams.

The Sparks
The sparks present Unisa as an environment of creation and enlightenment.

The Calabash
The calabash, an African symbol of generosity, hospitality and sharing, represents Unisa's awareness of its social responsibility to service humanity.

The Diamonds
The diamonds represent the five Unisa colleges, each offering a wealth of knowledge and expertise.

The Arch
The arch symbolises the brain as the core of learning.

The Sun
The sun represents the university's ongoing search for excellence and leading role in shaping the future of Africans through learning.

The Open Book
The Open Book – reminiscent of waves – represents the university's role as an institution of learning and continuous development.

The Unity Symbol
An African symbol of unity and humanity signifies the university's central role in providing service to humanity, as well as the interdependence of the African community and the various university stakeholders.

The Tusks
The tusks represent Unisa's strength, heritage and stature as a national institution, anchor of learning and the mother of many of South Africa's leading institutions of higher learning.

The Motto
Pro Gentibus Sapientia – literally derived from our vision – "***learning in the service of humanity".***