



NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

®

It all starts here®

INTEGRATED REPORT 2016

ON TRACK TOWARDS BUILDING A BETTER FUTURE

ON TRACK TOWARDS BUILDING A BETTER FUTURE

This publication tells the 2016 story of the North-West University. It is about moving forward with our Council-approved strategy and building a new structure to bring the strategy to life.



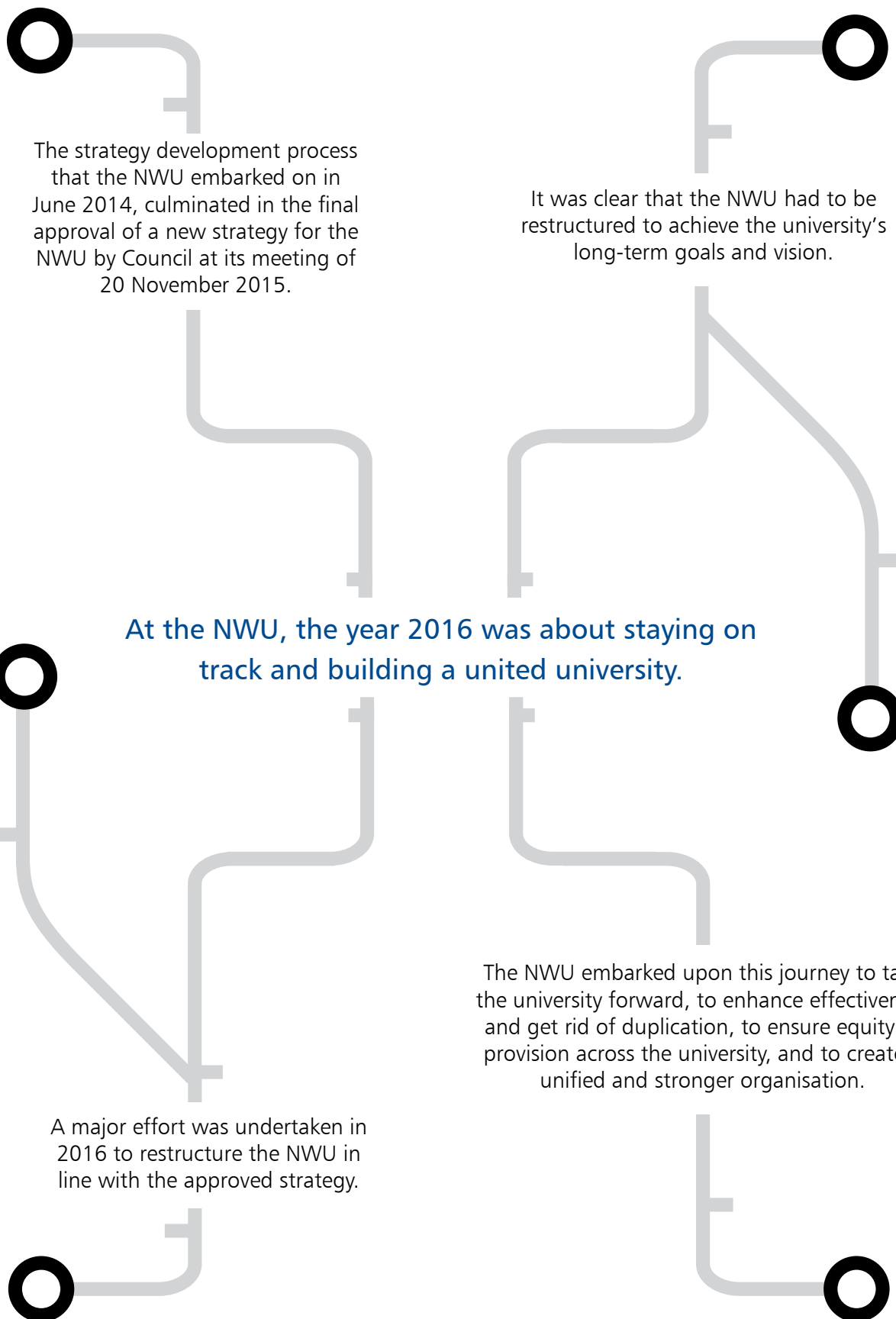
The tracks represent our **STRATEGY** that takes us into the future, and the bricks represent our new **STRUCTURE** for building a better tomorrow.

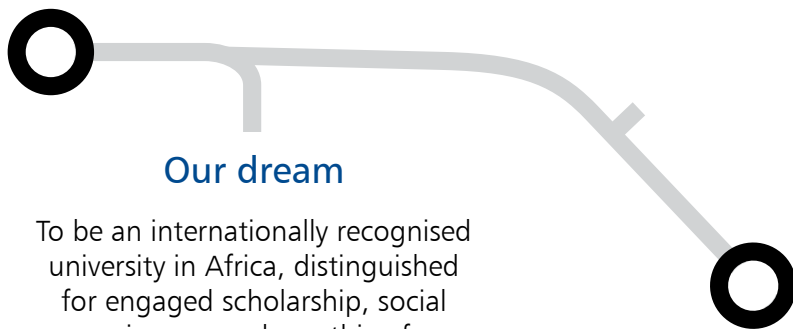


ON TRACK TOWARDS
BUILDING A BETTER
FUTURE



If everyone is moving forward together, success is sure to follow, as it takes willing hearts and helpful hands to build a great future.





Our dream

To be an internationally recognised university in Africa, distinguished for engaged scholarship, social responsiveness and an ethic of care.

Our strategy statement

To transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice.

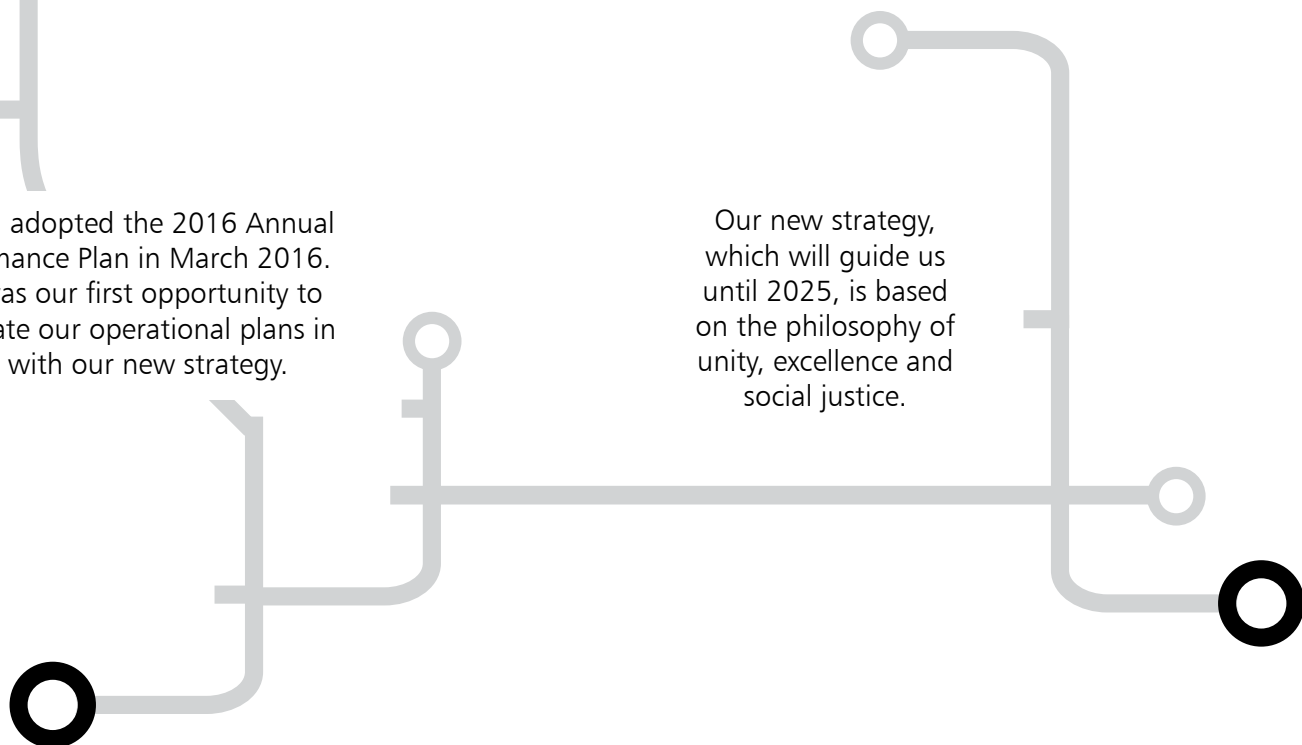
Our purpose

To excel in innovative learning and teaching and cutting-edge research, thereby benefitting society through knowledge.

We stayed on track, moving towards our dreams, because we had a clear vision and a far-sighted plan.

Council adopted the 2016 Annual Performance Plan in March 2016. This was our first opportunity to formulate our operational plans in line with our new strategy.

Our new strategy, which will guide us until 2025, is based on the philosophy of unity, excellence and social justice.



ABOUT THIS REPORT

To you, our audience

This is the NWU's integrated report, which the NWU Council approved and was submitted to the Department of Higher Education and Training (DHET) at the end of June 2017. It is available on the NWU website at <http://www.nwu.ac.za/content/nwu-annual-reports>.

For this year's report, we have focused on further embedding the principles and elements of the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC), while still complying with the DHET's reporting requirements. We welcome feedback on our reporting approach.

In this report you, our stakeholders, will see how we use and affect our resources and relationships (referred to as our "capitals") to add value for ourselves and our stakeholders over the short to long term.

We identify our stakeholders as those groups or individuals who are affected by the university's activities and services,

and whose actions can affect the ability of the university to successfully implement its strategies and achieve its objectives.

Although this report is addressed to our primary stakeholders, meaning students, staff, the DHET, our peers, our collaboration partners and our business communities as future employers of our students, we also engage with other stakeholders as seen on page 32.

As such, this report provides feedback on how we have responded to the most material matters affecting the NWU. (We agree with the definition of materiality as set out in the IIRC's Integrated Reporting Framework, describing a material matter as an issue that substantively affects the organisation's ability to create value over the short, medium and long term.)

We accept that matters referred to in the NWU's Annual Performance Plan (APP) (strategic objectives and goals) are material and should be covered in this report. In other words, we include information about how we affect the value of our six capitals through our core business activities, namely teaching-learning and research, with community engagement and innovation intertwined in these activities.

Reporting boundary, period and suite of reports

1 Reporting boundary

Our integrated report reflects the performance of all three NWU campuses and the Institutional Office. Beyond the financial reporting boundary for our activities, we have considered internal and external factors that substantially influence our business and, where material, discussed their real and potential impacts in this report.

2

Date of most recent report

January to December 2015

Reporting cycle

Annual

3

Suite of reports

4

Our reporting suite further includes:

- Annual financial statements for the year ending 31 December 2016 that can be found on the NWU website at: <http://ow.ly/M59S30eajjl>
- Our website containing different documents for various stakeholders, which can be accessed at <http://www.nwu.ac.za/content/nwu-our-publications>.
- Green initiatives: <http://www.nwu.ac.za/content/nwu-says-go-green-or-go-home>

5 Contact point for questions

marlene.verhoef@nwu.ac.za

Our reporting commitment

This integrated report has been prepared in accordance with the IIRC's International Integrated Reporting (IR) Framework and the DHET's Regulations for Annual Reporting by Higher Education Institutions (published in June 2014 and incorporating principles from the King III Report). Our financial reporting boundary is determined in accordance with the International Financial Reporting Standards (IFRS).

Our integrated report encompasses the performance of all three NWU campuses and the Institutional Office.

Assurance

The summarised audited consolidated financial statements contained in this report were extracted from the audited consolidated financial statements, prepared in accordance with the IFRS, and were independently audited by our external auditors, KPMG Inc.

The annual financial statements, including the auditors' report, can be obtained on the NWU website at: <http://ow.ly/M59S30eaijl>.

KPMG Inc. also independently audited the information on our performance against our strategy and goals in section 2: Performance assessment report (refer to page 8).

We have used the audit findings and ongoing engagements with our external stakeholders to enhance the reliability and usefulness of our key performance indicators (KPIs). More information about combined assurance can be found in the governance section of this report.

Council approval

Council and its subcommittees acknowledge their responsibility for overseeing the integrity and completeness of this integrated report. Council confirms that it has reviewed the contents of the report and applied its collective mind to the preparation and presentation of this report. Furthermore, it believes it has appropriately considered the accuracy and completeness of the material matters, as well as the reliability of the information presented herein.

Council believes it has sufficiently considered and materially presented these in accordance with the IR Framework of the IIRC.

Council approved the 2016 integrated report on 11 July 2017.



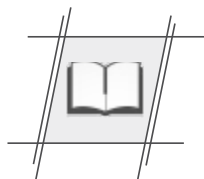
DR MB TYOBKA
CHAIRPERSON OF COUNCIL



MR A REDELINGHUIS
CHAIRPERSON OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE






PERFORMANCE ASSESSMENT REPORT



Strategic topic (G1): Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.

Goal: Promotion of excellence in teaching and learning will be evidenced by the improvement in and achievement of the following objectives and targets:

Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
Maintain the contact student success rate within the range of the indicated percentages	84-86%	Yes	86,36%	 <p>Reasons why this target was not achieved could be based on student unrest on two of the three campuses of the university during the first part 2016. Students could not attend classes in some instances and the delivery of lectures as well as examination and test sessions were disrupted. Valuable time in class rooms and tutor/mentors sessions was lost.</p> <p>The variance of 314 international enrolments (3 558 compared to the target of 3 244) reflects substantially higher than planned enrolments by international students in doctoral (482 actual versus 178 planned) and master's (324 actual versus 167 planned) degrees. Below the master's level, there were variances between planned and actual enrolments in various qualification types (higher enrolments in general academic bachelor's degrees and professional four-year bachelor's degrees; lower enrolments in honours degrees and undergraduate diplomas) but these fluctuations largely offset each other. The encouraging trend is the higher than planned enrolments at the master's and doctoral level.</p>
Ensure that the percentage of undergraduates in contact degree programmes who complete their degrees in minimum time plus two years improves to the indicated percentage	66%	Partially achieved	63,9% as at 31 October 2016	
Increase the overall international student enrolment to reflect the indicated percentage	5,86%	Partially achieved	5,62%	
Goal: The repositioning of the NWU towards the market-direction decisions will take place by ensuring that the enrolment targets relating to size and shape (field of study), and success and efficiency measures are achieved.				
Headcount enrolments at institutional level in 2015 and 2016	See Table A on page 15: <i>Headcount enrolments at institutional level in 2015 and 2016</i>	Partially achieved	See Table A on page 15: <i>Headcount enrolments at institutional level in 2015 and 2016</i>	 <p>The variances for headcount enrolment actuals versus the targets are explained below Table A.</p>
Graduation rate	See Table B on page 16 for the targets: <i>Graduation rate</i>	Partially achieved	See Table B on page 16 for the targets: <i>Graduation rate</i>	 <p>The variances of the graduation rate's actuals versus the targets are explained below Table B.</p>



Strategic topic (G2): Intensify research and innovation.

Goal: Increase research intensity as evidenced by the attainment of these objectives.

Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
Improve the number of NRF-rated researchers	Research Number Rating A 3 Rating B 17 Rating C 140 Rating P 0 Rating Y 0 Total 160	Yes, except for Rating A researchers	Research Number Rating A 2 Rating B 25 Rating C 135 Rating P 2 Rating Y 33 Total 197	One of the researchers with an A rating passed away during 2016.
Research output in the key categories	See Table C on page 17 for targets: <i>Research output in the key categories</i> The publication research output for 2015 has been approved by the DHET and audited. The numbers for the 2016 publication research output are not reported here because the submission was made to the DHET on 15 May and may change after that date.		See Table C on page 17 for targets: <i>Research output in the key categories</i> The publication research output for 2015 has been approved by the DHET and audited. The numbers for the 2016 publication research output are not reported here because the submission was made to the DHET on 15 May and may change after that date.	

Goal: Improve technology transfer and innovation as evidenced by the attainment of these objectives.

Increase the number of local patents by the number indicated	10	Partially achieved	7	<p>The number of patents registered depends on the disclosure of new inventions, forthcoming from novel research results and/or applications. While the Technology Transfer and Innovation Support (TTIS) office stimulates the process through regular discussions and intellectual property (IP) awareness initiatives, the bottom line is the disclosure of new inventions, which flows from novel research.</p> <p>As such, we can only report (and register) the results. Patents are results forthcoming from a complete value chain. As such, its increase can only happen through stimulation of the complete value chain, which starts with the identification of new/novel research opportunities identified in the research planning / hypothesis phase. Increased outputs (such as patents) is thus the result of stimulation of the complete Research, Development and Innovation (RDI) process, and an evaluation of patents registered annually becomes one possible performance indicator of a process, and not only the output.</p> <p>There were 16 disclosures, but not all qualify to continue to registrations.</p>
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Strategic topic (G2): Intensify research and innovation.

Goal: Increase research intensity as evidenced by the attainment of these objectives.

Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
Increase the number of first international patents by the number indicated	5	Partially achieved	3	<p>The number of patents registered depends on the disclosure of new inventions, forthcoming from novel research results and/or applications. While the TTIS office stimulates the process through regular discussions and IP awareness initiatives, the bottom line is the disclosure of new inventions, which flows from novel research.</p> <p>As such, we can only report (and register) the results. Patents are results forthcoming from a complete value chain. As such, its increase can only happen through stimulation of the complete value chain, which starts with identification of new/ novel research opportunities identified in the research planning / hypothesis phase. Increased outputs (such as patents) is thus the result of stimulation of the complete Research, Development and Innovation (RDI) process, and an evaluation of patents registered annually becomes one possible performance indicator of a process, and not only the output.</p> <p>We don't have a direct influence on the international patent process, thus some technologies take a significant and varied amount of time to be patented.</p>
Increase the total number of licensing agreements by the number of agreements indicated	3	Partially achieved	2	<p>Licensing agreement success is difficult to warrant or predict, as it is a function of application / applicability; available investment funding or investment opportunity / commercialisation opportunity, and requires a very dedicated marketing strategy. There seems to be somewhat of a "chasm" between interest shown by the external landscape, and real interest backed by investment. It may well be a result of the current financial climate.</p> <p>It is important to note that we have been working on more licensing contracts in 2016 but we only record those that have been signed off.</p>
Increase the number of spin-offs by the number indicated	5 new	Yes	8 new	<p>✓</p>



Strategic topic (G4): Develop a clearly differentiated student value proposition.

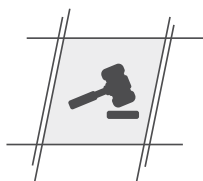
Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
<p>Ensure relevant academic support to students to improve success:</p> <ul style="list-style-type: none"> increase in discipline-specific academic support programmes 	<p>The project for the redesign of the academic literacy modules is proceeding through five phases:</p> <p>Phase 1: Data collection: completed;</p> <p>Phase 2: Curriculum design: mostly completed;</p> <p>Phase 3: Course development: partially completed;</p> <p>Phase 4: Impact assessment. This is a continuous process, with main work in 2018;</p> <p>Phase 5: External evaluation: Only after completion of the project.</p> <p>It is important to note that most of the phases have a parallel and not a sequential relationship. Thus most phases will run in parallel from 2016 to 2018.</p>	Yes	For 2016 the NWU didn't deliver any fully operational modules (for instance all five phases completed) as yet; however, the project milestones of the collection of data were completed for 130 courses which is an on target performance.	<p>At the Potchefstroom Campus, three AGLE 111 modules have been developed on faculty-specific level.</p> <p>At the Vaal Triangle Campus six AGLE modules have been developed at a school-specific level. The course structure and outline for the AGLE 121 course has been developed at all the campuses.</p>
<ul style="list-style-type: none"> improve quality of reading laboratories 	80% in total of student's registration and participation	Yes	86%	✓
<ul style="list-style-type: none"> develop early warning, referral and tracking systems 	First pilot group of students partake in newly developed "Student Academic Readiness Survey"	Yes	1 601 students participated in the pilot survey ran during June 2016.	✓
<ul style="list-style-type: none"> increase number of the students mentored programme 	<p>Achieve the same number of mentees as in 2015:</p> <p>Vaal Triangle Campus: 683 mentees for 2015</p> <p>Mafikeng Campus: 702 mentees for 2015</p>	Partially achieved	<p>The academic peer mentoring programme established the following:</p> <p>Vaal Triangle Campus: 521 mentees</p> <p>Mafikeng Campus: 769 mentees</p>	<p>The mentor programme at the Vaal Triangle Campus did achieve a 25% participation rate among first years on the campus, but due to the voluntary nature of the programme, less students participated in 2016 than in 2015. Such fluctuations in programmes of this nature are normal, and should not be seen as a sign of failure in the programme.</p>
<ul style="list-style-type: none"> Supplemental Instruction (SI) programme participation rate 	30% of "identified at-risk modules" participated in the SI programme	Yes	During the first semester of 2016, 246 modules participated in the SI programme, with 50% of at-risk modules participating. In the second semester of 2016, 176 modules participated in the SI programme, with 54% of at-risk modules participating.	✓



Strategic topic (G5): Develop and retain excellent staff and create an equitable staff and student profile.

Goal: Improve equity (staff and students) in order to promote diversity at all campuses.

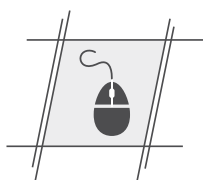
Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
Student mix: NWU contact and distance; all campuses	African (F): 38,12% African (M): 21,68% Coloured (F): 1,81% Coloured (M): 0,85% Indian (F): 0,50% Indian (M): 0,22% White (F): 20,50% White (M): 16,32%	Partially achieved	African (F): 47,09% African (M): 19,72% Coloured (F): 3,18% Coloured (M): 1,23% Indian (F): 0,48% Indian (M): 0,39% White (F): 15,90% White (M): 12,00%	<p>African male: There were 12 503 actual enrolments (19,7%) compared to the planned 15 020 (21,7%), mainly due to lower enrolments in undergraduate certificates and diplomas (2 748 actual vs 3 701 planned).</p> <p>Indian female: There were 306 actual enrolments (0,48%) compared to the planned 344 (0,50%). Lower enrolments in three-year professional bachelor's degrees and postgraduate diplomas (150 lower), higher in four-year professional bachelor's degrees (82 higher).</p> <p>Indian male: There were 246 actual enrolments (0,39%) compared to the planned 153 (0,22%). Higher enrolments in three-year general academic bachelor's degrees and four-year professional bachelor's degrees (75 higher).</p> <p>White female: There were 10 077 actual enrolments (15,9%) compared to the planned 14 203 (20,5%). Lower enrolments in undergraduate certificates and diplomas (438 actual vs 2 945 planned) and in honours degrees (195 actual vs 1 304 planned).</p> <p>White male: There were 7 605 actual enrolments (12%) compared to the planned 11 308 (16,32%). Lower actual enrolments in contact mode undergraduate certificates and diplomas (214 actual vs 1 714 planned) and contact mode four-year professional bachelor's degrees (2 048 actual vs 2 932 planned).</p>
Staff diversity	African (F): 15,86% African (M): 16,37% Coloured (F): 3,47% Coloured (M): 2,34% Indian (F): 0,65% Indian (M): 0,48% White (F): 36,09% White (M): 22,81%	Partially achieved	African (F): 16,11% African (M): 18,24% Coloured (F): 3,34% Coloured (M): 2,39% Indian (F): 0,64% Indian (M): 0,54% White (F): 36,26% White (M): 22,62%	<p>Difficulties are being experienced in finding/ attracting suitably qualified and experienced incumbents from the designated groups, especially in the academe as well as professional occupations (accounting etc.)</p> <p>Even if suitable incumbents are identified, it is very difficult to meet their expectations in regard to remuneration.</p> <p>The demographics of the different areas where the campuses are situated contribute to the problematic of diversifying work places.</p> <p>It is very difficult to retain staff from the designated groups. The NWU cannot compete with the remuneration that are offered by the private sector and even state departments as well as other more urban higher education institutions which fall within a 200km radius (UJ, UP, WITS etc.).</p> <p>The university environment is seen as a place of learning and once people have completed their studies and gained experience, they tend to leave.</p>



Strategic topic (G6): Govern, lead and manage in a sustainable and transformed way with an effective operating model.

Goal: NWU operating model implemented.

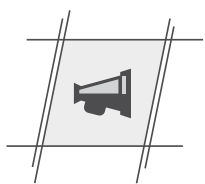
Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
New structure approved by Council and Senate	Recommendation of new academic structure by Senate to Council for approval by the end of 2016 Recommendation of new support structure by IM to Council for approval by the end of 2016	Yes	The NWU structure was approved by the Council and Senate on 8 December 2016.	
New Statute approved by Council	The new Statute approved by end of 2016	Yes	The new Statute was approved on 8 December 2016.	
Business processes and new divisional plans documented	All business processes and divisions documented, approved by Council	Yes	All business processes and divisions documented were approved by Council on 19 August 2016.	



Strategic topic (G7): Develop best in class information and communications technology to support the core business.

Goal: Improve the balance of eResearch, eLearning and eBusiness enablement.

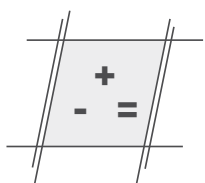
Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
<ul style="list-style-type: none"> % investment (of turn-over) in IT Number of workshops: eResearch workshops, IT workshops Improve the percentage of the eLearning/Teaching and eResearch categories so that it reduces the percentage of the eBusiness category 	Budget: 5,7% eResearch workshops: 12 IT Workshops: 205 Improve the percentage of 2015 for: eLearning/Teaching: 22,09% eResearch: 8,90% Reduce the percentage of 2015 for: eBusiness: 69,01%	Yes	Actual: 4,4% eResearch workshops: 12 IT Workshops: 205 Balance for 2016: eLearning/Teaching: 26,26% eResearch: 11,08% eBusiness: 62,66%	



Strategic topic (G8): Communicate, engage and develop core business capability to increase brand equity, leadership efficacy, and community solidarity.

Goal: Improve the external image and reputation of the NWU as a collaborative university and preferred partner in the public and private sector and in communities; preferred partner of schools in locality.

Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
R-value of Advertising Value Equivalent (AVE)	Aim for R500 000 worth of more AVE from the prior year's figure of R197 090 792	Yes	R312 680 446	
Ranking by external independent agencies such as Webometrics	World ranking < 2 000 SA ranking < 10	Yes	January 2017: World ranking: 1 208 SA ranking: 9	



Strategic topic (G9): Ensure the financial sustainability of the NWU.

Goal: Change the proportion of elements in the turnover mix to the percentage of recurrent turnover indicated.

Relevant performance indicator	Relevant target	Realised Y/N	Actuals as submitted by responsible Institutional Management member	Variances/Challenges (explanation by responsible owner)
• Subsidies: recurrent turnover (%)	43%	Partially achieved	41%	<p>The #FeesMustFall campaign resulted in a movement between the subsidy and student fees ratios. There was uncertainty about the additional funding that institutions will receive from the state in terms of the 0% fee increase.</p> <p>The higher tuition fees as a result of the additional NSFAS funding resulted in a higher student fee:recurrent turnover ratio and a lower subsidy:recurrent turnover ratio.</p> <p>The higher actual income as budgeted also has an influence on the turnover mix ratios.</p>
• Student fees: recurrent turnover (%)	30,5%		33%	
• Student accommodation and food services income: recurrent turnover (%)	8%		8%	
• Entrepreneurial income: recurrent turnover (%)	7%		7,3%	
• Endowments and donations recurrent turnover (%)	1%		1,5%	
• State research subsidies: recurrent turnover (%)	6%		5,3%	
• Investment income: recurrent turnover (%)	3,5%		4%	

Goal: Achieve the following percentages for profitability and reserves

Net surplus on recurrent activities (%)	2%	Yes	6%	
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Goal: Achieve the following proportions of costs as a percentage of recurrent turnover

• Employee cost: recurrent turnover (%)	51,5%	Partially achieved	51,3%
• Operational cost: recurrent turnover (%)	42%		39,7%
• Depreciation: recurrent turnover (%)	4,1%		2,7%

There were expenses budgeted during 2016 that for various reasons were not spent. The result thereof is a higher net surplus on the income statement, a lower than planned operational cost:recurrent turnover ratio and a higher available equity ratio.

The increase in the surplus from recurrent activities can mainly be attributed to a timing difference due to macro-maintenance projects that had to be postponed and carried over to 2017 due to the DHET that postponed the approval of these projects as part of the earmarked infrastructure grant allocation, as well as strategic projects that started late or were postponed due to the priority given to the NWU structure and operating model implementation project.

Goal: Achieve the following proportions on the balance sheet for equity

Available equity: total equity (%)	4%	Yes	20,2%
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Table A: Headcount enrolments at institutional level in 2015 and 2016

Headcount enrolments	CONTACT			DISTANCE			TOTAL			PROJECTED AVERAGE ANNUAL INCREASE: 2012 - 2019	ACTUAL AVERAGE ANNUAL INCREASE: 2015 -2016
	2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL		
First-time entering	8 313	9 143	9 506	1 046	1 933	1 702	9 359	11 076	11 208	10,4%	19,8%
Total undergraduate	29 849	32 823	31 618	20 806	19 480	18 230	50 655	52 303	49 848	4,0%	-1,6%
Master's degree (total)	3 006	3 039	2 894	17	215	21	3 023	3 254	2 915	0,2%	-3,6%
Doctoral degree	1 407	1 098	1 514	41	164	46	1 448	1 262	1 560	7,1%	7,7%
Total postgraduate	8 094	9 324	7 934	5 321	7 650	5 613	13 415	16 974	13 547	-1,3%	1,0%
Total undergraduate and postgraduate	37 943	42 147	39 552	26 127	27 130	23 843	64 070	69 277	63 395	2,9%	-1,1%
Science, Engineering and Technology	12 863	15 476	11 307	1 162	633	21	14 025	16 109	11 328	0,6%	-19,2%
Business and Management Sciences	10 859	10 751	10 931	40	717	-	10 899	11 468	10 931	3,8%	0,3%
Education	3 268	4 981	6 586	19 619	22 754	23 331	22 887	27 735	29 917	4,9%	30,7%
Other humanities	10 953	10 939	10 727	5 306	3 026	491	16 259	13 965	11 218	-0,5%	-31,0%
Total	37 943	42 147	39 552	26 127	27 130	23 843	64 070	69 277	63 395	2,9%	-1,1%

The total headcount enrolment was 8,5% less than the target, with undergraduate enrolments 2 455 below target and postgraduate enrolments 3 427 below target. In terms of the mode of delivery, the total distance enrolment was 3 287 below target (23 843 headcount enrolments compared to the planned 27 130), while the total contact enrolment was 2 595 below target (39 552 headcount enrolments compared to the target of 42 147).

At the undergraduate level, there were 49 848 enrolments compared to the planned total of 52 303, with a total of 31 618 enrolments in contact programmes compared to the target of 32 823, and a total of 18 230 enrolments in distance programmes compared to the target of 19 480.

Lower enrolments in three-year professional bachelor's degrees largely accounted for the under-enrolment in contact undergraduate programmes, while in the distance mode the planned enrolment in three-year general academic bachelor's degrees did not materialise. In addition, some diploma and certificate programmes are taking longer to implement due to delays in the formal external approval process. There were 13 574 postgraduate enrolments compared to the target of

16 974, with distance enrolments at 5 613 compared to the target of 7 650, and contact enrolments at 7 934 compared to the target of 9 324.

The under-enrolment in the distance mode is due mainly to lower than planned enrolments in the BEdHons degrees and master's degrees (mainly in theology). With respect to the major fields of study, there was a significantly lower actual enrolment of 4 791 in Science, Engineering and Technology (SET) mainly due to lower enrolments in nursing science.

While the university plans to introduce new nursing science qualifications that will mainly be offered in the distance mode to replace legacy qualifications in nursing science, the time needed to obtain external approval for these qualifications entails that the lower trend in overall SET enrolments will continue until 2019. The graduation rate in virtually all the qualification types exceeded the target. In some qualification types this was due to lower than planned enrolments, while in other cases the number of graduates was well above target compared to an enrolment pattern that was largely as planned or that exceeded the target.

Table B: Graduation rate

GRADUATION RATE OF UNDER-GRADUATE STUDENTS		CONTACT			DISTANCE			TOTAL			PROJECTED AVERAGE ANNUAL INCREASE: 2012 - 2019	ACTUAL AVERAGE ANNUAL INCREASE: 2015 -2016
		2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL		
Undergraduate diplomas or certificates (1 and 2 years)	Heads	754	806	724	6 620	7 309	5 596	7 374	8 115	6 320	-17,49%	-14%
	Graduates	146	114	204	2 858	2 839	2 841	3 004	2 953	3 045	-19,01%	1%
	Graduation rate	19,36%	14,19%	28,18%	43,17%	38,84%	50,77%	40,74%	36,39%	48,18%	-	18%
Undergraduate diplomas or certificates (3 years)	Heads	327	499	350	13 572	7 984	11 408	13 899	8 483	11 758	6,87%	-15%
	Graduates	73	44	96	2 321	1 341	3 642	2 394	1 385	3 738	0,25%	56%
	Graduation rate	22,32%	8,78%	27,43%	17,10%	16,80%	31,92%	17,22%	16,32%	31,79%	-	85%
General academic bachelor's degrees (3 years)	Heads	15 823	16 542	17 157	-	1 394	-	15 823	17 936	17 157	4,51%	8%
	Graduates	3 281	3 212	3 524	-	18	-	3 281	3 230	3 524	5,52%	7%
	Graduation rate	20,74%	19,42%	20,54%	0,00%	1,27%	0,00%	20,74%	18,01%	20,54%	-	-1%
Bachelor's degree (480 – NQF level 7)	Heads	-	-	454	-	-	313	-	-	767	0%	0%
	Graduates	-	-	-	-	-	-	-	-	-	0%	0%
	Graduation rate	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0%
Professional first bachelor's degrees (3 years)	Heads	2 176	4 388	2 126	217	242	257	2 393	4 630	2 383	3,51%	-0%
	Graduates	529	503	465	30	14	22	559	518	487	2,99%	-13%
	Graduation rate	24,31%	11,47%	21,87%	13,82%	5,94%	8,56%	23,36%	11,18%	20,44%	-	-13%
Professional first bachelor's degrees (4 years or more)	Heads	10 576	10 470	10 585	395	548	243	10 971	11 018	10 828	1,74%	-1%
	Graduates	2 082	1 625	2 052	147	58	184	2 229	1 683	2 236	2,21%	0%
	Graduation rate	19,69%	15,52%	19,39%	37,22%	10,67%	75,72%	20,32%	15,28%	20,65%	-	2%

GRADUATION RATE OF UNDER-GRADUATE STUDENTS		CONTACT			DISTANCE			TOTAL			PROJECTED AVERAGE ANNUAL INCREASE: 2012 - 2019	ACTUAL AVERAGE ANNUAL INCREASE: 2015 -2016
		2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL	2015 ACTUAL	2016 TARGET	2016 ACTUAL		
Postgraduate diplomas	Heads	1 766	2 788	1 544	-	892	21	1 776	3 680	1 565	0,98%	-12%
	Graduates	1 004	1 668	1 008	-	480	9	1 004	2 148	1 017	-0,18%	1%
	Graduation rate	56,85%	59,82%	65,28%	0,00%	53,84%	42,86%	56,53%	58,37%	64,98%	-18,03%	15%
Honours degrees	Heads	1 915	2 399	1 982	5 253	6 379	5 525	7 168	8 778	7 507	-3,95%	5%
	Graduates	1 339	1 588	1 490	823	987	983	2 162	2 575	2 473	-0,73%	14%
	Graduation rate	69,92%	66,20%	75,18%	15,67%	15,47%	17,79%	30,16%	29,34%	32,94%	-	9%
Master's degrees	Heads	3 006	3 039	2 894	17	215	21	3 023	3 254	2 915	0,25%	-4%
	Graduates	740	727	740	2	43	4	742	770	744	-0,56%	0%
	Graduation rate	24,62%	23,94%	25,57%	11,76%	20,03%	19,05%	24,55%	23,68%	25,52%	-	4%
Doctoral degrees	Heads	1 407	1 098	1 514	41	164	46	1 448	1 262	1 560	7,08%	8%
	Graduates	216	144	234	6	29	4	222	173	238	2,97%	7%
	Graduation rate	15,35%	13,13%	15,46%	14,63%	17,38%	8,70%	15,33%	13,68%	15,26%	-	-0%
Advanced diploma	Heads	-	-	-	-	2 003	82	-	2 003	82	-	0%
	Graduates	-	-	-	-	1 098	-	-	1 098	-	-	0%
	Graduation rate	0,00%	0,00%	0,00%	0,00%	54,81%	0,00%	0,00%	54,81%	0,00%	-	0%
Advanced certificate	Heads	-	-	-	-	-	327	-	-	327	-	0%
	Graduates	-	-	-	-	-	8	-	-	8	-	0%
	Graduation rate	0,00%	0,00%	0,00%	0,00%	0,00%	2,45%	0,00%	0,00%	2,45%	-	0%

The graduation rate in virtually all the qualification types exceeded the target. In some qualification types this was due to lower than planned enrolments (undergraduate diploma 1-2 years; three-year professional bachelor's degree; postgraduate diploma), while in other cases the number of graduates was well above target compared to an enrolment pattern that was largely as planned (four-year professional bachelor's degree) or that exceeded the target (undergraduate diplomas and certificates – three years; and doctoral degrees).

Table C: Research output in the key categories

RESEARCH OUTPUT	2014 ACTUAL	2015 TARGET	2015 ACTUAL	2016 TARGET	2016 ACTUAL	PROJECTED AVERAGE ANNUAL INCREASE: 2012-2019	ACTUAL AVERAGE ANNUAL INCREASE: 2014-2015 AND 2015-2016
Article equivalents	980,16	-	1 074,61	-	-	-	10%
Conference proceedings	108,42	-	126,8	-	-	-	17%
Books	38,9	-	48,84	-	-	-	26%
Total article equivalents published	1 127,48	1 408,93	1 250,25	-	-	12,60%	11%
Number of NRF-rated researchers	182	-	189	160	197	-	7%
Master's degrees conferred	746	732	742	770	744	-0,60%	0%

RESEARCH OUTPUT	2014 ACTUAL	2015 TARGET	2015 ACTUAL	2016 TARGET	2016 ACTUAL	PROJECTED AVERAGE ANNUAL INCREASE: 2012-2019	ACTUAL AVERAGE ANNUAL INCREASE: 2014-2015 AND 2015-2016
Research master's	506	439	519,3	462	539	2,70%	4%
Research master's weighted	506	439	519,3	462	539	2,70%	4%
Doctoral degrees conferred	171	158	222	173	238	3,00%	7%
Doctoral degrees weighted	513	475	666	519	714	-	7%
Total weighted research output	2 146	2 323	2 437	-	-	8,30%	14%
Postdoctoral fellows	164	-	171	180	204	-	19%
Publication units per permanent academic staff member	84%	102%	86%	-	-	13,70%	2%

The 2015 target for the total article equivalents published was based on the growth pattern of outputs since 2010. The NWU did experience a very large growth of research outputs in the period 2010 to 2013, and the 2015 target was based on this growth rate. However, the 2014 research outputs were lower than the expected number, due to the removal of the Mediterranean journal from the DHET list of approved journals.

Although the 2015 number showed a growth rate similar to the expected rate, it came from the lower 2014 base, and therefore did not reach the expected target. The targets for later years (2016 and onwards) have now been updated.



DR MB TYOBeka
CHAIRPERSON OF COUNCIL



PROF ND KGWADI
VICE-CHANCELLOR



OVERVIEW OF THE NWU

The North-West University is a unitary multi-campus tertiary education institution located in the North West and Gauteng provinces with a single set of policies, systems and standards, and is driven by a set of constitutionally based values, in particular human dignity, equality and freedom.

Our vision and mission aim at promoting unity in diversity by inculcating tolerance and respect for different perspectives and belief systems in order to ensure a suitable environment for teaching-learning, research and the commercialisation of expertise.

Our purpose is to excel in innovative teaching-learning and cutting-edge research, thereby benefiting society through knowledge.

This forms the basis for how our strategy (refer to page 50) ultimately delivers value to all our stakeholders and align with the South African National Development Plan 2030.

Our core activities, teaching-learning and research, are intertwined with community engagement and innovation on our three campuses which serves both distance and contact students.



What we do

Our core business is teaching-learning and research. Ultimately, though, our role is about creating value, which refers to our output, as well as our obligation to address the social capital deficit in communities. It also closely links our long-term strategies to the goals of the South African government's National Development Plan, which has 2030 as its end date.

Where we operate

We operate mainly in South Africa, but through our daily activities we collaborate extensively with institutions and people all over the world. In 2016, the NWU had 825 active agreements and memoranda of understanding.

REPORT OF SENATE

Our business model

The NWU uses the various capitals as inputs and, through our interactions and corebusiness activities, namely teaching-learning, research, and community engagement, transforms these into outputs that in turn lead to the strategic outcomes outlined on page 27.

The NWU is positioned in the middle of the education value chain, receiving 11 051 first-time undergraduate entrants into the tertiary education system and on-yielding 13 038 undergraduate graduates per year for the year under review.



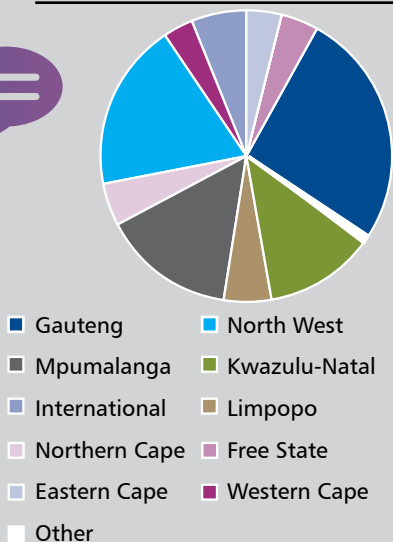


NWU

BUSINESS MODEL

INPUT

63 395
NWU STUDENTS



- **766** permanent academic staff with PhDs
- **125** international academic staff members
- **171** postdoctoral fellows (2015)
- **189** NRF-rated researchers (2015)

6 610

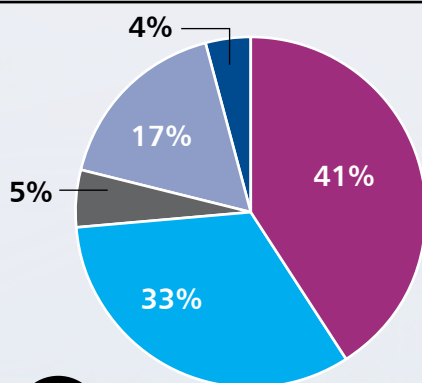
matriculants entering university

3 558

international students enrolled

NWU staff	Permanent	Temporary
Instruction/research professionals	1 466	1 635
Executive/administration/management professionals	92	5
Support professionals	441	239
Total professional staff	1 999	1 879
Technical staff	242	28
Non-professional administrative staff	1 272	1 917
Crafts/trades staff	31	2
Service staff	355	21
Total non-professional staff	1 900	1 968

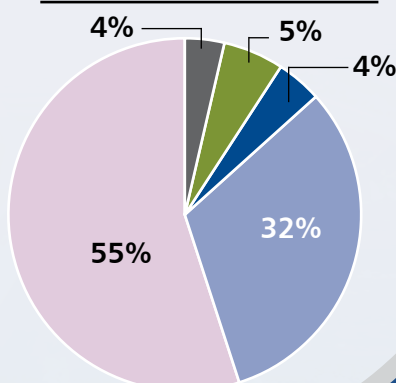
REVENUE INCOME



Income

- State appropriations - subsidies and grants
- Tuition and other fees
- Income from contracts (research and other)
- Services - entrepreneurial activities (incl. RCS and private gifts & grants)
- Investment income

EXPENDITURE



Expenditure

- Personnel remuneration
- Operating costs
- Maintenance
- Bursaries
- Other expenses (depreciation, finance charges and income taxes)

EDUCATION

VALUE CHAIN

ACTIVITIES

TEACHING & LEARNING

Teaching and learning, research and innovation take place across the NWU:

Mafikeng 11 623 students

Potchefstroom
44 262 students

Vaal Triangle
7 510 students

RESEARCH & INNOVATION

COMMUNITY ENGAGEMENT

9 964
students in residences

Unit for open distance learning:

- 66 support centres in South Africa and Namibia
- 97 active examination centres in South Africa

Cultural activities such as debate, drama, choirs, music, radio and student newspapers

Modern lecture halls, laboratories, computer labs, sports facilities

Programmes to assist students academically include peer mentoring, reading laboratories, supplemental instruction, extended academic programmes and the University Preparatory (UnivPrep) programme.

Refer to Annexure 3 for the schematic on how operations are structured

34 NWU research entities

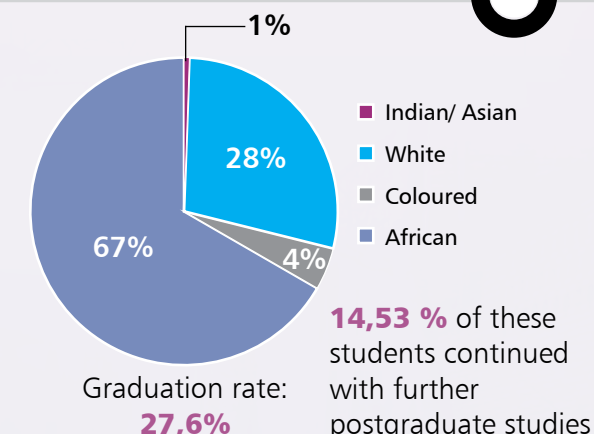
3 NWU centres of excellence

OUTPUT



17 510
NWU graduates

44% of these students completed their studies in the minimum time.

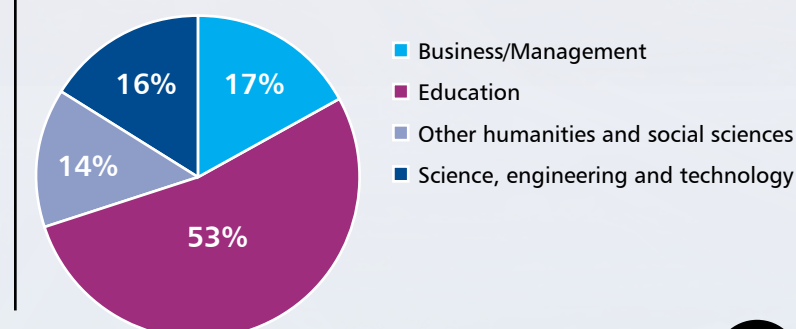


- Employment for **7 746** staff members
- Average **salary increase** of **4,6%** in 2016, plus a once off non-pensionable allowance of 0,4% and the option of a once-off pay-out equal to three days accumulated leave, if available
- Around **R19 780 050** generated from patents and product sales. At the end of 2016 the NWU had:
 - **77** registered patents granted for the first time in SA or abroad
- **25** active spin-off companies
- **77** registered trademarks
- **R834 million** in student bursaries to **28 029** beneficiaries
- The university, from its own resources, contributed **22%** of the total funds allocated for financial aid.
- **R84,59m** total investment in infrastructure and facilities development
- **R430 741** invested in eight career fairs to connect students with prospective employers
- **23 843** distance learners (2nd highest number of distance students in SA)
- **1 984** of the above came from 42 countries
- **6 255** undergraduate degrees conferred
- **3 455** postgraduate degrees conferred
- **13 547** postgraduates
- **2 437** total weighted research output units (2015)

The university conducts over 1 000 engaged activities in its communities on an annual basis. These activities are linked to research, teaching-learning and outreach and focus on the actual needs in its communities. Centres such as the Community Law Centre, the Animal Health Centre and the Ipelegeng Family Centre render free services to people who cannot afford these services. In 2016 the NWU's registered student welfare organisation collected R23,5 million for deserving community-based projects and charities.

Our course offerings are a match to the developmental needs of South Africa.

Field of studies represented by our graduates:



OUTCOMES

We compete against **25 other public universities**, **50 TVET colleges** and **nine community colleges** who qualify for tertiary education.

Refer to page 30 for the many external influences on the NWU. These include the higher education funding model, the standards gap between secondary and tertiary education, violence and unrest in the higher education sector, and technology-enabled learning.

Our dream: "To be an internationally recognised university in Africa, distinguished for engaged scholarship, social responsiveness and an ethic of care."

Our strategy statement: "To transform and to position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice."

Our strategic goals: Please refer to page 50 for our strategic goals which we consider the NWU business model outcomes to be.

Our brand promise: "To be dynamic values-driven, and excellent."



Inputs into the education value chain

The NWU has various capitals such as intellectual, financial, manufacturing, human, natural, and social and relationship capital at its disposal to aid in the core activities of teaching-learning and research.

Our **intellectual capital** is built on the skills and expertise of our 3 198 academics, researchers and management professionals, an extensive intellectual property portfolio comprising patents, registered trademarks and spin-off companies, and academic and continuing education course offerings tailored to the skills development requirements of the economy.

The NWU's **human capital** comprises our staff and students. In all, we have 7 746 staff members, including 4 548 administrative and technical staff, who together delivered superior, all-round education services and facilities to the almost 63 395 students enrolled. Of these, 11 623 were based at the Mafikeng Campus, 44 262 at the Potchefstroom Campus, and 7 510 at the Vaal Triangle Campus.

Social and relationship capital refers to our interaction with external stakeholders, including government agencies,

employers, business and industry, research institutions, sponsors, donors and the communities around our operations. Their willingness to share their skills, resources and knowledge with us is critical to our success, and we reciprocate by offering community-based services such as free legal advice for indigent people.

Manufacturing capital refers to the infrastructure that supports our core business activities, including lecture halls, residences, research equipment, computer laboratories and sports facilities at all three campuses. Our investment in Property Plant and Equipment (PPE infrastructure) amounted to R196 million.

Our **natural capital** comprises our environmental resources that provide the environment for the other capitals. (This includes natural resources or environmental assets that we use to add value to our other capitals.)

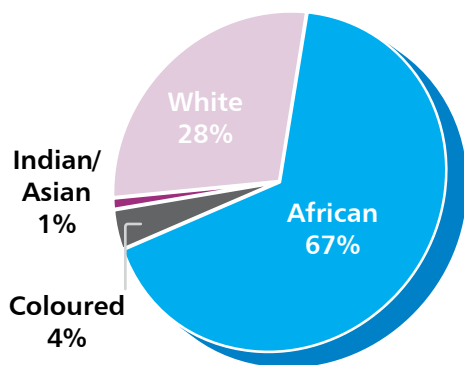
Our **financial capital** comprises the income received in the form of subsidies, tuition fees, and income from contracts and entrepreneurial activities.

Composition and size of student body

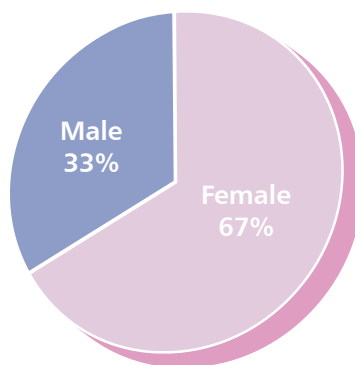
Students enrolled for 2016	Mafikeng	Potchefstroom	Vaal Triangle	Total
First-time entering undergraduates	3 136	6 146	1 769	11 051
Seniors	8 487	38 116	5 741	52 344
Total	11 623	44 262	7 510	63 395

Year	Race					Gender			Total
	White	African	Coloured	Indian/Asian	*Unknown	Male	Female	Unknown	
2015	17 370	40 772	2 897	528	2 503	21 006	43 064	0	64 070
2016	17 682	42 354	2 799	552	8	21 142	42 253	0	63 395

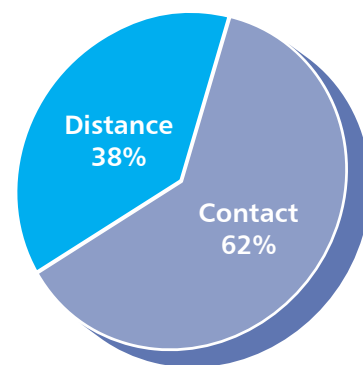
RACIAL COMPOSITION OF STUDENTS, 2016



GENDER COMPOSITION OF STUDENTS, 2016



STUDENTS ENROLLED IN CONTACT AND DISTANCE, 2016



Access to financial aid

The financial aid offices on the three campuses of the NWU administered R834,1 million in 2016. A further R17,9 million was received in January 2017 but was allocated to the 2016 financial year. This represents a total of 28 029 transactions. Government funding, including funding administered by the National Student Financial Aid Scheme (NSFAS), Social Development and Funza Lushaka, amounted to R412,4 million or 49%.

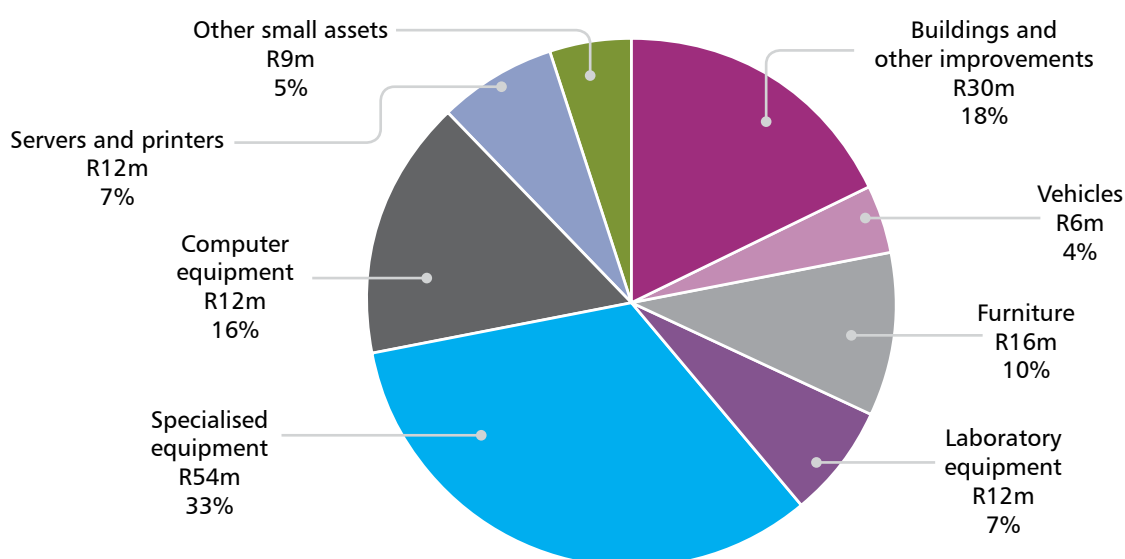
The university, from its own resources, contributed R181,3 million or 22% of the total funds allocated for financial aid. This confirms the university's commitment to support and enhance academic performance.

There has been a significant increase in bursaries and support for postgraduate students.

The introduction of the First-time Entrant Fund and Historic Debt funding made available in 2016 helped to significantly increase funding for needy students. In 2016, the First-time Entrant Fund enabled the NWU to assist an additional 1 743 students with NSFAS support who were not funded previously. The Historic Debt allocation allowed 602 students to further their studies and the NWU to recover R17,8 million in outstanding debt.

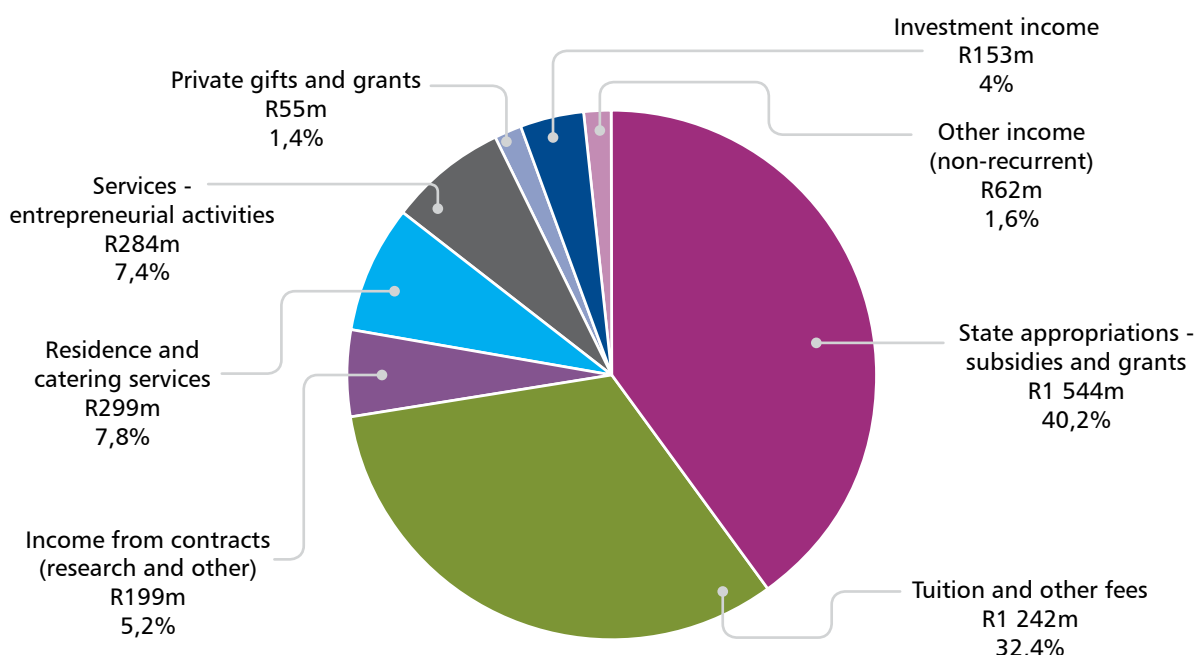
The NWU remains dependent on NSFAS funding to assist needy students and has a good working relationship with NSFAS. The financial aid offices network constantly with other stakeholders to recruit more bursary opportunities and to relieve the pressure on NSFAS funding and the NWU's own resources.

The introduction of the new NSFAS-centred model from 2017 is causing uncertainty and will be closely monitored to manage the risks involved.



The average spending on PPE for the past five years was R196 million.

Our core activities are funded through the following sources of income:



Activities and processes in the education value chain

Structures and activities supporting the value chain

During 2016, our core activities, namely teaching-learning, research and community engagement, took place on three campuses and in 15 faculties, each with its own schools, research entities and centres.

Support services were rendered on the campuses, as well as from the Institutional Office. These included support with regard to finance, human resources, teaching-learning, research and innovation support, technology transfer, library services, community engagement, information technology, internationalisation, quality assurance, student administrative systems protection services, infrastructure and facility management and stakeholder relationships/corporate communication.

Significant changes in the modes of delivery for teaching-learning and research

There were no significant changes in the provision of academic courses.

Limitations on access to certain courses

The NWU strives to be as accessible as possible to students wishing to study at the NWU. In common with all universities, students are selected for study based on achieving a minimum compliance with NWU admission requirements. The NWU enrolls students in accordance with an enrolment plan approved by Council and the DHET.

However, students who do not meet the normal admission requirements may apply to enrol in an extended programme or in the University Preparatory Programme (UnivPrep).

In 2016, a total of 3 276 students were enrolled in one of the 43 extended programmes. As the extended programmes are offered in the fields of science and commerce, they make a considerable contribution to broadening access for students.

In addition, 319 students were enrolled in the UnivPrep programme in 2016. Of these, 194 students enrolled in the

BCom preparatory programme. It is worth mentioning that 66 students who successfully completed the UnivPrep programme in 2015 enrolled in 2016 for formal study at the university.

Through our policy of functional multilingualism, the university strives not to allow language to limit access and/or success. For this reason, we use a variety of medium-of-instruction options, from unilingual English and parallel and dual-medium English and Afrikaans through to educational interpreting services (some 2 000 hours per week on undergraduate level). On postgraduate level, some need for educational interpreting exists but cannot always be provided, so in those instances single-medium English is used in order not to limit access.

How the restructuring of the NWU influenced the business model as it pertains to academic structures

With new strategic direction (page 50) came the need to restructure the NWU.

The main feature of the new structure is the establishment of streamlined and aligned faculties and schools across all three campuses of the NWU. Faculties are reduced from 15 to eight and will be headed up by an executive dean.

In larger faculties there will be site-based deputy deans to ensure operational agility. Support structures such as Academic Support Services and the Research Support Office have been optimally configured to ensure effective and efficient support to our core business.

Our success model demands a unitary structure which strengthens academic disciplines and promotes interdisciplinarity and integration, and is optimally lean and flat. Role clarity and decision competence at the appropriate level will be pivotal to its functioning.

The approved structure is flatter and promotes enhanced synergies through alignment. The structure will advance important strategic goals such as aligned academic standards and equal services, facilities and student experiences on all our campuses. It will also enable greater ease of working with and within the NWU.

Outputs of the business model

Overview

Using our resources (input) in our daily activities, our aim is to produce graduates (output) with the necessary knowledge, critical thinking skills and applied competence to enter and eventually benefit the South African economy.

We also aim to ensure that graduates have attributes that distinguish them as NWU graduates.

The NWU produces significant research and innovation outputs as a result of our focused approach to managing research. We utilise our research infrastructure, our seasoned research staff and our senior postgraduate students to produce these research and innovation outputs.

All of this takes place within a context of engaging with communities in a spirit of partnership and mutual benefit.

During 2016, we maintained our focus on continuing education. There were a total of 206 agreements on continuing education provision and based on a comprehensive audit in 2016, the estimated turnover on continuing education courses in 2015 was at least R80 million.

Making provision for technology enabled learning, the NWU continued to develop electronic study guides and register undergraduate modules on eFundi, our learning management system.

Promoting academic professional development, 55 candidates participated in the Institutional Teaching Excellence Awards process, and various new projects on the Scholarship of Teaching and Learning (SoTL) were registered.

The NWU also presented academic professional development workshops dealing with themes such as teaching strategies, assessment, curriculum design and the use of the learning management system (eFundi) in course development, communication, and assessment.

Teaching-learning outputs

The graduation rate in virtually all the qualification types exceeded the target. In some qualification types this was due to lower than planned enrolments (undergraduate diploma one to two years; three-year professional bachelor's degree; postgraduate diploma), while in other cases the number of graduates was well above target compared to an enrolment pattern that was largely as planned (four-year professional bachelor's degree) or that exceeded the target (undergraduate diplomas and certificates – three years; and doctoral degrees).

For more information refer to the performance assessment report on page 8.

Research outputs

The 2015 target for the total article equivalents published was based on the growth pattern of outputs since 2010. The NWU did experience a very large growth of research outputs in the period 2010 to 2013, and the 2015 target was based on this growth rate.

For more information refer to the performance assessment report on page 8.

Awards and achievements

The NWU and our staff members received various international and national awards and accolades.

Here are a few of them:

- An audit by the international Quacquarelli Symonds (QS) World University Rating System revealed that the NWU falls within the top 701+ of all universities they have evaluated, and this places the university among the world's top 3%.
- Prof Jan Smit, the manager of the Science Centre on the Potchefstroom Campus, has received a National Science and Technology Forum (NSTF)-South32 award, also known as a "Science Oscar".
- The Association of Energy Engineers (AEE) recently inducted Prof LJ Grobler, dean of the Faculty of

Engineering on the Potchefstroom Campus, in the International Energy Managers Hall of Fame.

- Two NWU scientists, Prof Jan Smit and Prof Alta Schutte, both from the Potchefstroom Campus, received awards from the World Academy of Sciences for the Developing World (TWAS).
- The honour society of nursing, Sigma Theta Tau International, honoured Prof Siedine Coetzee from the Potchefstroom Campus with the Emerging Nurse Researcher award for the Africa Region.
- The research publication of four researchers from the Centre for Business Mathematics on the Potchefstroom Campus received the 2016 Paper of the Year award from the academic journal, *Journal of Operational Risk*.
- Professor Helen Drummond, acting executive dean of the Faculty of Agriculture, Science and Technology on the Mafikeng Campus, received the Chemical Education Medal from the South African Chemical Institute (SACI).
- Chrisna Botha Ravyse received a national commendation from the Higher Education Learning and Teaching Association of Southern Africa (HELTASA).

Number of degrees awarded at each qualification level

Qualification type	2016
Undergraduate diploma or certificate (3 years)	3 738
General academic bachelor's degree	3 524
Professional first bachelor's degree (4 years min)	2 236
Postgraduate diploma or certificate	1 017
Honours degree	2 472
Master's degree (Pre-HEQSF)	737
Doctoral degree (Pre-HEQSF)	238
Undergraduate diploma or certificate (1 or 2 years)	3 045
Professional first bachelor's degree (3 years)	487
Advanced certificate	8
Bachelor's honours degree	1
Master's degree	7
Grand total	17 510

The total number of degrees awarded compares very favourably to the total of 15 597 degrees and diplomas awarded in 2015, representing a 12% rise compared to 2016. The percentage of undergraduate and postgraduate awards remained stable at 74,5% undergraduate (2015 = 73,5%) and 25,5% postgraduate (2015 = 26,5%).

The most significant rise in awards was at the level of the three-year undergraduate diploma where 1 344 more diplomas were awarded than in 2015. This increase is largely

attributable to the greater number of distance students who completed the three-year National Diploma in Education, which is being phased out by the DHET. Further, 300 more general academic bachelor's degrees were awarded than in 2015. At the postgraduate level, 310 more honours degrees were awarded in 2016 than in 2015.

The number of master's and doctoral degrees awarded was slightly higher than in 2015 (12 more master's degrees and 16 more doctoral degrees).

Level of academic progress in different disciplines and levels of study

The overall success rate was 85,5% with a rate of 86,2% among undergraduate students and 81,4% for postgraduates. For contact enrolments, the success rates were 86,4% overall, comprising 86,8% among undergraduates and 84,3% for postgraduates. For distance enrolments, the success rates were 83,1% overall, consisting of 84,7% at undergraduate level and 74,6% at postgraduate level.

Cohort studies based on 2013 for three-year degrees and 2012 for four-year degrees for completion in minimum time (2010 and 2011 for completion in minimum time plus two years), indicate that the completion rate in minimum time for undergraduate contact degrees was 40,6%, with a 63,7% completion rate in minimum time plus two years.

While these statistics compare favourably with national trends, the study also noted significant differences in the completion rates for black and white students in undergraduate degrees. There was a 20% difference in the average completion rate in minimum time for white students (52%) and black students (31,8%).

This differential was more pronounced in three-year than in four-year undergraduate degrees. Importantly, the differential narrows to 8% for completion rates in minimum time plus two years, with white students at 68% and black students at 59,7%. This indicates that while a greater percentage of black students take longer to complete their degrees, they do achieve success.

These statistics support the argument in the 2013 Council on Higher Education report on the reform of the undergraduate curriculum that many students, particularly those from educationally disadvantaged backgrounds, may need longer to complete their degrees. The NWU's Access, Retention, Attainment and Success Strategy, which was completed in draft form, addresses strategies to support students who are at risk or in need of support, so that differences in completion rates between students from different racial groups may lessen over time.

Outcomes

Through implementing our strategy supported by the right business model, we strive to produce well-rounded students who have the necessary knowledge and skills to contribute towards a prosperous South Africa.

By operating our business model we also want to bring our dream, our strategy statement, our purpose and our brand promise (as indicated in the business model infographic, page 20) to life. The business model also helps us to achieve our nine strategic goals; please turn to page 50 to see what these goals are.

In short: We are making good progress in transforming and positioning the NWU as a unitary institution of superior academic excellence, with a commitment to social justice.



PROF ND KGWADI
CHAIRPERSON OF SENATE



REPORT OF THE VICE-CHANCELLOR

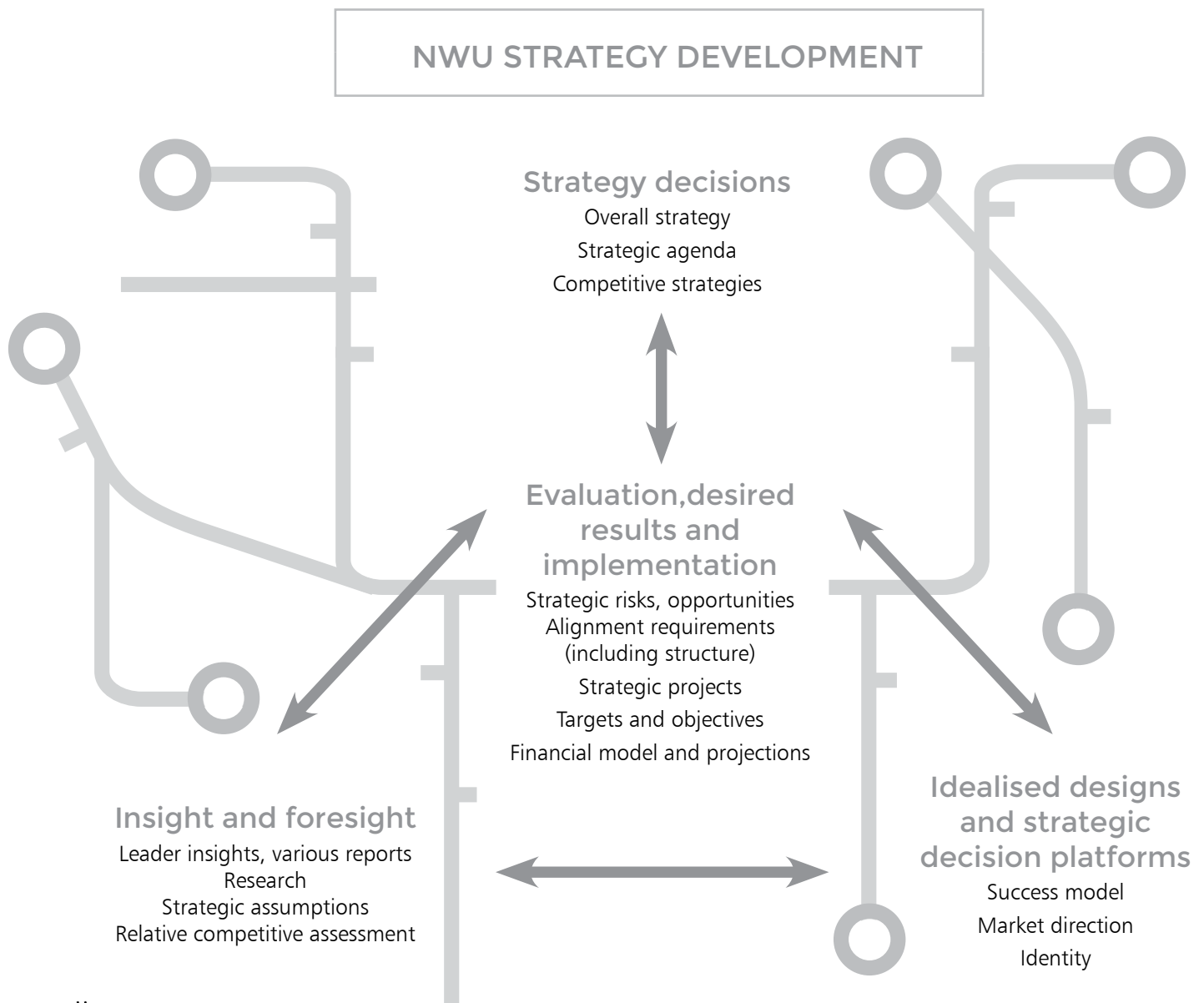
Overview of the tertiary education sector

Our strategy, which was approved by Council in November 2015, had as its main rationale the need to create a more unitary university to respond to future challenges. When the NWU was created by merger in 2004, the merger model was a divisional (or “federal”) structure, which allowed campuses to be semi-autonomous and to develop distinct and separate strategic niches. This led to divergence rather than convergence and made it particularly difficult to align the quality of academic programmes across campuses. Questions about the equity of provision and the equivalence

of the student experience were frequently raised in external evaluations.

It was necessary to establish a new strategic direction to address these issues. The main thrust of the strategy is to create single faculties across all campuses of the NWU and to appoint a single executive dean to be responsible for all programmes in the faculty. This structure is more likely to ensure that we achieve greater unity, greater alignment in quality and provision and more directly address issues of social inclusion and social justice.

Major developments at the NWU during the year



Restructuring

A major effort was undertaken to restructure the NWU to enable the new, approved strategy to be implemented. Early in the year, we initiated consultation with unions and affected parties on the proposed structure that Council had provisionally approved. Restructuring has an unsettling effect on institutional climate, but we managed to achieve creditable results in this difficult operating environment.

While the consultation with the unions continued beyond 2016, the management team spent much of their time in preparing implementation plans for the new structure. The structural framework approved by Council was fully cascaded to the lowest level of detail; a project was initiated to prepare for the alignment of our principal business systems to the new structure, and preparations were made to review the university statute to reflect the proposed new structure.

Outlook

A key focus for 2017 will be to finalise and implement the new structure, together with the system alignment, to populate the key leadership positions at the university and embed the new operating model.

These changes will create some uncertainties among our stakeholders, but as a university we are committed to implementing our strategy. Our purpose statement, derived from our strategy, states that we want: "To excel in innovative learning and teaching and cutting-edge research, thereby benefiting society through knowledge."

Adding to the complexity is that, increasingly, we are competing in a global context. Universities do not have the luxury of being complacent. The higher education environment is just too challenging. We therefore have to recognise that we compete not only with other South African universities, but with various international institutions too.

I wish to thank all NWU stakeholders for their support and input during our strategy development process. We are facing exciting challenges for 2017; in particular, the implementation in earnest of our restructuring project. This will lay the basis for the establishment of an executive team aligned to our new dream and purpose and ready to implement with commitment and speed.

Many of the matters the vice-chancellor typically further reports on are embedded in the NWU strategy and the Annual Performance Plan. To avoid duplication we refer you to the sections where the matter is addressed.

Focus	Read about it in:
Managerial/administrative aspects	The report of the vice-chancellor on page 28
Senior executive/administrative appointments	Our performance against strategy – Goal 5 on page 56
Achievements of the administrative structures and resources	Audit on performance objectives on page 8
Adequacy of staffing levels	The report from Senate, which includes the business model on page 20
Equity targets in the workplace	Audit on performance objectives – Goal 5 on page 56
Quality of information available	Our performance against strategy – Goal 7 on page 56
Student services and extra-curricular activities	The report from Senate, which includes the business model on page 20
Relationships with the community	Our performance against strategy – Goal 3 on page 55
Changing patterns in the provision of academic courses	The report from Senate, which includes the business model on page 20



PROF ND KGWADI
VICE-CHANCELLOR



THE EXTERNAL ENVIRONMENT

Higher Education Institutions (HEI) funding model

Over the past few years, subsidy income has decreased proportionately to total turnover. Income from investments and other sources has also not grown satisfactorily, increasing universities' reliance on tuition fees.

The main reason for the year-on-year decrease in subsidy as a source of income is that annual increases in the block grant were not aligned with the compound effect of higher education inflation and student growth rates due to pressure on universities to increase student numbers.

The result is that, faced with increasing operating costs, higher student numbers and real-term decreases in government funding, universities have been forced to raise their fees by above-inflation rates.

Another source of financial pressure is the imperative to ensure quality in education and innovation, requiring substantial expenditure on staff, infrastructure and technological improvement. The weak South African economy and higher cost of imports of goods and services (such as text books and advanced laboratory equipment) adds to the cost pressures on universities.

The 0% fee increase announcement on 23 October 2015 following the #FeesMustFall campaign was a turning point in terms of the increasing dependency on tuition fees. While an increase in the subsidy block grant was meant to make good the loss in 2016 fee income, it was to be distributed according to the current funding framework, which does not take into account the differentiated increases of each university.

In the NWU's case, this grant only covers 75% of the total loss in fee income, resulting in a permanent loss in the income base for the NWU going forward.

A sustainable funding framework is urgently required or universities will once again need to increase student fees at unaffordable rates to maintain quality. A further, major challenge is to accommodate students who cannot afford to pay for their studies but are also not eligible for NSFAS - the so-called "missing middle".

Standards gap between secondary and tertiary education

A substantial number of learners who apply for admission to study do not meet the admission requirements, owing to the large gap between their Grade 12 education and first-year tertiary education. However, we have implemented various measures to support students to meet the requirements of higher education study.

The University Preparatory Programme enrolled 319 students, of whom 102 (32%) enrolled for formal study at NWU in 2017. Altogether 3 276 students were enrolled in one of the 43 extended programmes.

We go out of our way to give prospective students who do not meet the admission requirements a second chance by offering bridging and extended programmes. In addition the university partners with local schools to present the Ikateleng programme and to support the SETH Academy, which are both aimed at assisting school pupils to improve their academic performance in mathematics, science and English.

At the start of the year, the NWU also presented the Bridging the Mathematical Gap course to first-year students at the Mafikeng and Vaal Triangle campuses, providing students with an intensive two-week bridging course in mathematics in order to prepare them for studies in programmes that require specific mathematical competencies.

On both the Mafikeng and Vaal Triangle campuses, students with a grade 12 final score of as low as 32% in mathematics improved to the point where they were achieving up to 75%. Additionally, most of them passed the normal university level 1 mathematics on their first attempt.

At the Vaal Triangle Campus, more than 120 prospective students attended the course and more than 100 improved their grade 12 results and so were allowed access to undergraduate programmes (BSc, BCom). At the Mafikeng Campus, 57 prospective students attended the course, of whom 52 improved their results and enrolled for a BCom degree.

The clear value add of this intervention is that the students are generally more positive about mathematics and appear to be more committed, overall, to their studies.



High drop-out rate*

Compared to overseas universities' drop-out rates of between 16% and 30%, South Africa's drop-out rate of 58% is notably high. Although the NWU's 35,2% drop-out rate for undergraduate contact degrees is much lower than the national average, we still strive to improve it every year. What makes it even more important is that we have observed an anomaly in that black students have a far higher drop-out rate than white students (40% for black students and 31,8% for white students). We realise that focused attention is required to understand why and to mitigate the situation.

** The drop-out rate is based on the percentage of students who have not completed their programmes in the minimum study time plus four years.*

Skills mismatch to labour market

South Africa needs well-educated graduates who can enter the labour market in the fields of management, engineering, medicine, accounting and agriculture, among others. To be able to perform in these fields, skills in Science, Engineering and Technology (SET) are crucial and that is why the NWU focuses on these skill sets.

In order to address national skillsdevelopment priorities as set out in the National Skills Development Strategy III (NSDS III), the university sets enrolment targets for scarce skills areas as part of its enrolment plan, which is approved by the DHET.

The university submitted a revised enrolment plan for the period from 2017 to 2019, with enrolment targets in the scarce skills areas of engineering, human health, animal health, life and physical sciences and teacher education.

Violence and unrest

The violence and unrest linked to the national #FeesMustFall campaigns experienced in the South African higher education sector posed real challenges. In fact, the ongoing student funding crisis may continue to destabilise the sector in 2017 and lead to further stability challenges. We will continue to manage the effects of poor economic growth – exacerbating the funding challenges – by investigating creative and innovative solutions to tertiary education funding.

Technology-enabled learning

There are various global initiatives relating to online, open, flexible and technology-enhanced (OOFAT) models for education. The NWU is a member of the Open Education Resources Universitas (OERu), a global network of higher

education institutions that aims to increase access to quality higher education through the development of academic qualifications that consist solely of open education resources by collaborating with the International Council for Open and Distance Education MOOCs.

Massive open online courses (MOOCs) provide access to higher education courses from leading global universities, but do not necessarily provide learner support or lead to formal credentialing, and the development of a quality assurance framework for MOOCs is still in the early stages of development. The NWU does not yet present a MOOC, but will consider doing so in the future.

Research imperative

Research intensity in South Africa, defined as the portion of GDP spent on research and development (R&D), is well below 1%. This number is low compared to developed and many developing countries, as well as South Africa's BRICS counterparts. Funding for R&D, an important income generator for universities, is thus relatively low. In addition, the funding for research output subsidy received from the DHET is under pressure, owing to fiscal constraints and the absolute value for subsidised research output reducing annually. (This is the result of growth in research output being higher than the growth in subsidy provided for research output).

For example, the total publication outputs of universities have more than doubled since 2005 (approximately 7 200 outputs in 2005 vs 16 303 in 2015) while the subsidy received per output unit did not show a similar increase over the same period. (The subsidy per output unit was R85 025 in 2005 vs R107 228 in 2015). The subsidy per unit reached a maximum in 2013 at R119 027. In real terms, this means that the subsidy received for research outputs has decreased significantly over this period.



HOW WE ENGAGE AT THE NWU

How we collaborate with you

We identify our stakeholders as those groups or individuals who are affected by the university's activities and services, and whose actions can affect the ability of the university to successfully implement its strategies and achieve its objectives.























The stakeholder survey results of previous years were used to develop and distribute communication tools and relevant content to various stakeholder groupings.











The NWU continued to establish and maintain strong and mutually beneficial relationships and links with all stakeholders. These relationships are aimed at strengthening key areas of teaching-learning, research and innovation, as well as community engagement and development.

The university used a range of communication channels and tools, including events, newsletters (print and electronic), conferences and workshops, meetings and online media, to interact with and disseminate information to stakeholders.

Three media networking sessions and other media engagement initiatives resulted in an increase of more than 50% in Advertising Value Equivalent. More than 40 events served as engagement platforms with NWU alumni, including golf days and reunions. In addition, four editions of the NWU alumni magazine were produced and distributed. The NWU also increased its website ranking on other national and international website ranking systems.

Our main stakeholders

Level 1 stakeholders	How we engage	What concerns our stakeholders	**Strategic goal responding to these concerns
Students (current, postgraduate)	We use SMS, social media, campus radio stations and newspapers, mass meetings, video messages and vice-chancellor engagement events to engage with students.	Student life, academic excellence, safety, employability, IT, language policy	   
Staff (academic, support, contract)	Ways to engage with staff include email, social media, SMS, internal publications, face-to-face communication and video messages. The vice-chancellor hosted 14 engagement sessions with staff and students, and important Council decisions were communicated to staff after each Council meeting.	Job security, career development, safety, IT	   
Employers, business, industry	The vice-chancellor hosted a range of stakeholder engagements including six business dinners and three industry dinners.	Quality of graduates, rating/ranking of university, relevance of qualifications to industry needs Financial stability of the university, competence of management, research excellence	    
Peers, academic and research organisations	Engagement is undertaken via the faculties and the deputy vice-chancellors for teaching-learning and research, innovation and technology.	Academic and research excellence, NRF ratings, international and national ratings/rankings	   
Level 2 stakeholders			
Parents, families (of registered students)	Social media, SMS, traditional media and NWU publications are used to reach them.	Academic excellence, relevance of academic programmes, employability, safety, sound management and stability, affordable fees and bursary availability, language policy	    

Level 2 stakeholders	How we engage	What concerns our stakeholders	**Strategic goal responding to these concerns
Department of Higher Education and Training, Higher Education Quality Committee, Universities South Africa, South African Qualifications Authority	Communication to these stakeholders takes place when requested, such as during periods of unrest.	Compliance with regulations and the Higher Education Act, excellence of institution	All goals
Schools (grade 11 and 12 learners)	In our communication with schools and learners, we use social media, SMS, the NWU website, visits to schools, face-to-face communication and open days.	Student life, employability, safety, affordable fees and bursary availability, range of academic offerings, language policy	  
Donors, sponsors, patrons	We reach them via email and NWU publications. In addition, two sessions with the NWU Board of Donors were hosted by the vice-chancellor.	Financial stability, academic and research excellence, transparency, sound management	     
Media	Corporate Communication hosted three media networking sessions. They also handled ad hoc enquiries, and organised press conferences.	Transparency, availability of information and experts, honouring of deadlines	

** Our strategic goals are set out on pages 50 to 59 of this report.

Our level 3 to 5 stakeholders

Level 3 stakeholders	Level 4 stakeholders	Level 5 stakeholders
Government, government departments	South Africa, general public (including Africa)	Politicians, political parties
Alumni, Convocation	Libraries, Library Information Association of SA, Library Advisory Board	Farmers
Council, Senate	Faculties (NWU)	Traditional leaders, chiefs
Management	Churches	NGOs
Professional boards, accreditation bodies	Provincial government	FET colleges
Community, local economy, business	Trade unions with NWU members	Statutory bodies
Local government, municipalities, civic organisations	International development bodies	Parents of prospective students
Afrikaans community	Eduloan, National Student Financial Aid Scheme	
	Service providers	

COUNCIL STATEMENT ON CONFLICT MANAGEMENT

The NWU makes use of professionally qualified and experienced individuals trained as experts in mediation, arbitration and dispute resolution and who are, when necessary, employed to assist in the resolution of disputes between parties and the institution. These services were contracted in instances of conflict or potential conflict.

A limited number of academic days were lost in February 2016 owing to student unrest at the Mafikeng Campus. No further academic days were lost for the rest of 2016.

Property worth R70 million was damaged.

Statement approval obtained from NWU Council on 11 July 2017.

COUNCIL STATEMENT ON WORKER AND STUDENT PARTICIPATION

The NWU utilises a variety 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 conflicts. These structures embrace goals relating to productivity, career security, legitimacy and identity. NWU signed a recognition agreement with SAPTU on 4 December 2015.

Statement approval obtained from NWU Council on 11 July 2017.



Report of the Institutional Forum

Fundamentally, the role of the Institutional Forum is to advise the NWU Council on the implementation of the Higher Education Act and national higher education policy, to assist in developing an institutional culture of tolerance and respect for human rights, and to help promote an environment where effective teaching-learning and research can flourish.

Specific matters on which the forum advises Council are senior management appointments, policies on race and gender equity, codes of conduct, management of cultural diversity, and policy on mediation and dispute resolution procedures. These items are included as standing matters in each of the meeting agendas of the Institutional Forum.

Relevant national matters

The Institutional Forum discussed and gave input on national developments such as the Higher Education Amendment Bill and feedback from the Legal Advisory Committee of Universities South Africa as to the higher education sector's concerns. Concern over the anticipated additional authority of the Minister was noted, as academic freedom is viewed as an important privilege to be protected.

The policy on the minimum norms and standards for student housing at public universities, published in the Government Gazette during September 2015, was discussed. The national policy aimed to ensure that students were provided with fit-for-purpose accommodation by December 2017. Accreditation of private student housing would be a huge project for the university and a proposal to partner or work together with housing agents in the accreditation process was noted. It was further suggested that, in the process, disciplinary codes be compiled for students in private accommodation.

Advice with regard to senior appointments

The Institutional Forum as a whole or represented by individual members advised on the appointment of three Institutional Management members. They are Prof F Van Niekerk (vice-principal for 2016), Mr K Oagile (executive director for people and culture) and Mr C Manoko (executive director for corporate relations and marketing).

Institutional culture

Transformation at the NWU was one of the main topics under debate at the Institutional Forum and included the progress of transformation at the university and suggestions for further transformation.

The Institutional Forum took the view that targets in the transformation report should be reported according to the unified structure, focusing on faculties, as the scope might differ from one faculty to the next. A central marketing unit for recruiting students for the entire institution was seen as essential to avoid competing for prospective students from the same pool.

Information about staff and students with disabilities was also shared with the Institutional Forum. Other matters discussed were the feasibility of the Potchefstroom Campus sharing facilities with sister campuses, and the impact of transformation in residential sports teams and on the student intercampus sports day.

Student leaders shared their view that the university's institutional culture should be more welcoming to all. Two reports from the Human Rights Committee were also discussed.

The Institutional Forum designated a member to be part of the Combined Assurance Forum that is integrating and aligning assurance processes to assure Council that risks are adequately addressed.

Composition

Constituency	Members: December 2016	Subconstituency	Earlier in 2016
Council	Father PD Dinkebogile	NWU	Rev SA Musa
Institutional Management Committee	Prof M Davhana-Maselesele	NWU	
Senate	Dr K Lefanya	Mafikeng Campus	Ms M Molope
	Vacant	Potchefstroom Campus	Prof A Duvenhage
	Prof WCJ Grobler	Vaal Triangle Campus	
Academic staff	Prof ME Palamuleni	Mafikeng Campus	
	Vacant	Potchefstroom Campus	Mr GP van Rhee de van Oudtshoorn
	Dr E Diedericks	Vaal Triangle Campus	

Constituency	Members: December 2016	Subconstituency	Earlier in 2016
Recognised union	Vacant	SAPTU	Mr PJM van Niekerk
	Vacant	SAPTU	Ms O Murray
	Vacant	Awaiting recognition of an additional union	
	Vacant	Awaiting recognition of an additional union	
Support staff	Mr L Kruger	NWU	
	Mr MM Pule	NWU	
	Dr AA le Roux	NWU	
Campus Student Representative Councils – CSRCs	Mr TD Pule	Mafikeng CSRC	Mr P Motaung
	Mr R Pudi	Mafikeng CSRC	Mr M Mnisi
	Mr JJ Hugo	Potchefstroom CSRC	Mr RC Meyer
	Ms J Möller	Potchefstroom CSRC	Mr JJ Hugo
	Mr L More	Vaal Triangle CSRC	Mr S Madibo
	Mr JB Bangude	Vaal Triangle CSRC	Mr T Thabatha
Civic society	Ms Louw-Khumalo	Institutional Office	
	Mr TM Kaweng	Mafikeng Campus	Mr T Kgomo
	Vacant	Potchefstroom Campus	Mr R van Heerden
	Vacant	Vaal Triangle Campus	Father PD Dinkebogile
NWU Convocation	Mr N Mongale	NWU	
	Mr A Sorgdrager	NWU	
Special expertise	Ms P Coopoo	Rotating institutional dean of students	Dr KL Mabe
	Mr A Scheppel	Human Rights Portfolio: NWU	

The Institutional Forum may have up to 29 members representing a broad range of stakeholder constituencies.

Meeting dates in 2016

The Institutional Forum convened on 12 February, 24 May, 8 July, and 12 September.

DR AA LE ROUX
CHAIRPERSON OF THE INSTITUTIONAL FORUM

Report on transformation

At the NWU transformation is an integral part of our operations and we conceive of it in a broad sense. It is entirely embedded in our new strategy, and is not regarded as an add-on that can be managed from a transformation office. All leaders at the NWU must embrace and implement the imperative of transformation. The reader is referred to a full explanation of how the NWU performed against our strategy on pages 53 to 59.

These changes might pose some uncertainties among our stakeholders, but it is appropriate to remind ourselves that we as a university are working with a purpose.

How are we to achieve this? By adapting to changes and new challenges as set out in our new strategy and structure, as well as our success model. If we do not change, we will fail.

Adding to the complexity of our environment is that, more and more, we are competing in a global context. The higher education environment is just too challenging. We therefore have to recognise that we are not merely competing with other South African universities, but with various international institutions too.

Goal 5 specifically refers to transforming the NWU workforce and student corps to an equitable working and student group.

Transformation at NWU means integrating and aligning with the communities around us (goal 3) and in doing so demonstrating a clearly defined student value proposition (goal 4). It is only then that we will govern, lead and manage in a sustainable way (goal 6).



DR MB TYOBKA
CHAIRPERSON OF COUNCIL



PROF ND KGWADI
VICE-CHANCELLOR



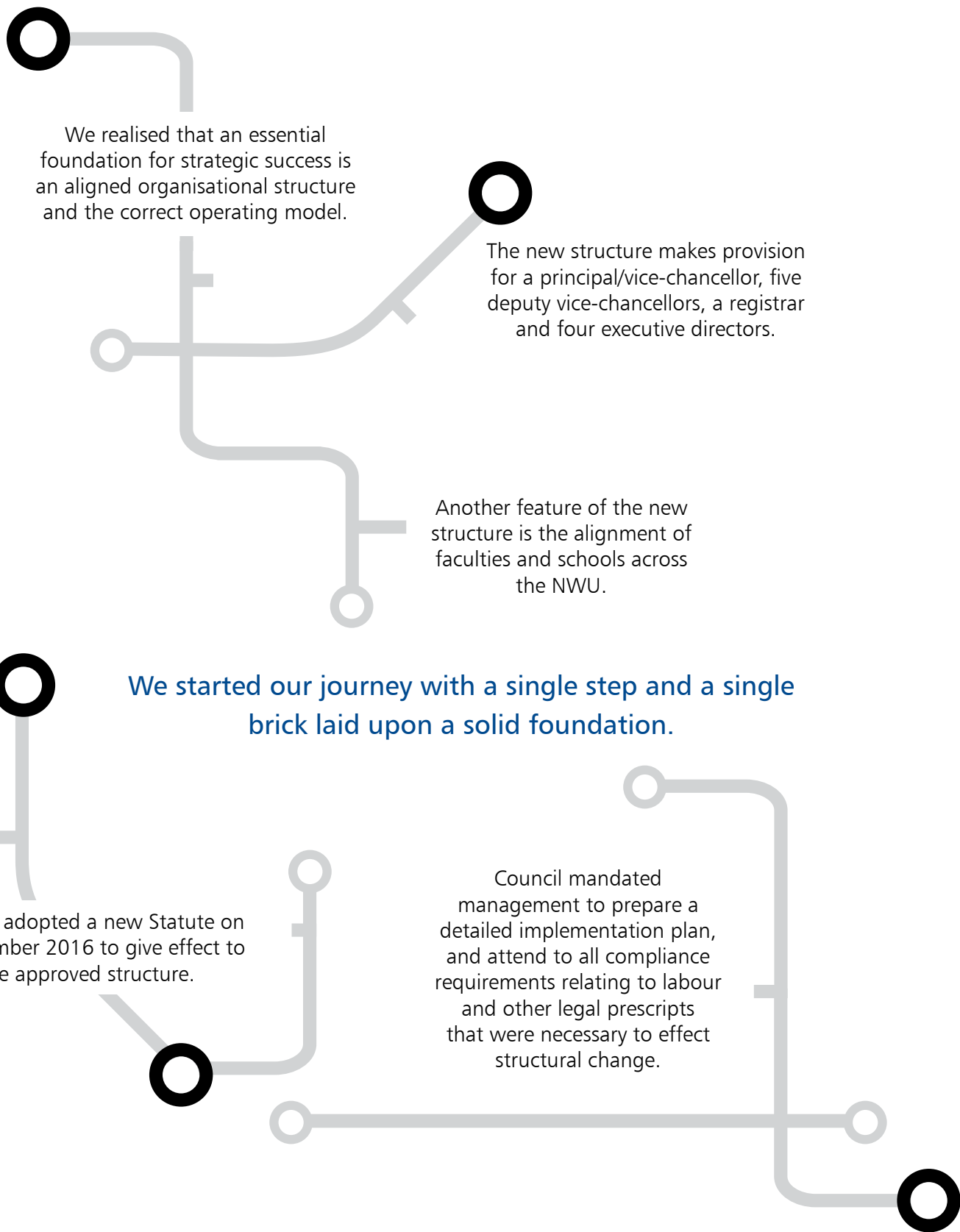
CONTENT

- 41 Risks and opportunities
- 50 The new NWU strategy
- 53 Our performance against strategy



ON TRACK TOWARDS BUILDING A BETTER FUTURE





We realised that an essential foundation for strategic success is an aligned organisational structure and the correct operating model.

The new structure makes provision for a principal/vice-chancellor, five deputy vice-chancellors, a registrar and four executive directors.

Another feature of the new structure is the alignment of faculties and schools across the NWU.

We started our journey with a single step and a single brick laid upon a solid foundation.

Council adopted a new Statute on 8 December 2016 to give effect to the approved structure.

Council mandated management to prepare a detailed implementation plan, and attend to all compliance requirements relating to labour and other legal prescripts that were necessary to effect structural change.

RISKS AND OPPORTUNITIES

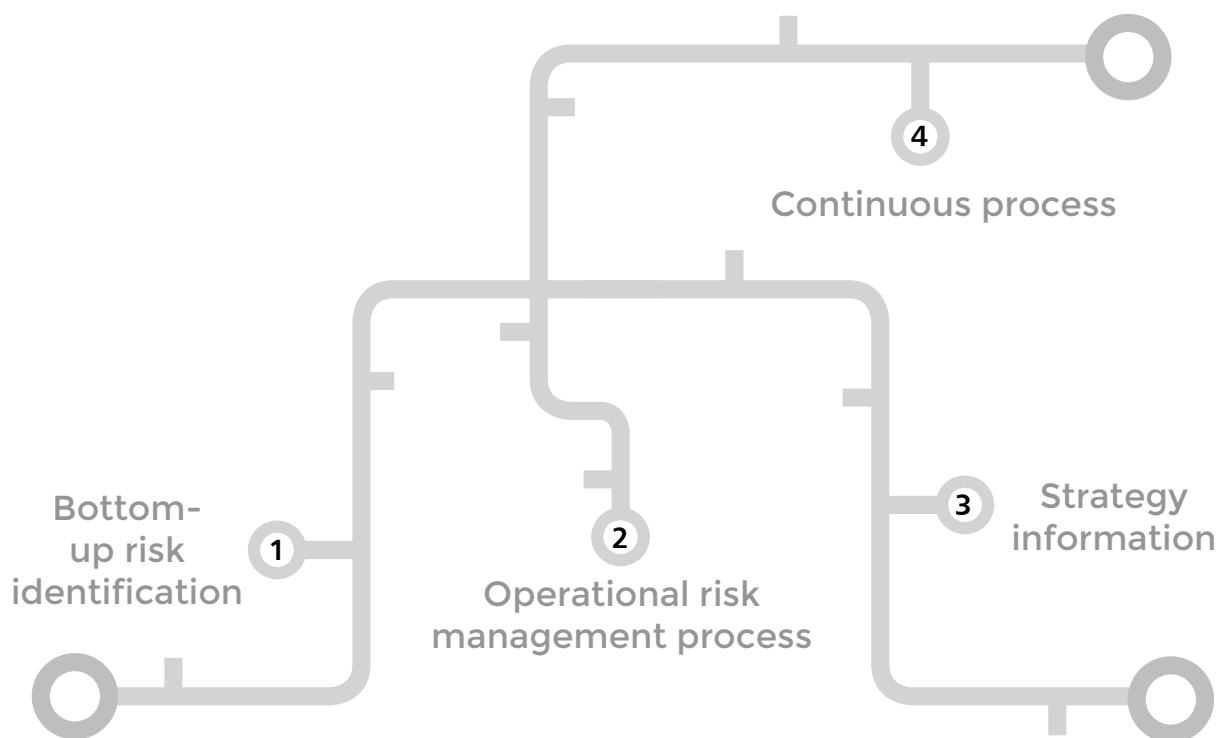
Risk and opportunity management

The NWU finds itself in a dynamic environment and, as with other institutions of higher learning, needs to pay particular attention to risk management as a way to ensure resilience.

The continual reporting on the risk management enterprise at governance levels aims at achieving the following:

- To provide the Council and relevant Council committees with sufficient information in order for these bodies to gain assurance that the university's risk management is sufficiently effective because of efficient and effective processes of risk management.
- To provide continuous information to these bodies on the progress made in regard to maturity levels for risk management.
- To provide the above information in such a format and way that these bodies are able to pronounce on the risk profile of the university.

The following risk management processes (organised in an integrated way) are followed at the NWU:



The first process emanated from the bottom-up risk-identification process that started in 2014.

The second process is a continual operational risk management process at all relevant business process levels and is managed at the respective campus levels.

The third came from the strategy formulation process in 2015 in which risks and opportunities associated with the strategy-formulation process were identified. Concurrently with this process was a risk identification process for the current institutional restructuring process.

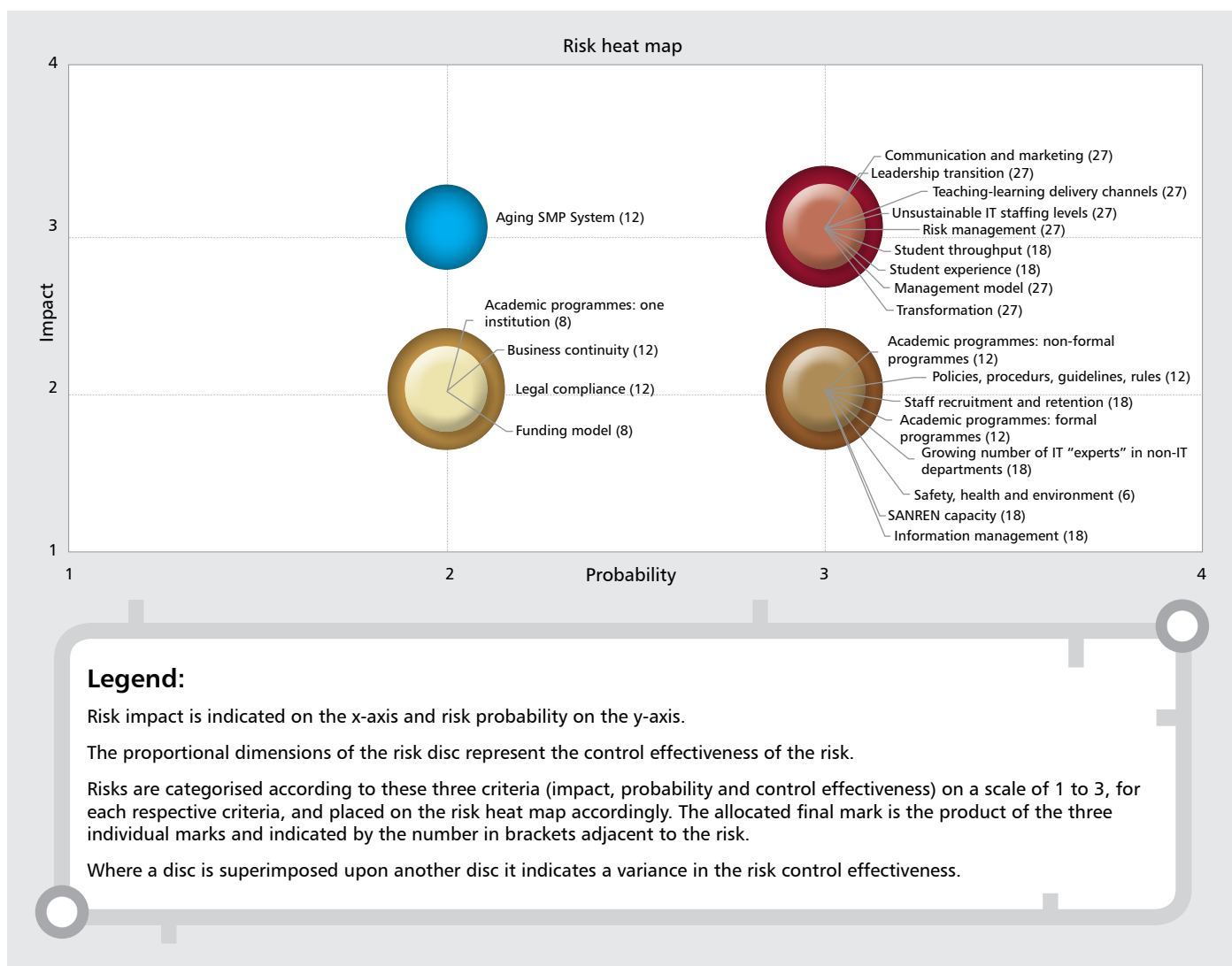
In order to cater for ongoing changing circumstances, provision is made for the continuous re-evaluation of the risk profile to ensure appropriate risk coverage.

The management of risks at the NWU is overtly focused on continuous improvement of the maturity scale of risks. To

this effect, a bi-annual reporting process takes place across the university when business process owners are expected to provide feedback on the control effectiveness of each of the identified risks.

Regular reporting of risks takes place at the appropriate governance level of the particular risk category, and all oversight structures receive updates on the status of risk management in the particular risk category at least twice a year.











Taking into account the expectations of stakeholders, the current state of affairs in the South African higher education sector, the global mega trends affecting the society educated by the university and the above risk management processes, we summarise our material risk and opportunities as follows:







The management team accounted for likelihood, potential impact and the integration of these matters in regard to the strategic and operational risk registers.

The following table lists the risks from the various environments and links them to the NWU strategy, ensuring that these issues receive ongoing attention.

Ranking	Risk cluster	Material matters	References to the risk indications in the NWU Risk Register (strategic and operational)	Strategic goal success indicator responding to this material matter
1	Uncertainties in the external higher education (HE) landscape, particularly funding issues	<ul style="list-style-type: none"> Insufficient funding for HE The financial sustainability of the university could come under pressure as a result of internal (structure) and external (sector) factors. Drive towards fee-free HE education and #FeesMustFall campaign Uncertainties about success with centralised NSFAS system 	<ul style="list-style-type: none"> Funding model for HE is not sustainable. Uncertainties about sustainability of student bursaries. Decreases in state subsidies over time. Growing student debt. 	Goal 9: Ensuring the financial sustainability of the NWU

Ranking	Risk cluster	Material matters	References to the risk indications in the NWU Risk Register (strategic and operational)	Strategic goal success indicator responding to this material matter
2	Demand for organisational change and ongoing transformation	<ul style="list-style-type: none"> National drive for transformation of the curriculum and related matters Organisational change needed owing to lack of equity of provision among NWU campuses 	<ul style="list-style-type: none"> NWU management model after the 2004 merger had served its purpose and was not sustainable. Depth and breadth of transformation at the NWU not sufficient. 	<p>Goal 6: Govern, lead and manage in a sustainable and transformed way with an effective operating model</p> 
3	Academic matters	<ul style="list-style-type: none"> Shortage and loss of academic staff; also challenges in staff recruitment and retention and staff morale 	<ul style="list-style-type: none"> Staff recruitment and retention - capacity is lacking to attract and keep good academics. Heavy workloads have a bearing on staff morale. 	<p>Goal 5: Develop and retain excellent staff, and create an equitable staff and student profile</p> 
		<ul style="list-style-type: none"> Standards gap between basic and tertiary education 	<ul style="list-style-type: none"> Students not adequately prepared for HE studies. The general quality of students entering HE is declining, leading to unpreparedness for university studies. 	<p>Goal 1: Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions</p> 
				<p>Goal 4: Develop a clearly differentiating student-value proposition</p> 
		<ul style="list-style-type: none"> Student success rates 	<ul style="list-style-type: none"> Poor student throughput rates (both undergraduate and postgraduate) may lead to faculties not reaching targets and put a strain on resources. 	<p>Goal 1: Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions</p> 
				<p>Goal 4: Develop a clearly differentiated student-value proposition</p> 
		<ul style="list-style-type: none"> Relevance and quality of programmes; also of teaching technologies 	<ul style="list-style-type: none"> There is a lack of alignment across the NWU with regard to the programme offering and programme approval process. Understanding of the legal and regulatory implications of MoUs and contracts is inadequate. There is limited understanding of delivery channels (face-to-face/blended/distance). 	<p>Goal 1: Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions</p> 
				<p>Goal 6: Govern, lead and manage in a sustainable and transformed way with an effective operating model</p> 
		<ul style="list-style-type: none"> Skills mismatch of students into labour market (mix and level) considering mega trends 	<ul style="list-style-type: none"> Gaps are evident between skills required in the workplace and the content of the academic programmes. Work Integrated Learning opportunities have not been smoothly integrated into the mainstream offering. 	<p>Goal 4: Develop a clearly differentiated student-value proposition</p> 
		<ul style="list-style-type: none"> Publish or perish 	<ul style="list-style-type: none"> The drop in NRF ratings of staff is a matter of concern. Sustaining the research trajectory might be at risk owing to restructuring. Research productivity is unsatisfactory. 	<p>Goal 2: Intensify research and innovation</p> 

Ranking	Risk cluster	Material matters	References to the risk indications in the NWU Risk Register (strategic and operational)	Strategic goal success indicator responding to this material matter
4	Compliance	<ul style="list-style-type: none"> Lack of compliance leading to more instances of fraud 	<ul style="list-style-type: none"> Inadequate control measures within contract management lead to fraudulent activities. Information governance risks exist, especially around possible degree fraud, uncontrolled data hand-overs, possible unauthorised access to IT systems. Certification holds possible fraud risks. Bursary management holds possible fraud risks. 	<p>Goal 6: Govern, lead and manage in a sustainable and transformed way with an effective operating model</p> 
5	Student experience	<ul style="list-style-type: none"> Violence and unrest 	<ul style="list-style-type: none"> Student unrest situation at campus levels could affect student experience. The adequacy of security services (including electronic equipment) at campus levels to contain possible unrest situations raises concerns. 	<p>Goal 6: Govern, lead and manage in a sustainable and transformed way with an effective operating model</p> 
		<ul style="list-style-type: none"> Integration of student life across the multi-campus NWU 	<ul style="list-style-type: none"> Equity of provision of student housing across the NWU is an issue. Integration of minority groups across the NWU into student activities is a concern. 	<p>Goal 4: Develop a clearly differentiated student-value proposition</p> 
6	Information Technology	<ul style="list-style-type: none"> Ensuring cyber and information security 	<ul style="list-style-type: none"> Cyber security threats are evident. Business continuity matters have been raised. 	<p>Goal 7: Develop best-in-class information and communications technology to support the core business.</p> 
		<ul style="list-style-type: none"> Capacity matters (internal and external) 	<ul style="list-style-type: none"> SanRen capacity is an issue. Internal staff capacity (IT department and non-IT departments) is cause for concern. The SMP system is ageing. 	
7	Commercialisation	<ul style="list-style-type: none"> Inability to commercialise opportunities 	<ul style="list-style-type: none"> Non-formal programmes are not managed optimally and might lead to penalties/litigation. The NWU is overly reliant on certain third-party providers for expanding commercialisation opportunities. 	<p>NWU internal success model indicator – Financial success model in terms of the profitability of short courses</p> <p>External success model indicator – Private-sector reputation as preferred partner</p>



Report on assessment of risk exposure and risk management

Effective assessment of risk exposure and risk management is of primary importance to the university, especially in so far as cognisance needs to be taken of the operational, managerial and governance levels where risks are controlled.

Council is satisfied that the risk management measures at the university are efficient. A comprehensive model has been mapped and rolled out, and satisfactory progress has been made with the process.

Risk at the NWU is managed by the Institutional Management Committee that, in accordance with the Statute (Para 69) assists the vice-chancellor in the planning and execution of the management, administration and supervision of the university, in line with existing policies and rules. Risk reports serve bi-annually at the formal meetings of the Institutional Management Committee, and minutes are kept.

The role of the Institutional Management Committee is to remain responsible for the maintenance of the risk management process at the university, and to see to the establishment of sound internal controls to support the achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which it assumes responsibility in accordance with relevant legislation and the university's Statute.

The members of the Institutional Management include the vice-chancellor, two deputy vice-chancellors, three campus rectors (respectively for the Mafikeng, Potchefstroom and Vaal Triangle campuses of the university), three executive directors (finances and facilities, people and culture and corporate relations and marketing), and the institutional registrar. In addition, academic and support managers are responsible for the implementation of risk management strategies in their respective areas of responsibility, and to see to active mitigation of risks by means of the ongoing improvement of internal controls.

The institutional registrar is assigned the line function for administering the process for identifying and interpreting/ assessing risks, as well as intervention measures and all aspects of the management of risks affecting the university. In addition, the institutional registrar assumes the responsibility for driving the process at Institutional Management level, and maintains the NWU risk register.

In respect of the oversight responsibility of the Audit, Risk and Compliance Committee (ARCC), the mandate of the committee is to oversee the role of management not only in regard to creating and maintaining a proper risk management process, but also to ensure an effective control environment at the NWU. The committee is responsible for assisting management with the assessment of the most significant risks that would need to be included in the university's risk register.

In accordance with the NWU Framework for Risk Management, the role of the ARCC is to advise the Council on the effectiveness of the university's risk management process. To this end, the scope of the duties of risk management within the university is clearly defined in the ARCC's charter.

The ARCC regularly submits a report on key significant risks facing the university to Council.

Apart from the active management of risks for which the Institutional Management Committee remains responsible and the oversight role of the ARCC, two more committee structures operate as governance structures with regard to assessing risk exposure and risk management at the university. These are the NWU Compliance Committee and the NWU Combined Assurance Forum (CAF).

These structures act under the approval of the Institutional Management Committee and the ARCC, and comprise internal staff members to assist with the assessment of the most significant risks that are continuously to be included in the risk register of the university.

The Compliance Committee is a subcommittee of the NWU Institutional Management Committee (IM) and the IM approved formal terms of reference for the Compliance Committee on 16 October 2016. Its primary role is to assist the IM in fulfilling its responsibility to comply with applicable regulatory requirements in respect of relevant policies and procedures. In this regard, the Compliance Committee monitors and reports on the compliance risks relating to all relevant legislation with which the university needs to comply.

The main objectives of the Compliance Committee are to ensure that:

- applicable and substantial instances of legislation are continually identified and addressed
- existing legislation, amendments thereto and new bills and regulations are noted, communicated and implemented
- formal and structured monitoring of compliance takes place
- a general compliance culture in the university is advanced
- all relevant compliance functions within the university are co-ordinated
- specific focus is given to legislative risks of the probability of non-compliance of legislation within a broader risk management framework in all matters related to the business of the university

The committee is represented by internal members from Legal Services, Internal Audit, Corporate and Information Governance Services, Finance, Occupational Health and Safety and the institutional registrar (as chairperson), and involves members from different disciplines. Four meetings are scheduled annually on the official calendar of the university. Minutes are kept and are available for all these meetings.

The purpose of the CAF is to assist the ARCC to fulfil its responsibility of giving assurance to Council that the university's operations with regard to risk management, control and governance processes are adequately addressed, and to optimise the assurance coverage obtained from management, as well as internal and external assurance providers, on all risks affecting the university. The CAF formally approved terms of reference for its functioning on 18 April 2016.

Furthermore, the purpose of the CAF is to gather information from all relevant business process owners, to assess risks, to

report all high-level risks to the ARCC, and to give assurance on risk mitigation actions, risk mitigation procedures and risk mitigation controls surrounding these risks. The forum comprises specifically identified internal operational managers/personnel, the institutional registrar (as representative of the IM), representatives from the three campuses, the director for internal audit, representatives from external audit and a member of the ARCC. The task of the forum is to assist with the promotion of risk management activities within the university environment and with the identification and monitoring of risks in the respective areas of forum members.

The mandate of the forum is to:

- take the principle of a combined assurance model as introduced by the King III Code of Good Practice as point of departure, and to see to providing combined assurance to stakeholders of the university at the following levels: (i) management; (ii) internal assurance providers; (iii) external assurance providers
- enable Council to provide assurance to stakeholders of the university that the institution is well managed; that risk management receives due attention, that effective control measures are in place, and that governance processes are effective and efficient
- act as a second line of defence in that it provides relevant information to the ARCC, and from there to Council, that assurance be gained that all relevant processes are sufficiently managed in order to identify, mitigate and monitor all relevant business-critical risks at acceptable levels

Two meetings per annum are scheduled and included on the official calendar of the university. Minutes are kept and are available for all these meeting.

Finally, all reports on matters related to risk management are scrutinised by the CAF and the institutional registrar. Strategic risks are reported to the Institutional Management Committee and key risks are reported to the ARCC for consideration and communication to Council.

The Internal Audit department plays a substantial role in establishing a university environment conducive to risk management. However, owing to the growing levels of maturity within the university in managing risks at various levels of operation according to the Annual Performance Plan, a process started in 2014 to withdraw Internal Audit from the operational matters related to risk management. The director for internal audit remains partly involved as a member of the CAF and Compliance Committee, and carries the responsibility to report accordingly to the ARCC.

During 2016, the operational matters related to risk management were assigned to the department Corporate and Information Governance Services. A designated risk and compliance officer was appointed and has the operational function of liaising with managers across the NWU to coordinate risk identification and consolidation into the NWU risk register.

Identification and assessment of risk

Through the process that started in 2014, 18 strategic risks were identified. The following risk management processes (organised in an integrated way) are followed at the NWU:

- The first one emanated from the bottom-up risk identification process that started in 2014.
- The second process is a continuous operational risk management process at all relevant business process levels and is managed at the respective campus levels.
- The third came from the strategy formation process in 2015 in which risks and opportunities associated with the strategy formation process were identified. Concomitant to this process was a risk identification process for the current institutional restructuring process.

The consultative risk assessment process resulted in a framework for risk management. This framework not only provides the backdrop for the management of risks at the university, but also aims at ensuring that the regulatory requirements for corporate governance are sufficiently covered. A distinct purpose with the framework is that it aims to ensure that sufficient managerial procedures are developed in order to see to continuous assessment of the risk exposure of the university. Of particular importance is that the framework seeks to increase the value-add of risk management as a strategic tool, and to improve the compliance of the university to the King Code of Good Practice.

On a management level, one of the aims of the 2016 Annual Performance Plan was to maintain a strong focus on risk management and compliance. Goals by means of which this aim had to be realised were to see to a sufficient risk management process and to ensure that risk management responsibilities became part of the performance agreements of all managers.

The management of risks at the NWU is overtly focused on continuous improvement of the maturity scale of risks. To this effect, a bi-annual reporting process takes place across the university when business process owners are expected to provide feedback on the control effectiveness of each of the identified risks.

Regular reporting of risks takes place at the appropriate governance level of the particular risk category, leading to all oversight structures receiving updates on the status of risk management in regard of the particular risk category at least twice per annum.

In 2016 an effort was made to integrate the material risk matters from the various environments and to link these to opportunities contained in the NWU strategy in order to ensure continuing attention to the issues.

To determine the residual risks, a rating on control effectiveness is also included as a means to determine the priority and level of reporting according to a risk matrix. Due to the risk management process, risks that may impact on the realisation of the vision and mission of the university are identified and can be managed.

Risk profiles are controlled within the normal organisational internal control structures and procedures. Despite these structures and procedures, the potential exists that adverse events may occur and will affect the results of normal operations throughout the institution at all levels of activity. The process wishes to firstly, give assurance that the exposure to such specific "risk events" is identified, and secondly, assess the likelihood of any one of these events occurring, as well as its potential impact.

Ratings for impact, probability, control effectiveness and residual risk were developed for application in order to determine the priority of the identified risks and to manage these risks accordingly. Responsible persons are linked to each risk and feedback on the progress to minimise the risk for the university is monitored and updated regularly on the official risk register of the university.

Meanwhile, the university continues to focus, through defined responsibility and accountability for management, on significant risk events, and on conditions and/or risk abatement strategies for identified risk areas.

Management and control of consequences of risk (intervention and physical/financial control)

Potential risk consequences were continuously identified and evaluated during 2016 and, through appropriate management actions, the conditions within which such risks arose were controlled and monitored accordingly.

These measures continue to remain in place, owing to the fact that the proper management of such conditions is a matter of which the governance structures of the university need to be assured and based on which abatement strategies are conceived. The responsibility and accountability for the identification and management of risk events and risk areas

are assigned and managed by operational managers with support of Corporate and Information Governance Services, and strategic risks are managed by the IM.



PROF M VERHOEF
REGISTRAR DESIGNATED WITH RISK RESPONSIBILITY



MR A REDELINGHUIS
CHAIRPERSON AUDIT, RISK AND COMPLIANCE COMMITTEE

Date: 31 May 2017



Report on internal administrative/operational structures and controls

The North-West University maintains a system of internal control in order to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, the reliability of financial reporting and overall compliance with relevant laws and regulations, the prevention of loss of resources and assets, and also to reduce legal liability.

Particular attention is given to financial reporting and the safeguarding of assets against the unauthorised acquisition, use or disposal of such assets. The internal control system is designed to provide reasonable assurance to the university and the Council regarding an operational environment that promotes the safeguarding of the university's assets and the preparation and communication of reliable financial and other kinds of relevant information.

Internal control objectives include measures to ensure completeness, accuracy and proper authorisation in relation to documented organisational structures setting out the division of responsibilities, as well as established policies and procedures, including a code of ethics being communicated throughout the university to foster a strong ethical climate and the careful selection, training and development of its people.

Appropriate internal control practices are maintained in that policies and procedures are documented and monitored by Institutional Management and the Corporate Information and Governance Services Department for regular updates when applicable, and in accordance with an update schedule. After the reviewed document is approved by Council, it is communicated to and available on the intranet for all employees of the university.

In addition, a performance management system, with adequate job descriptions in line with key performance indicators, is utilised at the NWU to ensure individual accountability and proper assignment of responsibilities.

The university is in the process of restructuring, and the Ad Hoc Council Committee on Restructuring engages with the Executive Committee of Council. A number of issues related to the restructuring were discussed at Council level, for instance the impact of restructuring on our core business and staff members and the risks associated with the restructuring. The Statute of the university was also being reviewed as part of the process.

Information systems utilising modern information technology are used at the university. Core systems have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. Accepted standards are applied to protect privacy and ensure control over all data, including disaster recovery and backup procedures. Password controls are strictly maintained, with users required to change passwords on a regular basis, except where otherwise approved.

There are regular reviews to ensure that there are no clashes in user-access rights and to ensure that the basic internal control concept of division of duties is maintained. Where, for capacity reasons, an occasional clash does occur, sufficient manual controls are in place to ensure that these clashes are mitigated. Systems are designed to promote ease of access for all users.

In addition, the systems are integrated to minimise duplication of effort and ensure minimum manual intervention and reconciliation procedures. The development, maintenance and operation of all systems are under the control of competently trained staff.

In utilising electronic technology to conduct transactions with third parties and with staff, control aspects receive close scrutiny, and procedures are designed and implemented to minimise the risk of fraud or error.

KPMG Inc. was consulted to perform a Cyber Maturity Assessment (CMA) and an IT Risk Assessment at the NWU during May 2016. The CMA is KPMG Inc.'s maturity assessment tool designed to assess the NWU's ability to protect and manage its sensitive information assets and protect itself against cyber-attack, as well as to identify, manage and minimise the impact of one should it occur. It takes a rounded view of people, process and technology to enable the NWU to understand areas of potential weakness, to implement targeted remediation and to demonstrate both corporate and operational compliance, turning information risk to business advantage. The work was performed by interviewing relevant NWU stakeholders and reviewing documentation. No substantive control testing was performed.

Based on the assessment, the NWU could improve its cyber security maturity by implementing adequate information security awareness, training, business continuity and risk management plans. The university should prepare budgetary and resource plans for a regulatory incident to reduce legal and compliance-related risks.

It is further recommended that information classification and an information asset list management program, an updated cyber threat profile and cyber strategy performance targets should be well documented. The NWU should also prepare budgeting and resource plans for its overall cyber security defence programme that is aligned to business objectives and the risk profile. It was also noted that not all of the NWU's IT systems are centralised and the university should be aware of differing levels of controls at each facility.

The university is aware that 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 controls. Accordingly, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

The Audit, Risk and Compliance Committee (ARCC) of the university is of the opinion that its internal control system as at 31 December 2016 as included in the *Financial Policy*, *Procurement Policy*, *Policy on Delegations*, *General Financial Guidelines in support of the Financial Policy*, the *Guidelines for records management of financial records* and various other financial-related guidelines, procedures and guidelines available to employees, has met the criteria for effective internal control over financial reporting.

External and internal audit, financial divisions and employees with assigned responsibility are responsible for assessing the compliance with policies, guidelines and procedures related to

financial reporting on a regular/daily basis, while transactions are being processed, and during the execution of internal and external audits.

Institutional Management and operational managers on different levels identify, report, review and manage risk on a regular basis. The risk register is updated and maintained at regular intervals with feedback requested from executive managers, the members of the Combined Assurance Forum and various operational managers. Internal Audit included audits in their approved Internal Audit Plan to examine the systems, procedures and controls in those areas considered as high risk.

The ARCC of the university believes that, as at 31 December 2016, its systems of internal control over its operational environment, information reporting and safeguarding of assets against the unauthorised acquisition, use or disposal of assets met the criteria for effective control for purposes of financial reporting. It also believes that internal control measures assisted the NWU to achieve its goals in effective and efficient ways.

The ARCC reviewed this report on internal administrative/operational structures and controls for the 2016 financial year under review at its meeting of 31 May 2017, which was a quorated meeting, and the documentation for approval by the committee was circulated with the meeting agenda in advance, with due notice.

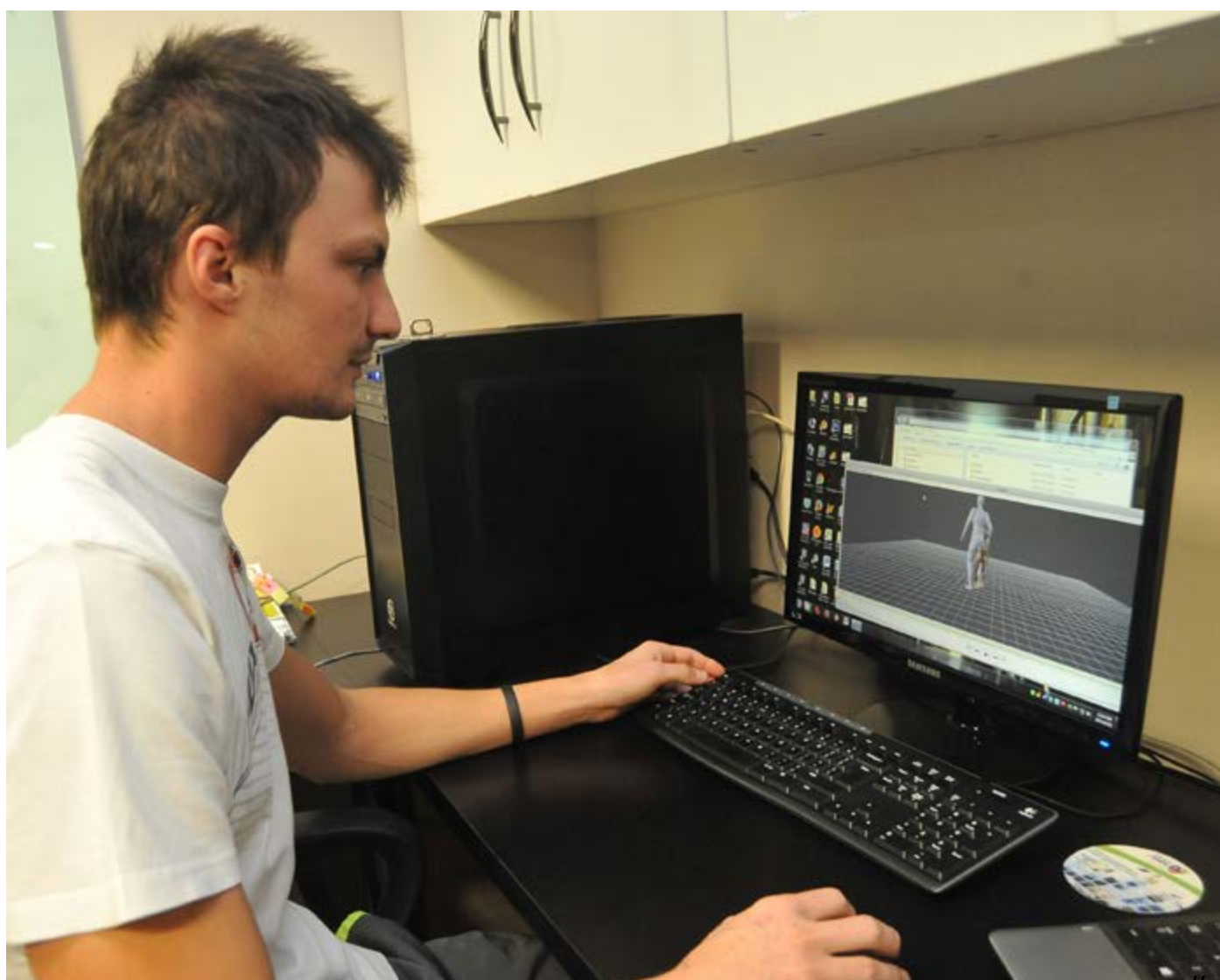
MR A REDELINGHUIS

CHAIRPERSON: AUDIT, RISK AND COMPLIANCE COMMITTEE

MS M VAN DER MERWE

DIRECTOR: INTERNAL AUDIT

Date: 31 May 2017



THE NEW NWU STRATEGY

Strategy development

Strategic development and planning for the NWU is based on a formal review process of the NWU's growth prospects, taking into account the university's competitive position and the synergies we believe that we can create.

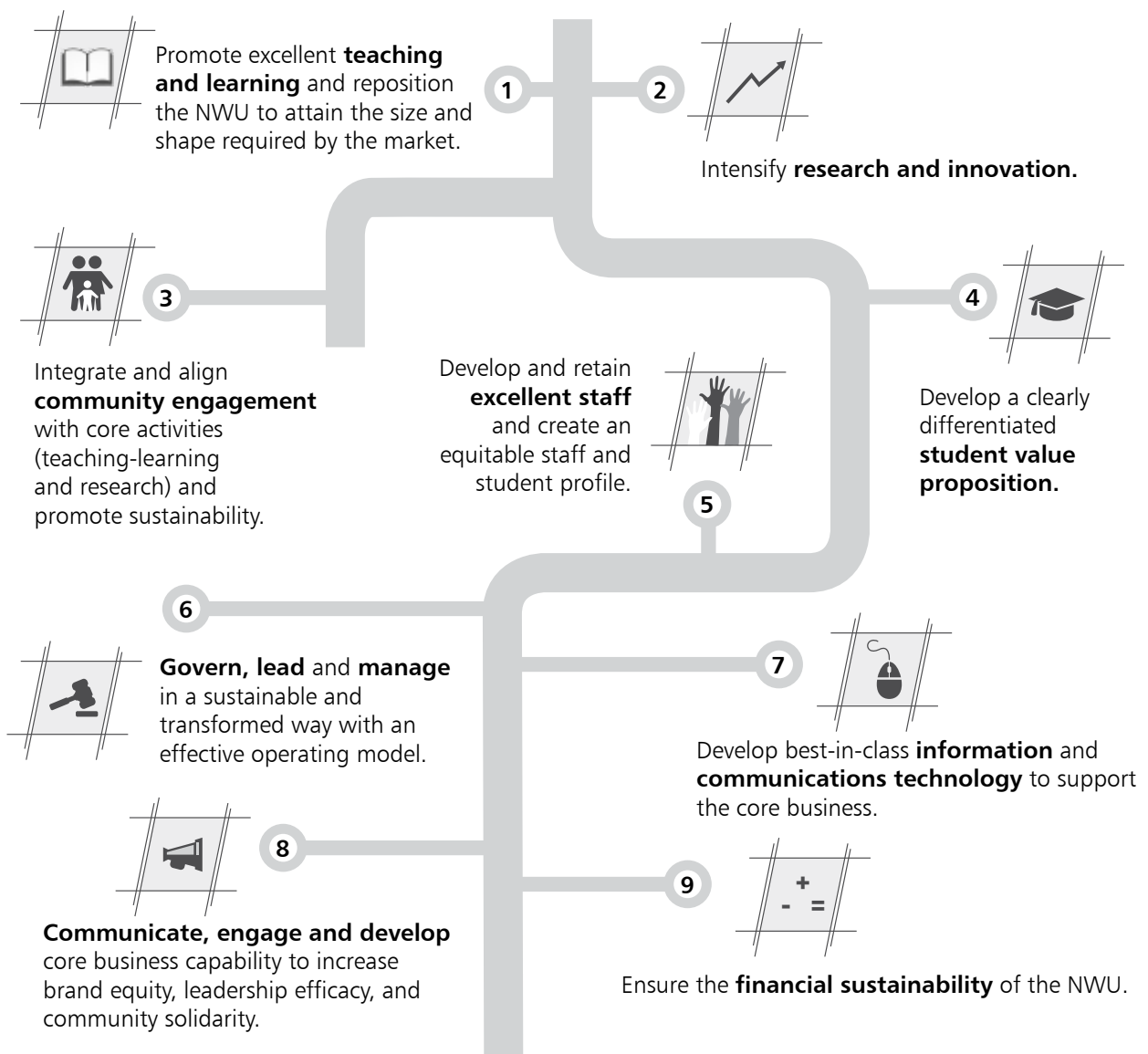
We have to consider long-term plans and various aspects of planning, including institutional, budgeting, operational and academic plans, when proposing a strategy. Internal and external environmental factors that could influence any of these plans also have to be taken into account, as do the resources available to the university.

This was the strategy development process that Institutional Management followed during 2014/5, and in November 2015 the Council approved the five-year and 10-year strategy of the NWU.

Each year, an Annual Performance Plan is derived from our strategy. Council adopted the 2016 Annual Performance Plan in March 2016. This was our first opportunity to formulate our operational plans in line with our new strategy. The strategy and plan highlight the main areas of service delivery for the NWU.

Below is a visual representation of **our strategy and goals**, led by our dream and purpose:

"To transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice"



Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions

Our strategy is to provide excellent teaching and learning programmes. This is at the heart of our dream and purpose. Excellence in this context means qualifications and programmes responsive and informed by current developments so that our students acquire comprehensive knowledge and understanding within their chosen fields of study, and the ability to be innovative, critical thinkers who can contribute to the complex challenges of 21st century society.

We are committed to offering our students an engaged and outstanding learning experience in consistently high-quality learning activities at all our campuses and in open distance learning.

To achieve this, we must fully align all our academic programmes across our campuses and in various modes of delivery. This means that programmes leading to a specific qualification are consistent in terms of their purpose, credit structure, learning outcomes, admission criteria, assessment criteria and assessment methods.

We will also give academic staff meaningful opportunities for professional development, and will make optimal use of teaching and learning technology to ensure that our academic programmes address a diverse range of learning styles and needs. Our student profile will be commensurate with the targets set in the NWU Strategy 2015 to 2025 for various fields and levels of study.

Intensify research and innovation

Intensification of our research and innovation activity is key to realising our dream by moving from being a balanced teaching and research university towards a more research-intensive institution. The objective is to make an impact in research focus areas, attract enhanced funding and the best research and innovation staff, and take advantage of commercialisation opportunities.

Our research and innovation model requires the NWU to focus on specific themes, which we develop as areas of research excellence for the university. This method is likely to result in the delivery of research and innovation projects with greater impact. Research and innovation foci of excellence are reviewed regularly to realise opportunities emanating from new areas identified as priorities.

Integrate and align community engagement with core activities and promote sustainability

Community engagement at the university is built on a partnership model, where it is not about philanthropic giving but about research and development that should actively engage and learn from communities. Communities are partners in research and not simply recipients of research. Community engagement is about the co-creation of knowledge, access to knowledge and social justice.

Develop a clearly differentiated student value proposition

The aim is to secure a competitive edge in the student market by virtue of the quality of the learning experience and the overall learning environment that we provide for students. Key elements in achieving this goal include the following:

- Providing access programmes that allow a more diverse student body to enrol for formal studies at the NWU
- Ensuring systems are in place to support new and continuing students in studying successfully
- Ensuring that all our academic programmes and co-curricular activities help our students to develop the desired attributes of NWU graduates
- Implementing our unique functionally multilingual language policy and practice to ensure that students learn successfully and are socially included





Develop and retain excellent staff and create an equitable staff and student profile

The NWU strives to attract, develop and retain high performance staff in all our core and support functions. This will be a key driver of the implementation of our new strategy.

Both our staff and student profile must take cognisance of the principle that South African universities must be broadly representative of the population, with provision for measures to address the imbalances of the past.

Govern, lead and manage in a sustainable way with an effective operating model

We strive to be a well-governed and effective university that is structured in a way that promotes horizontal integration, supports strategy and breaks down the silo mentality prevalent in the various campuses, faculties and centres. In the interest of enhanced governance, it is important to align quality standards, focus on activities that are material and ensure that everything is done with integrity and with regulatory compliance. This means ensuring that all resources, whether finances, people or infrastructure, are invested in activities with the greatest impact on achieving strategic goals.

Develop best-in-class information and communications technology to enable and support the core business

The NWU views information technology as an important strategic differentiator, delivering direct core business value through information technology rather than indirect value to the business. The emphasis is on opening up sustainable advantages and new opportunities, while also maintaining transactional excellence.

Communicate, engage and develop core business capability to increase brand equity, leadership efficacy, and community solidarity

This objective entails conceptualising, packaging, producing and distributing corporate and promotional materials via various communication channels, to promote the NWU

and attract potential students and partners. It also involves enhancing and managing the NWU brand or corporate identity to ensure that the university is an easily recognisable higher education institution in South Africa and internationally.

Ensure the financial sustainability of the NWU

The financial sustainability of the NWU must be maintained through proper processes and structures to ensure that distribution of NWU resources is aligned, equitable and transparent to support the core business strategies of the NWU.

This will be achieved through optimising, growing and expanding income streams, more effective use of current financial and infrastructure resources, increasing cost effectiveness and optimising the capital structure.

Strategy implementation

In order to implement the strategy, the NWU developed a 2016 Annual Performance Plan (APP) for submission to the Ministry of Higher Education and Training on 15 December 2016. The annual process of reviewing the APP involves the following steps:

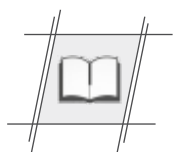
- Review the common strategy assumptions (an annual update and a substantial biennial review) and develop new strategic insights and foresight from internal and external strategic intelligence.
- Evaluate the extent to which the goals and targets in the current APP have been met and determine the reason for failure to meet goals and targets.
- Review the current plan to develop a revised APP for the next year.
- Develop metrics for the measurement of the APP.
- Obtain approval of the plan from executive management and Council.
- Submit the plan to the Ministry of Higher Education and Training.

OUR PERFORMANCE AGAINST STRATEGY

Challenges, successes and resourcing

The adage “what gets measured gets done” is important for the continued performance of the university in line with its strategic agenda.

The following section, derived from the annual performance plan for 2016, provides a high-level overview of the challenges and successes in regard to our performance against the strategy, as well as the resourcing of each of the strategic goals.



Challenges and successes

Goal 1 - Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by our market direction decisions.

- **Transformation of teaching and learning project**

The NWU Teaching and Learning Strategy was approved after an extensive consultation process.

- **Programme alignment**

NWU school directors and programme leaders participated constructively in the internal programme alignment process which greatly contributed to delivering on our goal.

- **Enrolment planning**

The lack of an integrated approach to enrolment planning at the NWU made it challenging to conduct the mid-year enrolment plan review.

A more focused strategy to meet the enrolment targets for Science, Engineering and Technology (SET) programmes is required due to the lack of students who qualify to study in these fields.

The objective of diversifying open distance learning by introducing a broader range of disciplines was not achieved and the NWU remains overly reliant on further teacher training programmes.

- **Continuing education**

While there has been progress towards the implementation of a system to ensure that all continuing education programmes are formally approved, some programmes are still offered without formal approval.

Lack of adequate control mechanisms to regulate the certification of learner achievement in continuing education programmes makes it difficult to determine how successful we are at continuing education.

- **Adoption of technology-enabled learning**

A gap is the lack of a decision-making framework to provide academic managers with guidance on the most appropriate approach to the design of learning interfaces in terms of paper-based or electronic study guides with varying dimensions of interactivity.

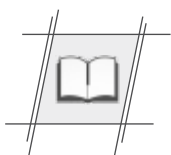
One success was the constructive and integrated work across campuses on an approach to the development of learning interfaces.

- **Academic professional development**

The Institutional Course for New Lecturers was redesigned with academic staff input.

The criteria for the three categories of the Teaching and Learning Excellence Awards were sufficiently differentiated to provide clear guidance to academic staff on the requirements for participating in a particular award category.

Academic and professional support staff continued to participate in projects on the Scholarship of Teaching and Learning (SoTL), but the ability to translate their SoTL work into changes to their teaching and learning approach in practice was a challenge.



Goal 1 - Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by our market direction decisions.

Resourcing of strategy

- **Transformation of teaching and learning project**
A strategic funding allocation was made from the NWU strategic budget to support the project for the transformation of teaching and learning at NWU.
- **Programme alignment**
In the Academic Programme Planning Unit, there are insufficient staff with the capacity to coordinate and support the programme alignment process.
Capacity among school directors and programme leaders to undertake programme alignment is limited.
- **Enrolment planning**
There is no integrated planning process to support enrolment planning, and a dedicated NWU academic planner should be considered.
The Management Information Unit provided effective technical support for the mid-term enrolment planning review.
Achieving the enrolment targets is heavily dependent on the strengths and expertise of the NWU Marketing and Communication department.
- **Continuing education**
Insufficient staff capacity existed to develop a continuing education framework and to conduct the baseline audit of current continuing education provision.
NWU is reliant on just a few units producing continuing education offerings.
- **Adoption of technology-enabled learning**
There are insufficient professional support staff members to support academic staff in the adoption of technology-enabled learning in academic programmes, and the available staff are not evenly spread across campuses.
Strategic funding allocations were made for work on the study material production system and the development of the learning management system. This will, among others, improve the functionalities of the learning management system to support technology-enabled learning.
- **Academic professional development**
The teaching and learning advisors within the academic development and support units at the various campuses play a key role in supporting the academic professional development of academic staff. A key challenge is that the capacity in terms of teaching and learning advisors is unevenly distributed among the campuses, which means that within the new structure the advisors will need to work across campuses.



Goal 2 – Intensify research and innovation.

Challenges and successes

- We have achieved substantial success in research outputs.
- Improvement in innovation is evident.
- We have made progress in achieving better international recognition by obtaining illustrative ranking and rating scores.
- We have widened the base of active researchers.
- We have attracted leading international scientists.
- The number of international postgraduate students increased from 1 844 in 2015 to 2 029 in 2016.

Resourcing of strategy

- We have made significant long-term investments in state-of-the-art research infrastructure.
- We are not attracting sufficient international research funding.
- Our well-qualified postdoctoral staff is an asset.
- We have experienced technology transfer, innovation support and commercialisation staff.
- We lack sufficient staff to conduct internationalisation readiness activities.
- A positive attribute is that each research and innovation project has a designated director leading the research team.



Goal 3 - Integrate and align community engagement with core activities and promote sustainability.

Challenges and successes

- Structural impediments to effective alignment existed.
- Database development was slower than planned.
- Work Integrated Learning was generally underutilised.
- Strategic partnerships for community engagement were developed.
- Social awareness among students on all campuses increased.

Resourcing of strategy

- Partnership agreements with specific targets created beneficial alignment between industry, non-governmental organisations, government organisations and NWU community engagement objectives.
- Staffing resources were very limited and we must plan for improvement.
- Although small companies outsourced their community engagement initiatives to the NWU Social Development Trust, the trust was insufficiently resourced to leverage this strength.



Goal 4 – Develop a clearly differentiated student value proposition.

Challenges and successes

- We piloted the Student Tracking and Readiness System (STARS) survey at the Potchefstroom and Vaal Triangle campuses.
- Senate approved the piloting of a student admissions and placement system for the 2017 first-year students. This pilot is the first step toward aligning all psychometric test batteries and procedures for access, selection and placement of first years at the NWU.
- Seven redesigned academic literacy modules were implemented at the Vaal Triangle campus, and are being adapted for use at the Potchefstroom and Mafikeng campuses.
- Senate approved the review of the UnivPrep programme in May 2016, as well as its continuation and expansion by means of a preparatory programme for science.
- Peer mentoring programmes increased significantly.
- Support for students with various forms of special needs grew substantially across all campuses.
- We developed and piloted the module outcomes builder tool to assist academic staff in embedding the NWU graduate attributes in their modules.
- Academic Development Services at the Vaal Triangle Campus piloted an online orientation programme for first-year students, which was highly successful. The initiative will be rolled out to the other campuses in 2017.
- We conducted a survey to assess the satisfaction levels of students at the Potchefstroom Campus with regard to interpreting services.
- The #FeesMustFall campaigns and the resulting disruptions, as well as the lack of a dedicated university leader to oversee this work, were a major constraint in achieving the desired culture in student life.
- We used the learning management system during the protests to help ensure that learning continued.
- Technology was applied to assist with teaching and learning and internal management.
- We secured the cooperation of the South African Police Service and local security.
- Residences need to keep up with enrolment growth.
- New programmes are needed in targeted skills areas.
- Regulatory approval is required for new programmes.
- Security and access control infrastructure is needed.

Resourcing of strategy

- Strategic funds were allocated for work on a model for student admissions and placement and the Study-Well project.
- Academic development and student counselling staff were available for the development of the various frameworks and programmes for student access and success.
- Supplemental instruction leaders and peer mentors were an important resource for supporting student development programmes.



Goal 5 – Develop and retain excellent staff and create an equitable staff and student profile.

Challenges and successes

- The NWU experienced a funding crisis and there was turmoil in the higher education environment.
- The restructuring process caused instability.
- Scarce skills were lost due to uncompetitive NWU salaries.
- The #FeesMustFall campaign contributed to the instability.
- Perceptions that the environment at campuses is non-inclusive made it difficult to retain staff from designated groups.
- The rural location of some campuses makes it more difficult to attract quality staff.
- Promotions with little significant financial reward fail to retain staff.
- Many of the NWU's employees are extremely passionate and dedicated.
- Transparent communication keeps staff informed about the NWU's direction.
- The NWU demonstrated strong leadership in managing the restructuring.

Resourcing of strategy

- More financial resources are required to develop and retain staff and students.
- Information systems must be improved to support operations.
- Competency levels of staff need to increase.



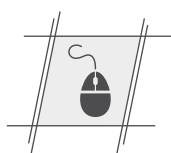
Goal 6 – Govern, lead and manage in a sustainable and transformed way with an effective operating model.

Challenges and successes

- Significant change initiatives were required to break down complacency.
- The NWU success model is an idealised future state way of thinking and approach to management, moving away from linear thinking and towards a collaborative, visionary and iterative approach to management.
- Legacy thinking initially hampered greater acceptance among staff of the need for change and to adopt a visionary approach to thinking.
- It was challenging for staff to deal with their daily operations and, in addition, focus on the restructuring.
- The dedicated work of the Council and Senate was instrumental in the success of the restructuring.

Resourcing of strategy

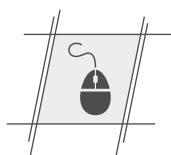
- Work proceeded within existing structures and budgets, augmented to include a high-level internal project team dedicated to the restructuring process.
- An additional budget of R4,75 million (excluding system changes) was set aside for the restructuring.
- Specific resources were assigned to deal with change management matters.



Goal 7 – Develop best-in-class information and communications technology to enable and support core business.

Challenges and successes

- All stakeholders adopted the partnership model.
- We had the first successes in establishing eResearch initiatives through workshops, and data carpentry. (These workshops were on the fundamental data skills needed to conduct research. Our mission is to provide researchers with high-quality, domain-specific training covering the full lifecycle of data-driven research.)
- The information technology mission was changed and communicated to position IT as a "friendly partner".
- Technology-push initiatives are needed to augment IT to become a strategic differentiator.
- The level of complexity in integration poses a challenge on resources and end user experience.
- Legacy systems and behaviour are prevalent.
- Customers have unrealistic expectations.
- Information technology is expected to take the lead too often.
- Cyber security threats are a concern.



Goal 7 – Develop best-in-class information and communications technology to enable and support core business.

Resourcing of strategy

- Information technology is not sufficiently resourced to address standard operational demands.
- More resources will be needed to make a strategic contribution.
- Information Technology (IT) is understaffed which severely hampers value delivery.
- Visionary IT infrastructure leads demand and IT@NWU is currently among the top three in higher education in South Africa due to unlimited bandwidth and sufficient access to computational facilities.



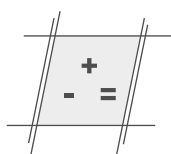
Goal 8 – Communicate, engage and develop core business capability to increase brand equity, leadership efficacy and community solidarity.

Challenges and successes

- Resources and employees' skillsets are inadequately integrated within the NWU Marketing and Communication department.
- An extensive stakeholder consultation process was successful in refining the corporate identity.
- There was an increase in awareness about the NWU among external agencies.
- Awareness about the NWU increased among prospective students.
- The NWU enjoyed increased Advertising Value Equivalence.
- We continued producing relevant internal and external communication material.

Resourcing of strategy

- Trademarks were registered to enhance and protect the NWU corporate identity.
- Staff required training in specific marketing and communication focus areas.
- Sufficient funding and ICT infrastructure existed to embed the brand promise and promote the NWU.



Goal 9 – Ensure the financial sustainability of the NWU.

How we performed

- Please refer to the financial report on page 63.

Future outlook

With regard to the future outlook of each of the above goals, the following paragraph provides a view on the plans and critical success factors needed to sustain growth and performance.



The promotion of excellent learning and teaching, and the repositioning of the NWU to attain size and shape required by the market. This will be accomplished through:

- The development of an integrated teaching and learning policy.
- Conclusion of the project for internal programme alignment.
- The development of a strategy to increase enrolments in SET and to diversify provision in open distance learning.
- The implementation of pilot projects for the provision of online continuing education programmes.
- A plan to ensure that the design and delivery of all academic programmes make effective use of teaching and learning technology.

- A re-design of the system for student feedback on lecturers and modules, catering for both contact and open distance learning programmes.
- A revision of the academic promotions policy so that it gives appropriate recognition to excellence in teaching and learning.



Intensifying research and innovation:

- We need to develop a decision-making model to manage the innovation process from disclosure, preliminary patent and final patent (local and international) through to our commercialisation strategy, which needs to be driven through a stage-gate process.
- A priority for us is to establish a commercialisation seed fund.
- An international investment fund would improve the optimisation of our international research funding.



The integration and alignment of community engagement with core activities and the promotion of sustainability:

- Undertake internal alignment of needs and capacity at the university and establish appropriate structures to manage community engagement across campuses.
- Prepare for the impact measurement exercise.
- Expand service-learning offerings.
- Build capacity for the scholarship of community engagement, including improvement of discipline-based outreach involving staff and students.
- Expand our relationships with external stakeholders.



The development of a clearly differentiated student value proposition:

- Conduct a survey among NWU alumni of 2015 and 2016 to determine their success in gaining employment within their fields of study.
- Expand the Student Tracking and Readiness System survey to include all campuses.
- Plan an on-line orientation programme for NWU students.
- Engage with employers to ensure that the NWU meets the expectations of employers for highly employable graduates.
- Expand academic literacy support to include online writing support for students in distance learning programmes.
- Roll out an interest index to prospective students to create awareness and interest in higher education.
- Optimise student support programmes.
- Continue with the ongoing education and training of the student leadership on the challenges in the higher education environment and how these relate to the student body.



The development and retention of excellent staff and the creation of an equitable staff and student profile:

- Grow a new institutional culture.
- Create a compelling employee value proposition.
- Review the rewards and recognition system.
- Enhance and align the performance management system to the joint accountability model of the new university structure.
- Expand access opportunities for students.



Governing, leading and managing in a sustainable way with an effective operating model:

- Complete the restructuring implementation plan.

- Appoint a senior management team that is fully committed to the implementation of the university strategy.
- Complete the constitution or re-constitution of governance structures.
- Align policies and processes to the new strategy, structure and operating model.
- Prepare for the alignment of systems to the new structure and operating model and the implementation of transitional arrangements.
- Implement an optimal shared-services model.
- Optimise the funding structure.
- Give focused attention to integrated planning in the space management and IT environments.



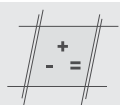
The development of best-in-class information and communications technology to enable and support the core business:

- Improve ICT planning with regard to investment, deployment and utilisation.
- Increase focus on collaboration and innovation, including internal and external partnerships.
- Align growth in IT demand with the provisioning of resources.



Communicate, engage and develop core business capability to increase brand equity, leadership efficacy and community solidarity:

- Improve the appeal of the NWU to a new generation of future students.
- Implement the newly established marketing and communications structures.
- Develop more effective communication channels and tools.
- Develop content for flagship NWU projects and distribute it via the appropriate channels.



Ensure the financial sustainability of the NWU:

- Optimise and expand continuing education income by developing and implementing a new financial model.
- Implement an integrated planning function which includes linking infrastructure requests to strategic initiatives and financial viability analysis and space norms, as well as financial planning processes of the NWU.
- Manage staff cost increases based on strategy and faculty growth targets.
- Review and implement a financial contribution model after full cost recovery for residence and catering services.
- Implement the financial viability model to identify and review non-viable academic programmes/modules.
- Finalise a new fundraising framework.

Self-assessment of how we performed against our strategic objectives

Based on the targeted performance against year one of our new strategy as indicated above against the backdrop of a highly complex national higher education environment and in the context of an ongoing and substantial restructuring of the university, the NWU has succeeded in achieving its objectives.

DR MB TYOBKA
CHAIRPERSON OF THE COUNCIL

PROF ND KGWADI
VICE-CHANCELLOR

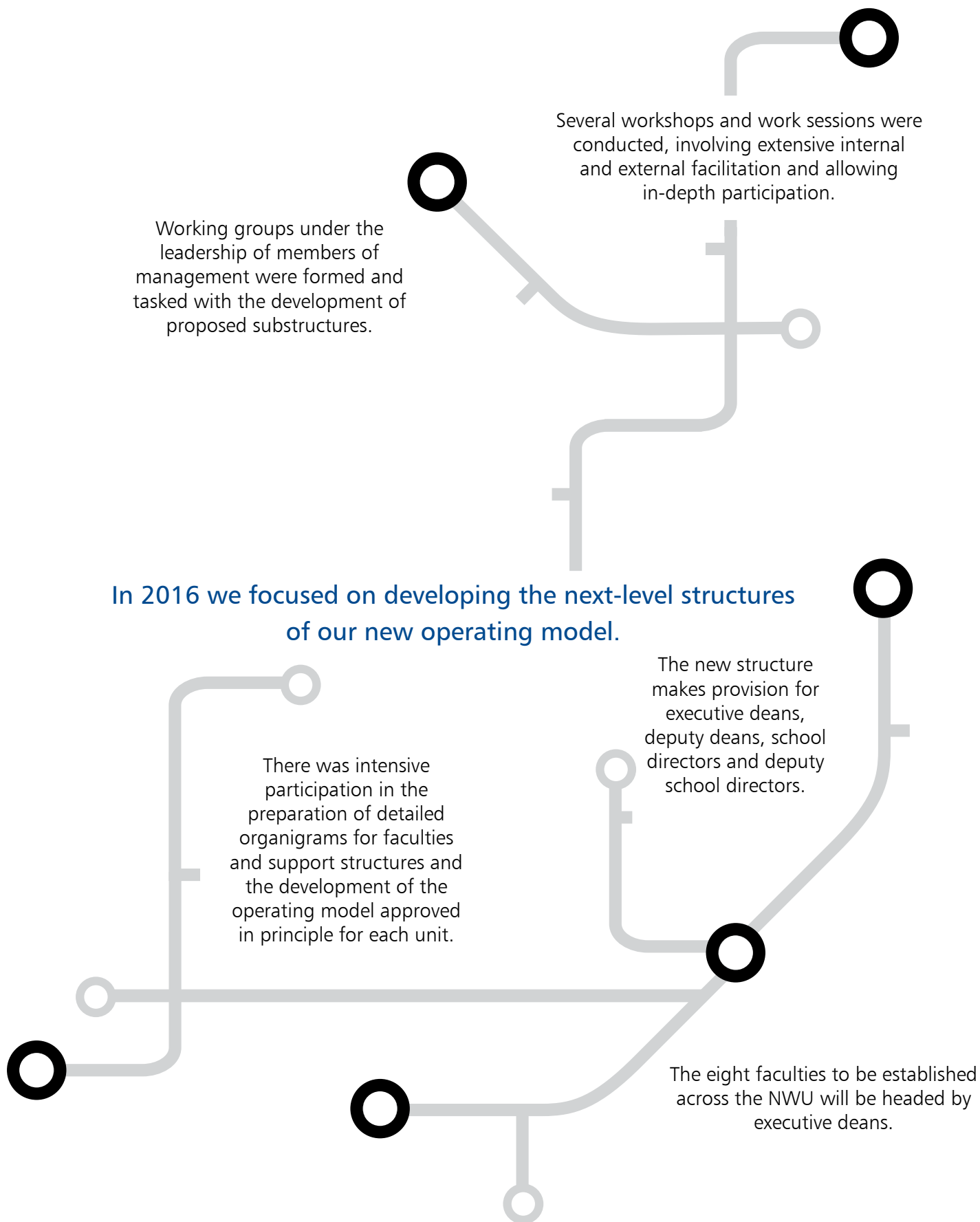
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ON TRACK TOWARDS BUILDING A BETTER FUTURE



FINANCIAL REPORT

How we plan to finance our strategic initiatives

The aim during the budget process is to ensure through proper processes and structures that the distribution of NWU resources is aligned, equitable and transparent, thus supporting the core business strategies of the NWU and in doing so, ensuring financial sustainability.

Each budget unit (three campuses and the Institutional Office) takes ownership of its own budget and has a budget committee that oversees the budget process of the unit. The NWU budget process is thus an interactive process whereby different levels of management take ownership and participate actively in compiling the budget for the next year, taking into account the trends of the past, risks and concerns, benchmarking and future goals or plans.

The Institutional Budget Committee (with representatives from all the budget units) is the committee that recommends the budget to the Institutional Management team, which approves the budget and recommends it to the Finance Committee. Finally, the Council approves the budget at the recommendation of the Finance Committee.

The budget was compiled using pre-determined ratios (expenses measured as a percentage of core business income, meaning tuition and subsidy income), with a break-even budget on a cash flow basis as a goal. The following ratios were used as steering mechanisms:

- Contribution towards the shared cost of the Institutional Office as percentage of core business income
- Staff cost as percentage of income
- Operating cost as percentage of income
- Capital cost as percentage of income
- Strategic expenses, such as new personnel cost fund, strategic fund, infrastructure expenses and macro maintenance expenses, all as percentages of core business income

The idea is to use these ratios to steer the NWU towards the ideal combination of income and expenses, not only for the university as a whole, but also per budget unit and on levels below that. The main purpose is ensuring financial sustainability in the long term for the NWU.

The university strives constantly to align all activities and resource allocation with its strategy and success model. The strategic fund contributes to this strategic alignment through the allocation of funds for specifically identified strategic projects. The principle used in the allocation of the strategic fund was to cover the full funding needed across financial years to complete these projects.

Opportunities and challenges in executing our strategy

President Jacob Zuma announced a 0% fee increase for 2016 on 23 October 2015. The result was a net shortfall of R44,7 million on the 2016 budget for the NWU, being a total loss in income of R178,9 million less a 75% contribution (R134,2 million) from the DHET towards this loss.

The budget shortfall was dealt with by means of a revision of the 2016 expense budget, since no additional income could be identified. In short it meant that 50% of the deficit had to be saved in the capital budget and 50% had to be saved in the staff cost budget. A permanent saving in the expense base was needed in order to ensure financial sustainability. The budget cuts were managed as far as possible to minimise the impact on staff members, quality of teaching and learning and the potential to grow.

The NSFAS loan scheme, with a centralised management model, became effective in July 2016, for implementation in 2017. This approach differs substantially from the one that was used in the past, where universities received allocations and the respective university managements were responsible for applying the funds within the NSFAS rules.

The NSFAS central application process was rolled out in the sector late in the year putting a lot pressure on the sector due to lack of capacity/readiness to service the sector. However, additional NSFAS funding for first-time entrants allowed for additional enrolments that resulted in higher tuition fee income than planned.

The NWU participated in the call for submissions to the Presidential Commission of Inquiry into Higher Education and Training and was selected to present its report to the Commission on 12 August 2016.

Our submission entailed a mixed-method documentary analysis to prove that fee-free higher education is not viable in South Africa as significant funds will either need to be reallocated from other sectors that also require funding, or will have to be collected from already overburdened taxpayers.

We also presented a study towards developing a viable student fee regulatory framework with the use of "grounded theory: Subsidised higher education" with the effective use of the already implemented National Student Financial Aid Scheme. While it was felt that several political factors played a role in the #FeesMustFall campaign, which skewed students' legitimate concerns and discredited the campaign, this study did not discuss these political factors.

The NWU successfully implemented the initiative to stabilise and expand short and medium-term open distance learning income stream opportunities, although the slow pace of registering new qualifications inhibited progress.

In support of this initiative, a strategic project was launched in late 2016 to enhance the management of tuition fees. The aim is to review the regulatory framework, evaluate the strengths and weaknesses of the current tuition fee model and propose changes to either enhance the current model and process or develop a new model and business process. Another aspect of this project is to propose an implementation plan for the roll-out of the new tuition fees model and business process, including the necessary system specifications.

Security issues, along with additional costs, damage-related costs and increased insurance costs due to student protest action, were further challenges in 2016, resulting in an overspend on the security budget of approximately R58,5 million.

Financial effects of restructuring

Early in 2016 the NWU structure and operating model implementation project was approved. The goal of this project is to operationalise the approved NWU strategy through further detailed organisational design that includes lower level structures, job profiles and operating models. Funding of R4,75 million was set aside for this purpose.

Although financial savings were not the primary goal of the restructuring process, it was managed within the mandate from Council, namely that the new organisational structure should not be more expensive than the previous one. This project received the highest priority during the months following Council approval. While this meant that some of the other planned initiatives had to move down the priority list, the restructuring initiative will enable the NWU to become a more unitary university and thus deliver an excellent return on investment.

Strategically funded projects

The following strategic initiatives were also initiated to contribute to financial sustainability:

- A project to enhance the management of tuition fees was launched late in 2016, aimed at reviewing the regulatory framework and evaluating the effectiveness of the current

tuition fee model in order to determine its strengths and weaknesses.

- A strategically funded space management project was initiated towards implementing the infrastructure policy that focuses on optimal space management.
- A financial viability project with strategic funding was initiated in order to develop a financial model to identify non-viable academic programmes/modules.

The big question: Will tuition fees increase in 2017?

Tuition fees for 2017 will increase by 8% in line with the announcement by the Minister of Higher Education and Training, who recognised in his statement that public universities are a significant national asset. He acknowledged that universities face an extremely difficult financial situation, which has been exacerbated following the 2016 moratorium on fee adjustments and the extra costs associated with insourcing.

The NWU eagerly awaits the outcome of the Presidential Commission's advice on systemic and long-term measures to enable South Africans from poor and working-class families to access higher education.

Government has provided R1,9 billion of the R2,3 billion shortfall from the 2016 university fee increase. More than R4,5 billion in the 2016/17 financial year has been reprioritised to NSFAS.

Government has indicated commitment to finding the resources to support students from all poor, working-class and middle-class families – those with a household income of up to R600 000 per annum – with subsidy funding to cover the gap between the 2015 fee and the adjusted 2017 fee at their institution. All NSFAS-qualifying students, as well as the so-called “missing middle”, will therefore experience no fee increase in 2017.

Primary statements

Borrowings

The NWU did not enter into any new long-term borrowing agreements.

Tenders

Tenders are evaluated and approved strictly in line with tender policies and procedures, and within authorisation mandates, including the Broad-Based Black Economic Empowerment Act 2003 (Act No 53 of 2003), with a focus on fairness and transparency. The NWU requests tenders from the market for all requirements of goods and services with a total contract value exceeding R100 000.

The tender document forms the basis of the envisaged supply agreement and is therefore checked and approved by the

Legal Services department. The evaluation criteria as specified in the tender document are:

- For tenders with a total value of less than R1 million, 80% is awarded for price, 16% for the level of BBBEE and 4% for supplier location in the areas where the NWU operates.
- For tenders exceeding a total value of R1 million, 90% is awarded for price, 8% for the level of BBBEE and 2% for supplier location within the operational areas of the NWU.

Council has mandated the Tender Committee to evaluate and approve tenders for contracts between R10 million and R30 million, provided they are within the approved budget. For contracts exceeding R30 million, the committee will evaluate the tenders received and make a recommendation to the full Council. (Refer to page 77 for details)

Campus development

The following table summarises the NWU's overall expenditure on infrastructure and facilities development during the financial year ended 31 December 2016. This amounts to a total investment of R84,59 million.

		Potchefstroom Campus	Mafikeng Campus	Vaal Triangle Campus	Institutional Office	Total
Department of Higher Education and Training (DHET)	Funding 2012-2015	R1 594 854.83	R784 289.24	R1 137 732.46	R -	R3 516 876.53
	Funding 2015-2016	R16 000.00	R -	R -	R -	R16 000.00
Capital works	New	R10 288 646.86	R14 444 958.86	R5 497 081.79		R30 230 687.51
	Upgrade	R11 402 686.93	R2 702 176.35	R4 347 932.07	R1 171 737.04	R19 624 532.39
Macro maintenance		R20 405 580.66	R4 089 380.87	R740 010.05	R2 686 980.84	R27 921 952.42
Minor works		R2 235 767.00	R57 509.88	R770 000.00	R217 000.81	R3 280 277.69
Strategic fund		R -	R -	R -	R -	R -
		R 45 943 536.28	R 22 078 315.20	R 12 492 756.37	R 4 075 718.69	R84 590 326.54

A new infrastructure budget to the value of R273,0 million was approved during March 2016 after the infrastructure plan for 2016 had to be scaled down due to the #FeesMustFall campaign, which resulted in a budget shortfall. This caused a three-month delay in the start of projects in the infrastructure project portfolio, as is evident in the lower amount spent on infrastructure projects in 2016 compared to the approved budget.

A further delay and corresponding decrease in expenditure was caused when formal approval of DHET projects for the 2015-2016 funding cycle was not forthcoming. An amount of R60,6 million was included for this in the 2016 infrastructure budget but, at the time of writing, approval had still not been obtained.

The following strategy was followed in compiling the infrastructure priorities.

- Preference was given to academic (teaching-learning and research) priorities.
- Every effort was made to mitigate possible security and safety risks.
- Investment in enrolment growth was emphasised.
- Campuses requesting additional space were informed that no alternative space is available to accommodate their requests.
- The current space occupied by the relevant manager per campus is aligned to the DHET space norms.

- Recent infrastructure investments were taken into account.
- Possible alternative sources of financing were considered.

For space planning, the focus in future will be on aligning space requirements with the enrolment and other strategic plans of the NWU. This will be achieved through integrated planning among the various stakeholders in the university's academic and support services, resulting in an infrastructure plan that is focused on achieving the strategic targets.

Mafikeng Campus

During 2016 the following major capital projects were embarked upon on the Mafikeng Campus and will be completed in 2017:

- Construction of a new building for the Faculty of Law
- The refurbishment of the library to create a new research commons, as well as internal macro maintenance at the library.
- The relocation of a computer laboratory to create additional office space for Accounting Sciences.
- Lifts were upgraded in various buildings as part of the macro and deferred maintenance plan.

The total investment in infrastructure, facilities and capital works for 2016 stood at R22,07 million.

Potchefstroom Campus

On the Potchefstroom Campus, the first phase of the internal refurbishment of the Biological Sciences Building started in 2016 and will be completed in 2017.

The macro and deferred maintenance of various buildings was completed, including:

- Eikenhof ladies' residence
- Hot water system at Ratau men's residence
- External maintenance at the D1 building
- Internal and external maintenance at the F2 and F4 buildings
- Upgrading the lifts in the Joon van Rooy building.

Various minor building projects were attended to across the campus.

The total investment in infrastructure on the Potchefstroom Campus in 2016 amounted to R45,94 million.

Vaal Triangle Campus

On the Vaal Triangle Campus, the electrical infrastructure was expanded in 2016.

The first phase of the macro maintenance of Vergelegen and Jasmyn residences was completed and the air-conditioning systems in buildings 4 and 6 are being upgraded.

The total investment in infrastructure on the Vaal Triangle Campus in 2016 was R12,49 million.

Institutional Office

The Institutional Office attended to various cross-campus infrastructure projects relating to deferred and macro maintenance, as well as the upgrading of the Cachet Park Shopping Centre in Potchefstroom, resulting in expenditure of R4,07 million.

Statement on additional investments in infrastructure

There were no additional investments in infrastructure.

Financial overview

The purpose of this financial overview is to present a summary of the financial results of the university for 2016 and to provide information regarding the following:

- Budgeting and budgetary control processes
- Overview of financial achievements

Budgeting and budgetary control processes

The budgeting process at the NWU is an interactive process whereby different levels of management take ownership of their budgets and participate actively in compiling the budget for the next year, taking into account the trends of the past as well as future goals/plans.

Each budget unit (three campuses and the Institutional Office) takes ownership of its own budget and has a budget committee that oversees the budget process of the budget unit. The Institutional Budget Committee (with representatives from all the budget units) is the committee that recommends the budget to the Institutional Management team, which approves the budget and recommends it to the Finance Committee. The Council finally approves the budget at the recommendation of the Finance Committee.

The Institutional Budget Committee approved a budget target (compiled by a Budget Task Team with representatives from Finances, Human Capital and Academic Management) before the budget units started with the budget process.

The approach followed in compiling the target was similar to the previous year, with the aim of ensuring through proper processes and structures that the distribution of NWU resources is aligned, equitable and transparent to support the core business strategies of the NWU and in doing so, to ensure financial sustainability.

The budget target was compiled per budget unit based on ratios (expenses measured as percentage of core business income, which is tuition and subsidy) with a break-even budget (in income stream 1 and 4) on a cash flow basis as a goal. The following ratios were used when compiling the target:

- Contribution towards the shared cost of the Institutional Office as percentage of core business income
- Staff cost as percentage of income
- Operating cost as percentage of income
- Capital cost as percentage of income
- Strategic expenses, such as new personnel cost fund, strategic fund, infrastructure expense, macro maintenance expense as percentages of core business income

The ideal remains that the ratios will be used to steer the NWU towards the ideal combination of income and expenses, not only for the university as a whole, but also per budget unit AND also on lower levels, with the main purpose of ensuring financial sustainability in the long term for the NWU.

As performance agreements of all staff are linked to the Annual Performance Plan (APP) all the different levels of management remain involved in the management of the budget. In the course of any given year all staff members who deal with finances remain closely involved through the monthly variance reporting structures. Variance reports are monitored up to Institutional Management level on a quarterly basis via the Management Statements that served at the Institutional Management Committee. For source of funds (SOF) 2, 3 and 5 only income actually received is allowed to be spent. Overspendings are also followed up by the finance offices and regular feedback on the financial results was also given during campus management meetings.

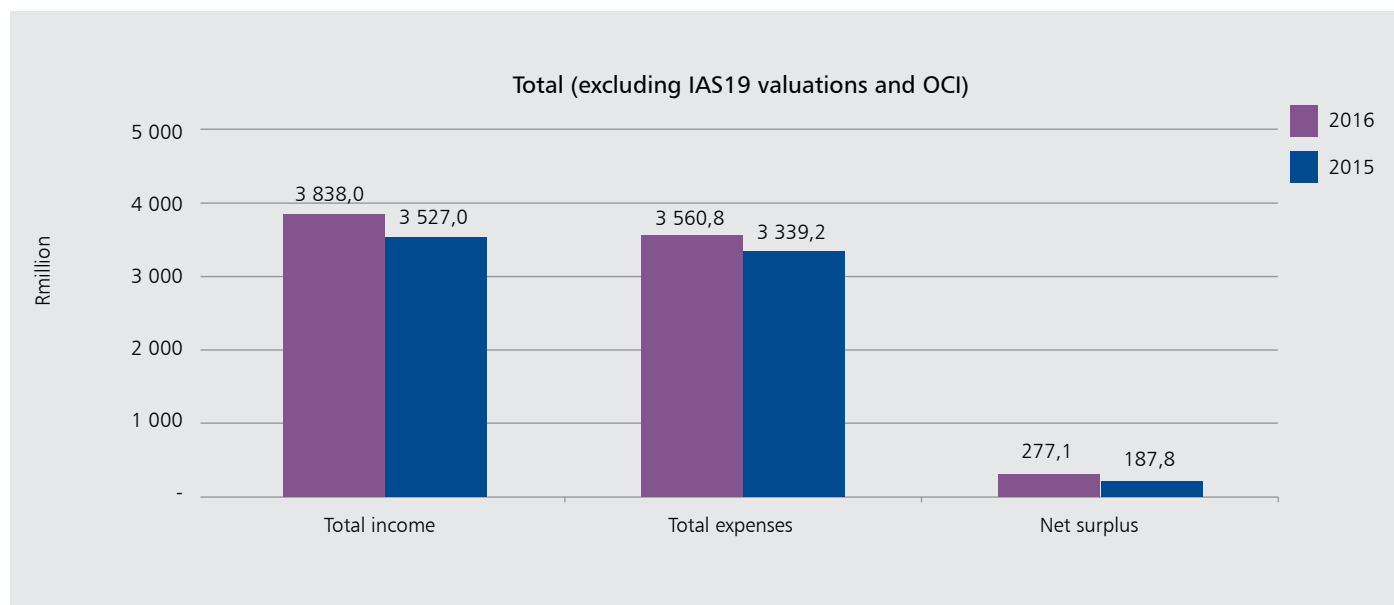
Overview of financial achievements

The financial review for the year ended 31 December 2016 is presented under the following headings:

Profitability and growth

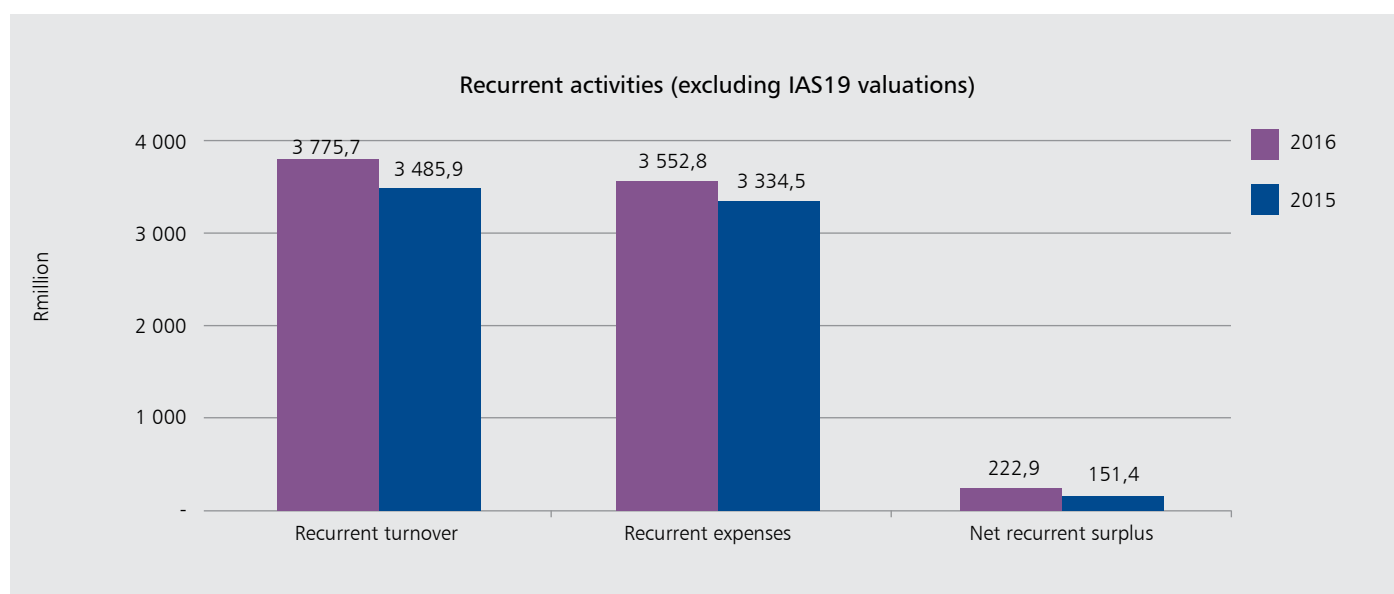
The total income of the university increased by 8,8% to R3 838,0 million (2015: R3 527,0 million), while the total expenses (excluding the effect of IAS19 valuations) increased by 6,6% to a total expenditure of R3 560,8 million for the 2016 financial year (2015: R3 339,2 million). Therefore the surplus for the university's operations (recurrent and non-

recurrent) is R277,1 million for 2016 (2015: R187,8 million). The impact of IAS19 valuations on expenses is a decrease of R3,9 million for 2016 (2015: R106,8 million increase). The net surplus as reflected in the consolidated statement of comprehensive income is R281,0 million (2015: R81,0 million) and represents 7,3% (2015: 2,3%) of the total income.



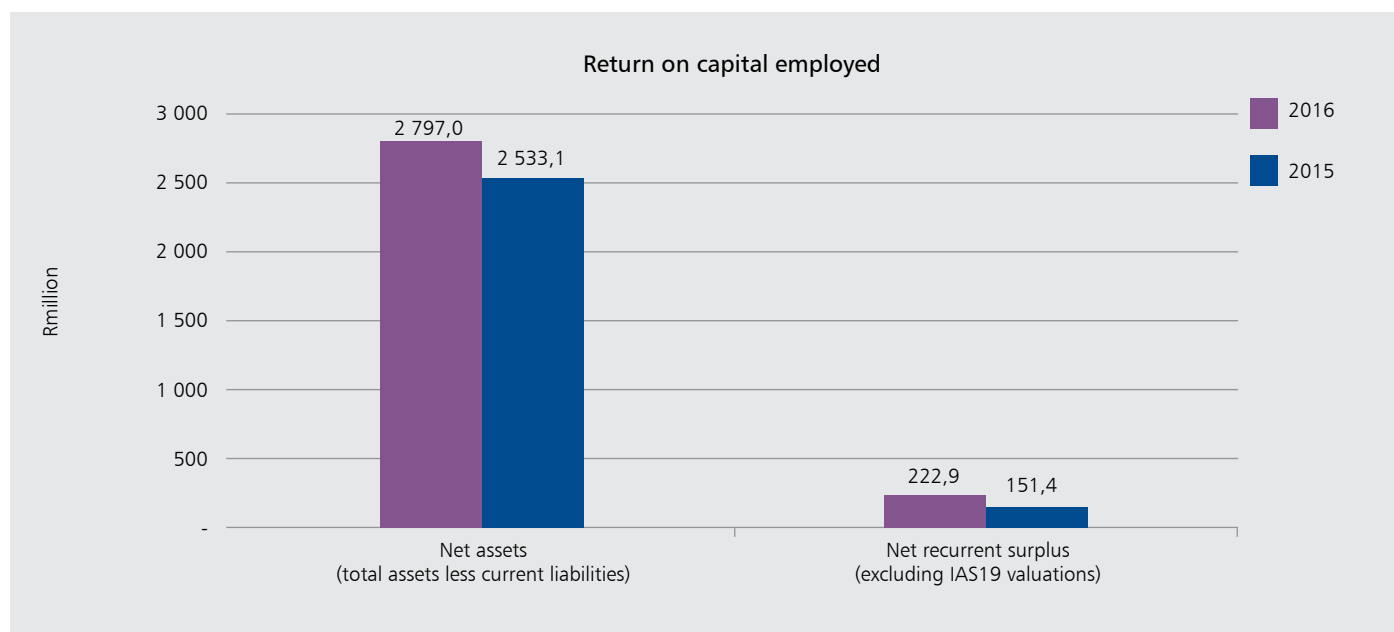
The total income of the university from recurrent activities (excluding disposal of PPE, disposal of investments and other comprehensive income) increased by 8,3% to a total income of R3 775,7 million, while the total expenses from recurrent activities (excluding the effect of IAS19 valuations) increased by 6,5% to a total expenditure of R3 552,8 million for 2016. The surplus for the 2016 financial year from recurrent activities represents 5,9% (2015: 4,3%) of the total recurrent income.

The increase in the surplus from recurrent activities can mainly be attributed to a timing difference due to macro maintenance projects that had to be postponed and carried over to 2017 due to the DHET that postponed the approval of these projects as part of the earmarked infrastructure grant allocation, as well as strategic projects that started late or was postponed due to the priority given to the NWU structure and operating model implementation project.



The university's return from recurrent activities (excluding the effect of IAS19 valuations) on capital employed (total assets less current liabilities) increased to 8,0% (2015: 6,0%).

This is mainly due to an increase in the recurrent surplus despite an increase of 10,4% in net assets.

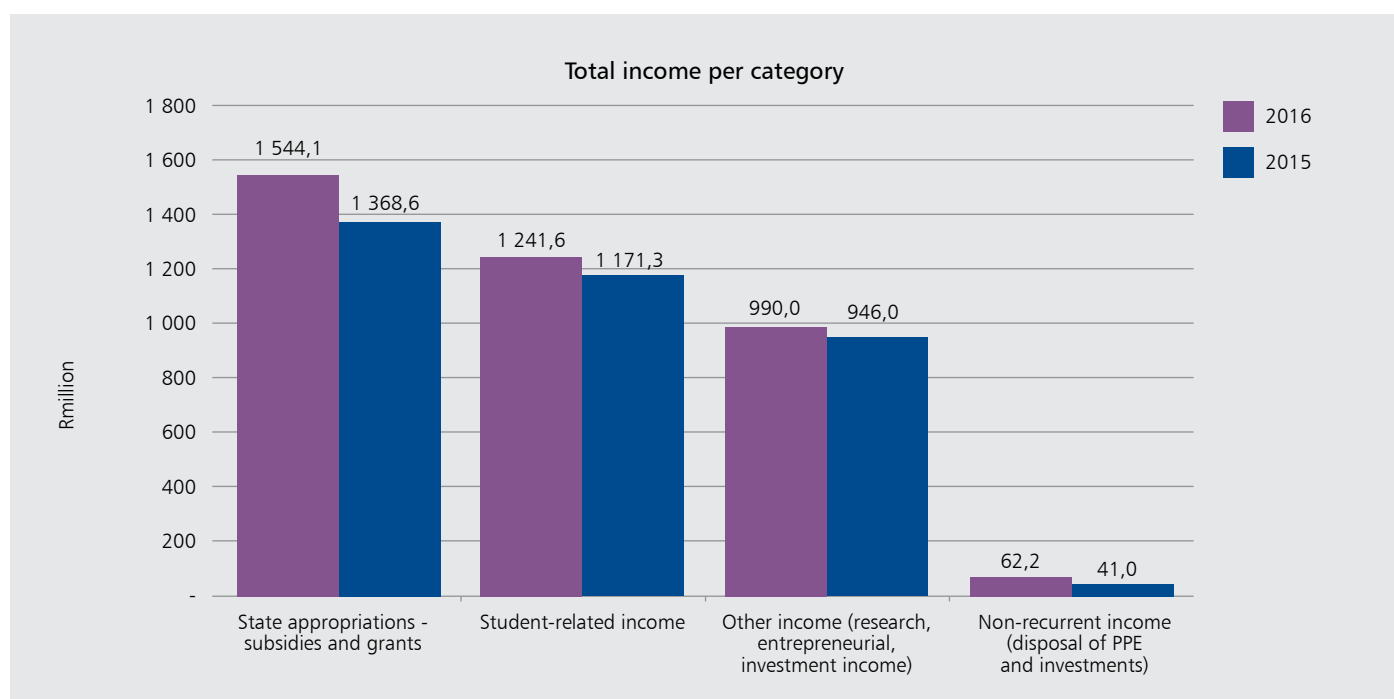


Income from state subsidy represents 40,1% (2015: 38,8%) of total income and increased by 12,8% from 2015. Total state subsidies of 40,1% comprises 35,0% block grant, 1,7% earmarked grants and a no fee increase grant relating to tuition fees and residence fees of 3,4%. Earmarked grants in the amount of R31,9 million were deferred (2015: R38,7 million).

As per the announcement by the Minister on 23 October 2015, there was a 0,00% increase in tuition fees for 2016 compared to an average increase of 9,25% for 2015. Student-related income was 6,0% higher than in 2015 (2015: 17,2%). The main reason being the additional funding received from NSFAS

for first-time entrance students, as announced by Minister of Higher Education and Training during January 2016. A greater number of students enrolled than was anticipated. The total student-related income represents 32,4% of the total income (2015: 33,2%).

Expenses include an amount of R37,8 million (2015: R35,4 million) written off as irrecoverable and doubtful debt, as well as an increase of R23,4 million (2015: R34,1 million) in the allowance for bad debt with regard to student debtors. Student debtors-related expenditure amounts to R61,2 million (2015: R69,5 million).



Total expenditure (excluding IAS19 total adjustments) increased by 6,6% (2015: 6,5%).

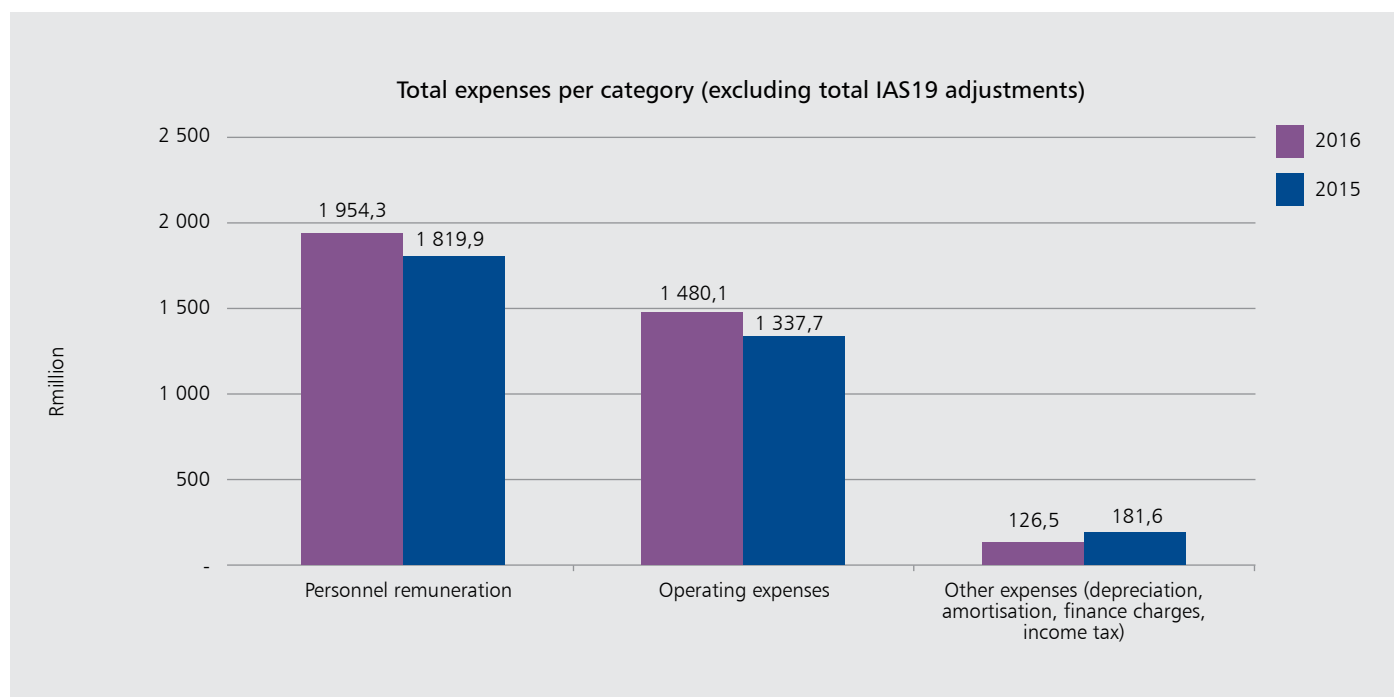
Personnel remuneration (excluding IAS19 total adjustments) increased by 7,3% (2015: 9,3%), which mainly reflects the 4,6% COLA adjustment in April of 2016 and the once-off non pensionable allowance of 0,4% of annual remuneration packages awarded to staff during December 2016. The total cost of personnel expenditure for 2016 decreased to 50,9% (2015: 51,6%) of total income that is within the target of 52%.

The total effect of IAS19 valuations amount to a R3,9 million decrease in staff expenses (recurrent and non-recurrent) for 2016 (2015: R106,8 million increase). The standard requires an entity to recognise an expense when it consumes the economic benefits arising from services provided by an employee in exchange for employee benefits. Considering all the assumptions and influential factors and the sensitivity of the valuation from any change in these, the effect of IAS19 total adjustments are therefore excluded from the review.

Operating expenses increased by 10,6% (2015: 0,9%) and represent 38,6% (2015: 37,9%) of total income, which is

within the target set of 42%. Due to the no increase in tuition fees for 2016, strict monitoring of income and expenses were implemented and tight budgetary controls resulted in a heightened awareness regarding savings. Specific expenses, however, increased drastically during 2016, the main item being the outsourcing of security services due to riots on the Mafikeng Campus which resulted in spending R59,5 million more than this line item in 2015. Other items included electronic books and periodicals (R35,9 million) and municipal fees (R17,6 million).

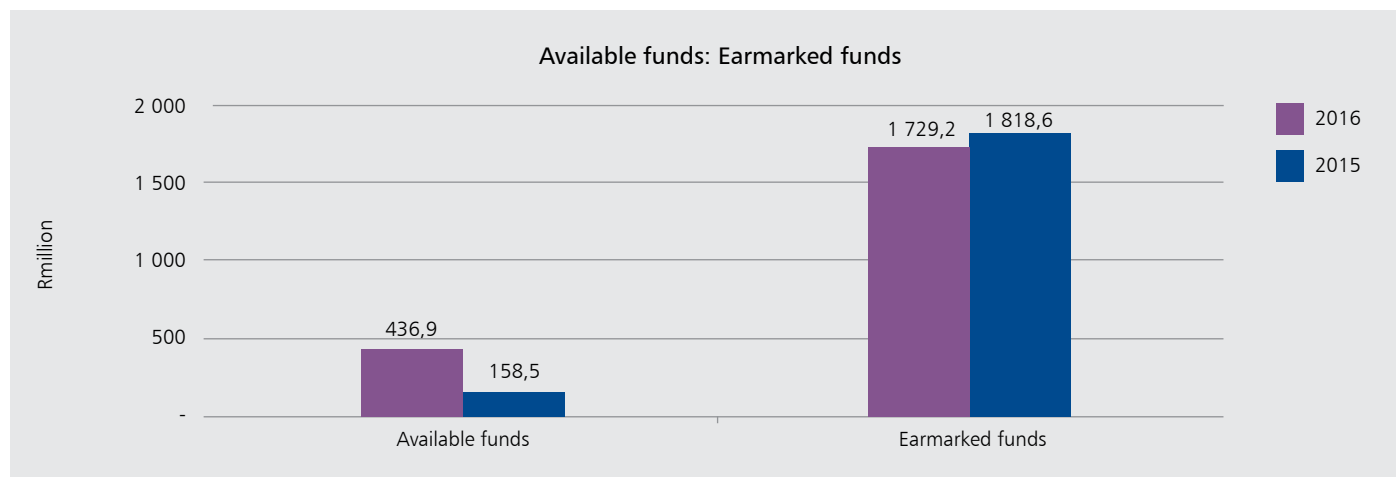
Other expenditure relating to depreciation and finance charges decreased by 30,3%, which is attributable mainly to the change in accounting estimates of the useful lives of buildings and specialised laboratory equipment, resulting in a decrease in depreciation of buildings (R17,6 million) and specialised laboratory equipment (R19,5 million). Large investment in property, plant and equipment financed via the DHET infrastructure and efficiency earmarked funding project of the prior year, still continuous on a regular basis. Finance charges decreased as a loan to the amount of R20 million was fully repaid during May 2016.



The university's equity increased by only 9,5% in the 2016 financial year (2015: 14,6%), mainly due to a decrease of R106,8 million in the net asset value of employee benefits (pension fund and disability reserve fund) at 31 December 2016 – per external actuarial valuation in terms of IAS19 (31 December 2015: increase of R104,0 million).

The available funds increased to 20,1% of total equity (2015: 8,0% of total equity), mainly due to the timing differences

in expenses explained above, the SASRIA insurance claim of R57,0 million received regarding damages to buildings during riots on the Mafikeng campus, and a within-target (3 to 6%) surplus of 5,9% on recurrent activities. Some infrastructure projects commenced late in 2016 and will only be completed in 2017 – thus spending against carried-forward 2016 available reserves will take place during 2017. Specifically also referring to and including the re-building of property on the Mafikeng Campus as mentioned.



Added value

With regard to the university as a tertiary institution with the core business of teaching-learning, research and implementation of expertise (including community service), the NWU again added material value to the economy, in regard to which the following can be highlighted:

- 17 510 (2015: 15 597) students received degrees and diplomas during 2016.
- Despite the financial impact due to the no fee increase, the university stayed committed to support and enhance

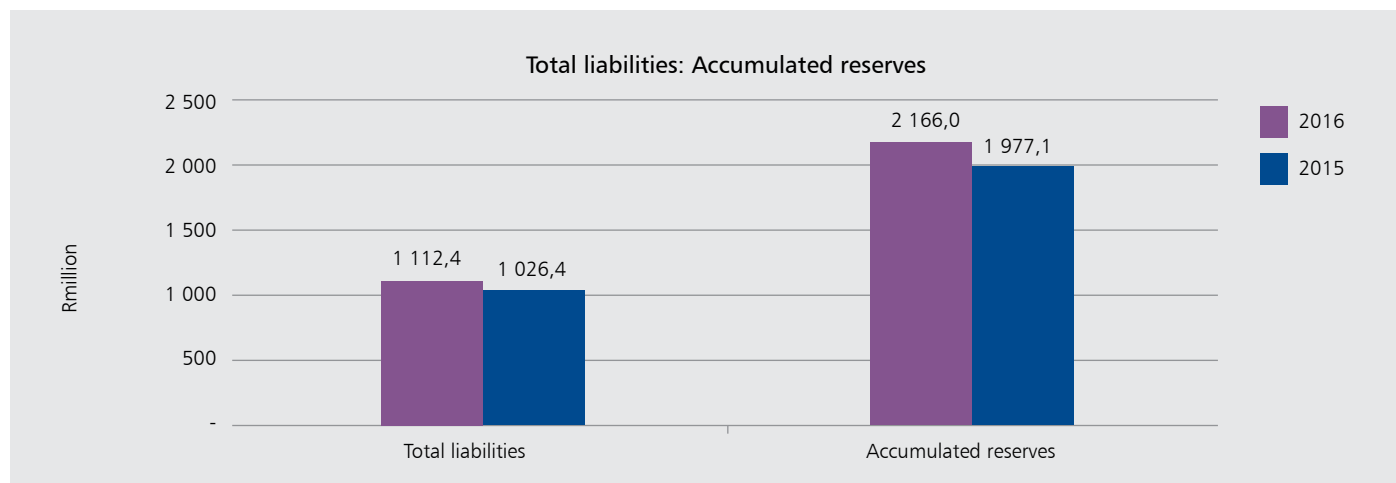
academic performance by awarding bursaries to the amount of R181,3 million from own funds to students.

- The cash flow investment in property, plant and equipment amounts to R164,9 million (2015: R145,7 million), which is mainly attributable to the 2015/2016 DHET infrastructure and efficiency funding. Not all projects have been completed, resulting in macro maintenance to be carried forward to 2017.

Solvability

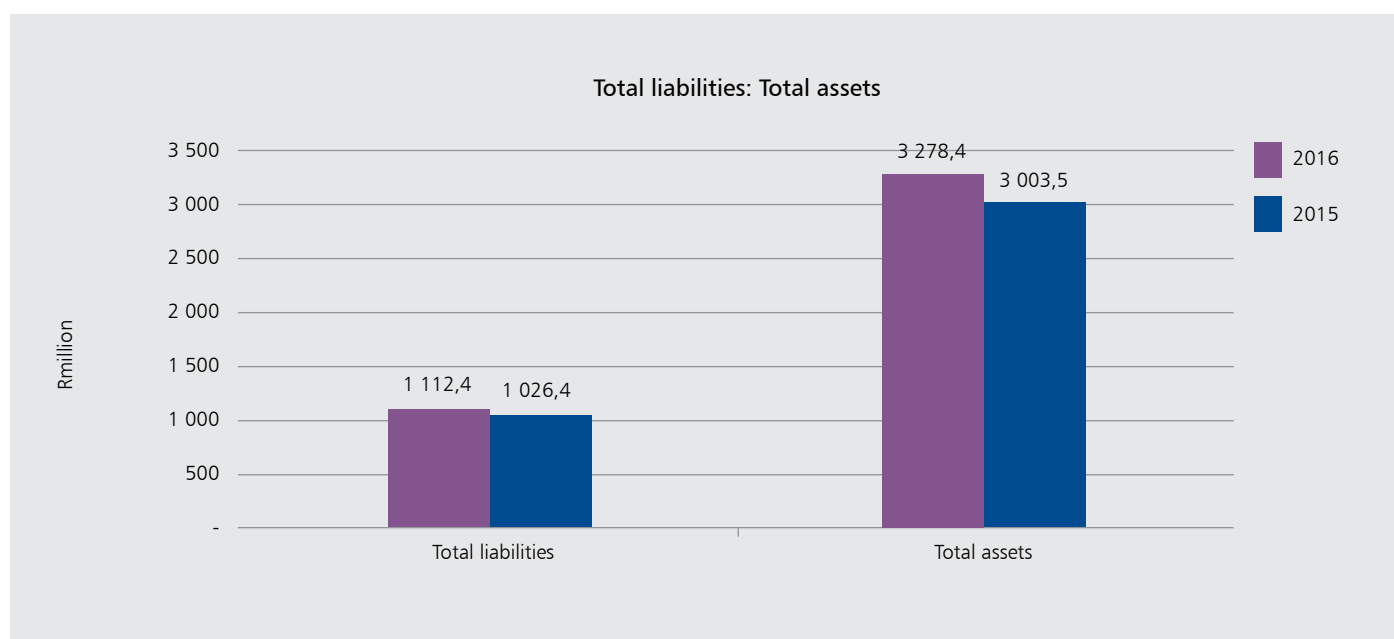
The total liabilities (R1 112,4 million) expressed over accumulated reserves (R2 166,0 million) indicate the university's ratio of debt to equity as 0,51 (2015: 0,52). This is as a result of an increase of 9,5% (2015: 14,6%) in equity for

the reasons explained above, and an increase of 8,3% (2015: 0,4% decrease) in total liabilities. The full amount relating to the new cycle infrastructure grant of R74,5 million is included in total liabilities under deferred income.



The total liabilities expressed over total assets remained unchanged on 0,34 (2015: 0,34) for the year. The total liabilities are covered 2,95 times (2015: 2,93) by total assets.

Solvency ratios continue to indicate clearly that the university is solvent and able to meet both its long-term and its short-term obligations.



Liquidity

The working capital ratio indicates that the current liabilities are covered 1,04 times (2015: 0,74 times) by the current assets. If the analysis is expressed in rand value, the current assets increased by R152,9 million for the 2016 financial year, whilst current liabilities for the same period increased by only R11,0 million.

The main reason for the increase in the current assets is an increase in cash and cash equivalents of R75,0 million, which is

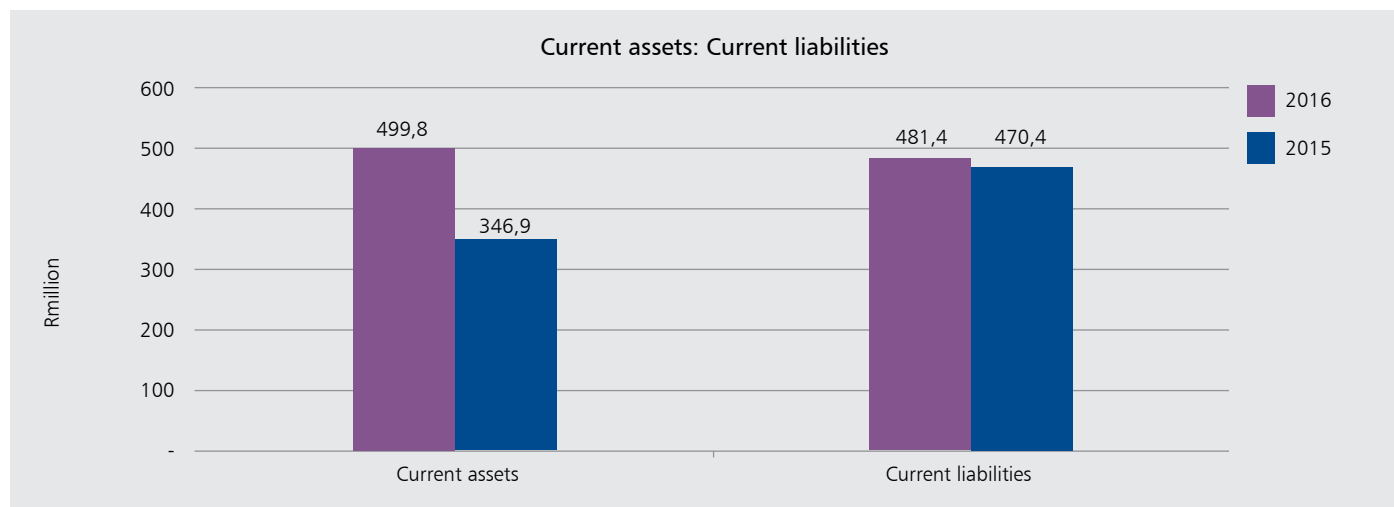
mainly due to cash that was transferred from long-term investments (which increased by R174,1 million, net of revaluation).

Furthermore there was an increase of 51,2% (2015: 14,9%) in trade and other receivables due to additional sundry debtors. Specific reference can be made regarding the SASRIA insurance claim of R31,0 million still outstanding at year end. The net value of working capital, investments and total liabilities improved to R732,5 million (2015: R494,9 million).

	2016	2015
	Rmillion	Rmillion
Investments	1 345,1	1 174,4
Current assets	499,8	346,9
Total liabilities	(1 112,4)	(1 026,4)
Net investments, current assets and total liabilities	732,5	494,9
Capital commitments (infrastructure)	(67,1)	(25,5)
Net cash after capital commitments	665,4	469,4

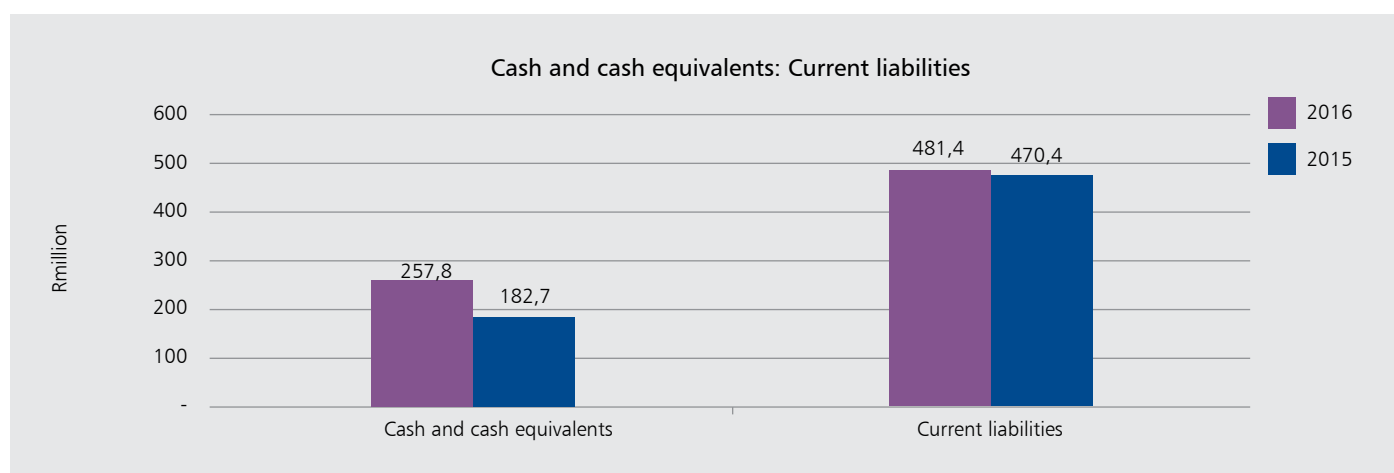
The cash flow situation is monitored closely in order to achieve an optimal balance between long-term and short-

term investments to optimise investment income without compromising flow of business.



The university's ratio of cash and cash equivalents to current liabilities increased from 0,39 in 2015 to 0,53 during the 2016

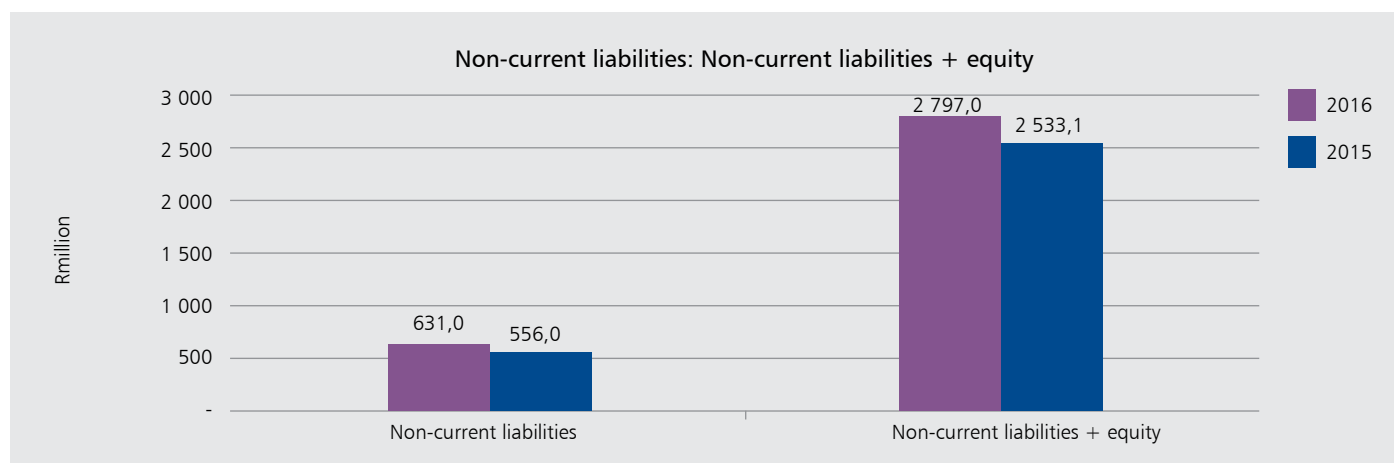
financial year, which was mainly due to the transfer of cash and cash equivalents from long-term investments.



Gearing ratios

Gearing ratios analyse the extent to which long-term finance is used as a source of financing. It is a longer-term indication of liquidity.

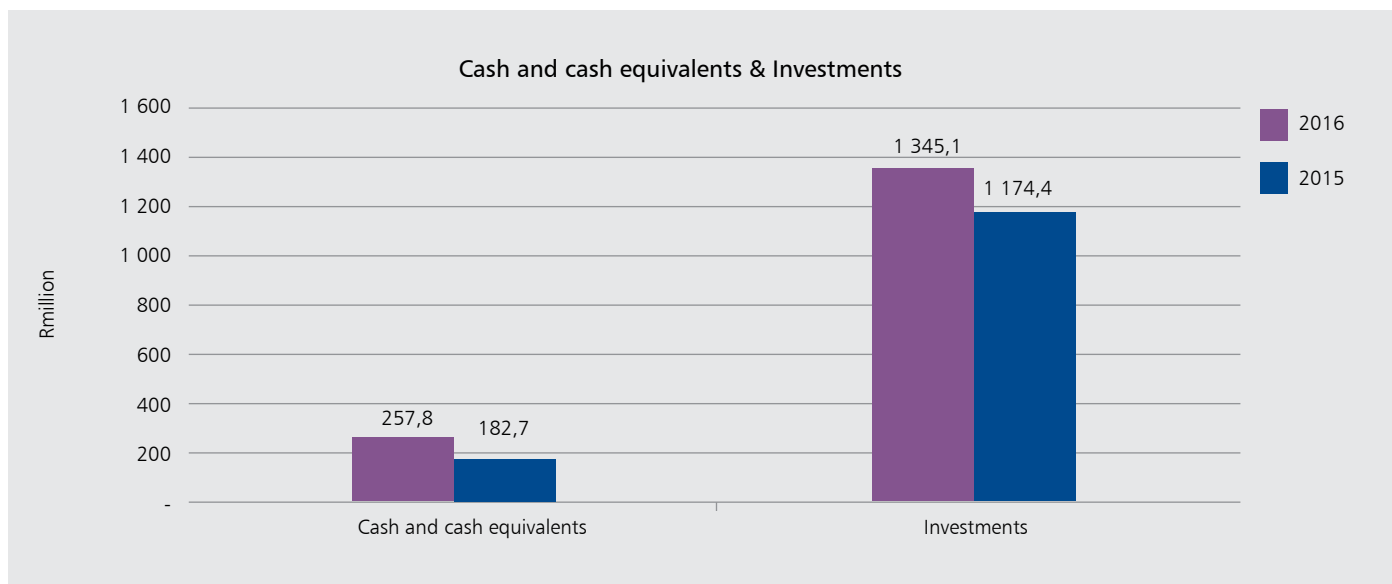
Non-current liabilities represented 22,6% (2015: 21,9%) of total funds employed. This ratio increased, as the new infrastructure grant of R74,5 million received from the DHET, is deferred until utilised.



Cash flow

The university generated a surplus of R281,0 million for the 2016 financial year, and the net cash flow from operating activities amounted to R297,2 million. The total net cash flow increased by R75,0 million in 2016, taking into account i.a. R140,8 million net investment income, transfers of cash and

cash equivalents to longer term investments (R169,0 million) and the investment in property, plant and equipment (R164,9 million). For the 2015 financial year the net cash flow increased by R11,3 million. The NWU is in a viable cash flow situation.



Conclusion

The university was able to achieve the following financial goals during the 2016 financial year:

- To increase total assets by 9,1% (2015: 9,0%) by investing the 2015/2016 grant for infrastructure received from the Department of Higher Education and Training as well as own funds in property, plant and equipment.
- To maintain a sound solvency position and optimal liquidity levels during the 2016 financial year to ensure that the NWU remains a going concern.
- To still be able to award bursaries of R181,3 million to students from own funds despite the financial knock-on effect of the 0% fee increase in tuition fees.
- To still provide affordable higher education while maintaining the ratio of dependency on state subsidy income. Pure block grants received for 2016 represent 35,0% of total income (2015: 36,7%) and falls within our goal of less than 40%.

Council and management are jointly committed to managing the NWU in such a way that the sound financial position will be maintained in 2017. It needs to be pointed out that although an increase of 12,8% in our single largest source of income, namely state subsidy, is shown, only 3,7% relates to our block grant awarded and is lower than the Higher Education Internal Inflation Rate, putting tremendous pressure on the viability of the university. Furthermore the additional block received due to the no fee increase only covers 75% of the NWU total loss in fee income which resulted in a permanent loss in the income base for the NWU going forward. The university is further pressured by the wide-spread difficult and weak South African economy and circumstances.

The biggest challenge for the NWU and the higher education sector as a whole will be to accommodate students referred to as the “missing middle” who cannot afford their studies, but who are also not eligible for study loans without compromising the quality of our education.

MR F STRYDOM
CHAIRPERSON: FINANCE COMMITTEE

MS E DE BEER
EXECUTIVE DIRECTOR: FINANCE AND FACILITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 December 2016

	2016 R'000	%	2015 R'000	%
ASSETS				
Non-current assets	2 238 325	68,2	2 295 815	76,4
Property, Plant and Equipment	1 180 478	36,0	1 121 872	37,3
Investment properties	19 826	0,6	20 323	0,7
Intangible assets	950	0,0	950	0,0
Investments	804 754	24,5	810 062	27,0
Equity-accounted investees	20	0,0	3 528	0,1
Deferred income tax assets	99	0,0	73	0,0
Employee benefits	232 198	7,1	339 007	11,3
Current assets	1 040 119	31,8	707 693	23,6
Inventories	25 397	0,8	20 503	0,7
Trade and other receivables	216 613	6,6	143 216	4,8
Current tax assets	0	0,0	406	0,0
Current portion: Investments	540 320	16,5	360 828	12,0
Cash and cash equivalents	257 789	7,9	182 740	6,1
Total assets	<u>3 278 444</u>	<u>100,0</u>	<u>3 003 508</u>	<u>100,0</u>
FUNDS AND LIABILITIES				
Funds available	2 166 050	66,1	1 977 131	65,8
Accumulated funds	2 165 418	66,1	1 976 617	65,8
Non-controlling interest	632	0,0	514	0,0
Total liabilities	1 112 394	33,9	1 026 377	34,2
Non-current liabilities	630 973	19,3	555 958	18,5
Long-term loans	33 082	1,0	42 644	1,4
Employee benefits	519 680	15,9	513 314	17,1
Deferred income	78 211	2,4	0	0,0
Current liabilities	481 421	14,6	470 419	15,7
Trade and other creditors	301 134	9,2	293 013	9,8
Current tax liability	1 010	0,0	4 265	0,1
Current portion: Long-term loans	10 777	0,3	31 181	1,0
Current portion: Employee benefits	29 417	0,9	20 422	0,7
Current portion: Deferred income	46 422	1,4	47 881	1,6
Student deposits and prepaid income	92 661	2,8	73 657	2,5
Total funds and liabilities	<u>3 278 444</u>	<u>100,0</u>	<u>3 003 508</u>	<u>100,0</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	2016 R'000	% of total income	2015 R'000	% of total income
RECURRENT ITEMS	228 547	5,9	135 556	3,9
Income	3 775 729	98,3	3 485 916	98,9
State appropriations - subsidies and grants	1 544 095	40,1	1 368 650	38,8
Tuition and other fees	1 241 629	32,4	1 171 280	33,2
Income from contracts (research and other)	198 732	5,2	227 587	6,5
Residence and catering services	299 573	7,8	287 452	8,2
Services - entrepreneurial activities	284 226	7,4	264 400	7,5
Private gifts and grants	54 784	1,4	45 101	1,3
Investment income	152 690	4,0	121 446	3,4
Expenditure	3 547 182	92,4	3 350 360	95,0
Personnel remuneration	1 954 269	50,9	1 819 877	51,6
IAS19 - adjustments (employee benefits)	(3 908)	(0,1)	16 928	0,5
Operating expenses	1 480 070	38,6	1 337 679	37,9
Depreciation and amortisation	101 527	2,6	164 569	4,7
Finance charges	15 224	0,4	11 307	0,3
NON-RECURRENT ITEMS	54 215	1,4	(53 490)	(1,6)
Income	62 230	1,6	41 036	1,1
Profit on disposal of PPE	39	0,0	0	0,0
Profit on investments	3 332	0,1	39 541	1,1
Other non-recurrent income	58 859	1,5	1 495	0,0
Expenditure	8 015	0,2	94 526	2,7
Operating expenses	0	0,0	197	0,0
Loss on disposal of PPE	4 506	0,1	193	0,0
Share of loss of equity-accounted investees	3 509	0,1	4 235	0,1
IAS19 - benefit enhancement	0	0,0	89 901	2,6
Net surplus before income tax	282 762	7,3	82 066	2,3
Income tax expense	1 740	0,0	1 101	0,0
Surplus for the year (note 1)	281 022	7,3	80 965	2,3
OTHER COMPREHENSIVE INCOME	(92 103)		172 368	
Pension reserve funds - (deficit)/surplus	(73 167)		192 068	
Disability reserve funds - (deficit)/surplus	(48 787)		11 693	
Health care (medical) - surplus/(deficit)	23 242		(3 335)	
Net fair value gain/(loss) on available-for-sale financial assets	6 609		(28 058)	
Total comprehensive income for the year	188 919		253 333	

NOTE 1:

To illustrate the effect of IAS19 valuations regarding Employee benefits

Surplus for the year from normal operating activities - before total IAS19 adjustments	277 114	7,2	187 794	5,3
Employee benefits - IAS19 total adjustments	3 908	0,1	(106 829)	(3,0)
Surplus for the year	281 022	7,3	80 965	2,3

GOVERNANCE

SUPPORTING VALUE

Functioning of the NWU Council and key decisions taken in 2016 – Report of the chairperson of Council

The NWU Council pursues its governance duties in strict alignment with the stipulations of the Higher Education Act and the Statute of the North-West University.

The following report provides an account of the way the Council discharged these duties during the period under review, and also on the extent to which some of the key decisions might have an effect on future value to be created by the NWU.

Key governance decisions taken by the NWU Council during 2016	How these governance decisions are to affect future value created by the NWU
<p>Steering and overseeing the process of implementing the new NWU strategy 2015 to 2025 in the following way:</p> <ul style="list-style-type: none"> • Adoption of a new business model and concomitant restructuring of the NWU after an extensive process in which Council was continuously apprised of restructuring plans, the cost implications of the restructuring and the implementation plan, as well as the envisaged number of possible dismissals owing to the restructuring process. • Monitoring the implementation of the Section 189A process that was mandatory owing to the restructuring process and that took place with organised labour and with non-unionised staff members. • Revision of the NWU Statute. 	<p><i>The approval of a new strategy for the NWU, as well as the structural adaptations made to the university's business model and its overall structure, are viewed as important milestones that will shape the short- medium- and long-term operation of the university.</i></p> <p><i>The Council is confident that the active implementation of the strategy by means of renewed structural arrangements will contribute to the realisation of the strategic agenda leading to the transformation and positioning of the NWU as a unitary institution of superior academic excellence, with a commitment to social justice. To this end, the revised Statute will provide an enabling environment.</i></p>
<p>Adoption of the following policies and rules in order to ensure compliance to national directives and to mitigate possible risks facing the university:</p> <ul style="list-style-type: none"> • NWU Policy on Work Integrated Learning and Service Learning (<i>new policy</i>) • NWU Policy on Supplemental Instruction (<i>revised policy</i>) • NWU Human Rights Policy (<i>revised policy</i>) • NWU Rules for the Classification of Theses and Dissertations (<i>revised rules</i>) • NWU Teaching and Learning Strategy (<i>new strategy</i>) • NWU Social Media Policy (<i>new policy</i>) • NWU Rules for Innovation Awards (<i>revised rules</i>) • NWU Quality Policy (<i>revised policy</i>) • NWU Policy on Community Engagement (<i>new policy</i>) • NWU Framework and Policy for Research Ethics (<i>new policy</i>) 	<p><i>In line with the stipulation in the university's success model indicating its commitment to the employment of strategies and transformational practices and processes that will be responsible and risk-embracing in design and in nature, the continuous drafting and revision of policies and rules is an important component of such an undertaking.</i></p> <p><i>Furthermore, Goal 6 of the university's long-term goals makes clear the importance of regulative and directive compliance.</i></p>
<p>Overseeing the finalisation of the implementation of corrective measures from recommendations after an external audit finalised in March 2015 on the authorisation of a donation of R10m by the university to the North-West Higher Education Trust. This was finalised in the following way:</p> <ul style="list-style-type: none"> • Discontinuing all business with the Trust and taking the necessary steps for the repayment of the donated amount. • Authorising the settlement agreement entered into with the NWHET and granting indemnification in respect of the actions that the trustees undertook for the benefit of the NWU on the condition that the balance of the trust funds is repaid. • Overseeing the finalisation of processes for all matters mentioned in the external forensic report. 	<p><i>As part of the oversight function relating to risk management, Council had to oversee the process of implementing all recommendations in the external forensic report.</i></p> <p><i>Council concluded the process of oversight and has satisfied itself that all matters have been dealt with, and that the necessary precautionary measures and processes have been put in place to avoid future occurrences of this kind.</i></p>

Key governance decisions taken by the NWU Council during 2016	How these governance decisions are to affect future value created by the NWU
<p>Continuous monitoring of the performance of all core-business activities, particularly in light of the strain on these activities as a result of the #FeesMustFall campaign and related incidents from student unrest.</p> <p>The following key decisions were taken to ensure ongoing stability in key environments:</p> <ul style="list-style-type: none"> • Commissioning an independent inquiry into the incident of arson at the administration building in February 2016 and overseeing the implementation of the key recommendations from the report. • Permission to adjust the academic calendar to ensure successful completion of the academic year. • Approving the 2017 budget and resolving to a fee increase for 2017 of 8% in alignment with ministerial directives and recommendations by Universities South Africa (USAf) and after a transparent consultation process with student leaders. • Approval of the Annual Performance Plan and Mid-Year Performance Plan, as well as taking note of the extent to which the NWU management team has succeeded in the implementation of the 2015 Transformation Summit Resolutions. 	<p><i>In respect to monitoring of performance, uncertainties in the sector, including incidents of student unrest, have forced the Council to take extraordinary measures to ensure the continuation of the academic project.</i></p> <p><i>The Council is confident that the right decisions were taken in the short term to enable the university to realise the goals in the Annual Performance Plan and to continue pursuing its strategic agenda.</i></p> <p><i>However, the Council is on record that it expressed concerns on the medium to long-term effects of the national uncertainties – particularly in respect to the funding of public higher education – on the sustainability of South African higher education.</i></p>
<p>Steering the Council process of appointing the following office bearers:</p> <ul style="list-style-type: none"> • Mr Kedirang Oagile as the Executive Director: People and Culture for a six-year term • Mr Clement Manoko as the Executive Director: Corporate Relations and Marketing for a six-year term • Prof Frikkie van Niekerk as Vice-Principal until the end of 2016 	<p><i>The appointment of these office bearers was steered by the newly approved NWU Strategy 2015 to 2025 for as far as the strategy informed the drafting of the performance indicators of their job descriptions.</i></p>
<p>In line with Section 34(5) of the Higher Education Act, resolving that business may be conducted with the following companies in which university employees declared a direct or indirect interest:</p> <ul style="list-style-type: none"> • Cognacity • APEX • FlowNex • HVAC/CRCED • Jonker Sailplanes 	<p><i>In compliance with Section 34(5) of the Higher Education Act for when approval may be granted to employees with direct or indirect possible conflicts of interest, the Council deliberated extensively on the matter, laying the foundation for improved management and oversight of instances of possible conflict of interest involving employees.</i></p>
<p>The approval of the following tenders as recommended by the Finance Committee of Council:</p> <ul style="list-style-type: none"> • ColourTech Trust for a three-year period for the supply, printing and distribution of learning material within the distance education environment, with a total rand value of R48 million over the contract period. • Fidelity Security Services for the rendering of security services at the Mafikeng Campus for a total contract value of R42 million on certain provisions related to sectoral statutory remuneration adjustments. • Tronkon Pty Ltd for the refurbishment of Phase 2 of a new building for Biological Sciences at the Potchefstroom Campus, for R33 million. 	<p><i>The Council has an obligation to ensure that the university procures services by means of a process that is fair, equitable, transparent and cost-effective, while also ensuring the realisation of transformation objectives.</i></p> <p><i>Council is confident that the tenders awarded during the course of 2016 adhered to the principles laid down in relevant legislation.</i></p>

The evaluation of the effectiveness of the NWU Council and its committees takes place annually at the last meeting of each of these structures. With regard to the self-evaluation of for 2016, Council expressed general satisfaction (with a satisfaction index ranging between 73% and 95%) in regard of the following matters:

- role and functioning in regard to policy and control
- size, composition and independence
- leadership and teamwork
- effectiveness of meetings and workshops

Governance philosophy and governance structures of the NWU

COUNCIL STATEMENT ON GOVERNANCE

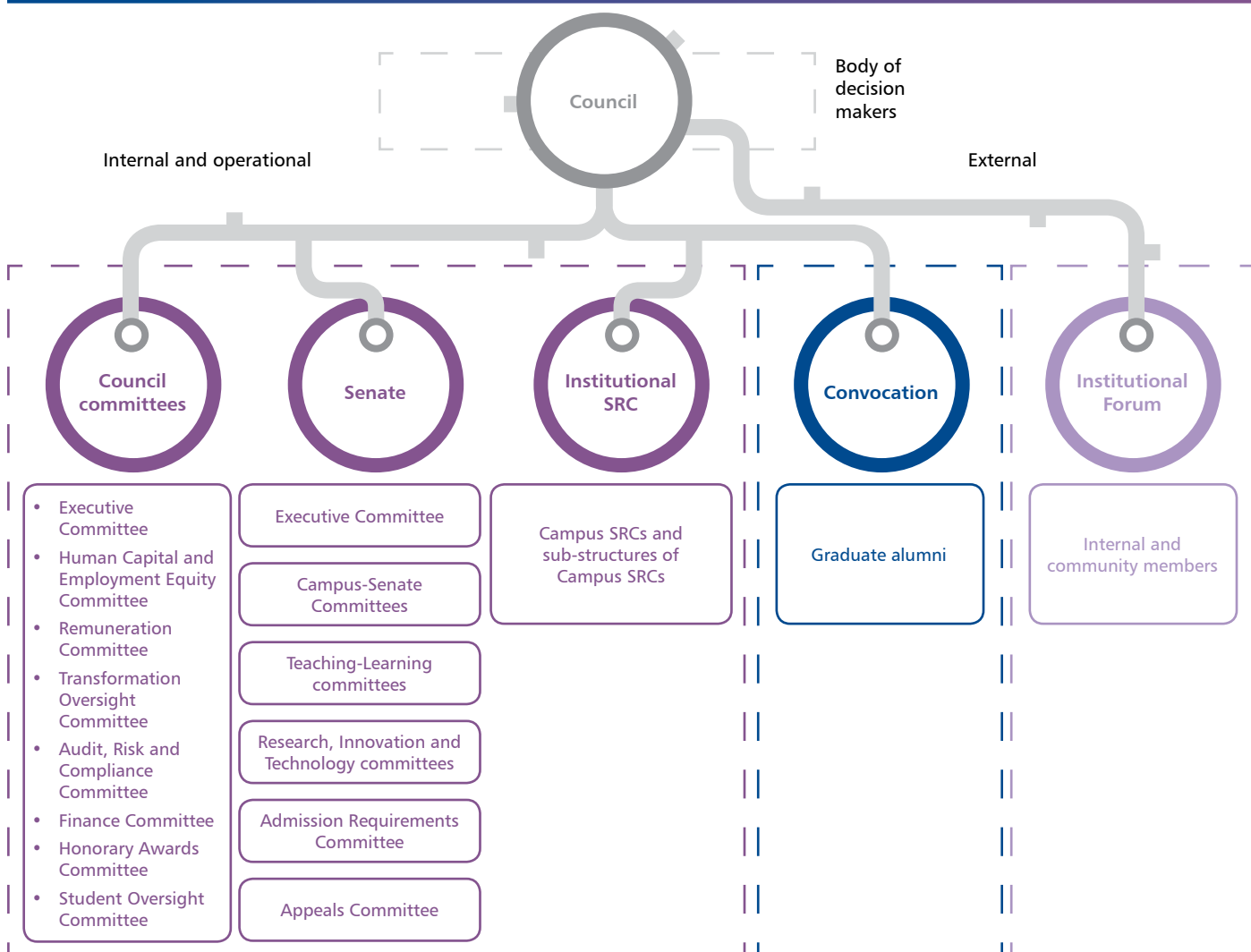
The NWU is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King Code of Good Practice.

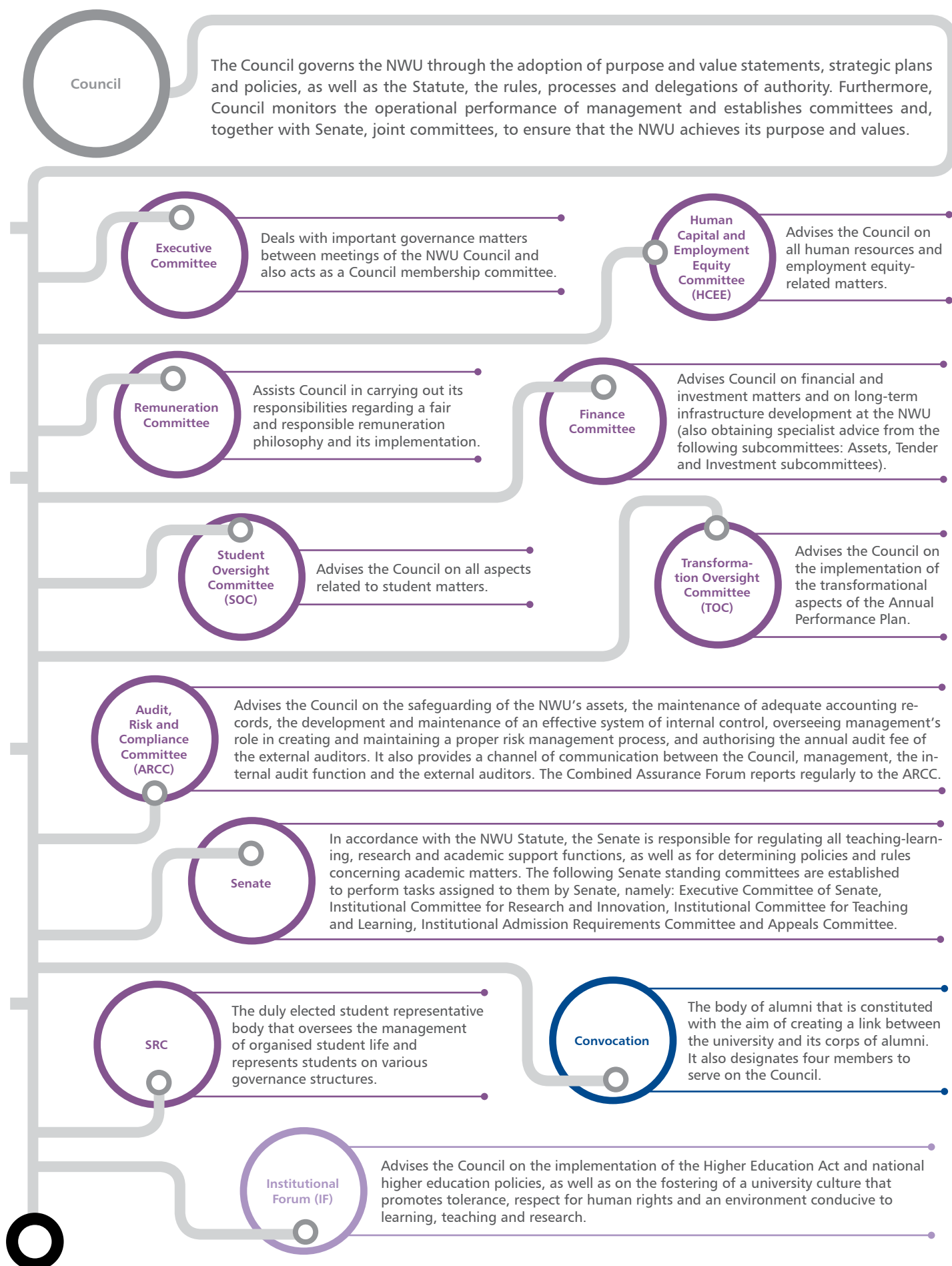
Accordingly, the Council endorses and, during the period under review, has applied the Code of Practices and Conduct and the Code of Ethical Behaviour and Practice as set out in the King III Report. In supporting this code, the Council recognises the need to conduct the business of the NWU with integrity and in accordance with generally accepted practices.

The monitoring of the NWU's compliance with the Code forms part of the mandate of the Audit, Risk and Compliance Committee.

Statement approval obtained from NWU Council on 11 July 2017.

Governance structures at the NWU












Meet our Council members

	Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
 Prof ND Kgwadi (50) Vice-Chancellor	BSc(Ed) (University of North West), MSc (Physics) (Ball State University, USA), MPhil (Environmental Law and Management) (University of the North), PhD (Physics Ed) (Potchefstroom University for Christian Higher Education), PhD (Management – honoris causa) (Hanseo University, South Korea); appointed for a six-year term from 2014 to 2020	All Council committees Two years into term	Meetings: 53 Attendance: 88,7%	None
 Prof F van Niekerk (58) Vice-Principal	BSc (Physics, Mathematics, Applied Mathematics), MSc (Physics), HonsBSc (Applied Mathematics), DSc (Reactor Science), Potchefstroom University for Christian Higher Education, appointed from March to December 2016	Council EXCO 10 months	Meetings: 20 Attendance: 95%	OpenCollab Ambixtra Innovation Highway Enterprises HYFRA MS Intuitive Concepts (Pty) Ltd Hydrogen Core Technologies (Pty) Ltd Innovation Highway
 Prof AM de Lange (57) Elected by Senate	BAHons (English) (Potchefstroom University for Christian Higher Education), MA in English (Unisa), BAHons (Literary Theory) (Potchefstroom University for Christian Higher Education), PhD in English (Rhodes University); appointed for a three-year term from 2015 to 201	<ul style="list-style-type: none"> Transformation Oversight Committee Honorary Awards Committee One year and nine months into first term	Meetings: 10 Attendance: 100%	None
 Prof I Mekoa (50) Elected by Senate	BTh (University of Natal), MA (University of Natal), PhD (University of the North); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Human Capital and Employment Equity One year and nine months into first term	Meetings: 9 Attendance: 44,4%	None
 Prof RJ Balfour (45) Elected by Senate	BAHons (English) (Rhodes University), Higher Diploma in Education (Rhodes University), MA (English and Education) (University of Natal), PhD (Cantab) appointed for a three-year term from 2016 to 2019	<ul style="list-style-type: none"> Transformation Oversight Committee Honorary Awards Committee Six months into first term	Meetings: 7 Attendance: 71,4%	Non-executive director of Royal Bafokeng Institute's Board

Meet our Council members

	Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
<div>6</div>  <p>Prof HJ van der Merwe (55) Elected by Senate</p>	BSc, BSc(Hons) (University of Pretoria), MEd (Rand Afrikaans University), PhD (Unisa), Higher Education Diploma (University of Pretoria); elected for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Honorary Awards Committee <p>One year into first term</p>	<p>Meetings: 8 Attendance: 100%</p>	<p>International Association for Mobile Learning (IAmLearn)</p> <p>Innovation Highway Enterprises</p> <p>IntSys (Speech technology)</p> <p>CUTE = (Centre for the Utilisation of Technology in Education)</p>
<div>7</div>  <p>Prof AL Stander (60) Elected by academic staff members</p>	BLuris, LLB (Potchefstroom University for Christian Higher Education), LLM (Unisa), LLD (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Ad Hoc Council Committee on Restructuring <p>One year and six months into first term</p>	<p>Meetings: 17 Attendance: 94,1%</p>	None
<div>8</div>  <p>Ms H Coetzee (39) Elected by academic staff members</p>	BBK Business Communication degree, Higher Education Diploma, master's degree in communication studies, honours degree in psychology, master's degree in clinical psychology (Potchefstroom Campus, NWU); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Student Oversight Committee <p>One year and nine months into first term</p>	<p>Meetings: 9 Attendance: 100%</p>	None
<div>9</div>  <p>Mr AF Ayob (52) Elected by support staff members</p>	BA (Criminology and Sociology) (University of Durban Westville), Advanced Diploma: Labour, Hons Business Management (Southern Business School); appointed for a three-year term from 2016 to 2019	<p>None</p> <p>Three months into first term</p>	<p>Meetings: 3 Attendance: 100%</p>	None
<div>10</div>  <p>Mr DJC Stoop (53) Elected by support staff members</p>	BEng (Electrical and Electronic), MEng (Electronics) (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2016-2019	<ul style="list-style-type: none"> Human Capital and Employment Equity Committee <p>Nine months into first term</p>	<p>Meetings: 6 Attendance: 100%</p>	Sole member, Dantron CC

Meet our Council members

	Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
11  Mr P Maritz (24) Institutional Student Representative Council	BTh in Biblical Languages, HonsBTh in Biblical Languages, Magister Divinitatis (North-West University)	<ul style="list-style-type: none"> Student Oversight Committee Three months into one-year term	Meetings: 4 Attendance: 75%	None
12  Mr R Pudi (21) Institutional Student Representative Council		<ul style="list-style-type: none"> Student Oversight Committee Three months into one-year term	Meetings: 1 Attendance: 100%	None
13 Member appointed by the Minister of Higher Education and Training – vacant as from 22 November 2016.				
14  Mr N Nqandela (39) Appointed by the Minister of Higher Education and Training	National Diploma in Electrical Engineering (Cape Peninsula University of Technology), Programme in Project Management (University of Pretoria), Master of Business Administration (Milpark Business School); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Audit, Remuneration and Compliance Committee Remuneration Committee One year and six months into first term	Meetings: 14 Attendance: 71,4%	Universal Service & Access Agency of SA (USAASA), Eastcape Midlands TVET College, Engineering Council of SA (ECSA)
15  Mr A Mashilo (39) Appointed by the Minister of Higher Education and Training	MA (University of the Witwatersrand); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Transformation Oversight Committee Ad Hoc Council Committee on Restructuring One year and six months into first term	Meetings: 17 Attendance: 76,5%	None
16  Dr JG Tshifularo (65) Appointed by the Minister of Higher Education and Training	BA and BAHons (University of Venda), MA (University of Limpopo), PhD (University of Venda) and PhD (University of Limpopo); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Council EXCO Human Capital and Employment Equity Committee Remuneration Committee Student Oversight Committee Senate One year and six months into second term	Meetings: 23 Attendance: 95,7%	None

Meet our Council members

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Mr F Strydom (57)
Elected by the donors
of the university



Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
BScHons (University of the Free State); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Finance Committee Investments Committee Remuneration Committee <p>Two years and nine months into first term</p>	<p>Meetings: 19</p> <p>Attendance: 89,5%</p>	<p>Senwes Beperk: Executive Director</p> <p>Certisure Broker Services (Edms) Beperk</p> <p>Grasland Ondernemings (Edms) Beperk</p> <p>Univision Broker Services (Edms) Beperk</p> <p>Oos-Transvaal Kalkverskaffers (Edms) Beperk</p> <p>Grainovation (Pty) Limited</p> <p>Senwes Capital (Pty) Limited</p> <p>Senwes International Holdings (Pty) Limited</p> <p>Senwes Mauritius (Pty) Limited</p> <p>SENNK (Pty) Limited</p> <p>Hinterland SA (Pty) Limited</p> <p>Partmaster (Pty) Limited</p> <p>Senwes Agrowth (Pty) Limited</p> <p>Senwes Newco 3 (Pty) Limited</p> <p>Prodist (Pty) Limited</p>
BCom (Accounting Science), Bluris, LLB (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Audit, Risk and Compliance Committee Tender Committee <p>One year and seven months into first term</p>	<p>Meetings: 13</p> <p>Attendance: 84,6%</p>	<p>Van der Merwe Du Toit Inc</p>

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Mr S de Bruyn (65)
Elected by the donors
of the university

Meet our Council members

	Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
19  Mr K Venter (60) Elected by the donors of the university	BPharmHons in Pharmacology, MBA (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Finance Committee Two years and one month into first term	Meetings: 11 Attendance: 54,5%	Janssen Pharmaceutica
20	Member elected by the donors of the university – the position has been vacant since June 2016.			
21  Adv Dr TJ Kruger SC (70) Designated by the Convocation	BLuris et Artium, LLB and LLD (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Council EXCO Finance Committee Honorary Awards Committee Remuneration Committee Two years and nine months into first term	Meetings: 24 Attendance: 79,2%	None
22  Prof AL Combrink (72) Designated by the Convocation	BA, BAHons in English, MA in English, DLitt in English (Potchefstroom University for Christian Higher Education) and Higher Education Diploma (Unisa), appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Student Oversight Committee One year and two months into first term	Meetings: 9 Attendance: 88,9%	North-West Cricket Akademie Jumbo Shareblock Advisory Board, Student Rag Community Service Hendrik Biebow Trust All non-executive
23	Member designated by the Convocation – this position has been vacant since September 2016.			
24  Mr PJW Buys (53) Designated by the Convocation	BA in Communication Studies (Potchefstroom University for Christian Higher Education) and BAHons in Labour Relations (Rand Afrikaans University); appointed for a three-year term from 2015 to 2018	<ul style="list-style-type: none"> Transformation Oversight Committee Ad Hoc Council Committee on Restructuring One year and nil months into first term	Meetings: 21 Attendance: 90,5%	FAK (MSW) Solidariteit Beleggings-maatskappy Pretoria FM (MSW) Solidariteit Helpende Hand Rand Mutual Assurance Co
25  Dr SJ vd Walt (69) Designated from the ranks of the university's community leaders	BA, ThB, ThM and ThD (Potchefstroom University for Christian Higher Education); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Tender Committee Two years and seven months into first term	Meetings: 11 Attendance: 72,7%	None

Meet our Council members

	Qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
<div>26</div>  <p>Rev Canon DP Dinkebogile (62) Designated from the ranks of the university's community leaders</p>	Diploma in Theology (St Peters College), Master's in Christian Education (MACE); USA-Virginia Theological Seminary, appointed for a three-year term from 2016 to 2019	<ul style="list-style-type: none"> Human Capital and Employment Equity Committee <p>Six months into first term</p>	<p>Meetings: 6 Attendance: 100%</p>	None
<div>27</div>  <p>Mr TG Kgomo (49) Designated from the ranks of the university's community leaders</p>	BCom (University of North West); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Student Oversight Committee <p>Two years and seven months into first term</p>	<p>Meetings: 12 Attendance: 100%</p>	<p>Hentjen Petroleum KR Travel Tshepi Investments</p>
<div>28</div>  <p>Mr I Klynsmith (66) Designated from the ranks of the university's community leaders</p>	Blur et Comm and LLB (Potchefstroom University for Christian Higher Education), Diploma in Human Rights (University of Johannesburg); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Council EXCO Finance Committee Honorary Awards Committee Remuneration Committee <p>Two years and nine months into first term</p>	<p>Meetings: 21 Attendance: 71,4%</p>	None
<div>29</div>  <p>Dr BM Tyobeka (42) Appointed by Council for specific expertise</p>	BScEd and MSc in Applied Radiation Science and Technology (University of North West), MSc and PhD in Nuclear Engineering (Penn State University, USA), MSc in Management (Colorado Technical University, USA); appointed for a three-year term from 2014 to 2017	<ul style="list-style-type: none"> Council EXCO Transformation Oversight Committee Student Oversight Committee <p>Two years and one month into first term</p>	<p>Meetings: 17 Attendance: 76,5%</p>	National Nuclear Regulator Board
<div>30</div>  <p>Mr A Redelinghuis (67) Appointed by Council for specific expertise</p>	MCom (Potchefstroom University for Christian Higher Education), CA (SA); appointed for a three-year term from 2016 to 2019	<ul style="list-style-type: none"> Audit, Risk and Compliance Committee Human Capital and Employment Equity Committee <p>Six months into first term</p>	<p>Meetings: 7 Attendance: 85,7%</p>	<p>Afrikaanse Taal- en Kultuur-vereniging ATKV Sake (Edms) Bpk Drakensberg Boys Choir School NPC</p>

Meet our Council members

Our council members boast various skills and experience.
Their fields of expertise are depicted below:



Education

Higher education management
Higher education specialist and strategist
Technology enhanced teaching
and learning
Student matters



General management

Leadership and decision-making
Strategic and executive leadership
Strategic planning
Problem-solving
Local politics



Science and innovation

Innovation management and
commercialisation
Systems engineering
Reactor physics
Research management



Technology

Mobile technology
Serious games
Managing electronic facilities in the
tertiary education sector



Communication

Applied linguistics and literature
Language practice
Public speaking



Business

Entrepreneurship
Technopreneurship
Risk management
Financial auditing
Corporate governance
Commercial agricultural sector



Legal expertise

Insolvency law
Cross-border insolvency
Property law
Safety and security sector



Psychology

Clinical psychology
Developmental psychology
Medical expertise

King IV

With King IV coming into effect as from 1 November 2016 for years ending on or after 1 April 2017, the NWU intends to align its governance structures to the King Code, as follows:

KING IV requirement	Relevant governance structure
Leadership and ethics	Council
Performance and reporting	Executive Committee, Finance Committee, Senate
Governance structure and delegation	Council, Executive Committee, Institutional Forum
Risks and opportunities	Audit, Risk and Compliance Committee, Senate
Technology and information	Executive Committee, Council
Compliance	Audit, Risk and Compliance Committee, Council
Remuneration	Remuneration Committee, Honorary Awards Committee
Assurance	Audit, Risk and Compliance Committee, Finance Committee
Stakeholder relationships	Human Capital and Employment Equity Committee (HCEE), Transformation Oversight Committee (TOC), Student Oversight Committee, Institutional Forum, SRC, Convocation



Council committee reports

The Council has established committees to assist with the performance of its functions; the most prominent of these are the Audit, Risk and Compliance Committee, the Finance Committee and the Remuneration Committee.

The following paragraphs provide an overview of the activities of these committees during the year under review.

Audit, Risk and Compliance Committee (ARCC)

This is the report of the Audit, Risk and Compliance Committee (ARCC) of the NWU for the year ended 31 December 2016, in compliance with the Regulations for Reporting by Public Higher Education Institutions (4 June 2014, Government Gazette 37726).

The overall purpose of the ARCC is to assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the risk management process, the audit process and the university's process for monitoring compliance with laws and regulations and codes of conduct.

Membership and composition

Name of committee member	Designation	Term of office	Number of meetings held	Attendance of members
Standing members				
1. Adv TJ Kruger (chairperson until 22 September 2016) Qualification: LLB, LLM	External member of Council	2014-12-18 to 2017-12-18 (2) Resigned from Council on 22 September 2016	3	1
2. Mr N Nqandela (chairperson from October 2016) Qualification: MBA	External member of Council	2015-06-23 to 2018-06-23 (1)	3	3
3. Mr A Redelinghuis Qualification: MCom, CA (SA)	External member of Council	2016-06-23 to 2019-06-23 (1)	3	2
4. Ms G Sigasa (until October 2016) Qualification: CA (SA)	Independent financial specialist	2015-09-19 to 2018-09-19 (1) Resigned from ARCC on 20 October 2016	3	3
5. Dr K van der Walt Qualification: CA (SA), Registered Auditor	Independent financial specialist	2014-06-21 to 2017-06-21 (1)	3	3
6. Prof M Verhoef	Institutional Registrar	(Ex Officio, secretary to the NWU Council)	3	3
7. Prof ND Kgwadi	Vice-Chancellor	Members in attendance		
8. Ms E de Beer	Executive Director: Finance and Facilities			
9. Ms M van der Merwe	Director: Internal Audit			
10. Ms M Ratigan	External auditors: KPMG Inc.			
11. Ms Z Senekal	External auditors: KPMG Inc.			
12. Ms C Trollip	External auditors: KPMG Inc.			
13. Ms L Steffen	External auditors: KPMG Inc.			
14. Ms A Venter	Office of the Auditor-General			

Mandate

The Council approved revised terms of reference for the ARCC in November 2015 to better reflect the alignment of the committee with a prescribed governance structure in accordance with the Higher Education Act, as well as the guidelines set by the King Report on Corporate Governance (King III).

The ARCC's overall purpose is to assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the risk management process, the audit process and the university's process for monitoring compliance with laws and regulations and codes of conduct.

Duties carried out

The committee performed its duties and responsibilities during the financial year according to its terms of reference by overseeing the Institutional Management's role in creating and maintaining a proper risk management process, and in creating an effective control environment for the university and by ensuring that Institutional Management demonstrates and promotes the necessary respect for the compliance processes.

Reports to Council

The committee continued to report to Council on its statutory duties, activities performed and major findings of the internal audit function and the external auditors. The committee also continued to report on its communication and engagement with the external auditors, the risks that Council had to be made aware of, and the importance of certain compliance matters.

Internal audit

To ensure continuous quality control, the university's internal audit function undergoes regular externally executed independent quality reviews. Such a review was done in 2016, when the following aspects of the internal audit function were reviewed:

- Conformance with the standards of the Institute of Internal Auditors, including the review of the charter, plans, policies, procedures and practices of the internal audit function of the university.
- Identification of possible gaps and improvement opportunities in the extent to which the internal audit function conforms to the definition of internal auditing and the relevant code of ethics.
- Assessment of the value drivers of the internal audit function.

The ARCC was informed that the review panel found that the internal audit function of the NWU conforms to professional standards.

The committee continued to receive regular reports from the internal audit function on its rolling plans and the result of its activities. In addition, the committee chairperson continued to have regular meetings with the internal audit function director in order to be kept abreast of significant findings, investigations and possible areas of risk.

The ARCC is confident that the university management allows the internal audit function to remain robust and independent and that it continues to align its activities in conformance to the International Standards for Professional Practice of Internal Auditing.

No financial control deficiencies (individually or in combination) led to actual financial loss (including fraud and material error).

External audit

Council appointed KPMG Inc. in September 2014 as the NWU's external auditors for a five-year term. KPMG Inc. started to render the requisite services to the NWU in 2015.

Annual financial statements

- The ARCC continued to confirm, based on the report provided to it by management, that the annual financial statements had been prepared on the going-concern basis.
- It examined the annual financial statements and other financial information made public, prior to the approval thereof by Council.
- It considered accounting treatments, significant or unusual transactions and accounting judgments.
- It considered the appropriateness of accounting policies and any changes made.
- It reviewed the representation letter relating to the annual financial statements signed by management.
- It considered any problems identified, as well as any legal and tax matters that could materially affect the financial statements.
- It met separately with the management team, as well as with the external auditors and the internal auditor, and satisfied itself that no material control weakness existed.

Information technology and systems

The committee took note of IT and systems-related risks that came as a result of the restructuring process. The committee was satisfied with the management approach to embark on a process to ensure that the core business process systems (finances, staff and students) would be adapted in a phased approach to ensure optimal stability.

The committee also noted an extensive cyber maturity and IT risk assessment that was done during the course of 2016 with the purpose to elicit information, to identify risks related to the IT environment and to lay the groundwork for the establishment of a risk-based internal audit plan for IT audits. The outcome of the assessments was a recommendation that steps are taken to improve its cyber security maturity by implementing adequate information security awareness, training, business continuity and risk management plans (refer to Risk and opportunity management on page 41).

Governance of risk and compliance

The ARCC continued to receive management reports on the extent to which and how risk and opportunity had been

managed, what assurance existed in regard of these matters and the extent to which compliance management took place (refer to Risk and opportunity management on page 41).

Outlook for 2017

Against the backdrop of the large-scale restructuring process to implement the NWU Strategy for 2015 to 2025, the bulk of the activities for 2017 will go into the implementation of the new structure.

Another focus will also be to oversee the effectiveness and efficiency of the integrated risk and compliance management approach within the new structure.



MR A REDELINGHUIS
CHAIRPERSON OF THE AUDIT, RISK AND
COMPLIANCE COMMITTEE



DR MB TYOBEKA
CHAIRPERSON OF COUNCIL



Finance Committee

The purpose of the Finance Committee and its subcommittees (Assets Committee, Tender Committee and Investment Committee) is in general to advise the Council on financial and investment matters and on long-term development of infrastructure at the university and its campuses. In particular,

it has the function of reinforcing the governance function of the Council with regard to sound, responsible and effective financial planning, financial administration, financial governance and financial reporting.

Composition

Name of committee member	Designation	Term of office
Standing members		
1. Mr F Strydom (Chairperson)	External member of Council	2014-03-27 to 2017-03-27 (1)
2. Mr I Klynsmith	External member of Council	2013-11-22 to 2016-11-22 (1)
3. Adv Dr TJ Kruger SC	External member of Council	2014-03-27 to 2017-03-27 (1)
4. Mr K Venter	External member of Council	2014-11-25 to 2017-11-25 (1)
5. Prof ND Kgwadi	Vice-Chancellor	-
6. Prof M Verhoef	Institutional Registrar	Ex Officio, secretary to the NWU Council
Members in attendance		
7. Ms E de Beer	Executive Director: Finance and Facilities	-
8. Ms R Hornsby	Committee co-ordinator	-

Reports to Council

For the period under review, the committee continued to report to Council on its statutory duties, the budget process and activities performed. A substantial amount of time was devoted to understanding the implications of the national #FeesMustFall campaign on the business model and on mitigating measures to ensure the long-term sustainability of the university.

Key decisions taken in 2016

- The effect of the announcement by the President of South Africa on 23 October 2015 that student fees will not increase in 2016 was that the university had to revise its budget for 2016. The Finance Committee took note of all possible scenarios, suggested interventions and action plans, and requested the university management to consider establishing a Unit of Contentious Excellence to improve the responsiveness and agility of the NWU.
- With respect to forward exchange cover and hedging, the committee found that existing procedures were sufficiently flexible to allow for possible unforeseen fluctuations in the exchange rate.
- As far as the application of student debtors' rules was concerned, management was urged to ensure equity of application of the rules across the university campuses.
- In considering the audited financial statements for 2015, the committee expressed its satisfaction with the financial results for the previous year and commended the portfolio of the executive director for finances and facilities.
- The committee tabled the relevant subcommittee reports and resolved as follows:

To recommend to Council the priority projects for infrastructure development and deferred maintenance,

as well as a request that student residence development be funded from a DHET allocation for Infrastructure and Efficiency Funding Allocation.

To recommend to Council that the tuition fee increase for 2017 be 8%, excluding for students who would be entitled to government funding opportunities; as well as a fixed amount for registration fees payable by all students.

To recommend to Council the approval of tenders for the provision of security services (Vaal Triangle Campus), the supply, printing and distribution of study material for distance students, the acquisition of specialised equipment for the School of Metabolomics at the Potchefstroom Campus, as well as student transportation services at the Vaal Triangle Campus.

Supply chain management

- The NWU has a centralised procurement management structure that provides control and coordination without inhibiting evaluation, recommendation and authorisation powers in respect of procurement needs on a decentralised divisional level. This authority is regulated by the Policy on Delegations and the Schedule of Authorisation as approved by Council.
- The NWU continuously strives to obtain the best value for money on each procurement transaction while not compromising the requirements of fair and transparent trade ethics. We also strive to adhere to the standards as required by the Public Procurement Act, and our tender processes are strictly controlled and monitored by internal and external audit functions. We place a high value on obtaining the university's requirements from BBBEE-qualified suppliers with a qualified BBBEE contribution exceeding 70%.

- Contract management and service level agreements are decentralised to a divisional level, while problems with contracts and service delivery are escalated to the centralised procurement department for action.

Outlook for 2017

It is foreseen that the main focus of 2017 will be on the creation of an optimal financial policy and rules environment that will ensure a smooth transition to the newly approved statutory environment.

COUNCIL STATEMENT ON GOING CONCERN

It is confirmed that the NWU is considered a going concern now, and in the foreseeable future.

Statement approval obtained from NWU Council on 11 July 2017.

Remuneration Committee

The mandate of the Remuneration Committee is to assist Council in carrying out its responsibilities regarding a fair and responsible remuneration philosophy and its implementation so that this philosophy is evident in remuneration policies and strategies (refer to Incentivising for achievement on page 97).

Reports to Council

For the period under review, the committee continued to report to Council on its statutory duties.

Key decisions taken in 2016

The committee took the following key decisions during the course of 2016:

- To start with a process of redrafting all policies and rules on staff remuneration, including the formulation of a remuneration philosophy.

- To establish a process for the oversight of performance management.
- To embark on a process of refining the end performance state of the NWU and to align the performance of the vice-chancellor to such an endstate.
- To commence with a concerted process of job and remuneration alignment across the NWU.
- To change the approach to and management of the bonus scheme for staff members, after approving a 30% reduction of the bonus scheme budget.
- To change the approach to and management of the system of accrued leave at the NWU.

Outlook for 2017

As with all governance structures at the NWU, it is foreseen that the focus in 2017 will be on the creation of an optimal policy and rules environment for staff and remuneration matters so as to ensure a smooth transition to the requirements of the new NWU Statute.

COUNCIL STATEMENT ON SUSTAINABILITY

At the NWU sustainability is defined as the ability to create value in the short, medium and long term by promoting a stakeholder inclusive approach to developing a strategic response to the risks and opportunities faced by the university. We consider material matters whether these be financial or non-financial in nature. Refer to page 6 for our materiality determination process.

Statement approval obtained from NWU Council on 11 July 2017.

Material matters of a social and environmental nature are equally important to financial and economic issues in determining the overall value created by the NWU.

The five-year strategic plan and the newly adopted business plan are integral to the value-creation process and to ensuring our sustainability.

The nine long-term goals from the NWU Strategy 2015 to 2025 – as referred to elsewhere in the report – substantiate the commitment of the university in this regard.

Ethics in action at the NWU

COUNCIL STATEMENT ON ETHICS AND VALUES

The NWU Code of Ethics commits the university to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders and society at large.

It is expected of Council members and staff to observe the NWU's ethical obligations in order to conduct its business through the use of fair commercial competitive practices.

The values statement in the NWU Strategy 2015 to 2025 determines that the NWU will foster engaged and caring staff and students and will embed the following foundational values that are based on the constitutional values of human dignity, equality and freedom:

- Ethics in all endeavours
- Academic integrity
- Academic freedom and freedom of scientific research
- Responsibility, accountability, fairness and transparency
- Embracing diversity

Statement approval obtained from NWU Council on 11 July 2017.

Ethical leadership and corporate citizenship

In line with the NWU values statement, the university's leadership at all levels of governance and management is based on integrity.

While the Council is fairly confident that all governance and management structures at the NWU continue to aim at sustainable economic, social and environmental performance, it is also aware that negative consequences might arise from decisions taken at the university.

In order to create an environment conducive to countering any possible negative outputs on financial, societal and environmental practices, the necessary policies and rules exist to assist the NWU.

With regard to the effect of these policies on matters of ethical governance and management, the following table provides a brief overview:

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
Conflict of Interest Policy	<p>The management of declaration of interests is viewed as a management matter and is primarily operationalised in the relationship between a manager and the involved employer.</p> <p>A documented process exists for the declaration of interests.</p> <p>A reporting process exists to inform relevant management and governance structures.</p> <p>A process exists to ensure adherence to NWU procurement policies and processes and linking the data from the Conflict of Interest Register to the procurement procedure.</p> <p>A process exists for the management of so-called S34(5) instances.</p>	<p><i>A coordinated process has been followed since 2015 to ensure compliance with sections 27 and 34 of the Higher Education Act.</i></p> <p><i>The focus for 2016 was on the completeness of the Conflict of Interest Register, especially with regard to the submissions of declarations of interest. The declarations of 71% of all staff were received and captured on the register.</i></p> <p><i>2016 also saw the refinement of the procurement process; all payments possibly made to staff are first checked against the Conflict of Interest Register.</i></p>
Policy on delegations and schedule of authorisation levels	<p>This policy and schedule is the vehicle used by Council to approve and allocate authority to the various levels of management to represent the university in the daily financial transactions and contracts. Because of practical considerations, deviations from this policy might become necessary from time to time. All these deviations are authorised and controlled centrally.</p>	<p><i>The implementation of the new Quali Financial System in 2015 made it possible to systematically control these approval levels to a large extent. This systematic control was extended and refined, but a portion of the adherence to this policy will always be manual in nature.</i></p>

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
Policy on the reporting of maladministration and irregularities, and the protection of disclosure	<p>This policy is designed to enable employees and students of the university and members of the public to raise concerns internally and at a high level, when they discover information which they believe shows serious maladministration or wrongdoing within the institution. It should be disclosed internally without fear of reprisal and independently of line management (although in relatively minor instances the line manager would be the appropriate person to inform).</p> <p>Internal Audit made reporting boxes available at all four business units for employees or members of the public to bring irregularities to the attention of Internal Audit, either by email or directly to the director for internal audit. The matter will at least initially be investigated separately, but might then lead to the invocation of other procedures, for instance disciplinary action. If an evaluation does not lead to an investigation, the matter will be referred to the relevant division for further handling.</p>	<p>The policy was approved in September 2009. Various matters are reported continuously to Internal Audit through the reporting boxes, internal communication and direct discussions.</p> <p>Internal Audit has a dedicated staff member assigned with the responsibility for handling these investigations in close cooperation with the director for internal audit. A register is kept of all the reported cases and any enquiries related to irregularities that are reported to Internal Audit.</p> <p>Feedback on the progress of these matters and legal processes are reported to the Audit, Risk and Compliance Committee on a regular basis.</p> <p>During the 2016 period, 10 matters (2015 – 19 matters) were reported via the reporting boxes. In total 30 files (2015 – 44 files) were opened for investigations.</p>
Student Disciplinary Rules	The Student Disciplinary Rules of the NWU provide an implementation platform for the stipulations on student discipline as contained in the Statute. They explain the roles and functions of disciplinary bodies within the student disciplinary environment, as well the processes to follow to ensure a fair and transparent environment for the implementation of the rules.	781 student disciplinary cases categorised as general misconduct on the one hand and academic dishonesty on the other hand, were reported and investigated across the NWU.
Policy on plagiarism and other forms of academic dishonesty	The purpose of the NWU Policy on plagiarism and other forms of academic dishonesty and misconduct is to create an environment inculcating integrity and academic honesty in all students and staff. The policy also lays down measures to report and investigate instances of academic dishonesty, and provides guidance on punitive measures in line with the university's disciplinary rules and procedures where academic dishonesty had been proved.	<p>A number of cases of alleged academic dishonesty were reported and investigated.</p> <p>In the student community, the majority of disciplinary cases (66%) were related to academic dishonesty.</p> <p>The NWU Policy on Plagiarism will be reviewed in 2017.</p>
Human Rights Policy	The NWU Human Rights Policy and procedures guide the NWU Human Rights Committee in dealing effectively with allegations of human rights infringements.	The NWU Human Rights Committee successfully dealt with the three reported cases.
Behavioural Manual for Staff including relevant procedures to follow in instances of discipline, abscondments, suspensions, intoxication, personal searches of employees; and also with regard to reporting acts of alleged dishonesty, the management of alleged incapacity, employee grievances, and harassment	<p>The NWU is committed to harmonious workplace relations.</p> <p>The NWU strives to create fair procedures and rules in order to create awareness of fair labour practices, promote mutual respect, fairness and effective operations, to ensure proper conduct and performance and to refrain from arbitrary actions.</p> <p>To give effect to this, the NWU has a Behavioural Manual which is governed by the Behavioural Policy.</p> <p>The Behavioural Manual contains the following procedures:</p> <ul style="list-style-type: none"> • Disciplinary procedure • Abscondment procedure • Suspension procedure • Intoxication procedure • Procedure for personal searches of employees • Reporting acts of dishonesty to the SAPS • Procedure for managing incapacity • Employee grievance procedure • Harassment procedure 	<p>Disciplinary action was taken against 18 employees across the NWU. 12 cases were of such a serious nature that a university hearing was held (two pending cases) where dismissal could be the appropriate sanction.</p> <p>Only two employees' services were summarily terminated while a mutual separation agreement was reached with two other employees.</p> <p>Three CCMA cases were dealt with successfully.</p>

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
Ombud offices		
<ul style="list-style-type: none"> Alleged instances of language rights violations 	Procedure 9.1.4D is set out in an appendix to the Language Policy, Plan and Operationalisation Procedures (see flow diagram for the language ombud process).	<i>No cases to be dealt with by the language ombud process were reported.</i>
<ul style="list-style-type: none"> Sexual harassment 	The NWU is committed to create a safe working environment free from the fear of sexual harassment. Sexual harassment has been dealt with under the NWU's Behavioural Manual, but a draft policy and procedure on sexual harassment will be finalised in 2017.	<i>No sexual harassment matters were referred to the ombudsperson.</i>

Ongoing investigations

Internal Audit plays an important role in the ongoing investigation in accordance to relevant policies mentioned above. The following table and graph summarise the status of investigations over the past two years:

Period when reported	Current status	Number
2015	Completed	23
	In progress	21
2016	Completed	16
	In progress	14

Fraud

The following table provides a brief overview of the status of investigations that Internal Audit handed over to prosecuting authorities in 2015 and 2016.

Handed over to SAPS	Description / type	Amount / estimate
2016	Misappropriation of funds	R25 658
2016	Personal expenditure / misrepresentation of invoices (continued from 2015 and concluded successfully in 2016, resulting in the imprisonment of the employee)	R413 971
2015	Misrepresentation of claims. Submitting fraudulent quotations	Amount could not be determined – quotations
2015	Reallocation of funds to personal bank account / misrepresentation of authorisation	R17,7 million misappropriated by employee
2015	Personal expenditure / misrepresentation of invoices	R22 315



Compliance with laws and regulations

Compliance with legislation and the university's own policies and rules creates an environment conducive to protecting the rights and responsibilities of all stakeholders, and assigns accountability necessary for proper governance and management.

Although the Council has charged the Audit, Risk and Compliance Committee to oversee general compliance with laws and regulations, all Council committees have an obligation to exercise governance oversight over the laws and regulations applicable in the particular environment.

In an effort to ensure ongoing monitoring of the regulatory and governance environments, Council committees were apprised of the outcomes of a self-assessment process that the university conducted to assess perceived compliance with applicable legislation. Although it became evident from the process that the self-perceptions of compliance of relevant business process owners were fairly positive, the complexity of fully understanding the fast-changing external regulatory universe was also clear.

Focused attention will be devoted in 2017 to obtaining a fuller grasp of the external compliance universe that applies to the university, especially as the NWU Risk Register contains pertinent references to the effects of a possible lack of compliance in the integrity of university processes.

A major part of the work schedule of the internal audit function is to execute compliance audits to evaluate the risk exposure from the operations of the university in relation to applicable laws, regulations, policies, procedures and contracts. For 2016, Internal Audit completed the following compliance audits, after establishing and evaluating an appropriate compliance framework:

- Occupational Health and Safety Act
- Applicable environmental legislation
- Promotion of Access to Information Act (the NWU received 143 PAIA requests for the reporting period 1 April 2016 to 31 March 2017. Of these, nine were refused in terms of section 63).
- Protection of Personal Information Act
- Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act
- Companies Act
- Labour Relations Amendment Act
- Basic Conditions of Service Act
- Employment Equity Act
- Employment Services Act
- Labour broking
- Risk-based audits of the following policies:
 - Delegation of Authority Policy of the NWU
 - Conflict of Interest Policy of the NWU

Any instances of non-compliance are reported to the relevant business process owner who has the responsibility to indicate the remedial actions that are to be implemented to rectify the situation.

For 2017, it is foreseen that the Higher Education Amendment Act (9/2016) and the newly revised NWU Statute will necessitate the redrafting of all NWU policies and rules, and will have a major effect on the charting of the compliance universe at the NWU.

Integrated assurance

Among others, the terms of reference of the Combined Assurance Forum (CAF) determine that the purpose of the forum is to assist the Audit, Risk and Compliance Committee to fulfil its responsibility in giving assurance to the Council. Specifically, the CAF must provide assurance that the university's risk management, risk control and governance processes are adequately addressed, and optimise the assurance coverage obtained from management and internal and external assurance providers on all risks affecting the university.

At a meeting on 15 September 2016, the CAF endorsed the assurance measures as suggested in King IV, namely (i) an adequate and effective control environment and integrity of reports for better decision-making; (ii) the oversight role of the ARCC by means of an assurance model ensuring the combination, co-ordination and alignment of assurance activities across the lines of assurance, and (iii) the provision of assurance along the following lines of assurance:

First line	The particular line function that owns and manages the risk
Second line	Specialist functions that oversee and facilitate risk and opportunity arrangements (such as risk and compliance departments, finances, quality office, legal office)
Third line	Internal assurance providers that provide objective assurance (Internal Audit)
Fourth line	External assurance providers (external audit)
Fifth line	ARCC, Council

A list of Council and subcommittee meetings is attached in *Annexure 1*.

All of these committees are formally constituted, have terms of reference and consist of a majority of Council members who are neither employees nor students of a public higher education institution. For the terms of reference, please refer to the following web page: <http://www.nwu.ac.za/governance-and-management/council-committees>

INCENTIVISING FOR ACHIEVEMENT

Background statement

The strategic agenda of the university has an overt focus on talent management and recruitment as well as retention of scarce skills. In line with this, the Council strives to create a rewarding working environment for employees. Since 2005 an approach of “guaranteed plus non-guaranteed remuneration” was adopted. With this, the NWU remuneration aims to achieve the following in the short, medium and long term:

- Attract, motivate and retain the calibre of employees that will enable the university to accomplish the NWU goals in support of its strategy.
- Provide salaries that are competitive with comparable jobs in the higher education sector and other relevant external economic sectors.
- Provide salary structures and individual salaries that equitably reflect real differences in positions and responsibilities.
- Allow the implementation and administration of performance management and salary increase planning systems that will achieve and sustain equity.
- Consistently complement the other elements of NWU compensation.
- Administer remuneration in compliance with all legal prescripts of South Africa, as well as contractual obligations towards employees.
- Exercise sound management principles in the application of remuneration.
- Remunerate employees in a way that reflects the dynamics of the market and the context in which it operates.
- Create and maintain a demonstrable culture of equity and fairness by embracing the concept of equal pay for work of equal value in the structure and the treatment of remuneration throughout the university.

While overall the above achieved most of the stated objectives, the Remuneration Committee of Council has directed that further review and benchmarking of the Remuneration Philosophy and Policy be conducted in order not to lag behind the sector. The review will be tabled for implementation in the 2018 financial year.

Overview of Remuneration Policy

Remuneration governance and management

The Council of the university executes its oversight function through the Remuneration Committee. Among others, the Remuneration Committee also considers and approves incentive payments. Incentive payments are only paid when an individual has met a certain performance threshold during the performance management appraisal process.

While 2016 saw a refinement of the bonus scheme, future considerations will include a more integrated approach to reward the extent to which employers contribute towards the realisation of the university's strategic agenda.

The Remuneration Committee takes an active role in reviewing the remuneration philosophy, policy, strategy and practices for alignment to best practice and the strategic imperatives of the university.

Remuneration principles

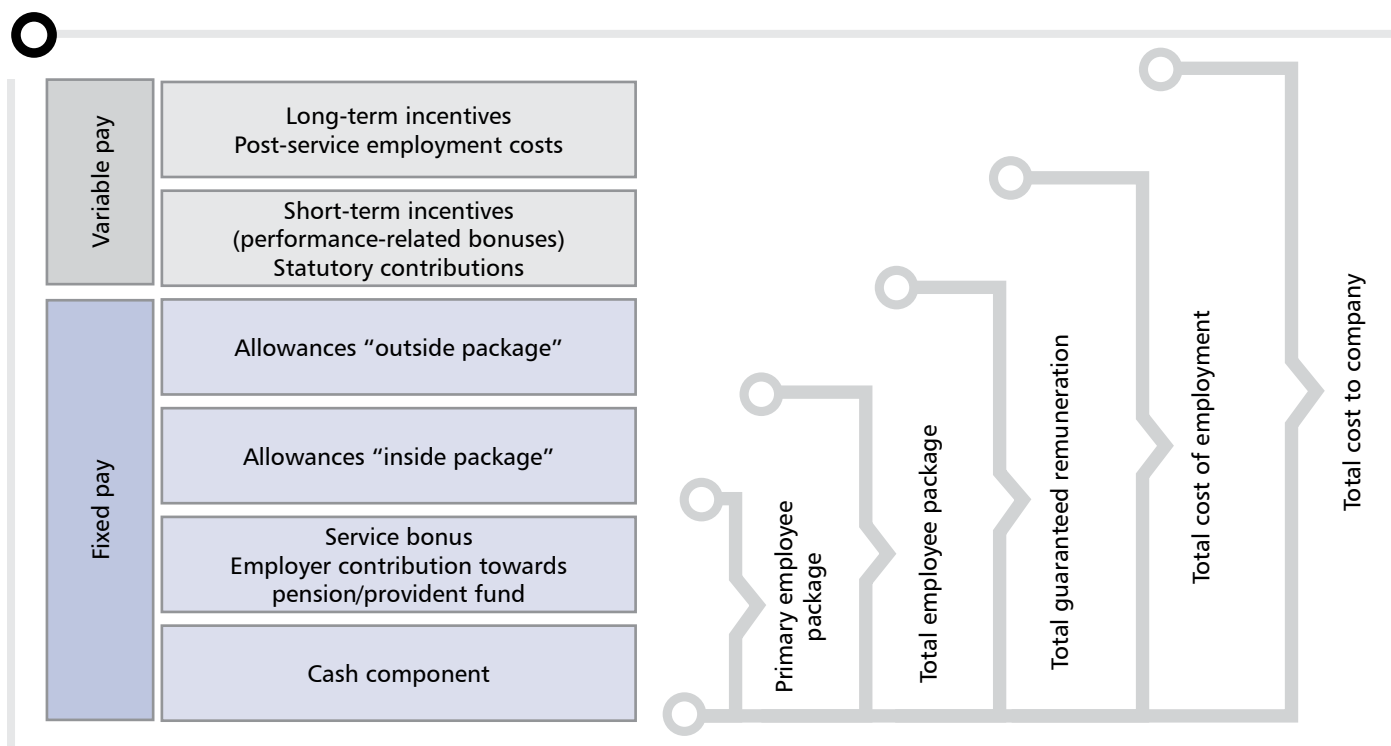
The key principles of our Remuneration Policy on individual remuneration are:

- Support the vision, mission, strategies and objectives of the university.
- A total package approach in the determination and management of remuneration, as set out in the remuneration structure.
- The total remuneration package of every individual is determined according to this policy, irrespective of what the source of financing of the package or part thereof may be.
- Remuneration management must make provision for fair differentiation in the remuneration of individuals, based on acceptable determinants of remuneration.

Remuneration elements

Remuneration at the university consists a mix of fixed and variable pay:

- **Fixed pay** is guaranteed compensation that relates to the overall job requirements, accountability and complexity and diversity of tasks. It regularly does not vary according to performance or results achieved.
- **Variable pay** is remuneration that is dependent on discretion, performance or pre-determined results achieved. At the university, variable pay is awarded through performance-related short-term incentive (bonus) schemes.



Fixed pay

Consideration:

- Regular benchmarking exercises are performed internally and externally to ensure equity, fairness and market relatedness.
- A Cost of Living Adjustment of guaranteed packages is implemented annually in April, following negotiations with organised labour.

Composition of fixed pay

- Cash component
- Compulsory employer retirement/pension fund
- Service bonus
- Allowances "inside package" (dean's, travel allowance)
- Allowances "outside package" (professional, functional, attraction and retention, scarcity and critical skills, NRF, acting)

Variable pay

Variable pay is remuneration that is dependent on discretion, performance, or the achievement of predetermined and agreed results. At the university variable pay is awarded through various performance-related short-term incentive (bonus) schemes. The university utilises the following short-term incentives:

- **Performance-related bonus scheme for employees:** Employees who are permanent, fixed term and temporary employees, who are employed by the university for six months or longer and are in employment until the end of the financial year (31 December 2016), qualify for the Performance Bonus Scheme. Managers participating in the

Management Bonus Scheme may not participate in the Performance Bonus Scheme.

- **Management bonus:** Employees who are permanent and fixed-term managers from the level of director (or equivalent) and who have been in a managerial position for six months or longer are eligible for management bonuses. The following categories of managers are not eligible for management bonuses:
 - Temporary employees who are appointed in managerial positions.
 - Employees who are not appointed in qualifying, permanent managerial positions and who are acting in a qualifying managerial position for a period of less than six months.
 - Managers that participate in selected third-income stream bonus schemes.
- **Selected tailor-made bonus scheme:** A number of tailor-made bonus schemes for selected organisational units are also utilised. These include mainly third-income stream organisational entities (OE's) as well as specific performance-related schemes for scarce-skills academic staff.

Executive contracts

In line with the stipulations in the Statute, the following senior office bearers are appointed by a process driven by the Council:

- Vice-Chancellor
- Deputy vice-chancellors
- Registrar
- Executive directors
- Campus rector

The Executive Management remuneration is set by Council as guided by the key scales, and the percentage annual increase is determined by the Council chair.

Framework used

The performance of the Executive Management is based on:

- Attaining goals as set out in the Annual Performance Plan
- Transformation
- Innovation
- Achievement of strategic initiatives

This is determined in advance each year and is agreed to.

Executive remuneration illustration

Annualised gross remuneration to Institutional Management (excludes exceptional payments – exceeding in annual aggregate R249 999)						
Name	Office held	Basic salary	Employment benefits	Other payments / allowances	Total costs to NWU 2016	Total costs to NWU 2015
		R	R	R	R	R
Prof ND Kgwadi	Vice-Chancellor	2 439 882	273 041	729 381	3 442 304	3 298 546
Prof F van Niekerk	Deputy Vice-Chancellor: Research, Innovation and Technology	1 993 507	24 649	620 248	2 638 404	2 414 630
Prof JJ Janse van Rensburg	Campus Rector: Potchefstroom	1 776 618	131 582	644 121	2 552 321	0
Prof MJ Oosthuizen	Deputy Vice-Chancellor: Teaching-Learning	1 740 752	278 238	505 623	2 524 613	2 359 472
Prof M Davhana-Maselesele	Campus Rector: Mafikeng	1 715 927	196 868	474 730	2 387 525	2 293 694
Prof MM Verhoef	Institutional Registrar	1 641 572	270 532	456 159	2 368 263	2 277 986
Ms E de Beer	Executive Director: Finances and Facilities	1 686 905	210 794	428 293	2 325 992	1 995 667
Prof LA du Plessis ^	Campus Rector: Vaal Triangle	1 717 701	172 019	344 185	2 233 905	2 062 667
Mr KJ Oagile *	Executive Director: People and Culture	1 401 245	164 502	348 033	1 913 780	0
Mr Manoko *	Executive Director: Corporate Relations and Marketing	1 225 481	142 469	197 863	1 565 813	0
Prof HD van Schalkwyk	Campus Rector: Potchefstroom	0	0	0	0	2 238 514
Prof TJ Mariba ^	Campus Rector: Vaal Triangle	0	0	0	0	1 766 445
Mr VL Mothobi	Executive Director: Human Capital Development	0	0	0	0	1 602 573
Ms PP Mmope	Executive Director: Institutional Advancement	0	0	0	0	1 403 240
Total		17 339 590	1 864 694	4 748 636	23 952 920	23 713 434

* Management member not in service for full year - 2016. Remuneration annualised.

^ Management member not in service for full year - 2015. Remuneration annualised.

These include annual remuneration, levies, bonuses and in the case of the vice-chancellor, housing benefits.

There are no outstanding obligations with regard to management remuneration at year-end.

Number of senior staff members 2016: 10 (2015: 10).

Gross remuneration to Council member				
Name	Ad Hoc	Travel	Other payments/ allowance	Total cost to NWU 2016
	R	R	R	R
Mr PJW Buys	40 000			40 000
Prof JDS De Bruyn	27 000	448		27 448
Adv TJ Kruger	-			-
Prof AL Combrink	20 900	1 280		22 180
Mr DA Foster	13 600			13 600
Mr TC Kgomo	33 100	5 240		38 340
Adv TJ Kruger	125 800		20 400	146 200
Mr AM Mashilo	24 300			24 300
Mr N Nqandela	34 500	352		34 852
Mr A Redelinghuis	18 900			18 900
Mr HJ Schalekamp	-			-
Mr LE Seliane		146		146
Ms GM Sigasa	6 800			6 800
Mr F Strydom	-			-
Dr JG Tshifularo	105 600			105 600
Dr MB Tyobeka				-
Dr SJ Van Der Walt	18 900			18 900
Total	469 400	7 466	20 400	497 266

Benchmarking

The university utilise two graded key scales applying survey graded benchmarks:

- Academic key scale
- Support key scale

Two job categories is utilised at the university, namely academic and support. The main duties and responsibilities of the academic category are those engaged primarily in teaching and/or research, relating to the core functions of instruction and research of the university. Jobs in the support category provide support to core functions, requiring skills that are generic and can be found across the market, not limited to the higher education industry.

A spread of 20% above and 25% below the midpoint will be used as the maximum and minimum of the key scales.

The remuneration key scales shall be revised at minimum once in every two years or more frequently as determined by the Remuneration Committee of Council in order to ensure

that remuneration objectives are achieved. Benchmarking remuneration from RemChannel, to market levels will generally be on the basis of the total guaranteed remuneration, to provide the university with guidance.

The results of the survey data, expected annual increase percentages previously granted (past 12 months) as well as the predicted increases (next 12 months) and any other factors relevant to the university to make informed decisions, will be used to:

- review and compare existing key scales against the market data
- conduct individual benchmarking exercises on a job or grade basis
- review anomalies in light of any changes to the market data

All remuneration adjustments to align existing salaries with the key scales shall be based on performance of the affected individuals as well as sustained financial performance of the university.

External member fees

In 2009 Council resolved to pay an honorarium to external members of Council, Council committees, and other statutory bodies. The honorarium is considered a token of the NWU's gratitude for the members' time and efforts.

The honorarium is paid twice a year, in August and December. The honorarium fees increased by 10% in January 2013, and in the years following it was linked to the university's annual cost-of-living adjustment process, and approved by EXCO before implementation.

The following honoraria were paid in for each meeting attended:

External Council members	R2 700
Council-appointed external expert of a structure but not a Council member	R3 400
Chairperson of a Council committee	R3 400
Deputy chairperson of Council	R3 400
Council chairperson	R5 000
Council chairperson or deputy chairperson as an ordinary member of the structure	R2 700

Implementation report

Job and remuneration alignment project

The job alignment for most of the support positions had been implemented by December 2015; however, there were still some outstanding. The finalisation of the outstanding job alignments will continue in 2017.

As soon as the restructuring is implemented, the realignment will be completed to ensure that all positions are aligned to the new structure.

The university's large-scale restructuring project placed a temporary halt on the implementation of the remuneration alignment project, which will resume in the near future.

Termination of office payments

In 2016 a total amount of R 2 455 703 was paid out in ex gratia payments as part of confidential agreements. These payments include CCMA settlements and confidential internal settlements.



ANNEXURES

Annexure 1 – List of committee meetings

Committee	Meetings	% attendance 2015	% attendance 2016	Self-evaluation undertaken
Council	In 2016 Council met on the following dates: <ul style="list-style-type: none"> • 10 and 11 March 2016 (workshop/extraordinary meeting) • 23 June 2016 (ordinary meeting) • 19 August 2016 (extraordinary meeting) • 22 September 2016 (ordinary meeting) • 17 November 2016 (ordinary meeting) • 8 December 2016 (extraordinary meeting) 	91%	80%	✓
Council Executive Committee (EXCO)	<ul style="list-style-type: none"> • 27 January 2016 (extraordinary meeting) • 18 February 2016 (ordinary meeting) • 26 May 2016 (ordinary meeting) • 5 August 2016 (extraordinary meeting) • 25 August 2016 (ordinary meeting) • 20 October 2016 (ordinary meeting) • 29 November 2016 (extraordinary meeting) • 7 December 2016 (extraordinary meeting) 	96%	91,8%	✓
Finance	<ul style="list-style-type: none"> • 1 March 2016 (extraordinary meeting) • 2 June 2016 (ordinary meeting) • 3 November 2016 (ordinary meeting) • 14 November 2016 (ordinary meeting) 	100%	55%	Not available
Transformation Oversight	<ul style="list-style-type: none"> • 12 May 2016 (ordinary meeting) • 13 October 2016 (ordinary meeting) 	71%	91,7%	✓
Student Oversight	<ul style="list-style-type: none"> • 12 May 2016 (ordinary meeting) • 13 October 2016 (ordinary meeting) 	79%	86,7%	✓
Human Capital and Employment Equity	<ul style="list-style-type: none"> • 11 May 2016 (ordinary meeting) • 25 October 2016 (ordinary meeting) 	82%	83,3%	✓
Tender	<ul style="list-style-type: none"> • 5 May 2016 (ordinary meeting) • 21 June 2016 (ordinary meeting) • 5 September 2016 (ordinary meeting) • 1 November 2016 (ordinary meeting) 	63%	62,5%	Not available
Honorary Awards	<ul style="list-style-type: none"> • 8 September 2016 (ordinary meeting) 	100%	60%	✓
Audit, Risk and Compliance	<ul style="list-style-type: none"> • 26 May 2016 (ordinary meeting) • 4 August 2016 (ordinary meeting) • 20 October 2016 (ordinary meeting) 	80%	81,3%	✓
Remuneration	<ul style="list-style-type: none"> • 11 March 2016 (ordinary meeting) • 2 June 2016 (ordinary meeting) • 1 September 2016 (ordinary meeting) • 17 November 2016 (ordinary meeting) 	80%	81,8%	✓
Assets	<ul style="list-style-type: none"> • 17 May 2016 (ordinary meeting) • 24 October 2016 (ordinary meeting) 	83%	100%	Not available
Investments	<ul style="list-style-type: none"> • 3 March 2016 (ordinary meeting) • 2 June 2016 (ordinary meeting) • 1 September 2016 (ordinary meeting) • 3 November 2016 (ordinary meeting) 	69%	80%	✓
Ad Hoc Restructuring	<ul style="list-style-type: none"> • 19 May 2016 • 18 February 2016 • 13 June 2016 • 16 August 2016 • 23 August 2016 • 8 September 2016 • 13 October 2016 • 14 November 2016 • 28 November 2016 • 1 December 2016 • 5 December 2016 	Not applicable	97,8%	Not applicable

ANNEXURES

Annexure 2 – Composition of Senate

NWU INSTITUTIONAL SENATE Membership (as at 31 December 2016)		
NO	NAME/TITLE	REFERENCE TO NWU STATUTE PARAGRAPH 12 (1)
Vice-chancellor		(a)
1	Kgwadi, ND, Prof	(Institutional Office)
Vice-principal		(b)
2	Van Niekerk, F, Prof	(Institutional Office)
Campus rectors		(c)
3	Davhana-Maselesele, M, Prof	Mafikeng Campus
4	Du Plessis, L, Prof (acting)	Vaal Triangle Campus
5	Janse van Rensburg, JJ, Prof (acting)	Potchefstroom Campus
Institutional Registrar		(d)
6	Verhoef, M, Prof	(Institutional Office)
Institutional directors for research support, human resources and student affairs		(e)
7	Coopoo, P, Ms (acting)	Institutional Dean of Students
8	Oosthuizen, MJ, Prof	Deputy Vice-Chancellor: Teaching-Learning (Institutional Office)
9	Oagile, K, Mr	Executive Director: People and Culture (Institutional Office)
Deans		(f)
10	Balfour, RJ, Prof	Educational Sciences (Potchefstroom)
11	De Lange, AM, Prof (acting)	Arts (Potchefstroom)
12	Drummond, H, Prof (acting)	Agriculture, Science and Technology (Mafikeng)
13	Grobler, LJ, Prof	Engineering (Potchefstroom)
14	Kotze, AF, Prof	Health Sciences (Potchefstroom)
15	Mbao, M, Prof	Law (Mafikeng)
16	Oduaran, A Prof	Education (Mafikeng)
17	Pienaar, JJ, Prof	Natural Sciences (Potchefstroom)
18	Rabali, C Prof (acting)	Humanities (Vaal Triangle)
19	Setlalentoa, M, Prof	Human and Social Sciences (Mafikeng)
20	Smit, N, Prof	Law (Potchefstroom)
21	Swanepoel, S, Prof	Commerce and Administration (Mafikeng)
22	Van der Merwe, HJ, Prof	Economic Sciences and Information Technology (Vaal Triangle)
23	Van Romburgh, J, Prof (acting)	Economic and Management Sciences (Potchefstroom)
24	Viljoen, FP, Prof (acting)	Theology (Potchefstroom)
Academic staff elected by academic staff in the faculties		(g)
25	Botha, AJ, Prof	Educational Sciences (Potchefstroom)
26	Breed, G, Prof	Theology (Potchefstroom)
27	Chaka, M, Dr	Human and Social Sciences (Mafikeng)

NWU INSTITUTIONAL SENATE
Membership (as at 31 December 2016)

NO	NAME/TITLE	REFERENCE TO NWU STATUTE PARAGRAPH 12 (1)
28	Coetzee-Van Rooy, AS, Prof	Humanities (Vaal Triangle)
29	De Ridder, JH, Prof	Health Sciences (Potchefstroom)
30	Diko, N, Prof	Education and Training (Mafikeng)
31	Du Plessis, J, Prof	Health Sciences (Potchefstroom)
32	Duvenhage, A, Prof	Arts (Potchefstroom)
33	Erasmus, M, Dr	Education and Training (Mafikeng)
34	Janse van Vuuren, H, Prof	Economic Sciences and Information Technology (Vaal Triangle)
35	Jansen van Rensburg, R, Prof	Economic and Management Sciences (Potchefstroom)
36	Kanamugire, J, Dr	Law (Mafikeng)
37	Kloppers, HJ, Prof	Law (Potchefstroom)
38	Krugell, W, Prof	Economic and Management Sciences (Potchefstroom)
39	Lebopa, C, Dr	Agriculture, Science and Technology (Mafikeng)
40	Lefenya, K, Dr	Law (Mafikeng)
41	Marx, S, Prof	Engineering (Potchefstroom)
42	Mekoa, I, Prof	Human and Social Sciences (Mafikeng)
43	Mentz, E, Prof	Educational Sciences (Potchefstroom)
44	Mokhahlane, P, Prof	Human and Social Sciences (Mafikeng)
45	Molefi, AM, Dr	Commerce and Administration (Mafikeng)
46	Montshiwa VT, Mr	Commerce and Administration (Mafikeng)
47	Moroke, N, Prof	Commerce and Administration (Mafikeng)
48	<i>Vacant</i>	Law (Mafikeng)
49	Nkhoma, P, Dr	Education and Training (Mafikeng)
50	OukouomiNouchie, SC, Prof	Agriculture, Science and Technology (Mafikeng)
51	Ruzvidzo, O, Prof	Agriculture, Science and Technology (Mafikeng)
52	Schutte, PJW, Prof	Law (Potchefstroom)
53	Strydom, CA, Prof	Natural Sciences (Potchefstroom)
54	Waanders, F, Prof	Engineering (Potchefstroom)
55	Wepener, V, Prof	Natural Sciences (Potchefstroom)
56	Yates, H, Dr	Theology (Potchefstroom)
Non-academic staff elected by non-academic staff		(h)
57	Le Roux, AA, Dr	Potchefstroom
58	Spamer, EJ, Prof	Unit for Open Distance Learning
Students designated by the Institutional Student Representative Council (ISRC)		(i)
59	Pudi, R Mr	CSRC president: Mafikeng Campus
60	Maritz, P, Mr	ISRC president: Potchefstroom Campus
61	More, L, Mr	CSRC president: Vaal Triangle Campus
62	Mhlabane, S Mr	ISRC: Academic Officer

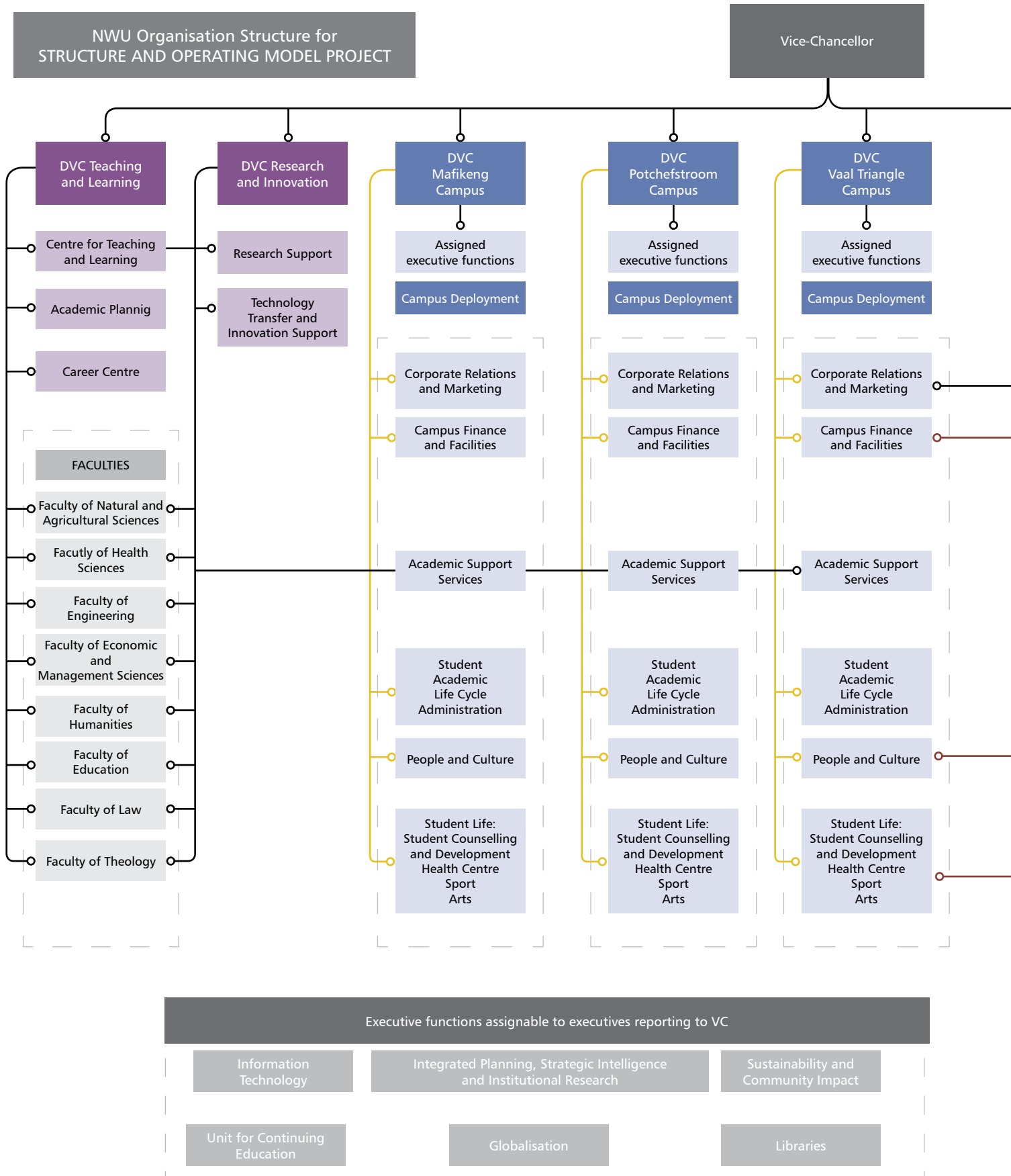
NWU INSTITUTIONAL SENATE
Membership (as at 31 December 2016)

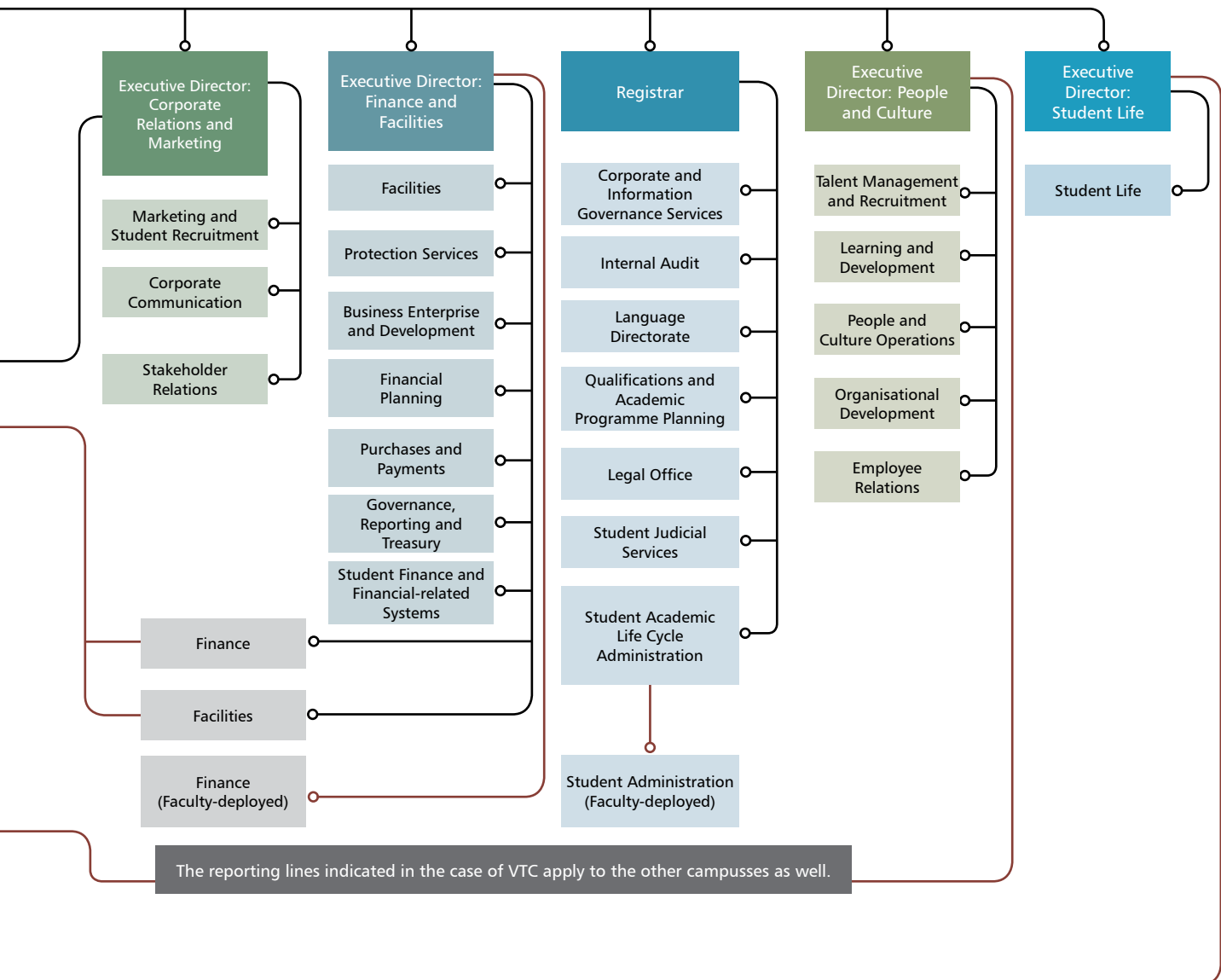
NO	NAME/TITLE	REFERENCE TO NWU STATUTE PARAGRAPH 12 (1)
Chairperson of Council or delegate and one other Council member elected by Council		(j)
63	Kruger, J, Adv	Chairperson: Council
64	Tshifularo, JG, Dr	Designated member: Council
Persons responsible for research, academic support and library and information services		(k)
65	Gericke, DH, Prof (acting)	Institutional Director: Academic Support (Institutional Office)
66	Moyo, M, Dr	Director: Library Services (Mafikeng)
67	Pretorius, CE, Mr	Institutional Director: Information Technology (Institutional Office)
68	Venter, L, Prof	Institutional Director: Research Support (Institutional Office)
Academic staff members co-opted by the Senate upon the advice of the Senate standing committees		(l)
69	Grobler, WCJ, Prof	Economic Sciences and Information Technology (Vaal Triangle)
70	Latif, J Ms	Humanities (Vaal Triangle)
71	Lembethe, N, Ms	Humanities (Vaal Triangle)
72	Redda, E Dr	Economic Sciences and Information Technology (Vaal Triangle)
73	Sepeng, P, Prof	Education and Training (Mafikeng)
74	<i>Vacant</i>	Education and Training (Mafikeng)
75	Van Aardt, JM, Ms	Health Sciences (Potchefstroom)
76	Van den Berg, K, Dr	Arts (Potchefstroom)



ANNEXURES

Annexure 3 – Diagram of operations





Key to reporting lines

- Strategic and operational (day-to-day) management
- Operational (day-to-day) management, joint performance review and enhancement with functional and strategic leader (brown line)
- Functional reporting and strategic leadership, development of function and function specialists, alignment and integration of functional execution across university, joint performance review and enhancement with operation management (yellow line), joint accountability relationship between functional/strategic leader and operational manager.

This is not the end – we are still moving forward, expanding on what we have built so far. Yes, we are ready to build an even better future; not only for the NWU but also for the community, the country and the world. After all, we are not building a temporary structure, we are building to last a lifetime.



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