NWU®

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

WE
EMPOWER
PEOPLE
TO SOAR

INTEGRATED REPORT | 2018

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Integrated Report 2018

Over the past two years, we have adopted a new strategy and organisational structure. These changes have made us a stronger, more united university, committed to superior academic excellence and social justice.

Now that our strategy and organisational structure have been finalised, we use these as a foundation to create value by empowering people to soar – to go higher and further in pursuit of their goals.

How do we do it?

We share our knowledge and hone people's skills, thereby creating the energy for momentum and the ability to soar into the unexplored; to see what has never been seen, and to create the future.

We empower people to soar

We create value for ourselves and our stakeholders.

We know our risks and use our opportunities.

We have the strategy and the organisational structure.

This is the NWU's integrated annual report, which the NWU Council approved at their meeting of 20 June 2019 and was submitted to the Department of Higher Education and Training (DHET) at the end of June.

It is available on the NWU website at *http://www.nwu.ac.za/content/nwu-annual-reports.*

We welcome feedback on our reporting approach – you are welcome to send your comments or suggestions to our registrar, Prof Marlene Verhoef, at marlene.verhoef@nwu.ac.za

1   About this report

1.1   Our story

These are the facts and figures that make up our value creation story. Through this integrated report we tell you, our stakeholders, how we are implementing our strategy to create value for ourselves and our stakeholders over the short, medium and long term.

Throughout our story, you will see how we use and affect our resources and relationships, known as our "capitals", to create value. There are six capitals: intellectual, human, social and relationship, manufactured, natural and financial. (You can read more about our capitals on page 54.)

1.2   To you, our audience

Our value creation story is all about you, our valued stakeholders and other interested parties.

We see our stakeholders as those groups or individuals whom we affect through our activities and services, and whose actions can also affect our ability to successfully implement our strategy and achieve our goals.

Our value creation story mainly addresses our primary stakeholders. They are our students, alumni, Council, staff, the Department of Higher Education and Training, our peers, our collaboration partners and our business communities (as future employers of our students). However, we believe that the other stakeholders we engage with at the NWU (as seen on page 32) will also find the information in this report valuable.

1.3   How our story unfolds

Our value creation story starts with an overview of the NWU (page 6) and of how our external environment influences our ability to create value (page 7). Then we tell you how our business model works, referring to our input, activities, output and outcomes, which are all part of our value chain (page 11).

We also explain how our stakeholders' expectations and concerns (page 32), and the risks and opportunities we face (page 39), impact our value creation process.

The guiding stars throughout our journey are our strategy and goals. On page 50 you will see what our strategy is all about and how we put it into practice, using and impacting our six capitals (page 54).

Finally, we tell you how our governance practices support and protect the whole value creation process (page 81).

1.4   Navigating our story

We use different icons to show the connectivity between the various sections in our integrated report.

Our capitals

Intellectual – including processes, procedures, policies, strategies and knowledge-based intangibles emanating from our teaching and learning and our research and innovation activities.

Human – our staff and students (internal stakeholders)

Social and relationship – our relationships with our external stakeholders

Manufactured/manufacturing – our tangible infrastructure and assets

Natural – our environmental/natural resources

Financial – funds that we obtain and spend according to a budget

Our strategic goals

Our strategic goals

Promote excellent learning and teaching

Intensify research and innovation

Integrate and align community engagement with core activities

Develop a clearly differentiated student value proposition

Develop and retain excellent staff and create an equitable staff and student profile
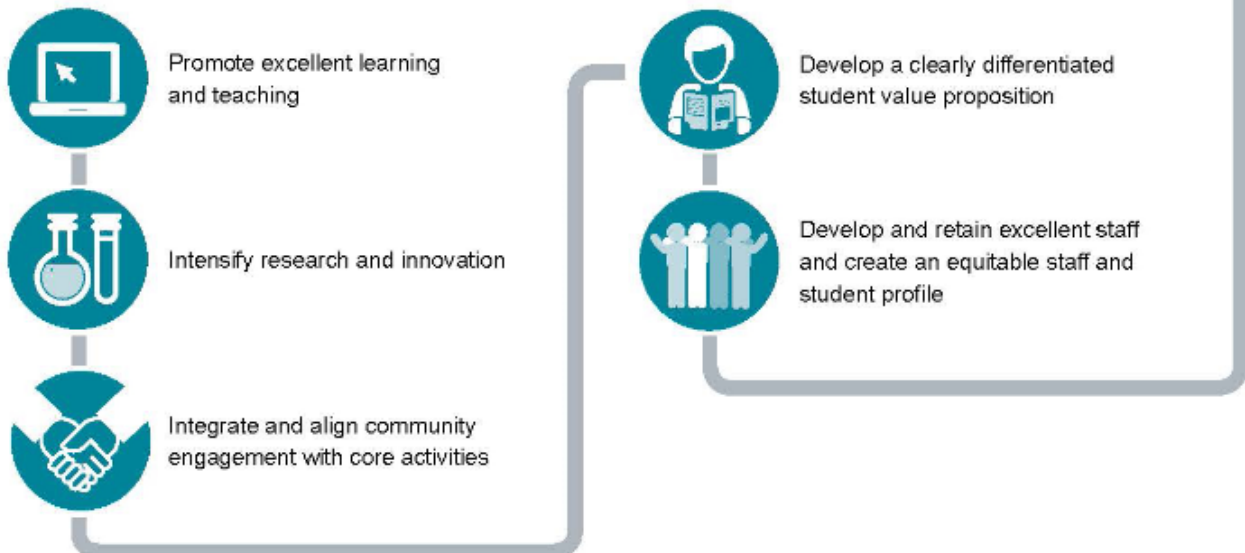
1.5 Materiality of the report content

We based our decisions on what information to include in this report on the concept of "materiality".

We agree with the definition of materiality as set out in the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. Consequently, we describe material matters as:

- issues that substantively affect the university's ability to create value over the short, medium and long term; and
- issues that are important to any stakeholder who would wish to make an informed assessment of the NWU's ability to generate value.

In determining which matters are material, the integrated reporting task team, led by the NWU's registrar and including the deputy vice-chancellor for planning and the chief strategy officer in the office of the vice-chancellor, took the following into account:

- The strategy of the NWU and the goals and enablers set out in the NWU's Annual Performance Plan (APP), which puts the strategic plan into action;

- The common strategic assumptions that underpin the strategy;
- The risk register, which documents critical risks that we have identified;
- The IIRC's Integrated Reporting Framework; and
- The DHET's reporting requirements.

Materiality was also informed by the issues our stakeholders raise, as described in the section on How we engage at the NWU on page 32 (in the table under the subheading: Issues raised).

No material matters have been omitted from the report due to confidentiality, legal or information reliability constraints.

1.6 Reporting boundary and scope, period and suite of reports

Reporting boundary

Our integrated report reflects the performance of the NWU as it operated across its three campuses for the period 1 January to 31 December 2018. Although the financial information (pages 70 and 140) serves as a point of reference for the other information in this report, the report extends beyond financial reporting.

It also includes non-financial performance, risks and opportunities and the internal and external factors that substantially influence our business. Where material, we discuss the real and potential impact of these matters on our ability to create value.

Reporting cycle

Annually in December

Contact point for questions

marlene.verhoef@nwu.ac.za

Suite of reports

Our reporting suite further includes:

- Annual financial statements for the year ending 31 December 2018, which can be found on the NWU website at: *http://www.nwu.ac.za/content/nwu-annual-reports*
- Our website containing 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*.

1.7 Our reporting framework

This integrated report has been prepared in accordance with the IIRC's International Integrated Reporting 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).

1.8 Assurance

We obtain assurance about the effectiveness of our internal controls from internal and external assurance providers. Their input has been incorporated into this report.

We also follow specific procedures to ensure the accuracy of our reporting. After compiling the integrated report, we submitted it to the University Management Committee. The committee looked at the completeness and accuracy of the content and provided feedback where necessary, which was then incorporated into the integrated report. Only after that, did we submit the report to Council for its approval.

The student and staff data provided in this report was obtained from our Institutional Planning and Strategic Intelligence Department, which is also responsible for submitting our data to HEMIS.

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 independently audited by our external auditors, PricewaterhouseCoopers. The annual financial statements, including the auditors' report, can be obtained from the NWU website at:

http://www.nwu.ac.za/content/nwu-annual-reports.

PricewaterhouseCoopers also independently audited the information on our performance against our strategy and goals in the section about how we added value through our performance (refer to page 121).

More information about combined assurance can be found in the section on our material risks and opportunities in this report (page 44).

1.9   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, Council believes that it has appropriately considered the accuracy and completeness of the material matters, as well as the reliability of the information presented in this report.

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

Council approved the 2018 integrated report on 20 June 2019.

DR MB TYOBEKA
CHAIRPERSON OF COUNCIL

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

2 Overview of the NWU

2.1 Performance highlights

In 2018 we made significant strides in moving to a unitary university model, both in terms of our structure and strategy. On page 54 you will see how we performed against our strategy and created value by using and impacting our capitals.

The following key trends are noteworthy:

15 350 qualifications awarded in 2018 (2017: 16004)		**215** postdoctoral fellows in 2018 (2017: 215)
83,2% undergraduate success rate in 2018 (2017:85.4%)		**1300,04 units** total research output in 2017
232 total NRF-rated researchers (2017: 229)		**248** PhDs awarded in 2018 (2017: 235)
11 research chairs (2017: 9)	**7** hosted research chairs (2017:6)	**4 out of 5 stars** overall ranked by Quacquarelli Symonds international evaluation system (2012: 3 stars)
R1 564,9 million financial aid administered by the offices on the three campuses		**17 794** distance students enrolled (second highest in South Africa)
Over R210,54 million spent on infrastructure and facilities		**More than 1 400** academic programmes offered at the NWU

2.2 Who we are

The North-West University is one of the 26 public higher education institutions in South Africa. We have three campuses: two in the North-West province and another in Gauteng.

We have a single set of policies, systems and standards, and are driven by a set of constitutionally based values, in particular human dignity, equality and freedom.

All of the above are aimed at promoting unity in diversity. We wish to foster tolerance and respect for different perspectives and belief systems to ensure a suitable environment in which we can reach our purpose and realise our dream.

Our purpose

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

Our dream

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

The above form the basis for how our strategy (refer to page 50) ultimately delivers value to all our stakeholders and how it aligns us with the South African Government's National Development Plan 2030.

Our strategy

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

2.3   What we do

Our core business is teaching-learning and research, with community engagement and innovation intertwined in these activities.

Ultimately though, our role is about creating value, which refers to our output and outcomes, as well as our obligation to promote social justice in our communities.

2.4   Where we operate

We operate mainly in South Africa, but collaborate extensively with institutions and people all over the world. In 2018, the NWU had slightly more than 1 600 active agreements and memoranda of understanding, of which 250 were signed during 2018.

2.5   What sets us apart

- No academic time lost in the past few years
- Second largest number of distance students in South Africa
- Rural setting and safety of our campuses

2.6   The external environment

Various factors in our external environment affect our capitals and consequently our ability to create value for ourselves and our stakeholders.

In the text below, we will discuss the material factors in our external environment that affect us directly or indirectly. We will also indicate how these are linked to our strategic goals and risks, how these impact our value creation ability, and what our response is.

Announcement of fee-free higher education
The announcement of fee-free higher education for households whose income is below a minimum threshold, had put substantive pressure on the all relevant internal business processes to cope with the evolving National Student Financial Aid (NSFAS) administrative system.
Strategic matter affected: teaching and learning (goal no 1), enabler 4 - refer to page 52   **Capitals affected:** financial, human, intellectual   **Risks involved**: 1, 3, 5 and 8 – refer to page 39.
Effect on value creation   We are aware of possible disruption of our systems from the changed financing model. The implementation of fee-free higher education, as well as the belated announcements from NSFAS, not only changed the normal enrolment patterns and resulted in a more complex process for managing enrolment targets, but also had an impact on the administration of registrations.
Our strategic response   Effective communication among staff and students ensured an uninterrupted academic year.

Fee regulation by the DHET
The Department of Higher Education and Training has requested a CPI-related tuition fee increase of 5,3% for 2019.

Strategic matter affected: financial sustainability (enabler no 5) – refer to page 52
Capitals affected: financial, intellectual, human
Risks involved: 1 – refer to page 39

Effect on value creation
It may erode our autonomy and put our financial stability at risk. This may ultimately affect the quality of the services we provide.

Our strategic response
We are identifying opportunities to increase our income and are managing our budget process carefully. We are also diversifying our income streams and improving operating costs efficiency. In addition we intend to participate in the modelling of the future funding design, influencing the process in a positive way.

<u>National call for curriculum change and transformation</u>
The impact that the overarching Fallist Movement and its various themes have had on teaching-learning since 2016, has led to national calls for curriculum change and transformation.
Strategic matter affected: teaching and learning (goal no 1) – refer to page 52
Capitals affected: intellectual, human, social and relationship, manufactured, financial
Risks involved: 2 and 3 – refer to page 39

Effect on value creation
Possible disruption of academic activities, in particular contact sessions

Our strategic response
We continue to decolonise the curriculum and address matters such as equity at the NWU. (More information is available in our report on transformation on page 36.)
Various NWU policies reflect this, such as the Policy for Continuing Education, the Language Policy, the Declaration on the Decolonisation of University Education, and the Declaration on the Development and Use of Open Education Resources.
To further mitigate the risk of potential disruptions, we developed the capacity to offer our learning programmes off-campus and through technology such as electronic (e-learning) platforms.

<u>National call for greater access to universities</u>
In response to the call for greater access, the NWU aims to make our services available to as many qualifying students as possible. (Read more about this on pages 15 and 16.)
Strategic matter affected: teaching and learning (goal no 1) – refer to page 52
Capitals affected: intellectual, human, social and relationship, financial
Risks involved: 2, 3 and 5 – refer to page 39

Effect on value creation
We acknowledge that, by ensuring increased access to the NWU, we can – in the long term – change persons' lives, helping them to pursue their dreams. However, we also now realise that we have to be able to provide opportunities and experiences that will foster students' success.
Further expanding our academic and counselling support services and programmes for students is an opportunity to create even more value and increase our intellectual and human capital.

Our strategic response
The NWU offers a wide range of programmes to support our students academically. (Refer to pages 16 and 54.)
For instance, we expanded our foundation and extended academic programmes and secured new funding from the DHET for the Faculty of Law and ongoing funding for the faculties of Economic and Management Sciences and Natural and Agricultural Sciences to enable students to access these programmes. This is in alignment with our overall strategy of increasing enrolments in science, engineering and technology-related fields.

Shortage of academic staff
We realise that the pool of academic staff in South Africa, especially from designated groups at levels such as the professoriate, is limited.
Strategic matter affected: teaching and learning (goal no 1) – refer to page 52
Capitals affected: intellectual, human, social and relationship, financial
Risks involved: 2 and 3 – refer to page 39
Effect on value creation
We strive to employ the best-suited academic staff to ensure the best value possible for our students (through excellent teaching and learning) and the community (through ground-breaking research and sustainable community engagement).
If we fail to do this, it may negatively affect our core business capacity and create an overreliance on temporary staff. Not attracting enough black South African academics may also compromise our ability to achieve our equity targets and result in an overdependence on foreign nationals.
A lack of diversity may also hamper service delivery in our core business, especially with regard to language capacity and our commitment to functional multilingualism.
Our strategic response
Through our talent management strategy, we enable staff to build successful and satisfying career paths at the NWU. By offering incentives and professional development we attract and retain key talent, especially in scarce skills areas. We also use the individual remuneration review process to achieve fair pay and have a strategy to attract and retain black academics in particular.

Decline in state funding
The decrease in state subsidies limits the creation of new positions, especially in those areas that link to our strategic priorities, for instance the implementation of the newly adopted Language Policy.
Strategic matter affected: staff profile (goal no 5) – refer to page 52
Capitals affected: human, financial, intellectual
Risks involved: 1, 3 and 8 – refer to page 39
Effect on value creation
We will not be able to adequately fill key positions due to budget constraints.
Our strategic response
We will have to prioritise wisely when filling key positions.
Reduction in external research funding
The National Research Foundation (NRF) is phasing out their incentive funding for NRF-rated researchers. There was also a reduction in postgraduate funding due to NSFAS cuts.
Strategic matter affected: research and innovation (goal no 2) – refer to page 52
Capitals affected: financial, intellectual, human, social and relationship
Risks involved: 3 and 7 – refer to page 39
Effect on value creation

This may lower our research productivity and negatively affect the status of the university in national and international benchmarks.

Our strategic response

We made available R2 million from our strategic funds to all NRF-rated researchers across the eight faculties.

Economic conditions inhibit commercialisation

Economic conditions reduce the availability of early-stage-, seed- and venture capital funding for start-ups and blunt private sector appetite for licensing our intellectual property (IP) and technology.

Strategic matter affected: research and innovation (goal no 2) – refer to page 52

Capitals affected: financial, intellectual, human, social and relationship.

Risks involved: 3 – refer to page 39

Effect on value creation

In the event that our IP and technologies are not transferred to the marketplace, it would result in a loss of potential income and reduced licensing and spin-off activity.

Our strategic response

We continue to develop and maintain relationships with funders and engage with industry to understand their needs and challenges.

Challenges in recruiting international students

Stricter visa requirements and the opening of new universities (for instance in Botswana) make it more difficult to enrol international students. Another possibly inhibiting factor is that the DHET requires us to prioritise South African students for postgraduate studies because of the need in our country.

Strategic matter affected: research and innovation (goal no 2) – refer to page 52

Capitals affected: financial, human, social and relationships

Risks involved: 3 – refer to page 39

Effect on value creation

We have experienced a drop in the number of international students (from 5.9% in 2016 to 5.2% in 2017 and 4,2% in 2018), which may lead to lower global rankings.

Our strategic response

We will have to make a greater effort to recruit more international students.

Rapidly changing societal roles/views/perceptions

Society's perception of race, gender, culture, sexuality, religion, industry trends, technology and accessibility is constantly evolving.

Strategic matter affected: development of a clearly differentiated student-value proposition (goal no 4) – refer to page 52

Capitals affected: human, social and relationship, financial

Risks involved: 2 and 5 – refer to page 39

Effect on value creation

An inability to recognise and adapt to changing societal norms and standards creates the risk of delivering a student experience that might not be appealing to current and prospective students.

Our strategic response

We constantly refine our student governance model and consultation processes to ensure that our plans and priorities remain relevant to the student body.

Pockets of political intolerance within the country
Violence and unrest at other South African universities have an influence our students and may result in messages and decisions within the university being received with scepticism and unwarranted resistance.
Strategic matter affected: development of a clearly differentiated student-value proposition (goal no 4) – refer to page 52 **Capitals affected:** human, social and relationship, financial **Risks involved:** 2 and 5 – refer to page 39
Effect on value creation
This challenge may increase possible resistance among our stakeholders to NWU messages and could cause delays in the implementation of decisions.
Our strategic response
We constantly enhance our communication and improve our consultation processes.

3   Report of Senate to Council

3.1   Our business model and value chain

The functions of the NWU Senate are mainly related to our core business, which in turn comprises important aspects of our value chain. That is why we present the Senate report in the format of our business-model diagram, followed by a discussion of our value chain.

In this section, you can read how we use and transform our capitals to create value for ourselves and our stakeholders through the input, activities, outputs and outcomes in our value chain – all regulated by Senate.

For more information about Senate's composition and specific functions, turn to Annexure 4 on page 134.

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3.2 Our business model

INPUT	INPUT	INPUT	ACTIVITIES	OUTPUT

INPUT

1 142

Schools targeted by our recruiters through direct marketing campaigns and activities.

(social and relationship capital)

12 127

First-time entering undergraduate students (human capital)

Total number of students per qualification type (human capital)

Undergraduate diplomas or certificates	13421
Undergraduate Degrees	35400
Advanced Diplomas	868
Post-graduate to Master's level diplomas and degrees	6543
Master's degree	3072
Doctoral degree	1625
Occasional student/Not instructional, research	283
Total	61212

INPUT

Academic and support staff (human capital)

Personnel category	Permanent / temporary	2017	2018
Crafts/trades	Permanent	29	29
	Temporary	0	0
Executive/ administration/ management professional	Permanent	79	84
	Temporary	7	8
Instructional/ Research professional	Permanent	1510	1547
	Temporary	611	417
Non-professional administration	Permanent	1251	1280
	Temporary	3203	3531
Service	Permanent	346	329
	Temporary	21	37
Specialised/support professional	Permanent	454	488
	Temporary	217	258
Technical	Permanent	238	238
	Temporary	31	59
Grand total		7997	8305

Budget (financial capital)

INPUT

R182,99 million

Spent on infrastructure (manufactured capital)

23,8%

Increase in total assets

1110 hectare.
The total area the university's campuses occupy (natural capital)

427 621 square metres

The usable floor space the NWU takes up.

ACTIVITIES

Presenting over 1400 academic programmes (intellectual capital).

Student support activities:
academic support, health care, and cultural and sport activities.
(See page 28)

Staff development activities
(intellectual capital)
(See page 16)

Conducting research
(intellectual capital)
(See page 59)

Community engagement
(social and relationship capital)
(See page 66)

Spending according to the Annual Performance Plan
(financial capital)

Goal/Enabler	% of total budget
Goal 1 (teaching and learning)	29,3%
Goal 2 (research and innovation)	22%
Goal 3 (community engagement and sustainability)	7,3%
Goal 4 (student value proposition)	14,2%
Goal 5 (staff and student equity)	1%
Enabler 1 (govern, lead and manage)	2%
Enabler 3 (communication and stakeholder engagement)	10%
Enabler 4 (financial sustainability)	14,2%
Total	**100,0%**

OUTPUT

Total number of graduates per qualification type (human capital)

Undergraduate diplomas or certificates	3477
Undergraduate Degrees	6810
Advanced Diplomas	206
Post-graduate to Master's level diplomas and degrees	3856
Master's degree	753
Doctoral degree	248
Total	15350

Graduates: educational subject matter distribution (human capital)

Business and management	22%
Education	42%
All other humanities and social sciences	18%
Science, engineering and technology	18%
Total	100%

47%

Number of graduates who completed their studies in minimum time.

Research output 2017 (intellectual capital)

Journal Articles	1107.64
Conference proceedings	82.37
Books	110.03
Total article equivalents published	1300.04
Master's degrees conferred	813
Research master's	600.467
Research master's weighted	600.467
Doctoral degrees conferred	235
Doctoral degrees weighted	705
Total weighted research output	2605.507
Postdoctoral fellows	215
Publication units per permanent academic staff member	0.86

R217,3 million
The university, from its own resources, contributed R217,3 million or 14% of the total funds allocated for financial aid.

98,63%
Success rate of the NWU merit bursary holders.

Collaboration (social and relationship capital)
We had slightly more than 1 600 active agreements
and memoranda of understanding, of which 250 were signed during 2017.

Financial sustainability
(financial capital)

INPUT	INPUT	INPUT	ACTIVITIES	OUTPUT	
	INCOME				
		Subsidy	R2 009,7m			
		Tuition and related fees	R1 724,1m			
		Investment income	R223,9m			R831,1 million
		Other income	R943,7m			Net surplus for 2018 as reflected in the consolidated statement of comprehensive income.
	EXPENSE RATIOS				
		Staff cost	55.2%			
		Operating cost	35.4%			
		NWU funded bursaries	5.3%			
		Other	4.1%			

OUTCOME	According to the Quacquarelli Symonds (QS) global university ranking system, the NWU was ranked in the 801+ position. We received four out of five stars overall, and five out of five stars for teaching/learning, employability, facilities and innovation.

The external environment (see page 7) sets the context in which we use our business model to create value.

NWU value chain: empowering people to soar

Our value-creation story is about empowering people to discover their strengths and develop their skills. In other words: we give them the tools to prepare for take-off (our input), we strengthen their wings (our activities), and enable them to take flight (our output) so that they can eventually soar (our outcomes).

Throughout our value chain, we access, use and transform our capitals. For instance, as part of our **input**, we use our sources of income (financial capital), our skilled staff members (human capital), buildings and equipment (manufactured capital) and our academic programmes (intellectual capital) to create value for our students (human capital).

During our daily **activities**, for example our community engagement initiatives, we reach out to communities, thereby strengthening our social and relationship capital. Our research results (intellectual capital) are part of our **output**. We apply these results to find solutions to problems in society and in our country, thereby changing lives and creating a better future for people, which is part of our **outcomes**. As a result, we build good relationships with the outside world, thereby increasing our social and relationship capital.

Our value chain also depends on the responsible use of our natural capital. In fact, all our capitals are based on the availability of natural resources. We need water, for instance, to sustain the lives of our staff and students (human capital) and land to build on (manufactured capital.)

In the following discussion of our value chain, you will see how we draw on our various capitals as inputs and, through our activities, convert them to outputs and outcomes.

3.3   * Input: preparing for take-off

3.3.1   Composition and size of the student body

African (%)	65%
Coloured (%)	5%
Indian (%)	1%
White (%)	29%
Female (%)	65%
Male	35%

In the following table you can see how our student enrolment figures compare with those of other higher education institutions in South Africa (based on **2017** audited Higher Education Information Management System [HEMIS] data).

Institution	Total
University of South Africa	334 015 (only distance students)
Tshwane University of Technology	63 032
North-West University	**62 558**
University of Pretoria	50 695
University of Johannesburg	50 447

3.3.2   Student recruitment

One of our strategic goals is to reach our annual enrolment targets and so we see student recruitment as an important input into our value chain.

Our recruiters targeted 1 142 schools through direct marketing campaigns and activities. Of these, 47% are schools in quintiles one to three, and 53% in quintiles four and five. Our nine undergraduate marketers reached a potential pool of 69 354 bachelor's degree candidates through their efforts.

3.3.3   Widening access to studies at the NWU

The NWU wants to make our academic programmes accessible to as many qualifying candidates as possible. (This is subject to enrolment targets, budget allocations, institutional capacity and admission requirements.)

To achieve this goal, we offer a wide range of extended academic programmes within the faculties of Economic and Management Sciences, and Natural and Agricultural Sciences (57 academic programmes in total). These programmes enable students to complete their studies over an extended period of time.

Our University Preparatory Programme (UnivPrep) allows participants who do not meet the formal admission requirements for specific programmes to complete a one-year preparatory programme before applying for admission into a formal academic programme.

More information on these initiatives is available from page 54 to 56 in the section on how we performed against our strategy, thereby increasing our intellectual and human capital.

3.3.4   Access to financial aid

The Financial Aid offices on the three campuses of the NWU administered R1 565 million in 2018.

Government funding, including Funza Lushaka administered by the National Student Financial Aid Scheme (NSFAS), amounted to R1 082 million or 69% of the total amount for bursaries. R105 million was outstanding from NSFAS at year end, which will increase government's contribution to 76% of the total amount for bursaries.

We contributed R217,3 million from our own resources, which is 14% of the total funds allocated for financial aid. This confirms our commitment to creating value for our students, thereby increasing the value of our human capital. By supporting needy students, we also support our strategy (committing ourselves to social justice) and we pursue our NWU dream (having an ethic of care).

One of the challenges that remains in our external environment (see page 7), is NSFAS's newly centralised application and funding process.

This model caused significant administrative challenges during the registration period in January and February 2018. Information on first-time entrants was only received after registration had started and NSFAS students with unresolved historical debt had to sign a DHET acknowledgement of debt document before registering. At an administrative level, this prevented students from registering online as they had to report to our inquiry counters to sign the documentation.

However, additional NSFAS funding for first-time entrants allowed for additional enrolments, resulting in higher tuition fee income than planned, which strengthened our financial capital and contributed towards the university's future sustainability.

We remain dependent on NSFAS funding to assist needy students. In fact, the number of students who received NSFAS funding increased significantly from 5 500 in 2016 to 14 400 in 2018. This impacted the funding analysis of our students: 67% of students were covered by bursaries in 2018, compared to 59% in 2017 (excluding the outstanding amounts mentioned earlier).

3.3.5   Registration and orientation

First-year students often struggle with the transition between the secondary and tertiary education environments. Helping them to overcome this challenge, we offer a registration and orientation programme at the beginning of each year.

During this programme, we introduce all first-time entering students to empowering services such as faculty practices, library services, IT systems, campus facilities and extracurricular activities.

This structured approach is a valuable input into our value chain, as it allows students to familiarise themselves with the university environment. In this way we add value for our students (increasing our human capital) and empower them for academic success. In short: we help them to unfold their wings, so that they can eventually soar.

3.3.6 Student development and support

Developing and supporting our students inside and outside the classroom is an essential input into our value chain.

In fact, it is so important that it forms what we would like to call a "hidden curriculum".

Inside the classroom, we want our students to achieve academic excellence and therefore, as part of our hidden curriculum, we offer several ongoing support and development programmes. (More information about these empowerment activities is available on page 54.)

However, academic success is not our only goal – we want to create well-rounded students with high employability prospects. Through various extra-curricular programmes, we equip our students to develop social and leadership skills, making the eventual transition from the tertiary education environment to the world of work easier for them.

The services offered by our support departments include health care, student counselling and development, as well as arts and sports. We use a hands-on approach that provides numerous opportunities that our students can access easily. (You will find more information about these services on page 28.)

Touching the whole student life cycle, our Student Life department also contributes, playing a bridging role between the students' needs and various departments that address these needs. These departments include Student Academic Life Cycle Administration, Student Bursaries and Loans, Residence and Catering Services, and Admissions.

3.3.7 NWU staff

In 2018 we had a total of 3 995 permanent staff members, compared to 3 907 in 2017.

The following table shows how our staff numbers compare with those of other South African higher education institutions (based on 2017 audited HEMIS data):

Institution	Total
University of Cape Town	4 841
University of the Witwatersrand	4 620
University of Johannesburg	4 510
University of Pretoria	4 059
University of KwaZulu-Natal	4 013
North-West University	**3 907**

3.3.8 Staff development and support

Our 3 995 permanent staff members, of whom 2448 are support staff, are a vital input in our value chain, alongside academic staff. Support staff are regarded an important stakeholder group and form part of our human capital. Taking this into account, we fully acknowledge the need to build the capacity of our academic and support staff.

In the text that follows, we elaborate a little more on how we empower and care for our staff. You can also turn to page 19, and to page 63 and 64 in the section on how we perform against our strategy to learn more about how we care for our staff.

3.3.9 Academic promotions and awards programmes

Our annual academic promotions process takes the form of a recognition programme and is one of the tools we use to create an environment in which our academics can realise their potential.

Through this programme we build academics for the future, thereby contributing to the National Development Plan and the Pan-African ideal. This means that we are active in creating value for ourselves, our academics, the country and the continent.

A total of 133 academic promotions were approved in 2018, which is a slight increase on the 130 approved in 2017. There was an increase of 15% in the number of black academics promoted from 2017 to 2018, with the significant increase being in promotions from lecturer to senior lecturer. This outcome helps us to increase the number of black academics in the professoriate at the NWU.

3.3.10 Culture survey

The strategy statement of the NWU has a deliberate focus on diversity, social justice, equity and an ethic of care, among other key principles and values.

In 2018, we embarked on diversity training. This was part of the climate survey improvement plan drawn up in response to the climate survey we conducted in 2017 to identify any barriers that impact on organisational diversity and to identify any enablers to diversity in the workplace.

The initial survey workshops or dialogues were conducted with the university management first, followed by sessions with line managers and project champions. The initial phase targeted 246 leaders.

We also identified the need to create a shared culture among staff and students, aligned to our NWU strategy. A staff and student culture review project commenced with the appointment of a service provider (Laetoli) in September 2018 to assist and guide us in creating this shared culture.

Continuing into 2019, the project has four phases: to assess the NWU existing culture, to craft the new NWU culture (known as the NWU Way), to design the NWU change journey and lastly to institutionalise the NWU Way across the three campuses.

3.3.11 Caring for our staff

We recognise that engaged staff are a competitive advantage, and that South African universities compete for talent, especially for academic staff. An important way for us to compete effectively is to ensure we keep our employees engaged by creating an environment that is underpinned by an ethic of care.

NWU Wellness implements various initiatives that nurture the mental, physical and social wellbeing of our employees. Such initiatives are especially important in a world where change is the norm, and employees are expected to be agile and empowered to interact with complex and volatile conditions and settings.

We use organisational wellness interventions and occupational health assessments to promote optimal employee health. For team cohesion, we implement team assessments and interventions; we also empower line managers to promote employee wellness as part of their management responsibilities.

3.3.12 Research funding

We received the following funds to strengthen our financial capital and to enable us in financing the value creation for research and innovation:

NRF-related grants and support (excluding THRIP)	
Freestanding bursaries	R19 923 891.00
Block grant bursaries	R 4 225 000.00
NRF postdoctoral awards	R3 756 550.05
Chairs	R15 538 554.99
Research grants	R28 459 692.17
Total received from the NRF	**R71 903 688.21**
Other funding (for technology transfer and innovation)	**R24,9 million** (see discussion below)

3.3.13 Funding for technology transfer and innovation

The Technology Transfer and Innovation Support Office (incorporating Fundraising) tapped into a wide range of local and international funding opportunities for teaching and learning, research and commercialisation.

A total amount of R24,9 million in grants and project funding was received through general fund-raising efforts in 2018. This amount includes funding in the form of SETA bursaries (R9,3 million) and funds for initiatives ranging from engineering projects (R3,3 million) to our Meal-a-Day project for needy students.

International funding

The table below shows the international funding that each faculty received during 2018.

(minus amounts indicate an income amount)

International funding for research	
Faculty of Economic and Management Sciences	305 585.52
Faculty of Education	-674 388.23
Faculty of Engineering	-6 545 127.68
Faculty of Health Sciences	-17 273 277.20
Faculty of Humanities	67 543.58
Faculty of Law	-116 628.97
Faculty of Natural and Agricultural Sciences	-6 034 744.41
Faculty of Theology	
Grand total	-30 271 037.39

3.4 * Activities: strengthening their wings

Our core business is teaching and learning, research and community engagement; while acknowledging that ultimately all activities at the NWU are aimed at creating value in these fields.

3.4.1 Teaching and learning activities

We are committed to improve continuously the scope and relevance of our academic offering and the quality of our teaching and learning activities. This is important for further improving student access, retention and success. During 2018, we continued working diligently to address issues relevant to these environments.

The strong focus on the alignment of our academic programmes also continued, the aim being to ensure external compliance and provide programmes of comparable quality across all our campuses. For more information, refer to page 55 in the section on how we performed against our strategy, thereby increasing our intellectual capital.

3.4.2 Increasing student access, retention, attainment and success and support of at risk students

Our Centre for Teaching and Learning (CTL) offers a variety of interventions to enable student retention and success.

We used the Student Academic Readiness Survey (STARS), to measure the academic readiness of first-year students and guide student development and psychosocial support.

Supplemental Instruction (SI), which supports undergraduate students towards academic success through regularly scheduled voluntary small-group sessions, was facilitated by trained SI facilitators.

Through our peer-mentoring programme, high-performing senior students assisted first-year students in making a successful transition to university life.

Although the SI programme is still the primary means of providing academic support to small groups of students, we also implemented a tutor programme, where carefully selected senior students offer one-on-one support to undergraduate students, to provide additional support.

To see how these activities create value for ourselves and our stakeholders, refer to the section about how we performed against our strategy, thereby increasing our intellectual and human capital. (See page 54.)

3.4.3   Promoting continuing education

Our Unit for Continuing Education is helping to build a skilled workforce for South Africa, thereby increasing our financial, intellectual and social and relationship capitals.

Focusing on improved growth and profitability, we offer a diversified portfolio of short courses and have developed new products. During 2018, 6 972 candidates participated in 230 short-course events.

In extending our reach to disadvantaged communities, people with disabilities, women and rural communities, we identified six high-demand short courses for a distance learning delivery pilot project that we will implement in 2019.

3.4.4   Establishing an international presence

The NWU is an active partner in collaborations within the Brazil, Russia, India, China and South Africa (BRICS) countries and has knowledge and skills-sharing agreements with several BRICS universities.

An exciting new development in 2018 was the BRICS Youth Talent Development programme, which encourages participants to address problems such as poverty and access to further education and training.

3.4.5   Improving graduate employability

Part of our value creation story is to improve the employability of NWU work-seeking graduates – in other words, to get them ready and sufficiently skilled to enter the world of work as part of South Africa's work force.

We take various steps to produce graduates suited to the market and who, within six months of graduating, are either self-employed or in formal employment. More information about these activities are available in the section on how we performed against our strategy, thereby strengthening our intellectual and human capital, on page 63.

3.4.6   Focusing on academic professional development

In empowering our academics to be excellent teachers who can soar as professionals, we use various initiatives for their professional development.

These include workshops, seminars and webinars, the induction programme for new academics, the Teaching and Learning Excellence Awards, events and activities focused on the scholarship of teaching and learning, and the annual Teaching and Learning Conference. All these initiatives help to develop our human capital, meaning staff and, through them, our students.

SEE THEM SOAR

International teaching mobility project

This collaborative teaching initiative has a technological focus, with NWU lecturers visiting the Georgia State University in the US, attending online training sessions and working with their partners on a virtual teaching project. Lecturers also teach and engage in a virtual environment.

Some of the participating NWU lecturers are planning new modules and act as subject expert mentors to the faculties at Georgia. The 2018 group will complete their first virtual teaching project by March 2019 and the plan is to expand the project to European universities in 2019 and 2020.

3.4.7 Research activities

Our research activities revolve around our research entities, which include seven national entities linked with national and international imperatives, 11 research chairs, and 40 NWU research entities (compared to 39 in 2017).

For a new NWU entity to be approved, there must be a clear fit with the university's strategic plan and the national research plan. Our 40 research entities consist of five Centres of Excellence, 10 research units, 13 research focus areas and 12 research niche areas.

As it is important that our research activities create maximum value for our stakeholders, we evaluated 10 of our NWU entities during 2018.

3.4.8 NWU research entities

NWU research entities	Faculty
Research centres of excellence	
Centre of Excellence for Nutrition (CEN)	Health Sciences
Centre of Excellence for Pharmaceutical Sciences (PharMaCen)	Health Sciences
Centre for Space Research	Natural and Agricultural Sciences
Centre of Excellence in Carbon-based Fuels	Engineering
Hypertension in Africa Research Team (HART)	Health Sciences

Research units	
Unit for Business Mathematics and Informatics (BMI)	Natural and Agricultural Sciences
Research Unit for Law, Justice and Sustainability	Law
Education and Human Rights in Diversity (Edu-HRights)	Education
Unit for Energy and Technology Systems	Engineering
Unit for Environmental Sciences and Management (UESM)	Natural and Agricultural Sciences
Unit for Language and Literature in the South African Context	Humanities
Unit for Reformational Theology and the Development of the South African Society	Theology
Tourism Research in Economic Environs and Society (TREES)	Economic and Management Sciences
Africa Unit for Trans-disciplinary Health Research (AUTHeR)	Health Sciences
Workwell: Research Unit for Economic and Management Sciences	Economic and Management Sciences

Research focus areas	
Ancient Texts: Text, Context and Reception	Theology
Chemical Resource Beneficiation (CRB)	Natural and Agricultural Sciences
Community Psychosocial Research (Compres)	Health Sciences
Enabling Optimal Expression of Individual, Social and Institutional Potential (OPTENTIA)	Humanities
Human Metabolomics	Natural and Agricultural Sciences
Material Science, Innovation and Modelling (MaSIM)	Natural and Agricultural Sciences
Physical Activity, Sport and Recreation (PhASRec)	Health Sciences
Population and Health	Humanities

Quality in Nursing and Midwifery (NuMiQ)	Health Sciences
Self-directed Learning (SDL)	Education
Social Transformation	Humanities
Trade and Development (TRADE)	Economic and Management Sciences
Understanding and Processing Language in Complex Settings (UPSET)	Humanities

Research niche areas	
Community-based Educational Research (COMBER)	Education
Edu-Lead	Education
Food Security and Safety	Natural and Agricultural Sciences
Global Innovative Focussed Talent (GIFT)	Economic and Management Sciences
Indigenous Language Media in Africa (ILMA)	Humanities
Lifestyle Diseases	Health Sciences
Medicine Usage in South Africa (MUSA)	Health Sciences
Multilingual Speech Technologies (MuST)	Engineering
Musical Arts in South Africa: Resources and Applications (MASARA)	Humanities
Occupational Hygiene and Health Research Initiative (OHHRI)	Health Sciences
Technology-enhanced Learning and Innovative Education and Training, South Africa (TELIT-SA)	Economic and Management Sciences
Visual Narratives and Creative Outputs through Interdisciplinary and Practice-led Research (VINCO)	Humanities

National hosted entities

Hosted entities (centres, platforms and institutes)	Faculty
DST HySA Infrastructure Centre of Competence in hydrogen production, storage, reticulation and safety codes and standards	Engineering
DST/NWU Pre-clinical Drug Development Platform (PCDDP)	Health Sciences
dti Centre for Advanced Manufacturing	Engineering
DST Centre of Excellence in Indigenous Knowledge Systems (IKS)	Natural and Agricultural Sciences
Centre for Human Metabolomics	Natural and Agricultural Sciences
MRC Extra Mural Unit for Hypertension and Cardiovascular Disease	Health Sciences
South African Centre for Digital Language Resources (SADiLar)	Humanities

Commercial research entities	Faculty
Centre for Pharmaceutical and Biomedical Services	Health Sciences

3.4.9   Research chairs

Among our 11 research chairs are two new and four renewed SARChI chairs, and one new UNESCO chair, which was the first one of its kind to be allocated to the NWU.

Research chairs	Faculty
DST/NRF Research Chair in Astrophysics and Space Research (SARChI)	Natural and Agricultural Sciences
DST/NRF Research Chair in Coal Research (SARChI)	Engineering
DST/NRF Research Chair in Biofuels and Other Clean Alternative Fuels (SARChI)	Engineering
DST/NRF Research Chair in Nuclear Energy (SARChI)	Engineering
DST/NRF SA-NAM Bilateral Research Chair in Astronomy and Astrophysics	Natural and Agricultural Sciences
DST/NRF Research chair in Cities, Law and Environmental Sustainability	Law
DST/NRF Research Chair in Early Detection and Prevention of Cardiovascular Disease in Africa (SARChI)	Health Sciences
EDTP SETA Research Chair in Early Childhood Education	Education
ESKOM EPPEI Specialisation Chair in Emission Control	Engineering
World Trade Organization Chair	Economic and Management Sciences

3.4.10   International partnerships

For information on how our research and innovation performance is creating an international presence, refer to page 60 in the section on how we create value against our strategy and capitals.

3.5   * Outputs: see their wings unfold

3.5.1   Levels of academic progress in different disciplines

Our general academic rules and faculty-specific rules regulate academic performance and progression requirements. A sufficient percentage of the credit load of the programme for which the student is registered must be completed annually within the maximum duration allowed for the study.

In order to ensure this, the rules require the following:

- A contact student must obtain at least 66% of the total credits required for the programme up to the historic year level for which the student is registered.
- A distance student must obtain at least 50% of the total credits that are required for the curriculum up to the historic year level for which the student is registered.

3.5.2   Teaching and learning output

We had a contact success rate of 84,6% (85% in 2017) and a contact undergraduate graduation duration factor of 1,13 in 2018, compared 1,15 in 2017. This increase indicates that more students completed their degrees in the minimum time.

Our student-to-academic staff full-time equivalent (FTE) ratio is 32,44: 1, meaning that one academic staff member is available for every 32 full-time equivalent students.

Our first-time entrant dropout rate for contact degrees decreased from 11,11% in 2017 to 9% in 2018.This shows that our investment in academic support is yielding substantial value.

The following table shows the number of graduates per qualification type for 2017 and 2018.

Field of study	2017		2018	
	Graduates CESM weighted	% of Total	Graduates CESM weighted	% of total
All other humanities and social sciences	2 489,8	1,6 %	2730.667	17.8 %
Business and management	3 072,2	19,2 %	3330.917	21.7 %
Education	7 707,3	48,2 %	6496.167	42.3 %
Science, engineering and technology	2 734,8	17,1 %	2792.25	18.2 %
Total	16 004,0	100,0 %	15350.0	100,0 %
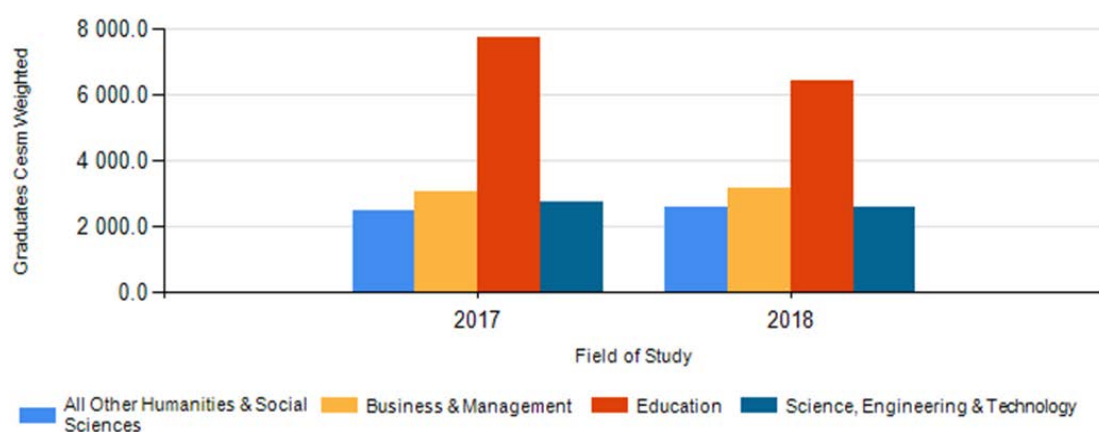
The following table shows how our number of graduates compare with those of other South African higher education institutions (based on 2017 audited HEMIS data):

Institution	Total
University of South Africa	44 842
North-West University	**16 004**
Tshwane University of Technology	14 754
University of Pretoria	13 273
University of Johannesburg	13 004

3.5.3   Teaching and learning awards

The annual Teaching and Learning Excellence Awards (TEAs) acknowledge and celebrate the exceptional output of our academic staff in teaching practices and innovation, while providing excellent role models for students and other academics.

In 2018, we paid tribute to 36 outstanding lecturers, 10 of whom received Emerging Teaching and Learning Excellence Awards, 21 Teaching Excellence Awards and five Distinguished Teaching Excellence Awards.

3.5.4 Research output

Improving our research and innovation output means considering the quantity and quality of research.

Both aspects show an upward trajectory. Pockets of excellence within the university are expanding, various entities are internationalising their research and our critical mass of expertise is growing.

The following table confirms this:

Research output	2017
Journal Articles	1107,64
Conference proceedings	82,37
Books	110,03
Total article equivalents published	1300,04
Master's degrees conferred	813
Research master's	600.467
Research master's weighted	600.467
Doctoral degrees conferred	235
Doctoral degrees weighted	705
Total weighted research output	2605.507
Publication units per permanent academic staff member	0,86

Read more about our research output on page 59 in the section on how we create value against our strategy, thereby strengthening our intellectual capital.

3.5.5 Weighted total research output per academic

Using 2016 audited HEMIS data, the graph below shows our position in the higher education sector with regard to the research output per academic. When comparing ourselves with these eight universities, we are ninth in the sector.
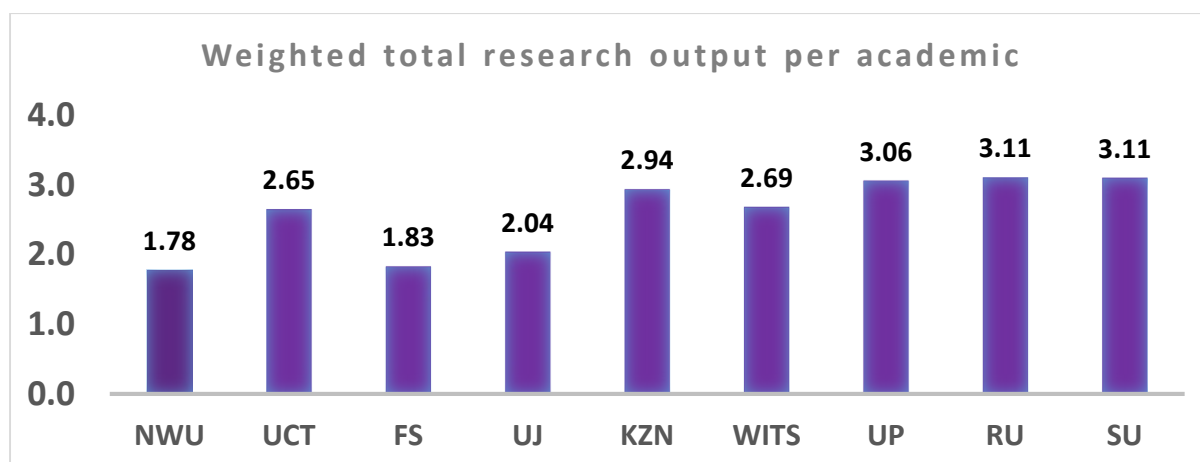
3.5.6 Research and innovation excellence awards

We celebrate our researchers' hard work and exceptional output through our annual research and innovation excellence awards. In 2018 there were eight Technology Transfer and Innovation Excellence Awards, eight Research Excellence Awards, 10 National Research Excellence Awards and four International Research Excellence Awards.

Prof Marius Nel, Faculty of Theology, was announced the Most Productive Researcher, while Dr Josh Chukwuere, Faculty of Economic and Management, was the Most Productive Junior Researcher. The

Unit for Reformational Theology and the Development of the South African Society was the Most Productive Research Entity.

3.6   * Outcomes: See them soar

In the previous sections we discussed the first two parts of our value chain, namely our inputs and activities. Now we are going to show you how these have been realised in the next stage of the chain – outcomes that create value over a longer term.

During all four stages of our value chain, we take care that we source, use and transform our capitals in such a way that we will still have sufficient capitals available to use for future value creation. In other words: sustainability is part of our outcomes.

Let's look at an example. By creating financial stability as an outcome for ourselves, we make sure that there will be an NWU in the future to create more outcomes for our stakeholders. One of these outcomes may be enhancing the knowledge economy of the country by delivering skilled graduates to the labour market. (Delivering graduates is an output that increases our human capital and eventually the human and financial capital of South Africa).

Another example is our research output (an outcome), which strengthens our reputation (an outcome) to such an extent that we attract more students. This can be seen as an outcome and a future input that builds our human capital and ensures our future sustainability.

Using our research and innovation results to solve real-life problems in our communities, the country and the world, is another example of an outcome. The third leg of our core business, namely community engagement, also creates outcomes for people by empowering them to improve their lives in a sustainable way, as can be seen in the story below.

PROF DAN KGWADI
CHAIRPERSON OF SENATE

SEE THEM SOAR

Green water treatment will benefit communities

For her master's research, an NWU PhD chemistry candidate, Tshepiso Moremedi, assisted communities in the rural villages of Seweding and Stadt to understand the health effects of nitrate in drinking water. Her work included the mechanisms for treating drinking water by using Moringa Oleifera (*M. oleifera*), a non-toxic tropical plant found throughout India, Asia and Sub-Saharan Africa.

4 Report of the vice-chancellor

4.1 Introduction: Looking at 2018

When reflecting on the theme of this integrated report, "We make people soar", I can state with confidence that we have indeed empowered our stakeholders – and ourselves – to reach greater heights in 2018.

One of the highlights I would like to share with you is that we were able to embed satisfactorily our new unitary structure. The result has been a more unitary student life, not least in the way our NWU sporting teams have represented us proudly in new purple gear.

Our students also sustained their focus on their studies during the year: consequently, we did not lose a single academic day due to protests. At our graduation ceremonies, some 10 000 students received first degrees or diplomas and 248 received doctorates.

A further significant achievement was to maintain financial stability, despite economic challenges, both nationally and globally. We accomplished this by keeping a sharp eye on the balance sheet and increasing our reserve funds. As a result, we were able to remain one of the most affordable universities in the country.

We also developed a new language policy, which has at its core, multilingualism. This policy will enhance our graduates' ability to function more effectively in more than one language. In this way we aim to contribute to social cohesion and inclusion.

You will find more detail about our performance against the targets in our 2018 Annual Performance Plan, in the section on how we create value through performance, from pages 54 to 79, and also in Annexure 1 on page 121 of this report.

However, there were a few major developments during the year that are worth mentioning here.

4.2 Our managerial and administrative activities

As already mentioned in this integrated report, all our activities are geared towards value creation for ourselves and our stakeholders, by deploying our six capitals in support of our strategy.

The appointment of new senior executives and administrative staff members strengthened our human capital and our various managerial and administrative activities contributed to our organisational learning and our intellectual capital.

4.3 New senior executive and administrative appointments

For more information about senior appointments, please refer to the section on governance supporting value on p 93.

4.4 Managerial and administrative aspects of our operations

These aspects of our operations are discussed throughout our report.

You can read more about the managerial and administrative aspects relating to teaching-learning and research in the section about our business model and value chain (pages 11 to 25).

The sections detailing our strategy (pages 50 to 53) and our performance (pages 54 to 79) contain information about other support departments and operations.

4.5 The adequacy of staff levels, particularly in critical areas

Integral to our success is the quality of our people. If we want to fulfil our dream of being an internationally recognised university, we need talented, energised, committed and passionate staff with high level of skills and an innovation mind-set.

A challenge during 2018 was the competition for talent in the higher education sector. We addressed this challenge through strategic workforce planning, talent attraction and management, recruitment, optimal management of remuneration, training and development and performance management.

We also developed a scarce and critical skills programme to attract and retain the talent required to assist in realising our strategy of promoting academic excellence. The programme started in the academic environment, and we will roll it out in the support environment during 2019.

There was a significant increase in total staff headcount (from 7 997 in 2017 to 8 305 in 2018). As can be seen from the following table, this growth is mainly in the support environment, while the academic pool remained stable. In 2019, we will prioritise growth in academic posts.

Total staff headcount – 2017 vs 2018						
Classification	Permanent		Temporary		Total	
	2017	2018	2017	2018	2017	2018
Academic	1 510	1 547	611	417	2 121	1 964
Support	2 397	2 448	3 479	3 893	5 876	6 341
Grand total	3907	3995	4 090	4 310	7 997	8 305

We can report that the workforce was stable in 2018, with a staff turnover of 4% among academics and 5% among support staff. This is well within our targeted attrition rate of under 10%.

4.6   The extent to which the equity targets in the workplace have been realised

Our progress towards achieving our employment equity targets are regularly monitored by various oversight governance committees. These include two Council committees, namely the People and Culture and Employment Equity Committee and the Transformation Oversight Committee.

In 2018 we revised and aligned our employment equity targets with our new operating model.

Our current employment equity plan runs from January 2016 to December 2020. The targets and outcomes for 2018, cascaded from the plan approved by Council on 28 September 2018, are shown in the following table.

2018 NWU employee profile based on HEMIS											
Occupational level	Male				Female				Male	Female	Grand total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Foreign national		
Permanent staff total, fourth quarter	737	106	25	838	679	143	28	1 391	37	11	3 995
% Total NWU workforce)	18.45%	2.65%	0.63%	20.98%	17.00%	3.58%	0.70%	34.82%	0.93%	0.28%	100.00%
2018 EE target	645	95	19	829	627	142	30	1 332	59	12	3 790
2018 EE target %	17.02%	2.51%	0.50%	21.87%	16.54%	3.75%	0.79%	35.15%	1.56%	0.32%	100.00%
Target variance	92	11	6	9	52	1	-2	59	-22	-1	205
Target variance %	1.43%	0.14%	0.13%	-0.89%	0.46%	-0.17%	-0.09%	-0.33%	-0.63%	-0.04%	0.00%

As you can see, we achieved our 2018 targets in most categories, surpassing the targets by 1,43% for African males, 0,14% for Coloured males, 0,13% for Indian males, and 0,46% for African females.

4.7 The quality of information available to management

We need high-quality, trustworthy information to make decisions that are crucial for our daily operations and the future sustainability of our university.

Our Institutional Planning and Strategic Intelligence unit collects, integrates and stores data from different sources across the university to assist us with integrated planning and intelligent decision-making.

The unit provides timely management information (often by responding to ad hoc queries), reports regularly to different business units and develops customised dashboards.

A challenge is that most of the indicators universities use are only available at the end of the academic year. As a result, we need to identify data sources that can assist us with proactive decision-making and early identification of at-risk students.

Addressing this challenge, the unit and the Centre for Teaching and Learning have started to develop learner analytics.

The unit is also responsible for the HEMIS submission of staff, student and research data to the Department of Higher Education, and for putting processes in place to improve the overall data integrity at the NWU.

4.8 Student services and extracurricular activities

We want the NWU to be a home away from home for all our students. In line with our dream to promote an ethic of care, we offer various support services and extracurricular activities to create well-rounded students.

You can read more about our academic support activities for students in the section on how we create value through our performance on pages 54 to 63.

In addition to their academic pursuits, extracurricular activities are a valuable part of our students' overall university experience. Through our Student Support Services Centre, we encourage our students to become involved in more than 40 sporting, social and cultural student organisations that we offer at the university.

Through their involvement in these activities, our students develop leadership skills, a capacity for teamwork and a sense of judgement, they learn how to build meaningful relationships, to be responsible and to persevere.

Another priority is the mental and physical health of our students. Besides organising awareness campaigns about matters such as HIV and AIDS and gender-based violence, we offer our students various counselling and social welfare services.

In addition, our campus clinics offer affordable and, when needed, free medical care to all students.

4.9 Changing patterns in the provision of academic courses

In 2018 we had 61212 students enrolled at our three campuses. Female enrolments dropped slightly from 41 219 to 39963, while male enrolments 21249 were much the same as in 2017.

We experienced over-enrolments in the faculties of Natural and Agricultural Sciences, Humanities and Health Sciences, but were largely on target in the faculties of Law, Theology, Education, Economic and Management Sciences and Engineering.

We remain committed to our strategy of enrolling more students in the fields of science, engineering, technology and commerce, and are making steady progress in this regard.

During 2018, Senate approved several new qualifications, the extension of qualifications and programmes to other campuses, and the addition of new programmes under existing qualifications.

Most approvals were in the fields of education and social sciences. Several programmes were also introduced at campuses where they were not previously offered. Development Studies was for instance introduced at the Mafikeng Campus, and Population Studies at the Potchefstroom and Mafikeng campuses.

2018 saw an emphasis on new and unique qualifications, for instance the approval of the diploma and BEd in Early Childhood Care and Education, which were identified as national priorities.

No new distance applications were made for 2018, as we are already offering a substantial number of programmes via distance learning.

4.10 Self-assessment of the achievement of the vice-chancellor

We have made significant progress in our core activities of teaching and learning, research and innovation, and community engagement. The details are set out elsewhere in this report, for instance in the highlights on page 6 and in our business model on page 11.

As you can see from these accomplishments, we kept our eye on the ball and, at the same time, embedded our new unitary structure.

Virtually the whole of the senior management team is now in place and we can concentrate on realising our unitary strategy, our dream and purpose.

In conclusion, we are glad to report that we have succeeded in achieving the majority of the goals in our Annual Performance Plan. (Refer to page 121.)

4.11 Looking at the future

We will build on the firm foundation of what we have accomplished. This does not mean resting on our laurels. An ongoing project will be to optimise our structure and operating model in order to support and realise our strategy.

We will continue to align our institutional culture with the demands of our strategy. What this means, is that we have to maintain an internal environment where all feel welcome, integrated and included.

To accomplish this, we will implement various culture change projects for staff and students in 2019. These projects will focus on diversity, social inclusion and cohesion as our organisational attributes.

In short: our behaviour and activities must continue to be driven by our values, an ethic of care and a commitment to social justice. Only within such an environment will we be able to tackle the challenges facing us.

One of the ongoing challenges in our environment is the sustainability of the funding model for public higher education in South Africa.

We must make sure that we are able to improve our financial sustainability in future, within the constraints of the funding framework. This may well entail a more innovative approach to funding diversification than we currently employ.

Despite challenges, we face the future with confidence, as we know that the ongoing support that we receive from you, our stakeholders, will enable us to continue to enable our people to soar.

> Quote:
>
> *"It requires excellence and dedication to make people soar to where they can achieve their goals and realise their dreams.*
>
> *The NWU community does not disappoint. By taking hands and soaring to greater heights themselves, they play the major part in our value creation story. May our joint efforts continue to make our stakeholders soar."*
>
> - Prof Dan Kgwadi, Vice-Chancellor

4.12 Meet our management members

Prof ND Kgwadi	Vice-Chancellor	**Prof JJ Janse van Rensburg**	Vice-Principal and Deputy Vice-Chancellor: Assigned Function and Potchefstroom Operations
Prof M Verhoef	Registrar	**Prof L du Plessis**	Deputy Vice-Chancellor: Strategic Planning and Vaal Triangle Operations
Prof RJ Balfour	Deputy Vice-Chancellor: Teaching-Learning	**Prof RN Phaswana-Mafuya**	Deputy Vice-Chancellor: Research and Innovation
Prof BMP Setlalentoa	Deputy Vice-Chancellor: Mafikeng Campus Operations	**Prof L Lalendle**	Executive Director: Student Life

Dr M Singh Executive Director: People and Culture	**Mr C Manoko** Executive Director: Corporate Relations and Marketing
Ms E de Beer Executive Director: Finance and Facilities	
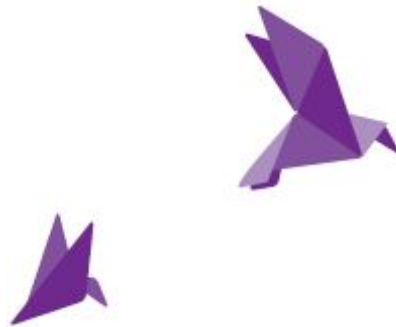
PROF DAN KGWADI
VICE-CHANCELLOR

5 How we engage with our stakeholders

We are very proud of what we have achieved since the implementation of the new strategy, especially regarding research and innovation, teaching-learning and community engagement. We believe this is the result of our solid, high-quality relationships and constructive engagements with our stakeholders.

5.1 Creating value for ourselves and our stakeholders

Our engagement approach of responding effectively to our stakeholders' interests and expectations creates value for them and, at the same time, builds capacity and creates opportunities for our long-term growth and sustainability.

Striving to create even more value for our stakeholders, we asked the firm business DNA to conduct an internal communication audit among staff and students in 2018.

In surveys such as this one, a score of 65% communication effectiveness is globally regarded as an indication of success. In comparison, our staff communication effectiveness index was 57,4%, which indicated that communication with staff was regarded as reasonable. However, the communication with students – with an effectiveness index of 47,8% – was regarded as unsatisfactory.

Looking at the results, we plan to take various steps to improve communication with these two groups. Two of the interventions are to review and optimise our internal communication channels for staff and to empower direct seniors to communicate more often and effectively with their staff members.

When it comes to students, we will provide them with information that is most important to them, utilising the media they prefer. For instance, we intend to create an app allowing them to choose what they want to hear about, and where they can opt in and out of information sources. We are also going to optimise SMS messages and emails.

5.2 How we react to our stakeholders' interests and expectations

When we engage with our stakeholders, they often raise matters that are of particular importance to them.
The following tables show their key interests and expectations of how we react to that.

Stakeholder groups	Key interests and expectations	Our response
Students	Equity of student life experience	Student life experience is one of the key pillars of our student-value proposition. Working with the relevant student structures, we have introduced activities that are aimed at enhancing student-life experience across our three campuses in line with our unitary model. (An example is frequent intercampus sport days).
Students, parents, families (of registered students), schools (grade 11 and 12 learners), donors, sponsors and patrons	Range of academic offerings, and ongoing excellence, especially in our core business	We make sure our stakeholders are aware of the wide range of academic programmes we offer. We also share information about our output, results and achievements, for instance via our integrated annual report.
	Academic excellence on all campuses	The implementation of our new structure began on 1 July 2017. This resulted in the alignment of our faculty programmes and academic support activities across our three campuses.
Employers, business, industry		For example, an executive dean of a faculty is responsible for all academic programmes and activities in that faculty across the three campuses. This ensures that the faculty expertise and

Stakeholder groups	Key interests and expectations	Our response
	Research excellence	knowledge are shared to achieve academic excellence.
		Equitable resources – including academic and research support programmes for staff and students across our three campuses – is also invaluable for academic success and excellence.
		Our well-established system of research entities, (see page 20) also contributes to our research excellence. (See our research output on page 24 and page 59.)
Students, staff, parents, families (of registered students), schools (grade 11 and 12 learners)	Safety and security	We recognise that safety and security is perceived as a challenge in areas surrounding our campuses and are working on solutions to partner with local authorities and the South African Police Services to improve off-campus safety.
		For instance, the university has partnered with the JB Marks Municipality to establish the Cachet Park City Improvement District Non-Profit Company (CID NPC).
		The CID NPC will work in collaboration with SAPS and other community-based organisations to address the safety problems around the Potchefstroom campus.
		Similar initiatives will be rolled out to the other campuses as a matter of priority.
Students

Employers, business, industry | Quality and employability of our graduates and the relevance of our qualifications to industry needs | Our Career Centre plays an integral part in facilitating linkages between our students and potential employers through various initiatives such as career fairs and exhibitions. |
		The centre also conducts an annual survey together with Universum, a global employer branding company.
		According to the survey results, almost 80% of our participating graduates were employed within three months after graduating. The majority of our participants found employment after applying for up to five jobs and were appointed in permanent positions.
		The purpose of the survey among our graduates is to establish appropriate benchmarks and liaise with employers to make sure our academic programmes remain relevant.
		In fact, we invest significant resources to ensure that we offer relevant and quality academic programmes.
		Our efforts have been acknowledged by the Quacquarelli Symonds ranking, which awarded us

Stakeholder groups	Key interests and expectations	Our response
		five out of five stars for the employability of our graduates.
		In addition, we host events with industry role players to obtain feedback about their experience with our graduates and ask them for their input and advice so that we can continually improve our academic programmes.
Students, staff	Cyber security and access to ICT services	We have rolled out improved ICT services across our three campuses to facilitate students' learning experience. All our campuses are equipped with WiFi and computer laboratories, as equity of provision is an important driver of our unitary and inclusion strategy.
		We manage cyber security carefully and ensure business continuity and sufficient access for staff to state-of-the-art technology, including teaching and learning technology and connection to national research networks.
		According to MyBroadband's Q1 2018 speed test results, we have the second highest peak broadband speed among South African universities.
		In a survey we conducted in 2018, staff and students scored the software and eFundi (the e-learning platform) as the two best services rendered. We will implement the survey results to increase our value creation.
Students, staff, parents, families (of registered students), alumni	Language policy	A language policy and plan revision kicked off in 2017 to address challenges with the implementation of our functional multilingualism policy and we continually updated our stakeholders about our progress.
		Council approved the language policy in November 2018. The relevant structures (including faculties) have begun to develop language plans that will address specific needs and expectations in their respective areas.
		We have assured our stakeholders that the language policy will be implemented in the spirit of inclusion and supporting academic access and success for our students.
Staff	Academic freedom, good working conditions and job satisfaction	Our staff have the freedom to research and express their views and opinions that support their fields of research and expertise.
		Good progress was made during 2018 in ensuring that issues resulting from the alignment process were addressed. The university is continually engaging with staff to address challenges they are experiencing in their working conditions. This includes office space management, a perceived

Stakeholder groups	Key interests and expectations	Our response
		increase in administrative work and reporting and general management-employee relationships.
Staff	Career development and empowerment	We have various programmes for staff development and make sure that staff are aware of such. (Find more information on page 63.)
Staff	Transformation and employment equity	The university has made significant progress in implementing its transformation and employment equity plans. (Refer to page 36.)
Alumni, employers, business, industry, professional bodies DHET	The university's performance and reputation	The university's reputation remains positive among stakeholders. This has been enhanced by the achievements made in various areas, including research, teaching and learning and community engagements, as well as the arts and sport. The university's ranking by the Quacquarelli Symonds (QS) and other ranking systems further enhanced the NWU's reputation. We were ranked in the 801+ ranking position. We received four out of five stars overall, and five out of five stars for teaching/learning, employability, facilities and innovation. In our regular reporting activities, we keep the DHET abreast of our achievements. We also annually submit audited information to the DHET via the Higher Education Management Information System (HEMIS).
Parents, families (of registered students), alumni, employers, business, industry, DHET, donors, sponsors and patrons	Sound, competent management, transparency and financial sustainability	During engagement opportunities we assure our stakeholders that we continue to be in a healthy financial position. We inform them that we are cautious in managing our budget and that we launch initiatives to increase our revenues. (See our risks and mitigating actions on page 39 and in particular the Finance report section on page 140). We show our donors, sponsors and patrons how their contributions have added to the university's stability. We also inform them of the controls and other measures that are in place to ensure sound financial management, and how the Financial Committee of Council ensures good governance. Our Board of Donors is represented on the Council, which is the highest governance body at the university.
Parents, families (of registered students), schools (grade 11 and 12 learners)	Affordable fees and bursary availability	We give these stakeholders information about the way we manage our tuition fees and about the bursaries available for students. (More information about bursaries is available on page 15.)

Stakeholder groups	Key interests and expectations	Our response
Department of Higher Education and Training (DHET), Council on Higher Education, South African Qualifications Authority, Education Quality Committee, Universities South Africa	Compliance with regulations and the Higher Education Act	Management, and in particular the office of the registrar, is responsible for the day-to-day adherence to these regulations. The NWU Council plays an oversight role, driving and monitoring compliance. We report to the DHET during the year and submit an integrated report at the end of June each year.

QUOTE:

"We believe that the success of the NWU is closely linked to maintaining solid, high-quality relationships and constructive engagements with our stakeholders."

6   Our transformation journey – Transformation report

It is said that change is the only constant. In response to our internal and external environment, our transformation journey is ongoing, with academic excellence, social justice and an ethic of care as our guiding stars.

A clear reflection of our commitment to transformation is our strategy ("to transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice").

6.1   Academic transformation

When it comes to transformation, social justice is the lens through which we look at all our educational and related activities.

This brought into focus a number of prominent transformation issues that our academic community engaged with during 2018. These include gender awareness and inequality, decolonisation of the curriculum and the implementation of our revised language policy.

- Gender awareness
We held our first NWU Gender Awareness Week in 2018, which will now become an annual event.

- Inequality
We responded to the impact of inequality – whether social or economic – by introducing new academic disciplines such as critical accountancy, environmental education and race and gender studies. Recognising that differences between students in terms of class, gender, language and socio-economic background affect access and success, the university through its peer mentoring, supplemental instruction and extended programmes strives to attend to the access and success of all our students.

- Decolonisation of the curriculum
We concluded a declaration on decolonisation during 2018. This requires all faculties to embrace decolonisation practices in an equitable way. This will foster greater inclusivity, which will ultimately enhance student success and contribute to social justice.

- Language Policy
Our revised multilingual language policy makes provision for translanguaging (using multiple languages), interpreting and translation services and parallel instruction, while noting the need for the university to respond to the market and selected professions which have articulated explicit preferences for particular languages for certain settings.

6.2   Pursuing equity

There was a time in our history when our campuses were either predominantly white or black. This is why staff and student equity is still high on our transformation agenda.

Guided by our enrolment plan, we have set ourselves equity targets and are committed to reaching these.

6.3   Enabling equity

When looking at diversity, specifically of the first-year intake, our Student Recruitment and Strategy Plan articulates that we should manage residence placement in a way that will help us reach our equity targets.

Because we do not have a direct feeder area and students must travel to attend the NWU, accommodation plays an important role in recruiting students. In order to reach the equity targets, the residence places on each campus must be reserved in line with the targets.

6.4   Monitoring transformation

A transformation journey implies moving forward and making progress. In 2018, we discussed ways in which we can build a transformation dashboard as a progress monitoring and reporting tool that is fit for purpose in our university.

Relying on both qualitative and quantitative data, this tool will cover aspects such as culture, equity and redress, research and scholarship, teaching and learning and community engagement. We will continue to develop this dashboard during 2019.

6.5   Overseeing transformation

Although transformation is the responsibility of every member of the NWU community, we also have subcommittees of the NWU Council specifically tasked with overseeing transformation.

In addition to the main transformation oversight structure, the Transformation Oversight Committee, others such as the Student Oversight Committee and the Institutional Forum also play a role. Their diverse blend of staff, management and students enable them to make sure that the university complies with the national transformation goals in higher education.

6.6   Adding value

We want all our students to enjoy the same high-quality academic and student life.

In order to achieve this, we strive for equity of resources, making sure that high-quality academic, sporting and extramural facilities are available to all students. We also keep our eyes on our guiding stars – social justice and an ethic of care – when seeking to make life easier for individuals from disadvantaged backgrounds, needy students and people with disabilities.

At the heart of all these endeavours lies the commitment to add equal value for all our stakeholders.

In the process, we increase our human capital (for example, our students and staff having equal resources), our manufactured capital (by ensuring equal, high-standard facilities) and our social and relationship capital (heeding the public's call for fairness and redress through transformation).

6.7   Looking ahead
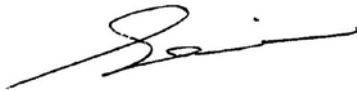
Although we have made significant progress, we have not yet arrived.

What makes it even more important to continue this journey is that it is a way of mitigating a very prominent risk, namely the external and internal demand for organisational change and ongoing transformation (see page 8).

Another factor that we have to keep in mind is that the state subsidy and research funding (for instance from the National Research Foundation) is becoming increasingly equity-driven. This may adversely impact us if we do not make significant progress in attaining our transformation goals.

However, our prime motivation for continuing and accelerating our transformation journey, is that it's the right thing to do and accords with our values.

We stay committed to further building our unitary institution, establishing an institutional culture and a unique NWU way of life that supports our strategy and speaks of care, equality and fairness for all. That is why transformation will stay high on our future agenda.

PROF DAN KGWADI
VICE-CHANCELLOR

DR BISMARK TYOBEKA
CHAIRPERSON OF COUNCIL

7 Material risks and opportunities impacting value

7.1 An overview of the risk governance and management process

The demands and uncertainties in the external environment (see page 7) continued to shape our strategic approach to risk management.

In response we identified the risks that could affect our ability to implement our strategy. We also adopted initiatives that mitigate these risks and enable us to harness the mitigated opportunities to create sustainable value for ourselves and our stakeholders.

Our risk management processes are also aligned to the King IV guiding principles, ensuring streamlined processes and procedures in accordance with the prescripts of the code.

Due to the dynamic environment we find ourselves in, we have to conduct ongoing materiality determination processes. Engagements with business process owners and other internal stakeholders, as well as external stakeholders, are reflected in our integrated risk register, which the business process owners update twice a year.

Until November 2018, we had a comprehensive risk register as mentioned above, and a more concise material risk register that focuses on the risks and opportunities that specifically affect the university's ability to create value. Since December 2018 an Enterprise Risk Management approach was adopted in order to streamline the risk-management project.

For the past few years, we have been using a risk-cluster categorisation approach to identify the material risk clusters that are important for the university's strategy, governance and management, performance and future planning. These clusters, listed in the following table, make up the core content of the risk management process.

Table 1 - Risk clusters

Risk ranking	Risks
1	Uncertainties in the higher education sector, largely related to uncertainties about financial matters and the funding model for universities
2	The demand for organisational change and ongoing transformation
3	Risks related to academic matters (teaching and learning, research and innovation and academic administration)
4	Ensuring compliance
5	Risks related to student life, both in the academic and non-academic environments
6	IT risks (including cyber security) and university systems
7	Commercialisation
8	Operational risks

7.2 Using our opportunities

As part of the risk-cluster approach we continually identify opportunities to adapt to our changing environment.

The opportunities we consider vital are to:

- Continually safeguard the financial sustainability of the university
- Implement our new strategy and resultant new structure and operating model
- Work towards excellence in teaching and learning and research and innovation
- Establish a clearly differentiated student value proposition
- Develop and retain excellent staff and create an equitable staff and student profile
- Deploy best-in-class information technology to support the core business
- Provide an effective financial model, policies and structure for continuing education offerings and increased commercialisation opportunities

The following table provides more detailed information on the risk clusters. It also shows the potential impact of the risks and the effect of the mitigating measures that we took.

1. Uncertainties in the higher education environment	
Material matter: *Ensure financial sustainability.* (Annual Performance Plan (APP), Enabler 4)	
Risk(s) and the impact on value creation	**Mitigating actions**
The uncertainty about the funding model for higher education could put our financial sustainability under pressure (affecting our financial capital).	Refer to our strategic response under the headings Announcement of fee-free higher education and Fee regulation by the DHET in the section on our external environment on page 7.

2. Demand for organisational change and ongoing transformation	
Related material matter: *Govern, lead and manage in a sustainable and transformed way with an effective operating model.* (APP, Enabler 1)	
Risk(s) and the impact on value creation	**Mitigating actions**
The national drive for the transformation of the curriculum and the internal pressure for ongoing organisational change may create the perception of the NWU as opposing transformation which can negatively affect our reputation (affecting our social and relationship capital).	Refer to our strategic response under the heading National call for curriculum change and transformation in the section on our external environment on page 8.
The implementation of the new organisational model may challenge the day to day activities at the university (affecting our intellectual capital).	The full-scale implementation of the new structure with its clearly defined roles and reporting lines, together with the reviewed systems and policies, ensured a smooth transition.

3. Academic matters	
Related material matter: *Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.* (APP, Goal 1)	
Risk(s) and the impact on value creation	**Mitigating actions**
The following matters may negatively affect the internal and external opinion of the NWU as a reputable institution of higher learning:	.
- Low staff morale and challenges in recruiting and retaining staff (affecting our human and intellectual capital).	Refer to our strategic response under the heading Shortage of academic staff in the section on our external environment on page 9. Staff development is also discussed in the section on our business model on page 16 and in the section on how we perform against our strategy and capitals on page 63.
- The fact that school leavers are increasingly unprepared for university studies (affecting our intellectual and our social and relationship capital).	We offer a wide range of programmes to assist students academically, especially our first years. Read more about these initiatives under the heading Increase student access and success in the section on how we performed against our strategy and capitals on page 54.
- A skills mismatch when our students enter the labour market (affecting our intellectual and our social and relationship capital).	We adopted innovative teaching and learning designs in all our programmes, and used teaching and learning technology effectively Our academic programmes address national skills priorities and development needs.

	To see what we do to meet the expectations of employers for highly employable graduates, refer to our response on the expectations of employers in the section on how we engage with our stakeholders on page 63.
- The relevance and quality of academic programmes and teaching technologies (affecting our intellectual and manufactured capital).	Our aim is to establish the NWU as a leader in multimodal education in the SA higher education sector.

Related material matter: *Intensify research and innovation* (APP, Goal 2)	
With regard to research, various factors may harm our reputation and ability to create value for ourselves and our stakeholders. (It also affects our intellectual and our social and relationship capital.) These factors include perceptions related to "publish or perish", a drop in NRF ratings, difficulties in sustaining a positive research trajectory owing to university restructuring, unsatisfactory research productivity and difficulties in attracting international staff and students.	We took various steps to promote research excellence. These included developing our research management model (see page 19), empowering our researchers (see page 63) and finding research funding (see page 17). We also invested in top-of-the-range research equipment and maintained a sustainable management model for patenting and commercialisation. With regard to international students and staff, refer to our strategic response under the heading Challenges in recruiting international students in the section on our external environment on page 10. More information about our research initiatives is available in the section on how we performed against our strategy and capitals on page 59.

4. COMPLIANCE	
Related material matter: *Govern, lead and manage in a sustainable and transformed way with an effective operating model.* (APP, Enabler 1)	
Risk(s) and the impact on value creation	**Mitigating actions**
A lack of compliance and the absence of adequate control mechanisms may negatively impact the effectiveness and efficiency of the management and governance of our university (eventually decreasing all our capitals). It may also lead to more instances of degree certification and bursary fund fraud, plagiarism, examination irregularities and the inadequate understanding of the legal and regulatory implications of contracts.	We take various steps to ensure that non-compliance does not decrease our capacity to create value. Here are a few examples: We strengthened our internal audit function and developed an anti-fraud strategy, implemented security measures for the printing and re-issuing of degree certificates and reviewed our plagiarism policy, focusing on the enhancement of academic integrity. We also streamlined the investigation process for instances of alleged plagiarism and aligned several processes across our campuses. These include student academic life cycle administration, the development of quality manuals and the admission of international students. We are also establishing an electronic work-flow environment for contract management.

5. STUDENT EXPERIENCE

Related material matter: *Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.* (APP, Goal 1)

Risk(s) and the impact on value creation	Mitigating actions
The lack of proper student academic support and an inability to create an enriched and aligned student life experience with equity of provision across the NWU may result in disengaged and disgruntled students (decreasing our intellectual and human capital). Specific challenges relate to academic unpreparedness, access to technology and the blended mode of delivery, and the possibility of violence and unrest spurred by internal and external issues.	With regard to the many ways in which we supported our students academically, refer to the heading Increase student access and success in the section on how we performed against our strategy and capitals on page 54. (Information about the use of technology in the classroom and the blended mode of delivery is also available here.) More information on the alignment of student life across the campuses is available in the section on our business model on page 37.

6. INFORMATION TECHNOLOGY AND THE PROVISION OF UNIVERSITY SYSTEMS

Related material matter: *Develop best-in-class information and communications technology to support the core business.* (APP, Enabler 2)

Related material matter: *Govern, lead and manage in a sustainable and transformed way.* (APP, Enabler 1)

Risk(s) and the impact on value creation	Mitigating actions
Cyber-attacks can lead to the loss of important and sensitive information, and vulnerabilities in the IT environment can lead to the halting of all university processes (decreasing all our capitals). An outdated student information system can have a negative effect on the effectiveness and efficiencies of student academic life cycle administration (decreasing our intellectual and human capital). Specific challenges include IT capacity matters (internal and external), South African National Research Network (SANReN) capacity, IT staff capacity and an ageing study material production system.	We carefully monitored cyber-security management, for instance through audits done by Internal Audit. We also developed business continuity plans within the IT environment, addressed staff capacity by means of strategic funding and launched a project for the renewal and optimisation of the student information system. In addition, we are finalising a cyber-security strategy and an information governance framework and consider the development of a new student information system a priority.

7. COMMERCIALISATION

Related material matter: *Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.* (APP, Goal 1)

Risk(s) and the impact on value creation	Mitigating actions
The lack of systematic information on continuing education courses, as well as the lack of clear information on revenue generated from continuing education, leaves the university vulnerable, both financially and in compliance matters.	We focused on the provisioning of an effective financial and operating model and a management structure for continuing education. We also made a concerted effort to increase commercialisation opportunities and worked towards establishing a Unit for Continuing Education and finalising the policy on continuing education.

8.	OPERATIONAL MATTERS

Related material matters: *Govern, lead and manage in a sustainable and transformed way. (APP, Enabler 1)*
Ensuring the financial sustainability of the NWU. (APP, Enabler 4)

Risk(s) and the impact on value creation	Mitigating actions
The inability to provide the necessary facilities and secure people's safety within buildings compromises the core business (affecting our intellectual, human, financial, manufactured and natural capital). Specific risks in terms of facilities include inadequate library, lecturing, practical and office space, laboratory and simulation facilities and equipment, water pressure challenges, Wi-Fi coverage and protection against fire.	We launched a project to optimise space management and applied to the DHET for infrastructure funding. We are also further strengthening our integrated planning for academic infrastructure and completing a space management project.

7.3 Steps taken in 2018

As a result of the data-gathering process that we conducted towards the end of 2018, we cleaned up the risk register. In particular, we removed the duplications that occurred when the risk register was still compiled under the campus-model dispensation, and made sure that it is clear who the risk owners are, according to the new business model.

As a result of the discussions with the relevant risk owners, we updated the risk register and drew a risk heat map.

The following graph indicates the pre-treatment phase for the period 2014 to 2017 of the NWU Strategic and Operational Risk Register, as well as the treated state, as it became evident during the mid- 2018 consultation phase.

		UNTREATED (2014 TO 2017)				
	5				9	12
	4		1	11	28	1
Consequence	3		1	5	3	
	2		1	2		
	1					
		1	2	3	4	5
		Likelihood				

		TREATED (END OF FIRST SEMESTER 2018)				
	5				4	
	4		4	10	11	1
Consequence	3		1	8	14	
	2		9	1	4	
	1	4	2			
		1	2	3	4	5
		Likelihood				

LEGEND:

Risk consequence (impact and control effectiveness) is indicated on the y-axis and risk likelihood on the x-axis. Risks are categorised according to the mentioned criteria on a scale of 1 to 5 (with 1 being low and 5 being high), for every criterion, and placed on the risk heat map accordingly. The numbers in the blocks indicate the number of risks at score.

We clearly distinguished between the NWU Strategic and Operational Risk Register and the Faculty Risk Registers and establish an improved risk management process within the faculties. This entailed serving risk management reports at Faculty Boards and cleaning up faculty risk registers.

We also adopted a combined assurance model for the NWU, complying with King IV, which states that a combined assurance model should incorporate and optimise all assurance services and functions.

The basics of the combined assurance model are:

- Defining the risk universe – as indicated earlier in this section, the NWU has identified eight primary risk clusters.
- An integrated risk table is used to account at high level for the associated controls, for each of the risk clusters; the detailed risk register does the same for each identified risk.
- Terms of reference and agendas are defined for Combined Assurance Forum (CAF) meetings in order to account for and ensure consistency in the risk assessment approach followed by the NWU.
- Risk reporting to structures must focus on dashboard-type reporting to management/oversight structures.
- An internal control framework is used for ongoing risk-management purposes. The University Management Committee adopted the following framework in October 2017:

Relevant topic	Our control mechanisms
Creation of an optimal control environment	Our set of values, ethical principles, codes of conduct, policies and acceptable business practices guide our operations.
	To ensure staff competency, we have job descriptions, performance agreements and personal development plans.
	Our management model and our operating style are aimed at ensuring integrity, competence, responsibility and accountability. This is strengthened by good governance and an organisational structure with clearly defined roles, responsibilities and levels of reporting.
	There is a distinct assignment of authority, delegation of responsibilities and individual accountability.
Risk management	Our organisational goals and objectives are cascaded to all levels of management, and we monitor the execution of these.
	Regular risk identification and risk management take place at the business process level and are integrated with opportunity management.
	Risk management is aimed at continually adding value to the strategic positioning of our university.
	Our internal audit activities focus on risk-based auditing.
Control activities	The governance environment ensures compliance with legislation and the existence and regular review of policies and regulations.
	Policies and regulations are given practical application in quality manuals and business process procedures that form the basis for continuous quality enhancement.
	The University Management Committee continually reviews the control effectiveness (including financial performance) of business units. This is underpinned by performance indicators for all relevant operational areas, information integrity, asset management and record-keeping principles.
Information, IT and communication	An information governance framework accounts for business continuity and disaster recovery and a policy ensures effective and efficient information governance.
	We have clear guidelines for the management of access to information and the protection of private information.
	IT controls are in place to sustain and enhance the university's intellectual capital. Controls ensure the continuous monitoring of the security of information and the appropriate backing up and off-site storage of key data.
	We balance the expectations of our material stakeholders in the best interest of the university and maintain effective stakeholder relationships. Communication channels are well defined and accessible and the integrity of our external communication is guaranteed.
Monitoring and oversight	The University Management Committee supervises the effectiveness of key control activities, policy implementation, system development, implementation and maintenance, and budget controls.
	Management responds to control effectiveness, for instance when policy and procedures have been violated, and follows up on all findings of internal and external audit reports.
	In addition, management reports regularly to the relevant governance structures on the implications of legislation on business processes, as well as external factors that might affect internal control effectiveness.
	We continually monitor the risk management process and assess the effectiveness of the control environment.

7.4   Actions taken and planned to improve the effectiveness of risk management

The agreement on the establishment of a combined assurance model provides the basis for greater responsibility and accountability with regard to the oversight of risk management.

A highlight for 2018 was the drafting of a Risk Management Policy, which is to be finalised and submitted to Council for approval early in 2019.

7.5   Report on risk exposure and risk management

Effective assessment of risk exposure and risk management is essential to us, especially on the operational, managerial and governance levels where risks are controlled.

Our comprehensive risk management model provides ongoing assurance by several assurance providers. Their roles and responsibilities are the following:

- The University Management Committee (UMC), which is primarily responsible for risk management, sees to the establishment of sound internal controls while safeguarding public and other funds.

- Academic and support managers are responsible for the implementation of risk management strategies in their areas of responsibility, and for seeing to active mitigation of risks by means of the ongoing improvement of internal controls.

- The registrar administers the process of identifying, interpreting and assessing risks, as well as intervention measures. In addition, the registrar drives the process at university management level, and maintains the NWU risk register.

- A designated risk and compliance officer, reporting to Corporate and Information Governance Services, liaises with managers across the university to coordinate risk identification and consolidation of the inputs into our risk register.

- The Audit, Risk and Compliance Committee (ARCC) advises Council on the effectiveness of the university's risk management process. It also oversees the role of management in creating and maintaining proper risk management and ensuring an effective control environment. The ARCC regularly reports to Council on key significant risks facing the university.

- Two other structures that are involved in risk management are the Compliance Committee and the Combined Assurance Forum (CAF).

  - The Compliance Committee monitors and reports on the compliance risks concerning all relevant legislation with which we need to comply.
  - The committee's internal members are from Legal Services, Internal Audit, Corporate and Information Governance Services, Finance and Occupational Health and Safety, with the registrar as chairperson. It also involves managers and other members from different business processes. Two meetings are scheduled annually and minutes are kept for all these meetings.
  - For more information on compliance management, see page 110 of the Governance report.
  - The CAF assists 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.
  - The CAF also assists in optimising the assurance coverage obtained from management, as well as internal and external assurance providers, on all risks affecting the university.
  - The CAF gathers information from all relevant business process owners, assesses risks and reports all high-level risks to the ARCC. It also gives assurance on risk mitigation actions, procedures and controls.
  - As King IV prescribes, the forum comprises identified internal operational line managers/staff, the registrar (representing the University Management Committee and chairing the CAF), organisational specialist functions, internal and external audit, external assurance providers (representatives from external audit) and representatives from other committee structures (Senate, Institutional Forum, Audit, ARCC and the Compliance Committee).
  - Two meetings are scheduled every year and minutes are kept for all meetings

*   Internal Audit plays a substantial role in establishing a university environment conducive to risk management.

7.6   Identification and continuous assessment of risk

As mentioned above, we have a framework for risk management to ensure that the regulatory requirements for corporate governance are sufficiently covered.

This framework seeks to increase the value-add of risk management as a strategic tool, and to improve our compliance with the principles of King IV.

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

Risk profiles are controlled within the normal internal control structures and procedures. Notwithstanding these structures and procedures, the potential exists that adverse events may occur and affect operations throughout the institution.

Therefore, we view risk management as identifying potential risk events that might emerge, assessing the likelihood that these will occur and their potential impact.

Our assessment scale includes ratings for impact, probability, control effectiveness and residual risk. This scale assists us in determining the priority of the identified risks and managing these risks accordingly.

Furthermore, we link responsible business process owners to each risk. They then provide feedback on the progress of managing the particular risk event, and ensure that the risk register is updated regularly.

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

From the above, our stakeholders may rest assured that we continued to identify and evaluate potential risk consequences in a responsible way in 2018.

While the University Management Committee is responsible for overall management and control of risk, it remains the responsibility of each risk owner to ensure that appropriate abatement strategies are established to allow for risk management.

Thus, operational managers are at the heart of the university's risk management project, taking responsibility and accountability for this enterprise.

PROF MARLENE VERHOEF
REGISTRAR DESIGNATED WITH RISK RESPONSIBILITY

MR ANTON REDELINGHUIS
CHAIRPERSON AUDIT, RISK AND COMPLIANCE COMMITTEE

7.8 Report on internal/administrative structures and controls

The North-West University maintains a system of internal control in order to provide reasonable assurance for 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 with an aim to provide reasonable assurance 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. This assurance is provided to the university as well as the university council.

Internal control objectives are pursued to ensure the fostering and enhancement of a strong ethical climate.

The 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, as well as a communication programme to make these known throughout the university.

Internal control practices are maintained in as far as policies and procedures are documented, implemented and monitored by the university management committee, the university council as well as the internal audit department. The updates of policies are coordinated by the Corporate Information and Governance Services Department in accordance with a regular schedule that includes consultation with all relevant structures. After the reviewed document is approved by Council, it is communicated to and available on the internet for all employees of the university, as well as stakeholders.

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.

In regard to information systems, modern information technology is utilised at the university that, amongst others, entail the development and implementation of core systems in accordance to defined and documented standards with a view to ensuring efficiency, effectiveness, reliability and security.

For the protection of privacy and ensuring control over data, accepted standards are applied – 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.

Regular reviews are done 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 to ensure minimum manual intervention and reconciliation procedures. The development, maintenance and operation of all systems are under the control of competently trained staff.

Based on the outcomes of a cyber-maturity assessment that was done in 2016, the NWU was recommended to improve its cyber-security maturity by implementing adequate information security awareness, training, business continuity and risk management plans. The recommendations included advice on how the university should prepare budgetary and resource plans for regulatory incidents aimed at reducing legal- and compliance-related risks, the classification of information, as well as the compilation of an information-asset list management program, the regular updates of its cyber-threat profile and its cyber-strategy performance targets. The suggestion was made that the NWU should prepare budgeting and resource plans for its overall cyber-security defence programme that is aligned to business objectives and risk profiles. The assessment also made evident that not all of the IT systems at the university were centralised, with the consequence that differing levels of control and compensating measures existed at the various management levels, including that of the respective faculties.

Against the background of the preceding, it is evident that the university is aware of the fact 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), that exercises the primary oversight role on behalf of the university council on the effectiveness of internal controls, is of the opinion that the university's internal control system for the year under review (and as included in the finance policy, the procurement policy, the policy on delegations, as well as general financial guidelines in support of the finance policy and the guidelines for records management of financial records, as well as various other financially-related guidelines, procedures and guidelines available to employees), has met the criteria for effective internal control over financial reporting.

The compliance with all relevant policies, guidelines and procedures related to financial reporting is monitored continuously by both the internal and external audit functions as well as the relevant financial divisions and employees assigned with the responsibility. The monitoring takes place on a daily and regular basis while transactions are being processed, and during the execution on internal and external audits.

The university management committee and operational managers on different levels identify, report, review and manage all related risks on a regular basis. The risk register is updated and maintained on regular intervals with feedback requested from executive managers, the members of the Combined Assurance Forum and various operational managers.

Assurance is provided by the internal audit function and includes audits in accordance with the risk-based internal audit plan as approved by the Audit, Risk and Compliance Committee and includes the examination of relevant systems, procedures and controls in those areas considered as high risk. The internal audit function has the responsibility to identify major control deficiencies and to report these to the relevant responsible managers, the university management committee, as well as the Audit, Risk and Compliance Committee. Furthermore, internal audit needs to execute follow-up reviews conducted within a year in order to report the progress with the implementation and improvement of controls to the Audit. Risk and Compliance Committee.

In light of the above, the Audit, Risk and Compliance Committee is confident that, for the year under review, the NWU 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. The committee is also confident that internal control measures assisted the NWU to achieve its goals in effective and efficient ways.

The Audit, Risk and Compliance Committee of the University Council reviewed this report on internal administrative/operational structures and controls for the 2018 financial year under review at its meeting of 5 June 2019 (which was quorate) and confirms that the documentation for approval by the Committee was circulated by means of the meeting agenda that reached members in advance and with due notice.

Mr A REDELINGHUIS
CHAIRPERSON: AUDIT, RISK AND COMPLIANCE COMMITTEE

MS M VAN DER MERWE
DIRECTOR: INTERNAL AUDIT

8 The NWU strategy

In this section of our value creation story, we tell you where we want to go and how we are going to get there.

On this journey, we use our 2015-2025 strategy as the guiding star to show us our destination, and our Annual Performance Plan as the map to help us reach it.

8.1 Explaining our strategy

In the following image, you can see how the strategy is connected to different elements, all assisting us to realise our strategy. These elements include our dream, purpose and brand promise that all expand on our strategy, as well as our Annual Performance Plan, which gives effect to it.

Alignment between the Strategic Plan, Annual Performance Plan, Integrated Report, budget and Mid-Year Performance report:

> QUOTE:
>
> *"The NWU strategy will necessitate ongoing emphasis on access, student success and transformation – integrated and robust plans, objectives and monitoring systems will be required."*

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

Strategy

Dream
- Internationally recognised
- Engaged scholarship
- Social responsiveness
- Ethic of care

Purpose
- Innovative learning and teaching
- Cutting-edge research
- Benefitting society through knowledge

Brand promise
- Dynamic
- Values-driven
- Excellent

Realised through →

Annual Performance Plan

Core performance

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

Intensify research and innovation.

Integrate and align community engagement with core activities (teaching and learning and research) and promote sustainability principles.

Develop a clearly differentiated student value proposition.

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

Enablers

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

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

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

Ensure the financial sustainability of the NWU.

Linked to

Risk register

Financial plan

Revision

Measured by

Key Performance Indicators

Contact student success rate	Publications per permanent academic staff member
Contact undergraduate graduation duration factor	International student enrolment
Student: Academic staff FTE ratio	Weighted research output
First-time entrant dropout rate for contact degrees	Permanent academic staff with PhDs Student mix: Contact and distance

The above image illustrates that our Annual Performance Plan consists of five goals and four enablers. The goals translate into a number of objectives which anchor the broader direction in concrete activities through which we create value.

8.2   Goals to realise our strategy

Where we want to go (our goal)	How we get there
We want to promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.	We enhance the quality of our teaching and learning through curriculum design and development support. We are also committed to the professional development of our academic staff, and the academic development and support of our students. Other steps that we take to achieve our goal are to advance student access, retention and success, and ensure curriculum transformation and renewal. It is also very important to establish, develop and maintain an enabling and aligned teaching and learning environment. Through our continuing education programmes, we provide professional services to the community while creating third stream income for the university.
It is our goal to intensify research and innovation.	We make sure that our strategy for research, innovation and technology is aligned across the NWU and promotes academic excellence, with a commitment to social justice. By participating in international rankings and ratings and through international collaboration, we expand our global presence. In addition, we continuously work towards increasing our research output, the number of NRF-rated researchers and postdoctoral fellows, research entities, new invention disclosures and funding sources,
We want our community engagement to be integrated and aligned with our teaching and learning and research, and want to promote sustainability principles.	We are committed to expanding work-integrated learning and service learning, which are part of our Teaching and Learning Strategy. Through our discipline-based outreach, we encourage staff and students to volunteer in communities, thereby enhancing their social awareness. Realising that we have a responsibility towards the environment (our natural capital), we use environmental impact studies to establish baselines for measuring and reporting the impact of our activities on the environment.
It is important to develop a clearly differentiated student value proposition.	We focus on promoting a diverse and integrated student life on all campuses, Giving our students access to cutting-edge resources and services enhances their academic performance and eventually their employability. Our functional multilingualism approach addresses their diverse language needs, and our commitment to improving the student administration system enhances service delivery.
We want to develop and retain excellent staff and create an equitable staff and student profile.	By improving staff and student equity we promote diversity on all campuses We are set to increase the number of academic and support staff (nationally and internationally) who are open minded, think critically, respect the right to freedom of expression and are committed to and have respect for the full scope of diversity. We have various measures in place, such as our policies and strategies, to enable a positive organisational culture among our staff. Through our academic development interventions, we create high-performing individuals who think critically, embrace the full scope of diversity and enhance academic productivity.

8.3   Enablers to help us realise our strategy

Where we want to go (our enabler)	How we get there
Govern, lead and manage in a sustainable and transformed way with an effective operating model.	For the sake of effective management, we implement the 2017 Statute, make certain that support services function in an integrated way across campuses and use an integrated risk management model to mitigate risks. We also ensured a smooth transition of distance students to an NWU operating model after the termination of the contract between the Open Learning Group and the NWU.
Develop best-in-class information and communications technology to support the core business.	We align our IT goals to our core business objectives, thereby ensuring optimal value and support for research, teaching and learning, while sustaining and improving our administrative systems and shared services.

	We offer appropriate technology solutions to help managers and units to reach their performance targets. In short: we strive towards continuous improvement and service excellence in IT service delivery to ensure user satisfaction.
Communicate, engage and develop core business capabilities to increase brand equity, leadership efficacy and community solidarity.	Continuously enhancing and promoting the NWU profile among stakeholders and the public remains a priority.
	We do this by repositioning the NWU through the implementation of the revised NWU look and feel, by increasing media coverage and by increasing the usage of our online or digital media platforms.
	Two multi-media marketing campaigns support student recruitment, while stakeholder engagement initiatives promote collaborations and acts of giving to the NWU.
Ensure the financial sustainability of the NWU.	By evaluating the current tuition fee model, we optimise and align tuition fees, taking into account the NWU's new structure.
	We also optimise and expand our continuing education income by developing and implementing a financial model as part of the Continuing Education Strategic Project.

8.4   How the Annual Performance Plan drives the implementation of our strategy

We identified a number of key-performance indicators to measure progress towards the implementation of our strategy. These indicators give us insight into the value creation process and enable management to steer resources towards achieving the targets.

8.5   How the Annual Performance Plan was revised in 2018

An integrated planning approach was followed in setting targets for 2018. The enrolment targets, student-to-staff ratios across disciplines and equity of provision were important steering mechanisms in approving targets and development priorities, as well as aligning the budget with the priorities.

8.6   Future outlook

Integrated planning remains a priority in our quest to realise our strategy.

For instance, the integration of infrastructure development with strategic planning and new initiatives still needs to be further developed in 2019. Another pressing matter is the implementation of cost-efficient student recruitment initiatives to achieve our enrolment targets.

As part of our integrated planning, we need to optimise support functions to reduce transaction cost per student. A task team consisting of key staff members from various portfolios will steer the process for the next two to five years.

9 Our performance against our strategy: how we create value through our capitals

Creating value: how we performed against our capitals

This part of the annual report is about the value-creation processes at the NWU.

Here, we would like to show you how we respond to our stakeholders' needs through our business activities, and how these activities lead to outputs and outcomes, thereby transforming the value of our six capitals. These capitals represent the value we create for ourselves and our stakeholders; our performance against them shows how we are faring in achieving our strategic goals.

9.1 Our intellectual capital

Our intellectual capital is all about our knowledge-based intangibles that result from our core business activities.

This refers to the way we use our knowledge resources to create more knowledge, as well as the activities, policies, strategies and procedures in place to support our business activities, to the benefit of stakeholders.

Stakeholders who will benefit from our intellectual capital	If we increase our intellectual capital, all our stakeholders who are interested in the knowledge that we create through our research or our teaching and community engagement activities will benefit.
	They include our staff, current and prospective students and their parents, the Department of Higher Education and Training (DHET), communities, donors, alumni, employers, business and industry, and professional bodies.
Material matters (goals or enablers) involved	Teaching and learning, research, community development, ability to govern, lead and manage, information and communication technology.
Risks involved	The risks include the demand for organisational change and ongoing transformation (for instance concerning the decolonising of the curriculum), risks related to academic matters (teaching-learning, research and innovation and academic administration), the risk of non-compliance (for instance with the standards and regulations of professional bodies), risks related to IT, university systems and commercialisation of our innovation and research results.
	For the mitigation of these risks, turn to page 39.

9.1.1 How we created value

This section is about how we created value for ourselves and our stakeholders through our teaching and learning, research and community engagement activities.

We will also show you how we created value through our support activities. This is for instance how we govern and manage the university through our structures, policies, processes and systems, and how we support our core business by maintaining and further developing our information and communication technology.

9.1.2 Material matter: teaching and learning

When it comes to teaching and learning, we are committed to academic excellence and student support to foster academic success.

Through our teaching and learning activities, we add value by delivering well-rounded graduates (our output) and ultimately contributing to the knowledge economy of our country (our outcome).

We do this by taking various steps to increase student access and success and by aligning our academic programmes across the university and having them evaluated regularly. We also use multimedia material to expand the reach of our distance learning offerings.

9.1.3 Increase student access and success

While it is important to broaden access to more students and promote the equity of our student body, we place equal value on providing opportunities that will foster our students' success. In other words: access and success strategies go hand in hand.

Therefore, we offer a wide range of programmes to support students academically. In the text below, we discuss the value that was created with these programmes. For background information about the programmes, refer to pages 16 and 18 in the section about our business model and value chain.

9.1.4 Extended programmes

The overall success rate for students in extended programmes is approximately 80%, which demonstrates how much value these programmes add. In 2018, we had 853 first-time entering students on extended programmes and a total enrolment of 4050 students. Of these, 20% had graduated by the end of 2018.

9.1.5 University Preparatory Programme (UnivPrep)

Of the 3 036 candidates who participated in UnivPrep in 2018, 1 456 candidates passed their respective programmes.

Between 2016 and 2018, the overall success rate improved from 32% to 48%. Since the commencement of UnivPrep in 2012, almost 40% of the participants who passed continued with formal degree studies at the NWU.

9.1.6 Ensure proactive interventions

A total of 68% students took part in a Student Academic Readiness Survey. The results showed us what first-year students need and issues we should proactively address.

9.1.7 Academic literacy tests and modules

All first-year students do academic literacy tests. Depending on the results, they take additional academic literacy modules to enhance their academic writing, reading, computer literacy and study skills.

In 2018, a total of 10 675 students were registered for academic literacy modules tailored to their academic disciplines, and 81,2% passed.

We also developed a downloadable writing, information literacy and reading development (WIReD) tool that augments the academic literacy modules.

9.1.8 Supplemental Instruction

As mentioned in the section on our value-chain activities, Supplemental Instruction (SI) is implemented in high-risk modules. During 2018, SI was offered in 449 modules, of which 123 were at-risk modules. We trained 1 199 SI leaders and a total of 47 116 students attended the 20 292 sessions.

9.1.9 Peer mentoring

All faculties participate in the peer mentoring programme. In 2018, there were 56 peer mentors who supported students with matters affecting their academic and social life.

9.1.10 Tutor programme

Sixty tutors were appointed on the Mafikeng Campus, 42 on the Potchefstroom Campus and 20 on the Vaal Triangle Campus. Tutors were employed in 67 modules to give individual additional academic support to our students.

9.1.11 Align academic programmes

We want to provide comparable high-quality academic programmes across all our campuses. In other words, all students must experience a similar quality of academic life, have access to comparable resources and in the end demonstrate the same graduate attributes.

One of the ways in which we accomplish this, is to encourage academics across campuses to strengthen module offerings through team-teaching. Faculties have also developed faculty-integrated teaching and learning plans that promote integrated planning for teaching and learning over the next five years.

9.1.12 Ensure high-quality academic programmes

We are committed to offering academic programmes of the highest quality, which is why we have regular external and internal evaluations. In the past 15 years, we have had 80 programmes evaluated externally by professional-, accreditation- or statutory bodies.

9.1.13 Use multimedia material

We develop multimedia material to enhance student learning, especially in high-risk modules where learning gaps tend to affect student throughput.

Multimedia material focuses on digital and paper-based learning and includes graphics, animations, simulations, video, audio and voice-overs, among others.

During 2018, we created or updated 40 multimedia productions for use in 18 modules, across seven faculties and one support service.

A total of 3 439 individual users accessed the cloud-hosted repository where the digital materials are stored.

9.1.14 Expand distance learning

Expanding our academic offering via distance learning is of strategic importance, as it gives working individuals the opportunity for lifelong learning.

The technologies and social media tools used for distance learning can also be useful in times when contact students' access to campus is restricted, such as in the event of unrest. This has been included in the contingency plans the faculties have developed to ensure that teaching and learning is not disrupted.

> QUOTE:
>
> *There is an increased demand for distance and technology-enabled tuition; we are continually investigating the design of electronic learning materials and the creation of a blended learning environment with seamless technology.*

9.1.15 Challenges in teaching and learning

We are still not done with issues such as the decolonisation of our curricula while ensuring national comparability and international relevance, and creating the appropriate spaces for the student voice to be heard.

Another challenge is finding the optimal blend between face-to-face and technology-mediated learning, and listening to industry, alumni and other external stakeholders to enhance the work-readiness of our graduates.

9.1.16 Future outlook

The decolonisation of the curriculum is an ongoing process and in 2019 our faculties will continue to move forward with this initiative, taking their unique contexts into account.

Council approved our Language Policy in 2018, opening the way for our faculties to develop language plans that express their commitment to implementing multilingualism to the benefit of NWU students and other stakeholders.

We will also continue the investigation into the development of higher certificates as entry level qualifications to further extend student access. We will conclude the investigation in 2019 after conducting situation analyses and sustainability studies.

We are currently preparing for a national PhD review in 2020, ensuring the highest academic quality. In addition, our faculties are committing themselves to offering 25% of their academic programmes via distance learning within the next five years in order to expand our distance learning capacity.

SEE THEM SOAR

Aiming for the stars

The excellent international rankings and other accolades that we received in 2018 give credibility to our claim that we empower people – especially our staff and students – to soar.

In 2018 we received an impressive five out of five stars in the Quacquarelli Symonds (QS) ranking system for teaching-learning, and for the employability of our students.

In addition, we participated in the Shanghai Ranking Consultancy's global Academic Ranking of World Universities (ARWU) of 1 600 universities in 83 countries. The findings place our mining and mineral engineering subject area in the top 100 in the world, hospitality and tourism in the top 200, atmospheric sciences in the top 300, politics and education among the top 400 and our geography, psychology and environmental sciences and mathematics among the top 500 in the world.

Closer to home, our graphic design subject group was ranked as South Africa's number one graphic design school.

Our School of Accounting Sciences is still among the top three schools in South Africa in terms of SAICA Board examinations. The school graduated a record number of black chartered accountants in 2018 and received an excellence award for the best master's degree study nationally.

Headcount enrolments

We did not meet our target in the enrolment plan; we enrolled 85.86% of the expected target. Our enrolment targets are set for a three-year cycle and we experienced a drop in our distance numbers due to the Advanced Certificate in Education phasing out more quickly than anticipated and the approval of our new distance offering taking longer than expected.

How much value we created, compared to our targets

Headcount enrolments	2015	2016	2017	2018
Overall	64 070	63 395	62 558	61 212
Contact	37 943	39 552	41 765	43 418
Distance	26 127	23 843	20 793	17 794
First-time entering enrolments	9 407	11 281	11 824	12 127

Enrolments	Target	Definition	Actual
Headcount enrolments	71292	Based on Higher Education Management Information System (HEMIS) data and refers to the number of active students in the reporting year.	61212
First-time entering enrolments	14298	Based on HEMIS data. Number of active first-time entering students in the reporting year.	12127

We are 4.13% over-enrolled on our contact first-time entering students. However, we only reached 49.8% of our enrolment target for distance first-time entering undergraduates.

Presentation method	2018	
	Planned first- time entrants	Actual first-time entrants
Contact	9214	9595
Distance	5084	2532
Total	14298	12127

Student success rate

We maintain a good success rate of 85%. According to the 2017 HEMIS data, the sectoral average was 77.6%. Our contact undergraduate, graduation duration factor has improved from 1.15 in 2017 to 1.13 in 2018. This can be attributed to enhanced strategies for student support, early identification of at-risk students and NSFAS funding with provision for books and accommodation.

How much value we created, compared to previous years

Academic performance	2013	2014	2015	2016	2017	2018
Contact student success rate	86%	86%	85%	86%	86%	85%
Contact undergraduate, graduation duration factor	1,25	1,98	1,88	1,21	1,15	1.13
Graduation rate	25,36%	24,16%	24,34%	27,62%	25,6%	25.1%

How much value we created, compared to our target

Academic performance	Target	Definition	Actual
Contact student success rate	85%	Based on HEMIS data. Completed FTE's divided by enrolled FTE's on a module level.	85%
Contact undergraduate, graduation duration factor	1.2	Based on HEMIS data. The time (in years) it takes a student to graduate divided by the minimum time of the qualification.	1.13

Enrolment of international students

Our international student number dropped from 5.15% in 2017, to 4.27% in 2018. This is a national trend that can be attributed to two factors:

The opening of the University of Botswana has resulted in a drop in the number of Botswana students, specifically at our Mafikeng Campus.

Stricter visa requirements are hampering international enrolments.

How much value we created, compared to previous years

International students	2013	2014	2015	2016	2017	2018
Enrolment	6,2%	5,9%	5,9%	5,9%	5,2%	4.27%

How much value we created, compared to our target

International students	Target	Definition	Actual
Enrolment	5,86%	Based on HEMIS data; any non-RSA student.	4.27%

Graduates

The number of graduates is much lower than planned due to the drop in distance enrolments and thus graduates. Our graduation rate is 24.53% for contact students and 26.41% for distance students.

How much value we created, compared to previous years

Graduates	2013	2014	2015	2016	2017	2018
Overall	15 464	15 254	15 597	17 510	16 004	15350
Contact	9 214	9 295	9 410	9813	9 931	10650
Distance	6 250	5 959	6 187	7 697	6 073	4700
Graduation rate	25,4%	24,2%	24,3%	27,6%	25,6%	25.1%

How much value we created, compared to our target

Output	Target	Definition	Actual
Graduates	16235	Based on HEMIS data; number of graduates in reporting year	15350
Graduation rate	22,8%	Based on HEMIS data and refers to the number of graduates in the reporting year divided by the number of active students in the reporting year.	25,1%

Below are our graduates for contact and distance students per CESM category:

Field of study	Contact			Distance		
	2016	2017	2018	2016	2017	2018
All other humanities and social sciences	2 379	2 370	2 650.667	74	120	80
Business and management	2 971	3 072	3 330.917	None	None	None
Education	1 685	1 754	1 876.167	7 614	5 953	4 620
Science, engineering and technology	2 778	2 735	2 792.250	9	0	0
Total	9 813	9 931	10 650.000	7 697	6 073	4 700

This is how our success and graduation rates compare to other South African higher education institutions:

NWU undergraduate pass rate for contact students in 2017: 86,6%

(The national average for 2017 was 82,1%)

NWU undergraduate pass rate for distance students in 2017: 80,3%

(The national average for 2017 was 66,8%.)

This is how our graduation rates (for undergraduate students) compare to other South African higher education institutions:

NWU graduation rate for undergraduate students in 2017: 25,1%

(The national average for 2017 was 20%.)

9.1.17 Material matter: research

Our purpose is to excel in cutting-edge research that leads to the solution of real-life problems, thereby creating value for ourselves and our stakeholders and benefiting society.

We achieve this purpose through the research and innovation activities carried out in our research entities and faculties, through which we also increase our intellectual capital.

9.1.18 Research output

Our NRF-rated researchers increased from 195 in 2016 to 229 in 2017. The numbers of researchers in the different rating categories are set out in the following table.

NRF	2016	2017	2018
A	2	2	2
B	20	24	25
C	137	155	150
P	2	2	1
Y	34	46	54
TOTAL	195	229	232

Publications

How much value we created, compared to previous years

Research	2014	2015	2016	2017	2018
Publications per academic staff member	0,91	0,84	0,86	0,92	0.86
Weighted research output	2179,3	2146,4	2437,1	2 609,64	2605.507

The percentage of publications in internationally accredited journals decrease from 56% in 2016 to 50% in 2017.

9.1.19 Increase our global standing and visibility

Our research and innovation performance is creating an international presence, with the NWU signing 90 formal international collaborations in 2018. Of these, 38 were with top 500 institutions as rated by Quacquarelli Symonds.

Our research collaboration endeavours span the globe: from the Universidade Federal do Rio Grande do Sul in Brazil, to the University of Ghana on the African continent, and the University of Hong Kong on the Asian continent.

These collaborations include agreements for joint degrees, co-chairs, collaborative research and innovation programmes, skills development and international student recruitment and exchange.

Further confirming our international footprint, we have achieved a score of five out of a possible five stars for innovation in the global QS rating.

In addition, we secured second place at the Innovation and Entrepreneurship Competition for Overseas High-Level Talents 2018 in Hangzhou, China, where we represented a South African consortium. The project relates to the 3D printing of pure platinum powder, which opens many new industrial applications for the precious metal.

We are also actively involved in the BRICS initiative, as we have mentioned in the section about our value chain on page 19. In 2018, Prof Anil Sooklal, the Deputy Director-General of the Department of International Relations and Cooperation, declared the NWU the most active South African university in regard to research-related activities that involve the BRICS initiative.

Our research-related contributions include NWU delegations visiting Chinese universities, and hosting public lectures by Prof Sooklal and the Russian ambassador to South Africa.

9.1.20 Create value through innovation and technology

At the NWU, our commercialisation entities drive the commercialisation of our intellectual property and expertise. In 2018, we reviewed our entire portfolio of spin-off companies to enhance their effectiveness and make sure their goals are aligned to the university's overall strategy.

> QUOTE:
>
> *We foresee that there will be an increasing focus on innovation. To accommodate this trend, we will progressively steer our research outcomes towards innovation and commercialisation.*

We achieved 21 new disclosures, 12 patents, three commercial agreements and two commercialisation successes. Consequently, three new provisional patent applications were filed.

When our technologies are available for further development and commercialisation, we market these on the In-Part Platform. We also showcase selected technologies at various national and international events.

Our total income from royalties was R869 220 and invention-based product sales amounted to R16 591 861. The royalties are distributed to the inventors, research groups, faculties and the university's Incubation Fund for reinvestment into further research and commercialisation.

9.1.21 Challenges with research output

Despite our research successes, we also face a few challenges.

One is that only 20% of our academics deliver 80% of our research output. As a result of this limited input, our per capita output decreased from 0,92 in 2017 to 0,86 in 2018.

We realise that one of the reasons behind this challenge is that many of our academics do not have sufficient time for research as they are often kept too busy with teaching activities. Another reason is that some of our active researchers retire or leave to take up positions elsewhere.

The lack of sufficient incentives for our productive researchers is another challenge, as they get very little of the DHET subsidy that the institution receives for research output.

9.1.22 Future outlook

All academics are expected to contribute to our research output. With this in mind, our faculties have developed research output targets in consultation with the relevant academics.

However, we still need additional strategies to manage academics who do not deliver research output, and to retain those who are active researchers. A task team will look into adequate incentivisation of productive researchers.

To address the time constraint challenge, faculties are developing workload management models. These will include allocation of research leave, relief from teaching at selected times, dedicated research time for each academic, and integrating research into teaching and learning activities.

9.1.23 <u>Material matter</u>: govern, lead and manage

Our governance structures and approach to ethics, as well as our strategy, values, success model and Annual Performance Plan, guide us to create optimal value through good governance and management.

These, together with the systems, processes, procedures and policies that support governance and management, are part of our intellectual capital.

For more information about how our management activities increase our intellectual capital, refer to the report of the vice-chancellor on page 26 and for information about governance, turn to page 81 in the section on governance supporting and protecting value.

9.1.24 <u>Material matter</u>: information and communication technology

When it comes to information and communication technology (IT), the intangibles are part of our intellectual capital, while the tangibles are part of our manufactured capital.

The systems (for instance the e-learning platform eFundi), software programmes and support services are the intangibles and therefore intellectual capital. On the other hand, the physical structures and equipment are tangibles and constitute manufactured capital. (You can read more about the latter on page 76.)

IT has a very comprehensive product portfolio, enabling most of the university's capabilities.

In some cases, there are several products supporting a single capability. There are, for instance, 67 unique products (software solutions) delivering value to the core business capability of curriculum delivery and assessment.

The size of the product portfolio is one dimension, but the actual adoption (usage) of products gives more of an indication of value created. In most cases, usage of IT products grows exponentially.

- In 2018 there were 12 300 maximum simultaneous users in eFundi, compared to 2 100 in 2010.
- 7 000 sites (usually modules) were created in eFundi in 2018 – showing a substantial increase from the 1 300 in 2010.

This upward trend applies to most of the IT products in our comprehensive portfolio.

9.2 Our human capital

Our human capital consists of two of our major stakeholder groups: our staff and our students.

Both groups feature very prominently in our value chain. Our first-year students are for instance part of our input, while they become part of our output after graduation.

We create value for both groups through our activities, outputs and outcomes, but in turn they also create value for the university and strengthen our other capitals through their activities and outputs.

Here are some examples: Through their teaching and research activities, our staff increase the value of our intellectual capital. By paying tuition fees, our students increase our financial capital and by eventually becoming skilled, responsible graduates who in turn contribute towards society, they increase our social and relationship capital.

In this section we will show you how we use our resources to empower our staff and students to strengthen their wings and soar to greater heights.

Stakeholders who will benefit from human capital activities	Our staff and students are our main stakeholders comprising our human capital, but their families are also indirectly affected by our activities.
Material matters/goals involved	Our staff and students are affected by almost all our material matters. They are teaching and learning, research, community engagement, student value proposition, staff and student profile, ability to govern, lead and manage, information and communication technology, and financial sustainability.
Risks involved	Almost all our main risks apply to our staff and students. These are uncertainties in the higher education sector, the demand for organisational change, risks related to academic matters, compliance matters, risks relating to student life, IT risks and operational risks.

9.2.1 How we created value

In this section we show you how we created value for our staff and students. We did this mainly by developing their skills, and also by promoting their overall wellness through the implementation of social justice and an ethic of care.

Once again, we will demonstrate how we created value for them through core business and support activities.

9.2.2 <u>Material matters</u>: teaching and learning, research and community engagement

Caring for our students

Through our teaching-learning, research and community engagement activities, we add to our students' knowledge and skills. This empowers them to enter the labour market as highly qualified graduates (part of our outputs) who are able to contribute to the economy of South Africa (part of our outcomes).

But we do not only focus on their skills. We also help them develop into well-rounded people by offering a host of cultural and sport activities and looking after their financial, physical and psychological health and well-being. More information is available in the vice-chancellor's report on page 28.

Academic support

Extensive information on how we help our students to gain access to the university and complete their studies successfully can be found in the section on our value chain on pages 18, and in the section on our intellectual capital on page 54.

Career-related support

Our Career Centre presents work readiness seminars to equip our students for the transition from university to work life. The number of students whom the centre assisted (for instance by training them to write CVs and prepare for interviews) grew from 5 171 students in 2016 to 6 596 in 2018.

In 2018, our centre also facilitated 170 job postings through Facebook, eFundi and the online career service application called Career Zone, thereby connecting students and employers. There were 1 437 student profiles and 134 listed companies on the Career Zone app.

Regular career fairs on our campuses also bring students into contact with potential employers. The number of companies attending these fairs increased from 153 in 2017 to 161 in 2018.

Through regular engagement with professional bodies, business and industry, we make sure that our academic programmes stay relevant to promote our students' employability.

Work-integrated learning and service learning are also very important enabling tools in enhancing our students' work-readiness. Through their involvement in our research projects and community engagement projects, our students gain valuable practical experience.

9.2.3 Caring for our staff

Building staff capacity

By building our staff capacity, we increase our human capital and create value for this highly appreciated stakeholder group.

We do this through training interventions that are part of our Work Skills Plan. In 2018 we spent R6, 5 million on the training of 1 277 employees. Of these, 259 employees were externally trained through outside service providers.

More information about the capacity-building programmes for our academics is available on page 19 in the section on our value chain. Information about our various incentivising initiatives, such as the annual awards for teaching excellence, is on page 23 in the section on our value chain.

Empowering our researchers

We hone our researchers' skills and motivate them through various initiatives and events, such as public lectures. Twelve high-level public lectures were held during 2018, with speakers from organisations such as the Department of International Relations and Cooperation, the National Research Foundation and the Human Sciences Research Council.

Almost 500 researchers and more than 50 speakers from various research institutions, NWU faculties and government organisations attended our first biennial Research and Innovation Conference.

Focusing on the development of our young researchers, we secured 23 internships for 2019 from the Department of Science and Technology and the National Research Foundation.

We made R4,4 million available through our University Capacity Development Programme (UCDP) to help emerging researchers further their studies. Counting this initiative together with funds for various other development opportunities, the UCDP provided a total of R9,6 million for staff development.

In 2018, almost 500 researchers attended 20 research capacity-building workshops. Our sixth Annual Postdoctoral Conference was also well attended, enabling 90 postdoctoral researchers to explore opportunities for multi- or transdisciplinary research.

Another way of inspiring our researchers is through our annual Research and innovation excellence awards. You can read more about these on page 24 in the section on our value chain.

9.2.4   Material matter: student value proposition

Our students are our main clients and we realise that our campuses are their "home away from home". We go out of our way to make sure every student feels safe and experiences a sense of belonging.

In addition to the academic and career support we give them, they have access to various wellness support services.

Our campus clinics, together with counselling and social welfare services, support our students' overall physical, mental and social wellbeing. The campus disability offices make sure that the needs of students living with disabilities are met, while projects such as Meal-a-Day support needy students.

More information about how we promote our students' overall wellness through other support services and extracurricular activities is available in the report of the vice-chancellor on page 28.

We also support our students financially and see this as an input into our value chain – more information about this topic can be found on page 15 in the section on our value chain.

Dropout rates

Our student to staff ratio increased from 31,51 to 32,22 in 2018. Our first-time entrant dropout rate has decreased from 11,11% in 2017 to 9% in 2018. This positive decrease correlates with the increase in the undergraduate graduation duration factor.

How much value we created, compared to previous years

Dropout rate	2015	2016	2017	2018
First-time entrant dropout rate for contact degrees	15,3%	12,2%	11,11%	9%

How much value we created, compared to our target

	Target	Definition	Actual
Academic staff full-time equivalent ratio : students	26.4	Based on HEMIS data and refers to the enrolled student full-time equivalent divided by the permanent instruction/research professionals full-time equivalent.	32.22
First-time entrant dropout rate for contact degrees	Below 15%	First-time entering students in contact degree qualifications who register in the reporting year but do not return in the next	9%

> QUOTE:
>
> *We are totally committed to ensuring a diverse and integrated student life across our university. We want all students to experience a sense of belonging while developing into responsible, caring citizens.*

9.2.5   Material matter: Develop and retain excellent staff and create an equitable staff and student profile

We want to attract and retain high-calibre staff – which is not easy as we compete with other South African higher education institutions for a limited pool of highly qualified academics. (Read more about this on page 9 in the section on our external environment.)

In the section on our intellectual capital (see page 63), we discuss the academic development of our staff and, in the section on incentivising for achievement (page 116), you can read about how we use remuneration as an incentive.

In addition to professional development and remuneration, we create a caring and safe environment conducive to attracting and retaining excellent staff.

Caring for our staff

Our Wellness Office offers various services to support the all-round wellness of our staff, including their physical, psychological and social wellbeing.

A comprehensive employee wellness assistance programme known as Wellness4U, provides a free, 24-hour confidential service connecting NWU employees and their immediate families with experienced counselling professionals for help with personal, family and work-related problems.

Other services that contribute towards making the NWU an employer of choice include health services through our campus clinics, support for staff living with disabilities through our campus disabilities offices (we also have a disability policy for employees), an HIV and Aids workplace programme, and a toll-free emergency number that operates 24 hours a day, seven days a week.

In addition, we create a safe environment for our staff through our campus protection services and our Occupational Health and Safety office and policy.

We provide financial aid through study discount benefits so that our staff and their dependants can study at the NWU. In 2018, we spent over R23,8 million on these benefits, which reached 964 people. Of these, 427 were staff members and 537 dependants. 415 were historically disadvantaged South Africans and 562 were female.

Pursue equity to create value

Creating an equitable staff and student profile is not merely a compliance issue. It is also part of our commitment to excellence in that a diverse community can stimulate greater creativity and innovation than a homogeneous one can.

Living and studying in a multicultural environment also prepares our students for the diverse South African world of work.

Staff

	2015	2016	2017	2018
African (%)	32.5%	33.5%	34.5%	35.9%
Coloured (%)	5.6%	5.7%	5.7%	6.3%
Indian (%)	1.2%	1.2%	1.3%	1.3%
White (%)	60.7%	59.6%	58.5%	56.5%
Female (%)	57.1%	56.9%	56.9%	56.8%
Male (%)	42.9%	43.1%	43.1%	43.2%

Staff

	2018 Target	2018
African (%)	33.6%	35.9%
Coloured (%)	6.3%	6.3%
Indian (%)	1.3%	1.3%
White (%)	57.0%	56.5%
Female (%)	56.5%	56.8%
Male (%)	43.5%	43.2%

Students

	2015	2016	2017	2018
African	68%	67%	66%	65%
Coloured	5%	4%	4%	5%
Indian/Asian	1%	1%	1%	1%
White	27%	28%	28%	29%
Female	67%	67%	66%	65%
Male	33%	33%	34%	35%

Students

	2018 Target	2018
African	62%	65%
Coloured	6%	5%
Indian/Asian	1%	1%
White	30%	29%
Female	69%	65%
Male	31%	35%

9.2.6   <u>Material matters:</u> govern, lead and manage, information and communication technology, and financial sustainability

Good governance is an important way of supporting and protecting our human capital. This is part of the responsibilities of the Institutional Forum and various Council committees, such as the Remuneration Committee, the People and Culture and Employment Equity Committee and the Student Oversight Committee.

We also have several policies that provide guidelines for the fair and just management of the university, thereby protecting and increasing our human capital.

These include policies on governance oversight and management control, human rights, remuneration, performance management, staff learning and development, employment equity and disabilities, to name just a few.

Another matter closely linked to our commitment to increase our human capital is equity of resources. All staff and students should have access to the same quality of resources to enable them to perform optimally. One of the important resources is communication and information technology.

As a key enabler at the university, our IT department supports our staff and students in numerous ways, ranging from supplying the necessary hardware and software, to maintaining systems and help desk services for daily support.

By adopting a centralised approach for system delivery and a decentralised approach for service delivery, we have ensured equal access to IT resources and services across all campuses.

Lastly, it is our responsibility to make sure that our university stays financially sustainable. This ensures that our current staff and students, as well as future generations, will have a financially stable institution to work and study at. More information about how we do this is in the section on our financial capital on page 70.

9.3   Our social and relationship capital

Social and relationship capital can be described as the relationships we have with our external stakeholders. This is about their loyalty, skills, knowledge, experience and motivation that add value to the NWU and our other capitals. It is also about reciprocal trust and benefit.

As a university we realise that a big part of our value creation success depends on the relationships we have with individuals, groups and communities outside the NWU – nationally and internationally.

We also acknowledge that we have to engage effectively with these external stakeholders to increase the value of our social and relationship capital.

Stakeholders who will benefit from effective engagement with the NWU	All our external stakeholders benefit from our engagement with them. They include the parents of our current and prospective students, communities surrounding our campuses, donors, alumni, employers, business and industry, professional bodies and the Department of Higher Education and Training (DHET).
Material matters (goals or enablers) involved	All our goals are directly or indirectly linked to our relationships with external stakeholders. Our teaching and learning, research and especially our community engagement, however, are particularly closely and directly connected to this capital. In addition, our communication, marketing and stakeholder engagement activities also play an important role in increasing the value of our social and relationship capital.
Risks involved	Parents of students may be affected by the uncertainties in the higher education sector, the demand for organisational change and risks relating to student life. (Matters that may concern them include state funding, tuition fees and the safety of our campuses in the event of unrest.) Other risks that affect our external stakeholders include risks related to academic matters, compliance and commercialisation of intellectual property.

9.3.1   How we created value

This section is about how we created value for our external stakeholders by integrating our community engagement with our core activities of teaching and learning and research.

It also touches on activities related to some of our other goals and enablers, illustrating how we strengthened our relationships with individuals and groups with whom we interact.

Although some of these activities generate third-stream income, most of our community engagement activities are not for profit and can be linked to our commitment to social justice, which forms part of our strategy.

With the aim of increasing the impact of our community engagement, we made a concerted effort to move towards discipline-based outreach rather than conventional outreach.

9.3.2   Material matter: teaching and learning, research and community engagement

Teaching and learning

Many of our teaching and learning activities are intertwined with community engagement, especially where there are opportunities for work-integrated learning and service learning.

In 2018, we integrated these two types of learning into our teaching and learning strategy. We also planned to develop a service-learning module that will be ready for offering in 2020.

We continue to provide community service through the Law Clinics and Psychosocial service centres. These platforms enable students to integrate theory and practice while communities benefit as well.

In addition, we continued to forge strategic relationships with business, industry and professional bodies to ensure that the content of our academic programmes remains relevant and that our students are fully employable.

Challenges and future outlook

Through technology development and broader access to online education, the NWU and its activities will become more and more accessible to communities.

This creates opportunities for greater legitimacy as an institution for the public good, but will also require increasing community responsiveness and infrastructure capacity.

- Research

Engaged research is very important if we are to increase our social and relationship capital. These activities are interactive: they involve research about, with and in communities.

We also conduct research to solve real-life problems in communities, thereby empowering people and improving their quality of life. An example is the green water treatment that benefits communities, as mentioned on page 25.

In addition, our researchers share their expertise when they participate in expert panels, serve on research structures and collaborate in research programmes, both nationally and internationally.

9.3.3 Material matter: Communication, marketing and stakeholder engagement

For more information on our stakeholder activities, refer to the section on stakeholder engagement on page 32.

9.3.4 Material matter: Develop a clearly differentiated student value proposition; develop and retain excellent staff

Our strategy propagates social justice and our dream, social responsiveness and an ethic of care. To bring these aspects to life, we encourage our staff and students to contribute to society through volunteerism.

In 2018, the Rag Committee on the Potchefstroom Campus donated about R1,448 million to deserving projects from money raised in the previous year by the Student RAG Community Service and RAG.

Among the students' community engagement activities were voluntary community service at local primary and secondary schools, children's homes, shelters for the homeless, old age homes and the Society for the Prevention of Cruelty to Animals, and offering extra maths classes in schools to assist teachers.

The purpose of students volunteering in the communities is to encourage them to become responsible citizens whose actions are guided by an ethic of care.

9.3.5 Challenges and future outlook

It is clear that in interacting with the NWU, regional and local communities will increasingly expect mutually beneficial relationships that include addressing socio-economic issues through relevant research and the implementation of expertise.

Addressing these expectations means that we will have to focus even more on programmes that build capacity, alleviate poverty and that increase employability.

We also want to extend our community development nationally, focusing on pressing and relevant socio-economic issues and mutually beneficial applied research with sustainable impact and income generation potential. This initiative is in response to the National Development Plan.

When it comes to the global arena, we would like to continue increasing the number of agreements and collaborations with international universities and relevant industries.

It is of particular importance to increase the number of postgraduate joint-degree programmes with the top 500 universities as rated by Quacquarelli Symonds (QS). Our ultimate goal is to have forged partnerships with at least 50 of these top 500 universities by 2025.

Other priorities are to continue focusing on international funding sources, smart partnerships, and the achievement of the international Sustainable Development Goals, aimed at ending poverty and protecting our planet and people.

SEE THEM SOAR

NWU's Ikateleng project celebrates 30 years of impact

In 2018 we celebrated the 30th anniversary of our Ikateleng project.

For the past three decades, this project has impacted the lives of thousands of learners across central South Africa by means of supplementary teaching.

The ongoing project provides supplementary tuition to Grades 10, 11 and 12 learners, not only improving their overall examination results, but also imparting vital life skills to them.

There are seven centres from which we coordinate the project. There are three main centres (one at each of the campuses) and four additional sites of delivery in Kimberley, Mankwe, Mamelodi and Lichtenburg.

In 2017 the project boasted an overall pass rate of 89,3%, with 251 distinctions recorded during the 2017 National Senior Certificate Examination.

9.4   Our natural capital

We consider our natural capital to be the renewable and non-renewable environmental resources upon which all our other capitals are based. We use these natural resources or environmental assets to add value to our other capitals.

Here are a few examples of this close relationship between our natural and other capitals.

We need water to sustain our staff and students, who constitute our human capital. Without that sustenance, our academic staff cannot do research and consequently cannot increase our intellectual capital.

Without land and resources such as soil and water, we cannot construct buildings to strengthen our manufactured capital. However, by building on the land and using natural resources and creating waste during the construction process, we decrease the value of our natural capital.

Stakeholders who will benefit from strong natural capital	All our stakeholders need natural capital to exist and flourish.
Material matters (goals or enablers) involved	We will not be able to realise any of our goals or implement our enablers without natural resources as input. The material matter "to promote sustainability" (part of goal three in our Annual Performance Plan) that is particularly relevant here.
Risks involved	Risks include those related to academic and operational matters, student life, compliance (for instance with environmental regulations) and IT (infrastructure needs an energy source).

9.4.1   How we created value

When it comes to our natural capital, we acknowledge two important facts. Firstly, we realise that material matters of an environmental nature are invaluable as an input for overall value creation at the NWU.

Secondly, we know that natural resources are scarce and should be managed sustainably so that they will still be available to us and the next generations in the future.

That is why we are committed to reduce the environmental footprint our activities create. We intend to do this by using natural sources responsibly, by decreasing our energy use and by complying with environmental regulations.

9.4.2   Material matter: To promote sustainability

Although sustainability refers to much more than only environmental sustainability, our focus in this section is on environmental affairs.

Environmental audit

As part of our commitment to responsible citizenship and environmental responsibility, the NWU's Centre for Environmental Management (CEM) conducted an audit in 2014. The findings included a long list of non-compliance issues.

Internal Audit followed up in 2017 by conducting an Environmental Compliance Audit, which revealed that only some of the required legal compliance audit rectifications had been resolved.

While CEM continues to monitor these rectifications, we have stepped up our response by initiating change management and awareness activities and appointing a green campus coordinator and committee for each campus.

Challenges

Unfortunately, these coordinators had limited success in bringing about the required changes, for a variety of reasons. These included a lack of specialised expertise and the absence of a policy for environmental responsibility.

In 2018, we designated a coordinator and accountable manager for the finalisation of the outstanding compliance issues across the university. A follow-up investigation was then launched in October, followed by a status quo report.

This report showed that although some progress has been achieved within various responsible and accountable units, there are still outstanding compliance issues.

Future outlook

We intend to establish a working committee in 2019 to oversee all infrastructure operations, and to appoint a policy owner to compile a sustainability and green campus policy with definite timelines.

Another priority is to focus on who is responsible for finalising outstanding compliance issues. Where applicable, responsibility for achieving these targets will be included in task agreements.

In addition, we plan to join the Higher Education Environmental Sustainability Community of Practice in 2019, as this will allow benchmarking with other South African universities.

9.4.3 Material matters: teaching and learning, and research and community engagement

Several of our academic programmes focus on environmental aspects, for instance our biological and agricultural sciences, while various NWU research entities conduct research on topics related to the environment.

Our Unit for Environmental Sciences and Management in particular generates research that safeguards nature and supports the optimal utilisation of natural resources within the limitations of ecosystem resilience.

Their research programmes range from climate change and air quality and impacts to biodiversity and conservation ecology.

SEE THEM SOAR

Raising awareness on the need to safeguard natural resources

The Unit for Environmental Sciences and Management launched various awareness projects in 2018.

During Water Week in March, the unit ran a water-saving awareness programme on the campus in Potchefstroom. During this campaign they shared information on the importance of water and why this scarce resource should be managed sustainably.

Then, on 18 July, Mandela Day, they visited Madibeng Primary School in Potchefstroom to emphasise the value of education and the importance of a clean environment.

9.4.4 Material matter: student value proposition

By involving our students in various Green Campus initiatives, we encourage them to become responsible citizens who are aware of the importance of environmental sustainability.

These initiatives include an energy-saving competition for student residences, art exhibitions (with students using recycled material) and opportunities for students to implement innovative green ideas.

9.4.5 Future outlook

We plan to initiate an awareness campaign in 2019 called "Flip the Switch". It will be launched on the three campuses during March 2019 to create awareness of energy consumption and the impact it has on the environment.

Creating this awareness will not only motivate the NWU community to save energy; it will also afford everyone the opportunity to start making a sustainable difference in their communities and surrounding areas. We believe that the establishment of an energy-conscious NWU will ultimately conserve the environment for future generations.

9.5 Our financial capital

Our financial capital is about the funds available to us for creating value for the NWU and our stakeholders through the provision of services.

Financial capital is obtained through financing, such as state funding, debt and grants, as well as revenue generated through our operations and investments.

In other words, it is about our income and budget (our input) and how we use that during our activities to produce outputs and outcomes, while maintaining a healthy and stable financial environment.

Current financial stability and future sustainability are of the utmost importance in ensuring that the university achieves its strategic objectives as a unitary institution of superior academic excellence that empowers people to excel – to soar, as we put it throughout this report.

Excellent financial discipline in planning, managing and investing our financial capital is a prerequisite for ensuring that adequate funding is available for operational requirements and that capital expenditure needs can be met while maintaining a healthy balance sheet.

9.5.1 Trade-off with other capitals

Our financial capital is a medium of exchange that releases its value through conversion into other forms of capital. (See page 70)

This table lists the impact of our financial capital on stakeholders and our own risk profile.

Stakeholders who will benefit	All our stakeholders benefit when the NWU's financial capital is strong. Here are a few examples. Having a financially stable university will enable us to keep our tuition fees within reach of our current and future students and their families. It will also enable us to afford fair remuneration for our staff and reassure our donors and the DHET that we spend their donations and funding wisely and serve the national priorities for higher education.
Material matters (goals or enablers) involved	All our goals and enablers are involved, as we need money to achieve and implement them. They are teaching and learning, research, community development, our student value proposition, staff and student profile, ability to govern, lead and manage, information and communication technology, communication, marketing and stakeholder engagement and financial sustainability.
Risks involved	The main risks are uncertainties in the higher education sector (for instance the downward curve of state funding), demand for organisational change (for instance free education), risks related to academic matters, compliance (for instance to financial laws and regulations), risks relating to student life, IT risks, commercialisation and operational risks.

9.5.2 How we created value

In this section of our value creation story, we tell you how we managed our finances to maintain our sound financial position, despite numerous challenges in our external environment. (More about our sound financial position on page 140.)

9.5.3 Material matter: ensure the sustainability of the NWU

To ensure long-term financial sustainability, we have to distribute our resources in a way that supports our core business strategies.

As in the previous year, our budget task team compiled a high-level break-even budget on a cash flow basis. The budget was shaped by the realistic prediction of income, translating to expenses that we can "afford". This meant we paid close attention to the calculation of the key sources of revenue, taking into account all the latest, most relevant information available.

We used pre-determined ratios (expenses measured as a percentage of core business income) as a financial sustainability guideline to steer the NWU towards the ideal combination of income and expenses. The 2017 budgeted expense ratios were used as the basis for the 2018 expense budget. The result of the income calculation gave an indication of the adjustment needed in terms of the 2018 expense budget. We then did a three-year forecast, based on the same principles and certain assumptions.

We used the following ratios to guide us:

- Staff cost as a percentage of income
- Operating cost as a percentage of income
- Capital cost as a percentage of income

> **On the following pages we will illustrate how we financed our strategic initiatives and how we allocated our funds to achieve our goals and implement our enablers in 2018.**

9.5.4 How we plan to finance our strategic initiatives

Using our strategic fund to allocate funds for identified strategic projects, we strengthen our efforts to align our activities and resource allocation with our overall strategy and success model.

During the budget process, managers submitted their strategic requests, together with the project charter for every strategic project, to the University Management Committee for approval.

9.5.5 Strategic projects per goal/enabler

Teaching and Learning

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

Promote excellent learning and teaching

- IT for teaching and learning (ITTL) on all campuses
- Open distance learning: design and develop an honours degree for distance mode of delivery
- Produce and upload videos for teaching and learning to e-Fundi
- Teaching and learning technology for classrooms
- Purchase teaching and learning equipment
- Integrate technology into the classroom
- Team-teaching training and workshops
- Develop focused support for law students
- NWU Medical School project: extension and continuation
- Development: study material production (SMP) (TRACS) system
- Unit for Continuing Education implementation
- Computer lab for Consumer Sciences

Research and innovation

Goal 2: Intensify research and innovation.

- Recruiting postdoctoral fellows
- Funding for Isotope project
- Upgrade: Dynamic Retinal Vessel Analyser (DVA) apparatus
- International Conference: BRICS Council of Exercise and Sports Science
- Strategic South African National Antarctic Programme (SANAP) funding
- Maintenance of the neutron monitor network
- Shortfall: telescope, Mafikeng Campus
- Collaborative research initiative to facilitate multi-level research capacity building
- Incentive programme: NRF-rated researchers
- Intensify innovation activities on the Mafikeng Campus

Community engagement and sustainability

Goal 3: Integrate and align community engagement with core business activities and promote sustainability principles.

- Bhive Enterprise Development Centre
- Work-integrated learning camp for two BEd first years

Student value proposition

Goal 4: Develop a clearly differentiated student value proposition.

- Cross-campus student seminars
- Develop interactive electronic referencing guide in collaboration with the Centre for Academic and Professional Language Practice
- NWU culture review and development project
- Student life culture and climate improvement project

Staff and students

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

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

- Buy mobile units and equipped them with computers and WiFi to assist in online applications for admission to the NWU and for NSFAS funding.

Lead and manage
Enabler 1: Govern, lead and manage in a sustainable and transformed way with an effective operating model.

- Finalise policies and rules for the transition to the new 2017 NWU Statute.

Communication
Enabler 3: Communicate, engage and develop core business capabilities to increase brand equity, leadership efficacy and community solidarity.

- New NWU brand roll-out
- Purchase public artworks (additional R1 000 000 already allocated from previous year's fund)

Financial sustainability
Enabler 4: Ensure the financial sustainability of the NWU.

- NWU Integrated Energy and Energy Efficiency project

9.5.6 Funds allocated per goal/enabler

14.2%
Enabler 4
R7.2 million
Ensure financial sustainability of the NWU

10%
Enabler 3
R4.9 million
Communicate, engage and develop core business capabilities to increase brans equity, leadership efficacy and community solidarity

29.3%
Goal 1
R14,6 million
Promote excellent teaching and learning and reposition the NWU to attain the size and shape required by the market direction decisions.

2%
Enabler 1
R1 million
Govern, lead and manage in a sustainable and transformed way with an effective operating model

22%
Goal 2
R10,68 million
Intensify research and innovation

1%
Goal 5
R500 000
Develop and retain excellent staff and create an equitable staff and student profile

14.2%
Goal 4
R7.1 million
Develop a clearly differentiated student value proposition

7.3%
Goal 3
R3.7 million
Integrate and align community engagement with core activities and promote sustainability principles.

9.5.7 In the near future – opportunities and challenges in executing our strategy

For the 2019 academic year, the Department of Higher Education and Training (DHET) has asked for an across-the-board tuition fee increase of 5,3% (based on the consumer price index or CPI).

The challenge is that the CPI rate is not representative of the increase in cost required to operate a university.

Universities must cope with a historical subsidy increase deficit as the pace of subsidy increases has been below Higher Education Inflation for a few years, and did not allow for planned growth.

The DHET announced a block grant increase that includes the fee adjustment grant (GAP grant) that will be discontinued from 2019, with R2,76 billion being distributed to the sector's block grant subsidy component from 2019 to partially address the block grant increase that does not cover the Higher Education Price Index (HEPI) and system volume growth. This development will put additional pressure on the financial stability of universities.

The block grant increase will only make up for the difference between the suggested 5,3% tuition fee increase and the HEPI-related increases in the short to medium term.

9.5.8 Future outlook – how to maintain financial sustainability

A considerable risk for the future sustainability of universities is the combination of the tuition fee increase being capped at 5,3%, the phasing out of the GAP grant and fees in essence being transferred to subsidy that increases at a lower rate than HEPI and growth.

All of these factors mean that we will have to make tough decisions to maintain our healthy financial position, and that the focus for 2019 will be to diversify our income streams and improve operating cost efficiency and effectiveness.

In the long term, the financial sustainability of public higher educations may be jeopardised to such an extent that some may lose their competitive edge in the market and the ability to contribute to the skills and knowledge economy of South Africa.

To prevent this from happening, we intend to participate actively in the modelling of the future funding design. We remain committed to working with the DHET to ensure not only a well-functioning and sustainable NWU, but also the stability and sustainability of the South African higher education sector.

QUOTE:

We are committed to maintaining financial stability, and therefore it will become increasingly important to generate our own income, review activities that are not financially viable and focus on disciplined cost.

Primary statement: borrowings

The NWU did not enter into any new long-term borrowing agreements in 2018

9.6   Our manufactured capital

Our manufactured capital can be described as our tangible infrastructure that supports our core business activities and helps us to provide services to our stakeholders, thereby creating value for them and our other capitals.

For example, our lecture halls and laboratories, together with the technology and equipment that our staff use, enable us to teach our students (increasing our intellectual and human capital) and do research (finding solutions for society's problems and increasing our social and relationship capital).

9.6.1   Assets to support our core business

Except for our building and infrastructure programmes, we also regularly buy, develop and maintain our IT systems and infrastructure, our teaching and learning technology and our research equipment. In other words, our manufactured capital is about all the physical resources and assets needed for executing our core business and bringing our strategy to life.

9.6.2   Transforming our other capitals

Our manufactured capital also demonstrates the interrelationships with our other capitals.

Undertaking construction projects requires us to raise capital, which can increase our debt exposure while at the same time adding to the value of our asset base.

Similarly, new construction projects and ongoing maintenance of buildings and facilities can enhance human, intellectual and social and relationship capitals by improving our ability to attract skilled staff and high-quality students, but can also negatively affect the environment.

These and many other variables, some competing and some complementary, have to be taken into account when managing our manufactured capital for optimal results.

Stakeholders who will benefit from our manufactured capital	Our staff and students are the main stakeholders who benefit from our manufactured capital. However, through our building and maintenance projects we also create business and jobs for people outside the university community. Our donors and the DHET also have stakes in our manufactured capital, as they fund many of our projects.
Material matters (goals or enablers) involved	Teaching and learning, research, student value proposition, our ability to govern, lead and manage, information and communication technology, communication, marketing and stakeholder engagement, financial sustainability.
Risks involved	Uncertainties in the higher education sector (for instance state funding), demand for organisational change (equity of resources), risks related to academic matters, compliance (for instance with building regulations), IT and operational risks.

9.6.3 How we created value

In this section we show you how we created value for our stakeholders and increased our manufactured capital through our various building and maintenance programmes and IT infrastructure.

9.6.4 Material matters: teaching and learning and research and student value proposition

The majority of our infrastructure projects are aimed at promoting teaching and learning, research and our student value proposition.

9.6.5 Infrastructure development

The following table shows how we spent a total of R210,54 million from DHET and our own funding in 2018 across the university on capital works, macro maintenance and minor works.

		Potchefstroom Campus	Mafikeng Campus	Vaal Triangle Campus	Projects across campuses	Total
		Rmillion	Rmillion	Rmillion	Rmillion	Rmillion
DHET	Surplus funds 2012-2015	R5,16	R9,47	-	-	R14,63
	Funding 2015-2016	R7,28	R12,06	R29,09	-	R48,43
	Funding 2016-2017	R 12,30	R1,63	-	R8,15	R22,08
	Funding 2017-2018	R9,75	-	R1,81	R1,77	R13,33
Capital works	New	R15,65	R8,87	R0,83	-	R25,35
	Upgrade	R35,14	R11,44	R3,78	R8,81	R59,17
Macro maintenance		R17,98	R2,75	R3,11	R2,35	R26,19
Minor works		R1,06	R0,10	R0,10	R0, 0	R1,36
	Total	R104,32	R46,32	R38,72	R21,18	R210,54

9.6.6 Accommodation for our students

Student housing on the campuses consists of 45 university-owned residences for 10 763 students, whose wellbeing is the responsibility of 101 residence officers and house parents.

By making sure our students have safe accommodation on or around our campuses, we strengthen our student-value proposition and consequently our human capital.

9.6.7 Complying with norms and standards

For the past three years, the focus of residence management at the NWU has been on the alignment of facilities across the university. This included the alignment of residences and residence fees.

With alignment largely achieved, management attention is turning to the task of ensuring that all residences comply with the national policy on norms and standards for public universities in South Africa. These norms and standards deal with residence staffing levels, location, health and safety, governance, professional development of residence staff, policies and procedures and student discipline.

Management is finalising a plan for the phasing in of minimum standards where these do not currently comply. The intention is to submit the plan to Council in 2019.

The university is also in the process of developing its strategy to increase the percentage of residence places available for new first-year students to at least 30% of the total residence capacity.

9.6.8 Construction and refurbishment

During 2018 we refurbished several student residences and started constructing an additional residence on the Vaal Triangle Campus, for completion in 2019.

Through a joint initiative by the NWU and the DHET, we are going to build additional residences on the Mafikeng Campus to accommodate up to 1 400 more students. This will be part of possible public-private infrastructure and related partnerships. Planning in this regard will continue during 2019.

9.6.9 Large projects completed during 2018

The biggest project completed on the Mafikeng Campus was the refurbishment of spaces in Building A1 (NWU capital funding of R8 million was made available). The two largest projects finalised on the Potchefstroom Campus were for the conversion of a church into lecture rooms, and facilities for Occupational Hygiene. This entailed NWU capital funding of R9,8 million for each.

Construction work relating to eleven other projects with a project value above R5 million each were completed in 2018.

9.6.10 Macro maintenance projects completed during 2018

Addressing deferred maintenance remained a priority during 2018. Major refurbishment work at a total cost of R113 million was completed on the Mafikeng and Potchefstroom campuses.

These projects included the upgrading of the Kayelitsha residence on the Mafikeng Campus and Kom en Gaan and Oppirif residences on the Potchefstroom Campus. Other projects included academic buildings, laboratories and the Ferdinand Postma Library.

A total of R14,6 million was spent on roads on all three campuses. In addition, 16 small to medium-sized macro maintenance projects were completed across the university, worth R9,5 million.

Committed to social justice and an ethic of care – as set out in our NWU strategy and dream – we spent R4 million to upgrade various buildings on our campuses to accommodate people with disabilities.

9.6.11 Unscheduled projects completed during 2018

We had to execute 10 small, unscheduled projects (ad hoc requests) in various faculties and departments across the university, mainly financed from our reserves. These projects placed considerable pressure on the resources of the Facilities Department and affected the scheduling of the new DHET projects for 2018 to 2021.

The largest unscheduled project was to refurbish space as offices for the Faculty of Education in Building B5 on the Potchefstroom Campus.

9.6.12 Projects carried over to 2019

Seven projects on the Mafikeng Campus, 15 on the Potchefstroom Campus and three on the Vaal Triangle Campus were carried over from 2018 and are scheduled for completion in 2019. The new student housing complex on the Vaal Triangle Campus was carried over from 2017.

9.6.13 IT infrastructure and developments

We supply valuable information and technology infrastructure to enable optimal, cutting-edge IT support across the university.

For instance, this infrastructure plays a valuable role in the value chains of teaching and learning, and research and also in the student life cycle from student access through to continuous professional development. In this way, the IT infrastructure strengthens our intellectual and human capital.

An IT infrastructure grant of R97 million from the Department of Higher Education and Training helped us achieve our goals.

Here are some of the 2018 highlights: our IT department did several technology and hardware upgrades, equipped 22 new video conference venues, implemented an internal cloud storage solution and expanded the WiFi coverage to enable 14 000 devices to connect every day.

We offer uncapped, unshaped internet services to staff and students at a speed not matched by most universities in South Africa – the NWU is also the biggest consumer of bandwidth among these institutions.

The following graph illustrates the NWU's monthly consumption of the total international bandwidth, compared to other big South African universities.
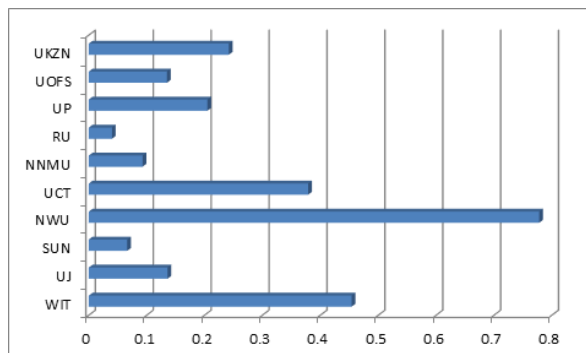
When it comes to national bandwidth consumption on the South African National Research Network (SANREN), the result is much the same.

With regard to distance learning, IT was the key role player in motivating a R12 million grant from the Rural Campus Connectivity Project to equip 26 remote delivery sites with acceptable internet connections. This project will be handed over early in 2019.

9.6.14 Plans for the future

Looking to the future, we will remain focused on addressing deferred maintenance on academic buildings and services infrastructure as part of our 10 Year Macro Maintenance plan.

We will also embark on several major capital projects on all three campuses during 2019 and 2020. These include the construction of a new administration building and lecture room complex on the Vaal Triangle Campus, as well as moving the main entrance gate to a new position as instructed by the Emfuleni Municipality.

On the Potchefstroom Campus, we will start planning new laboratory spaces for the Faculty of Education and on the Mafikeng Campus, planning is under way for a new building for Psychosocial Health.

> QUOTE:
>
> *Our investment in IT infrastructure, support and teaching and learning solutions will determine the NWU market share in the teaching and learning value chain, as well as in the student life experience.*

9.6.15 Material matters: govern, lead and manage, communication, marketing and stakeholder engagement, financial sustainability

The performance around our manufactured capital also relates to material issues that are not necessarily part of our core business, but support it.

It demonstrates for example how we supply the necessary infrastructure to enable governance (for instance by making sure that Council and its committees have suitable infrastructure for their meetings) and management (by supplying the infrastructure and systems equipment management requires to effectively lead the university).

All infrastructure (buildings as well as technology and systems) forms the basis for the support that departments such as Corporate Relations and Marketing provide to support our core business.

In addition, our value creation story highlights how our infrastructure programmes, in particular our 10 Year Macro Maintenance Plan, focus on maintaining future financial stability. Through regular maintenance of our current assets, we are ensuring that future generations will not be burdened by the unaffordable expense of repairing dilapidated infrastructure.

DR BISMARK TYOBEKA
CHAIRPERSON OF COUNCIL

PROF DAN KGWADI
VICE-CHANCELLOR
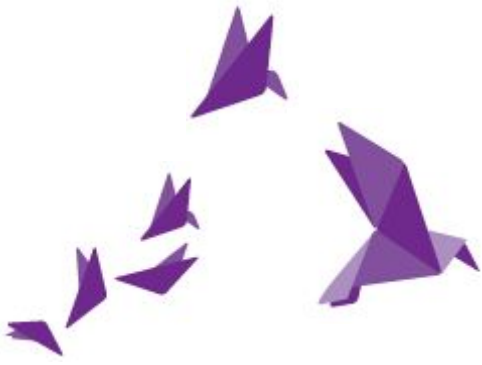
10 Governance supporting and preserving value

10.1 Council statement on governance

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

Accordingly, 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 IV Report. In supporting these codes, Council recognises the need to conduct the business of NWU with integrity and in accordance with generally accepted practices.

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

A distinct difference exists in the roles and responsibilities of the chairperson of Council and that of the vice-chancellor.

Statement approval obtained from the NWU Council on 20 June 2019.

10.1.1 Value creation through accountability and efficiency: The role and function of Council and its committees

The NWU Council is the overall custodian of good corporate governance, which is a prerequisite for the creation of value.

As Council we take our oversight and guidance role seriously in setting strategy, ensuring proper governance, driving compliance and risk management and monitoring the material activities of the university.

Our role is also to establish an ethical culture at the university, provide strategic leadership, monitor the performance of the management team and ensure the establishment of effective controls, in order to ensure long-term growth and sustainability.

We do this in strict accordance with the stipulations of the Higher Education Act and the NWU Statute that was promulgated on 24 March 2017.

In 2018, the NWU continued to adhere to high governance standards, while creating a value-driven governance landscape. A key milestone was the effective implementation of the new NWU Statute, paving the way for the implementation of governance in line with the new university strategy.

The composition of our Council is in accordance with the guidelines provided by the Higher Education Act and the university's Statute. Of the 30 Council members, 60% are external and 40% internal, ensuring independence in the governance environment:

Council members externally elected or designated		Council members internally elected or designated	
Ministerial appointees	5	Management: vice-chancellor and vice-principal	2
Donors	3	Senate	3
Convocation	4	Academic staff	2
Community leaders	3	Support staff	2
Specific expertise	3	Student Representative Council	3
	18		12

Council has a number of committees to advise it on important governance matters and to provide the necessary oversight and guidance in order to enhance its accountability.

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                                    │   Audit, Risk and       │
                                    │   Compliance            │
                                    │   Committee             │
                                    └─────────────────────────┘

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                                    │   Remuneration          │
                                    │   Committee             │
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  │ Council Executive   │           ┌─────────────────────────┐     │  • Assets Committee          │
  │ Committee           │           │   Finance Committee     │─────│  • Tender Committee          │
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                                                                      └──────────────────────────────┘
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     ╱                ╲             │   People and Culture    │
    │     Council      │            │   Employment Equity     │
     ╲                ╱             │   Committee             │
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                                    ┌─────────────────────────┐
                                    │   Transformation        │
                                    │   Oversight Committee   │
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                                    ┌─────────────────────────┐
                                    │   Student Oversight     │
                                    │   Committee             │
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                                    │   Technology and        │
                                    │   Information           │
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                                    │   Honorary Awards       │
                                    │   Committee             │
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                                    ┌─────────────────────────┐
                                    │   Social and Ethics     │
                                    │   Committee             │
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The majority of the committees (except the Executive Committee of Council, Audit, Risk and Compliance Committee and the Remuneration Committee) meet twice a year and report to Council twice a year.

The Executive Committee of Council, the Audit, Risk and Compliance Committee, Tender Committee and the Remuneration Committee meet four times a year. During 2018, it was also resolved that the Transformation Oversight Committee would meet four times a year as from January 2019.

See the information under the heading: Council decisions taken in 2018 that impact on value creation (page 101) for a summary of each committee's terms of reference and key focus areas for 2018.

The following new members joined the Council during the year under review:

- Prof HH Janse van Vuuren – elected by Senate

- Prof D Balia – elected by Senate

- Prof W du Plessis – elected by academic staff members

- Prof JD van Romburgh – elected by academic staff members

- Mr L Nene – designated by the SRC

- Ms D D'Assonville – designated by the SRC

- Mr L Maphosa – designated by the SRC

- Ms T Semane – appointed by the Minister

- Mr C Mabe – appointed by the Minister

- Mr C Mulder – elected by the Convocation

10.1.2 Council training

All new members of Council joining in a particular year must attend an induction workshop. At the induction programme on 28 March 2018 we covered the following topics:

What is expected of Council and Council members
Introducing the NWU, in particular its strategy
Overview of important pieces of legislation and other regulations, including the Higher Education Act and the university's Statute
House rules, including honoraria payable to external members, travel claims and contact people

In addition, all Council members had to attend a training session on 27 March on the topic "Governance of ethics", a workshop on 28 March 2018 on the NWU climate and culture survey, and another one on 20 June 2018 that dealt with language within the teaching-learning space at the NWU.

Resulting from the 27 March training session, Council approved the terms of reference for a Social and Ethics Committee on 27 September 2018 and appointed committee members on 22 November 2018.

Council also noted a report from management on the management of ethics on 22 November 2018.

10.1.3 Code of Conduct and declarations of interest

All our Council members are required to adhere to a Council Code of Conduct and, after a revised code was approved by Council in March 2018, all Council members signed it.

Council members must also make a full declaration of other directorships and all interests to ensure that they do not use their positions on Council to benefit themselves or any third party.

The register of all these declarations is kept by the registrar and is considered on a regular basis by our Council Executive Committee (Council Exco).

At each ordinary meeting of the Council Exco, its members review the declarations of interest and engage on these. Council Exco, in its capacity as Council Membership Committee, also scrutinises the transactions between the NWU and companies in which Council members declared (or did not declare) a direct or indirect interest.

Exco noted on 23 August 2018 that the NWU made a payment in 2018 to an entity in which a Council member had previously indicated an interest. It turned out that the Council member had not renewed this interest declaration, and the oversight was consequently corrected.

In another case a Council member previously declared several interests during his first term of office, but not in his second term. The Council member indicated that this was an oversight, and it was corrected.

In October 2018, the registrar followed up four outstanding declarations of interest from Council members. By December 2018, all Council members had made the necessary declarations.

10.1.4 Meet our Council members (Council membership as at 31 December 2018):

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
1	**Prof ND Kgwadi** (50) BScEd (University of North West), MSc (physics) (Ball State University, USA), MPhil (environmental law and management) (North West University), PhD (physics education) (Potchefstroom University for Christian Higher Education – PU for CHE), PhD (management – honoris causa) (Hanseo University, South Korea); appointed for a six-year term from 2014 to 2020 Vice-Chancellor	All Council committees (except Audit, Risk and Compliance Committee) Four years into term	55 69%	None
2	**Prof JJ Janse van Rensburg** (66) BA (majors: Greek, Latin, philosophy), HonsBA (Greek), MA (Greek) , ThB, four-year ministry candidate certificate TSP, ThM, ThD (New Testament hermeneutics) (all from the PU for CHE); appointed for a one-year term from January to December 2018 Vice-Principal	Council Exco One year, six months into term	34 85%	Christelike Uitgewersmaatskappy Pro Reformando Trust
3	**Prof HH Janse van Vuuren** (55) MCom (accountancy), BComHons – CTA, BComHons (cost and management accounting) BCom (accounting), (all from the NWU); appointed for a three-year term from 2018 to 2021 Elected by Senate	• Student Oversight Committee • Honorary Awards Committee • Social and Ethics Committee Nine months into first term	11 91%	None
4	**Prof D Balia** (58) DLitt et Phil (public administration) (University of South Africa,) senior executive programme (Harvard Business School), Certificate of Advanced Professional Studies (Pacific School of Religion, Berkeley) Master of Theology (ethics) (Princeton Theological Seminary), doctoral research and German language (University of Hamburg, Germany), BTh, MTh, DTh (University of Durban-Westville**)**; appointed for a three-year term from 2018 to 2021 Elected by Senate	• Honorary Awards Committee • People and Culture and Employment Equity Committee Nine months into first term	11 100%	None
5	**Prof HJ van der Merwe** (56) BSc, BScHons (University of Pretoria), MEd (Rand Afrikaans University), PhD (Unisa), higher education diploma	• Honorary Awards Committee	10	International Association for Mobile Learning (IAmLearn)

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	(University of Pretoria); elected for a three-year term from 2015 to 2018 Elected by the Senate	• Technology and Information Governance Committee Two years and one month into first term	90%	Innovation Highway Enterprises IntSys (speech technology) CUTE (Centre for the Utilisation of Technology in Education)
6	**Prof JD van Romburgh** (41) Chartered Accountant (South Africa) (CA(SA)), MCom (management accounting) (NWU); appointed for a three-year term from 2018 to 2021 Elected by academic staff members	• Transformation Oversight Committee • Social and Ethics Committee Nine months into first term	9 100%	RomLab Consultants CC Adams and Adams Forensic Investigation Services Pty Ltd Moerlandspan Boerdery Pty Ltd Limestone Fountain Pty Ltd Isebe The Branch Pty Ltd Van Romburgh Familietrust
7	**Prof W du Plessis** (60) BJur, LLB, MA (environmental management), LLD (NWU), appointed for a three-year term from 2018 to 2021 Elected by academic staff members	• Student Oversight Committee Five months into first term	2 50%	None
9	**Mr AF Ayob** (54) BA (criminology and sociology) (University of Durban Westville), advanced diploma: labour, Hons in business management (Southern Business School); appointed for a three-year term from 2016 to 2019 Elected by support staff members	• Transformation Oversight Committee Two years and three months into first term	9 100%	None
10	**Mr DJC Stoop** (55) BEng (electrical and electronic), MEng (electronics) (PU for CHE); appointed for a three-year term from 2016 to 2019 Elected by support staff members	• People and Culture and Employment Equity Committee Two years and nine months into first term	9 100%	Sole member, Dantron CC
11	**Ms D D'Assonville** (24) LLB (NWU), Dipl Management with Business Administration (NWU) Student Representative Council	• Student Oversight Committee Three months into one-year term	4 100%	None
12	**Mr L Maphosa** (22) LLB (NWU) Student Representative Council	• Student Oversight Committee	6	None

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
		Three months into one-year term	50%	
13	**Mr L Nene (**22**)** BA in Law Studies (NWU), Hons Political Studies (NWU) Student Representative Council	• Student Oversight Committee Three months into one-year term	5 80%	None
14	**Mr OE Mongale (47)** Studying towards a master's of Philosophy (in conflict transformation) (Nelson Mandela Metropolitan University, postgraduate diploma in management (NWU), master's in industrial psychology (NWU), honours in industrial psychology (UniBo), bachelor's in administration (UniBo); appointed for a three-year term from 2017 to 2020 Appointed by the Minister of Higher Education and Training	• Tender Committee • Finance Committee One year and three months into first term	13 62%	Hub Farming Sego Programme The Hub People Monohwa Investment
15	**Ms T Semane (42)** Postgraduate diploma in business administration (GIBS), BCom (accounting), studying towards a master's degree in industrial psychology; appointed for a three-year term from 2018 to 2021 Appointed by the Minister of Higher Education and Training	• Technology and Information Governance Committee • Social and Ethics Committee • Finance Committee Five months into first term	4 50%	Linea Pty Ltd
15	**Mr C Mabe (40)** BCom (University of North West), Dip AIBM (finances), Diploma in Financial Management (Business Management College of Southern Africa), Certificate in Managing the Employment Process (Unisa), MBA (NWU), appointed for a three-year term from 2018 to 2021 Appointed by the Minister of Higher Education and Training	• Finance Committee • Remuneration Committee Five months into first term	5 100%	NH 2606 Pty Ltd CM 2510 Pty Ltd Jepa Resources Dilemo Business Planning House Jepo 321 Pty Ltd CBus Consulting Tapologo HIV AND AIDS Programme
16	**Mr TC Kgomo (51)** BCom (University of North West); appointed for a three-year term from 2017 to 2020	• People and Culture and Employment Equity Committee • Executive Committee of NWU Council • Transformation Oversight Committee	13	Hentjen Petroleum Tshepi Investments RR Travel Tlhabanelo Trading

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	Appointed by the Minister of Higher Education and Training	• Honorary Awards Committee • Innovation Highway Advisory Board • Senate • Senex One year and three months into second term	100%	
17	**Mr MSJ Thabethe (44)** National diploma in information technology (TWR), BTech in information technology (TWR), MCom in information systems (University of the Witwatersrand), appointed for a three-year term from 2017 to 2020 Appointed by the Minister of Higher Education and Training	• Technology and Information Governance Committee • Audit, Risk and Compliance Committee • Social and Ethics Committee One year and three months into first term	14 100%	Sihlasi Technologies CC
18	**Mr S de Bruyn** (66) BCom (accounting science), Bluris, LLB (PU for CHE); appointed for a three-year term from 2018 to 2021 Elected by the Board of Donors of the university	• Audit, Risk and Compliance Committee • Tender Committee • Senate Six months into second term	11 100%	None
19	**Mr A van Rooy (50)** BSc (chemistry, biochemistry) (NWU), BProc (Unisa), Patent Examination Board, qualified as a patent attorney, admitted as an attorney Elected by the Board of Donors	• Innovation Highway Enterprises Advisory Board One month into first term	No meetings during 2018 as he was only appointed in November 2018.	DM Kisch Inc Kisch Africa Inc Sederkrans Familie Boerdery
20	**VACANT** Elected by the Board of Donors			
21	**Mr A Sorgdrager (59)** B.Iuris and LLB (PU for CHE, international executive programme (INSEAD Business School); appointed for a three-year term from 2017 to 2020 Designated by the Convocation	• Remuneration Committee • Executive Committee of Council • Audit, Risk and Compliance Committee • Investments Committee • Student Oversight Committee • Institutional Forum One year and six months into first term	29 72%	Yellowstone Trust Vaalrivier Steiltes Pegasus Alumni Trust Erf 549 (Edms) Bpk
22	**Prof AL Combrink (73)** BA, BAHons in English, MA in English, DLitt in English (PU for CHE) and higher	• Student Oversight Committee	8	

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	education diploma (Unisa); appointed for a three-year term from 2018 to 2021 Designated by the Convocation	Two months into second term	75%	
23	**Mr W Human** (32) BA LLB and MPhil (NWU); appointed for a three-year term from 2017 to 2020 Designated by the Convocation	• Technology and Information Governance Committee • Assets Committee • Innovation Highway Advisory Board One year and six months into first term	11 91%	Skole Ondersteuning
24	**Mr C Mulder** (33) BA Communication Studies (NWU) BSc IT (NWU)) Member designated by the Convocation	• Transformation Oversight Committee • Student Oversight Committee Six months into first term	4 100%	None
25	**Mr LN Zibi (38)** Matric, marketing management (incomplete), marketing certificate (IMM), brand strategy training (LMVH Brand Training); appointed for a three-year term from 2017 to 2021 Designated from the ranks of the university's community leaders	• Transformation Oversight Committee • Senate • Assets Committee • Student Oversight Committee • Social and Ethics Committee • Independent Student Electoral Committee • Senate One year and six months into first term	22 95%	Amahlubi Chairman's Foundation Khayakhulu Holdings Indlela Training Indlela Distribution Indlela Renewables
26	**Rev Canon DP Dinkebogile** (64) 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 Designated from the ranks of the university's community leaders	• People and Culture and Employment Equity Committee • Institutional Forum Two years and six months into first term	17 94%	None
27	**Mr I Klynsmith** (68) Blur et Comm and LLB (PU for CHE), diploma in human rights (University of Johannesburg); appointed for a three-year term from 2016 to 2019	• Executive Committee of Council • Finance Committee • Assets Committee	20 95%	None

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	Designated from the ranks of the university's community leaders	Two years and one month into second term		
28	**Dr MB Tyobeka** (44) BScEd and MSc (Applied Radiation Science and Technology) (University of North West), MSc and PhD (Nuclear Engineering) (Penn State University, USA), MSc (Management) (Colorado Technical University, USA); appointed for a three-year term from 2017 to 2020 Appointed by Council for specific expertise	• Executive Committee of Council • Finance Committee • Remuneration Committee • Honorary Awards Committee One year and one month into second term	25 88%	None
29	**Mr A Redelinghuis** (69) MCom (PU for CHE), CA (SA); appointed for a three-year term from 2016 to 2019 Appointed by Council for specific expertise	• Audit, Risk and Compliance Committee • People and Employment Equity Committee • Remuneration Committee Two years and six months into first term	18 94%	ATKV Sake (Edms) Bpk
30	**VACANT** Appointed by Council for specific expertise			

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

Exco established a Skill Set Task Team at their meeting of 22 October 2018 to. The purpose is to indicate to membership groupings the skills set and demographics that should be taken into consideration when nominations to Council are made.

During November 2018, Council resolved that the following was the required skills set to be represented by NWU Council (the coloured blocks represent skills to be emphasised):

1	General legal expertise
2	Environment, land and indigenous law
3	Global engagement expertise
4	Statistics expertise
5	Audit and accounting expertise
6	Investment expertise
7	Fundraising expertise
8	Finances and business (medium to macro enterprise) expertise
9	Business administration and/or strategy
10	Governance and ethics expertise
11	Corporate communication expertise
12	Information technology
13	Technology transfer expertise
14	High positive public profile – science
15	High positive public profile – community engagement
16	Arts/people management

10.2 Council decisions taken in 2018 that impact on value creation

The following table gives an overview of the key decisions that Council took in 2018 in creating value, and also indicates how these decisions might have an effect on future value to be created.

Key governance decisions taken by Council during 2018	*How these governance decisions affect future value creation*
Steering and overseeing the process of implementing the new NWU strategy 2015 to 2025 and the resultant structure in the following way: ● In June 2018, Council requested a report on all costs related to the restructuring process undertaken during 2017. In September, Council noted that costing could only be shown in Rand and Cents, but not in benefits to the institution. The total cost of the restructuring was R40 193 436,61.	*The approval of a new strategy for the NWU, as well as the establishment of a new structure for the university's business model, were important milestones that will shape the short, medium and long-term operations and effectiveness and efficiency of the university.* *Council is confident that the active implementation of the strategy by means of renewed structural arrangements and brand 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. The revised Statute will provide an enabling environment.*
Adoption of the following policies and rules in order to ensure compliance with national directives and to mitigate possible risks facing the university: A Policy Refinement Committee was established to finalise the drafting of policies and rules for Council's approval as a result of the new Statute that was published on 24 March 2017. Work on the revision of policies continued	*The university's success model, indicating its commitment to employing strategies and transformational practices and processes that will be responsible and risk embracing in design and in nature. In line with this undertaking, and in adhering to the prescripts of the Statute, the continuous*

Key governance decisions taken by Council during 2018	*How these governance decisions affect future value creation*
in 2018 and the following policies (either revised or new) were approved by Council: - o Rules for the Institutional Forum - o Constitution of the NWU Convocation - o Library and Information Services Policy - o Promotion of Academic Staff - o Brand Policy - o Communication Policy (new) - o General Academic Rules – A-Rule 5.11.1.1 approved in 2018 - o Code of Conduct for Council members - o Rules for the Appointment of Office Bearers (revision) - o Policy on Academic Integrity - o Admissions Policy - o Research Ethics Policy - o Language Policy - o Policy on Staff Assessments - o Recruitment and Selection Policy - o Policy on Staff Learning and Development - o Organisational Development Policy - o Policy on Continuing Education (new) - o Financial Rules of Student Finances and Financial Related Systems	*drafting and revision of policies and rules take place.*
Financial matters: Highlights of key decisions taken by Council include the following; - Council approved the Audited Financial Statements for 2017 and the Financial Overview 2017, taking particular note of the income mix, expenses, surplus and growth, solvency, available reserves and bad debt. For more information on these matters, refer to page 140. - Council approved the NWU's Infrastructure and Efficiency Funding application that the DHET had called for (for the funding cycle 2018 – 2021). - In respect of the de-risking of the NWU Pension Fund, Council approved, in line with the recommendation by the Finance Committee, the following in-principle decision: - o The conversion assets be hedged against a decline in real yields; and - o the Employer Surplus Account be used to achieve the conversion results - Council approved the budget for 2019. One of the material matters that Council noted was that there was a significant risk following the indication by the Department of Higher Education and Training (DHET) that the 2019/2020 budget funding would not include gap funding. This subsidy would be part of the block grant, which would result in a permanent loss of income for some universities due to the differentiated fee bases and increases. A submission to DHET had been made to retain the gap funding for two to three years to assist the university.	*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.* *However, Council is on record that it expressed concerns on the medium to long-term effects of the national uncertainties – particularly in respect of the funding of public higher education – on the sustainability of South African higher education.*
Approval of tenders	*Council has an obligation to ensure that the university procures services by means of a process that is fair, equitable, transparent and cost-*

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
- Council approved the tender awarded to Amorispan for 576 beds at a cost of R54,636,762.55 including escalation. - The contract with Ciaratouch for phase 1 for 360 beds was extended at a total cost of R29 451 239.87 including escalation, subject to further price negotiations. - A tender was approved for Tsebo Solutions Group (Pty) Ltd for one year (renewable for a further two years) at a total cost of R42,491,179.72 including VAT, but excluding escalation. - Council approved that project "MAIN04 17/18 – Upgrade internal services, laboratory workspaces, internal finished at building G16 on Potchefstroom Campus" be funded by an additional R6 million. - The ageing Student Information System needed to be replaced. Council subsequently approved the 2019 budget for development and maintenance of the administrative ecosystem (OpenCollab) of R 14,4 million.	*effective, while also ensuring the realisation of transformation objectives.* *Council is confident that the tenders awarded during the course of 2019 adhered to the principles laid down in relevant legislation.*
Appointment of office bearers Council steered the process of appointing senior office bearers: - The term of Prof JJ Janse van Rensburg as vice-principal was extended from 1 July 2018 to 31 December 2018. - A mediation process between the NWU and the executive director for people and culture was concluded and a settlement agreement signed by the parties on 11 July 2018. - Council approved the timeline for the nomination and election of a chancellor for the NWU, as the term of the current Chancellor comes to an end in September 2019. - The appointment of Prof DM Balia as deputy vice-chancellor for assigned functions and campus operations, Potchefstroom Campus, for a period of five years (extendable) commencing 1 January 2019. - The appointment of Dr M Singh as executive director for people and culture for a period of four years, commencing 1 October 2018. - The appointment of Prof Linda du Plessis as vice-principal for the period 1 January 2019 to 31 August 2020. - The establishment and nominations for a selection panel for the appointment of executive director for student life, as the current executive director resigned at the end of December 2018.	*The appointment of these office bearers was informed by the newly approved NWU Strategy 2015 to 2025 and the approved Statute.*
Governance matters - On 21 September 2018, Council approved the process for the refinement of the nomination and election process of Council members in accordance with paragraph 4.2 of the Statute. - Council approved the reviewed terms of references of the following Council committees: - Finance Committee - Investment Committee - Technology and Information Governance Committee - Remuneration Committee - People and Culture and Employment Equity Committee - Student Oversight Committee - Transformation Oversight Committee - Audit, Risk and Compliance Committee - Tender Committee - Social and Ethics Committee	

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
o Honorary Awards Committee • Appointment of PricewaterhouseCoopers (PWC) as external auditors for the North-West University, renewable annually for a maximum period of five years. • Mr TC Kgomo was elected as deputy chairperson of Council on 21 September 2018. • Council agreed to the recommendation by Exco regarding decision-making by Council. The Exco interpreted the rule of "general consensus" as disallowing the recording of minority dissension. If recording of minority dissension were to be required, the chairperson would put the matter to the vote by means of open voting (show of hands).	

10.3 Remuneration of externally elected Council members

In 2009, we (as 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 member's time and efforts.

The honorarium fee is paid twice a year, in August and December. The fee is linked to the university's annual cost-of-living adjustment (COLA) process, which the Remuneration Committee approves before implementation.

The following table shows the honoraria paid for each meeting attended.

External Council member	R3 090
Council-appointed external expert in a structure, but not a Council member	R3 890
Chairperson of a Council committee	R3 890
Deputy chairperson of Council	R3 890
Council chairperson	R5 700
Council chairperson or deputy chairperson as an ordinary member of the structure	R3 090

10.4 Value creation through governance

10.4.1 Council statement on conflict management

"During 2018, the NWU successfully dealt with conflict, thereby mitigating potential risks that could have harmed the institution's reputation. Our approach included dealing with potential conflict situations at the lowest possible organisational level and striving for win-win situations. The university collectively bargains and consults employees through the University Bargaining Forum."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.2 Council statement on worker and student participation

"The NWU and a recognised union address employee issues of mutual interest through a forum established for this purpose. We also have ongoing consultative forums for all employees and a non-recognised union. These structures build labour peace and a healthy employee/employer environment, and play a critical role in the ongoing improvement of employer/employee relations. Key decisions about matters that affect employees are communicated to the university community via the vice-chancellor's office."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.3 Council statement on going concern

"We can confirm that the NWU is considered a going concern now, and in the foreseeable future."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.4 Council statement on financial controls outside financial statements

"Internal controls and administrative systems, which have been designed to provide reasonable assurance regarding the integrity of the financial statements and that assets have been protected and transactions carried out in terms of the university's policies and procedures, are in place and are properly maintained on a cost-effective basis."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.5 Statement on financial health and viability

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, and was able to achieve its financial goals. In this regard the following can be highlighted:

NWU still provides affordable higher education.

15 350 students received degrees and diplomas during 2019.

The University stays committed to support and enhance academic performance and awarded bursaries in the amount of R206,5 million from own funds to students.

The cash flow investment in property, plant and equipment amounts to R179,5 million (2017: R321,0 million and 2016: R164,9 million), which is mainly attributable to DHET infrastructure and efficiency funding. (Not all projects have been completed, resulting in macro-maintenance to be carried forward to 2019). Total assets increased by 23,8% (2017: 28,7% and 2016: 9,1%).

The increase in the available reserves to 39,7% of total equity from a very low base at the end of 2015 (although some spending against this reserve is to be expected as explained above).

Maintaining a sound solvency position and optimal liquidity levels during the 2018 financial year to ensure that the NWU remains a going concern. "Council and management are jointly committed to managing the NWU in such a way that the sound financial position will be sustained in 2019."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.6 Statement on borrowings

"The NWU did not enter into any new long-term borrowing agreements in 2018."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.7 Statement on tenders

"The NWU requests tenders from the market for all purchases of goods and services with a total contract value exceeding R100 000.

Tenders are evaluated and approved strictly in line with tender policies and procedures and within approved authorisation mandates, including the Broad-Based Black Economic Empowerment Act No 53 of 2003, with a focus on fairness and transparency.

The tender document forms the basis of the envisaged supply agreement and the standard template was therefore checked and approved by the Legal Services Department of the NWU.

The evaluation criteria as specified in the tender document is:

• *For tenders with a total contract value of less than R1 million, 80% is awarded for price, 16% for the level of BBBEE and 4% for supplier location within the NWU operational areas.*

• *For tenders with a total contract value exceeding R1 million, 90% is awarded for price, 8% for the level of BBBEE and 2% for supplier location within the NWU operational areas.*

Council has mandated the Tender Committee to evaluate and approve tenders with a total contract value of between R10 million and R30 million. For tenders with a total contract value exceeding R30 million, the Tender Committee will evaluate the tenders received and make a recommendation to Council for approval."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.8 Council statement on IT

"The Council affirms, as the final decision-making body of the university, that it is endowed with the responsibility and accountability for the effectiveness and efficiency of information technology processes, including governance framework, alignment with NWU objectives, significant IT investment, risk management, assets, policies and strategies, and compliance with statutory requirements. Council is continually apprised of developments, by means of management and audit reports to the IT Governance Committee, and received sufficient assurance over the past year from all relevant assurance providers."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.9 Statement on transformation

Read the transformation report on page 36 for more information.

"The NWU believes that value-adding transformation should be deeply embedded in all our activities, from the transformation of the curriculum to transformation of the institutional culture. All leaders, managers and supervisors are required to further the transformation objectives of the university and to be change champions of transformation initiatives.

We are committed to making meaningful changes that will impact positively on the lives of our staff and students."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.10 Statement on contract management, SLAs and monitoring of suppliers' performance

"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.

We continually strive 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 the 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."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.11 Statement on penalties, sanctions, fines

"The NWU has no material or immaterial regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations to disclose."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.12 Statement on additional investments in infrastructure

"There were no additional investments in infrastructure at the NWU during 2018."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.13 Statement on risk management

"The Council affirms, as the final decision-making body of the university, that it is endowed with the responsibility and accountability for the effectiveness and efficiency of the risk-management process. It is continually apprised of developments by means of management and audit reports on the management and risk-coverage processes; and had been provided sufficient assurance over the past year from all relevant assurance providers."

Statement approval obtained from the NWU Council on 20 June 2019

10.5 King IV as guiding framework for value creation through governance

King IV came into effect on 1 April 2017 and resulted in an internal process of alignment with the necessary requirements to ensure compliance, as indicated below:

KING IV requirement	<IR> content element	Relevant governance structure
Leadership and ethics	Stakeholder engagement and relationships; governance	Council Social and Ethics Committee
Performance and reporting	Strategy and resource allocation; performance; outlook	Executive Committee Finance Committee Senate Council
Governance structure and delegation	Governance and remuneration	Council Executive Committee Remuneration Committee
Risks and opportunities	Stakeholder engagement and relationships; risk and opportunity	Audit, Risk and Compliance Committee Senate Council
Technology and information	Governance, risk and opportunity; strategy and resource allocation	TI Governance Committee Audit, Risk and Compliance Committee Executive Committee Council
Compliance	Governance	Audit, Risk and Compliance Committee Council
Remuneration	Stakeholder engagement and relationships; remuneration	Remuneration Committee Honorary Awards Committee Council

Assurance	Governance; basis of preparation and presentation	Audit, Risk and Compliance Committee Finance Committee Senate Council
Stakeholder relationships	Stakeholder engagement and relationships	People and Culture and Employment Equity Committee Transformation Oversight Committee Student Oversight Committee Institutional Forum Student Representative Council Convocation Board of Donors Council Social and Ethics Committee

10.6 Governance structures of the NWU

Body of decision makers

External

Council

Council committees

- Executive Committee
- People and Culture and Employment Equity Committee
- Remuneration Committee
- Transformation Oversight Committee
- Audit, Risk and Compliance Committee
- Finance Committee
  - o Tender Committee
  - o Investment Committee
  - o Assets Committee
- Honorary Awards Committee
- Student Oversight Committee
- Technology and Information (TI) Governance Committee
- Social and Ethics Committee

Senate

Executive Committee

Faculty boards

Teaching-learning committees

Research, innovation and technology committees

Admission Requirements Committee

Appeals Committee

Student Representative Council (SRC)

Student campus councils and their substructures

Convocation

Graduates, alumni

Institutional Forum

Internal and community members

The **Council** governs the NWU through the adoption of purpose and value statements, strategic plans and policies, as well as the Statute, the rules, processes and delegations of authority. Furthermore, Council monitors the operational performance of management and establishes committees and, together with Senate, joint committees, to ensure that the NWU achieves its purpose and values.

The **Executive Committee** deals with important governance matters between meetings of the NWU Council and also acts as a Council membership committee.

The **Audit, Risk and Compliance Committee** advises Council on the safeguarding of the NWU's assets, the maintenance of adequate accounting records, the development and maintenance of an effective system of internal control, overseeing management's role in creating and maintaining a proper risk management process, and authorising the annual audit fee of the external auditors. It also provides a channel of communication between Council, management, the internal audit function and the external auditors.

The People and Culture and Employment Equity Committee (P&CEE) advises Council on all matters relating to people and culture (human resources) and employment equity.

The **Remuneration Committee** assists Council in carrying out its responsibilities regarding a fair and responsible remuneration philosophy and its implementation.

The **Finance Committee** advises Council on financial and investment matters and on long-term infrastructure development at the NWU (also through obtaining specialist advice from the Assets, Tender and Investment subcommittees.

The **Student Oversight Committee** advises Council on all relevant student matters.

The **Transformation Oversight Committee** advises Council on the implementation of the transformational aspects of the Annual Performance Plan.

The **Technology and Information Governance Committee** assists Council with the governance of all information technology aspects at the NWU.

The **Social and Ethics Committee** provides oversight and guidance in assisting Council to develop an understanding of management and oversight with regard to the positioning of the NWU as an integral part of the society in which it functions.

The **Senate** is responsible for regulating all teaching-learning, research and academic support functions, as well as for determining academic policies and rules.

The **Student Representative Council** is the duly elected body within Student Life that oversees the management of organised student life and represents students on various governance structures.

The **Convocation** is the body of alumni that is constituted with the aim of creating a link between the university and its corps of alumni. It also designates four members to serve on Council.

The **Institutional Forum** advises Council on the implementation of the Higher Education Act and national higher education policies, as well as on the fostering of a university culture that promotes tolerance, respect for human rights and an environment conducive to learning, teaching and research.

10.7 Value creation through Council-committee work

As indicated earlier, Council has established committees to assist with the performance of its functions. The most prominent of these committees are the Audit, Risk and Compliance Committee, the Finance Committee and the Remuneration Committee. Council also established other committees to advise Council on matters relevant for the governing of the university.

All these committees are chaired by external independent members, with needed expertise and skills.

> *Visit the NWU web at http://www.nwu.ac.za/governance-and-management/council-committees for the membership and a summary of the terms of reference of the other Council committees.*

The following paragraphs provide an overview of how the activities of the mentioned committees added value to the governance and oversight of the university:

10.7.1 Audit, Risk and Compliance Committee (ARCC)

The overall purpose of the ARCC is to provide independent oversight in assisting Council in fulfilling its oversight responsibilities in determining the effectiveness of the university's assurance functions and services.

There is a particular focus on combined assurance arrangements (including external assurance service providers, Internal Audit and the finance function). Other key focuses are the integrity of the annual financial statements, the financial reporting process, the system of internal control, the risk management process, the internal and external audit processes, as well as the university's process of monitoring compliance with laws and regulations and codes of conduct.

Annexure 3 includes the composition and meeting attendances information. For a full report on compliance with the Regulations for Reporting by Public Higher Education Institutions (9 June 2014, GG 37726), please see Annexure 2 on page 124.

Reports to Council

For the period under review, the ARCC continued to report to Council on its statutory duties, on activities performed and on major findings of the internal audit functions 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.

The ARCC streamlined its activities to allow for reporting on specific topics at each meeting throughout the year. The meeting in May, for instance, focuses on the integrated annual report, the university's financial statements and an update on general internal audit matters.

Key decisions taken

- **External auditors**
  In March, the ARCC discussed the appointment of KPMG as external auditors of the NWU. ARCC noted that the original tender was for five years and that, if it were to interpret the IRBA report as a suggestion that the NWU should terminate services, the matter would only be consulted on by the end of the third quarter of 2018.

  The ARCC agreed that, should the matter go out on tender, KPMG would not be eligible to tender as external auditors for a second term, as the Auditor General does not allow any company to continue performing audits after the end of a first contract period.

  The tender period would, at minimum, require six months to finalise. Accordingly, the ARCC agreed that it would keep the status quo unless the IRBA report forced a change of auditors. It was agreed that, from the perspective of the ARCC, no compelling reason existed to discontinue KPMG's service.

The ARCC received and reviewed a number of presentations by various external audit firms during its August meeting. The ARCC recommended the appointment of PricewaterhouseCoopers (PwC) as the NWU's external auditors from 2018, renewable annually for a maximum period of five years.

- **Annual financial statements**

  • For the period under review, 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.

  • The committee further:
    ▪ examined the annual financial statements and other financial information made public, prior to Council approving the statements
    ▪ assessed the reliability of reported performance information to determine whether it was valid, accurate and complete
    ▪ considered accounting treatments, significant or unusual transactions and accounting judgments
    ▪ considered the appropriateness of accounting policies and any changes made
    ▪ reviewed the representation letter relating to the annual financial statements signed by management
    ▪ considered the matters that might have raised concerns, as well as matters related to legal and tax issues that could materially affect the financial statements.

- **Student Campus Council elections audit report**

  The Student Campus Council election process was concluded successfully. A few challenges were experienced but this was expected as this was the first time elections had been held electronically. The largest challenge encountered was building student trust in the electronic system.

  The process was not expensive in comparison to other university election processes. By making use of the Sakai system, the entire election process cost the NWU approximately R600 000, including external auditing fees.

- **Governance of risk and compliance and reports from the Combined Assurance Forum (CAF) and the Compliance Committee (CC)**

  The ARCC continued to receive management reports on the extent to which risks and opportunities within the environment were managed and the ARCC also received reports on the management of compliance.

  After each CAF and CC meeting, their respective reports were tabled at the ARCC for noting, over and above comprehensive reports on both risk and compliance.

- **Reports by Internal Audit**
  The ARCC received and reviewed reports from Internal Audit detailing the activities and assignments planned for 2018.

  In October 2018, the ARCC approved the Internal Audit Charter and the Internal Audit plan for 2019/2021.

  The ARCC also approved the IT audit tender, the intended purpose of which is to include within the auditing scope an additional audit process for IT general control measures. PwC assured the ARCC of the accountability and accuracy of the audit.

Outlook for 2019

The ARCC plans to focus on the monitoring of the effectiveness and efficiency of control measures in regard to the strategic risk register, and the implementation of the Risk and Compliance Policy.

10.7.2 Finance Committee

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

It reinforces the governance function of the Council with regard to sound, responsible and effective financial planning, financial administration, financial governance and financial reporting.

Annexure 3 includes the composition and meeting attendance information.

Reports to Council

The Finance Committee continued to report to Council on its statutory duties, the budget process and activities performed.

Key decisions taken in 2018:
- Approved and recommended the 2017 financial overview to Council.
- Approved the 2019 budget process and timeline.
- Noted that total student debtors at the end of April was approximately R1,5 billion. In total, R241 million was received from NSFAS, but without any allocations being provided. Accordingly, the funded students within the R241 million could not be determined. NSFAS owed the university approximately R46 million.
- Approved the financial performance of the six months ending 30 June 2018 and accordingly recommended the matter to Council as part of the mid-year report to be submitted to DHET.
- Approved the financial rules for student fees and accordingly recommended the matter to Council.
- Approved the investment limits and recommended them to Council for approval.
- Approved and recommended the provisioning of a R10 million banking overdraft facility to the university for the period 1 January 2019 to 31 December 2019 to the Council.
- Recommended the financial information for 2019-2021 to the NWU Council as part of the Annual Performance Plan report for the DHET.
- Approved that the NWU should not continue to secure ownership of the "Kollege Oord" facility and should formally inform the owner that the NWU will no longer us the facility.
- The Assets Committee is a subcommittee of the Finance Committee with the following mandate:
  - Evaluate the infrastructure maintenance policies and annual maintenance budgets of the campuses.
  - Evaluate and ensure that the long-term macro planning of infrastructure and capacity per campus is in accordance with the macro institutional plan as approved by Council and submitted to the DHET.
  - Evaluate the annual priority planning for capital projects and equitable budget allocations per campus, as well as progress reports.
  - Evaluate any offer for fixed property (acquisition or selling), subject to general limitations and conditions periodically imposed by Council and the Minister of Higher Education and Training.
- Where appropriate, the Assets Committee made recommendations on these and other infrastructure and maintenance matters to the Finance Committee for Council's approval.
- For information on infrastructure development, see page 77.
- The **Tender Committee** is a subcommittee of the Finance Committee with a mandate to:
  - Approve tender procedures and recommend tender policies to the Finance Committee for approval by Council.
  - Ensure that the tender procedures in terms of the Broad-Based Black Economic Empowerment Act 2003 (Act No. 53 of 2003) are adhered to.
  - Confirm that tender policies are adhered to.
  - Evaluate and approve tenders received, for specific contracts within their mandates.
- During 2018, the Tender Committee considered various tenders in regard of which the relevant particulars are available in the approved minutes of the meetings.
- The **Investment Committee** is a subcommittee of the Finance Committee with a mandate to:
  - Recommend the Investment Strategy to the Finance Committee for approval and oversee the implementation and monitoring of the strategy.
  - Recommend the investment Guidelines to the Finance Committee.
  - Recommend the appointment and/or termination of the asset consultants and fund managers.
  - Evaluate the investment performance of the fund managers and the portfolio as a whole and report to the Finance Committee.
  - Recommend the investment limits within which the money market manager can operate.
  - Recommend the appointment and/or termination of the money market managers to the Finance Committee for approval.
  - Evaluate and report on the performance of the money market managers.

o   Evaluate and report on the performance of the asset consultants.
- In 2018, the Investment Committee also recommended that:
    o   The NWU follow a specialist rather than a balanced approach in terms of fund manager asset allocation.
    o   The NWU Investment Portfolio be managed as follows: Aluwani Asset Managers be appointed for South African bonds and Investec for international equity. Mergence and Coronation would both also be appointed for domestic equity.

Outlook for 2019

It is foreseen that the main focus of 2019 will be on the creation of an optimal financial policy and rules environment.

10.7.3   Remuneration Committee

The mandate of the Remuneration Committee is to assist Council in carrying out its responsibilities towards the conceptualisation and implementation of a fair and responsible remuneration philosophy that is evident in remuneration policies and strategies.

Reports to Council

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

Key decisions taken in 2018

During the course of the year, the committee took the following key decisions:
- Executive management bonuses would not be paid in December 2018, but only in June 2019 after the finalisation of the financial statements.
- Recommend to Council that the COLA increase for the executive management be approved at 6,6% without the payment of a once-off non-pensionable cash component of 0,2%.
- Approve the revision of the remuneration of the internal auditor.
- Benchmark external involvement of staff members and incorporate the principles in the remuneration philosophy.
- Develop a supportive document for the remuneration philosophy.
- Approve the inclusion of deputy deans, faculty administrators and deputy directors in the management bonus scheme.
- Approve the composition of the Bonus Moderation Committee, which the vice-chancellor chairs The mandate of the committee includes ensuring that bonus payments are aligned with the budget provision and organisational and unit performance.
- Exclude the executive deans from payment of bonuses until after the approval of the audited financial statements (as with executive management) and to approve the payment of bonuses to executive deans in December 2018.

The Remuneration Committee also considers the following standard reports at each meeting:
- Performance management of the University Management Committee members and the vice-chancellor
- Executive remuneration and the remuneration of the internal auditor
- Honorariums paid to Council members
- Any material payments to be considered ex gratia in nature.

In respect of *ex gratia* payments, the Remuneration Committee noted the following payments:

Noted during the Remuneration Committee of October 2018:

Amount paid	End date	Reason
R2 999 424.54	31 August 208	Mutual separation
R814 341.66	31 May 18	Mutual separation

Outlook for 2019

As with all governance structures at the NWU, it is foreseen that the focus for 2019 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 and implementation of the matters decided on in 2018.

10.7.4 Technology and Information (TI) Governance Committee

The TI Governance Committee is responsible for information technology governance and ensuring that Council fulfils its role as the overall governing body for information technology. Its mandate is to:

- Oversee the implementation of an TI governance framework that sets he direction for technology and information at the NWU.
- Recommend policy to Council that articulates and gives effect to the direction set.
- Hold university management accountable for the implementation and execution of effective technology and information management.
- Exercise ongoing oversight of technology and information management, including IT risk management, prevention of cyber-attacks and ensuring legal compliance.

Reports to Council

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

Key decisions taken in 2018

The committee took the following key decisions:
- Change its name to Technology and Information Governance Committee.
- Appoint an external independent expert on information as a member.
- Recommend to Council that an internal expert be appointed.
- Investigate possible solutions for the creation of a cyber-security position.
- Recommend to Council that the TI Governance Committee meet quarterly.
- Revisit the Information Technology Policy.

Outlook for 2019

For 2019, the committee will continue to scrutinise reports and interrogate risks identified in the IT and Information governance environments.

10.7.5 Council Membership Committee

The NWU Council resolved in 2015 to add to the mandate of the Council Executive Committee that of Council Membership Committee.

In this regard Exco considers nominations for vacancies related to Council and its committees, oversees the nomination and election processes, deals with all other membership matters, and delegates authority to subcommittees when necessary. Exco also oversees the attendance of Council members and the self-evaluation of Council.

During 2018 Exco, at each ordinary meeting, noted and considered the vacancies on Council and the processes for filling and scrutinising these vacancies.

Exco also received a list of all vacancies in Council committees, and made recommendations for the filling of these vacancies to Council for approval.

A list of Council and subcommittee meetings that were held in 2018 is attached in Annexure 3.

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.

All these committees are chaired by an external person.

For the terms of reference, please refer to the following web page:
http://www.nwu.ac.za/governance-and-management/Council-committees

10.8 Sustainability as value add

10.8.1 Council statement on sustainability

"At the NWU we define sustainability as the ability of NWU 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 1 for our materiality determination process. "

Statement approval obtained from NWU Council on 20 June 2019

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

The five-year strategic plan and the business plan for implementing the strategy are integral to the value creation process and to ensuring our sustainability. The five long-term goals and the four enablers of the NWU Strategy 2015 to 2025 (as referred to on page 52) substantiate the commitment of the university in this regard.

Although not material to the strategic objectives of NWU, we do have several green initiatives. Read more about this at http://www.nwu.ac.za/content/nwu-says-go-green-or-go-home

10.9 Ethics in action at NWU

10.9.1 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.

We expect 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 20 June 2019

10.9.2 NWU in action – 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 we remain fairly confident that all governance and management structures at the NWU continue to strive for sustainable economic, social and environmental performance, we are 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 have been approved and are implemented in order to assist us in managing such challenges.

The effect of these policies on matters of ethical governance and management is briefly described in the following table:

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
Conflict of Interest Policy	We have the following processes: • A documented electronic process for the declaration of interests and a conflict of interest web application as part of the web-based DIY services available to employees • A reporting process to inform relevant management and governance structures • A process to ensure adherence to NWU procurement policies and processes, linking the data from the Conflict of Interest Register to the procurement procedure • A process for the management of so-called S34(5) instances.	*A coordinated process has been followed since 2015 to ensure compliance with sections 27 and 34 of the Higher Education Act.* *A full-fledged electronic platform for the declaration of interest was implemented in 2017. The restructuring process and the change in the university systems environment caused some hiccups in terms of the associated workflow process. In particular, the restructuring process and the changes in the supervisor hierarchy structure caused pertinent delays in the approval process by line managers in 2018.* *.* *The Policy on Conflict of Interest was under review in 2018, concluding both the consultation process as the refinement of the policy. The policy would be tabled early in 2019 for Council approval*
Policy on delegations and schedule of authorisation levels	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 financial transactions and contracts. For practical considerations, deviations from this policy might become necessary from time to time. All these deviations are authorised and controlled centrally.	*The implementation of the Kuali Financial System in 2015 made it possible to systematically control most approval levels.* *This systematic control had been extended and refined over time, but it is accepted that a portion of the adherence to this policy will always be manual in nature.* *The drafting process of a Policy for Delegations was concluded in 2018. The policy would be tabled for Council approval in 2019.*
Policy on the reporting of maladministration and irregularities, and the protection of disclosure	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 evidence of serious maladministration or wrongdoing within the institution. Internal Audit made reporting boxes available at four locations. Irregularities can also be reported either by email or directly to the director of Internal Audit. All reported cases are included in a central register and feedback on the progress with the matter is reported to the Audit, Risk and Compliance Committee.	*This policy was approved in September 2009 and reviewed as part of the policy review process of the university.* *Various matters were reported to Internal Audit and handled by a dedicated audit manager and staff member assigned with the responsibility for handling these investigations in close cooperation with the director of Internal Audit.* *A register was kept of all the reported cases and feedback on the progress of these matters was reported to the Audit, Risk and Compliance Committee on a regular basis.* During the 2018 period, 6 matters (2017 - 6 matters) were reported via the reporting boxes and in 2018, 23 files (2017 - 30 files) in total were opened for investigations.
Student Disciplinary Rules	These rules explain the roles and functions of disciplinary bodies within the student disciplinary environment, as well as the processes to follow to ensure a fair and transparent environment for the implementation of the rules.	For the year under review, 165 *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.* *The set of rules is currently under review and would upon the conclusion of the consultative process be tabled to Senate and Council in 2019 for approval.*
Policy on Academic Integrity	The purpose of this policy is to create an environment inculcating integrity and academic honesty within the academic project. The policy also lays down measures to report and investigate instances of academic	*After a report in 2017 by the Council on Higher Education on an anonymous report of alleged plagiarism by NWU staff members, a full-scale investigation commenced and, although still underway, Council had been apprised continuously during the course of 2018 of the status of the ongoing investigation*

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
	dishonesty, and provides guidance on punitive measures.	*In the student community, the majority of disciplinary cases investigated during 2018, had been related to academic dishonesty (53,3%).* *The NWU Policy on Academic Integrity was approved by Council on 27 September 2018.*
Human Rights Policy	The policy guides the NWU Human Rights Committee in dealing effectively with allegations of human rights infringement.	*The NWU Human Rights Committee dealt with five reported cases which related to three possible instances of racism, one of cyber-bullying and one of sexual harassment.*
Behavioural Manual for staff.	The NWU is committed to harmonious workplace relations, fair labour practices, mutual respect, fairness and effective operations. To give effect to this, the NWU has a Behavioural Manual which is governed by the Behavioural Policy. The manual contains procedures for disciplinary action, abscondment, suspension, intoxication, personal searches of employees, reporting acts of dishonesty to the SAPS, managing incapacity, employee grievance and harassment.	*Disciplinary action was taken against 48 employees across the NWU. 34 cases were of such a serious nature that a university hearing was held where dismissals could be the appropriate sanction. Only 5 employee's services were summarily terminated while mutual separation agreements were reached with 3 employees who resigned.* *Another 3 employees were found not guilty. In the rest of the cases finalised, written warnings were imposed.* *Fifteen CCMA cases were dealt with successfully.* *3 Cases of Sexual harassment were reported and disciplinary action was taken against the employees. One employee was dismissed and two were found not guilty.*
Ombud offices for: • Alleged instances of language rights violations	The approach of the Language Directorate is to resolve language matters directly or as close as possible to where they originate and not to allow them to escalate. Reporting can be done to the Ombudsman in Language Directorate via any of the NWU reporting channels or directly via e-mail to the Ombud. Reported matters are investigated, resolved and reported on.	*There were no matters that were escalated to official language Ombud complaints, although a number of queries were resolved, mostly by informing the party(ies) concerned of the objectives and implementation of the NWU's functionally multilingual language plan.* *Most notable of these was an enquiry from the National Public Prosecutor regarding aspects of the NWU language policy, which were responded to.*
• Sexual harassment	The NWU is committed to creating 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 2019.	*No sexual harassment matters were referred to the ombudsperson during the course of 2018.*
Establishment of Social and Ethics Council Committee	The purpose of this council committee is to oversee the university's performance against the ethical and social responsibilities as contained in the King IV Code. *(For the mandate of the committee, refer to page 101.)*	*The committee would meet for the first time in May 2019*

10.9.3 Matters reported by employees or the public by way of reporting boxes

In line with the Policy on the Reporting of Maladministration and Irregularities and the Protection of Disclosure, a number of reports were received via the reporting boxes.

For six of these reports, an official case was opened in each instance for further investigation by Internal Audit. This compares to six cases opened in 2017 after reports of alleged irregularities. The others were received via internal requests and/or referrals.

Ongoing investigations

Internal Audit plays an important role in the ongoing investigation of suspected irregularities. The following table summarises the status of investigations over the past two years.

Period when reported	Current status	Number
2017	Completed	8
	In progress	22
2018	Completed	5
	In progress	23

Fraud

The following table provides a brief overview of the status of investigations that Internal Audit handed over to prosecuting authorities after verification of facts in 2017 and 2018.

Handed over to SAPS	Description/type	Amount / estimate
2017	Personal expenditure / misrepresentation of invoices	R43 218
2018	Misappropriation of funds	R655 959
2018	Personal expenditure / misrepresentation of invoices	R498 833

Fraud awareness

In line with the Anti-Fraud Strategy of the University, various anti-fraud awareness sessions were held in 2018 on all three campuses. Participants included management, support staff and academics.

In addition, a fraud awareness session was held in October 2018 in support of Fraud Awareness Week. A new email channel for reporting fraud, report-fraud@nwu.ac.za, has been implemented.

10.9.4 Compliance with laws and regulations

10.9.4.1 The work of the Compliance Committee

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 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.

Council committees are continuously apprised of the outcomes of a self-assessment process that the university conducts to assess perceived compliance with applicable legislation.

The Compliance Committee (a subcommittee of the University Management Committee) coordinates and reports on all compliance activities. The University Management Committee then submits reports to the Audit, Risk and Compliance Committee whose duty it is to report accordingly to Council.

The Annual Performance Plan supports the goal of effective compliance.

The NWU has further refined compliance monitoring. The streamlining process started in 2014 with a compliance audit and advice obtained on the desirability of making formal provision for a staff member assigned to monitor compliance at an ongoing basis.

During 2017, a compliance assessment was conducted. This included determining compliance with selected legislation, and submitting a report on the findings to the Compliance Committee and the Audit, Risk and Compliance Committee. Compliance to the following pieces of legislation was self-assessed:

- National Student Financial Aid Scheme Act

- Employment Equity Act

- Intellectual Property Rights from Publicly Financed Research and Development Act

- Broad-Based Black Economic Empowerment Act

- Higher Education Act

- National Health Act

- Electronic Communications and Transactions Act

Exclaim Compliance software was purchased and is being used for compliance assessment and monitoring. A compliance policy for the NWU was drafted and tabled at the Compliance Committee for input.

The Compliance Committee further dealt with:
- Conflict of interest declarations
- Refinement of the NWU regulatory universe
- Contract management
- Copyright compliance
- Policy review process
- Monitoring of ex officio Commissioners of Oaths
- Promotion of Access to Information (PAIA) reporting
- Compliance self-assessments and monitoring planning for 2019

10.9.4.2 Promotion of Access to Information Act requests

The NWU subscribes fully to the Promotion of Access to Information Act (PAIA).

The information manual was updated for the 14th time in January 2018 and copies were sent to the South African Human Rights Commission (SAHRC).

As per the Act, the manual is available in three languages (English, Afrikaans and Setswana) and published on an NWU web page dedicated to providing information about the promotion of access to information and the protection of personal Information (http://www.nwu.ac.za/access-to-information-act).

The compulsory section 32 report was also delivered to the SAHRC.

The report covered the period April 2017 to April 2018, during which 96 requests were received and 82 granted in full. Nine requests were refused in full, and in all nine instances of refusal, this decision was based on section 63, concerning mandatory protection of a third party that it is a natural person.

10.9.5 Integrated assurance

A Combined Assurance Forum (CAF) has existed at the university since 2012 and has aligned its functioning with King IV.

It does so by providing an adequate and effective control environment and ensuring the integrity of reports for better decision-making, while also establishing an assurance model that ensures the combination, coordination and alignment of assurance activities across the lines of assurance. The CAF provides assurance along the following five 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)
Third line	Internal assurance providers that provide objective assurance (Internal Audit)
Fourth line	External assurance providers (external audit, statutory bodies, etc.)
Fifth line	ARCC, Council

In line with the above, a combined assurance model is implemented, with reporting from the various assurance providers. The intention is to manage and limit the risk exposure of the university, and to provide assurance.

CAF assists the Audit, Risk and Compliance Committee to fulfil its responsibility in giving assurance to the Council. Specifically, it provides assurance that the university's risk management, risk control and governance processes are adequately addressed.

CAF also contributes to optimising the risk assurance coverage obtained from the various assurance providers, namely management and specialised functions within the university, as well as Internal Audit and external assurance providers (such as external audit function and statutory bodies).

Quote

It is of the utmost importance to appoint individuals in governance bodies who are properly equipped and that ethical values and good corporate governance principles remain core aspects of how these bodies conduct their business.

11 Report of the Institutional Forum

Together with Council, the Institutional Forum serves as custodian of good governance and by advising and assisting Council, we help to safeguard stakeholder-value creation.

For instance, we advise Council on the implementation of the Higher Education Act and national higher education policy, and assist this structure in developing an institutional culture of tolerance and respect for human rights. We also help promote an environment where effective teaching-learning and research can flourish.

Specific matters on which we usually advise 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.

During 2018 the following matters received our attention.

11.1 National legislation and policy

The Institutional Forum discussed and gave input on the draft Higher Education Gender-based Violence Policy and Strategy Framework of the Department of Higher Education and Training (DHET).

We resolved that the NWU should have a policy on gender-based violence and that the executive director for student life should initiate the policy development process by requesting the University Management Committee (UMC) to launch a joint project between Student Life and People and Culture. Experts will be co-opted for input in this process.

We also noted that the DHET requires biannual reports on transformation from higher education institutions in the country.

Such a report was drafted by the executive director for student life, together with the UMC, and served at the Transformation Oversight Committee. After Council had approved the report, the registrar submitted it to the Minister of Higher Education and Training.

11.2 Advice on senior appointments

The Institutional Forum (as a whole or represented by some of our individual members) advised on the appointment of three institutional management members.

They are Prof L du Plessis (vice-principal for 2019), Dr Mala Singh (executive director for people and culture) and Prof D Balia (deputy vice-chancellor assigned functions and campus operations for the Potchefstroom Campus).

We also advised the selection panels constituted to consider the appointment of executive deans and deputy executive deans of seven NWU faculties, whose appointment was a key step in the implementation of our strategy.

The following appointments were then made:

Faculty of Education
- Executive Dean: Prof L Conley
- Deputy Dean: Research and Innovation: Prof W Dudu
- Deputy Dean: Teaching and Learning: Prof H Van Vuuren

Faculty of Humanities
- Executive Dean: Prof MC Mashige (resigned) appointed: Prof P Maseko
- Deputy Dean: Teaching and Learning: Prof M Chaka
- Deputy Dean: Community Engagement and Stakeholder Relations: Dr NA Tshidzumba

Faculty of Health Sciences
- Deputy Dean: Strategy and Business Development: Dr AKL Robinson
- Deputy Dean: Teaching and Learning: Prof M Temane
- Deputy Dean: Research and Innovation: Prof J du Plessis

Faculty of Law
- Executive Dean: Prof SPLR De la Harpe
- Deputy Dean: Quality Assurance and Stakeholder Relations: Dr NL Morei

Faculty of Natural and Agricultural Sciences
- Deputy Dean: Community Engagement: Prof TR Medupe
- Deputy Dean: Research and Innovation: Prof D Modise
- Deputy Dean: Teaching and Learning: Prof H Drummond

Faculty of Economic and Management Sciences
- Executive Dean: Prof S Swanepoel
- Deputy Dean: Research and Innovation: Prof N Moroke

Faculty of Engineering
- Executive Dean: Prof L van Dyk

11.3 Institutional culture and transformation

Given the importance of ongoing transformation in higher education, this matter was high on our agenda and we contributed in various ways towards successfully implementing it at the NWU.

Reviewing policies on transformation

We received a list of reviewed policies about transformation that had to be finalised by November 2018, and we gave input on those relevant to our mandate.

We took note that Council approved the new Code of Conduct for Council and Council committee members on 28 March 2018, and that the review of the Code of Ethics was still under way.

Human rights matters

The NWU Human Rights Committee dealt with five reported cases: three possible instances of racism, one of cyber-bullying and one of sexual harassment.

We discussed human rights activities and the establishment of an ombud function, and proposed involving Corporate Communication in this project. Human rights awareness projects will form part of the 2019 Registration and Orientation Programme.

The forum noted various human rights programmes established during 2018 in collaboration with external stakeholders. We suggested that the same concept be included in the induction programme for new staff members.

Registration and orientation was successful

The registrar and the executive director for student life coordinated the Registration and Orientation Programme.

The 2018 first-year orientation programme was successfully implemented, followed by a feedback workshop that reflected on issues raised.

After serving at the UMC on 10 October 2018, a progress report on the 2019 Registration and Orientation Programme was distributed to our members for input and awareness via a round robin process.

Transformation and equity

We took note of a report from the August 2017 meeting of the Universities South Africa (USAF) Transformation Managers Forum (TMF), concerning transformation campaigns.

We proposed that one campaign should be selected and that our standing committee for transformation should drive it.

In September 2018, some of our members attended the USAF colloquium with the theme: "Social Cohesion & Transformation in SA HEIs: Collective Reflections". They took particular note of the general sentiment that higher education institutions had to be strict in the implementation of human rights and specifically gender-based matters.

The forum considered the option of establishing a transformation office at the NWU, but agreed with the sentiments of the UMC that this is not the way to manage transformation at the university.

Instead, transformation would be monitored by the UMC, the vice-chancellor and the Council. It was stated that there should be consequences for managers who did not meet transformation targets and that we should advise the university on how to reach national transformation targets.

We noted that that discussion on employment equity matters was in process and feedback would be provided.

The impact of the new BBBEE verification codes on the higher education sector was also still under discussion.

After the BBBEE Certificate had been presented at the forum's workshop in August, we informed Council and the UMC about our concerns with the progress made and with our advisory involvement. Furthermore, we asked for a plan of action for the way forward and requested that the various stakeholders be included in the discussion and process.

11.4 Climate and culture – staff and students

R5 million was allocated from strategic funds for projects emanating from the results of the NWU culture and climate survey. We discussed the improvement plan on student life culture and climate, which Council approved on 21 June 2018.

We received a presentation from People and Culture on the staff climate improvement plan and noted that the implementation of the Employment Equity Plan had caused anxiety and uncertainty among some staff. We suggested a remedial process to improve on aspects such as leadership, atmosphere and diversity. People and Culture will liaise with the Business School to develop leadership programmes and improve change management processes.

Another matter that we took note of was that the DHET provided 80% of the funds needed for the recruitment of new-generation academics, but the university had to guarantee the remainder.

11.5 Composition of the Institutional Forum

In accordance with the NWU Statute (par 24(2)), an Executive Committee was elected at our first meeting, consisting of: Dr AA le Roux (chairperson), Mr F Nkoana (deputy chairperson) and Ms J Pires-Putter (secretary).

The Institutional Forum may have up to 25 members representing a broad range of stakeholder constituencies. The following table lists these constituencies, together with their representatives as at December 2018 and earlier in 2018.

Constituency	Members: December 2018	Subconstituency	Earlier in 2018
Council	Father PD Dinkebogile	NWU	
University Management Committee	Mr Clement Manoko	NWU	
Senate	Dr V Montshiwa	Mafikeng Campus	Vacant
	Dr R Hobyane	Potchefstroom Campus	Vacant
	Vacant	Vaal Triangle Campus	Prof WCJ Grobler
Academic staff	Dr MA Molefi	Mafikeng Campus	
	Mr BCO Manyapeelo	Potchefstroom Campus	
	Prof JP Fouche	Vaal Triangle Campus	Vacant
Recognised union	Ms J Pires-Putter	SAPTU	
	Ms O Murray	SAPTU	
	Vacant	Awaiting recognition of an additional union	
	Vacant	Awaiting recognition of an additional union	
Support staff	Mr B Schouwstra	NWU	Mr L Kruger

	Mr F Nkoana	NWU	
	Dr AA le Roux	NWU	
Campus student Representative Councils – CSRCs	Mr Leo Maphosa	Mafikeng CSRC	Mr B Mahlangu
	Mr T Seepamore	Mafikeng CSRC	Vacant
	Ms C Joubert	Potchefstroom CSRC	Mr D Craffert
	Mr H Schoeman-Struwig	Potchefstroom CSRC	Mr PH White
	Mr L Nene	Vaal Triangle CSRC	Mr T Hadebe
	Ms D Zondi	Vaal Triangle CSRC	Ms L Mpharoane
NWU Convocation	Adv M Kruger	NWU	Vacant
	Mr A Sorgdrager	NWU	
Special expertise	Prof L Lalendle	Executive Director: Student Life: NWU	Vacant
	Prof E du Plessis	NWU	Mr A Scheppel

11.6 Meeting dates in 2018

In 2018 the Institutional Forum convened on 23 February, 7 May, 17 August, and 8 October.

After hosting a workshop on 16 August 2018, we decided to present the workshop annually, coinciding with the third meeting of each year.

DR BERTUS LE ROUX
CHAIRPERSON OF THE INSTITUTIONAL FORUM

12 Incentivising for achievement

We regard our human capital – and specifically our staff – as one of our greatest assets. Without motivated, high-performing employees, we cannot realise our strategy and create value for ourselves and our stakeholders.

One way of motivating our staff to perform is to offer them attractive incentives and in that way create value for them too. Through fair and sustainable incentivisation, we create a compelling employee value proposition for attracting and retaining high-calibre talent.

We create an environment that motivates and reinforces superior performance and use an integrated performance management approach in acknowledging superior organisational, team and individual performance.

12.1 Remuneration mix

We follow a holistic employee-value proposition approach to maintain competitiveness in the higher education environment. To attract and retain scarce and critical skills, we use an appropriate remuneration mix (variable and fixed elements) which includes monetary and non-monetary rewards. We also align all the components of remuneration to our strategy, business-specific value drivers and the NWU values.

When it comes to guaranteed pay, we have an annual benchmarking process to ensure continued competitiveness. An employee contribution of 7,5%, along with their choice of employer contribution, makes up the total contribution to the pension fund. (Employees may choose between an employer contribution of 12%, 15%, 17, 5% or 20%.)

We use variable pay to monitor and encourage performance, employing instruments such as performance bonuses and individual remuneration reviews and various other value-adding allowances.

12.2 Remuneration governance and management

The NWU Council executes its oversight function for remuneration through the Remuneration Committee. This committee remains aware of how the income differentials affect fair and responsible remuneration, and that it is a priority in positioning our university as a value-adding institution for employees, as well as other stakeholders.

On the remuneration management side, we developed principles to implement the outcome of the job alignment process that was concluded in 2017.

In addition, we are constantly moving towards parity to achieve equal pay for equal value. In 2018 we made sure that all identified positions were aligned across the university.

The following table depicts the outcome of the job alignment emanating from the restructuring.

12.3 Job alignment outcome
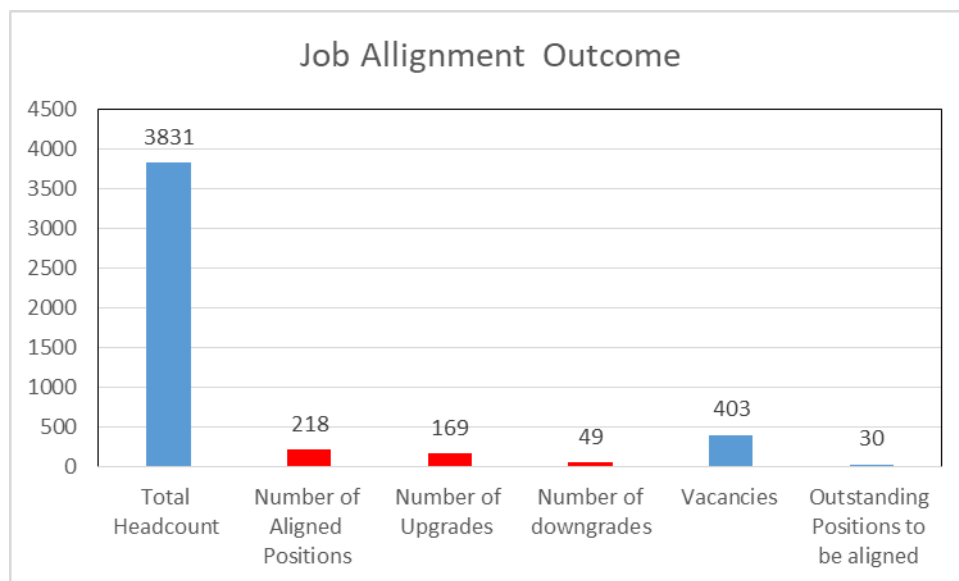
We also revised the principles for individual remuneration reviews, prioritising scarce and critical skills. In an effort to sustain value and ensure a high-performing organisation, we optimised the performance bonus process.

Management approved an across-the-board increase of 6,6% in the annual cost of living (COLA), with an additional 0,2% once-off cash component.

The Remuneration Committee of Council approved a draft Remuneration Philosophy, which will further guide our incentivising initiatives and make it clear how we should position ourselves to attract key talent.

12.4 Executive contracts

In line with our Statute, Council drives a process to appoint our senior office bearers, namely the vice-chancellor, deputy vice-chancellors, the registrar, executive directors and deputy vice-chancellors for assignable functions and campus operations.

The following appointments were made in 2018:

Position	Appointment date	Incumbent	Reason for vacancy
Executive Director: People and Culture	1 October 2018	Dr Mala Singh	Previous incumbent resigned
Deputy Vice-Chancellor Assigned Functions and Potchefstroom Campus Operations	1 January 2019	Prof Daryl Balia	Previous incumbent retired

12.5 Current year incentives: University Management Committee

Annualised Gross Remuneration to University Management (excludes exceptional payments - exceeding an annual aggregate R249 999)

Name	Office held	Basic salary R'000	Employment benefits R'000	Other payments / allowances R'000	Total costs to NWU 2018 R'000	Total costs to NWU 2017 R'000
Prof ND Kgwadi	Vice-Chancellor and Principal	2 792	306	433	3 532	3 562
Prof JJ Janse van Rensburg	Vice-Principal and Deputy Vice-Chancellor: Campus Operations (Potchefstroom)	2 232	26	206	2 463	2 670
Prof MM Verhoef	Registrar	1 865	305	251	2 421	2 443
Ms E de Beer	Executive Director: Finances and Facilities	1 916	238	230	2 384	2 419
Prof LA du Plessis	Deputy Vice-Chancellor: Planning and Campus Operations (Vaal Triangle)	1 846	254	202	2 302	2 237
Mr KJ Oagile *	Executive Director: People and Culture	1 604	295	323	2 223	2 079
Prof RJ Balfour #	Deputy Vice-Chancellor: Teaching and Learning	1 611	316	282	2 208	2 274
Prof ME Phaswana-Mafuya #	Deputy Vice-Chancellor: Research and Innovation	1 816	192	105	2 113	1 913
Prof BMP Setlalentoa	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	1 657	184	252	2 094	0
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1 477	173	285	1 935	1 850
Dr V Singh *	Executive Director: People and Culture	1 532	275	86	1 893	0
Prof LL Lalendle #	Executive Director: Student Life	1 364	159	349	1 871	1 959
Prof F van Niekerk #	Deputy Vice-Chancellor: Research and Innovation	0	0	0	0	2 515
Prof MJ Oosthuizen #	Deputy Vice-Chancellor: Teaching and Learning	0	0	0	0	2 348
Prof M Davhana-Maselesele #	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	0	0	0	0	2 329
Total		21 712	2 723	3 004	27 439	30 598

* Management member not in service for full year - 2018. Remuneration annualised.

\# Management member not in service for full year - 2017. Remuneration annualised.

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

12.6 External members' fees

External members of Council, Council committees and other statutory bodies receive an honorarium as a token of our gratitude for their time and efforts. The honorarium, paid in August and December, is linked to our annual cost of living adjustment (COLA) process and approved by Council's Executive Committee.

Members received the following honoraria for each meeting they attended:

Council member	R3 090
Council committee chairpersons	R3 890
Council chairperson	R5 700

12.7 Honoraria payments (gross remuneration to Council members) in 2018

Title	August 2018	December 2018
Prof AL Combrink	R15 450	R 6 180
Mr S de Bruyn	R15 450	R18 540
Rev DP Dinkebogile	R24 720	R24 720
Mr DA Foster	R 7 780	R -
Mr XV Hadebe	R7 540	R -
Mr W Human	R18 540	R12 360
Mr TC Kgomo	R15 450	R30 210
Mr I Klynsmith	R28 610	R31 700
Mr AM Mashilo	R19 340	R -
Mr S Mohapi	R19 210	R7 780
Mr OE Mongale	R15 450	R10 870
Mr A Redelinghuis	R32 500	R24 030
Mr LE Seliane	R19 210	R7 780
Mr MSJ Thabethe	R27 810	R22 430
Dr JG Tshifularo	R54 130	R -
Dr BM Tyobeka	R62 700	R91 200
Dr K van der Walt	R7 780	R3 890
Mr LN Zibi	R47 260	R41 770
Mr CS Mabe	R -	R17 850
Mr C Mulder	R -	R12 360
Ms T Semane	R -	R6 180
Mr A Sorgdrager*	R -	R -
Mr F Strydom*	R -	R -

* Mr Sorgdrager and Mr Strydom did not claim honoraria.

Organisational culture

Organisational culture is a key strategic imperative for the NWU and a vital enabler in supporting its strategy to transform and position the university as a unitary institution of superior academic excellence, with a commitment to social justice.

An organisational culture survey commenced in 2018 to gain insights into the extent to which staff and students are aligned with the NWU's vision of a welcoming, inclusive and enabling culture, as well as to identify areas for enhancement and serve as a tool to promote the "NWU Way".

It is envisaged that through this process, which will continue in 2019, the behaviour of staff and students will be congruent with our commitment to social justice and an ethic of care.

12.8 Council statement on conflict management

"The NWU believes in a culture that fosters healthy and productive relations and a spirit of collegiality among individuals in the workplace.

We also extend this relationship to the recognised bargaining union, SAPTU. Continuous bilateral engagements and consultative meetings are held to encourage open communication and create a platform where conflict can be addressed. We schedule regular meetings with NEHAWU to ensure that the voice of their constituency is heard.

Staff are encouraged to follow the dispute resolution mechanism of the university as set out in the behavioural manual, or to raise their issues directly at the Employee Relations and Wellness Directorate."

Statement approval obtained from NWU Council on 20 June 2019.

12.9 Council statement on worker and student participation

"The NWU and a recognised union address employee issues of mutual interest through a forum established for this purpose.

We also have ongoing consultative forums for all employees and a non-recognised union which has a reasonable presence. These structures build labour peace and a healthy employee/employer environment, and play a critical role in ongoing improvement of employer/employee relations. Key decisions about matters that affect employees are communicated to the university community via the vice-chancellor's office."

Statement approval obtained from NWU Council on 20 June 2019.

13 Annexures to the report

13.1 Annexure 1 – Performance Assessment

2018 PERFORMANCE ASSESMENT REPORT

Performance vs Targets

The following performance indicators link to the relevant goals in the Annual Performance Plan.

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

	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018
1	Contact student success rate	86%	85%[1]	85%
	We maintain an excellent pass rate and reached our target. Our future commitment in the enrolment plan is to maintain this pass rate.			
2	Contact undergraduate, graduation duration factor	1.15	1.2[2]	1.13
	The target (upper limit) for the Qualification Duration Factor is 1.2 and any number below that indicates that the graduates completed their qualifications in a shorter time period, which is better than expected. Exceeding our performance in this target can be attributed to enhanced strategies for student support, early identification of at-risk students and improved NSFAS funding with provision for books and accommodation.			
3	International student enrolment	5.15%	5.86%[3]	4.27%
	The drastic drop in distance enrolments, which includes our largest component of Foreign students, had a detrimental impact on the percentage of foreign students. This drop in distance students can be attributed to the phasing out of distance programmes in Education.			
4	Headcount Enrolments	62558	71292	61212
	Our enrolment targets are set for a three-year cycle and we experienced a drop in our distance numbers due to the Advanced Certificate in Education, the NPDE and the B. Ed. Honours phasing out faster than anticipated and the approval of our new distance offering taking longer than expected.			
5	First-Time Entering Enrolments	11824	14298	12127
	There was an over-enrolment in contact first-time entering students. At the same time there was a drop in the first-time distance enrolments. The lack of approval of new distance offerings greatly hampered growth in distance first-time entrants and thus total first-time entrants. This did not affect the university negatively since our funding is based in FTE's not headcount enrolments.			
6	Graduates	16004	16235	15350

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[1] A deviation of 2% is allowed on either side of target for achievement of the KPI

[2] A deviation of 0.05 is allowed on either side of target for achievement of the KPI

[3] A deviation of 1% is allowed on either side of target for achievement of the KPI

We have not reached our graduates target due to a lower number of distance enrolments and graduates.				
7	Graduation Rate	25.6%	22.8%	25.1%
We have exceeded our target in terms of the graduation rate. This is mainly due to a lower total enrolment count while maintaining a high contact graduate count.				

Goal 2: Intensify research and innovation

	Relevant performance indicator	Actual 2016	Target 2017	Actual 2017[4]
8	Publications per permanent academic staff member	0.92	1.16[2]	0.86
The restructuring process took additional commitment for academic staff, whilst affording us the opportunity to strategically reposition the academic environment to reach our strategy. Our focus has also moved from purely quantity to quality and high impact journals.				
9	Weighted research output	2609.64	2682[1]	2605.507
We delivered a record number of 235 Doctorates in 2017 resulting in a good weighted research output. Unfortunately low article equivalents caused the NWU to not reach the target.				

Goal 4: Develop a clearly differentiated student value proposition

	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018
10	Student: Academic Staff FTE ratio	31.51 : 1	26.4 : 1[5]	32.22 : 1
The over enrolment in contact students which led to a marked increase in enrolled FTE's caused an increase in this ratio. Our ratio is also influenced by the fact that contact and distance students are included in the calculation of the ratio.				
	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018
11	First time entrant dropout rate for contact degrees (as on 24 May 2019)	11.11%	Below 15%	9%
This sharp improvement is due to the availability of funding for returning students, therefore they are not dropping out due to financial reasons.				

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[4] 2017 final approved research publication units are reported as the approved 2018 publications are only received from the DHET later in in this year

[5] A deviation of 3 is allowed on either side of target for achievement of the KPI

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

	Relevant performance indicator	Actual 2017		Target 2018		Actual 2018	
12	Student mix: NWU Contact & Distance; All Campuses	African (%)	66.3%	African (%)	62%	African (%)	65%
		Coloured (%)	4.5%	Coloured (%)	6%	Coloured (%)	5%
		Indian (%)	1%	Indian (%)	1%	Indian (%)	1%
		White (%)	28.3%	White (%)	32%	White (%)	29%
		Female (%)	65.9%	Female (%)	69%	Female (%)	65%
		Male	34.1%	Male	31%	Male	35%
	Due to the increase in NSFAS funding as well as better funding for private accommodation and the accreditation of private accommodation, our student profile deviates from the original submitted and approved enrolment plan.						
	Relevant performance indicator	Actual 2017		Target 2018		Actual 2018	
13	Staff mix	African (%)	39.6%	African (%)	33.6%	African (%)	35.9%
		Coloured (%)	4%	Coloured (%)	6.3%	Coloured (%)	6.3%
		Indian (%)	1.2%	Indian (%)	1.3%	Indian (%)	1.3%
		White (%)	55.2%	White (%)	57%	White (%)	56.5%
		Female (%)	57.9%	Female (%)	56.5%	Female (%)	56.8%
		Male	42.1%	Male	43.5%	Male	43.2%
	Our recruitment strategy paid off and we made positive progress in attracting professional and academic staff from designated groups						
14	Permanent academic staff with PhDs	52.38%		58%[1]		52.04%	
	A stretch target was set for staff members with PhD and we have not achieved the target as yet. The challenge of the university is twofold: to support staff members to improve their qualifications and then to retain those staff members in a very competitive environment.						

13.2 Annexure 2 – DHET information

CHECK LIST – NWU ANNUAL REPORTAS COMPARED TO THE STIPULATIONS OF THE REPORTING REGULATIONS (REGULATION GAZETTE, NO 10209, 9 JUNE 2014)

Requirements of the RR in regard of the format and content of the Annual Report	*Substantiation in 2018 AR/notes*
Alignment should be apparent between the institution's strategic plan, APP, AR, budget and mid-term performance report	*Section 8 and 9*
The APP to be the basis of the AR	*Section 8*
Annual Report to reflect the following: 1 Info on performance of institution for preceding year to be signed by council chair and VC	*RR Impl Manual 7(a) to be signed by council chair and VC* *See section 9 (signatures on p 59 of current draft)*
1 Must have a performance report in which the work of the univ as reflected in APP and the extent to which APP had been realised, are contained; as well as the extent to which the institution believes it has met objectives and goals contained in the strategic plan	*RR Impl Manual 7(a) to be signed by council chair and VC* *Yes – section 9*
2 Must include in the chairperson of council report the following:	*See chair of council report in section 11*
2 CC Council chair report assessing the performance and degree of progress iro objectives that were pursued by strat plan for the year under review, done in a way that gives due account to economic, social and environmental aspects. Also not confining itself to past issues	*RR Impl Manual 7(b) Council chair* *Section 11*
2 CC Effective ethical leadership and corporate citizenship	*RR4* *RR Impl Manual 7(b) Council chair* *Yes – 11.9.2*
2 CC Statement of council on IT in the report of the IT Governance Committee	*RR Impl Manual 7(b) Council chair* *YES – 11.4.8*
2 CC Compliance with laws, codes, standards	*RR Impl Manual 7(b) –Council chair* *Yes - 11.9.4*
2 CC Remuneration of externally elected council members	*RR Impl Manual 7(b) Council chair* *Yes – 13.4*
2 CC Statement of council on sustainability	*RR Impl Manual 7(b) Council chair* *Yes – 11.8.1*
2 CC Statement on going concern	*RR Impl Manual 7(b) Council chair*

			Yes – 11.4.3
2	CC	Statement on financial controls outside financial statements	*RR Impl Manual 7(b) Council chair* *YES – 11.4.4*
2	CC	Financial control inadequacies considered material (individually or in combination with others) that resulted in actual financial loss, incl fraud and material losses	*RR Impl Manual 7(b) Council chair* *Yes – 11.9.3*
2	CC	Statement of financial health and viability	*RR Impl Manual 7(b) Council chair* *Yes – 11.4.5*
2	CC	Campus development; infrastructure development, facilities, major capital works events, student support, ODL, working with industry	*RR Impl Manual 7(b) Council chair* *Infrastructure development /development, major capital works – Yes 9.5* *Student support – Yes in VC report (4.8); in 'value chain' 3.3.6 and 3.4.2-3.4.6; in 'our human capital' 9.2.2; 'Transformation:6.6.* *ODL – 'Value chain – 3.4.3; Intellectual capital – 9.1.14* *Working with industry – Stakeholders' interest – 5.2 (p19+20)*
2	CC	Statement on risk management (how council has dealt with the matter, council taking responsibility for RM and making a statement on the effectiveness of the process; also how it came to making the statement in an objective and independent way. Disclosing that a reporting system is in place to monitor changes in the risk profile of the university and gaining assurance that RM is effective)	*RR Impl Manual 7(b) Council chair* *Yes – 11.4.13*
2	CC	In respect of all council committees, that these are chaired by external independent members, with needed expertise and skills. Also reference to important matters dealt with by the relevant committees that affected the institution – also possible unresolved matters. Summaries of attendance of members to these committee meetings to be included.	*RR Impl Manual 7(b) Council chair* *Yes – 11.7 (see text box) and 11.7.1-11.7.4*
2	CC	Statement on borrowings	*RR Impl Manual 7(b) Council chair* *Yes – 9.5.8*
2	CC	Statement on tenders	*RR Impl Manual 7(b) Council chair* *Yes – 11.47*
2		(Statement) Report of council on transformation	*RR Impl Manual 7(b) Council chair* *Yes – section 6 – report* *YES – 11.4.9- statement*
2	CC	Statement on contracts management, SLAs, monitoring of suppliers' performance	*RR Impl Manual 7(b) Council chair* *Yes – 11.4.10*

2	CC	Statement of workplace ethics	*RR Impl Manual 7(b) Council chair* *Yes – 11.9.4*
2	CC	Report of council on governance of risk[6]	*RR Impl Manual 7(b) Council chair* *RR Impl Manual 7(i)* *Yes – section 7* *Report on risk and opportunity management in* *Report to be signed by officer/committee with designated* *risk responsibility and the chair of that committee*
2	CC	PAIA requests	*RR Impl Manual 7(b)* *Yes – 11.9.4.2*
2	CC	Statement on penalties, sanctions, fines	*RR Impl Manual 7(b) Council chair* *Yes – 11.4.11*
2	CC	Events	*RR Impl Manual 7(b) Council chair* *Yes – 11.1.2*
2	CC	Significant changes that took place	*RR Impl Manual 7(b) Council chair* *Yes – 11.2*

3	Governance statement	Statement of council on governance	*RR Impl Manual 7(c) to be approved by council* *Yes – 11.1*
3	Governance statement	Council and council committees (incl statement that role of chairperson is distinct from that of VC; length of tenure of council chairperson); appraisal Also council attendance register	*RR Impl Manual 7(c)(i) to be approved by council* *Yes – 11.4-11.4* *RR Impl Manual 7(4)(c)(ii)* *Yes council attendance register – Appendix*
3	Governance statement	Remuneration committee to explain remuneration philosophy and how implemented; reference to any ex gratia payments/disclosure of performance evaluation, and bonuses paid; and a note to the finance report that reflects disclosure of executive remuneration	*RR Impl Manual 7(c)(i) to be approved by council* *Yes 11.7.3 and section 13*
3	Governance statement	Finance committee	*RR Impl Manual 7(c)(i) to be approved by council* *Yes – 11.7.2*
3	Governance statement	Planning and resources committee – NWU has assets committee	*RR Impl Manual 7(C)(i) to be approved by council* *Yes – part of 11.7.2*

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[6] Check compliance to these requirements and make sure that all elements are included

3	Governance statement	Council membership committee – Exco is the Council membership committee	*RR Impl Manual 7(c)(i) <u>to be approved by council</u>* *Yes. 11.7.5*
3	Governance statement	Audit committee and Risk committee - NWU has ARCC	*RR Impl Manual 7(c)(i) <u>to be approved by council</u>* *Yes – 11.7.1*
3	Governance statement	IT Governance committee	*RR Impl Manual 7(c)(i)* *YES – 11.7.4*
3	Governance statement	Statement on conflict management	*RR Impl Manual 7(c)(ii) -<u>to be approved by council</u>* *Yes – 11.4.1*
3	Governance statement	Statement on worker and student participation	*RR Impl Manual 7(c)(iii) <u>to be approved by council</u>* *Yes – 11.4.2*
3	Governance statement	Statement on workplace ethics	*RR Impl Manual 7(d)(iv) <u>to be approved by council</u>* *Yes – 11.9.1*
4	Sustainability statement	Statement on sustainability	*RR Impl Manual 7(d)* *Yes – 11.8.1*
5	Senate report	Report of Senate to Council	*RR Impl Manual 7(e) – <u>to be signed by VC</u>* *Yes = section 3*
5.	Senate report	Changes in academic structures	*RR Impl Manual 7(e) – <u>to be signed by VC</u>* *YES – 3.*
5.	Senate report	Composition of senate	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes – Appendix*
5.	Senate report	Significant developments and achievements iro TL & R	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes – 3.4.1*
5.	Senate report	Composition and size of student body	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes – 3.3.1*
5.	Senate report	TL - Outputs– limitations on access to certain courses; levels of academic progress in different disciplines and levels of study; awards and achievements; outputs produced	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes –3.5.2*
5.	Senate report	Research outputs – summaries of various programmes; awards; funding; outputs produced	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes – 3.5.4*
5.	Senate report	Access to financial aid – (for students and researchers)	*RR Impl Manual 7(e) <u>senate report to be signed by VC</u>* *Yes – 3.3.4*
6	IF report	Report of IF to council (activities as per statute; all instances of advice sought from IF; composition of IF; number of meetings)	*RR Impl Manual 7(f) – <u>IF report to be signed by IF chair</u>* *Yes –Section 12*

7	VC report on M/A	Report of VC on management and administration	*RR Impl Manual 7(g)- <u>to be signed by VC</u>* *Yes - section 44*
7	VC report on M/A	Principal <u>achievements</u> measured <u>in relation to plans, goals, objectives</u>	*RR Impl Manual 7(g)- <u>to be signed by VC</u>* *Yes – 4.1*
7	VC report on M/A	<u>Managerial and administrative aspects of the operations</u> of the university, incl new appointments at senior level	*RR Impl Manual 7(g)- <u>to be signed by VC</u>* *Yes – 4.3*
7	VC report on M/A	Achievement of admin structures and resources – re personnel and systems – to be assessed ito realistic expectations (Including diversity management; HR matters; adequacy of staffing, quality of information.	*RR Impl Manual 7(g)- <u>to be signed by VC</u>* *Yes – 4.4 and onwards*
7	VC report on M/A	Extra-curricular activities; changing patterns iro the provision for academic courses	*RR7(g)- <u>to be signed by VC</u>* *Section 4.9*
7	VC report on M/A	Statement on self-assessment of the achievement of the VC in attaining the objectives for the period under review, with detailed summary of realised achievements (or self-evaluation) to be included.	*RR Impl Manual 7(g)- <u>to be signed by VC</u>* *YES – 4.10*
8	Report on internal admin/operat structures and controls	Internal audit report (Statement to be signed: *The ARCC reviewed the report on internal administrative/operational structures and controls in the year under review at its meeting held _____, which meeting quorated, and the documentation for approval by the committee was circulated with the meeting agenda in advance with due notice"*	*RR Impl Manual 7(h)-<u>to be signed by ARCC chair and IA director</u>* *Yes –7.8*
9	Report on risk exposure assessment and the management thereof	Report of council on risk (exposure) assessment and management of risk, incl statement of risk management, reporting system iro risks, that univ risk management measures are effective.	*RR Impl Manual 7(b)* *RR7(i)* *Yes – 7.5* *<u>Report to be signed by officer/committee with designated risk responsibility and the chair of that committee</u>*
10	Annual financial review	Report by Chair of finance committee and CFO	*RR Impl Manual 7(j) – <u>report to be signed by chair if Fin Comm and CFO</u>* *Yes – section 10*
10	Annual financial review	To provide an overview of budget process and how resource allocation was done; how strat goals were supported and how operational sustainability is to be ensured	*RR Impl Manual 7(j) – <u>report to be signed by chair if Fin Comm and CFO</u>* *Yes – 10.1 and brief mention in 11.7.1.2*

10	Annual financial review	Indicate inclusivity of stakeholders – also attending to budgetary control mechanisms in maintaining financial discipline	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO*
10	Annual financial review	Address salient features in statements re financial condition of institution and how primary strategic drivers were attended to. Intelligent comments needed. Statement needed distinguishing between financial consequences of the use of assets representing restricted and unrestricted funds.	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO* *Yes – 10.3*
10	Annual financial review	Report to focus on operational finance – thus excluding non-current items or dramatic movements in investments (although latter matters could be mentioned, the focus should be on operations)	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO* *Yes – 10*
10	Annual financial review	To be viewed as a thorough financial analysis of the institution, using all data in financial statements, and any other financial records	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO* *Yes – 10*
10	Annual financial review	Indicate access to financial aid and the provision thereof; incl financial aid by external bodies	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO* Yes – 3.3.4
10	Annual financial review	Indicate changes in tuition fees	*RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO* *Yes – 10.3*
11	Audit Comm report	Report of the Audit Committee	*RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair* *Yes -11.7.1*
11	Audit Comm report	Report indicative that the ARCC has satisfied itself with the expertise, resources, experience of the inst. finance function. Results of the review to be disclosed	*RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair* *11.7.1*
11	Audit Comm report	ARCC to report internally to Council re its statutory duties, and duties assigned to it by Council	*RR7(k)- to be signed by chair of ARCC and council chair* *Yes -11.7.1*
11	Audit Comm report	ARCC to report on its statutory duties: how it was carried out; whether ARCC is satisfied with independence of external auditor; committee's view on financial statements and the accounting practices; whether internal controls are effective; and on the internal audit function	*RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair* *11.7.1*
11	Audit Comm report	ARCC to provide a summary of its role and details of its composition, number of meetings and activities	*RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair* *Yes -11.7.1.1; 15.1.2 and 15.1.5*
11	Audit Comm report	ARCC to recommend the integrated report to Council for approval	*RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair*

			No - wait for ARCC meeting, 5 June 2019
12	Transformation report	Policies that promote transformation in HE and their effectiveness and impact	*RR Impl Manual 7(I) – report to be signed by VC and council chair* Yes – section 6 various paragraphs
12	Transformation report	Report to indicate initiatives that seek to assist people from historically disadvantaged backgrounds, women, people with disabilities.	*RR Impl Manual 7(I) – report to be signed by VC and council chair* Yes – various sub-paragraphs in 6.
12	Transformation report	Transformation iro TL and R activities	*RR Impl Manual 7(I) – report to be signed by VC and council chair* YES – 6.1
13		Report of the independent auditor	*Still to be made room for in index*

14		Other info and supplementary financial data (verified by indep auditor); copies of approved minutes of each council meeting with agendas and attendance registers	*To be added separately in CD to DHET*
15	Dept may arrange for a visit to institution to discuss AR, if necessary		
16	Three hard copies to be submitted by 30 June as well as electronic copy		

Summary of stipulations of RR in regard to core capabilities of structures/functionaries

Responsibilities of Council reflected as follows in the council report	
To provide effective leadership based on ethics	
To ensure that this HEI is a responsible corporate citizen	
To ensure that this HEI's ethics are managed effectively	
To act as the focal point for and custodian of governance	
To understand that strategy, risk, performance and sustainability are inseparable	
To ensure that the ARCC is effective and independent	
To be responsible for risk governance and to ensure an effective risk-based internal audit function; to report on the institution's system of internal controls	
To be responsible for IT governance	
To comply and to ensure compliance with the laws	
To appreciate that stakeholders' perceptions affect the reputation of the HEI	

To ensure the integrity of the HEI's integrated report	
To act in the best interest of the HEI	

Responsibilities of the Vice-Chancellor, through the executive team reflected as follows in management report	
To see to adequate measures that would ensure economy, efficiency, effectiveness and ethical behaviour in accordance with relevant legislation	
Amongst others, for planning, budgeting, authorisation, controls, evaluation of procurement and utilisation of resources	
Important to see to best practices for general and management purposes.	
Financial planning needs to be flexible and reporting to be flexible so that budgeting, allocation and employment of financial resources are to the best advantage of the institution.	
Simultaneously seeing to high quality iro primary activities of TL and R	

Council to ensure that these primary operations and management & administration functions are fully functional **Council remains responsible for governance and the exec management for effective management and administration** The annual report needs to show how and the extent to which these functions were executed.	

Financial reporting in the AR needs to comply with IFRS, though the form and presentation of the AR may be adapted to acknowledge the different purposes for which funds are held and used at the HEI.	

13.3 Annexure 3 – List of committee meetings

Committee	List of meetings	% attendance 2015	% attendance 2016	% attendance 2017	% attendance 2018	Self-evaluation undertaken
Council	28 March 2018 (ordinary meeting) 21 June 2018 (ordinary meeting) 27 September 2018 (ordinary meeting) 22 November 2018 (ordinary meeting)	91%	80%	80%	88%	✅
Council Executive Committee (Exco)	8 February 2018 (ordinary meeting) 10 May 2018 (ordinary meeting) 20 June 2018 (extraordinary meeting) 27 July 2018 (extraordinary meeting) 23 August 2018 (ordinary meeting) 27 September 2018 (extraordinary meeting) 22 October 2018 (ordinary meeting) 22 November 2018 (extraordinary meeting)	96%	91,8%	85%	92%	✅
Finance Committee	10 May 2018 (ordinary meeting) 5 November 2018 (ordinary meeting)	100%	55%	80%	64%	✅
Transformation Oversight Committee	15 May 2018 (ordinary meeting) 31 October 2018 (ordinary meeting)	71%	91,7%	67%	73%	✅
Student Oversight Committee	28 May 2018 (ordinary meeting) 17 October 2018 (ordinary meeting) 25 October 2018 (extraordinary meeting)	79%	86,7%	64%	70%	✅
People and Culture and Employment Equity Committee	16 May 2018 (ordinary meeting) 30 October 2018 (ordinary meeting)	82%	83,3%	67%	92%	✅
Tender Committee	3 May 2018 14 June 2018 14 August 2018 9 October 2018	63%	62,5%	71%	64%	✅

Committee	List of meetings	% attendance 2015	% attendance 2016	% attendance 2017	% attendance 2018	Self-evaluation undertaken
Honorary Awards Committee	17 October 2018 (ordinary meeting)	100%	60%	100%	100%	✅
Audit, Risk and Compliance Committee	6 March 2018 (ordinary meeting) 5 June 2018 (ordinary meeting) 2 August 2018 (ordinary meeting) 22 October 2018 (ordinary meeting)	80%	81,3%	75%	91%	✅
Remuneration Commitee	26 March 2018 (ordinary meeting) 5 June 2018 (ordinary meeting) 2 August 2018 (extraordinary meeting) 22 October 2018 (ordinary meeting) 21 November 2018 (ordinary meeting)	80%	81,8%	88%	89%	✅
Assets Committee	11 May 2018 (ordinary meeting) 16 October 2018 (ordinary meeting)	83%	100%	83%	88%	✅
Investments Committee	1 March 2018 (ordinary meeting) 8 May 2018 (ordinary meeting) 25 May 2018 (extraordinary meeting) 1 June 2018 (extraordinary meeting) 17 August 2018 (ordinary meeting) 7 September 2018 (extraordinary meeting)	69%	80%	67%	68%	✅
TI Governance Committee	5 May 2018 (ordinary meeting 1 November 2018 (ordinary meeting)	Not applicable	Not applicable	83%	62%	✅
Social and Ethics Committee	Newly established – to meet in 2019					

13.4 Annexure 4 – Composition of Senate

As at the October meeting of the committee:

Name	Reference to Statute and designation
Vice-Chancellor	(a)
1 Kgwadi, ND, Prof *(Chairperson)*	
Vice-Principal	(b)
2 Janse van Rensburg, JJ, Prof	
Deputy Vice-Chancellors	(c)
3 Balfour, RJ, Prof	Teaching-Learning
4 Du Plessis, L, Prof	Vaal Triangle Campus
5 Phaswana-Mafuya, RN, Prof	Research and Innovation
6 Setlalentoa, BM, Prof	Mafikeng Campus
Registrar	(d)
7 Verhoef, M, Prof	Registrar
Executive Directors	(e)
8 De Beer, E, Ms	Executive Director: Finance and Facilities
9 Manoko, C, Mr	Executive Director: Corporate Relations and Marketing
10 Singh, M, Dr	Executive Director: People and Culture
11 Lalendle, L, Prof	Executive Director: Student Life
Executive Deans	(f)
12 De la Harpe, S, Prof	Faculty of Law
13 Ebenso, E, Prof	Faculty of Natural and Agricultural Sciences
14 Van Dyk, L, Prof	Faculty of Engineering
15 Kotzé, AF, Prof	Faculty of Health Sciences
16 Balia, D, Prof	Faculty of Theology
17 Conley, L, Prof	Faculty of Education
18 De Lange, AM, Prof	Faculty of Humanities
19 Swanepoel, S, Prof	Faculty of Economic and Management Sciences
Deputy Deans	(g)
20 Chaka, M, Prof	Faculty of Humanities: Teaching and Learning
21 Coetzee-van Rooy, S, Prof	Faculty of Humanities: Research and Innovation
22 Drummond, H, Prof	Faculty of Natural and Agricultural Sciences: Teaching and Learning
23 Du Plessis, J, Prof	Faculty of Health Sciences: Research and Innovation
24 Dudu, W, Prof	Faculty of Education: Research and Innovation
25 Lombard, K, Prof (acting)	Faculty of Education: Community Engagement
26 Medupe, TR, Prof	Faculty of Natural and Agricultural Sciences Community Engagement
27 Modise, DM, Prof	Faculty of Natural and Agricultural Sciences: Research and Innovation
28 Morei, N, Dr	Faculty of Law: Quality Assurance and Stakeholder Relations
29 Moroke, N Prof	Faculty of Economic and Management Sciences: Community Engagement and Stakeholder Relations
30 Robinson, AKL, Prof	Faculty of Health Sciences: Strategy and Business Development
31 Surujlal, B, Prof	Faculty of Economic and Management Sciences: Research and Innovation
32 Tshidzumba, NA, Dr	Faculty of Humanities: Community Engagement and Stakeholder Relations
33 Van der Merwe, HJ, Prof	Faculty of Economic and Management Sciences: Teaching and Learning
34 Van Vuuren, H, Prof	Faculty of Education: Teaching and Learning
35 Temane, QM, Prof	Faculty of Health Sciences: Teaching and Learning
Academic staff elected by academic staff in the faculties	(h)
36 Krugell, W, Prof	Professor
37 Janse van Vuuren, H, Prof	Associate Professor
38 Montshiwa, VT, Dr	Senior Lecturer
39 Viviers, W, Prof	NRF-rated researcher

	Name	Reference to Statute and designation
40	Mentz, PJ, Prof	Professor
41	Van der Westhuizen, CP, Prof	Associate Professor
42	Nkhoma, P, Dr	Senior Lecturer
43	Mentz, E, Prof	NRF-rated researcher
44	Campbell, QP, Prof	Professor
45	Serfontein, DE, Prof	Associate Professor
46	Grobler, MJ, Dr	Senior Lecturer
47	Fosso-Kankeu, E, Prof	NRF-rated researcher
48	De Ridder, JH, Prof	Professor
49	Fouché, A, Prof	Associate Professor
50	Walker-Williams, H, Dr	Senior Lecturer
51	Legoabe, L, Prof	NRF-rated researcher
52	Van Eeden, E, Prof	Professor
53	Verhoef, AH, Prof	Associate Professor
54	Kotzé H, Dr	Senior Lecturer
55	Van Rooy, AJ, Prof	NRF-rated researcher
56	Carnelley, M, Prof	Professor
57	Mwanawina, I, Prof	Associate Professor
58	Rossouw, G, Mr	Senior Lecturer
59	Agbor, A, Prof	NRF-rated researcher
60	Viljoen, FP, Prof	Professor
61	Kruger, FP, Prof	Associate Professor
62	Yates, H, Dr	Senior Lecturer
63	Hobyane, RS, Dr	NRF-rated researcher
64	Wepener, V, Prof	Professor
65	Motadi, LR, Prof	Associate Professor
66	Lebopa, C, Dr	Senior Lecturer
67	Mawire, A, Prof	NRF-rated researcher
Two employees elected by the support employees		(i)
68	Le Roux, AA, Dr	Higher Degrees Admin and Ceremonies
69	Kunene, S, Dr	UCE: Business Development
Students designated by the SRC		(j)
70	Maphosa, L, Mr	SRC president
71	Thebe, G, Mr	SCC Mafikeng
72	d' Assonville, D, Ms	SCC Potchefstroom
73	Siziba, T, Mr	SCC Vaal Triangle
Chairperson of Council or delegate and one other council member elected by council		(k)
74	Zibi, LN, Mr	Designated member: Council
	Vacant	*Designated member: Council*
Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees		(l)
75	Erasmus, M, Ms	Faculty of Health Sciences
76	Lodewyk, R, Ms	Faculty of Economic and Management Sciences
77	Lembethe, N, Ms	Faculty of Humanities
78	Moshidi, E, Mr	Engineering
79	Petersen, N, Dr	Faculty of Education
80	Schoeman, M, Ms	Faculty of Law
81	Van Rooyen, ME, Ms	Faculty of Theology
	Vacant	*Faculty of Natural and Agricultural Sciences*

	Persons responsible for research, teaching-learning support, library services, quality enhancement, global engagement and IT services	13(2)
82	Jacobsz, J, Dr	Director: Quality Enhancement
83	Moyo, M, Dr	Chief Director: Library and Information Services
84	Pretorius, CE, Mr	Chief Director: Information Technology
85	Soobramoney, S, Dr	Director: Global Engagement
86	Meintjes, MPE, Ms (acting)	Director: Research Support
87	Van Vollenhoven, W, Prof	Chief Director: Academic Support

13.5 Annexure 5: Composition of the Finance Committee

As at the October meeting of the Finance Committee:

Name	Designation
Chairperson	
Mr C Mabe	External member of Council
Standing members	
Mr I Klynsmith	External member of Council
Dr BM Tyobeka	External member of Council and chairperson of Council
Ms T Semane	External member of Council
Mr OE Mongale	External member of Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In attendance	
Ms E de Beer	Executive Director: Finance and Facilities

13.6 Annexure 6: Composition of the Audit, Risk and Compliance Committee

As at the October meeting of the ARCC:

Name	Designation
Chairperson	
Mr A Redelinghuis	External member of Council
Standing members	
Mr S de Bruyn	External member of Council
Mr A Sorgdrager	External member of Council
Mr MJS Thabethe	External member of Council
Dr K van der Walt	Independent audit specialist
Prof M Verhoef (ex officio)	Registrar
In attendance	
Prof ND Kgwadi	Vice-Chancellor
Ms E de Beer	Executive Director: Finance and Facilities
Ms M van der Merwe	Director: Internal Audit
Mr A Dale, Mss F Bootha, Ms S Bootha	External Auditors: PwC
Ms A Venter	Representative: Auditor General

13.7 Annexure 7: Composition of the Remuneration Committee

As at the November meeting of the Remuneration Committee:

Name	Designation
Chairperson	
Mr C Mabe	External member and chairperson of the Finance Committee
Standing members	
Dr MB Tyobeka	External member and chairperson of Council
Fr D Dinkebogile	External member and chairperson of P&CEE
Mr A Redelinghuis	External member and chairperson of ARCC
Mr A Sorgdrager	External member of Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex-officio secretary)
In attendance	
Dr M Singh	Executive Director: People and Culture
Ms E de Beer	Executive Director: Finance and Facilities

13.8 Annexure 8: Composition of the Tender Committee

<u>Note</u>: *The Reporting Regulations for Public Higher Education Institutions stipulates that the Tender Committee adjudicated on significant tenders during the year under review, details of the Tender Committee's terms of reference, activities and membership must be disclosed.*

As at the October meeting of the Tender Committee:

Name	Designation
Chairperson	
Mr OE Mongale	External member: Auditor's firm
Standing members	
Mr S de Bruyn	External member: Council
VACANT	External member: Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In Attendance	
Ms E de Beer	Executive Director: Finance and Facilities

13.9 Annexure 9: Composition of the TI Governance Committee

As at the October meeting of the TI Governance Committee:

Name	Designation
Chairperson	
Mr MJS Thabethe	External Council member
Standing members	
Mr W Human	External Council member
Ms T Semane	External Council member

Name	Designation
Prof HJ van der Merwe	Internal Council member
Mr XV Hadebe	Independent external IT expert
VACANT	Independent external information expert
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In attendance	
Prof R Phaswana-Mafuya	Deputy Vice-Chancellor: Research and Innovation
Mr CE Pretorius	Chief Director: Information Technology
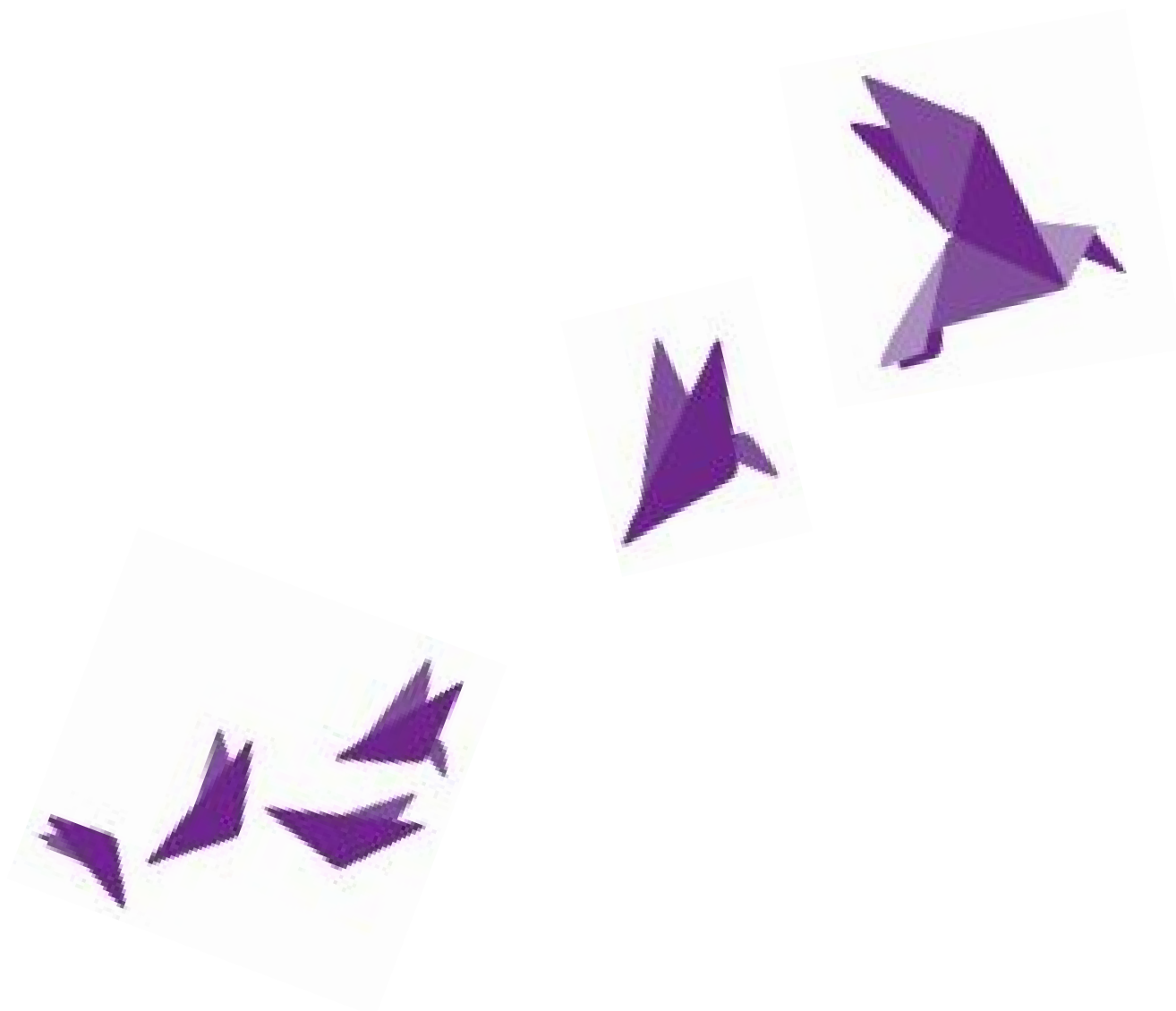
13.10 Annexure 11: Financial overview

ANNUAL FINANCIAL REVIEW 2018

REPORT OF THE CHAIRPERSON OF THE FINANCE COMMITTEE AND THE EXECUTIVE DIRECTOR: FINANCE AND FACILITIES

The purpose of this report is to present a summary of the financial results of the University for 2018 and to provide information regarding the following:
- Budgeting and budgetary control processes
- Overview of financial achievements

REVISED BUDGETING AND BUDGETARY CONTROL PROCESSES IN 2018

In the past, the NWU budget process was an interactive process where all levels of management took ownership and participated actively in compiling the budget for the next year, taking into account the trends of the past, risks and concerns, benchmarking, and future goals/plans. During 2016, management teams participated actively in the *NWU structure and operating model implementation project* and as a result thereof a revised process was approved for the compilation of the 2017 budget. The 2017 budget was compiled on a high strategic level, using the information in the APP and the 2016 budget as a basis.

Each year the interactive budget process begins in June and ends in November when Council approves the budget. As all the managers were not yet appointed in the new structure, an interactive process for 2018 would have been very challenging, taking into account that the newly appointed managers were still busy settling into their environments. Taking the above into account, a budget process similar to the previous year's process was proposed and approved by the Finance Committee, **namely to compile the 2018 budget on a high strategic level, taking into account the approved Annual Performance Plan and financial information of 2016 and 2017.**

To build on the benefits of an interactive budget process, a process to revise the 2017 and 2018 budgets was also approved. The aim of the process was to give the new management teams the opportunity to engage with their high-level budgets and to list potential risks/problems and additional budget needs in respect of growth and the restructuring process. This had the added benefit that a holistic view of the 2017 and 2018 budgets was possible, and also saved valuable time of the managers by having a parallel process.

Budget overview

A high-level budget approach was followed for the 2018 budget compilation. As the budget was shaped by the realistic prediction of income, translated to expenses that could be "afforded", the calculation of the key sources of revenue received intensive attention, taking into account all of the latest relevant information available. The 2017 budgeted expense ratios were used as the basis for the 2018 expense budget. The result of the income calculation gave an indication of the adjustment needed for the 2018 expense budget.

The budget control process did not change.

Budget control process

As performance agreements of all staff are linked to the Annual Performance Plan (APP), all the different levels of management remained 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 were monitored up to University Management level on a quarterly basis via the Management Statements that served at the University Management Committee (UMC), and also reported biannually to the Finance Committee of Council. For source of funds (SOF) 2, 3 and 5, only income actually received is allowed to be spent.
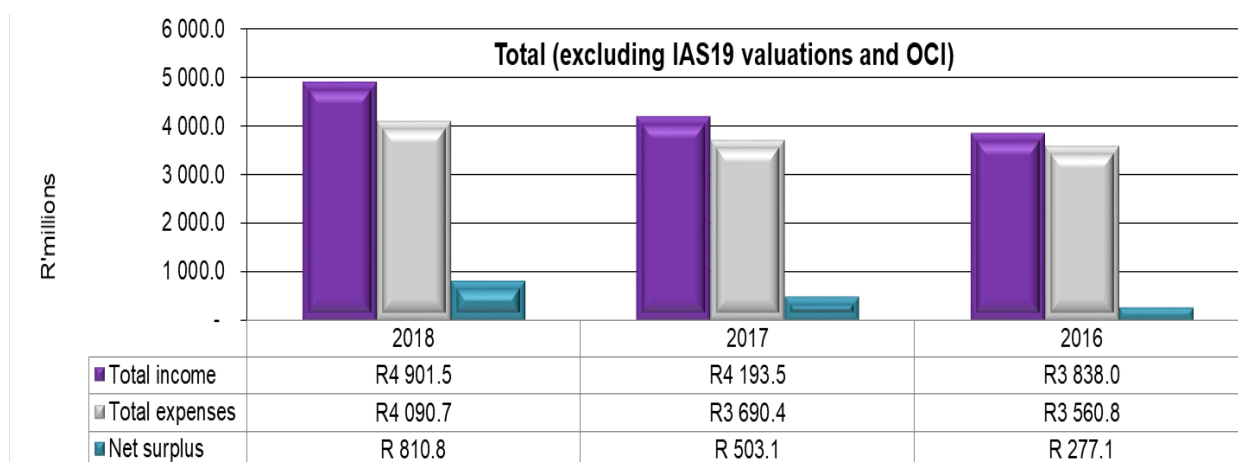
OVERVIEW OF FINANCIAL ACHIEVEMENTS

The financial review for the year ended 31 December 2018 is presented under the following headings:

- **Surplus and growth**

The total income of the University increased by 16,9% during 2018 to R4 901,5 million (2017: R4 193,5 million) and increased by 27,7% compared with 2016 (R3 838,0 million). Total expenditure of R4 090,7 million (excluding the effect of IAS19 valuations) increased by 10,9% for the 2018 financial year (2017: R3 690,4 million) and by 14,9% since 2016 (R3 560,8 million). The University's total surplus from operations (recurrent and non-recurrent) is therefore R810,8 million for 2018 (2017: R503,1 million and 2016: R277,1 million).

The impact of IAS19 valuations on expenses is a decrease of R20,3 million for 2018 (2017: R1,8 million increase), compared to the decrease of R3,9 million for 2016. The net surplus for 2018 as reflected in the consolidated statement of comprehensive income is R831,1 million (2017: R501,2 million and 2016: R281,0 million) and represents 17,0% of total income, compared to 12,0% for 2017 and only 7,3% for 2016, an increase of 9,7% during two financial years.

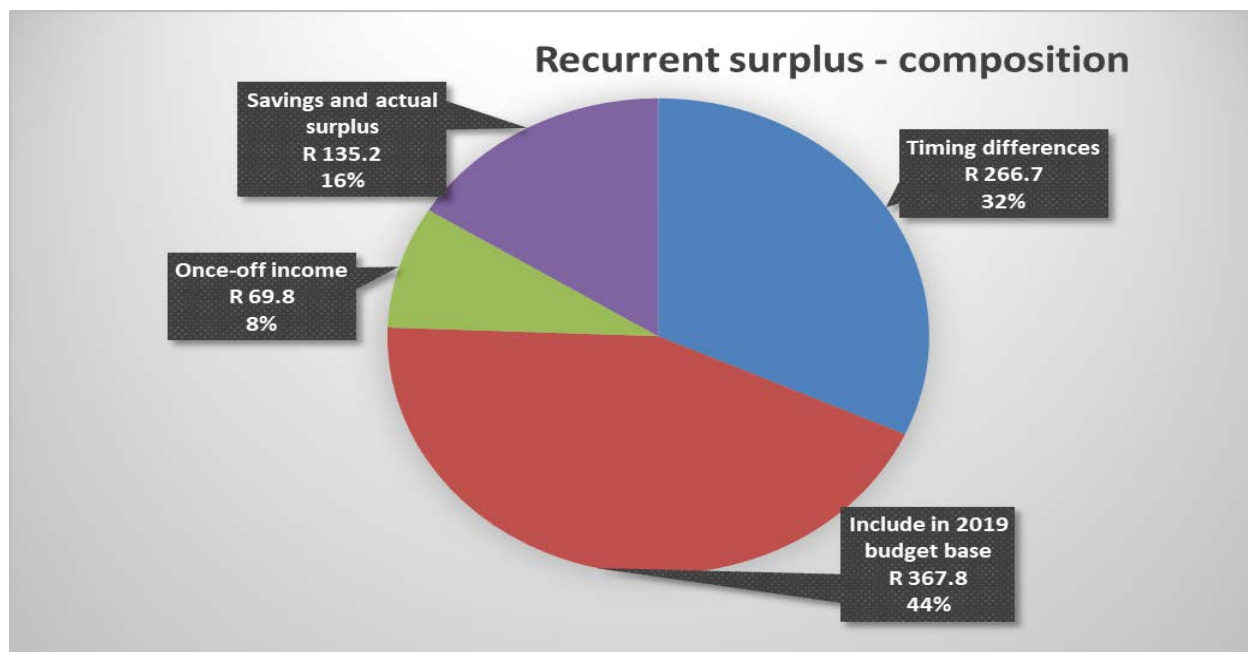|	2018	2017	2016
■ Total income	R4 901.5	R4 193.5	R3 838.0
■ Total expenses	R4 090.7	R3 690.4	R3 560.8
■ Net surplus	R 810.8	R 503.1	R 277.1

The total income of the University from recurrent activities increased by 16,9% to a total income of R4 900,3 million, while the total expenses from recurrent activities (excluding the effect of IAS19 valuations) increased by 10,0% to a total expenditure of R4 060,8 million for 2018. The surplus for the 2018 financial year from recurrent activities represents 17,1% (2017: 12,0% and 2016: 5,9%) of the total recurrent income.
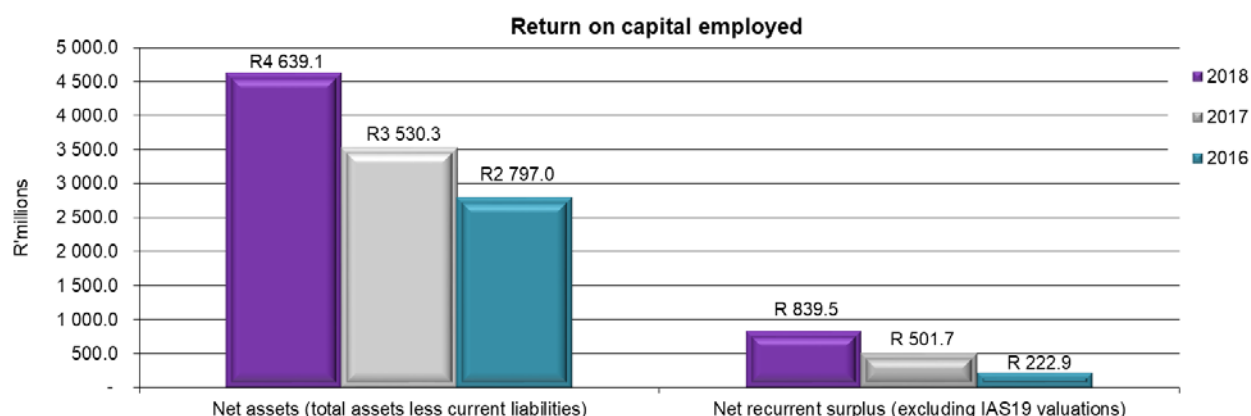
The increase in the surplus from recurrent activities can be attributed to a number of factors i.a.
- timing differences due to capital and macro-maintenance projects not completed during the year, which had to be postponed and carried over to 2019;
- strategic projects not fully executed due to the priority given to finalising the implementation of the NWU structure and operating model project;
- additional funding after the DHET revised block grant allocations in April 2018;
- additional NSFAS allocations which resulted in a higher number of enrolments;
- mandatory implementation of IFRS 9 – 'Financial Instruments', on 1 January 2018 which resulted in a change in accounting policy with a total impact of a decrease of about R40,0 million in the previous provision for doubtful debt (student and sundry debtors), which was replaced with a now expected credit loss (ECL) calculation;
- personnel remuneration savings on vacant positions, etc.

The recurrent surplus can be further analysed, taking future expectations and action into account. Surplus due to timing differences that was carried forward to 2019 amounted to R266,7 million. Items included in the 2018 surplus that were not budgeted for amounted to R367,8 million, giving rise to a once-off deviation. These items have been included in the base for the 2019 budget process. The impact of implementing the new IFRS standards together with other once-off income totalled R69,8 million and is not expected to recur in the next financial reporting period. Savings against allocated budget contributed R135,2 million towards the surplus for 2018.

Recurrent surplus - composition

- Savings and actual surplus R 135.2 16%
- Timing differences R 266.7 32%
- Once-off income R 69.8 8%
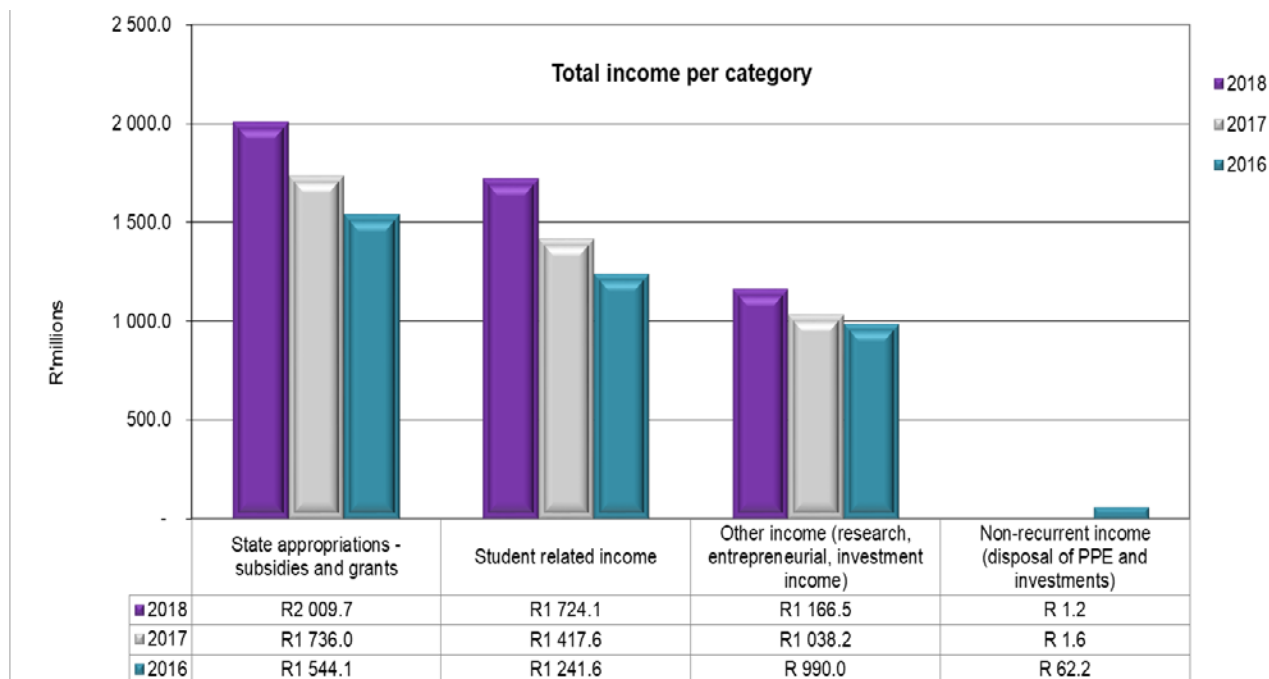- Include in 2019 budget base R 367.8 44%

The University's return from recurrent operating activities (excluding the effect of IAS19 valuations) on capital employed (total assets less current liabilities) increased to 18,1% (2017: 14,2%) and compares favourably to the 8,0% in 2016. This is mainly due to an increase in the recurrent surplus despite an increase of 31,4% in net assets.

Return on capital employed

	2018	2017	2016
Net assets (total assets less current liabilities)	R4 639.1	R3 530.3	R2 797.0
Net recurrent surplus (excluding IAS19 valuations)	R 839.5	R 501.7	R 222.9

Income from state appropriations (subsidies and grants) represents 41,0% of total income (2017: 41,4% and 2016: 40,1%), an increase of 15,8% from 2017 to 2018 – compared to the 12,4% increase received from 2016 to 2017. A significant portion of the increase can be attributed to the additional subsidy of R110,6 million received as per the revised Medium Term Expenditure Framework (MTEF) baseline allocations during April 2018. A no fee increase grant of R13,2 million was received and is also included. Total state subsidies comprise 38,1% block grant, 0,3% no fee increase grants relating to tuition fees and residence fees, 2,3% earmarked grants and 0,3% capital related subsidy. Earmarked grants in the amount of R50,1 million were deferred (2017: R35,3 million and 2016: R31,9 million).

Tuition fees increased by 8,0% for both 2017 and 2018, and by 0,0% as per the announcement by the Minister on 23 October 2015 for 2016. Student-related income was 21,6% higher than in 2017, mainly due to additional NSFAS funding that enabled a higher number of enrolments (2017: 14,1% and 2016: 6,0%). Additional gap funding of R87,6 million was received from the DHET to bridge the 8,0% fee increase for students qualifying to receive this funding. The total student-related income represents 35,1% of the total income (2017: 33,8% and 2016: 32,4%).

Other income represents 23,8% of total income (2017: 24,8% and 2016: 27,4%). This ratio includes non-current income, which may affect comparability depending on events and related amounts per year.

Total income per category

	State appropriations - subsidies and grants	Student related income	Other income (research, entrepreneurial, investment income)	Non-recurrent income (disposal of PPE and investments)
2018	R2 009.7	R1 724.1	R1 166.5	R 1.2
2017	R1 736.0	R1 417.6	R1 038.2	R 1.6
2016	R1 544.1	R1 241.6	R 990.0	R 62.2

Total expenditure (excluding IAS19 total adjustments) increased by 10,8% (2017: 3,6% and 2016: 6,6%).

Personnel remuneration (excluding IAS19 total adjustments) increased by 9,9% compared to 5,4% for 2017 (2016: 7,3%). The increase reflects a combination of the 6,6% COLA adjustment in April of 2018 and a once-off non-pensionable cash allowance of 0,2% that was paid at the end of August 2018. A number of vacancies were filled after the finalisation of the restructuring process. The total cost of personnel expenditure for 2018 decreased to 46,2% of total income (2017: 49,1% and 2016: 50,9%), mainly due to the increase in income and the impact of the IAS19 valuations.

The total effect of IAS19 valuations amounted to a R20,3 million decrease in staff expenses (recurrent and non-recurrent) for 2018 (2017: R1,8 million increase and 2016: R3,9 million decrease). IAS19 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. The expenses recognised during the year are not necessarily the amount of contribution due for the period and settlement may be years after the employees render the related service. As the University, in essence, underwrites the actuarial and investment risks associated with the employee benefit plans, accounting is complex. Considering all the actuarial assumptions that are used in the valuation, other influential factors and the sensitivity of the valuation to any change in these, the effect of IAS19 total adjustments is therefore excluded from the review. The amounts may vary significantly and the impact is not considered to be part of the University's normal operating activities.

Operating expenditure increased by 11,1% compared to 2017. During 2017 operating expenses increased by a mere 0,8% compared to 2016 (2016: 10,6%). Operating costs represent 33,8% of total income (2017: 35,6% and 2016: 38,6%), which is mainly due to the increase in income and therefore below the target set of 42%.

Expenses include an amount of R47,6 million (2017: R52,4 million and 2016: R37,8 million) written off as irrecoverable and doubtful student debt. IFRS 9 – 'Financial Instruments' introduced a new impairment model to calculate an expected credit loss (ECL) on financial assets. Applying this model to student debtors resulted in a decrease of R16,7 million in expected impairment compared to the previous impairment allowance for bad debt (2017: R51,1 million decrease and 2016: R23,4 million increase). The impact on sundry debtors was a decrease of R23,3 million in expected impairment. Student debtors-related expenditure therefore amounts to R30,9 million for the current year, compared to the R1,3 million for 2017 and R61,2 million for 2016. Student debt ratio (before impairment) is set to be less than 20,0% for the sector. The NWU has a ratio of 15,8% for 2018 (2017: 17,1% and 2016: 18,2%).

Other expenditure relating to depreciation and finance charges, also including non-recurrent expenditure, increased by 21,3% (2017: 9,1% increase and 2016: 30,3% decrease). Evaluating the new measurement

categories of IFRS 9 – 'Financial Instruments', the University has elected that equity instruments that were classified as available for sale (listed shares in public companies and unlisted shares that do not qualify as an investment in equity-accounted investees) and instruments that were classified as held-to-maturity (bonds) will be measured as debt instruments under IFRS 9 and will be accounted for as financial assets at fair value through profit or loss (FVPL). This change in accounting policy resulted in the adjustment in fair value of these instruments to be included in non-recurring items for 2018, thus having the effect of a total decrease of R26,6 million for 2018. This adjustment was previously done under other comprehensive income (OCI) in the statement of comprehensive income.

Owing to the impact of no increase in tuition fees for 2016, strict monitoring of income and expenses was implemented and tight budgetary controls resulted in a heightened awareness regarding savings. This awareness and behaviour carried through, resulting in positive contributions towards the University's available reserves. As mentioned above, a portion of the savings can be attributed to timing differences and will result in a spending against reserves in 2019.
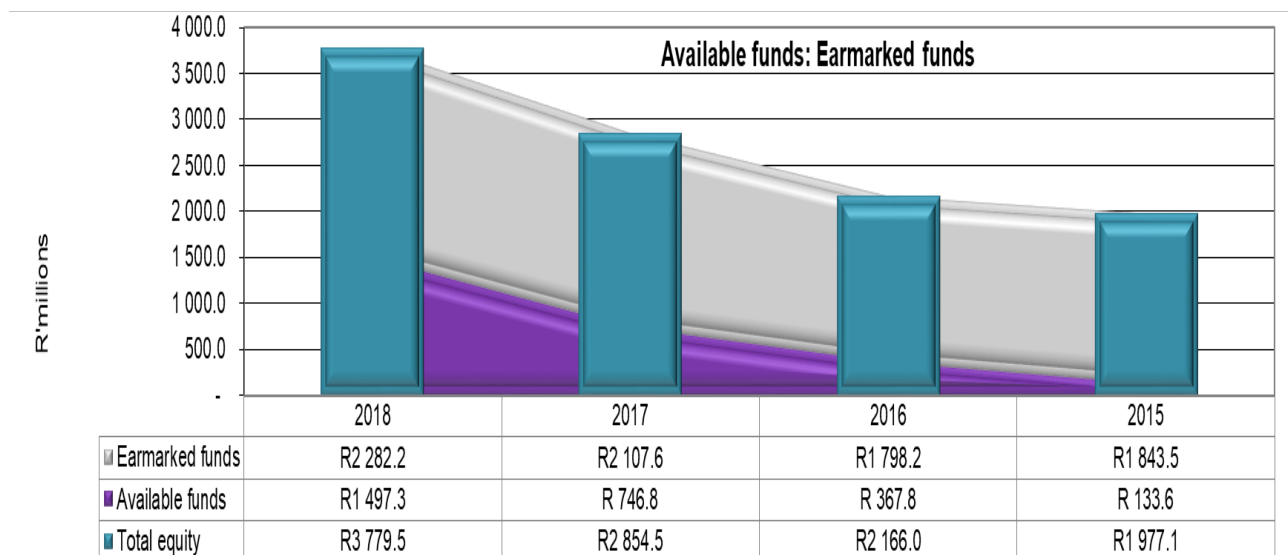

Total expenses per category (excluding total IAS19 adjustments)
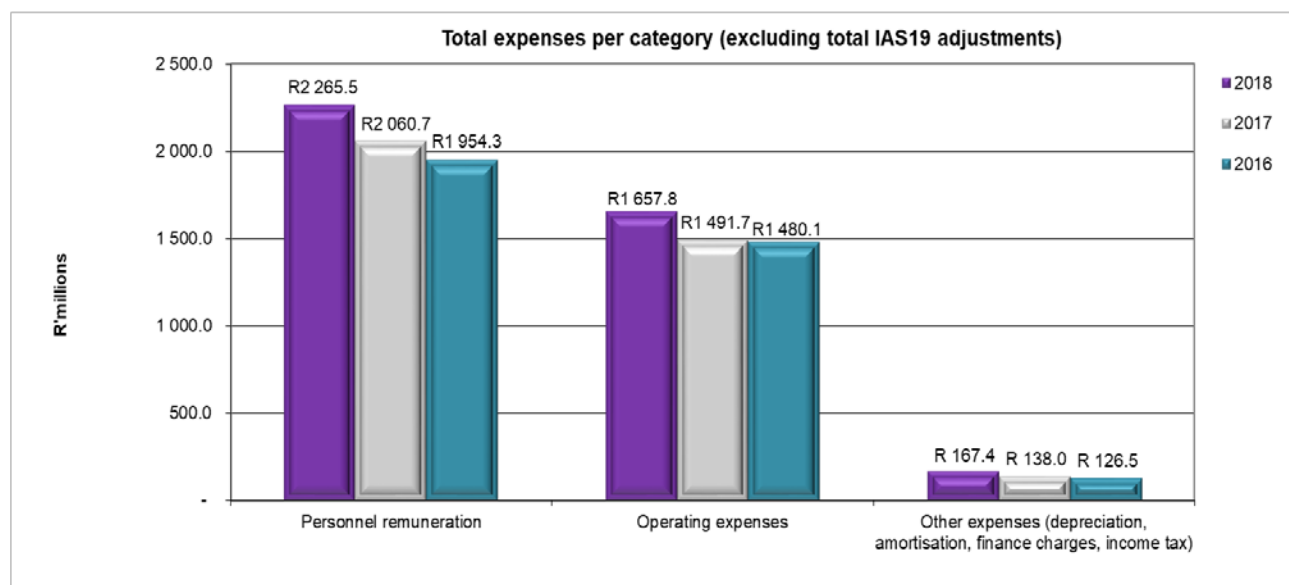
- **Equity**

The University's equity increased by 32,4% in the 2018 financial year (2017: 31,8% and 2016: 9,5%), mainly due to the higher than targeted surplus, and an increase of R32,2 million in the net asset value of employee benefits (pension fund and disability reserve fund) at 31 December 2018 – as per external actuarial valuation in terms of IAS19 (2017: R140,8 million increase and 2016: R106,8 million decrease). The unrealised fair value adjustment reserve decreased though by 19,1% during 2018, compared to the increase of 37,1% for 2017. Investment in property, plant and equipment also contributed R58,1 million to the higher percentage.

The available funds increased to 39,6% of total equity (2017: 26,2% and 2016: 17,0%), mainly due to the surplus of 17,0%, which is above the target of 3% to 6% on recurrent activities. The University retroactively adopted and applied the new rules of IRFS 9 - 'Financial Instruments' and IFRS 15 – 'Revenue from contracts with customers' from 1 January 2018, with the practical expedients permitted under these standards. Comparatives for 2017 have therefore not been restated. The cumulative impact was recognised directly in retained earnings and resulted in an increase of R75,4 million in available equity. Some infrastructure and other projects commenced late in 2018 and will only be completed in 2019 – thus spending against carried-forward 2018 available reserves will take place during 2019.

The sustainability ratio of equity over total expenditure for the year is 0,92 for 2018 (2017: 0,77 and 2016: 0,61). The trend, as well as the vast improvement in council-controlled reserves (which increased from R133,6 million in 2015 to R1 500,4 million in 2018), is indicative of the commitment of the NWU to achieving the DHET norm of 1,0.
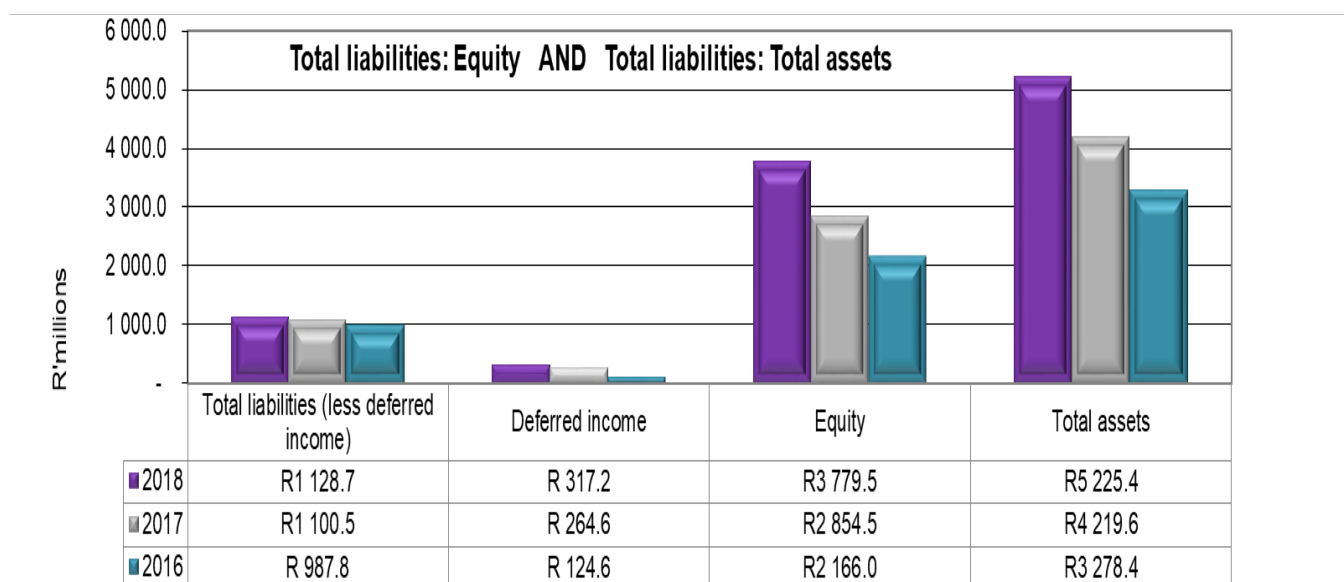
	2018	2017	2016	2015
▣ Earmarked funds	R2 282.2	R2 107.6	R1 798.2	R1 843.5
▣ Available funds	R1 497.3	R 746.8	R 367.8	R 133.6
▣ Total equity	R3 779.5	R2 854.5	R2 166.0	R1 977.1

- **Solvability**

The total liabilities (R1 445,9 million) at year end for 2018 expressed over total equity (R3 779,5 million) means the University's ratio of debt to equity is 0,38 (2017: 0,48 and 2016: 0,51). This is the result of an increase of 32,4% in equity (2017: 31,8% and 2016: 9,5%) for the reasons explained above, and an increase of 5,9% in total liabilities (2017: 22,7% increase and 2016: 8,3% decrease). The amount of R317,2 million (including accumulated interest) relating to the previous as well as the new cycle infrastructure grants, is included in total liabilities under deferred income.

The total liabilities expressed over total assets indicate an improved ratio of 0,28 for the year (2017: 0,32 and 2016: 0,34). Thus total liabilities are covered 3,61 times by total assets (2017: 3,09 and 2016: 2,95 times). Solvency ratios continue to indicate clearly that the University is solvent and able to meet both its long-term and its short-term obligations.

	Total liabilities (less deferred income)	Deferred income	Equity	Total assets
▣ 2018	R1 128.7	R 317.2	R3 779.5	R5 225.4
▣ 2017	R1 100.5	R 264.6	R2 854.5	R4 219.6
▣ 2016	R 987.8	R 124.6	R2 166.0	R3 278.4

- **Liquidity**

The working capital ratio indicates that the current liabilities are covered 0,98 times by the current assets (2017: 0,92 times and 2016: 1,04 times). If the analysis is expressed in rand value, the current assets (excluding current portion of investments) decreased by R57,7 million for the 2018 financial year, whilst current liabilities for the same period decreased by R102,9 million. Current assets decreased mainly due to transfers to long-term investments whereby cash and cash equivalents decreased by R148,1 million. The working capital ratio increased compared to 2017 mainly due to the decrease of R81,5 million in the current portion of deferred income (R87,0 million or 14,8% of total current liabilities) relating to infrastructure grants. For 2017 this portion of deferred income represented 24,4% (R168,5 million) of total current liabilities.
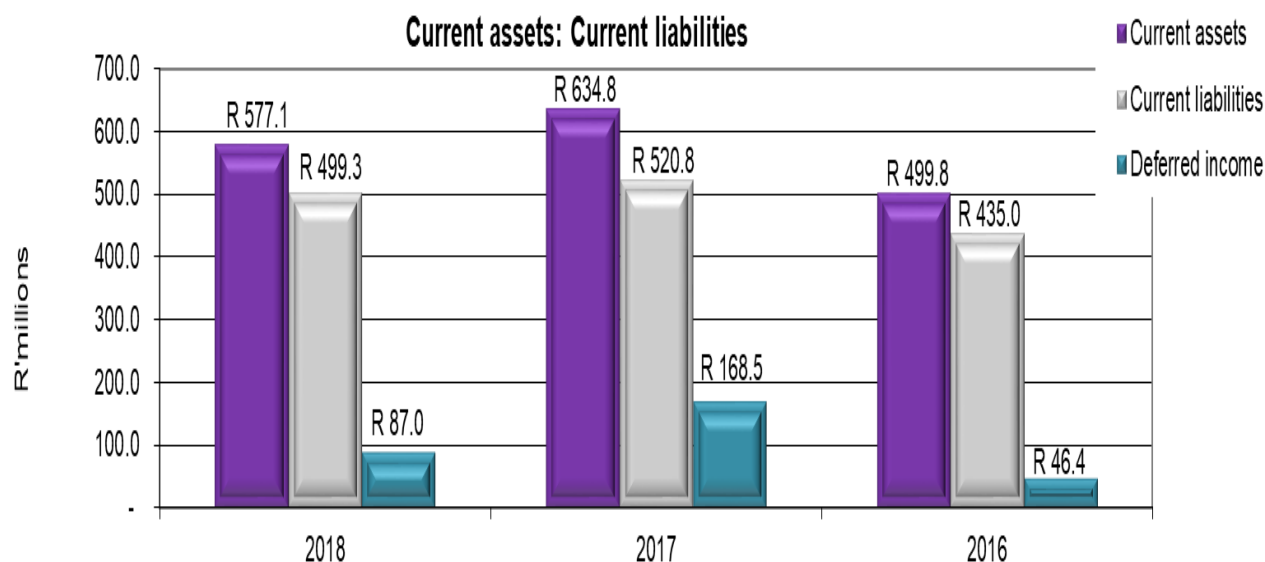
The net value of working capital, investments and total liabilities for 2018 improved to R1 944,9 million (2017: R1 100,3 million and 2016: R732,5million), representing an increase of 165,5% from 2016 to 2018.

	2018	2017	2016
	Rmillion	Rmillion	Rmillion
Investments	2 813,8	1 830,6	1 345,1
Current assets	577,1	634,8	499,8
Total liabilities	(1 446,0)	(1 365,1)	(1 112,4)
Net investments, current assets and total liabilities	1 944,9	1 100,3	732,5
Capital commitments (infrastructure)	(128,2)	(65,8)	(67,1)
Net cash after capital commitments	1 816,7	1 034,5	665,4

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.

- **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 represent 18,5% of total funds employed (2017: 19,1% and 2016: 22,6%). This ratio decreased, as equity increased by a large margin, borrowing commitments decreased and infrastructure grant amounts expected to be utilised in 2019 are transferred to current liabilities.

Non-current liabilities: Non-current liabilties + equity
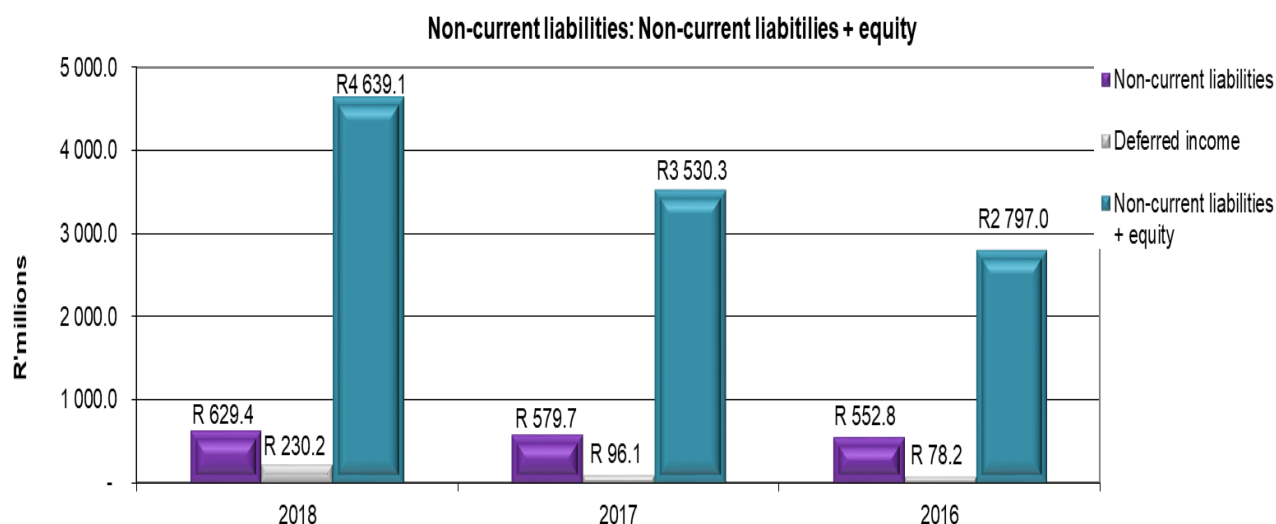
- **Cash flow**

The University generated a surplus of R810,8 million for the 2018 financial year (2017: R503,1 million and 2016: R277,1 million), excluding total IAS19 adjustments, and the net cash flow amount generated from operating activities was R782,2 million (2017: R582,6 million and 2016: R271,2 million). The total net cash flow decreased by R148,2 million in 2018, taking into account i.a. R217,5 million net investment income, transfers of cash and cash equivalents to longer term investments (R1 011,5 million), investment in property, plant and equipment (R179,5 million) and a R52,6 million increase in deferred grant income. For the 2017 financial year the net cash flow increased by R105,6 million and for 2016 by R75,0 million.

The University manages and plans cash flow needs with great caution, and effective decision-making resulted in the University currently being in a viable cash-flow situation, with reference to total cash and cash equivalents and investments. Although 81,5% of the money market's investment portfolio has maturity dates during 2019 and is shown as part of current assets, the nature and purpose of these investments are long-term, focusing on investments with a period 12 months and longer to optimise returns. Funds are reinvested as they become available on maturity, taking cash flow needs into consideration.
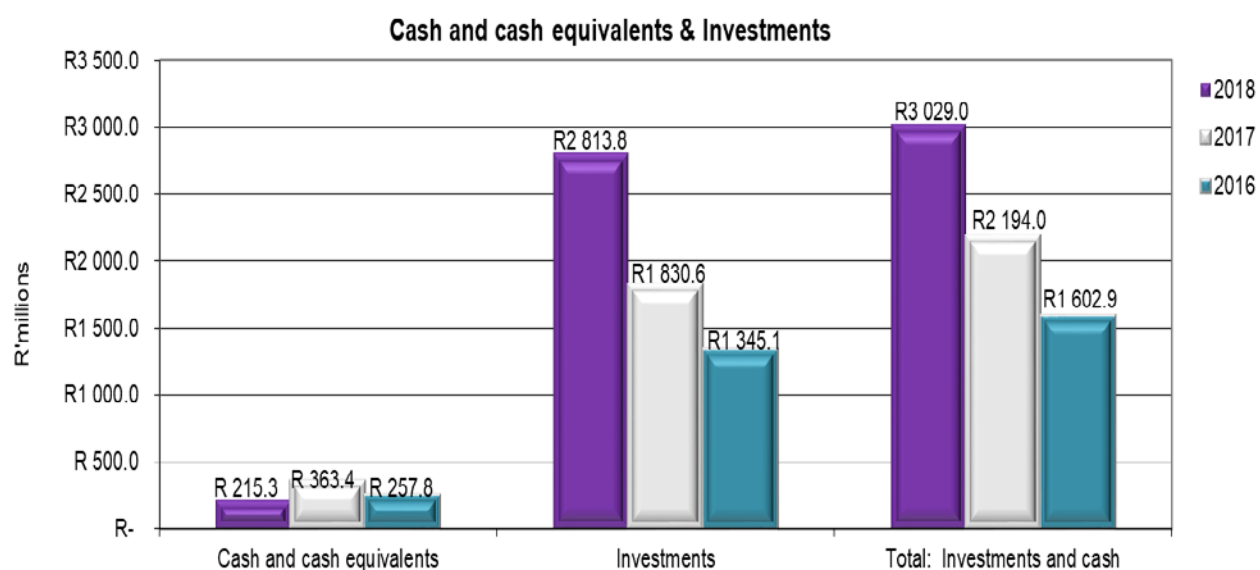
- **Conclusion**

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, and was able to achieve its financial goals. In this regard the following can be highlighted:
- NWU still provides affordable higher education.
- 15 350 students received degrees and diplomas during 2019.
- The University stays committed to support and enhance academic performance and awarded bursaries in the amount of R206,5 million from own funds to students.
- The cash flow investment in property, plant and equipment amounts to R179,5 million (2017: R321,0 million and 2016: R164,9 million), which is mainly attributable to DHET infrastructure and efficiency funding. (Not all projects have been completed, resulting in macro-maintenance to be carried forward to 2019). Total assets increased by 23,8% (2017: 28,7% and 2016: 9,1%).
- The increase in the available reserves to 39,7% of total equity from a very low base at the end of 2015 (although some spending against this reserve is to be expected as explained above).
- Maintaining a sound solvency position and optimal liquidity levels during the 2018 financial year to ensure that the NWU remains a going concern.

Council and Management are jointly committed to managing the NWU in such a way that the sound financial position will be sustained in 2019. It needs to be pointed out that our two largest sources of income, namely state subsidy and tuition fee-related income totalling 76,1% of turnover (2017: 75,2% and 2016: 72,5%), increased during 2018 – emphasising our dependence on these income stream one funds. Income stream three revenue decreases year on year as a percentage of total income, putting pressure on the viability of the University. The University is further pressured by the wide-spread difficult and weak South African economy and conditions.

The biggest challenge for NWU and the Higher Education Sector as a whole remains the accommodation of 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 CS MABE
Chairperson: Finance Committee

MS E DE BEER
Executive Director: Finance and Facilities

13.11 Annexure 12: Consolidated Financial Statements as at 31 December 2018

Refer to a separate document for the consolidated financial statements distributed alongside the Integrated Annual Report.

13.12 Annexure 13 – Minimum norms and standards for student housing

In accordance with the national policy on minimum norms and standards for student housing at public universities, the NWU is required to report on its compliance with these norms and standards in its integrated annual report.

This section outlines compliance with staffing level requirements, the location of student residences, health and safety, governance of student residences and student discipline, among others.

Staffing levels

Level	Number of staff
Managers: Residence and Catering	3
Heads of residences	3
Senior residence officers	6
Residence officers	43
House parents	58
Total number of staff	113

These staff manage a total of 45 university-owned residences that accommodate 10 763 students.

All told, the NWU has 101 house parents and residence officers. The ratio of students to house parents and residence officers therefore equals 106:1 and complies with the required ratio of 150:1

Level of compliance with the minimum norms and standards

The NWU complies with all the required levels of the minimum norms and standards, with the exception of the following areas:

Location of the residences

93% of the university-owned beds are located on the three campuses. The other 7% of university-owned beds are 12 km away from the Vaal Triangle Campus and transport is provided throughout the day until all classes have been completed.

Health and safety

All certificates of compliance are obtained annually from the relevant authorities with regard to the services listed. Arrangements are made with external cleaning companies to keep records of cleaning of ablution areas. These records must be available for annual inspections.

Governance of student housing

Council has not yet appointed a designated committee to govern residence life on its behalf, although a similar committee is already in existence on each of the campuses and meets monthly. The committees do not at this stage present their minutes to Council.

Residence management has for the time being been concentrating on the restructuring of the university and alignment of facilities on all three campuses. The policy on student housing will receive urgent and focused attention during 2019.

Staffing levels

The minimum requirements for staffing levels are being met.

Professional development of student housing staff

The training programme concentrates on emergency situations – first aid, fire drills and personal emergency training – and best practices are researched and implemented where required.

Policy, procedure and agreement

The university has clear and comprehensive documentation providing information about the nature of student housing, the fees or rental rates, the rules and regulations, the management structure, the complaints procedure and maintenance/repairs requisition procedures.

Student discipline

The university is responsible for the discipline of students in university-owned and university-accredited rented housing. Suitable disciplinary codes and mechanisms were developed and published for implementation in university-owned residences.

We consult and collaborate with providers of accredited private student housing to establish agreed-upon disciplinary codes and mechanisms.

Disciplinary procedures are well documented and enforced in all the residences. The alignment of the rules on the three campuses is now receiving attention to ensure that all NWU residences (own and privately owned) are run according to the same set of rules.

Residence admissions and allocation policies

The university is in the process of developing its strategy for increasing the percentage of residence places available for new first-year students to at least 30% of the total residence capacity.

With respect to admission into and allocation of student housing, a comprehensive residence admissions and allocations policy exists on each of the three campuses, although the policies are not yet aligned. These policies are in the process of being aligned with the involvement of all relevant stakeholders.

Accountability for the implementation of these policy lies with senior management. Quarterly residence management accounts are not yet being submitted to Council for scrutiny and evaluation but arrangements for this will be made during 2019.

Financial control and management of student housing

The financial affairs of residences – budgets, actual spending and management of the income and expenditure – are fully separated from the university's accounts and are reported on every quarter to the campus management committees.

Compliance with minimum norms and standards

This report includes the level of compliance as set out in these paragraphs.

Phasing in of minimum norms and standards

During the past three years, an enormous amount of management attention has been spent on identifying and preparing proposals for the alignment of facilities on the three campuses. This followed the restructuring of the NWU's management model into that of a unitary entity from 1 July 2017.

The alignment process included the facilities at the residences on the three campuses and the different fee structures that existed.

Management has not yet finalised the plan for the phasing in of those minimum standards where the NWU does not currently comply, and so the plan has not yet been submitted to Council. However, management is confident that the plan will be ready for submission and acceptance by Council during 2019.

Accreditation of private residences

Due to the huge shortage of student accommodation on two of NWU's campuses, Vaal Triangle and Mafikeng, these accredited privately owned student accommodation providers fill a significant gap in the supply of accommodation.

Most of the facilities are new and the minimum norms are adhered to. During the accreditation process, compliance with the norms and standards is noted and if serious non-compliance exists, no accreditation is provided.

However, in terms of its existing stock to the university, the NWU's initial accreditation requirements did not include the requirement of a plan for the phasing in of the minimum norms and standards. This requirement will now be included.

A balanced approach to the offerings and the requirements of the DHET is currently being used. A major consideration when finalising accreditation is the stability of the campus due to available student accommodation versus strict compliance with all the minimum norms and standards and possible de-accreditation for non-compliance to some minor requirements.

20 June 2019