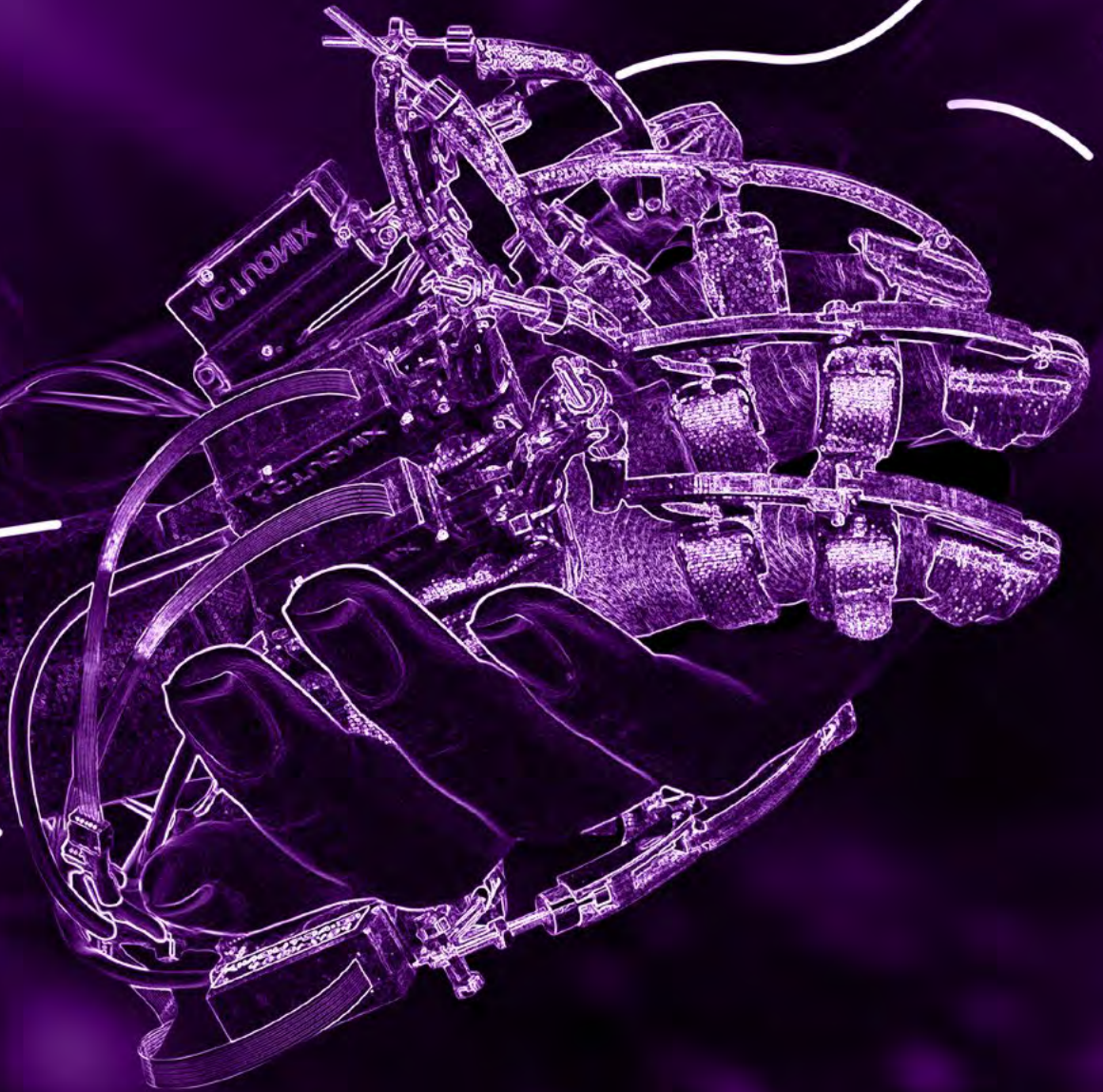




NWU®

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



VALUE CREATION WITH AN ETHIC OF CARE

INTEGRATED REPORT | 2019

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## NWU INTEGRATED ANNUAL REPORT 2019

### Covering our theme

The title of this integrated report, "Value creation with an ethic of care", is about how we use an ethic of care as a compass while creating value for ourselves as an institution and for all our stakeholders.

In itself, value creation does not set us apart. It is how we create this value, namely with an ethic of care that stands out.

This is, after all, part of our dream: to be an internationally recognised university in Africa, distinguished for engaged scholarship, social responsiveness and an ethic of care.

### *Front page image: NeuHand set to revolutionise rehabilitation after stroke*

*The image on the front page of this integrated report is that of the NeuHand, a rehabilitation system concept that the Faculty of Engineering has developed. This innovation brings the theme of this report, "Value creation with an ethic of care" to life.*

*One of the life-altering disabilities resulting from a stroke, is hand disability. Fortunately, the NWU's NeuHand invention will bring these patients new hope.*

*This inexpensive, automated mechatronic rehabilitation system concept was developed specifically for hand rehabilitation in South African conditions.*

<http://www.nwu.ac.za/sites/www.nwu.ac.za/files/files/i-media/nwu&uENG012020/neuhand.html>

### How do we do it?

We create new knowledge through research and innovation, and share it through teaching and learning and community engagement. We do this in a caring way, to the benefit of our stakeholders, the wider society and our planet.

## CONTENTS

1. About this report
2. Overview of the NWU
3. Our business model and value chain
4. Our vice-chancellor's review
5. How we engage with our stakeholders
6. Our transformation journey
7. Material risks and opportunities impacting value
8. Our strategy to create value
9. Our performance against our strategy: creating value through our capitals
10. Governance: supporting and preserving value
11. Incentivising for achievement
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# 1 ABOUT THIS REPORT

## 1.1 Our value creation story

In this integrated report we tell you, our stakeholders, how we implement our strategy to create value for ourselves and our stakeholders over the short, medium and long term.

We also explain how we harness and affect our resources and relationships, known as our “capitals”, during this process.

There are six capitals: intellectual, human, social and relationship, manufactured, natural and financial. (Read more about our capitals on page 54.)

We realise that we have to interact responsibly with our capitals, applying an ethic of care. Our resources and relationships are, after all, vital to our ability to create sustainable value.



## 1.2 It's about you

Our value-creation story is intended for you, our stakeholders.

We regard our stakeholders as those individuals or groups 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.

This integrated report mainly talks to 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 our story will also be of value to the other stakeholders we engage with at the NWU, as seen on page 32.

## 1.3 How our story unfolds

At the beginning of our value creation story, we give an overview of the NWU (page 7) and explain how we interact with our external environment to create value (page 8). On page 15 you will find a graphic of our business model, indicating how we transform our input, through our activities, into output and outcomes, which are all part of our value chain (page 18).

We also explain how we address our stakeholders' expectations and concerns (page 32), and which risks and opportunities (page 40) we see as material matters impacting our value-creation process.

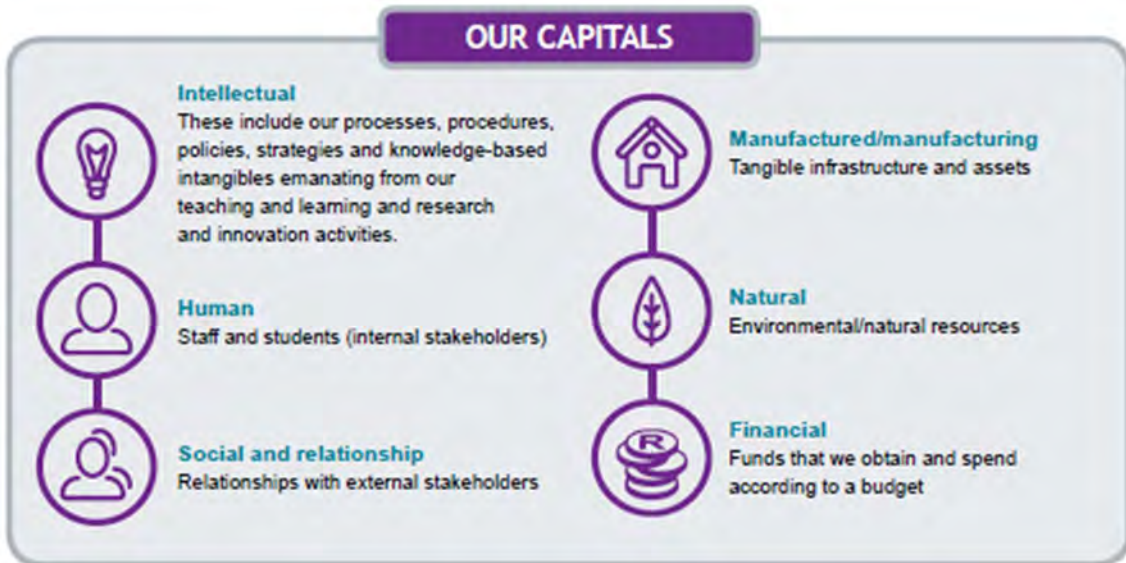
Guiding us throughout our journey are our strategy and goals, which are also part of our material matters. On page 49 we explain what our strategy is all about and how we implement it by using and impacting our six capitals (page 54).

At the end of this story, we tell you how our governance practices guide and protect the value-creation process (page 78), positioning us to generate long-term value.

### 1.4 Navigating our story

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

### 1.5 Our capitals

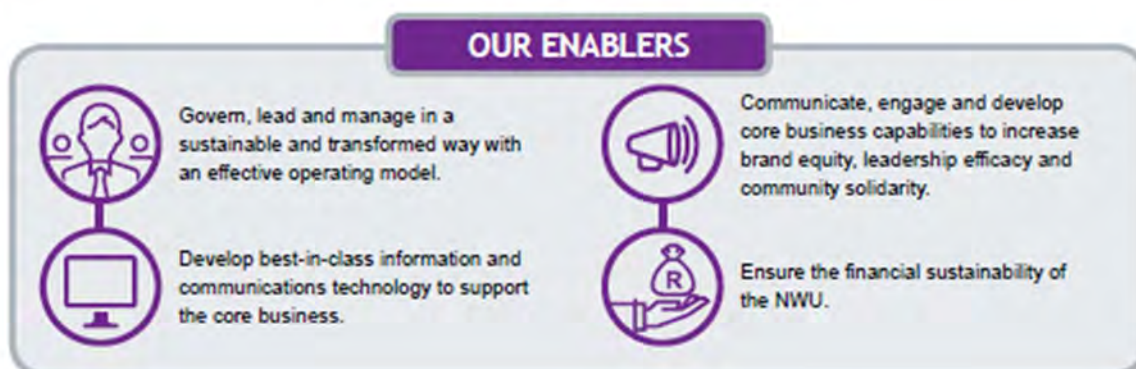


### 1.6 Our strategic goals





## 1.7 Our enablers



## 1.8 Materiality of the report content

We use the concept of “materiality” to decide what information to include in this report. As set out in the International Integrated Reporting Council’s (IIRC) Integrated Reporting Framework, we see 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 wishing to make an informed assessment of the NWU’s ability to generate value.

### How we identify relevant matters

We, as 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, identified those matters with the highest potential to impact our ability to create value.

In the process, we took the following frameworks into account:

- The NWU’s \*Annual Performance Plan (APP) that puts the strategic plan into action;
- The common strategic assumptions that underpin our strategy;
- The \*\*risk register;
- The IIRC’s Integrated Reporting Framework; and
- The DHET’s reporting regulations.

\* The goals, enablers and strategic assumptions, as included in the APP, resulted from the process the University Management Committee members use to identify material matters to be included when drawing up or revising the APP.

\*\* Our key risks and opportunities are the result of an institution-wide identification and prioritising process, as described on pages 40 and 125.

We also considered those factors in our external environment (see page 8) that substantially affect our ability to create value.

In addition, materiality was informed by the issues our stakeholders raise during their interaction with the university. These are described in the section on how we engage with our stakeholders on page 32, in the table under the subheading: Issues raised.

## 1.9 Reporting period and scope, and suite of reports

### Reporting period

Our integrated report reflects the performance of the NWU across its three campuses for the period 1 January to 31 December 2019.

In addition to the financial information (pages 70 and 130), the report also includes non-financial information. This includes facts about our 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](mailto:marlene.verhoef@nwu.ac.za)

### Suite of reports

Our integrated report is the primary vehicle for reporting to our stakeholders. It is supplemented by the following:

- Annual financial statements for the year ending 31 December 2019, which can be found on the NWU website at: <http://www.nwu.ac.za/content/nwu-annual-reports>
- Documents for various stakeholders, which can be accessed at <http://www.nwu.ac.za/content/nwu-our-publications>

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

### 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 IV Report).

### Assurance

Internal and external assurance providers provide assurance about the effectiveness of the internal controls at the NWU. Their input has been incorporated into this report.

We also made sure that our reporting is accurate, by taking the following steps:

- After compiling the integrated report, we submitted it to the University Management Committee. The committee considered the completeness and accuracy of the content and provided feedback where necessary, which was then incorporated into the integrated report. Only then did we submit the report first to the Audit, Risk and Compliance Committee and then to Council for approval.
- The student and staff data in this report was obtained from our Institutional Planning and Strategic Intelligence Department, which is also responsible for submitting NWU data to the Higher Education Information Management System (HEMIS).

The summarised, audited consolidated financial statements 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.

PricewaterhouseCoopers also independently audited the information in our performance assessment report (refer to page 110). 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>.

More information about combined assurance can be found in the governance section of this report (page 78).

### **Council approval**

Council and its subcommittees are responsible 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 has sufficiently considered and materially presented these matters in accordance with the Integrated Reporting Framework of the IIRC.

*Council approved the 2019 integrated report on 28 July 2020.*



**DR BISMARK TYOBEKA**  
**CHAIRPERSON OF COUNCIL**



**MR ANTON REDELINGHUIS**  
**CHAIRPERSON OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE**

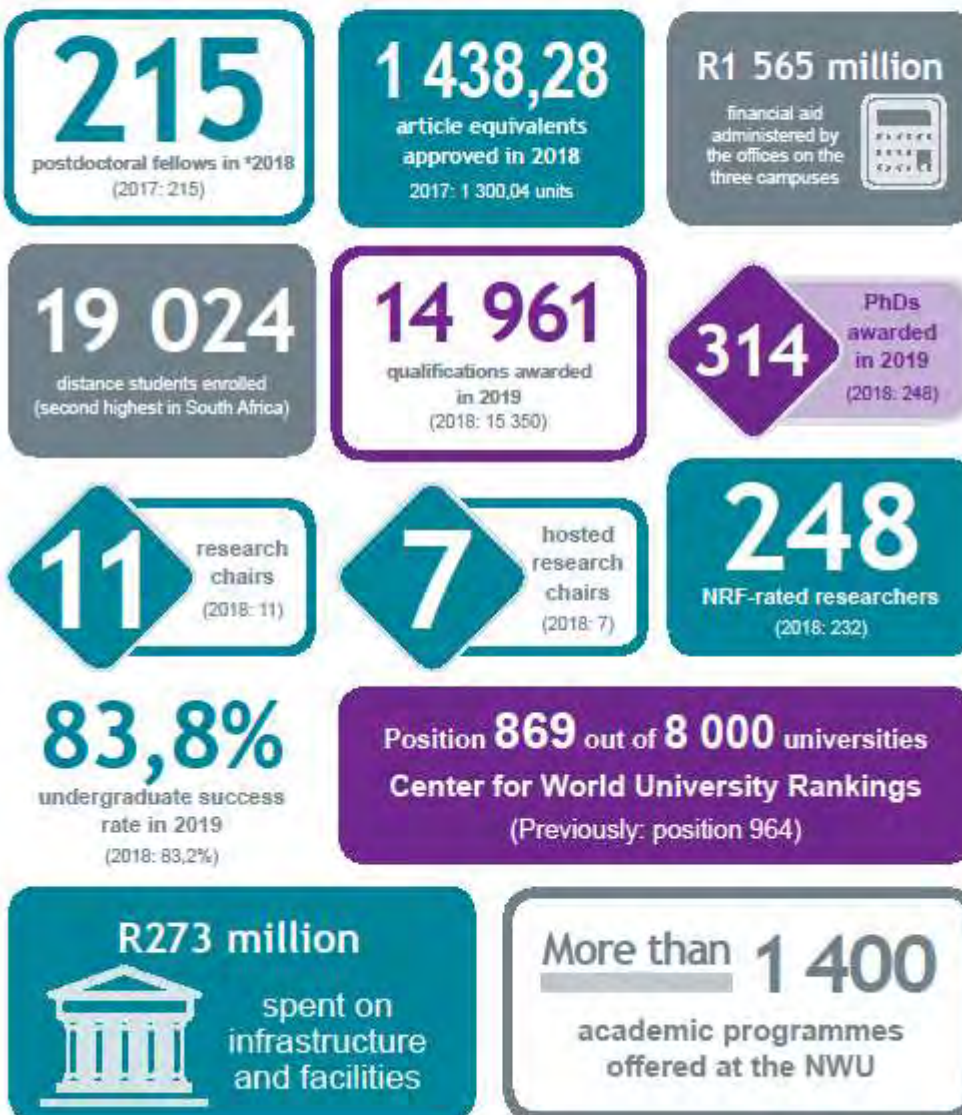
## 2 OVERVIEW OF THE NWU

# OVERVIEW OF THE NWU



### Performance highlights

In 2019 we continued to create value for the NWU and for our stakeholders. The following achievements – and in many instances also improvements – are noteworthy:



\* Please note that the research figures lag two years behind.

## 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, among others ethics in all our endeavours.

We wish to foster engaged and caring staff and students, ensuring 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.

## Our strategy

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

## What we do

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

Ultimately, though, our core business is about creating value in the form of outputs and outcomes, while pursuing an ethic of care.

## Where we operate

We operate mainly in South Africa, but collaborate extensively with institutions and people all over the world. In 2019, the NWU had slightly more than 1 800 active agreements and memoranda of understanding, of which 240 were signed during 2019.

## 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



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

### 2.1.1 Fee-free higher education affects financing model

The evolving administrative system of the National Student Financial Aid Scheme (NSFAS) has brought changes to our financing model and challenges in how we administer financial aid. These challenges have gained momentum since the announcement of fee-free higher education for households whose income is below a minimum threshold.

The implementation has placed pressure on all the relevant internal business processes as the number of students assisted has increased by over 275%. Where there were 4 837 approved NSFAS students in 2015, the number climbed to 18 141 in 2019.

**Strategic matter affected:** teaching and learning (goal no 1), financial sustainability (enabler 4)

**Capitals affected:** financial, human, intellectual

**Risks involved:** 1,3,5 and 8 – refer to page 40

#### Effect on value creation

The changed financing model has the potential to disrupt our systems, but we should also recognise the financial value for the NWU and the students the model might hold. The reason is that fee-free higher education has dramatically changed our enrolment patterns, resulting in a more complex process for managing enrolment targets. It has also had an impact on the administration of registrations.

#### Our strategic response

In 2019, we averted interruptions to the academic year by harnessing effective communication among staff and students, ensured they were kept informed of developments around financial aid.

### 2.1.2 Fee regulation by the DHET

The Department of Higher Education and Training (DHET) has recommended the tuition fee increases which Council took into consideration in their decision-making for two consecutive years. During November 2018, the department has requested a tuition fee increase of 5,3% for 2019 and again during December 2019 a tuition fee increase of 5,4% for 2020.

**Strategic matter affected:** financial sustainability (enabler no 4)

**Capitals affected:** financial, intellectual, human

**Risks involved:** 1 – refer to page 40

#### Effect on value creation

Fee regulation could put our financial stability at risk if the permitted increases do not reflect our costs. This may ultimately affect the quality of the services we provide. Regulations of this kind have the potential to erode the autonomy of universities.

## Our strategic response

We have a multipronged strategy to maintain our financial stability. This entails identifying opportunities to increase our income, for instance extending our continuing education offering and focusing on fund-raising activities.

Our strategy further includes managing our budget process, improving operating cost efficiency and diversifying our income streams, for example by implementing new third-stream income projects in our faculties. We also aim to participate in the modelling of the future funding design for higher education, contributing in a positive way.

### 2.1.3 National call for curriculum change and transformation

National and global trends continue to influence the higher education sector. Driven by phenomena such as the Fourth Industrial Revolution (4IR), the changes have further highlighted the need for innovative transformation to ensure that higher education remains relevant.

The NWU embraces the challenges and opportunities arising from political and economic shifts, the changing requirements for excellence in university teaching and the necessary evolution of the university curriculum.

**Strategic matter affected:** teaching and learning (goal no 1)

**Capitals affected:** intellectual, human, social and relationship, manufactured, financial

**Risks involved:** 2 and 3 – refer to page 40

#### Effect on value creation

Changes in the approaches to and methods to deliver academic programmes.

Changing requirements from the world of work, potentially influencing our sought-after graduate attributes.

Possible disruption of academic activities, in particular contact sessions, in the face of political stressors.

## Our strategic response

We continue to heed to calls for decolonisation and Africanisation of our curricula, focusing on enhancing blended learning opportunities for our students and addressing matters such as equity at the NWU. (More information is available in our report on transformation on page 36.)

To further mitigate the risk of potential disruptions, we have developed the capacity to offer our modules off-campus through our Learning Management System and appropriate technology.

The NWU has also started revising the Teaching and Learning Strategy to address the challenges and needs of curriculum transformation and renewal, as well as the graduate attributes needed for the future world of work.

### 2.1.4 National call for greater access to universities

The NWU continues to strive to widen access to as many qualifying students as possible. We focus especially on the science, commerce, engineering and technology-related fields, and also the skills needs of the region the NWU serves.

**Strategic matter affected:** teaching and learning (goal no 1)

**Capitals affected:** intellectual, human, social and relation-ship, financial

**Risks involved:** 2, 3 and 5 – refer to page 40

#### Effect on value creation

In our continued pursuit of higher education for the public good, increased access can aid in improving people's lives. Yet access without success is unacceptable and we therefore work towards providing

opportunities and experiences to 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**

In 2019 the DHET renewed its approval of 49 extended curriculum programmes (ECPs): 31 in the BSc, 14 in the BCom and four in the BAdmin degrees. Reaching another milestone, we enrolled the first students in the ECP for the LLB degree.

Progress has been made with the development of higher certificates. Senate has approved the development of two higher certificates in theology and pastoral palliative care. Similarly, the respective faculty boards have approved the development of the higher certificates in health promotion, technology education and animal health.

The purpose of these qualifications are both vocational and for access to higher education. The higher certificate in animal health will allow students without endorsement for Bachelor's studies access to the Bachelor of Science in agriculture with animal health.

#### **2.1.5 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)

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

**Risks involved:** 2 and 3 – refer to page 40

#### **Effect on value creation**

We strive to recruit the most suitable 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).

Failing to attract sufficient high-calibre people may negatively affect our core business capacity and create an overreliance on temporary staff.

We have been experiencing challenges with the appointment of professionally qualified employees, especially professors, from the designated groups. A lack of diversity may also hamper service delivery in our core business, particularly our language capacity and our ability to realise our commitment to functional multilingualism.

### **Our strategic response**

Line managers are developing strategies to improve the representation of employees from designated groups. These strategies also explore ways to fast-track professionally qualified academics from designated groups.

For our workforce as a whole, we use our talent management strategy to 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 we have a strategy to attract and retain black academics in particular.

### 2.1.6 State funding

Additional state funding was made available as part of the block grant from the DHET. However, this amount, coupled with the lower-than-required increase in tuition fees, does not fully cover higher education inflation in the long run, and in fact represents a decline in state funding in real terms.

**Strategic matter affected:** staff profile (goal no 5)

**Capitals affected:** human, financial, intellectual

**Risks involved:** 1, 3 and 8 – refer to page 40

#### Effect on value creation

We will not be able to fund all strategic activities due to budget constraints, but the funding provided by the state does contribute to financial stability in the short and medium term

#### Our strategic response

We will have to prioritise wisely when allocating the funds available.

### 2.1.7 Reduction in external research funding

Due to the phasing out of the incentive funding of the National Research Foundation (NRF), only newly rated or re-rated researchers still receive this funding and then only for one year.

Furthermore, the rules for NRF postgraduate bursaries linked to SARChI chairs have been altered to cater mainly for female black students. As a result, certain other students have been struggling to obtain funds for their studies.

NSFAS cuts have also led to a reduction in postgraduate funding. Compounding this, THRIPP funding is no longer available and researchers who previously made use of this funding mechanism are facing challenges in securing funding.

**Strategic matter affected:** research and innovation (goal no 2)

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

**Risks involved:** 3 and 7 – refer to page 40

#### Effect on value creation

The reduction in external research funding may reduce our research productivity and negatively affect the status of the university in national and international benchmarks.

#### Our strategic response

More than R2 million from our strategic funds was made available to all NRF-rated researchers across the eight faculties to assist them in their research activities and compensate to some degree for the loss of NRF incentive funding. The NWU bursary office has also provided some funding to faculties to partly fund postgraduate students.

### 2.1.8 Low-growth economy inhibits commercialisation

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

**Strategic matter affected:** research and innovation (goal no 2)

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

**Risks involved:** 3 – refer to page 40

#### **Effect on value creation**

Low uptake of our IP and technologies in the marketplace would result in a loss of potential income and reduced licensing and spin-off activity.

#### **Our strategic response**

In order to secure funds, we continue to develop and maintain relationships with funders. We also regularly engage with industry to understand their needs and challenges so that we can propose research topics that are beneficial to them.

### **2.1.9 Challenges in recruiting international students**

Stricter visa requirements for international students and intensified competition among universities for candidates well suited to postgraduate study make it more difficult to recruit students from the Southern African Development Community (SADC) and other African countries. The DHET requirement that the NWU should prioritise South African students for postgraduate studies could also be an inhibiting factor.

**Strategic matter affected:** research and innovation (goal no 2)

**Capitals affected:** financial, human, social and relationships

**Risks involved:** 3 – refer to page 40

#### **Effect on value creation**

The number of international students enrolled at the NWU has decreased from 6% of the total cohort of postgraduate students in 2016 to about 4% in 2019. This may lead to lower global rankings.

#### **Our strategic response**

We are making a greater effort to recruit more international students, such as by opening global engagement offices on all three campuses to assist with the administration of international students. Previously, only the Potchefstroom campus had such an office.

### **2.1.10 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)

**Capitals affected:** human, social and relationship, financial

**Risks involved:** 2 and 5 – refer to page 40

#### **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 and valuable to current and prospective students.

#### **Our strategic response**

A continuous process of refining the student governance model and feedback mechanisms ensures effective consultation processes. This allows for proactive engagement and responsiveness to change, thus maintaining a relevant and valuable student experience.



### 2.1.11 Possible social instability in the higher education sector

Possible social instability in the higher education sphere could 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)

**Capitals affected:** human, social and relationship, financial

**Risks involved:** 2 and 5 – refer to page 40

#### 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.

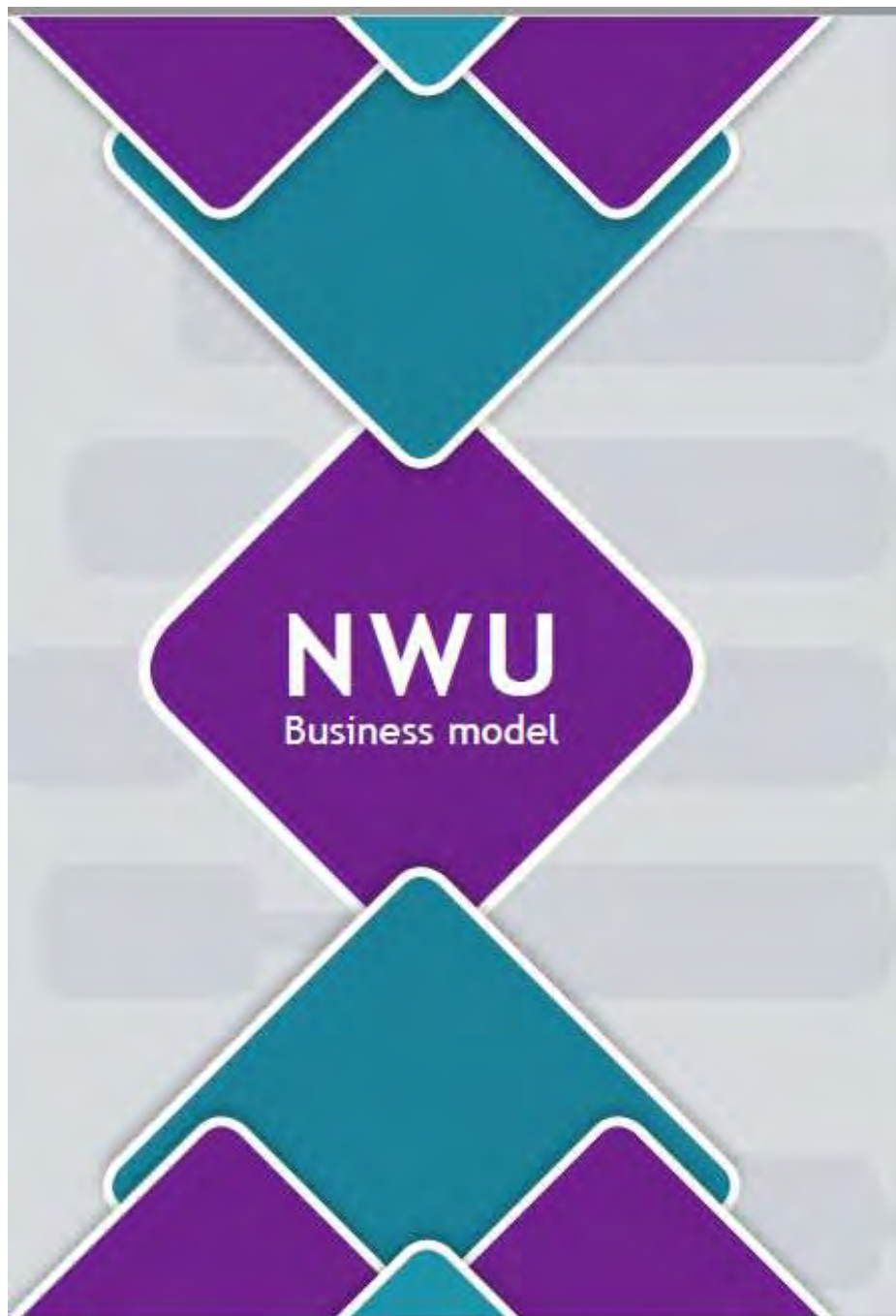


### 3 OUR BUSINESS MODEL AND VALUE CHAIN

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.

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.

#### 3.1 NWU BUSINESS MODEL



# INPUT

**1 376**  
 Schools reached by our student recruiters through direct marketing campaigns and activities  
 (social and relationship capital)

**12 536**  
 First-time entering undergraduate students  
 (human capital)

Number of students per qualification type (human capital) **Total: 63 671**



## Budget (financial capital)



**R273 million**  
 Spent on infrastructure  
 (manufactured capital)

**17,6%**  
 Increase in net assets

**1 110 hectares**  
 The total area occupied by the university's campuses  
 (natural capital)

**445 945 square metres**  
 The total usable floor area of the NWU

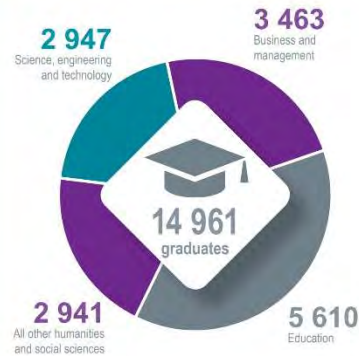


Academic and support staff (human capital)				
Personnel category	Permanent	Temporary	2018	2019
Crafts/trades	👍	👍	29	23
Executive/ administration/ management professional	👍	👍	84	90
Instructional/ research professional	👍	👍	8	5
Non-professional administration	👍	👍	1 547	1 575
Service	👍	👍	417	450
Specialised/support professional	👍	👍	1 280	1 289
Technical	👍	👍	3 531	3 755
Grand total			329	327
			37	40
			488	522
			258	229
			238	251
			59	50
Grand total			8 305	8 606

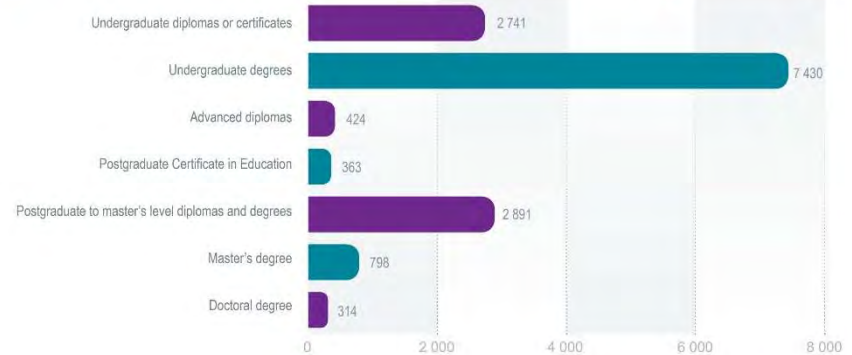


## OUTPUT

Graduates: educational subject matter distribution (human capital)



Number of graduates per qualification type (human capital)



Total: 14 961

## ACTIVITIES

Spending according to the Annual Performance Plan (financial capital)



Goal 1 (teaching and learning); Goal 2 (research and innovation); Goal 3 (community engagement and sustainability); Goal 4 (student value proposition); Goal 5 (staff and student equity); Enabler 1 (govern, lead and manage); Enabler 2 (Develop best-in-class information and communications technology to support the core business); Enabler 3 (communication and stakeholder engagement); Enabler 4 (financial sustainability)

**Student support activities**  
(intellectual capital)  
academic support, health care, and cultural and sport activities (See page xx)

**Staff development activities**  
(intellectual capital)  
(See page xx)

**Conducting research**  
(intellectual capital)  
(See page xx)

**Community engagement**  
(social and relationship capital)  
(See page xx)

Presenting over 1 400 academic programmes (intellectual capital)

53,7%

Number of graduates who completed their studies in minimum time

R208 million

The university, from its own resources, contributed R208 million or 10% of the total funds allocated for financial aid

**Collaboration**  
(social and relationship capital)

We had slightly more than 1 800 active agreements and memoranda of understanding, of which 240 were signed during 2019

97,45 %

Success rate of the NWU merit bursary holders

Financial sustainability (financial capital)

R968,4 million

Net surplus for 2018 as reflected in the consolidated statement of comprehensive income

Research output 2018 (intellectual capital)

Journal articles	1 173,05
Conference proceedings	133,38
Books	131,85
Total article equivalents published	1 438,28
Master's degrees conferred	753
Research master's	526,66
Research master's weighted	526,66
Doctoral degrees conferred	248
Doctoral degrees weighted	744
Total weighted research output	2 708,94
Postdoctoral fellows	215
Publication units per permanent academic staff member	0,94



## OUTCOME

The latest rankings by the Center for World University Rankings (CWUR) indicate that the NWU is indeed climbing up the ladder of world-ranked universities.

The NWU improved its ranking by close to 100 positions, moving from position 964 to 869, which places it among the top 4,8% of the approximately 8 000 universities evaluated worldwide.

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

The external environment (see page 9) sets the context in which we use our business model to create value.

## 3.2 NWU VALUE CHAIN: VALUE CREATION THROUGH AN ETHIC OF CARE

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**. As a result, we build good relationships with the outside world, thereby increasing our social and relationship capital.

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**.

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.

### 3.2.1 Input

#### 3.2.1.1 Our students

Our student body is an invaluable input into our value chain. The image below shows the composition and size of the student body in 2019.

African (%)	67%
Coloured (%)	4%
Indian (%)	1%
White (%)	27%
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 **2018** audited Higher Education Information Management System [HEMIS] data).



<b>Institution</b>	<b>Total</b>
University of South Africa	373 979 (only distance students)
Tshwane University of Technology	65 920
<b>North-West University</b>	<b>61 212</b>
University of Johannesburg	50 786
University of Pretoria	50 431

### **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 student recruiters visited 1 376 schools through direct marketing campaigns and activities. Our undergraduate recruiters reached a potential pool of 69 545 bachelor's degree candidates through their efforts.

### **Broadening access to studies at the NWU**

While the NWU continues to work diligently to find ways to broaden access to university programmes, access is subject to the university mandate, admission requirements, enrolment targets, budget allocations, faculty capacity and sufficient student support capacity.

### **Access to financial aid**

The R2 billion that the NWU's Financial Aid offices administered in 2019 comprised mostly government funding (in addition to other funding) and also a sizeable amount from the university's own funds.

Government funding accounted for 75% of the total amount for bursaries and amounted to R1,52 billion, including Funza Lushaka bursaries administered by NSFAS. A sum of R86 million was outstanding from NSFAS at year end which, once received, will increase government's contribution to 79% of the total amount for bursaries.

Our contribution to student bursaries came to R208,8 million, which is 10% of the total funds allocated for financial aid. By supporting needy students, we create value for them, which in turn increases the value of our human capital. This assistance also supports our strategy (committing ourselves to social justice) and our pursuit of the NWU dream (having an ethic of care).

### **Student development and support**

Our structured and aligned registration and orientation programme aims to create a supportive, welcoming and inclusive university environment, and to equip first-time entering students with the necessary skills to successfully navigate their university career.

We offer academic and non-academic support services such as psycho-social, health, sport and arts and cultural services that develop our students on several levels. (More information about these services is on page 29.).

These support and development programmes are ongoing and focused, enabling students to achieve academic success (see page 54). This is in addition to programmes designed to cultivate and nurture key leadership and other critical skills that serve students when they enter the labour and employment market or become innovative job creators and entrepreneurs.

### 3.2.1.2 Our staff

Another important input into our value chain is our staff complement. In 2019 we had a total of 4 077 permanent staff members, compared to 4 005 in 2018.

The following table shows how our number of permanent academic staff compares with those of other South African higher education institutions (based on 2018 audited HEMIS data):

Institution	Total
University of South Africa (Unisa)	1 844
<b>North-West University</b>	<b>1 531</b>
University of KwaZulu-Natal	1 339
University of Johannesburg	1 276
University of Cape Town (UCT)	1 211
University of Pretoria	1 205
University of the Witwatersrand (Wits)	1 185

### Staff development and support

The NWU's permanent staff, consisting of 4 077 academic and support employees, are a vital input in our value chain, an important stakeholder group and an indispensable part of our human capital.

In the text that follows, we elaborate a little more on how we empower our staff. You can also turn to pages 61 and 62 in the section on how we perform against our strategy to learn more about how we care for our staff.

### Academic promotions and awards programmes

Anchored on our strategy to transform and position the NWU as a unitary institution of superior academic excellence, the annual academic promotions process is a recognition programme that endeavours to build academics for the future, while contributing to the fulfilment of the National Development Plan and the Pan-African ideal.

This academic promotions process creates value both for the academic and the NWU through a mutually beneficial process facilitated at school, faculty and organisational level.

Academic promotions 2018 vs 2019							
Promoted from:	Promoted to:	Black		White		Total	
		2018	2019	2018	2019	2018	2019
Junior lecturer	Lecturer	11	6	11	7	22	13
Lecturer	Senior lecturer	20	9	36	29	56	38
Senior lecturer	Associate professor	6	8	21	17	27	25
Associate professor	Professor	5	3	20	23	25	26
<b>Grand total</b>		<b>42</b>	<b>26</b>	<b>88</b>	<b>76</b>	<b>130</b>	<b>102</b>
<b>Percentages</b>		<b>32%</b>	<b>26%</b>	<b>68%</b>	<b>74%</b>	<b>100%</b>	<b>100%</b>

Altogether, 102 academic promotions were approved in 2019, a slight decrease on the 130 approved in 2018. The university strives to create an environment and a framework within which all academic employees can realise their true potential.

There was a slight increase of 3,2% in the promotion of black academics to the level of senior lecturer from 2018 to 2019. The aim is to increase the level of seniority among our academic employees, with specific focus on strategies to attract and retain black academics in the professoriate at NWU.

## Caring for our staff

Owing to South Africa's small academic skills pool, universities compete with each other for talent, especially for academic staff. Our strategy to compete effectively includes ensuring we keep our employees engaged by creating an environment that is underpinned by an ethic of care. This response relates to risk cluster 3 (academic matters), and specifically the challenge of recruiting and retaining staff.

The biopsychosocial and spiritual wellbeing of our employees is important to us. NWU Wellness nurtures the wellbeing of staff by implementing various wellness programmes and offering management coaching to managers, empowering them to deal with difficult situations. We also empower managers to promote employee wellness as part of their management responsibilities.

Organisational wellness interventions and occupational health assessments are geared towards promoting optimal employee health. For team cohesion, we implement team assessments and interventions.

### 3.2.1.3 Funding

#### 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:

	Awarded
Freestanding bursaries	R14 545 000,00
Freestanding bursaries for travel	R388 570,93
Block grant bursaries	R3 882 000,00
NRF postdoctoral awards	R3 773 235,11
Chairs	R19 385 878,99
Research grants	R25 466 728,52
TOTAL received from NRF	R67 441 413,55
TOTAL unspent funds in 2019	

#### Funding for technology transfer and innovation

The Technology Transfer and Innovation Support Office, which incorporates Fundraising, drew on a wide range of local and international funding opportunities for teaching and learning, research and commercialisation.

General fundraising efforts in 2019 yielded a total of R43 577 500 in grants, donations and bursaries. Nearly all of this was spent on bursaries and nutrition support for needy students.

Funding constraints at the Technology Innovation Agency (TIA) meant that the university received no new funding under the TIA Seed Fund programme in 2019 for innovation projects. However, the Technology Transfer and Innovation Support office is in discussions with the Small and Medium Enterprises Fund (SME Fund) to set up a small pre-seed fund initiative at the NWU in 2020.

## International funding

The table below shows the international funding each faculty received during 2019.

International funding for research		Actual as confirmed from Faculties
Faculty of Economic and Management Sciences	R1 178 944	Confirmed
Faculty of Education	R0	Confirmed
Faculty of Engineering	R431 596	Confirmed
Faculty of Health Sciences	R 7 174 281	R 10 094 850,00
Faculty of Humanities	R1 341 652	R 63,360.33
Faculty of Law	R5 236 800	R0
Faculty of Natural and Agricultural Sciences	R4 567 081	R 6 807 367,64
Faculty of Theology	R0	Confirmed
<b>Grand total</b>	<b>R19 930354</b>	<b>R18 576117</b>

### 3.2.2 Activities

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.

#### 3.2.2.1 Teaching and learning activities

We are committed to achieving continuous improvements in the scope and relevance of our academic offering and the quality and appropriateness of our teaching and learning activities. This is important to further improve student access, retention and success.

The alignment of our academic offering continues. Apart from ensuring external compliance, this enables us to provide academic programmes of comparable quality across all our campuses.

For more information, refer to page 54 in the section on how we performed against our strategy and succeeded in increasing our intellectual capital.

#### Increasing student access and success / Widening access to studies at the NWU

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

These interventions created value for our stakeholders while enabling the NWU to increase our intellectual and human capital. Refer to the section on page 54 about how we performed against our strategy to see how we did this.

#### Promoting continuing education

Our Unit for Continuing Education (UCE) has a diversified portfolio of short courses that is helping to build a skilled workforce for South Africa.

Focusing on improved growth and profitability, we continue to develop new products.

During 2019, 5 264 candidates participated in 182 short course events.

The UCE has been hard at work extending the short course offering to a distance learning market and an online offering, and we hope to see further developments for these initiatives in 2020. Thus far, eight pilot courses have been earmarked for online learning. The intention is to deploy an innovative and effective online learning ecosystem, develop high-quality multimedia content, manage the success of participants, undertake dedicated instructional design and continually implement emerging technologies.

## Improving graduate employability

Improving the employability of our work-seeking graduates is a priority.

We take various steps to produce graduates suited to the market and who, within at least six months of graduating, are either self-employed or in formal employment. More information about these activities, which strengthen our intellectual and human capital, is available in the section on how we performed against our strategy on page 54 and 61.

## Focusing on academic and professional development

Professional development initiatives empower our academics to be excellent university teachers. These initiatives include workshops, seminars and webinars, the induction programme for new academics, the Teaching Excellence Awards, activities focused on the scholarship of teaching and learning, and the annual Teaching and Learning Conference. All these initiatives help to further develop our staff as our human capital, and through them, our students (also see Teaching and Learning awards on page 24).

### 3.2.2.2 Research activities

Our research activities revolve mainly around our research entity model, consisting of 12 research chairs and 48 NWU research entities (compared to 39 in 2018).

The 48 research entities consist of five centres of excellence, 10 research units, 13 research focus areas, 12 research niche areas, seven hosted entities and one commercial research unit.

The current NWU research landscape is shown in the following figure, which also shows the various research chairs and hosted entities.

Our research entities are regularly evaluated to ensure they continue to create maximum value for our stakeholders. The evaluations were postponed in 2019 as the restructuring of the NWU into a unified university was still under way.

During the restructuring process, substantial differences in the research approaches of the three campuses became apparent, necessitating comprehensive realignment to ensure a coherent and unified research strategy and more efficient and effective research activities.

## 3.2.3 Outputs

### 3.2.3.1 Teaching and learning output

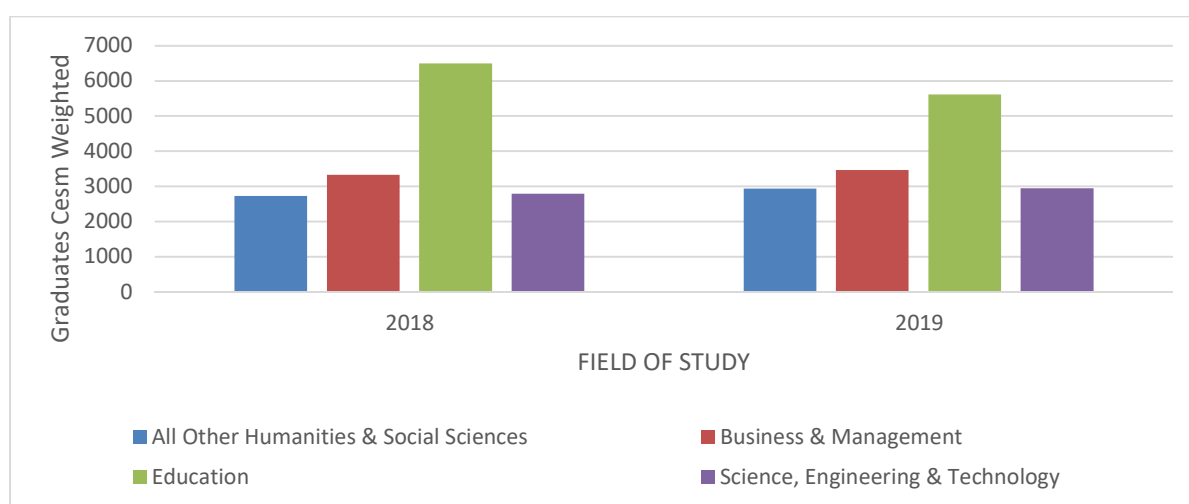
Our contact success rate has stayed at a consistent 85% over the past three years and a contact undergraduate graduation duration factor of 1,13 in 2019, the same as in 2018. This indicates that most students complete their degrees in the minimum time.

Our student-to-academic staff full-time equivalent (FTE) ratio is 31.93: 1 (32.22: 1 for 2018), meaning that one academic staff member is available for every 32 full-time equivalent students.

Our first-time entrant dropout rate for contact degrees increased from 9% in 2018 to 10.8% in 2019. While this is an increase, the rate remains low and shows that our investment in academic support is yielding substantial value.

The following graph shows the number of graduates per field of study for 2018 and 2019.

Field of study	2018		2019	
	Graduates CESM weighted	% of total	Graduates CESM weighted	% of total
All other humanities and social sciences	2 731	17.79%	2 941	19.66%
Business and management	3 331	21.70%	3 463	23.14%
Education	6 496	42.32%	5 610	37.50%
Science, engineering and technology	2 792	18.19%	2 947	19.70%
Total	15 350		14 961	



The following table shows how our number of graduates compare with those of other South African higher education institutions (based on 2018 audited HEMIS data):

Institution	Total
University of South Africa	52 318
<b>North-West University</b>	15 350
Tshwane University of Technology	13 875
University of Pretoria	13 292
University of Johannesburg	13 722

### Teaching and learning awards

Each year, we acknowledge and celebrate the exceptional output of our academic staff in teaching practices and innovation by hosting a Teaching and Learning Excellence Awards event.

These awards provide excellent role models for students and other academics and are presented in three categories: Emerging Teaching Excellence Award, Teaching Excellence Award and Distinguished Teaching Excellence Award.

All candidates for the 2019 awards had to submit a Portfolio of Evidence for evaluation and had the opportunity to attend a two-day writing retreat. Panel evaluations took place during November 2019 and the results were then moderated by an independent panel.



The top achiever, announced in March 2019, was nominated for the national Higher Education Learning and Teaching Association of Southern Africa (HELTASA) teaching excellence awards and selected as one of three national winners.

### Research output

Improving our research and innovation output entails considering both the quantity and the quality of research outputs, including the training of students, publications in peer-reviewed journals and presentations at accredited conferences.

The following table confirms that the quality and quantity of research at the NWU continues to improve.

#### 3.2.3.2 Research output 2018 (intellectual capital)

Journal articles	1 173,05
Conference proceedings	133, 38
Books and chapters	131,85
Total article equivalents published	1 438,28
Master's degrees conferred	753
Research master's	526,66
Research master's weighted	526,66
Doctoral degrees conferred	248
Doctoral degrees weighted	744
Total weighted research output	2 708,94
Postdoctoral fellows	215
Publication units per permanent academic staff member	0,94

Read more about our research output on page 58 in the section on how we create value against our strategy, thereby strengthening our intellectual capital.

#### Weighted research output per academic staff member, 2018

The table below, based on 2018 audited HEMIS data, shows the weighted research output per academic staff member at nine major South African universities. The NWU is ninth in the sector.

1,75	2,21	2,56	2,82	3,34	3,15	2,81	3,19	5,21
NWU	UJ	UCT	UFH	UKZN	WITS	RU	SU	UP

*UJ – University of Johannesburg; UCT – University of Cape Town; UKZN – University of KwaZulu-Natal; Wits – University of Witwatersrand; RU – Rhodes University; SU – Stellenbosch University; UP – University of Pretoria*

### Research and innovation excellence awards

We celebrate our researchers' hard work and exceptional output through our annual research and innovation excellence awards, held towards the end of the academic year. In 2019, there were 30 such awards, consisting of 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 from the Faculty of Theology was named the Most Productive Researcher of 2019, while Prof Martinette Kruger from the Faculty of Economic and Management Sciences was the Most Productive Junior Researcher.

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

### **3.2.4 Outcomes**

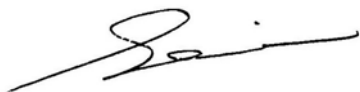
The first links in our value chain are our inputs and activities, as discussed in previous sections of this report. The next stage of the value chain consists of our outcomes, which are intended to create longer term value.

This future focus means that sustainability is an integral element of our outcomes. After we have taken care of immediate and medium-term needs, there must be sufficient capitals left to use for future value creation.

Financial stability is a good example of an outcome that supports our sustainability. When the NWU is financially stable, we are in a position to generate other outcomes, such as delivering skilled graduates to enhance the knowledge economy of the country. Sustainable financial stability is a factor of our external environment and risk cluster 1, as it is influenced by uncertainties in the higher education environment (see pages 9 and 40).

Our research output is also an outcome. It strengthens our reputation (another outcome) so that we can attract high-quality scientists, further building our human capital and ensuring our future sustainability. This leads to another outcome in the form of solutions to real-life problems that leverage our research and innovation results.

The third leg of our core business, namely community engagement, also creates outcomes by empowering people to improve their lives in a sustainable way.



**PROF DAN KGWADI  
CHAIRPERSON OF SENATE**

## **4 OUR VICE-CHANCELLOR'S REVIEW**

### **4.1 Introduction: Looking at 2019**

2019 was a period of consolidation of our new operating model and the completion of our organisational restructuring. The restructuring followed on the adoption in 2015 of our strategy to move towards a more unitary structure and institutional culture.

We have since commenced with our staff and student initiatives to align our institutional culture to our strategy. One of our strengths is our diversity and we need to advance our performance by utilising this to improve innovation, social cohesion and inclusion.

We continued with our leadership development project during 2019, seeking to promote cross-functional co-operation between divisions and departments to achieve more effective organisational outcomes. Other priorities were to align values to strategy and key objectives, and to synergise strengths across the senior management team in a complementary fashion.

After adopting a new language policy in 2018, we spent much of 2019 developing plans to implement this policy. It is what we call a functionally multilingual policy and views the many languages that our staff and students bring to the institution as a positive advantage rather than an obstacle to overcome. Our policy promotes the development of our indigenous African languages as languages of the academy and instruments to support student learning.

Our students performed well in their studies during the year: at graduation ceremonies, a total of 14 961 students received qualifications.

We maintained our financial stability during 2019 despite the economic challenges, both nationally and globally. We did this by focusing on the balance sheet and increasing our reserve funds. A consequence is that we remained one of the most affordable universities in the country. Due to the extension of fee-free education, the number of our students funded by the National Student Financial Aid Scheme (NSFAS) increased.

In the section on how we create value through performance, you will find more detail about our performance against the targets set in our 2019 Annual Performance Plan. Please refer to pages 53 to 77, and as well as Annexure 1 on page 110 of this report.

The following activities deserve special mention:

### **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 – see page 78 in the section on governance supporting value. This is one of the steps we took in response to the shortage of academic staff in the country (our external environment, page 9). It is also related to risk cluster 3 (academic matters, page 41).

Our various managerial and administrative activities contributed to our organisational learning and our intellectual capital. You can read more about how these aspects relate to teaching-learning and research in the section about our business model and value chain (pages 15 to 26).

The sections detailing our strategy (pages 49 to 50) and our performance (pages 51 to 77) contain information about other support departments and operations.

### 4.3 Adequacy of staffing levels, particularly in critical areas

We want to fulfil our dream of being an internationally recognised university, and to do that we need talented, energised, committed and passionate staff with high skills levels and a mind-set of innovation.

Competition for talent in the higher education sector was a challenge in 2019, which we addressed through strategic workforce planning, talent attraction and management, recruitment, optimal management of remuneration, training and development and performance management.

Strengthening our positioning as an employer of choice, we have developed a scarce and critical skills programme to attract and retain the talent required. The programme has already been implemented in the academic environment and in 2019, we commenced roll-out in the support environment.

The total staff headcount stood at 8 606 in 2019, up from 8305 in 2018. As the following table shows, this growth is mainly in the support environment, while the academic pool remained stable. In 2019, we prioritised growth in academic posts.

Total staff headcount – 2018 vs 2019						
Classification	Permanent		Temporary		Total	
	2018	2019	2018	2019	2018	2019
Academic	1 531	1 575	342	450	1 873	2 025
Support	2 474	2 502	3 958	4 079	6 432	6 581
Grand total	4 005	4 077	4 300	4 529	8 305	8 606

The overall attrition rate is 6,36, well within our projected attrition rate of under 10%.

### 4.4 Realising equity targets in the workplace

Various governance oversight committees regularly monitor our progress towards achieving our employment equity targets. The two main ones are the People and Culture and Employment Equity Committee and the Transformation Oversight Committee, both of which are committees of Council.

In 2019, greater efforts were employed to attract employees from the designated groups to the university. We achieved a 66% success rate in the new appointment category and 51% in the internal transfer category. This was across both the academic and support environments.

Our current employment equity plan runs from January 2016 to December 2020. The targets and outcomes for 2019, cascaded from the plan approved by Council on 28 September 2018, are shown in the following table:

Occupational level	Male				Female				Male	Female	Grand total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Foreign national		
Permanent staff total, fourth quarter	755	108	28	782	696	144	33	1327	33	9	3 915
% total NWU workforce)	19,3%	2,8%	0,7%	20,0%	17,8%	3,7%	0,8%	33,9%	0,8%	0,2%	100,0%
2019 EE target	826	140	42	829	798	182	47	1381	30	8	4 283
2019 EE target %	19,29%	3,27%	0,98%	19,36%	18,63%	4,25%	1,10%	32,24%	0,70%	0,19%	100,00%

#### 4.5 The quality of information available to management

The Unit for Integrated Planning and Strategic Intelligence seeks to provide management reports that are clear, accurate and timely, and also custom-made for the intended reader.

In 2019 we implemented faculty dashboards at the click of a button that give faculties an overview of their staff and student profile, and research and academic performance.

We also compiled an integrated dashboard to benchmark the provision of resources across the different academic disciplines and across campuses. The integrated information it produced was invaluable during the budget planning process, especially in identifying priorities and ensuring equity of provision.

We need high-quality, trustworthy information to plan and make decisions that are crucial for our daily operations and the future sustainability of our university. This information is collected from different sources across the university and then integrated and stored so that it can be drawn when needed.

We also see a need for better data mining and modelling to enhance decision-making. With the introduction of fee-free higher education in its current format, it is important to track the academic performance of the new cohorts of students entering higher education.

Long-term financial sustainability is another priority, and so we are focusing strongly on financial viability modelling and scenario planning.

#### 4.6 Student services and co-curricular activities

In line with our dream to promote an ethic of care, we want the NWU to be a home away from home for all our students. We offer various support services and co-curricular activities to encourage a sense of belonging, develop well-rounded students and celebrate their inherent diversity.

For more information about our academic support activities for students, turn to the section on how we create value through our performance on pages 54 to 77.

Co-curricular activities are a valuable part of our students' overall university experience and complement their academic pursuits. There are more than 80 sporting, social, arts and cultural, religious and charitable student organisations at the NWU.

Through our student support services and vibrant residence life, we encourage our students to become involved in these activities so that they can develop essential skills in leadership, project management, fundraising, teamwork, social responsibility and cultural integration.

Our Campus Health Centres and Student Counselling and Development units offer free medical services to students, whose physical and psycho-social health remains paramount. Besides organising awareness



campaigns on HIV and AIDS, gender-based violence and LGBTQIA+ rights, among others, we offer our students various counselling and social welfare services, following a holistic and multidisciplinary approach.

#### **4.7 Changing patterns in the provision of academic courses**

In 2019, we had 63 671 students enrolled at our three campuses. Female enrolments increased slightly from 39 963 to 41 350, while male enrolments, at 21 249, were much the same as in 2018.

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.

Qualification and academic programme development continued to receive significant attention. During 2019, Senate approved a number of new qualifications, the extension of qualification offerings to other campuses and the addition of new programmes under existing qualifications. In the School of Languages, a process of consolidating the undergraduate degree programmes has commenced on the Potchefstroom and Vaal Triangle campuses and would be extended to the Mafikeng campus in 2020. Of these Senate approved applications, campus extensions, additional CESMS and new qualifications were approved by the DHET.

Although most approvals were in the fields of education, health sciences and natural and agricultural sciences, there were programme approvals in all eight faculties. One of the positive effects of this is that all three campuses now offer the BEdHons in business science education, BSocSc, MA in political studies, MTh, MSc in crop science and MSc in environmental sciences.

Several new and unique qualifications were accredited. These were the MEd in environmental sciences, three-year BA in language technology, BEng in mechatronic engineering, MHSc in occupational hygiene through research and BComHons in agricultural economics.

In terms of distance applications, we added the AdvDip in school leadership and management, AdvDip in intermediate phase mathematics education, PGDip in special needs education, PGDip in engineering infrastructure management and BThHons.

#### **4.8 Self-assessment of our achievements**

Based on the figures presented above, we are confident to state that we have succeeded in our upward trajectory as a university in regard to our core activities of teaching and learning, research and innovation and community engagement. Further details to substantiate our claim are also set out elsewhere in this report, for instance in the highlights on page 7 and in our business model on pages 15 to 17.

These accomplishments demonstrate the focused commitment of our executive team in working towards achieving our long-term strategic goals and the objectives in our Annual Performance Plan.

We can report substantial success. (Refer to the section on our performance against our strategy on page 54 and our performance assessment report on page 110.)

## 4.9 Looking to the future

Our future focus will be on the opportunities and risks posed by the Fourth Industrial Revolution. We will develop and implement a digital business strategy to respond to the disruptors that the higher education sector is experiencing. Doing this while retaining a vibrant campus life is a key aspect of our student value proposition.

We continue to be driven by our core values, an ethic of care and a commitment to social justice. Our focus will need to develop more sustainable sources of income to maintain our competitiveness as an employer and ensure our financial future.

The support that we receive from all of our stakeholders gives us confidence that we will succeed.

*"We continue to be driven by our core values, an ethic of care and a commitment to social justice."  
- Prof Dan Kgwadi, Vice-Chancellor*



## 4.10 Meet our management members

### Meet our management members



**Prof Dan Kgwadi**  
Vice-Chancellor



**Prof Marlene Verhoef**  
Registrar



**Prof Linda du Plessis**  
Vice-Principal and Deputy  
Vice-Chancellor: Integrated  
Planning and Vaal Triangle  
Campus Operations



**Prof Robert Balfour**  
Deputy Vice-Chancellor:  
Teaching and Learning



**Prof Refilwe  
Phaswana-Mafuya**  
Deputy Vice-Chancellor:  
Research and Innovation



**Prof Marilyn Settlaentoa**  
Deputy Vice-Chancellor:  
Community Engagement and  
Mafikeng Campus Operations



**Prof Daryl Balia**  
Deputy Vice-Chancellor:  
Information Technology  
and Potchefstroom  
Campus Operations



**Ms Elmarie de Beer**  
Executive Director:  
Finance and Facilities



**Dr Mala Singh**  
Executive Director:  
People and Culture



**Mr Clement Manoko**  
Executive Director: Corporate  
Relations and Marketing



**Prof Sibusiso Chalufu**  
Executive Director:  
Student Life

**PROF DAN KGWADI**  
VICE-CHANCELLOR

## 5 HOW WE ENGAGE WITH OUR STAKEHOLDERS

### 5.1 Creating value for ourselves and our stakeholders

We are encouraged by our stakeholders' continued interest and involvement in the university's initiatives in various sectors of society.

Therefore, we have recommitted ourselves to direct our engagements towards more inclusivity and responsiveness when it comes to understanding our stakeholders' environments and needs. We do this as

a result of our full appreciation of the value that we consistently derive when we work in collaboration with our stakeholders. Our collaborative efforts with stakeholders benefit not only the parties involved but often other sectors and the broader society as well.

In response to the stakeholder feedback during 2019 regarding our engagement activities, we have introduced a range of direct and indirect engagement platforms including new interactive media targeting various stakeholder groups.

Our view of strategic stakeholder engagement is that it is an area that requires continuous improvement. To this end, we anticipate to conclude follow-up surveys during 2020 and implement recommendations accordingly.

### How we react to our stakeholders' interests and expectations

We have many stakeholders, ranging from prospective students and their families to communities around our campuses, but in this report we are focusing on our key stakeholders. These are our prospective and current students, employees, alumni, donors, industry and the business community.

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

### Social Relationship Capital

Stakeholder group	Prospective students
How we engage	Issues raised (material matters)
<ul style="list-style-type: none"> <li>• Open days</li> <li>• Visits to schools</li> <li>• Sports sponsorships</li> <li>• One-on-one and group career advice sessions</li> <li>• Marketing (direct and indirect)</li> </ul>	<ul style="list-style-type: none"> <li>• Application for admission</li> <li>• Career choice</li> <li>• Equity of student experience</li> <li>• Requirements for resources for online learning</li> <li>• Safety and security</li> <li>• Language policy</li> </ul>
<b>Our response</b>	
<p>We prioritise communication and engagements with prospective students to ensure that they apply and register with us. During 2019, we have reached more 1 376 schools via direct and indirect initiatives.</p> <p>We organised more than 107 marketing events (open days, individual school visits to campuses, career events, sports sponsorships) to promote our brand and recruit prospective students. These initiatives resulted in more than 100 thousand applications for admission in various programmes offered by our faculties.</p> <p>During these interactions, we communicate the university's strategy and student value proposition.</p> <p><i>"... the abovementioned school takes the time to thank the North-West University for hosting our Grade 11 learners on 18 October 2019 for an interactive session in which learners also undertook a career pathing index which seemed to give them insight as to possible courses the university offers. The event was well planned with the marketing and communications staff well equipped and hands on throughout the day, which is applauded.</i></p> <p><i>The school thanks the university for the continued relationship and expresses the wish that such engagements could go on in the near future."</i> – Mr P.J. Molefe: Principal, Letsatsing Science Secondary School</p> <p><i>"We thank you very much for your involvement which started last year when your institution was invited to our Inaugural Agri Teen Symposium. We saw potential in hosting the event at your premises because it has a wonderful agricultural facility fit for the youngsters to gain first-hand experience of the industry.</i></p> <p><i>We absolutely loved all the demonstrations at the agricultural facilities; the tour was insightful to the youngsters and brought the symposium to life. The learners loved every minute of it, we are truly thankful."</i> - Shekinah Media</p> <p><i>"It gives me great pleasure to share the feedback of the learners who attended the NWU's June Engineering Week (110 responses received). The most important finding is that 92% of the learners gave the week a 4 or 5-star rating. The Ingenium students who presented the Engineering Week were given a 4 to 5-star rating by 96% of the learners who attended the Engineering Week. We have taken note of suggestions made by the learners and will be improving on this initiative."</i> – Corneels Schabort, NWU Faculty of Engineering.</p>	

Stakeholder group	Current students
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Communiques</li> <li>• SMS</li> <li>• Website</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Equity of experience</li> <li>• Academic offerings</li> <li>• Inequality among students</li> <li>• Requirements for resources for online learning</li> <li>• Safety and security</li> <li>• Language policy</li> </ul>
<b>Our response</b>	
<p>Guided by our Statute, we recognise formal and informal students' structures as key enablers in terms of communicating views that are crucial for the attainment of shared understanding and values. The various university structures in Student Life as well as governance structures such as the Student Oversight Committee and Institutional Forum are used to share information with students.</p> <p>Our student-centred portal, eFundi is the primary source of information for current students and it is used extensively as a resource for students and staff information sharing. Students' participation on governance structures such as Council and Senate also ensures that we offer strategic responses to their needs.</p> <p>We assure them about our continued efforts to ensure safety and security of all our students including those in off-campus accommodation.</p> <p>We communicate the intention of our multilingual policy and encourage students to ensure inclusiveness in their approach especially in the students' environment such as residences, arts and culture, and sport.</p>	

Stakeholder group	Industry and business community
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• Hosting and attendance at business dinners and focused workshops.</li> <li>• One-on-one and group engagements</li> <li>• Integrated report</li> </ul>	<ul style="list-style-type: none"> <li>• Assurance for stability and sustainability</li> <li>• Curriculum relevance</li> <li>• Graduate attributes</li> <li>• Research excellence</li> </ul>
<b>Our response</b>	
<p>We communicate our strategy including teaching-learning and research plans aimed at responding to industry and societal needs. We link industries and individual companies with our faculties and students.</p> <p>In 2018 our research total weighted research output was 2 708,94 units. A substantial part of our research focuses on solving problems that business and industry experience.</p> <p>We also commercialise our intellectual property and expertise, with marketing our technologies to government and industry as a crucial aspect of our commercialisation activities. (See page 60 for more information.)</p> <p><i>"Thank you for having me. I trust that we will collaborate in the near future."</i> - <b>Adv. Mtho Xulu: President, South African Chamber of Commerce and Industry (SACCI)</b></p> <p><i>"Thank you for having us there. It was a great evening and we look forward to a closer level of collaboration with the NWU moving forward."</i> - <b>Johann Joubert, CEO: Converge-Solutions</b></p>	



Stakeholder group	Employees
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• Visits and walkabout sessions</li> <li>• One-on-one interactions – staff and managers</li> <li>• Intranet</li> <li>• Email</li> <li>• Website</li> <li>• Newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and security</li> <li>• Salaries</li> <li>• Conducive work environment</li> <li>• Transformation</li> <li>• Skills development and empowerment</li> </ul>
<b>Our response</b>	
<p>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.</p> <p>We made significant progress with our safety and security pilot programme at our Potchefstroom Campus. We are ready to customise and rollout the programme at the other two campuses.</p> <p>We commit and reiterate our resolve to ensure the sustainability of the university and therefore, the decisions around salaries must always take into account the economic realities of the time.</p> <p>Our message in terms of transformation broadly is that it is necessary in order to improve the performance of the university.</p> <p>We are continuing to implement our transformation and equity plans. (More information is available on page 37.)</p> <p>In 2019 we spent R7,4 million on training for 1 686 employees, with a strong focus on offering training opportunities to staff from the designated groups. (See page 61 for more information)</p> <p>Here are some of the comments from staff members attending training sessions:</p> <ul style="list-style-type: none"> <li>• Diversity and inclusivity training</li> </ul> <p><i>Training was very good, very insightful. We all learned a lot. I know a lot more now on traits like sexuality/gender inclusivity in the workplace. Overall training was excellent.</i></p> <ul style="list-style-type: none"> <li>• Middle management development programme</li> </ul> <p><i>Overall training was good. Bigger picture was achieved. The stages of team performance models were practical and easy to use. Excellently done.</i></p> <ul style="list-style-type: none"> <li>• Presentation skills</li> </ul> <p><i>The training was excellent and I have enjoyed every moment of it. I have learned a lot. Thank you. Generally, this training is an eye opener to me. I have learnt a lot and hope to implement the skills in my daily work. Training was perfect and exceeded expectations.</i></p>	

Stakeholder group	Alumni
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• Events</li> <li>• Newsletters</li> <li>• One-on-one and group engagements</li> <li>• Website</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• The university's performance and reputation</li> </ul>
<b>Our response</b>	
<p>We update the alumni about developments and achievements of the university.</p> <p>In addition, we encourage them to be actively involved in the university's activities and to join the Convocation.</p> <p>From 2019 to date more than 145 alumni joined the Convocation resulting in an upward trend for the membership. The alumni are also taking part in fundraising and community engagement activities.</p>	

The university's reputation remains positive among stakeholders. This has been enhanced by the achievements received in various areas, including research, teaching and learning, community engagement, as well as arts and sports.

We also demonstrate the quality of our programmes by sharing our ranking by international agencies:

**Center for World University Rankings (CWUR):** We improved our ranking by close to 100 positions, moving from position 964 to 869, which sees it among the top 4,8% of the more than 18 000 universities evaluated worldwide.

In addition, the Times Higher Education (THE) World University rankings placed us in position 5 in South Africa. Globally we are ranked between 501 to 600 out of the 1 396 universities which were evaluated for the 2020 rankings.

"Many thanks for a well organised event. We enjoyed being with the young Alumni." - **Pieter Swanepoel**, NWU Alumnus

Stakeholder group	Donors
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• One-on-one and group interactions</li> <li>• Publications</li> <li>• Integrated report</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Stability and performance of the higher education sector in general and the NWU in particular</li> <li>• Long-term sustainability of the Government's funding model</li> </ul>
<b>Our response</b>	
We communicate our commitment to ensuring long-term sustainability of the university and recommit to practice prudent financial controls to achieve our goals and safeguard the university against any potential short-term and long-term challenges.	

Stakeholder group	Government and regulatory bodies
<b>How we engage</b>	<b>Issues raised (material matters)</b>
<ul style="list-style-type: none"> <li>• Publications</li> <li>• One-on-one and group engagements</li> <li>• Conferences</li> <li>• Workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legislation</li> <li>• Financial accountability and reporting</li> <li>• Quality and standards</li> </ul>
<b>Our response</b>	
We share our performance information through prescribed progress reports, the integrated report and course-specific reports.	

*"Mmatla kgomo kolomela, o etse mfata sediba (Setswana proverb) – when you dig for precious metals, you have to dig deeper in order to succeed. We remain committed to work even harder and smarter to invest in the relationships with our stakeholders to ensure our long-term growth and sustainability."*

## 6 OUR TRANSFORMATION JOURNEY

In the context of the NWU, we see transformation as inextricably connected to issues of culture, performance indicators, communal well-being and an ethic of care, as well as excellence in all its facets.

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”).

Our focus also takes into consideration linkages to the concept of responsiveness to environmental and political changes, as well as ensuring relevance to the needs – both current and future – of the communities we serve.

We have identified 10 key transformation pillars which we believe are critical in the successful achievement of our goals. They are Diversity, Access, Alignment, Redress, Equity, Resource Allocation, Increased Unity, Student Experience, Success and Quality.

These pillars find expression in our Annual Performance Plan (APP) and in the individual operational plans of faculties and departments. The task of overseeing the implementation of the transformational aspects of the APP lies with the Transformation Oversight Committee, while the Institutional Forum plays a critical advisory role as prescribed in the Higher Education Act and in the NWU Statute.

### 6.1 Academic transformation

The NWU works with diligence continually to address issues of transformation and alignment in the curriculum and the student academic experience.

During 2019, our most prominent transformation issues focused on the finalisation of faculty plans for a phased approach towards multilingual teaching and learning, re-imagining the nature and scope of foundation modules in NWU curricula and hosting the first NWU Facing Race Week and the second Gender Awareness Week, both with great success.

We are also continuing with efforts to decolonise our curricula, to revisit the size and shape of our Programme and Qualification Mix (PQM) to better serve our target markets and our mandate as a traditional university, and to develop a digital teaching and learning strategy in line with great opportunities offered by the Fourth Industrial Revolution.

### 6.2 Pursuing and enabling equity

The NWU context confirms that transformation is inextricably connected to issues of justice, culture, performance indicators, communal wellbeing, excellence and relevance, among other things.

Transformation is also linked to the wider concept of being responsive to environmental and political changes, and being relevant to the current needs of the communities we serve.

In 2019, we revised our Employment Equity Policy with the purpose of ensuring that the university creates equal opportunities for all its employees and prospective employees and removes all related barriers.

### 6.3 Monitoring transformation

We built on the work done in 2018, when we focused on ways to develop 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 covers aspects such as culture, equity and redress, research and scholarship, teaching and learning and community engagement.

In 2019, the University Management Committee decided that the transformation dashboard should be linked to the APP in order to ensure proper monitoring and achievement of transformation targets. This process was completed. Going forward, reporting on transformation will be more coherent and in line with the broader institutional goals and objectives.

## 6.4 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, other bodies that play a critical monitoring and advisory role are the Student Oversight Committee and the Institutional Forum. Their diverse blend of staff, management and students enable these committees to ensure that the university complies with the national transformation goals in higher education.

## 6.5 Adding value

In transforming and positioning the NWU as a unitary institution of superior academic excellence, with a commitment to social justice, we have reached some important milestones.

An example is the progress made with the NWU Culture Change Project. We have held numerous engagements with staff and students on the “As-is” NWU culture, leading to critical conversations on the “To-be” culture.

It is also important that our students 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 co-curricular 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 living with disabilities.

In striving to add equal value for all our stakeholders, we increase our human capital (through equitable resources for our students and staff), 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).

In 2019, our staff participated in various sectoral transformation initiatives. These included the national higher education conference of Universities South Africa (USAf), which had the theme “Reinventing South Africa’s Universities for the Future.” At this conference, our Executive Director: Student Life and Assigned Function Transformation, Dr Sibusiso Chalufu, chaired a plenary session focused on “Transformation by design: Staff and student centrism as ‘architectural’ principles of social justice change in universities”.

## 6.6 Looking ahead

Although we continue to make significant progress in our transformation trajectory, a lot more remains to be done. We believe we are up to the challenge. Our primary motivation for continuing and accelerating our transformation journey is that it is the right thing to do and accords with our values.

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 40).

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.

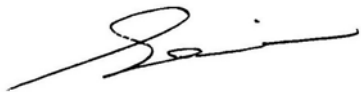
*Transformation is directly linked to our strategy, which is to transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice.*

## 6.7 Statement on transformation

### STATEMENT ON TRANSFORMATION

“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 our members 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 28 July 2020*



**PROF DAN KGWADI**  
**VICE-CHANCELLOR**



**DR BISMARK TYOBEKA**  
**CHAIRPERSON OF COUNCIL**



## 7 MATERIAL RISKS AND OPPORTUNITIES IMPACTING VALUE

### 7.1 Risk governance and management processes

Our strategic approach to risk and opportunity management entails identifying and prioritising risks and opportunities that could influence our ability to implement the university's strategy, and adopting appropriate risk mitigation strategies and initiatives. In doing so, we take into account the demands of and uncertainties in the external environment (see page 9) and align our risk management processes with the King IV guiding principles. This approach ensures streamlined processes and procedures in accordance with the prescripts of the code.

### 7.2 How we prioritise our risks and opportunities

The NWU's strategic goals are the point of reference for prioritising, defining and assessing our risks. The main mechanism is the defined risk appetite framework adopted by the University Management Committee and endorsed by the Audit, Risk and Compliance committee.

We use a template for risk identification and risk definition, coupled with a comprehensive process of implementing internal controls and action plans to address the relevant risk reasons and manage the risks to an acceptable level. All risks above appetite are prioritised and highlighted for reporting purposes.

Certain risks tend to be interrelated and can often be grouped into clusters. 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 are listed in the following table and make up the core content of the risk management process.* The table describes the risks related to each cluster and gives a short summary of the associated mitigation strategies.

Risk cluster	Risks
1	<b>Uncertainties in the higher education sector, largely related to uncertainties about financial matters and the funding model for universities</b>
	<b>Related material matter:</b> <i>Ensure financial sustainability.</i> (Annual Performance Plan (APP), Enabler 4)
	<u>Summary of risks:</u> The risks that received attention were the possible impact of the funding model, over-dependence on a single source of income (government subsidies and NSFAS), increase in student debt and financial support for postgraduate students. Mitigation included the active participation by the Executive Director: Finance and Facilities in the nation-funding project, while also building available financial reserves and enhancing the Student Finance Department's stewardship of the NSFAS process.
2	<b>The demand for organisational change and ongoing transformation</b>
	<b>Related material matter:</b> <i>Govern, lead and manage in a sustainable and transformed way with an effective operating model.</i> (APP, Enabler 1)
	<u>Summary of risks:</u> Some of the risks identified and attended to were ongoing transformation and organisational change, curriculum transformation and the impact of the new organisational model on the day-to-day activities of the NWU. Mitigation included employment equity planning and reporting, reporting Senate on curriculum transformation and reporting on the implementation of the new organisational model, together with proper business plans per department.

<b>3</b>	<b>Risks related to academic matters (teaching and learning, research and innovation and academic administration)</b>
	<p><b>Related material matters:</b> <i>Intensify research and innovation (APP, Goal 2) and promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions. (APP, Goal 1)</i></p> <p><u>Summary of risks:</u> In this cluster, we focused on risks such as the decline in research funding, insufficient global engagement activities, matters related to perceptions around “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 also focused on the standards gap between basic and tertiary education, students’ apparent unpreparedness for functioning in a blended-learning environment, ineffectiveness and inefficiencies of support functions, loss of opportunity income, subsidy and return and loss of students and staff. A further risk in this cluster was that of compromised teaching quality owing to limited and inadequate infrastructure planning for teaching, and a possible skills mismatch when graduates complete our qualifications and enter the labour market.</p> <p>As this risk cluster is wide ranging, various mitigation strategies are at play. These are elaborated upon in the Risk Register on page 126.</p>
<b>4</b>	<b>Ensuring compliance</b>
	<p><b>Related material matter:</b> <i>Govern, lead and manage in a sustainable and transformed way with an effective operating model. (APP, Enabler 1)</i></p> <p><u>Summary of risks:</u> Risks receiving attention in this cluster were lack of general compliance, possible inadequacies in information governance, disaster recovery, business continuity and environmental management, as well as the potential for fraud.</p> <p>Mitigation included finalising an information governance framework for Council approval in 2020, implementing a focused compliance programme with provision for reporting to oversight structures, seeking university management approval for a business continuity project and undertaking various interventions to prevent fraudulent activities across all departments of the NWU.</p>
<b>5</b>	<b>Risks related to student life, both in the academic and non-academic environments</b>
	<p><b>Related material matter:</b> <i>Develop a clearly differentiated student value proposition (APP, Goal 4); Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions. (APP, Goal 1)</i></p> <p><u>Summary of risks:</u> In this cluster, the risks we looked at were a lack of proper student academic support, an inability to create an enriched and aligned student-life experience with equity of provision across the NWU, challenges related to academic unpreparedness, access to technology and the blended mode of delivery, and the possibility of violence and unrest, as well as possible inadequacies in student leadership.</p> <p>Mitigation strategies included training for student leaders, raising awareness and providing training on human rights and gender-based violence, inclusive planning opportunities between management and students, a thoughts and complaints line for students and various security projects across all campuses.</p>
<b>6</b>	<b>IT risks (including cyber security) and university systems</b>
	<p>Related material matter: <i>Develop best-in-class information and communications technology to support the core business. (APP, Enabler 2)</i></p> <p>Related material matter: <i>Govern, lead and manage in a sustainable and transformed way. (APP, Enabler 1)</i></p> <p><u>Summary of risks:</u> IT risks include the possibility of cyber-attacks, outdated IT systems (e.g. student information system) and IT capacity challenges in terms of both staff and infrastructure.</p> <p>Mitigation included conducting cyber security audits leading to a complete cyber security strategy, developing business continuity plans within the IT environment, addressing staff capacity by means of strategic funding and launching a project for the renewal and optimisation of the student information system.</p>

<b>7</b>	<b>Commercialisation</b>
	<p><b>Related material matter:</b> <i>Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions. (APP, Goal 1)</i></p> <p><u>Summary of risks:</u> The commercialisation environment looked into the risks of lack of systematic information for continuing education courses and the vulnerabilities of spin-out towards commercialisation.</p> <p>Mitigation included making provision for an effective financial and operating model and a management structure for continuing education, increasing commercialisation opportunities and finalising the establishment of the Unit for Continuing Education, as well as the policy on continuing education. Commercialisation focused on undertaking due diligence and creating standardised licensing agreements.</p>
<b>8</b>	<b>Operational risks</b>
	<p><b>Related material matters:</b> <i>Govern, lead and manage in a sustainable and transformed way. (APP, Enabler 1)</i> <i>Ensuring the financial sustainability of the NWU. (APP, Enabler 4)</i></p> <p><u>Summary of risks:</u> Operational risks included safety in buildings and space management challenges. Specific risks in terms of facilities include inadequate library, lecturing, practical and office space, laboratory and simulation facilities and equipment. Further risks were water pressure challenges, Wi-Fi coverage and protection against fire.</p> <p>Mitigation included a project to optimise space management and receipt of a substantial grant from the DHET to optimise our infrastructure development.</p> <p>We are also further strengthening our integrated planning for academic infrastructure.</p>

### 7.3 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 those which:

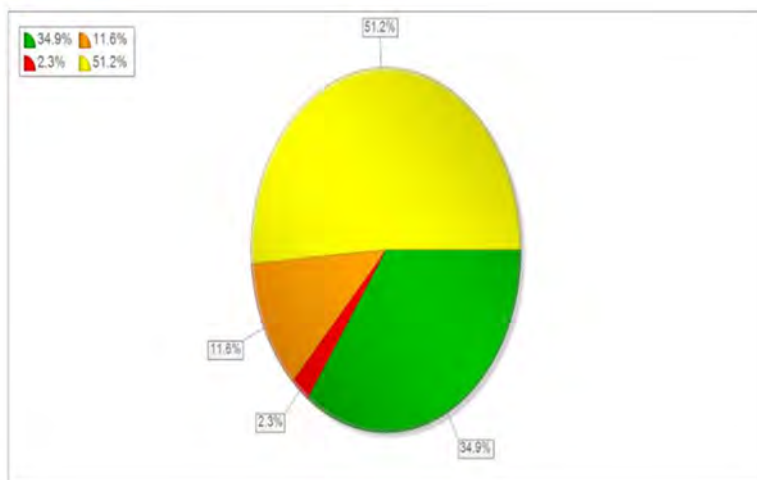
- Continually safeguard the financial sustainability of the university
- Enable us to implement our new strategy, structure and operating model
- Promote excellence in teaching and learning and research and innovation
- Establish a clearly differentiated student value proposition
- Develop and retain excellent staff and create an equitable staff and student profile
- Enable the deployment of 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

### 7.4 Steps taken in 2019

The cleaning up of the NWU Risk Register was finalised in 2019, and we migrated the register to an enterprise risk management environment. This is driven electronically by means of a software-based solution that includes integrated reporting and charting capabilities.

As a result of the discussions with the relevant risk owners, we updated the risk register and moved from a three-point scale to a five-point matrix scale.

The following graph indicates the status of residual risks for 2019 of the NWU strategic risk register, after the consultation phase with risk owners.



Total Number Risks	43	
Risks Indicator Name	Number of Risks	Risks Percentage
High	1	2.3 %
Medium	5	11.6 %
Low	22	51.2 %
Minor	15	34.9 %

Top 6 Risk Details		
Risk No.	Defined Risk	Residual Risk
35	Loss of opportunity income, subsidy and loss of return, loss of students and staff and compromise in teaching quality due to limited and inadequate infrastructure planning for teaching	12.00
42	Student safety on and off-campus at risk due to escalation in criminal activities on and around campus	7.20
43	Insecurities regarding the proposed fee regulation model leading to uncertainty around sustainability	10.00
48	The lack of focus and clarity in regard to the placement, functioning and monitoring of environmental management at the NWU poses a risk to sustainability and compliance.	12.80
51	Cyber security is not adequately addressed at the NWU and is the number one IT issue worldwide. An attack on the NWU is likely. Digital transformation will increase the cyber security risk.	16.00
52	Digital transformation will have a severe impact on operational models, structures, people, processes and roles.	12.00

Risk Indicator Key	
Name	Description
Minor	A risk event that holds no significant threat to the organisation, employees or other stakeholders.
Low	A risk that is unlikely to occur, but if it does occur it can be managed under normal operating conditions.
Medium	The risk could have a serious impact on operations. A risk that can be managed with some additional resources, budget and maintenance effort.
High	This risk is potentially disastrous and will hinder the achievement of objectives and/or lead to the collapse of business and /or project

## 7.5 Improving the effectiveness of risk management

A highlight for 2019 was the drafting and consulting of a Risk and Compliance Management Policy, which is to be finalised and submitted to Council for approval early in 2020.

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 combined assurance model for the NWU is aligned with the good-practice governance principles in King IV and aims to incorporate and optimise all relevant assurance services, functions and structures. These are the University Management Committee, academic and support managers, the NWU's registrar, a designated risk and compliance officer and the Audit, Risk and Compliance Committee.

Two other structures that are involved in risk management are the Compliance Committee and the Combined Assurance Forum (CAF). Internal Audit also plays a substantial role in establishing a university environment conducive to risk management.

As a result of discussions with risk owners, a concerted effort was made in 2019 to further refine risk management and strengthen the internal control environment. The elements of this exercise are shown in the following graph, derived from the renowned Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework:



In refining risk management and strengthening the control environment, the following are pertinent:

With regard to the control environment:

- The restructuring of the NWU, as approved by Council in 2015, allowed an environment conducive to alignment and standardisation.
- The recent review of policies contributed to the strengthening of the control environment.
- The current drive towards the governance and management of ethics is expected to create an environment conducive to ethical behaviour.
- Clear policies and guidelines exist to keep teams and individuals accountable.

With regard to ongoing risk assessment:

- The migration to an enterprise risk management (ERM) approach contributed to a more systematic management approach to risk management.
- The focus on proper risk identification, risk definition and risk appetite provided a basis for the achievement of objectives.
- This focus allowed risk owners to link risks to relevant operations and quality enhancement within a particular business process and, in turn, provided an opportunity for the integration of controls.

With regard to control activities:

- The focus on an improved description of internal controls, as was done in 2019, enhanced our potential to mitigate risks. This is the case both in the understanding of the risk (for as far as these are linked to the risk causes) and in seeking to manage the relevant risks to levels of acceptance.
- The identification of controls in accordance with categories has the potential to improve our understanding of the nature of a risk and the controls needed for mitigation purposes.

With regard to information and communication:

- Conventions have been established in regard to information sources for ongoing risk management purposes. Risk information must be sourced in consultation with existing data-source owners (finances, strategic intelligence, people and culture).
- Apart from the current information shared at governance levels and in the annual integrated report, improved information and communication is needed.
- Through the integrated annual report and stakeholder engagements, we share information about the role and effectiveness of internal controls in securing the sustainability of the NWU.

With regard to monitoring activities:

- We use various internal and external evaluations to monitor risk management and internal controls implemented for mitigation purposes.
- Council committees, in particular the Audit, Risk and Compliance Committee, have a definitive role to fulfil in regard to the ongoing monitoring of the risk management enterprise.

## 7.6 Continuous assessment of risk

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

Despite the relative resilience of our internal structures and procedures, adverse events may occur and potentially affect operations throughout the institution. Therefore, we identify potential risk events that might emerge and assess the likelihood of these occurring and their potential impact.

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

Furthermore, we link responsible business process owners to each risk.

While the University Management Committee is responsible for overall management and control of risk, each risk owner remains responsible for ensuring that appropriate abatement strategies are established to allow for risk management. They also provide feedback on the progress of managing the particular risk event, and ensure that the risk register is updated regularly.

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

From the above, our stakeholders may rest assured that all efforts were made in 2019 to continue to identify, assess and manage the relevant potential risk consequences on the university's effectiveness and efficiency.

## 7.7 Statement on risk management

### STATEMENT ON RISK MANAGEMENT

"The NWU Council, as the final decision-making body of the university, affirms 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 28 July 2020*





**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 relevant information. This assurance is provided to the university management 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 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 of 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.

Following the outcomes of a cyber-maturity assessment conducted in 2016, the NWU started to improve its cyber-security maturity by implementing adequate information security awareness, training, business continuity and risk management plans. The action plans included budgetary and resource plans for regulatory incidents aimed at reduce 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 NWU prepares budgeting and resource plans for its overall cyber security defence programme that is aligned to business objectives and risk profile. Not all of the IT systems at the university are centralised, with the consequence that differing levels of control exists 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 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 as at 31 December 2019 (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.

The combined assurance model, introduced by the King III Report as a recommended governance practice, was adopted by the university to improve assurance coverage and quality through better coordination of assurance providers. It is a natural conclusion to the risk management process by ensuring the appropriate management of key risks and maximum benefit from assurance activities. Combined assurance is about effectively coordinating management and internal and external assurance providers, increasing collaboration, and developing a more holistic view of the university's risks.

External auditors mostly provide assurance to the university's stakeholder (outside the university's governance boundary), senior management, Council and the audit committee who need to rely on the successful conduct of business activities, sound internal operational processes and the credibility and reliability of the financial information as presented in the financial statements. The external audit process

ensures that the university's internal controls, processes, guidelines and policies are adequate, effective and in compliance with governmental requirements, industry standards and official policies.

Internal auditors provide members of Council, the Audit, Risk and Compliance Committee and senior management with assurance that they can use to fulfil their own duties within the university and towards its stakeholders. Internal Audit provides an objective and independent assurance, providing reasonable (not absolute) assurance of the overall effectiveness of governance, risk management and controls.


Assurance provided by the internal audit function 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 on areas where significant control deficiencies were reported by internal or external audit within a year after a report was issued 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, as at 31 December 2019, 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 2019 financial year under review at its meeting of 2 July 2020 (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 OUR STRATEGY TO CREATE VALUE

Here we describe what our goals and enablers are and how we intend to reach those goals. This is how we create value for our stakeholders.

Our guiding light on this journey is our 2015-2025 strategy, which sets the overall framework within which we seek to attain the specific objectives in our Annual Performance Plan – the map to help us reach these.

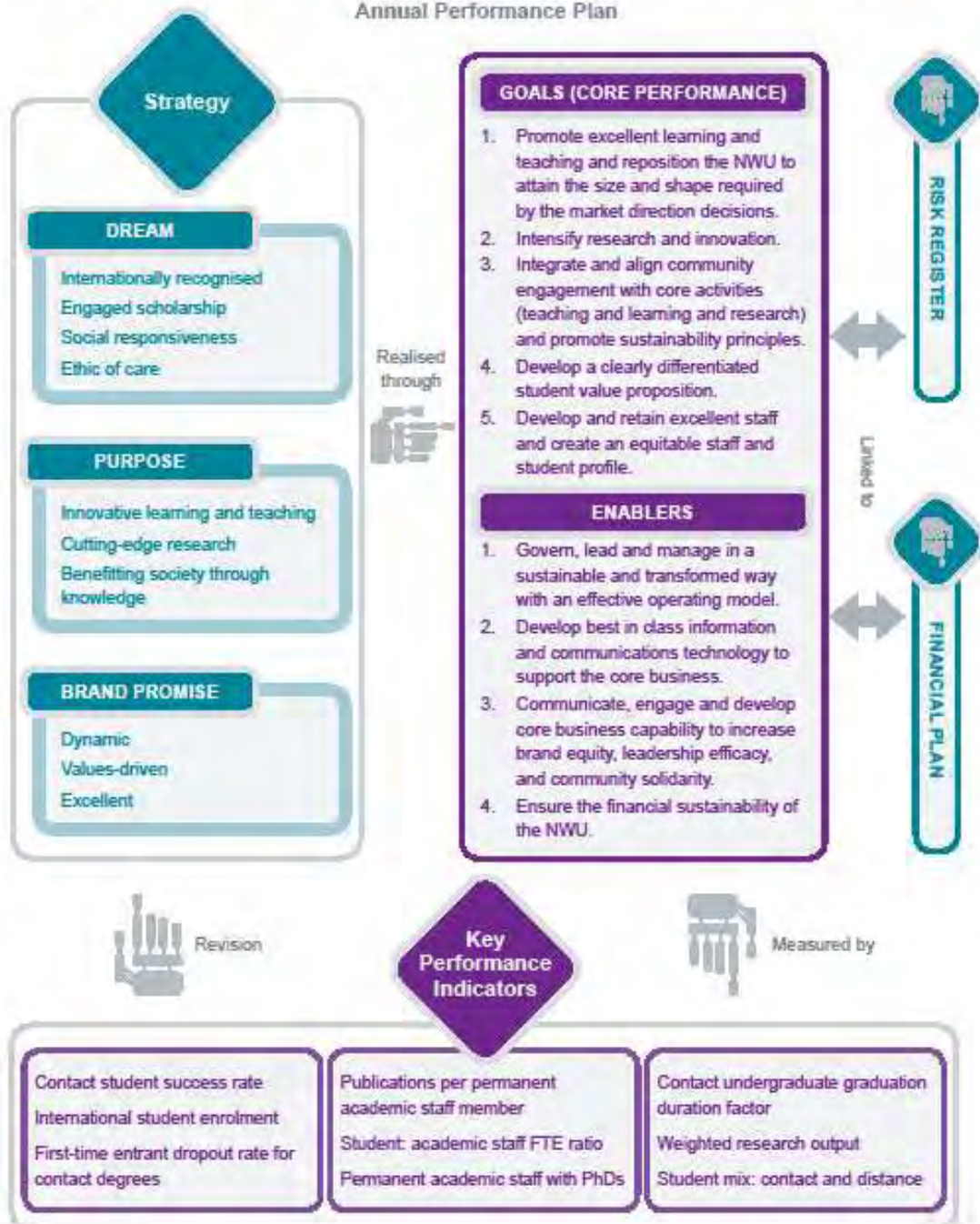


### 8.1 Explaining our strategy

In the following diagram, we depict how our identity (purpose, dream and brand promise) drives our strategy, which informs our long-term goals and enablers. Each year, we review and agree on our annual objectives that we capture in our Annual Performance Plan. These objectives anchor the broad direction in concrete actions through which we create value.

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

**Annual Performance Plan**



## 8.2 Five goals to realise our strategy

Where we want to go (our goal)	How we get there
<p><b>We want to promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.</b></p>	<p>We systematically pursue excellence in all aspects of teaching and learning, providing a consistently high-quality learning experience, irrespective of the mode of provision.</p> <p>Through curriculum planning, design and development support, we enhance the quality of teaching and learning. While professionalising teaching and setting high academic standards, we ensure accessible and appropriate student support.</p> <p>We promote the scholarship of teaching and learning among our academic staff and conduct ethically sound research on the curriculum, student learning and assessment, among others.</p> <p>Students receive appropriate opportunities for work-integrated and service learning.</p> <p>Our continuing education programmes provide professional services to the community while creating third stream income for the university.</p>
<p><b>It is our goal to intensify research and innovation.</b></p>	<p>We align our strategy for research, innovation and technology across the NWU and promote academic excellence, with a commitment to social justice.</p> <p>We expand our global presence by participating in international rankings and ratings and collaborating with international partners. In addition, we strive constantly to increase our research output, number of NRF ratings and postdoctoral fellows, research entities, disclosures on new inventions and funding sources.</p>
<p><b>We want our community engagement to be integrated and aligned with our teaching and learning and research, and want to promote sustainability principles.</b></p>	<p>Our main focus is for the university to work closely with the community to share knowledge and expertise, and promoting mutual benefit.</p> <p>We are committed to expanding work-integrated learning and service learning, which are part of our Teaching and Learning Strategy, thereby contributing to services to community members by allowing students to do discipline based outreach and a caring and transformational experience. We also encourage staff and students to volunteer in communities, thereby enhancing their social awareness and making an immediate difference to address basic needs in some cases.</p> <p>Realising that we have a responsibility towards the environment (our natural capital), we used an environmental legal compliance audit in order to rectify compliance issues on all campus. Student associations are also driving electricity savings campaigns and recycling awareness.</p>
<p><b>It is important to develop a clearly differentiated student value proposition.</b></p>	<p>We focus on promoting a vibrant, diverse and integrated student life on all our campuses.</p> <p>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 improvements to student administration enhance service delivery.</p>
<p><b>We want to develop and retain excellent staff and create an equitable staff and student profile.</b></p>	<p>By striving for staff and student equity, we promote social justice and diversity on all campuses. The Residence Department introduced an online application process, which has been implemented for all three campuses. It has better control measures for the placement process and also aligns the way we confirm the deposits of first-year students.</p> <p>All our residences are expected to reflect our enrolment targets for 2025 by following the plans and processes the university has put in place for this purpose.</p> <p>We position ourselves as an employer of choice to attract and retain excellent staff in both our support and academic environments. We continually evaluate our organisational culture and employee value proposition to ensure that aligned with our talent management strategy. We demonstrate the value we place on high performance by designing and implementing interventions to reward and recognise key talent.</p> <p>We are well placed to increase the number of academic and support staff who are open minded, think critically, respect the right to freedom of expression and are committed to and respect diversity in all its facets.</p>



### 8.3 Four enablers to help us realise our strategy

Where we want to go (our enabler)	How we get there
<p><b>Govern, lead and manage in a sustainable and transformed way with an effective operating model.</b></p>	<p>We have an integrated and holistic approach to ensure the realisation of the 2015 – 2025 NWU Strategy. Our management model promotes accountability and co-operation across divisions and departments to achieve organisational outcomes.</p> <p>The tone is set from the top, from the Council and management, and our values are central to our identity and influence our policy framework at all levels of operation.</p> <p>All expectations exist that the digital business strategy that is currently in development will have a vital influence on the way in which we govern, manage and lead in future.</p>
<p><b>Develop best-in-class information and communications technology (ICT) to support the core business.</b></p>	<p>We align our IT goals to our core business objectives and the university's IT dream: to be a leading partner in positioning the NWU as a unitary institution of superior academic excellence through digital transformation.</p> <p>We will also be guided by the digital business strategy which will be developed soon. This strategy will create new competitive advantages for the NWU and direct the repositioning of the NWU in higher education by redefining technology/digital transformation as a core co-determinant of the NWU strategy.</p>
<p><b>Communicate, engage and develop core business capabilities to increase brand equity, leadership efficacy and community solidarity.</b></p>	<p>We develop appropriate engagement strategies targeting specific stakeholder groups and build partnerships aimed to implement the strategies and plans efficiently and effectively to achieve optimal value.</p> <p>The partnership with relevant structures in our Student Life environment plays a key role in enhancing and promoting our brand essence. We envisage our relationships with various stakeholders including schools, parents and alumni to continue to play an integral part towards the achievement of our brand promise.</p> <p>The majority of our stakeholders have embraced new media as the preferred modes of communication and engagement; thus the future of our marketing communication practice is digital.</p> <p>We continuously monitor and evaluate our performance and constantly work towards finding the most reliable performance measurement tools for our marketing communication initiative to ensure continuous improvement and maximum return on investment.</p>
<p><b>Ensure the financial sustainability of the NWU.</b></p>	<p>The NWU's structure contributes to financial sustainability by doing away with the duplicated faculties that existed on the campuses in the past. We have also aligned our fee structure across the campuses, which also has an impact on sustainability.</p> <p>The Continuing Education Strategic Project includes developing and implementing a financial model, which is expected to optimise and expand our continuing education income.</p> <p>The facility optimisation project is well under way with the goal of making the best possible use of this very expensive resource.</p>

## 8.4 Annual Performance Plan (APP)

### How the Annual Performance Plan fits in with our strategy

The Annual Performance Plan (APP) sets out what we must do annually to implement our strategy so that we ultimately deliver value to all our stakeholders and support national priorities.

The five goals and four enablers drive the implementation of our strategy, along with key performance indicators to measure our progress towards implementation.

### How the APP was revised in 2019

We identified risks and opportunities that were likely to impact the NWU in the short, medium and long term. This information was then used to draw up an updated situational analysis to inform the further development of the NWU strategy, as well as the APP. This analysis enabled us to make projections based on recent trends, developments and anticipated significant events that will continue or may accelerate or intensify.

An assessment of our major risks and opportunities informed our performance objectives for 2019. This assessment took into account variables relating to market size and growth, our customers, the impact of technology on teaching and learning, our income, capital and funding, and our relationships with communities. These factors are likely to have an impact on the university, both in the near future and in the longer term.

## 8.5 Future outlook

While we expect the basic school system not to change significantly during the next five years, the labour market will, mainly as a result of technology drivers and particularly the Fourth Industrial Revolution. Career reinvention will become the norm and universities' tuition models will have to be ever more flexible in response.

Students will increasingly expect their learning experience to be interactive, accessible anywhere, and compatible with the learning devices of their choice. The NWU has been working towards this for some time and will continue to ensure its tuition models and offerings meet the needs of students preparing for a fluid job market.

Another expectation that we will continue to address, is that universities will make a significant contribution to the development of scarce skills required for economic development.

The NWU also appreciates that communities expect universities to contribute to their growth and development, and we are committed to mutually beneficial relationships built on sharing knowledge and expertise for the greater good.

We anticipate that our income, capital and funding will continue to come under pressure. Although the state budget allocations to universities increased by 21,8% and 23,9% respectively for the 2018/19 and 2019/20 budget cycles (after the additional fund allocation), this will possibly not be sustained.

The reason is that the DHET provided this funding, known as the gap funding grant, to cover the difference between the 2016 and 2017 fee increment for the missing middle (students who do not qualify for NSFAS funding, but still need financial help). In future, funding for these students will be incorporated into the block grant.

*“Career reinvention will become the norm and universities’ tuition models will have to be ever more flexible in response. The NWU has been working towards this for some time.”*

## 9 OUR PERFORMANCE AGAINST OUR STRATEGY: CREATING VALUE THROUGH THE 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.

<b>Stakeholders who will benefit from our intellectual capital</b>	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.
<b>Material matters (goals or enablers) involved</b>	Teaching and learning, research, community development, ability to govern, lead and manage, information and communication technology.
<b>Risks involved</b>	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 125.

#### 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.

<b>9.1.1 Material matter</b>	<b>Teaching and learning</b>
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We are committed to academic excellence and student support to foster academic success.

Our approach is to deliver appropriate teaching for enhanced learning and student success (our output) and ultimately contribute to the knowledge economy (our outcome).

Quality and diversity are key attributes of our teaching and learning activities, and we readily invest in staff development and student development and support. We also align our academic programmes across the university, have them evaluated regularly and use appropriate ICT and multimedia resources to expand the reach of our distance learning offerings.

#### 9.1.1.1 Increase student access and success

Extensive, value-adding academic support is offered to students, as discussed in the following section.

#### 9.1.1.2 Extended curriculum programmes

The NWU has numerous natural sciences and economic sciences programmes that enable students to complete their studies over an extended period of time.

The overall success rate for students in extended programmes is approximately 80%, which demonstrates how much value these programmes add. In 2019, we had 1238 first-time entering students on extended programmes and a total enrolment of 4 105 students. Of these, 14% had graduated by the end of 2019.

#### 9.1.1.3 University Preparatory Programme (UnivPrep)

Our one-year UnivPrep programme provides an opportunity for learners who do not meet normal admission requirements to potentially have access to specific degree programmes. After a student has successfully completed UnivPrep, the faculty concerned has the discretion to decide on his or her admission to a university programme. Annually, approximately 45% of successful UnivPrep participants enrol for formal degree studies at the NWU, highlighting the programme's success in enhancing access.

#### 9.1.1.4 Academic literacy tests and modules

All first-year students take a compulsory academic literacy test, the results of which determine which academic literacy modules they must register for. Annually, more than 10 000 students register for these modules, which focus on academic writing, reading, computer and information literacy and study skills, while incorporating discipline-specific content where possible. We are gradually implementing multimodal teaching and learning approaches and materials, and giving increased attention to self-directed learning.

#### 9.1.1.5 Supplemental Instruction

Supplemental Instruction (SI) is a non-remedial, out-of-class, peer-facilitated approach to learning. It supports undergraduate students through regularly scheduled voluntary small-group sessions by trained SI facilitators.

During 2019, SI was offered in 659 modules, of which 141 were at-risk modules. We trained 984 SI leaders and a total of 42 789 students attended the 10 240 sessions.

#### 9.1.1.6 Peer mentoring

All faculties participate in the Centre for Teaching and Learning (CTL) peer mentoring programme, in which high-performing senior students support first-year students to adapt to university life. In 2019, we had 129 peer mentors.

#### 9.1.1.7 Tutor programme

Across the three campuses, 40 tutors were appointed during the first semester of 2019, and 87 during the second semester. Additionally, for the first time, master's and PhD students were appointed as tutors for various modules of the faculties of Humanities and Economic and Management Sciences, specifically on the Potchefstroom and Vaal Triangle campuses.

#### 9.1.1.8 Student success rate

As indicated earlier, we maintain a good contact success rate of 85%.

Our 2019 contact undergraduate graduation duration factor has stayed the same as in 2018 at 1,13. 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	2016	2017	2018	2019
Contact student success rate	86%	86%	85%	85%
Contact undergraduate, graduation duration factor	1,21	1,15	1,13	1,13
Graduation rate	27,62%	25,6%	25,1%	23,5%

### 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

#### 9.1.1.9 Align academic programmes

Students across our campuses should all benefit from comparable high-quality academic programmes. In other words, everyone must experience a similar quality of teaching and learning, have access to equivalent resources and, in the end, demonstrate similar graduate attributes.

#### 9.1.1.10 Ensure high-quality academic programmes

Quality assurance is a vital component of maintaining academic excellence. In 2019, three major NWU programmes were externally evaluated: BSc Hons in applied radiation science, BEdHons in educational psychology and BA BComHons in industrial psychology.

Additionally, we hosted several professional or statutory body evaluations/reviews in the faculties of Engineering and Health Science.

This resulted in the accreditation of the BEng electromechanical and industrial engineering programmes, as well as the BPharm programme. An external review of the Faculty of Natural and Agricultural Science's BScHons in applied radiation science found that the programme meets the minimum standards.

We also received full accreditation for the LLB and continue to monitor the improvement plan. A plan for the national doctoral review has been finalised.

#### 9.1.1.11 Use of multimedia material

Multimedia material enhances learning, especially in high-risk modules. We use various types of multimedia techniques, including graphic enhancements, animations, simulations, video, audio, voice-overs and lecture captures.

During 2019, we worked on 69 multimedia projects across eight faculties and six support services. The digital study material was accessed throughout South Africa, Namibia, Europe, North America and other parts of the world.

#### 9.1.1.12 Digital Teaching and learning Environment (DTLE)

The DTLE design ensures an effective digital teaching and learning environment, whether physical or virtual.

Activities include conducting research into the educational value of technology and ensuring that adopted technologies are supported and integrated into other systems. These responsibilities are performed with strategic partners across the NWU.

We have embarked on a clearly defined blended-learning journey, which – at this stage – entails the transformation of 47 modules across the three campuses. Further, we support the campuses with the integration of technology in teaching and learning.

#### 9.1.1.13 Expand distance learning

Distance learning has strategic importance as it gives working people opportunities for lifelong learning. We are expanding our academic offering via distance learning, registering five new qualifications in 2019: two advanced diplomas and one PGDip in education, a PGDip in engineering and the BThHons degree.

#### 9.1.1.14 Our output: graduates

The number of graduates is much lower than planned due to the drop in distance enrolments. 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	2016	2017	2018	2019
Overall	17 510	16 004	15 350	14 961
Contact	9813	9 931	10 650	11 191
Distance	7 697	6 073	4 700	3 770
Graduation rate	27,6%	25,6%	25,1%	23,5%

*How much value we created, compared to our target*

Output	Target	Definition	Actual
Graduates	16 976	Based on HEMIS data; number of graduates in reporting year.	14 961
Graduation rate	23,7%	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.	23,5%

<p><b>This is how our success and graduation rates compare to other South African higher education institutions:</b></p> <ul style="list-style-type: none"> <li>- NWU undergraduate success rate for contact students in 2019: 85,75%                             <ul style="list-style-type: none"> <li>- (The national average for 2018 was 81,9%)</li> </ul> </li> <li>- NWU undergraduate success rate for distance students in 2019: 76,56%                             <ul style="list-style-type: none"> <li>- (The national average for 2018 was 68,8%.)</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>- This is how our graduation rates (for undergraduate students) compare to other South African higher education institutions:</li> <li>- NWU graduation rate for undergraduate students in 2019: 23,5%</li> <li>- (The national average for 2018 was 19,25%.)</li> </ul>	

### 9.1.1.15 Challenges in teaching and learning

We are systematically managing a number of critical teaching and learning priorities. Among these, are the decolonisation/Africanisation of our curricula, creating opportunities to promote multilingualism in teaching and learning spaces, continued assurance of national comparability and international relevance of offerings, and developing appropriate and accessible ICT.

Finding the optimal blend between face-to-face, technology-mediated and fully online learning is a challenge, mainly due to technology and connectivity issues beyond our campuses. There is also a need to engage with industry, alumni and other external stakeholders to enhance the work-readiness of our graduates.

### 9.1.1.16 Future outlook

While technology and technical expertise are key pillars of the unfolding teaching and learning journey at the NWU, we must never lose sight of why we are harnessing these tools. To quote the NWU Strategy Statement, we are helping to “transform and position the NWU as a unitary institution of superior academic excellence with a commitment to social justice”. From a teaching and learning perspective, this means concentrating all our efforts on supporting student success and developing our academic and administrative staff.

In this regard, our commitment to an ethic of care must be actively demonstrated through creating a teaching and learning environment in which all feel welcome and where we deliver on the promise of ensuring a good, consistent student experience on all three campuses.

Part of this entails giving greater expression to multilingualism. Our newly approved Language Policy seeks to achieve this by ensuring that offices and classrooms are not monolingual spaces, and that every effort is made to support students and staff in the use of the English, Afrikaans, Setswana and Sesotho. 2020 will be an important year for the NWU in strengthening the culture of inclusivity, in the classroom and outside.



*“Our theme in 2019 was one of consolidation in terms of the operational model and systems. In 2020 we must shift our energy towards gaining momentum in our research and innovation, teaching-learning and community engagement.”*

<b>9.1.2 Material matter</b>	<b>Research</b>
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When our research leads to solutions to real-life problems, we create value for ourselves and our stakeholders and benefits for society.

We achieve this by conducting excellent, cutting-edge research and undertaking innovation activities that not only address societal problems, but also increase our intellectual capital.

### 9.1.2.1 Research output

We again recorded an increase in NRF ratings, increasing from 229 in 2017 to 248 in 2019. The numbers of researchers in the different rating categories are set out in the following table.

NRF	2017	2018	2019
A	2	2	0
B	24	25	27
C	155	150	161
P	2	1	2
Y	46	54	58
<b>TOTAL</b>	<b>229</b>	<b>232</b>	<b>248</b>

### 9.1.2.2 Publications

*How much value we created, compared to previous years*

Research	2015	2016	2017	2018
Publications per academic staff member	0,86	0,92	0,86	0,94
Weighted research output	2 437,1	2 609,64	2 605,507	2 708,941

### 9.1.2.3 Increase our global standing and visibility

The NWU signed more than 80 formal international research and innovation collaborations in 2019, further expanding our global presence. Of these collaborations, 38 were with top 500 institutions as rated by Quacquarelli Symonds.

Reaching across continents, our research collaborations involve prestigious institutions such as the Corporación Universidad de la Costa in Colombia, the University of Leeds in the United Kingdom, and the University of Hong Kong in Asia.

Our collaborations are carefully chosen to complement our strengths and bring new research opportunities into our ambit. Mechanisms for this range from joint degrees and co-chairs to collaborative research and innovation programmes, skills development and international student recruitment and exchange.

A new collaboration was also launched in China where engineering and medical teams will work together to expand the NeuHand (“new hand”) project. The aim is to augment the therapy provided to stroke patients and to explore the potential for possible low-cost bio-electronic replacements for certain limbs.

China has become a research and innovation hub, and NWU delegations regularly visit Chinese universities.

South Africa and China are of course members of the economic bloc known as BRICS, the other members of which are Brazil, Russia which and India. The NWU contributes as an active partner in BRICS research collaborations and has knowledge and skills-sharing agreements with several BRICS universities.

#### **9.1.2.4 Create value through innovation and technology**

We constantly look for opportunities to commercialise our intellectual property and expertise. In 2019, we reviewed our entire portfolio of commercialisation entities and spin-off companies, aligning them to the NWU's overall strategy and enhancing their effectiveness.

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

Marketing our technologies to government and industry is a crucial aspect of commercialisation. The In-Part Platform at the Technology Transfer and Innovation Support office is an invaluable marketing tool to alert interested parties to opportunities for further development and commercialisation of our technologies. We also showcase selected innovations at various national and international events.

Our total income from royalties was R811,122.98. This income is used to stimulate further research and commercialisation through distribution to the inventors, research groups, faculties and the university's Incubation Fund.

*"Innovation and competitiveness go hand in hand in the global economy, driving the sustainability of countries and institutions. Recognising this, the NWU is incrementally steering our research outcomes towards innovation and commercialisation."*

#### **9.1.2.5 Challenges with research output**

Key challenges we face in seeking to increase our research output are time and funding constraints, as well as variances in the research efforts of our academics.

About 20% of our academics deliver almost 80% of our research output. This limits our ability to increase per capita output, which showed slight growth from 0,86 in 2018 to 0,94 in 2019.

One of the reasons for this limited growth is that many of our academics lack sufficient time for research as they are often kept busy with teaching and learning activities. Another is the loss of active researchers who retire or leave to take up positions elsewhere.

We also view as challenge the lack of sufficient incentives for our productive researchers.

#### **9.1.2.6 Future outlook**

Ideally, all academics should contribute to our research output and this is in fact expected of them. This requirement has been formalised through the setting of research output targets in the faculties, in consultation with the relevant academics.

Mechanisms to support academics in delivering on their targets include research leave, relief from teaching at selected times, dedicated research time for each academic, and integrating research into teaching and learning activities.

We are formulating additional strategies to encourage and guide academics who do not deliver research output, and to retain those who are active researchers.

<b>9.1.3 Material matter</b>	<b>Govern, lead and manage</b>
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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 27 and, for information about governance, turn to page 78 in the section on governance supporting and protecting value.

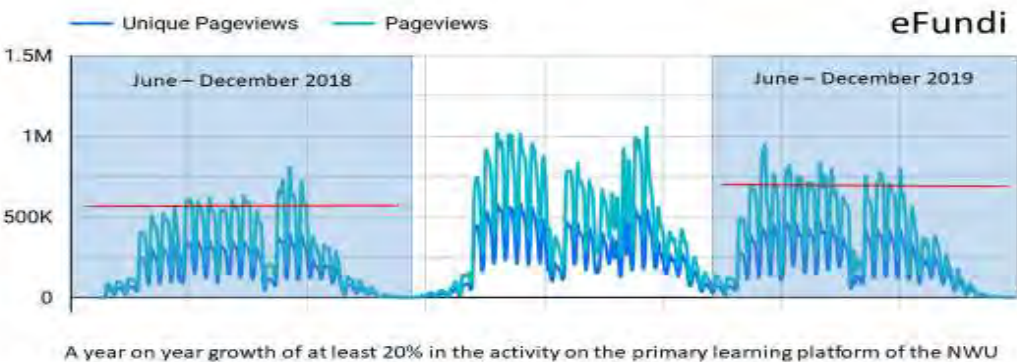
<b>9.1.4 Material matter</b>	<b>Information and communication technology</b>
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Information and communication technology (ICT) is the backbone of the NWU as a 21st century university that uses digital resources for all aspects of its core business, as well as support services.

ICT affects two of our capitals: intellectual capital, which in this context takes the form of software programs, IT support services and the e-learning system eFundi, and manufactured capital, comprising the networks and hardware that make up our physical ICT infrastructure.

The Information Technology (IT) department has a comprehensive product portfolio, enabling most of the university’s capabilities. These include 67 software solutions that contribute to curriculum delivery and assessment in our learning and teaching environment.

The value that ICT adds to the university community is evident from the extensive use of IT products. In most cases, usage has been growing exponentially, for example in the activity on our primary learning platform, eFundi, as demonstrated in the image below.



We expect that the usage of our IT products will continue to grow strongly as the university moves deeper into the digital era.

## 9.1.5 Council statement on Information Technology

### COUNCIL STATEMENT ON INFORMATION TECHNOLOGY

“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 Technology and Information Governance Committee, and received sufficient assurance over the past year from all relevant assurance providers.”

*Statement approval obtained from the NWU Council on 28 July 2020*

## 9.2 Our human capital

Our human capital is arguably the one capital that influences and is influenced by all our other capitals. The two major stakeholder groups that make up the university’s human capital are staff and students.

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

By providing high-quality study and residence facilities (manufactured capital) and various forms of support, we enable our students to succeed academically and in other aspects of student life.

In turn, by paying tuition fees, our students increase our financial capital and, by eventually becoming skilled, responsible graduates who contribute to society, they increase our social and relationship capital. Similarly, the infrastructure and support we offer to our staff enables them to undertake research and teaching activities that increase the value of our intellectual and social and relationship capital.

In this section, we highlight the prominent role our staff and students play in the NWU value chain.

<b>Stakeholders who will benefit from human capital activities</b>	Our human capital activities mainly affect our staff and students, although their families are also indirectly affected by our activities..
<b>Material matters/goals involved</b>	Almost all material matters affect our staff and students. These matters 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.
<b>Risks involved</b>	Our main risks 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. Almost all of these risks have a bearing on our staff and students.

### How we created value

Creating value for our staff and students entailed developing their skills and promoting their wellbeing through activities that demonstrate social justice and an ethic of care. In this section, we elaborate on the core business and support activities that created value for these two groups.

<b>9.2.1 Material matters</b>	<b>Teaching and learning; research; community engagement</b>
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#### 9.2.1.1 Caring for our students

When NWU students graduate, they should be ready to enter the labour market as highly qualified, skilled people (part of our outputs) who are able to contribute to the economy of South Africa (part of our outcomes).

However, technical and professional skills alone do not suffice in the rapidly changing world of work. Thus, we also offer an array of cultural and sport activities, and look after students' financial, physical and psychological health and well-being, to assist them in becoming well-rounded, versatile and adaptable. More information is available in the vice-chancellor's report on page 27.

### **9.2.1.2 Academic support**

Information on how we help prospective students to gain access to the university and, once enrolled, to complete their studies successfully, can be found in the section on our value chain on pages 22, and in the section on our intellectual capital on page 54.

### **9.2.1.3 Career-related support**

The NWU Career Centre strives to equip NWU students with skills to add value to society, either as employees, self-employed people or entrepreneurs. Our services, especially CV writing and interview preparation, are well used, with the number of students using the centre increasing from 5 171 in 2016 to 6 989 in 2019.

In 2019, the South African Graduate and Employer Association (SAGEA) nominated the NWU as one of three finalists for Best Career Fair of the Year, and 152 companies attended our career fairs across the three campuses. The fairs were also popular among students: 507 students attended at the Mafikeng Campus, 1 087 at the Vaal Triangle Campus and 1 029 in Potchefstroom.

We published the 11th edition of the Career Guide, offering information on career-related prospects and opportunities, and introduced entrepreneurship and innovation workshops, the first of which was hosted at the Mafikeng Campus.

### **9.2.1.4 Caring for our staff**

#### **Building staff capacity**

Training interventions are invaluable in building our staff capacity so that we increase our human capital and create value for our employees by supporting their career development.

Our staff continue to benefit from both internal and external skills development opportunities, as well as formal training.

As part of our Work Skills Plan for 2019, we spent R7,4 million on training for 1 686 employees, compared to the R6,5 million spent in 2018 on training for 1 277 employees. There was a strong focus on offering training opportunities to staff from the designated groups.

About 16% of our training spend was used for in-house training, mainly in people skills, leadership and diversity management skills and business etiquette. We also presented an employee learnership to staff with a Grade 12 certificate as their highest qualification.

These development programmes support our strategic goals and the internal success model which form part of our overall NWU strategy.

Information about our various incentivising initiatives, such as the annual awards for teaching excellence, is on page 24 in the section on our value chain.

### **9.2.1.5 Empowering our researchers**

Opportunities to learn from other researchers and becoming part of the country's larger research community are important in developing and motivating our researchers. In 2019, such opportunities included 12 high-level public lectures delivered at the NWU by speakers from organisations such as the Department of International Relations and Cooperation, the National Research Foundation (NRF) and the Human Sciences Research Council.

For the benefit of our young researchers, we secured 23 internships for 2020 from the Department of Science and Technology and the NRF.

Through our University Capacity Development Programme (UCDP), we provided almost R5 million to help emerging researchers further their studies. On top of that, the UCDP allocated R25 million for *various other development opportunities, bringing the total spent on staff development to R30 million.*

In 2019, 860 researchers attended 24 research capacity-building workshops. We also created development opportunities for postdoctoral researchers, 90 of whom attended the Annual Postdoctoral Conference, focusing on

opportunities for multi- or transdisciplinary research. During this event, groups of postdoctoral fellows discussed successes and challenges and reported back to ensure improvements in the postdoctoral programme.

Another way of inspiring our researchers is through our annual Research and Innovation Excellence Awards. You can read more about these on page 25 in the section on our value chain.

<b>9.2.2 Material matter</b>	<b>Student value proposition</b>
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Our students are our main stakeholders and we go out of our way to create a safe and welcoming experience for every student. In addition to the academic support and career advice we provide, our students have access to various wellness support services and skills development programmes.

Our campus health centres, together with counselling and social welfare services, support our students' overall physical and psycho-social wellbeing.

The campus disability offices ensure that the needs of students living with disabilities are efficiently addressed, while social welfare projects such as the "Meal-a-Day" programme support students from disadvantaged socio-economic backgrounds.

In parallel with these programmes and initiatives, we identify and support at-risk students through *Thuso*. Through this programme, registered psychologists provide services that promote the psychological well-being of students so that they can flourish in their studies and personal lives.

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 27.

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 19.

*"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."*

### 9.2.2.1 Dropout rates

Our student to staff ratio decreased from 32,22 to 31,93 in 2019. Our first-time entrant dropout rate has increased from 9% in 2018 to 10,78% in 2019.

<i>How much value we created, compared to previous years</i>	2016	2017	2018	2019
First-time entrant dropout rate for contact degrees	12,2%	11,11%	9%	10,78%

#### *How much value we created, compared to our target*

	Target	Definition	Actual
Academic staff full-time equivalent ratio : students	25,6	Based on HEMIS data and refers to the enrolled student full-time equivalent divided by the permanent instruction/research professionals full-time equivalent.	31,93
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 year.	10,78%



### 9.2.3 Material matter

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

In the section on our intellectual capital (see page 54), we discuss the academic development of our staff and, in the section on incentivising for achievement (page 105), 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.

#### 9.2.3.1 Our staff members matter

The services of our Wellness offices support the all-round well-being of our staff, meaning biopsychosocially and spiritually.

Through Wellness4U, a comprehensive employee-wellness assistance programme, NWU employees and their immediate families have access to experienced counselling professionals for help with personal, family and work-related problems. This free service is available 24 hours a day.

Health services are offered to staff through our campus health centres, and our campus disabilities offices provide support for staff living with disabilities, in line with our Disability Policy for employees. We also run an HIV and AIDS workplace programme and a toll-free emergency number that operates 24 hours a day, seven days a week.

In addition, our campus protection services and the Occupational Health and Safety Policy and office ensure a safe working environment.

We provide financial aid through study discount benefits so that our staff and their dependants can study at the NWU. In 2019, we spent over R24,6 million on these benefits, a considerable increase on 2018. These benefits supported 998 people. Of these, 476 were staff members and 522 dependants. Demographically, 454 were historically disadvantaged South Africans and 588 were female.

#### 9.2.3.2 Pursue equity to create value

Creating an equitable staff and student profile is part of our commitment to excellence. 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.

#### 9.2.3.3 Staff

*How much value we created, compared to previous years*

	2016	2017	2018	2019
African (%)	33,5%	34,5%	35,9%	43,3%
Coloured (%)	5,7%	5,7%	6,3%	4,5%
Indian (%)	1,2%	1,3%	1,3%	1,5%
White (%)	59,6%	58,5%	56,5%	50,8%
Female (%)	56,9%	56,9%	56,8%	57,2%
Male (%)	43,1%	43,1%	43,2%	42,8%

*How much value we created, compared to our target*

	2019 target	Actual
African (%)	37,9%	43,3%
Coloured (%)	7,5%	4,5%
Indian (%)	2,1%	1,5%
White (%)	51,6%	50,8%
Female (%)	56,4%	57,2%
Male (%)	43,6%	42,8%

### 9.2.3.4 Students

How much value we created, compared to previous years

	2016	2017	2018	2019
African	67%	66%	65%	67%
Coloured	4%	4%	5%	4%
Indian/Asian	1%	1%	1%	1%
White	28%	28%	29%	27%
Female	67%	66%	65%	65%
Male	33%	34%	35%	35%

How much value we created, compared to our target

	2019 target	Actual
African	60,8%	67%
Coloured	6,5%	4%
Indian/Asian	0,9%	1%
White	31,8%	27%
Female	69,2%	65%
Male	30,8%	35%

### 9.2.4 Council statement on conflict management

#### COUNCIL STATEMENT ON CONFLICT MANAGEMENT

“The university is committed to principles of collective bargaining, progressive discipline, restorative justice and alternative dispute resolution as far as possible, in order to address conflict situations.

“During 2019, the NWU successfully dealt with potential conflicts that could possibly harm the institution’s reputation at the lowest level. This includes, among others, bargaining forums with recognised trade union(s), internal disciplinary procedures, grievance procedures, mediation processes, etc.

“The main focus is always to act in the best interest of the institution, while creating a ‘win-win situation’ for all, as far as possible.”

*Statement approval obtained from the NWU Council on 28 July 2020*

### 9.2.5 Council statement on worker and student participation

#### COUNCIL STATEMENT ON WORKER AND STUDENT PARTICIPATION

“The Recognition Agreement between the NWU and SAPTU was revised in August 2019. In terms of this agreement, all employee issues of mutual interest will be addressed through the University Bargaining Forum, either by means of negotiation or consultative processes. In order to be a recognised trade union at the NWU, a trade union must meet the membership threshold of 30% across the university.

“An Organisational Agreement between the NWU and NEHAWU regulates the relationship between the parties in terms of the Labour Relations Act. We have ongoing Management and Trade Union Consultative Forum meetings.

“The purpose of the University Bargaining Forum and the Management and Trade Union Consultative Forum meetings is to build labour peace and a healthy employer/employee working environment and play a critical role in the ongoing improvement of employer/employee relations.”

*Statement approval obtained from the NWU Council on 28 July 2020*

<b>9.2.6 Material matters</b>	<b>Govern, lead and manage; information and communication technology; and financial sustainability</b>
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Good governance is an important way of supporting and protecting our human capital. This is part of the responsibilities of the Council and some of its 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 people management of the university, thereby protecting and increasing our human capital.

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

When it comes to information and communication technology, our IT department is a key enabler of student success and the effectiveness of our staff. As such, access to IT resources and services must be equitable. We have achieved this by adopting a centralised approach to system delivery and a decentralised model for service delivery. This combination ensures that our systems are well maintained and that staff and students on all three campuses have the necessary hardware and software, as well as access to help desk services for daily support.

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.

<b>Stakeholders who will benefit from effective engagement with the NWU</b>	All our external stakeholders need to 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).
<b>Material matters (goals or enablers) involved</b>	All our goals are directly or indirectly linked to our relationships with external stakeholders. These are particularly closely and directly connected to this capital:  Our communication, marketing and stakeholder engagement activities also play an important role in increasing the value of our social and relationship capital.
<b>Risks involved</b>	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.

#### 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.

Service learning for students is an important part of our community engagement work. During 2019, we began visiting local non-governmental organisations (NGOs), public benefit organisations (PBOs) and religious organisations with a view to updating our database of legitimate service-learning partners for student placements.

Although not in a position to conclude that we have visited all local organisations, we made contact with most NGOs in Tlokwe and Matlosana, working in close collaboration with the local Departments of Social Development. Similar processes are ongoing in Sedibeng and Mahikeng.

This exercise is enabling us to strengthen our relationships with individuals and groups, as are donations to deserving stakeholders of some of our redundant assets currently in storage.

Although some of the community engagement activities do generate third-stream income, most are not for profit and can be linked to our commitment to social justice, which is part of our strategy to reach a variety of communities, including traditional leadership in the North West Province.

With the aim of increasing the impact of our community engagement, we made a concerted effort to move towards outreach based on academic disciplines rather than conventional outreach. We also prepared some service-learning case studies for the Faculty of Humanities, where students had to link their outreach to the curriculum.

<b>9.3.1 Material matters</b>	<b>Teaching and learning; research; community engagement</b>
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Community engagement is embedded in many of our teaching and learning activities, often in the form of opportunities for work-integrated learning and service learning for students.

In 2019, we integrated these two types of learning into our Teaching, Learning and Assessment Policy and Rules. We are also exploring the possibility of developing and adding service learning modules to our programme offering.

Other opportunities for community service are available through the NWU's law clinics and psycho-social service centres, where students can integrate theory and practice while serving communities.

It is also important for the NWU to remain responsive to employers' needs, and so we continued to interrogate the value and relevance of our academic programmes by engaging with business, industry and statutory and non-statutory bodies.

#### **9.3.1.1 Research**

Engaged research is interactive research about, with and in communities. Such research is key if we are to increase our social and relationship capital.

We also conduct research to solve real-life problems in communities, thereby empowering people and improving their quality of life.

An example is the NeuHand system developed specifically for hand rehabilitation in South African conditions.

The NeuHand consists of a mechanical component, combined with sensors and a microprocessor (a small computer) with special software.

One of the biggest benefits of the NeuHand system is that the processed data can be accessed by physiotherapists via the internet, enabling them to prescribe exercises and then continuously monitor the patient's progress remotely. This is extremely useful, especially in understaffed facilities, as it saves time and enables a physiotherapist to help more patients.

Knowledge exchange is an important part of our research ethos. Our researchers share their expertise by participating in expert panels, serving on research structures and collaborating in research programmes, both nationally and internationally.

#### **9.3.1.2 Challenges and future outlook**

Technology development and online education are valuable tools for ensuring that the NWU and its activities become more and more accessible to communities.

Greater access creates opportunities for greater legitimacy as an institution working for the public good, and requires the university to be responsive to the needs of communities and ensure its infrastructure capacity is constantly replenished.

### 9.3.2 Material matters

### Student value proposition; develop and retain excellent staff

Social justice, social responsiveness and an ethic of care are imbued in our strategy and dream. Encouraging our staff and students to contribute to society through volunteerism helps bring these aspects to life.

Fundraising through the Student RAG Community Service and RAG is a popular and effective practice. In 2019, the RAG Committee on the Potchefstroom Campus donated about R3,8 million to deserving projects from money raised in the previous year.

In addition, students volunteered their time and skills at 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 offered extra maths classes in schools to assist teachers.

These activities embody the ethic of care that the NWU strives to instil in students.

#### 9.3.2.1 Challenges and future outlook

Regional and local communities that interact with the NWU expect the relationship to be mutually beneficial. They require us to be partners in building community capacity, alleviating poverty and increasing the employability of community members.

We also believe it would be beneficial to extend our community development footprint nationally, focusing on applied research that addresses socio-economic challenges and has sustainable impact and income generation potential. This initiative is in response to the National Development Plan.

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

Similarly, it is particularly important 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 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 international Sustainable Development Goals, aimed at ending poverty and protecting our planet and people.

### 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.

*"As community engagement and partnerships will remain critically important in the South African context, we will focus on programmes that build capacity, alleviate socio-economic conditions and increase employability."*

## 9.4



### Our natural capital

Our natural capital consists of the renewable and non-renewable environmental resources on which all our other capitals are based. These natural resources or environmental assets include soil, land and water, which we use to add value to our other capitals.

For example, we need water to keep all our core business operations and support services running (intellectual and manufactured capitals) and to sustain our staff and students (human capital). Without a healthy supply of water, the university would literally not be able to function.

We use land and resources such as soil and water to cannot construct buildings and 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.

<b>Stakeholders who will benefit from strong natural capital</b>	All our stakeholders need natural capital to exist and flourish.
<b>Material matters (goals or enablers) involved</b>	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) is particularly relevant here.
<b>Risks involved</b>	Risks include those related to academic and operational matters, student life, compliance (for instance with environmental regulations) and IT (infrastructure needs an energy source).

### How we created value

Our natural capital is an invaluable input for overall value creation at the NWU and must be managed sustainably so that scarce natural resources will still be available to us and future generations.

We are committed to reducing the environmental footprint of our activities by using natural sources responsibly, decreasing our energy use and complying with environmental regulations. These are part of the draft strategy and policy we have compiled and which will be shared with our stakeholders in 2020.

<b>9.4.1 Material matter</b>	<b>Promote sustainability</b>
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This section focuses on the environment as an important element of sustainability.

(For information about general sustainability at the NWU, see the Council statement on sustainability on page 95.)

#### 9.4.1.1 Environmental audit

Since 2014, when the NWU’s Centre for Environmental Management (CEM) conducted an environmental audit, we have been systematically correcting the non-compliance issues found. However, there is still work to be done.

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

CEM continues to monitor these rectifications. We also stepped up our response by initiating change management and awareness activities and appointing a green campus coordinator for each campus.

#### 9.4.1.2 Challenges

Unfortunately, these coordinators have 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 response, we prepared a draft strategy and policy guideline, which was submitted for consultation with all stakeholders in December 2019.

A follow-up investigation, followed by a *status quo* report, was requested and provided to the Combined Assurance Forum. Although the report showed some progress had been made within various accountable units, there are still outstanding compliance issues. These mostly have to do with human resource challenges.

#### 9.4.1.3 Future outlook

We intend to establish a working committee in 2020 to oversee all infrastructure operations, and to appoint a policy owner to compile a sustainability and green campus policy with definite timelines. This process is still under way.

It may be necessary to create a position for an environmental expert who will be responsible for coordinating environmental issues at the university, and we are considering this. It is also critical to identify the appropriate department to host such an expert.

In the meantime, Sustainability and Community Impact will continue with awareness creation.

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 2020, as this will allow benchmarking with other South African universities.



<b>9.4.2 Material matter</b>	<b>Student value proposition</b>
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Various Green Campus initiatives are up and running, and we encourage students to become involved as this equips them to be responsible citizens who are aware of the importance of environmental sustainability.

An energy-saving competition for student residences is one of these initiatives. Other are art exhibitions with exhibits made from recycled materials and mechanisms to support students to implement innovative green ideas.


**9.4.2.1 Future outlook**

An awareness campaign called “Flip the Switch” was launched on the three campuses during March 2019 to highlight energy consumption and the impact it has on the environment. Posters and stickers were also distributed across campuses. The aim is to motivate the NWU community to save energy and start making a sustainable difference in their own communities and surrounding areas. We believe that an energy-conscious NWU will ultimately conserve the environment for future generations and save costs.

There is considerable interest in utilising the separation-at-source model for a variety of consumables that are normally treated as general waste.

Some student groups have requested more bins to separate waste and we are seeing a welcome change in the habit of using plastic water bottles at campus meetings, where jugs and water glasses are used instead. In 2019, an NGO called Second Life collected used clothes and furniture left at residences in Potchefstroom. This assists the NGO concerned while also resolving the problem of having to remove unclaimed items at the end of the year. There are still some health and safety rules and other guidelines that prevent us from separating all waste into different bins, but we are hopeful that we are close to a solution.

The separated waste could be utilised by entrepreneurs and social entrepreneurs for upcycling or recycling, potentially creating jobs and promoting future sustainable development.

**9.5  Our financial capital**

We use financial capital to provide services and maintain and improve our infrastructure so that we can create value for the NWU and our stakeholders. The sources of this capital are state funding, debt and grants, as well as revenue generated through our operations and investments.

The health and stability of our financial environment depend on how well we manage our income and spending, as expressed in our annual budget.

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.

By securing our current financial stability and future sustainability, we will be able to achieve our strategic objectives as a unitary institution of superior academic excellence.

<b>Stakeholders who will benefit</b>	All our stakeholders benefit when the NWU’s financial capital is strong. Financial stability enables us to keep our tuition fees within reach of our current and future students and their families. It also means we are able to afford fair remuneration for our staff and reassure our donors and the DHET that we spend their donations and funding wisely, serving the national priorities for higher education.
<b>Material matters (goals or enablers) involved</b>	Although Enabler 4 (financial stability) is the main focus, all our goals and other enablers are also implicated, as we need money to achieve and implement these.
<b>Risks involved</b>	The main risks are uncertainties in the higher education sector (for instance the drive towards fee regulation), and the demand for organisational change (for instance, free education resulting in higher dependency on state funding).  The other top risks in our risk register are also implicated, as we need money for all the activities linked to them. (These are the risks related to academic matters, compliance – for instance with financial laws and regulations – risks relating to student life, IT risks, commercialisation and operational risks.

## How we created value

Despite many challenges in our external environment, we succeeded in managing our finances to maintain our sound financial position. (More information about our financial position is on page 130.)

<b>9.5.1 Material matter</b>	<b>Ensure the financial sustainability of the NWU</b>
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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 2018 budgeted expense ratios were used as the basis for the 2019 expense budget. The result of the income calculation gave an indication of the adjustment needed in terms of the 2019 expense budget. We then did a three-year forecast, based on the same principles and certain assumptions.

The following ratios guided 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 explain how we financed our strategic initiatives in 2019 and allocated our funds to achieve our goals and implement our enablers.

### 9.5.1.1 How we plan to finance our strategic initiatives

Apart from continued efforts to align all activities and allocation of resources (normal operating budget) with the strategy and success model of the university, the strategic fund is also used to allocate funds for specifically identified strategic projects upon request. These strategic requests are submitted by managers during the budget process. The University Management Committee approved the allocation of strategic funds.

### 9.5.1.2 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.*

- Continuation of Medical School Project
- Faculty of Economic and Management Sciences: Teaching and Learning Plan
- Establishment of Business School on Vaal Campus
- Unit of Continuing Education implementation
- Language Policy and Plan were implemented from 2019

#### Research and innovation

*Goal 2: Intensify research and innovation.*

- Establish an Integrated Commercial Platform
- Establish a DST advanced 3D cell Biotechnology Platform
- Research chair support
- Incentive for supporting researchers working outside entities

#### Staff and students

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

- Develop our own systems to enable students to verify and capture their banking details online to remove bottlenecks in the payment of NSFAS allowances

## Lead and manage

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

- Refinement of our policies that are to be revised in line with the Statute
- Implementation of the NWU Language Policy

## Improved technology

*Enabler 2: Develop best-in-class information and communications technology to support the core business.*

- People and Culture system automation
- Implementation of new student system phase 1

## Financial sustainability

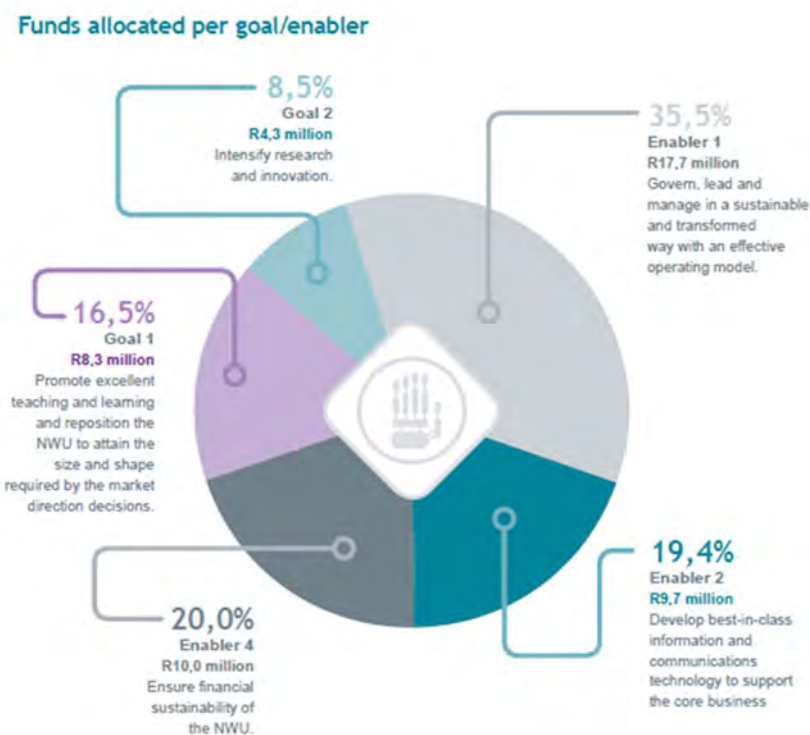
*Enabler 4: Ensure the financial sustainability of the NWU.*

- Implement the Infrastructure Policy that focuses on optimal space usage.

### Strategic projects per goal/enabler



## Funds allocated per goal/enabler



### 9.5.1.3 In the near future: opportunities and challenges in executing our strategy

For the 2020 academic year, the DHET has requested an across-the-board tuition fee increase of 5,4% (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 deficit in real terms in the historical subsidy increase. This deficit is widening because the pace of subsidy increases has been below higher education inflation for a few years, and did not allow for planned growth.

There was a 19,5% increase in the block grant from 2018 to 2019, including the fee adjustment grant (GAP grant) that is being phased out over three years (2019-2021). The increase mainly represents the movement of funds between tuition fees and state funding and does not in real terms cover the higher education price index (HEPI), growth and decline in state funding in real terms of the past. The latest Ministerial Statement on University Funding indicates an increase of 6,5% and 5,6% for the years 2020 and 2021 respectively. The actual GAP funding for 2019 amounts to R46 million.

### 9.5.1.4 Future outlook: how to maintain financial sustainability

A considerable risk for the future sustainability of universities is the combination of two factors. One is the capping of the tuition fee increase at a CPI-related percentage. The other is the low percentage increase in block grant state funding. Together, they do not cover HEPI, growth and decline in state funding in real terms of the past.

The above has implications for how we go about maintaining our healthy financial position. We will have to focus on diversifying and optimising our income streams, improving operating cost efficiency and effectiveness, and optimising the use of infrastructure.

In the long term, the financial sustainability of public higher education institutions 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 at the NWU, we intend to participate actively in the modelling of the future funding design. We remain committed to working with the DHET to not only ensure a well-functioning and sustainable NWU, but also help safeguard the stability and sustainability of the South African higher education sector.

*“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.”*

## 9.5.2 Council statement on borrowing

### Statement on borrowings

The NWU did not enter into any new long-term borrowing agreements in 2019.

*Statement approved by Council on 28 July 2020.*

## 9.5.3 Financial review

This is the 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 our financial results for 2019 and to provide information about the following:

- Budgeting and budgetary control processes
- Overview of financial achievements

### 9.5.3.1 Budgeting and budgetary control processes

An interactive budget process for 2019 was followed during which managers had the opportunity to engage in detail with the budget needs per planned activity. Where possible, zero-based budgeting principles were applied, taking into account that 2019 was the first year after the implementation of the new organisational structure.

Budget discussions were held on various management levels. Each executive manager also had the opportunity to discuss his/her portfolio budget with the budget committee task teams to ensure that the detailed budgets were aligned with the NWU strategy.

The executive portfolio budgets were furthermore presented to the Senior Management Committee (SMC) meeting on 4 September 2018, where the focus was on sharing information between executive managers. They exchanged information about the challenges experienced during the budgeting process, equity of provision between campus units, risk and concerns and the link between budget and strategy.

The **high-level budget was used as a budget framework during the budgeting process. This took into account the approved Annual Performance Plan, the viability and sustainability indicators and other financial information** available.

## 9.6 Our manufactured capital

The physical infrastructure that supports our core business activities and helps us to provide services to our stakeholders is our manufactured capital. We create value by converting this manufactured capital into other capitals.

For example, our lecture halls, laboratories, teaching technology and equipment enable our staff to teach our students and do research to find solutions for society's problems. In this way, our facilities and infrastructure are put to work increasing our intellectual, human and social and relationship capital.



Over and above our building and infrastructure programmes, we regularly buy, develop and maintain our IT systems and infrastructure, teaching and learning technology and research equipment, all of which supports the execution of our strategy.

<b>Stakeholders who will benefit from our manufactured capital</b>	Our staff and students are the main beneficiaries. However, we also use our building and maintenance projects to create business and jobs for people outside the university community. Furthermore, our donors and the DHET have stakes in our manufactured capital as they fund many of our projects.
<b>Material matters (goals or enablers) involved</b>	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.
<b>Risks involved</b>	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.

### How we created value

We created value for our stakeholders and increased our manufactured capital through our various building and maintenance programmes and IT infrastructure.

<b>9.6.1 Material matters</b>	<b>Teaching and learning; research; student value proposition</b>
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The majority of our infrastructure projects are aimed at promoting teaching and learning, research and our student value proposition.

#### 9.6.1.1 Infrastructure development

The following table shows how we spent a total of R273 million from DHET and our own funding in 2019 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	-	0,85	-	-	0,85
	Funding 2015-2016	5,28	0,77	23,78	-	29,83
	Funding 2016-2017	2,97	4,47	-	2,25	9,69
	Student housing 2016-2017	-	3,43	-	-	3,43
	Funding 2017-2018	2,92	10,93	7,70	8,18	29,73
	Funding 2018-2021	3,24	3,37	4,92	32,80	44,33
Capital works	New	14,20	12,72	16,28	1,24	44,44
	Upgrade	36,04	4,44	6,05	5,71	52,24
Macro maintenance		32,50	4,81	6,02	10,02	53,35
Minor works		2,51	1,43	1,10	0,07	5,11
<b>Total</b>		<b>99,66</b>	<b>47,22</b>	<b>65,85</b>	<b>60,27</b>	<b>273,00</b>

#### 9.6.1.2 Accommodation for our students

Student housing on the campuses consists of 45 university-owned residences for 10 763 students. The staff of these residents consists 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 (including safety and security, and providing a space that is conducive for studying) and consequently our human capital.



### **9.6.1.3 Complying with norms and standards**

Regardless of which campus is their home base, students are entitled to the same quality of experience and fee structure. This applies as much to our student residences and residence fees as it does to any other aspect of university life.

Apart from aligning residences and the associated fees, management also focuses on ensuring that all residences comply with the national policy on norms and standards for public universities in South Africa. These deal with residence staffing levels, location, health and safety, governance, professional development of residence staff, policies and procedures and student discipline.

We are finalising a plan for the phasing in of minimum standards in cases where residences do not currently comply.

At the same time, we are developing a strategy to increase the percentage of residence places available for new first-year students to at least 30% of the total residence capacity.

### **9.6.1.4 Construction and refurbishment**

During 2019, we refurbished several student residences and constructed additional residences on the Vaal Triangle Campus. The project was completed, providing additional capacity of 315 on-campus beds.

### **9.6.1.5 Large projects completed during 2019**

Projects expenditure in 2019 amounted to R40,98 million on the Mafikeng Campus. Two noteworthy projects were the completion of the Piggery on the Molelwane farm and the extension of the Student Council Offices. Using R23,82 million in DHET funding, we completed upgrading and deferred maintenance projects in teaching-learning spaces such as the Central Lecture Block, the Base Building and the Physical Science Building.

On the Potchefstroom Campus, project expenditure amounted to R65 million in 2019. A new water reservoir was completed to address risks relating to water supply, along with several other smaller projects. The upgrading of teaching-learning spaces in Buildings G1, G7 and G16 was also attended to as part of the DHET-funded projects.

The relocation of the main entrance gate on the Vaal Triangle Campus was completed in 2019, together with smaller projects related to infrastructure services and the upgrading of laboratory spaces. Using DHET funding, we completed deferred external maintenance projects at Buildings 9, 4 and 7, and upgraded the computer laboratories in Building 9. The total amount spent on these projects in 2019 was R58,73 million.

### **9.6.1.6 Macro maintenance projects completed during 2019**

Addressing deferred maintenance remained a priority for the university. At the Mafikeng Campus, a total of R4,81 million was spent on upgrading sport facilities and infrastructure services.

Some of the larger projects involved upgrading infrastructure services, the roofs of the Sanlam Auditorium and the Sport Centre and the hockey astro pitches. Total expenditure at the Potchefstroom Campus amounted to R32,05 million in 2019.

At the Vaal Triangle Campus, most of the R6,02 million allocated for macro maintenance was spent on upgrading the emergency power at the Faranani Residence and the air conditioning in Building 7.

### **9.6.1.7 Unscheduled projects completed during 2019**

Owing to ad hoc requests received, we carried out seven small, unscheduled projects in various faculties and departments across the university, mainly financed from our reserves. The largest project entailed providing emergency power to the Engineering Faculty on the Potchefstroom Campus.

These projects placed considerable pressure on the resources of the Facilities Department and affected the scheduling of the new DHET projects for 2019 to 2021.

### **9.6.1.8 Projects carried over to 2020**

Seventeen projects on the Mafikeng Campus, 21 on the Potchefstroom Campus and 13 on the Vaal Triangle Campus were carried over from 2019 and are scheduled for completion in 2020.

### **9.6.1.9 IT infrastructure and developments**

The information and technology infrastructure we supply across the university enables optimal, cutting-edge IT support to all students and staff. It plays an indispensable role in the value chains of teaching and learning, research and the student life cycle, from student access through to continuous professional development for our graduates and others.

Here are some of the 2019 highlights that saw IT contributing to the strengthening of our intellectual and human capital:

- With the help of key internal business users, we developed and started executing a five-year IT strategy. We also completed 48 medium-sized to large projects, ranging from infrastructure upgrades and security enhancements to new software solutions, expansion of Wi-Fi to residences, the deployment of new calls centres and extending all our systems to distance students.
- We continued to offer uncapped, unshaped internet services to staff and students at a speed not matched by most universities in South Africa – the NWU is also one of the biggest consumers of bandwidth in the public higher education system.

*“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.”*

#### **9.6.1.10 Council statement on additional investment in infrastructure**

##### **STATEMENT ON ADDITIONAL INVESTMENTS IN INFRASTRUCTURE**

There were no additional investments in infrastructure at the NWU during 2019.”

*Statement approval obtained from the NWU Council on 28 July 2020*

#### **9.6.1.11 Plans for the future**

Deferred maintenance on academic buildings and services infrastructure will continue to be a priority, as spelled out in our 10-Year Macro Maintenance plan.

We also look forward to several major capital projects on all three campuses during 2020 and 2021. These include the construction of a new administration building and lecture room complex on the Vaal Triangle Campus.

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 Psycho-social Health.

Through a joint initiative by the NWU and the DHET, we are preparing to build additional residences on the Mafikeng Campus to accommodate up to 1 700 more students. The planning, procurement and sourcing of funds was mostly completed in 2019 and will attend to the final processes for Ministerial approval in 2020.

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 ensure that future generations will not be burdened by the unaffordable expense of repairing dilapidated infrastructure.



**DR BISMARK TYOBKA**  
**CHAIRPERSON OF COUNCIL**



**PROF DAN KGWADI**  
**VICE-CHANCELLOR**

## 10 GOVERNANCE: SUPPORTING AND PRESERVING VALUE

### 10.1 Council statement on governance

#### 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 the Code of Practices and Conduct and the Code of Ethical Behaviour and Practice as set out in the King IV Report, and has applied these in a rigorous way during the period under review. In supporting these codes, Council recognises the need to conduct the business of the NWU with integrity and in accordance with generally accepted good 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 28 July 2020*

### 10.2 The role and function of Council and its committees

As the overall custodian of good corporate governance, the NWU Council takes its oversight and guidance role seriously. We carry out this responsibility by 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 and accountable culture at the university, provide strategic leadership, monitor the performance of the management team and ensure the establishment of effective controls and ongoing disclosure. The intention is to provide a sound foundation for the creation of value, long-term growth and sustainability.

We act in strict accordance with the stipulations of the Higher Education Act and the NWU Statute, which was originally promulgated on 24 March 2017. Council approved amendments to the NWU statute during 2019 to make provision for the naming of the campuses and adjustments to the terms of Council members. It is expected that the amendments will be promulgated in 2020 for implementation.

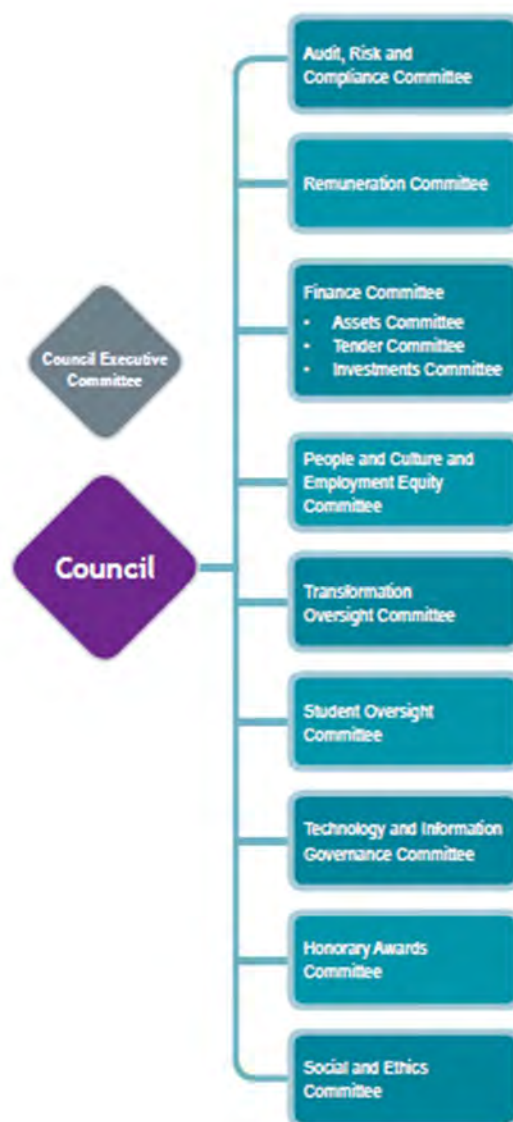
For the period under review, the NWU continued to adhere to high governance standards, while creating a value-driven governance landscape.

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

To ensure proper oversight and proper accountability, Council has a number of committees to advise it on all the relevant governance matters.



The majority of the committees (except the Executive Committee of Council, the Audit, Risk and Compliance Committee, the Remuneration Committee, the Transformation Oversight Committee, Tender Committee and the Technology and Information Governance Committee) meet twice a year and report to Council twice a year.

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

- Prof AF Kotzé – elected by Senate
- Dr F Bothma – elected by academic staff members
- Mr F Nkoana – elected by support staff members
- Ms U Barravalle – elected by the donors of the NWU
- Mr TV Mokgatla – elected by Council for his special expertise
- Mr H Schoeman-Struwig – designated by the SRC
- Mr T Seepamore – designated by the SRC
- Mr T Siziba – designated by the SRC

The following members re-joined the Council for a second term:

- Mr A Redelinghuis – appointed for specific expertise
- Fr D Dinkebogile - designated from the ranks of the community leaders

### 10.3 Council training

It is Council practice to require all new members joining Council in a particular year need to attend an induction workshop. The annual induction meeting took place on 19 March 2019 and covered the following four topics:

What is expected of Council and Council members.	An introduction to the NWU, in particular its strategy.
Overview of important pieces of legislation and 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 attended a workshop on 19 March 2020 presented by PricewaterhouseCoopers (PwC) on the Fourth Industrial Revolution (4IR) and its effect on the higher education sector.

Capacity building opportunities were also created with the provisioning of a workshop for the Transformation Oversight Committee on transformation in higher education, as well as a series of workshops for members of various council committees on procurement.

### 10.4 Code of Conduct and declarations of interest

All Council members are required to adhere to a Council Code of Conduct, which is revised as and when needed, most recently in March 2018. At the beginning of 2019, all Council members pledged their commitment to the Code by taking part in the annual signing process.

The Higher Education Act prescribes annual declarations of directorships and interests on the part of Council members. We consider this requirement to be of the utmost importance and expect members of Council and Council committees to make such declarations regularly. This is to ensure absolute integrity in our behaviour at governance level.

*The registrar of the university keeps the register of all these declarations, which our Council Executive Committee (Council Exco) scrutinises regularly.*

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.

During 2019, Exco established the practice of regularly noting and discussing all declarations made by University Management Committee members and referring any inquiries to the vice-chancellor.

### 10.5 Meet our Council members (Council membership as at 31 December 2019)

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
1	<b>Prof ND Kgwadi (52)</b> 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) (Hanseu University, South Korea); appointed for a six-year term from 2014 to 2020  Vice-Chancellor	All Council committees (except Audit, Risk and Compliance Committee – not full member)  Five years into term	66 meetings  88%	None
2	<b>Prof L du Plessis (51)</b> PhD in Education (2002), MSc in Computer Science, (1994)(PU for CHE), Hons BSc (1992)(PU for CHE), BSc (1990)(PU for CHE), Certificate for environmental	Council Exco	40 meetings  85% attendance	None.

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	<p>educators (1996)(Unisa), Leadership in Higher Education (2010). Institute for Educational Management, Harvard, Certificate in ICT in Education for Policy Implementers (2012), WITS, ORACLE University:</p> <ul style="list-style-type: none"> <li>▫ Oracle SQL, Oracle Units and Oracle Forms 1 and Oracle Forms 2, Oracle Reports, Oracle data Base Administration</li> <li>▫ Clarion for Windows 1.5, Linux</li> <li>▫ You, the manager, and your team, The essentials of Leadership</li> <li>▫ Professionalism in workplace, Project Management</li> <li>▫ Environmental education (1 year course-UNISA), appointed for a term coinciding with term as DVC: Assigned functions and Vaal Triangle Campus Operations</li> </ul> <p>Vice-Principal</p>	12 months into term		
3	<p><b>Prof HH Janse van Vuuren (56)</b></p> <p>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</p> <p>Elected by Senate</p>	<ul style="list-style-type: none"> <li>• Student Oversight Committee</li> <li>• Honorary Awards Committee</li> <li>• Social and Ethics Committee</li> </ul> <p>One year, nine months into first term</p>	<p>16 meetings</p> <p>81% attendance</p>	None.
4	<p><b>Prof AF Kotzé (55)</b></p> <p>BPharm, MSc, PhD (NWU), appointed for a three-year term from 2019 to 2022</p> <p>Elected by Senate</p>	<ul style="list-style-type: none"> <li>• Honorary Awards Committee</li> <li>• People and Culture and Employment Equity Committee</li> </ul> <p>Twelve months into first term</p>	<p>19 meetings</p> <p>95% attendance</p>	<p>Innovation Highway Enterprises</p> <p>Hanks TB Diagnostics</p>
5	<p><b>Prof HJ van der Merwe (58)</b></p> <p>BSc, BScHons (University of Pretoria), MEd (Rand Afrikaans University), PhD (Unisa), higher education diploma (University of Pretoria); appointed for a three-year term from 2015 to 2018</p> <p>Elected by the Senate</p>	<ul style="list-style-type: none"> <li>• Honorary Awards Committee</li> <li>• Technology and Information Governance Committee</li> </ul> <p>Two years and one month into first term</p>	<p>17 meetings</p> <p>100%</p>	<p>International Association for Mobile Learning (IAmLearn)</p> <p>Innovation Highway Enterprises</p> <p>IntSys (speech technology)</p>
6	<p><b>Prof JD van Romburgh (42)</b></p> <p>Chartered Accountant (South Africa) (CA(SA)), MCom (management accounting) (NWU); appointed for a three-year term from 2018 to 2021</p>	<ul style="list-style-type: none"> <li>• Transformation Oversight Committee</li> <li>• Social and Ethics Committee</li> </ul>	14 meetings	<p>Adams and Adams Forensic Investigation Services Pty Ltd</p> <p>Moerlandspan Boerdery Pty Ltd</p> <p>Isebe The Branch Pty Ltd</p>



	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	Elected by academic staff members	One year, eight months into first term	79%	
7	<b>Prof W du Plessis</b> (61) BJur, LLB, MA (environmental management), LLD (NWU), appointed for a three-year term from 2018 to 2021 Elected by academic staff members	<ul style="list-style-type: none"> <li>Student Oversight Committee</li> </ul> One year, five months into first term	10 meetings  80% attendance	None
9	<b>Mr FM Nkoana</b> (58) Bachelor in Administration, appointed for a three-year term from 2019 to 2022  Elected by support staff members	<ul style="list-style-type: none"> <li>People and Culture and Employment Equity Committee</li> </ul> 9 months into first term	7 meetings  86% attendance	None.
10	<b>Dr F Bothma</b> (49) BA, Higher Education Diploma (N) Counselling (cum laude), BEDHons, MEd, DPhil in education Law, appointed for a three-year term from 2019 to 2022  Elected by support staff members	<ul style="list-style-type: none"> <li>Transformation Oversight Committee</li> </ul> One month into first term	1 meeting  100% attendance	None.
11	<b>Mr H Schoeman-Struwig</b> (22) BAHons) in public governance  Student Representative Council	<ul style="list-style-type: none"> <li>Student Oversight Committee</li> </ul> Three months into one-year term	7 meetings  86% attendance	None
12	<b>Mr T Seepamore</b> (26) Master's degree in crop science  Student Representative Council	<ul style="list-style-type: none"> <li>Student Oversight Committee</li> </ul> Three months into one-year term	6 meetings  100% attendance	None
13	<b>Mr T Siziba</b> (25) BE in Snr & FET  Student Representative Council	<ul style="list-style-type: none"> <li>Student Oversight Committee</li> </ul> Three months into one-year term	6 meetings  86% attendance	None
14	<b>Mr OE Mongale</b> (48) 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	<ul style="list-style-type: none"> <li>Tender Committee</li> <li>Finance Committee</li> <li>Executive Committee (alternate)</li> </ul>	18 meetings  72% attendance	Hub Farming Sego Programme and Project Management The Hub People Monchwa Investment

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	(UniBo); appointed for a three-year term from 2017 to 2020  Appointed by the Minister of Higher Education and Training	Two years and three months into first term		Bachem Izinyoni Trading 328 Kehu Projects Teki Project and Programme Management
15	<b>Ms T Semane (43)</b>  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	<ul style="list-style-type: none"> <li>• Technology and Information Governance Committee</li> <li>• Social and Ethics Committee</li> <li>• Finance Committee</li> </ul> One year, five months into first term	 15 meetings  67% attendance	Linea Pty Ltd
15	<b>Mr C Mabe (41)</b>  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	<ul style="list-style-type: none"> <li>• Finance Committee</li> <li>• Remuneration Committee</li> <li>• Transformation Oversight Committee</li> </ul> One year, five months into first term	 15 meetings  87% attendance	NH 2606 Pty Ltd CM 2510 Pty Ltd Jepa Resources
16	<b>Mr TC Kgomo (52)</b>  BCom (University of North West); appointed for a three-year term from 2017 to 2020  Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> <li>• People and Culture and Employment Equity Committee</li> <li>• Executive Committee of NWU Council</li> <li>• Transformation Oversight Committee</li> <li>• Honorary Awards Committee</li> <li>• Innovation Highway Advisory Board</li> <li>• Senate</li> <li>• Senex</li> </ul> Two years and three months into second term	 38 meetings  92%	None, only shareholding
17	<b>Mr MSJ Thabethe (45)</b>  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	<ul style="list-style-type: none"> <li>• Technology and Information Governance Committee</li> <li>• Audit, Risk and Compliance Committee</li> <li>• Social and Ethics Committee</li> </ul>	 13 meetings  92% attendance	Sihlasi Technologies CC

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
		Two years and three months into first term		
18	<b>Mr JDS de Bruyn (69)</b> 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	<ul style="list-style-type: none"> <li>• Audit, Risk and Compliance Committee</li> <li>• Tender Committee</li> <li>• Senate</li> </ul> One year, six months into second term	24 meetings  75% attendance	None
19	<b>Mr A van Rooy (51)</b> BSc (chemistry, biochemistry) (NWU), BProc (Unisa), Patent Examination Board, qualified as a patent attorney, admitted as an attorney  Elected by the Board of Donors	<ul style="list-style-type: none"> <li>• Innovation Highway Enterprises Advisory Board</li> <li>• Assets Committee</li> </ul> One year, one month into first term	7 meetings  43% attendance	DM Kisch Inc Kisch Africa Inc Sederkrans Familie Boerdery
20	<b>Ms U Barravalle (37)</b> BSc (chemistry and biochemistry)(RAU), BSc (chemistry) (Hons)(RAU), LLB (Unisa)  Elected by the Board of Donors	One month into first term	1  100%	DM Kisch Inc Kisch Africa Inc
21	<b>Mr A Sorgdrager (61)</b> Bluris and LLB (PU for CHE, international executive programme (INSEAD Business School); appointed for a three-year term from 2017 to 2020 Elected by the Convocation	<ul style="list-style-type: none"> <li>• Executive Committee of Council</li> <li>• Remuneration Committee</li> <li>• Audit, Risk and Compliance Committee</li> <li>• Investments Committee</li> <li>• Student Oversight Committee</li> </ul> Two years and six months into first term	43 meetings  88% attendance	Yellowstone Trust Vaalrivier Steiltes Pegasus Alumni Trust Erf 549 (Edms) Bpk
22	<b>Prof AL Combrink (74)</b> BA, BAHons in English, MA in English, DLitt in English (PU for CHE) and higher education diploma (Unisa); appointed for a three-year term from 2018 to 2021  Elected by the Convocation	<ul style="list-style-type: none"> <li>• Student Oversight Committee</li> <li>• Executive Committee of Council (alternate)</li> </ul> One year, two months into second term	12 meetings  83% attendance	None.
23	<b>Mr W Human (32)</b> BA LLB and MPhil (NWU); appointed for a three-year term from 2017 to 2020  Designated by the Convocation	<ul style="list-style-type: none"> <li>• Technology and Information Governance Committee</li> <li>• Assets Committee</li> <li>• Innovation Highway Advisory Board</li> </ul>	9 meetings  78% attendance	Skole Ondersteuning

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
		Two years and six months into first term		
24	<b>Mr C Mulder (34)</b> BA Communication Studies (NWU) BSc IT (NWU)  Member designated by the Convocation	<ul style="list-style-type: none"> <li>Transformation Oversight Committee</li> <li>Student Oversight Committee</li> <li>Social and Ethics Committee</li> </ul> One year, six months into first term	 17 meetings  71% attendance	None
26	<b>Rev Canon DP Dinkebogile (66)</b> 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	<ul style="list-style-type: none"> <li>People and Culture and Employment Equity Committee</li> <li>Institutional Forum</li> <li>Remuneration Committee</li> </ul> Six months into second term	 18 meetings  72% attendance	None
28	<b>Dr MB Tyobeka (45)</b> 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	<ul style="list-style-type: none"> <li>Executive Committee of Council</li> <li>Finance Committee</li> <li>Remuneration Committee</li> <li>Honorary Awards Committee</li> </ul> Two years and one month into second term	 30 meetings  93% attendance	None
29	<b>Mr A Redelinghuis (70)</b> MCom (PU for CHE), CA (SA); appointed for a three-year term from 2016 to 2019 Appointed by Council for specific expertise	<ul style="list-style-type: none"> <li>Audit, Risk and Compliance Committee</li> <li>People and Employment Equity Committee</li> <li>Remuneration Committee</li> </ul> Six months into second term	 14 meetings  93% attendance	None
30	<b>Mr TV Mokgatlha (45)</b> BCom (Accounting) (NWU), Honours Bcompt/Certificate of theory in Accounting (CTA) (UNISA), appointed for a three-year -term from 2019 tot 2022  Appointed by Council for specific expertise	   Six months into first term	 2 meetings  100% attendance	MTBG Investments Metsi Phepha Batho Holdings Neliscore Baphalane Ba Mantserre Investment Holdings Baphalane Siyanda Chrome Company Philisani Pty Ltd Avior Capital Markets Holdings

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
				StokFella Baphalane Ba Mantserre NPC Paphalane Property Holdings His Crown Apostolic Ministries BBMIH Textile BBMIH Food BBMIH Manufacturing Hyprop Investment Alpha Cube Capital 4AX YeboYetho Investment Company YeboYetho (RF) Limited Atomatic Trading Nutritional Holding

### Diversity of skills and experience

Our Council members boast a variety of valuable skills and experience. Their fields of expertise are given below:

- Governance and ethics in general
- Higher education governance
- Student management and governance
- General management, business, industrial psychology
- Science/innovation, technology, engineering
- Communication, languages
- General legal expertise
- Psychology, and theology

Having resolved in November 2018 to pursue the establishment of a particular skills set, the NWU Council took these skills into account in 2019 when seeking to fill vacancies in membership. The coloured blocks in the diagram below represent the skills that are given emphasis.

1	General legal expertise
2	Environment, land and indigenous law
3	Global engagement expertise
4	Data analytics 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 expertise

10	Governance and ethics expertise
11	Corporate communication expertise
12	Information technology expertise
13	Technology transfer expertise
14	High positive public profile – science
15	High positive public profile – community engagement
16	Arts/people management

Council continued to focus on transformation targets for its membership and approved the following equity targets for Council to achieve by January 2025:

African female	African male	Indian/Coloured male/female	White female	White male	Total
7	8	2	6	7	30
23.3%	26.7%	6.7%	20.0%	23.3%	100%

## 10.6 Council decisions impacting value creation

Management highlighted a number of value-creation issues during 2019 and Council responded by taking key decisions on the following:

- Investing in the NWU culture to implement the new strategy.
- Driving the development of staff and curriculum towards the integration of technology in teaching-learning and a blended learning experience for contact and distance students.
- Creating a sustainable and supportive environment conducive to the advancement of research excellence.
- Pursuing the planning and implementation of multilingual support for students and the development of multilingual pedagogies for staff.
- Diversifying income streams and improve operational cost-effectiveness and efficiency.
- Improving the development of a new student administrative system to enhance service delivery, reduce support service transaction cost and improve turnaround time.

The following table gives a summary of Council's value-creating decisions and their possible effect on future value creation.

Key governance decisions taken by Council during 2019	How these governance decisions affect future value creation
As part of the ongoing implementation of the 2015-2025 NWU Strategy, Council approved the refinement of academic structures such as the Unit for Continuing Education and the improved positioning of the NWU Business School	As Council we are confident that the ongoing implementation of the strategy, structure and brand is shaping the NWU's operations and efficiency.  We remain confident that the realisation of the strategic agenda of the NWU adds to the improved positioning of the university in the South African higher education landscape.
<b>Policies and rules</b> The Policy Refinement Committee continued with its activities in the drafting and review of policies.  In ensuring compliance with national directives and mitigating possible risks facing the university, we approved 25 policies (either revised or new) in 2019.	The NWU's success model indicates that the university is committed to the continued adoption of responsible and risk-embracing strategies and transformational practices.  In line with this undertaking, and in adhering to the prescripts of the Statute, the university continuously drafts and revises policies and rules.
<b>Financial matters</b> We, as Council, approved the Audited Financial Statements for 2018 and the Financial Overview 2018, as well as the budget for 2020.	We are 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.



Key governance decisions taken by Council during 2019	How these governance decisions affect future value creation
<p>In addition, the following financial approvals were among the highlights of 2019:</p> <ul style="list-style-type: none"> <li>• The additional funding of R8,7 million for the administration building on the campus in Vanderbijlpark.</li> <li>• The additional funding for infrastructure requirements for Sport Sciences to the amount of R53,1 million.</li> <li>• In-principle approval that the project of 1 728 new residence beds be applied for. This would be subject to the availability of funding and a detailed construction project plan, as well as firm arrangements with DBSA for the loan or any other feasible financing proposal. A further condition would be approval from DHET and the Minister. Consequently, Council mandated the Executive Director: Finance and Facilities to enter into interest rate negotiations with DBSA for a funding shortfall of R40 million.</li> </ul>	<p><i>However, Council is on record that it expressed concerns on the medium to long-term effects of the national uncertainties around the sustainability of South African higher education. These uncertainties relate predominantly to the funding of public higher education.</i></p>
<p><b>Approval of tenders and tender processes</b></p> <p>In March 2019 Council approved the following recommendations made by the combined meeting of the Transformation Oversight Committee, Finance Committee and Tender Committee (known as the “TOFT”) in respect of tender processes at the NWU:</p> <ul style="list-style-type: none"> <li>• The inclusion of the CIDB registration within the tender process for building construction tenders.</li> <li>• The inclusion of company share certificates as validated by the CIPC in the tender process.</li> <li>• Use of the governmental central supplier database in the procurement process.</li> <li>• Validation of the BBBEE certificate for the service provider that is recommended within the final steps of the procurement process (i.e. when evaluating the top three to five tenders).</li> <li>• The reaffirmation that NWU procurement advertisements be placed widely to ensure the widest possible reach, and that advertisements on the Purchasing Consortium (PURCO) be included on the university’s website.</li> <li>• The inclusion of Black Owned percentages in Tender Committee reports.</li> <li>• The establishment of a target of 50% to 60% of total procurement spending to be for preferential procurement (black owned). This would be done without any alteration in procurement points allocation and without compromising on price and quality.</li> <li>• Supplier and enterprise development spend of R10,8 million per annum to train and develop black-owned suppliers and enterprise owners.</li> <li>• The panel of professional consultants to the university should be informed of these measures and implement them in the procurement processes in which they are involved.</li> </ul> <p>The Tender Committee recommended that Council approve a number of tenders. Highlights of these include the following</p> <ul style="list-style-type: none"> <li>• Tender TR124/2019VTC, Proposed New Administration Building at the Vaal Triangle Campus, to be awarded to GVK-SiyaZama Building Contractors (Gauteng) (Pty) Ltd for a total cost of R46 064 839.93 including VAT as submitted in their original bid.</li> <li>• Tender TR168/2019 for security services at the Potchefstroom and Mafikeng campuses as follows: <ul style="list-style-type: none"> <li>- For Potchefstroom Campus: CB Security Northwest (Pty) Ltd for a cost of R26 821 569.60 for 3 (three) years, including VAT, excluding escalation.</li> </ul> </li> </ul>	<p><i>As Council we ensure that the university procures services by means of a process that is fair, equitable, transparent and cost-effective, while also ensuring the realisation of transformation objectives.</i></p> <p><i>We are confident that the tenders that were awarded adhered to the principles laid down in relevant legislation.</i></p>

Key governance decisions taken by Council during 2019	How these governance decisions affect future value creation																				
<ul style="list-style-type: none"> <li>- For Mafikeng Campus: MI7 Security Group (Pty) Ltd for a cost of R61 134 290.64 for 3 (three) years, including VAT, excluding escalation.</li> <li>• Tender TR180/2019 for the new Student Housing Construction at the Mafikeng Campus as follows: <table border="1" data-bbox="196 353 751 712"> <thead> <tr> <th>Contractor</th> <th>Phase 1 (Year 1)</th> <th>Phase 2 (Year 2)</th> <th>Total Clusters</th> </tr> </thead> <tbody> <tr> <td>PL Enterprises</td> <td>1 x Cluster</td> <td>1 x Cluster</td> <td>2 x Clusters</td> </tr> <tr> <td>Lemay Construction (Pty) Ltd</td> <td>1 x Cluster</td> <td>1 x Cluster</td> <td>2 x Clusters</td> </tr> <tr> <td>Masakhane BC (Pty) Ltd</td> <td>1 x Cluster</td> <td>0 x Cluster</td> <td>1 x Cluster</td> </tr> <tr> <td>Glowing Sunset Trading</td> <td colspan="2">1 x Cluster</td> <td>1 x Cluster</td> </tr> </tbody> </table> </li> <li>• Tender TR181/2019 for the electrical work of the new student housing at the Mafikeng Campus by allocating three clusters each to: <ul style="list-style-type: none"> <li>- Vinstem Constructors t/a Qolum, and</li> <li>- Wayne McDonald cc t/a Electric Mac.</li> </ul> </li> <li>• Approval of the project "Relocation of HPI" with the proviso that a loan for the shortfall of R3 474 076.63 be raised, failing which the aqua zone be excluded from the project; and that the original Tender TR196/2019 for the Relocation of the HPI Construction for R36 944 993.69, inclusive VAT, be allocated to Boukon Beleggings (Pty) Ltd.</li> </ul>	Contractor	Phase 1 (Year 1)	Phase 2 (Year 2)	Total Clusters	PL Enterprises	1 x Cluster	1 x Cluster	2 x Clusters	Lemay Construction (Pty) Ltd	1 x Cluster	1 x Cluster	2 x Clusters	Masakhane BC (Pty) Ltd	1 x Cluster	0 x Cluster	1 x Cluster	Glowing Sunset Trading	1 x Cluster		1 x Cluster	
Contractor	Phase 1 (Year 1)	Phase 2 (Year 2)	Total Clusters																		
PL Enterprises	1 x Cluster	1 x Cluster	2 x Clusters																		
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Masakhane BC (Pty) Ltd	1 x Cluster	0 x Cluster	1 x Cluster																		
Glowing Sunset Trading	1 x Cluster		1 x Cluster																		
<p><b>Appointment of office bearers</b></p> <p>We oversaw the process of appointing senior office bearers:</p> <ul style="list-style-type: none"> <li>• The appointment of Dr Anna Theresa Mokgokong as Chancellor of the NWU for a period of five years. She was installed as Chancellor on 20 November 2019.</li> <li>• The appointment of Dr Sibusiso Chalufu as Executive Director: Student Life for a five-year term.</li> <li>• The approval of a subsequent term of four years, ending in May 2024, for the Vice-Chancellor, Prof Dan Kgwadi.</li> </ul> <p>We started the process for the subsequent term appointments of the Registrar, Prof Marlene Verhoef and the Deputy Vice-Chancellor Assigned Functions and Vaal Triangle Campus Operations, Prof Linda du Plessis.</p>	<p><i>We made sure that the appointment of these office bearers was informed by the Statute and relevant rules.</i></p> <p><i>The calibre of those who are appointed is key to achieving the NWU's strategic objectives.</i></p>																				
<p><b>Governance matters</b></p> <p>Key resolutions related to governance included the following:</p> <ul style="list-style-type: none"> <li>• Approving the Annual Performance Plan 2020, the Mid-Year Performance Report 2019 and the Annual Integrated Report for 2018</li> <li>• Approving revisions to the NWU Statute to deal with matters such as the references to the names of towns in which campuses are situated, as well as terms of office of Council members</li> <li>• Approving the awarding of an honorary doctorate to Mr Keith Bothongo</li> <li>• Approving the Biennial Alumni Excellence Awards for outstanding alumni of the university:</li> </ul>	<p><i>Through sound governance principles and practices, we create an ethical environment in which the NWU can realise its strategy.</i></p>																				

Key governance decisions taken by Council during 2019		How these governance decisions affect future value creation
<b>Categories</b>	<b>Names</b>	
Education	Prof Mamokgethi Phakeng	
Research	Prof Aletta Elisabetha Schutte	
Community Involvement	1. Frederik Petrus Louw 2. Pieter Jacobus Twine	
Business Leadership	Maggy-Emelia Maliti-Ntshwe	
Arts and Culture	Johan van Rensburg	
Sport	Mokgadi Caster Semenya	
Public Service	Elmarie Alta Myburgh	
Young Alumni	Nomsa Mazibuko	
<ul style="list-style-type: none"> <li>• Approving the registration and orientation programme for first-year students for 2020 at the November meeting of Council</li> <li>• Forming a designated team working on the NWU proposal for the establishment of a medical school in the Faculty of Health Sciences.</li> <li>• Approving new targets to be incorporated into the new Employment Equity Plan, as recommended by the People and Culture and Employment Equity Committee: <ul style="list-style-type: none"> <li>- 70% of all appointees must be African;</li> <li>- 2% of all appointees must be people living with disabilities (PWD)</li> </ul> </li> <li>• Considering the proposal by management to cap accrued leave for all staff at 21 days, and approving the unilateral change to the conditions of service of staff members in respect of accrued leave. The decision was taken to mitigate the growing financial risk that accrued leave pay-outs pose to the NWU.</li> <li>• Approving the unilateral implementation of the pay-out of all leave balances of staff who have accumulated more than 21 days leave, after numerous interventions and a dispute resolution process with the union proved fruitless.</li> <li>• Exercising oversight over developments concerning a possible case of corruption, fraud and money laundering that had been discovered by the Internal Audit Department and the Audit, Risk and Compliance Committee (ARCC); also in regard to developments around a disciplinary case involving a senior university management member</li> <li>• Receiving regular reports on the progress made in implementing the NWU Student and Staff Climate and Culture project, which commenced in 2018.</li> </ul>		

## 10.7 Remuneration of externally elected Council members

Since 2009, following a Council resolution to this effect, the university established the practice of paying an honorarium to external members of Council and of Council committees.

The honorarium is considered a token of the NWU's gratitude for members' time and effort.

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.

<i>External Council member</i>	R3 307
<i>Council-appointed external expert in a structure, but not a Council member</i>	R4 163
<i>Chairperson of a Council committee</i>	R4 163
<i>Deputy chairperson of Council</i>	R3 307
<i>Council chairperson</i>	R6 099
<i>Council chairperson or deputy chairperson as an ordinary member of the structure</i>	R3 307



## 10.8 King IV as the guiding framework for value creation through governance

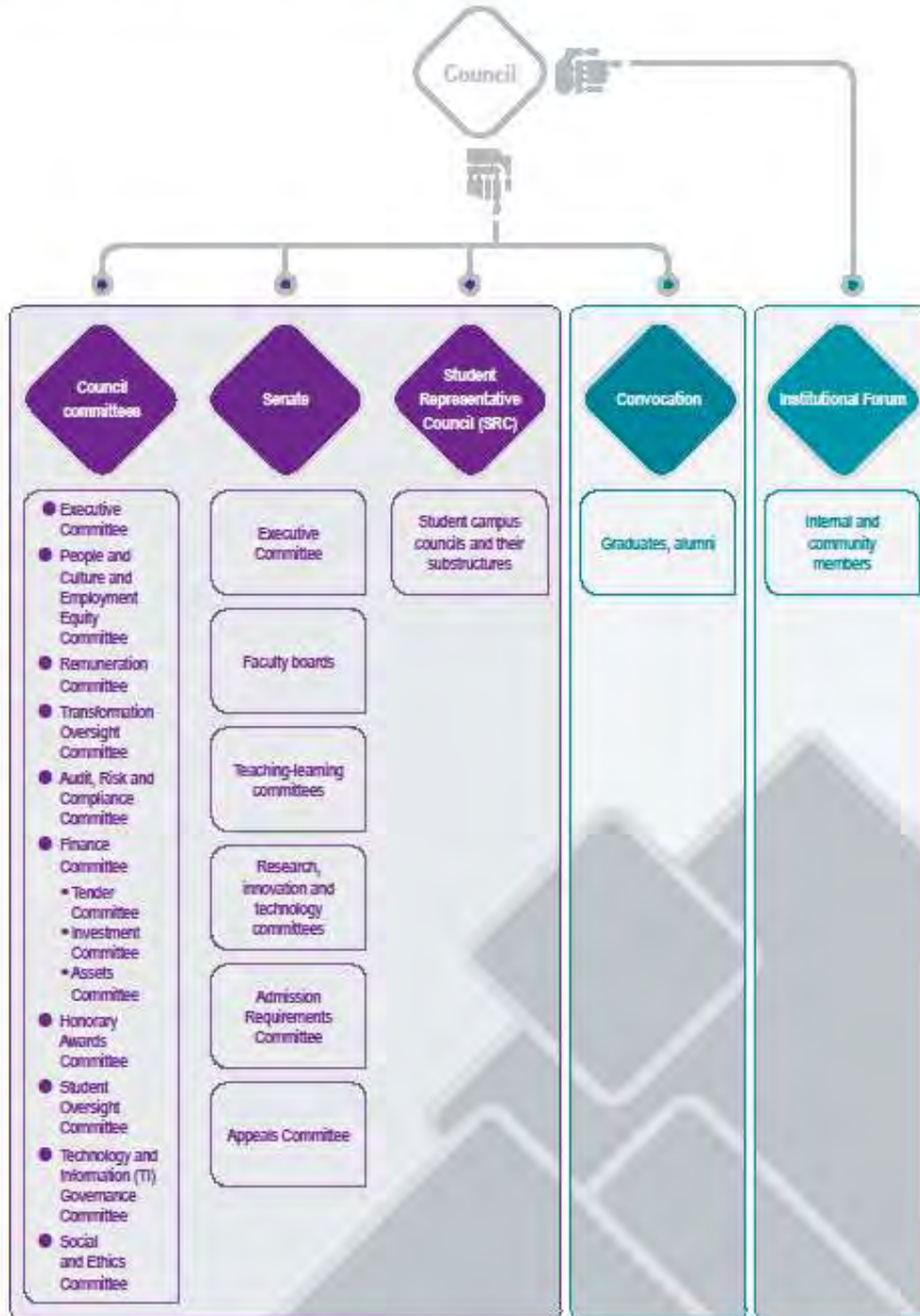
After King IV came into effect on 1 April 2017, the NWU initiated an internal process to ensure compliance by aligning structures, policies and procedures with the necessary requirements. The connections between King IV and the corresponding internal structure or responsibility are shown below:

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 (as primary committee for oversight purposes) Other committees of Council (for risks and opportunities relevant in the said area of oversight) 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 Other committees of Council (for compliance matters relevant in the said area of oversight) 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



## 10.9 Governance structures of the NWU

### Governance structures of the NWU







## 10.10 Value creation through council committee work

As indicated earlier, the Council committees assist us with our performance as Council.

All 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. They are chaired by external independent members with the necessary expertise and skills.

In November 2019, Council took the first steps towards ensuring that the value it is creating through Council committee work is of the highest standards and fully supportive of the NWU strategy. Council resolved that it would undergo an external evaluation process in 2020 accordance with the NWU Quality Policy. This would entail preparing an NWU Council quality manual, undertaking self-evaluation and producing a self-evaluation report. An external evaluation panel consisting of individuals highly conversant in the higher education governance landscape would then review the self-evaluation report.

*Refer to Annexure 2 on page 113 for meeting dates and attendance, and Annexure 3 on page 115 for the composition of the committees.*

## 10.11 Council statement on sustainability as value add

### COUNCIL STATEMENT ON SUSTAINABILITY

“At the NWU we define sustainability as the ability of the university 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. We consider material matters, whether financial or non-financial in nature. Refer to page 1 for our materiality determination process.”

*Statement approval obtained from NWU Council on 28 July 2020*

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 pages 49 and 50) underpin the commitment of the university in this regard.

*Statement approval obtained from NWU Council on 28 July 2020*

## 10.12 Ethics in action at NWU

### 10.12.1 Council statement on ethics and values

### COUNCIL STATEMENT ON ETHICS AND VALUES

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

We expect Council members and staff to observe the NWU’s ethical obligations in order to conduct its business through the use of fair and commercially 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 28 July 2020*

### 10.12.2 Ethical leadership and corporate citizenship

In line with our 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.

This necessitates that we 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 implemented to assist us in managing such challenges.

The Social and Ethics Committee of Council fulfils an important role in advising Council on all matters relevant to ethical leadership and corporate citizenship. The committee emphasises matters that relate to the interdependencies between the university and the society in which it functions. This approach positions the NWU to fulfil its responsibility in terms of the environmental impact of its behaviour and supports value creation to its stakeholder communities.

### 10.12.3 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.

#### What happened

Disciplinary action was taken against 43 employees across the NWU in 2019. 37 cases were of such a serious nature that university hearings were held where dismissals could be the appropriate sanction. Only four employees had their services summarily terminated while a mutual separation agreement (non-financial) was reached with one employee who went on early retirement. Seven employees resigned before the hearings could commence and one employee's contract expired before the hearing could be held. One employee was referred to the Employee Assistance Programme. In the rest of the cases, written warnings were imposed. Fourteen CCMA cases were dealt with successfully.

### 10.12.4 Ombud office for language

The approach of the Language Directorate is to resolve language matters directly or as close as possible to the point where they originate and not to allow them to escalate.

Reporting can be done to the Ombudsman in the Language Directorate via any of the NWU reporting channels or directly via email to the Ombud. Reported matters are investigated, resolved and reported on.

#### What happened

Minor administrative language matters were resolved through the normal channels during the year. There was one matter, though not escalated to the official Ombud as a complaint, which would have been serious enough to warrant the intervention of the Ombud. That was a demand by the Langalibalele Dube Branch of the ANC to the NWU Vaal Campus that an English-only language policy be adopted. The NWU responded to the demand by explaining that it is an explicitly additive multilingual university. An overview was given of how this language policy had come about, namely through consultation with more than 20 000 respondents, followed by Council's approval in November 2018. Becoming monolingual would fly in the face of our own official policy.

### 10.12.5 Dealing with sexual harassment

The NWU is committed to creating a safe working environment free from the fear of sexual harassment.

#### What happened

No sexual harassment matters were referred to the ombudsperson for sexual harassment during the course of 2019, but the NWU Human Rights Committee dealt with one such case. Disciplinary action was taken against the employee but he resigned before the hearing could commence. The sexual harassment policy was reviewed and approved by Council.

### 10.12.6 Matters reported by employees or the public

In line with the Policy on the Reporting of Maladministration and Irregularities and the Protection of Disclosure, a number of reports were received via reporting boxes placed on the campuses.

#### What happened

For six of these reports, an official case was opened in each instance for further investigation by Internal Audit. This compares to the six cases opened in 2018 after reports of alleged irregularities. The other reports were received via internal requests and/or referrals.

### 10.12.7 Ongoing investigations

Internal Audit plays an important role in the ongoing investigation of suspected irregularities.

#### What happened

Of the investigations reported in 2018, 17 were completed, while five were in progress. In 2019 a total of 23 investigations were completed and 21 were in progress. Over the year, there has been an increase in cyber-related matters reported. There was also an increase in reports about the provision of services.

### 10.12.8 Fighting fraud

Internal Audit handed several investigations over to prosecuting authorities after the verification of facts, and various fraud awareness sessions took place on the campuses.

#### What happened

During the past two years, investigations about personal expenditure/misrepresentation of invoices / changes of bank details were handed over to the South African Police Services (SAPS). In 2018 the amount/estimate was R655 959, and in 2019 it was R70 563. In 2019 investigations about misappropriation of funds were also handed over to SAPS (amount/estimate: R70 563).

In line with the university's Anti-Fraud Strategy, various anti-fraud awareness sessions were held on all three campuses. One of these sessions took place in October 2018 in support of Fraud Awareness Week.

In line with the university's Anti-Fraud Strategy, various anti-fraud awareness sessions are held on all three campuses. There is a specific focus on Internal Audit's proactive and continuous monitoring of transactions relating to procurement. This has to a large extent mitigated the risk of fraud in this regard.

Daily reports, among others, in relation to changes of bank details of suppliers and employees are verified with various stakeholders within 24 hours of their occurrence.

A new e-mail channel for reporting fraud, [report-fraud@nwu.ac.za](mailto:report-fraud@nwu.ac.za), has also been implemented.

### 10.12.9 Compliance with laws and regulations

The Compliance Committee, which is a subcommittee of the University Management Committee (UMC), coordinates and reports on all compliance activities. The UMC then submits reports to the Audit, Risk and Compliance Committee whose duty it is to report accordingly to Council.

#### What happened

During a compliance assessment in 2019, compliance with the following pieces of legislation were self-assessed:

Consumer Protection Act 68 of 2008, Basic Conditions of Employment Act 75 of 1997, Skills Development Act 97 of 1998, Skills Development Levies Act 9 of 1999, Safety at Sports and Recreational Events Act 2 of 2010, Animal Health Act 7 of 2002, Animal Protection Act 71 of 1962, Liquor Act 59 of 2003, Tobacco Products Control Act 83 of 1993, National Building Regulations and Building Standards Act 103 of 1977, Electronic Communications Act 36 of 2005, Immigration Act 13 of 2002, Value-Added Tax Act 89 of 1991.

The risk and compliance coordinator monitors compliance on an ongoing basis. Exclaim compliance software is used for compliance assessment and monitoring.

A risk and compliance policy was finalised and will be tabled with Council for approval.

#### 10.12.9.1 Promotion of Access to Information Act requests

The NWU subscribes fully to the Promotion of Access to Information Act (PAIA).

#### What happened

In 2019, the information manual was updated for the 15th time 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. The manual provides information about the promotion of access to information and the protection of personal Information.

The compulsory section 32 report was also delivered to the SAHRC.

The report covered the period April 2018 to March 2019, during which 77 requests were received and 50 granted in full. 22 requests were refused in full. One refusal was based on section 34, mandatory protection of the personal information of a third party, one was refused based on section 44 operations of the public body, one was refused based on section 45(2) unreasonable diversion of resources and 19 requests were refused based on the requester not using the correct platform.

### 10.12.10 Providing integrated assurance

A Combined Assurance Forum (CAF) has existed at the university since 2012 and has aligned its functioning with King IV. The intention of the committee is to manage and limit the risk exposure of the university, and to provide assurance.

#### What happened

The NWU Combined Assurance Forum (CAF) provided an adequate and effective control environment and ensured the integrity of reports for better decision-making, while also establishing an assurance model. A risk assurance map was tabled during 2019 and will be finalised in 2020. The forum also assisted the Audit, Risk and Compliance Committee to fulfil its responsibility in giving assurance to the Council.

Specifically, it provided assurance that the university's risk management, risk control and governance processes are adequately addressed. CAF also provides a platform for discussions on optimising risk management at the NWU and addressing management concerns about the processes for managing risks.



## 10.13 Council statements

### 10.13.1 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 28 July 2020***

### 10.13.2 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 28 July 2020***

### 10.13.3 Council 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:

- The NWU continues to provide affordable higher education.
- 14 961 graduates in 2019.
- The University stays committed to support and enhance academic performance and awarded bursaries in the amount of R208 million from own funds to students.
- The total net cash flow increased by R209,3 million in 2019, taking into account R436,4 million net investment income, transfers of cash and cash equivalents to longer term investments (R999,6 million), investment in property, plant and equipment (R398,5 million) and a R29,3 million increase in deferred grant income, among others.
- Maintaining a sound solvency position and optimal liquidity levels during the 2019 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 2020.”

***Statement approval obtained from the NWU Council on 28 July 2020***

### 10.13.4 Council 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 28 July 2020***



### 10.13.5 Council 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 28 July 2020*

### 10.13.6 Statement on penalties, sanctions and 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 28 July 2020*

## 10.14 Institutional Forum: custodian of good governance

Together with Council, the Institutional Forum serves as the custodian of good governance and by advising and assisting Council, helps to safeguard stakeholder value-creation.

The Institutional Forum may have up to 25 members representing a broad range of internal stakeholder constituencies. Members include representatives from Council, the University Management Committee, Senate, academic staff, a recognised union, support staff, the campus student representative councils, the NWU Convocation and members with special expertise.

### What happened

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).

The forum (as a whole or represented by some of our individual members) advised on the appointment of two university management members. They are Dr S Chalufu (Executive Director: Student Life) and Prof ND Kgwadi on his appointment for a second term.

The forum also advised the selection panels constituted to consider the appointment of executive deans and deputy executive deans of NWU faculties, whose appointment was a key step in the implementation of our strategy.

## Report of the Institutional Forum

The Institutional Forum is an advisory body that assists the NWU Council to maintain good governance and safeguard stakeholder value creation.

We advise Council on the implementation of the Higher Education Act and national higher education policy, and assist it in developing an institutional culture of tolerance and respect for human rights. In addition, we 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 2019 the following matters received our attention:

### **National legislation and policy**

The role of the Institutional Forum was clarified in the light of the amended Higher Education Act, the aim being to ensure the forum continued to fulfil its intended functions.

The forum also considered the implications of three additional pieces of legislation that were considered relevant to its activities:

- Firstly, the Institutional Forum studied the government gazette pertaining to the retraction of the designated National Senior Certificate (NSC) list. This was important as all non-designated subjects would be added to the list for admission purposes in order to address the need to acknowledge a technical matric for admission to programmes such as the BEd Technical Subjects.
- Secondly, we studied the gazette pertaining to admission requirements on a national level, specifically in connection with the admission requirements that National Certificate Vocational (NCV) candidates must meet when applying.
- Lastly, the forum was alerted to the fact that the bill on the Central Application Service would be made available for public comment in due course.

### **Advice on senior appointments**

The Institutional Forum (as a whole or represented by some of our individual members) advised on the appointment of two university management members: Dr Sibusiso Chalufu (executive director for student life) and the vice-chancellor, Prof Dan Kgwadi, who was being appointed for a second term.

We also advised the selection panels constituted to consider the appointment of executive deans and deputy executive deans of seven NWU faculties.

The following appointments were then made:

#### **Faculty of Humanities**

- Deputy Dean: Research and Innovation: Prof M Nel

#### **Faculty of Health Sciences**

- Executive Dean: Prof A Kotze

#### **Faculty of Theology**

Executive Dean: Dr H Goede

### **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 its successful implementation at the NWU.

#### **Isolate the desirable elements of the current culture; and facilitate inputs on changes necessary to achieve the desired culture**

The process had to include the mapping of the NWU culture, highlighting current practices that should be retained and new practices and behaviours to be developed and adopted. It was of critical importance that the process be co-created and inclusive, fully participatory and representative of diverse views.

### **Reviewing policies on transformation**

The forum received and noted the newly approved Policy on Student Discipline, as well as the associated Manual for Student Discipline.

We agreed to accept the NWU Code of Ethics for recommendation to Council for final approval, subject to a proposed amendment.

## **Human rights matters**

The Institutional Forum took note of various ongoing awareness campaigns and projects aimed at raising awareness and informing students of the various routes to follow in the event of reports of gender-based violence or any other human rights infringement.

The NWU Human Rights Committee shared their frustration with the forum in terms of role clarification and the authority and mandate of the committee. After a discussion with the registrar, satisfactory progress was made in revising the committee's terms of reference by clarifying expectations and processes.

The Human Rights Committee convened only once in 2019, on 25 July.

## **Successful registration and orientation**

The registrar and the acting executive director for student life coordinated the 2019 registration and orientation programme for new first-year students.

Staff and student surveys were conducted to determine the success of the faculty-based approach towards this programme. The findings indicated that the overall experience of staff was positive and that the exposure to faculty processes and facilities was helpful once lectures commenced. The sport, arts and cultural events hosted during registration and orientation 2019 were positively received, as was the expanded role of the Academic Students Association (ASA). The challenges identified will be addressed in the 2020 programme.

The proposed programme for 2020 is based on the following key principles:

- i. Providing a comparable student experience across the three NWU campuses, through the implementation of aligned faculty and co-curricular programmes. This will take into account that the programmes and events presented should create an equitable experience that will be of value to students in both the academic and co-curricular environment.
- ii. Creating student preparedness as a proactive measure for student success

## **Transformation and equity**

The NWU has a task team working on the development of the Transformation Dashboard template, as informed by Universities South Africa's draft Transformation Barometer for South African Higher Education. The task team was reconvened by the executive director of student life. Based on the need to integrate the dashboard for reporting on transformation into the Annual Performance Plan, the deputy vice-chancellor: planning and integration, Prof L du Plessis, will move forward with the template for reporting on transformation matters.

The forum received a comprehensive report on transformation at the NWU since the restructuring process commenced. This provided insights into interventions intended to accelerate the transformation targets and enhance diversity on the various campuses.

## **Climate and culture – staff and students**

The forum received and noted a presentation on the NWU Staff and Student Culture review, reporting on the culture conversations that had been taking place on the three campuses from February to May 2019. The service provider (Laetoli Consultants) was tasked with assisting the NWU with a dipstick assessment of the existing NWU institutional culture in order to:

- isolate the desirable elements of the current culture; and
- facilitate inputs on changes necessary to achieve the desired culture.

The process had to include the mapping of the NWU culture, highlighting current practices that should be retained and new practices and behaviours to be developed and adopted. It was of critical importance that the process be co-created and inclusive, fully participatory and representative of diverse views.

## 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 2019 and earlier in 2019.

Constituency	Members: December 2019	Sub-constituency	Earlier in 2019
Council	Father PD Dinkebogile	NWU	
University Management Committee	Mr Clement Manoko	NWU	
Senate	Dr V Montshiwa	Mafikeng Campus	
	Dr R Hobyane	Potchefstroom Campus	
	Prof M Temane	Potchefstroom Campus	
Academic staff	Dr MA Molefi	Mafikeng Campus	
	Prof JP Fouche	Potchefstroom Campus	
	Dr KO Lefenya	Mafikeng Campus	
Recognised union	Vacant	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 F Nkoana	NWU	
	Dr AA le Roux	NWU	
Campus student Representative Councils – CSRCs	Mr T Seepamore	MCSCC	Mr Leo Maphosa
	Mr T Tlale	MCSCC	Mr T Seepamore
	Mr P Hattingh	PCSCC	Ms C Joubert
	Ms D Giorgi	PCSCC	Mr H Schoeman-Struwig
	Mr T Siziba	VCSCC	Mr L Nene
	Ms M Mogane	VCSCC	Ms D Zondi
NWU Convocation	Adv M Kruger	NWU	
	Mr N Mongale	NWU	Mr A Sorgdrager
Special expertise	Dr S Chalufu	Executive Director: Student Life: NWU	Prof L Lalendle Prof I Mwanawina
	Prof E du Plessis	NWU	Mr A Scheppel

## Meeting dates in 2019

In 2019 the Institutional Forum convened on 4 March, 7 May, 15 August and 14 November.

The forum's annual workshop was held on 15 August 2019, with the focus on corporate governance and gender-based violence.



**DR BERTUS LE ROUX**

**CHAIRPERSON OF THE INSTITUTIONAL FORUM**

## 10.15 Human rights matters

The Human Rights Committee did not deal with any human rights infringements during 2019. It reviewed the matters that were reported to it but referred these back to the various departments involved because it did not deem them to be human rights infringements.

The committee focused its attention on discussing its functioning. Its new terms of reference were approved by Council in September 2019.

The committee also discussed issues such as a formal relationship with the South African Human Rights Commission (SAHRC), gender-based violence and sexual harassment correspondence by the Minister of Higher Education and Training, as well as the revised Code of Ethics of the NWU. The committee also provided input on the Sexual Harassment Policy of the NWU.

*"It is of the utmost importance to appoint individuals in governance bodies who are properly equipped. Ethical values and good corporate governance principles remain core aspects of how these bodies conduct their business."*



**DR BISMARK TYOBKA**  
**CHAIRPERSON OF COUNCIL**

## 11 INCENTIVISING FOR ACHIEVEMENT

Motivated, high-performing employees enable the NWU to realise our strategy and create value for ourselves and our stakeholders.

We offer our staff performance incentives that are attractive and sustainable and, by applying these incentives fairly and consistently, create an environment that motivates and reinforces superior performance.

We use an integrated performance management approach to recognise superior organisational, team and individual performance.

### 11.1 Remuneration mix to attract and retain scarce and critical skills

Our remuneration mix has variable and fixed elements and includes monetary and non-monetary rewards. We align all the components of remuneration to our strategy, business-specific value drivers and the NWU values, ensuring that remuneration matches skills need and culture fit.

We have an annual benchmarking process to ensure continued competitiveness of guaranteed pay. An employee contribution of 7,5%, along with their choice of employer contribution (12%, 15%, 17,5% or 20%), makes up the total contribution to the pension fund.

Variable pay is used to monitor and encourage performance. Here, we employ instruments such as performance bonuses and individual remuneration reviews and various other value-adding allowances.

### 11.2 Remuneration governance and management

The NWU Council executes its oversight function for remuneration through the Remuneration Committee of Council. This committee is 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.

The outcome of the collective bargaining process for salary increases for 2019 introduced a differentiated increase to cater for staff at the lower income bands. This represented an attempt to close the income differentials between the higher and lower salary bands.

The Remuneration Committee approved the Remuneration Philosophy, which will further guide our incentivising initiatives and our efforts to attract key talent.

### 11.3 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 2019:

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
Executive Director: Student life	1 August 2019	Dr Sibusiso Chalufu	Previous incumbent resigned



## Current year incentives: University Management Committee

Name	Office held	Other Allowance/ Payments R'000	Basic Salary R'000	Employment Benefits R'000		Total Cost to NWU R,000	2019
Prof ND Kgwadi	Vice-Chancellor and Principal	389	2 962	611		3 963	
Prof LA du Plessis	NWU Campus Operations: Vaal Triangle and Vice-Principal	658	1 900	392		2 950	
Prof MM Verhoef	NWU Registrar	292	2 001	503		2 797	
Prof DM Balia	NWU Campus Operations: Potchefstroom	95	1 861	305		2 260	
Prof BMP Setlentoa	NWU Campus Operations: Mafikeng	229	1 758	405		2 391	
Prof RJ Balfour	NWU Deputy Vice-Chancellor: Teaching and Learning	274	1 729	506		2 510	
Prof MN Phaswana-Mafuya	NWU Deputy Vice-Chancellor: Research and Innovation	200	2 026	213		2 440	
Mr NC Manoko	NWU Executive Director: Corporate Relations and Marketing	225	1 566	394		2 186	
Dr JS Chalufu	NWU Student Life		1 531	236		1 777	
Ms E De Beer	NWU Executive Director: Finance and Facilities	217	2 033	457		2 706	
Dr V Singh	NWU Executive Director: People and Culture	86	1 716	308		2 109	

### 11.4 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. (The honoraria members received for each meeting attended is mentioned on page 91.)

#### Honoraria payments (gross remuneration to Council members) in 2019

\* Mr Sorgdrager and Mr Strydom did not claim honoraria.

Council Member	R-value
BARAVALLE, MRS. URSULA ANTONELLA DAVEY	3 307.00
COMBRINK, PROF ANNETTE LOUISE	33 070.00
DE BRUYN, MR. JAN DANIEL STEINMAN	57 075.00
DINKEBOGILE, REV POGISO DAVID	48 010.00
HADEBE, MR. XOLANI VINCENT	4 163.00
HUMAN, MR. WERNER GEORGE	23 149.00
KGOMO, MR. TIEGO CORNELIUS	120 836.00
KLYNSMITH, MR. IGNATIUS	61 238.00
MABE, MR. CLEMENT SHADRACK	47 289.00
MANYAAPELO, MR. BOIKANYO CORLET OARABILE	20 815.00
MOHAPI, MR. SIMON MOEKETSI	20 815.00
MOKGATLHA, MR. THABO VINCENT	6 614.00
MONGALE, MR. OBAKENG EDEN	45 559.00
MULDER, MR. CORNELIUS PETRUS	39 684.00
REDELINGHUIS, MR. ANTON	56 336.00
SELIANE, MR. LIKHAPHA EDWIN	20 815.00
SEMANE, MISS THEMBEKA	33 070.00
THABETHE, MR. MANDLAKAYISE SYDNEY JOHNSON	39 801.00

TYOBEKA, MR. MZUBANZI BISMARCK	189 069.00
VAN DER WALT, DR KRAUSE	4 163.00
VAN ROOY, MR. WILLEM ADRIAAN	6 614.00
Grand total	881 492.00

### Organisational culture

Organisational culture is a vital enabler of our strategy to transform and position the university as a unitary institution of superior academic excellence, with a commitment to social justice and an ethic of care.

A critical first step was to conduct a dipstick assessment among staff and students to identify the desirable and undesirable elements of the current culture, and define the desired culture. We then held so-called Culture Conversations to facilitate inputs on what changes were needed to achieve the desired culture.

The Culture Conversations saw randomly selected participants providing their lived experience of the NWU culture. Staff and students used these conversations to express their views on issues around transparency, trust and frustration, and to reflect on the identity and history of each campus, strengthening their sense of belonging.

Staff praised the academic alignment between the campuses as beneficial to the promotion of a unitary model. Students expressed the need to enrich their student experience with cross-cultural knowledge and experiences, yet protecting that which is dear to them. It was clear there is much to gain from embracing the rich diversity of our staff and students.

The NWU desires to build an inclusive, enabling and welcoming environment, the vehicle for which is the NWU Way journey, involving the co-creation of desired culture and behaviour descriptors. The insights gathered during phase one of the NWU Way project are informing the next phase, shaping balanced, viable and authentic organisational values.

*“A comprehensive talent management strategy will be critical in distinguishing the NWU from other institutions competing for talent. Components of this strategy are an employee value proposition that increases engagement and belonging, competitive compensation and a programme for the recruitment and retention of special scarce skills.”*

## 12 FUTURE OUTLOOK FOR THE NWU

Looking ahead, we anticipate that certain factors in our external environment will continue to impact our ability to achieve our strategic objectives and therefore our ability to create value.

Keeping this in mind, we need to equip ourselves to respond to challenges and uncertainties that are likely to arise, affecting our capability to achieve our goals and targets in the future.

Reflecting on the NWU's future, we distinguish between the short term (up to two years), the medium term (two to seven years) and the long term (more than seven years).

These are the developments that may affect our future performance:

### An unstable environment

#### - **Short-term expectations**

Two major issues affecting smooth university registration are challenges encountered in implementing the National Student Financial Aid Scheme (NSFAS) process and the growing demand for student accommodation.

In addition, load shedding and long periods of electricity failure pose operational challenges, especially in our efforts to provide safe, comfortable facilities for our students in residences.

#### - **Medium-term expectations**

The Fourth Industrial Revolution (4IR) has significant implications for higher education and we need to explore how it will impact our systems, teaching and learning, integrated planning and research.

Setting out to be proactive, we have already included 4IR as a topic at our annual Teaching-Learning Conference and at several workshops held in 2019 for members of Council and senior management. At these workshops, we looked at the 4IR's implications for the world of work, especially how it will influence our core business.

These workshops and other related activities at the NWU suggest a strong commitment to integrating thinking about 4IR. We realise that the ability to develop distinctive competencies in selected strategic areas will give us a competitive advantage.

Other concepts linked to the 4IR and currently featuring in the higher education discourse are the multiversity, the unbundled university and the blockchain university.

At leading universities the world over, these concepts have become part of debates on access (open access, open education resources and recognition of prior or other learning). They also feature prominently in the dialectic on curriculum concepts such as self-directed learning.

#### - **Long-term expectations**

The long-term financial sustainability of the university is paramount if the NWU is to remain a value-creating asset for future generations.

### Using opportunities and addressing challenges and uncertainties

There are several opportunities we can use to address challenges and achieve our strategic objectives.

Being part of the Open Education Resources Network (OERN), for instance, gives us an opportunity to adopt OERs as part of either module or programme requirements and to make our own curricula available to other institutions. Membership of the OERN thus allows potential partners to explore mutual recognition of curricular content.

Furthermore, the automation of university processes will enable academics and students, university administrators and support systems staff to work more collaboratively to analyse the nature of students' learning and the student experience. The aim will be to optimise support.

Another opportunity that we should explore is the 4IR technology that enables the seamless upload, download and analysis of work-integrated learning (WIL) experience, or enables simulated WIL experience.

When it comes to the 4IR multimodal curriculum, we should describe it in strategic and practical terms. This means including it in our Teaching-Learning Strategy and related assessment and language plans, and in our faculty yearbooks.

We should also include the types of learning experience the student may encounter as the learning progresses (whether online, offline, self-directed, collaborative, cooperative or flipped classrooms).

## Our most important targets and plans for the future

### - *In the short to medium term*

One of our goals is to enhance our curricula to lead to evidence of self-direction and collaborative and cooperative learning. Students studying for undergraduate degrees and certificates should experience this from their first to their final year.

When they reach their final year, the undergraduate curriculum should include the advanced synthesis, integration and research skills necessary for postgraduate studies and the world of work.

This means we will have to strengthen skills such as problem-solving, critical thinking, the ability to work with others and the ability to access information, along with other generic outcomes that inform all teaching and learning.

We also have to develop processes to determine, assess and revise these outcomes, and then incorporate them into the teaching-learning strategy of the university.

Another goal is to drive the digitisation strategy of the NWU. Ideally, student support services should be brought online, from curriculum advice and timetables to communication with academics.

### - *In the long term*

The phenomenon of unbundling has made its appearance globally as part of what 4IR offers higher education.

In South Africa, limited unbundling has occurred as the regulatory environment is highly controlled and does not allow institutions to recognise coursework beyond certain limits and levels of the degree qualifications.

We also foresee that big data sets will become increasingly available and that greater emphasis will be placed on technology for learner analytics. Technology for seamless staff and student experience of administration (ease, accessibility and relevance) will also become more important.

All of these trends and changes highlight how vital it will be to have agile systems that enable seamless integration of the various stages of the student life cycle.

## In summary

Higher education is undergoing a technological revolution that will fundamentally reshape how universities operate. Systems agility and integration will be the order of the day, along with escalating competition for student enrolments and teaching and research talent. As the 4IR blurs geographical boundaries and commoditises qualifications, it will be important for the NWU to differentiate ourselves from other players. We believe that differentiator will be our ability to create value with an ethic of care.

## 13 Annexures

### 13.1 Annexure 1: 2019 Performance Assessment 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 2018	Target 2019	Actual 2019
1	Contact student success rate	85%	85% <sup>1</sup>	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	1.13	1.20 <sup>2</sup>	1.13
The attainment of 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	4.27%	5.86% <sup>3</sup>	4.1%
The drop in distance enrolments in phasing out diplomas and certificates, which includes our largest component of Foreign students, had a detrimental impact on the percentage of foreign students.				
4	Headcount Enrolments	61212	71758	63671
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. We do however show a growth from 2018 due to a large increase in distance B. Ed. Programmes. This combined with a higher activity rate in distance programmes led to the increase.				
5	First-Time Entering Enrolments	12127	15717	12536
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.				
6	Graduates	15350	16976	14961
We have not reached our graduates target due to a lower number of distance enrolments and graduates.				
7	Graduation Rate	25.10%	23.66%	23.50%

<sup>1</sup> A deviation of 2% is allowed on either side of target for achievement of the KPI

<sup>2</sup> A deviation of 0.05 is allowed on either side of target for achievement of the KPI

<sup>3</sup> A deviation of 1% is allowed on either side of target for achievement of the KPI

We are within the range of 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. We have however seen a notable decrease in our distance graduation rate.

### Goal 2: Intensify research and innovation

	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018 <sup>4</sup>
8	Publications per permanent academic staff member	0.86	1.21 <sup>2</sup>	0.93
The restructuring process required additional commitment from our 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	2605.507	2864 <sup>1</sup>	2708.942
We delivered a record number of 248 Doctorates in 2018 resulting in a good weighted research output.				

### Goal 4: Develop a clearly differentiated student value proposition

	Relevant performance indicator	Actual 2018	Target 2019	Actual 2019
10	Student: Academic Staff FTE ratio	32.22 : 1	25.6 : 1 <sup>5</sup>	31.93 : 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.				
11	First time entrant dropout rate for contact degrees (as on 14 May 2020)	9%	Below 15%	10.8%
We maintain our low drop-out rate due to the availability of funding for returning students, therefore they are not dropping out due to financial reasons.				

<sup>4</sup> 2018 final approved research publication units are reported as the approved 2018 publications are only received from the DHET later in in this year








<sup>5</sup> 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 2018		Target 2019		Actual 2019	
12	Student mix: NWU Contact & Distance; All Campuses	African (%)	65%	African	60.75%	African (%)	67%
		Coloured (%)	5%	Coloured	6.52%	Coloured (%)	4%
		Indian (%)	1%	Indian	0.89%	Indian (%)	1%
		White (%)	29%	White	31.84%	White (%)	27%
		Female (%)	65%	Female	69.18%	Female (%)	65%
		Male	35%	Male	30.82%	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.							
13	Staff mix	African (%)	35.9%	African	37,9%	African (%)	37.5%
		Coloured (%)	6.3%	Coloured	7,5%	Coloured (%)	6.5%
		Indian (%)	1.3%	Indian:	2.1%	Indian (%)	1.5%
		White (%)	56.5%	White:	51,6%	White (%)	54.5%
		Female (%)	56.8%	Female	56,4%	Female (%)	56.7%
		Male	43.2%	Male	43,6%	Male	43.3%
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	52.04%		59% <sup>1</sup>		51.05%	
A stretch target was set for staff members with PhDs 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. The implementation of initiatives to grow our own timber and nGap appointments will only be visible two to three years from now.							

## 13.2 Annexure 2 – List of committee meetings

Committee	List of meetings	% attendance 2016	% attendance 2017	% attendance 2018	% attendance 2019	Self-evaluation undertaken
<b>Council</b>	18 March 2019 20 June 2019 26 September 2019 21 November 2019	80%	80%	88%	84%	
<b>Council Executive Committee (Exco)</b>	7 February 2019 18 March 2019 02 May 2019 03 June 2019 19 June 2019 11 July 2019 22 July 2019 08 August 10 September 2019 25 September 2019 08 October 2019 11 October 2019 20 November 2019	91.8%	85%	92%	92%	
<b>Finance Committee</b>	30 May 2019 5 November 2019	55%	80%	64%	83%	
<b>Transformation Oversight Committee</b>	18 February 2019 15 May 2019 ( ) 21 August 2019 04 September 2019 23 October 2019	91.7%	67%	73%	73%	
<b>Student Oversight Committee</b>	22 October 2019 08 November 2019	86.7%	64%	70%	85%	
<b>People and Culture and Employment Equity Committee</b>	21 May 2019 15 October 2019	83.3%	67%	92%	100%	
<b>Tender Committee</b>	6 May 2019 04 June 2019 05 August 2019 05 September 2019 08 November 2019	62.5%	71%	64%	75%	

Committee	List of meetings	% attendance 2016	% attendance 2017	% attendance 2018	% attendance 2019	Self-evaluation undertaken
Honorary Awards Committee	23 April 2019	60%	100%	100%	83%	Committee only met once in 2019
Audit, Risk and Compliance Committee	19 February 2019 5 June 2019 06 August 2019 08 October 2019	81.3%	75%	91%	88%	✓
Remuneration Committee	06 June 2019 08 August 2019 20 November 2019	81.8%	88%	89%	100%	✓
Assets Committee	09 May 2019 17 October 2019	100%	83%	88%	88%	✓
Investments Committee	10 April 2019 10 May 2019 14 June 2019 16 August 2019 11 October 2019	80%	67%	68%	85%	✓
TI Governance Committee	29 May 2019 16 October 2019	Not applicable	83%	62%	64%	✓
Social and Ethics Committee	21 May 2019 29 October 2019	Not applicable	Not applicable	Not applicable	71%	✓

### 13.3 Annexure 3: Composition of committees (as at October/November 2019)

#### 13.3.1 Composition of Senate

	Reference to Statute	Description	Category 13(1)(h)	Member / Vacancy
<b>Vice-Chancellor</b>				
1	13(1)(a)	Vice-Chancellor (Chairperson)		Kgwadi, DN, Prof
<b>Vice-Principal</b>				
2	13(1)(b)	Vice-Principal		Du Plessis, L, Prof
<b>Deputy Vice-Chancellors</b>				
3	13(1)(c)	Deputy Vice-Chancellor: Teaching-Learning		Balfour, RJ, Prof
4	13(1)(c)	Deputy Vice-Chancellor: Research and Innovation		Du Plessis, L, Prof (acting)
	13(1)(c)	Deputy Vice-Chancellor: IT and Campus Operations (Potchefstroom)	N/a	Balia, D, Prof
5	13(1)(c)	Deputy Vice-Chancellor: Community Engagement and Campus Operations (Mafikeng)	N/a	Setlentoa, BMP, Prof
6	13(1)(c)	Deputy Vice-Chancellor: Strategic Planning and Campus Operations (Vaal Triangle)		Du Plessis, L, Prof
<b>Registrar</b>				
7	13(1)(d)	Registrar		Verhoef, M, Prof
<b>Executive Directors</b>				
8	13(1)(e)	Executive Director: Finance and Facilities		De Beer, E, Ms
9	13(1)(e)	Executive Director: Corporate Relations and Marketing		Manoko, NC Mr
10	13(1)(e)	Executive Director: People and Culture		Singh, M, Dr
11	13(1)(e)	Executive Director: Student Life		Chalufu, S, Dr
<b>Executive Deans</b>				
12	13(1)(f)	Executive Dean: Law	N/a	De la Harpe, S, Prof
13	13(1)(f)	Executive Dean: Natural and Agricultural Sciences	N/a	Ebenso, E, Prof
14	13(1)(f)	Executive Dean: Engineering	N/a	Van Dyk, L, Prof
15	13(1)(f)	Executive Dean: Health Sciences	N/a	Kotzé, AF, Prof
16	13(1)(f)	Executive Dean: Theology	N/a	Goede, H, Dr
17	13(1)(f)	Executive Dean: Education	N/a	Conley, L, Prof
18	13(1)(f)	Executive Dean: Humanities	N/a	Maseko, P, Prof
19	13(1)(f)	Executive Dean: Economic and Management Sciences	N/a	Swanepoel, S, Prof
<b>Deputy Deans</b>				
20	13(1)(g)	Deputy Dean: Humanities (Research and Innovation)	N/a	Nel, M, Prof
21	13(1)(g)	Deputy Dean: Humanities (Teaching and Learning)	N/a	Chaka, M, Prof
22	13(1)(g)	Deputy Dean: Humanities (Community Engagement and Stakeholder Relations)	N/a	Tsidzumba, A, Dr
23	13(1)(g)	Deputy Dean: Education (Community Engagement and Stakeholder Relations)	N/a	Kung, E, Dr
24	13(1)(g)	Deputy Dean: Education (Teaching-Learning)	N/a	Van Vuuren, Prof HJ
25	13(1)(g)	Deputy Dean: Education (Research and Innovation)	N/a	Dudu, W, Prof

	Reference to Statute	Description	Category 13(1)(h)	Member / Vacancy
26	13(1)(g)	Deputy Dean: Natural and Agricultural Sciences (Teaching-Learning)	N/a	Drummond, H, Prof
27	13(1)(g)	Deputy Dean: Natural and Agricultural Sciences (Research and Innovation)	N/a	Modise, D, Prof
28	13(1)(g)	Deputy Dean: Natural and Agricultural Sciences (Community Engagement)	N/a	Medupe, TR, Prof
29	13(1)(g)	Deputy Dean: Law	N/a	Morei, N, Dr
30	13(1)(g)	Deputy Dean: Economic and Management Sciences (CE & Stakeholder)	N/a	Moroke, N, Prof
31	13(1)(g)	Deputy Dean: Economic and Management Sciences (Teaching-Learning)	N/a	Van der Merwe, HJ, Prof
32	13(1)(g)	Deputy Dean: (Research and Innovation) Economic and Management Sciences	N/a	Surujlal, B, Prof
33	13(1)(g)	Deputy Dean: Health Sciences (Research and Innovation)	N/a	Du Plessis, J, Prof
34	13(1)(g)	Deputy Dean: Health Sciences (Community Engagement and Stakeholder Relations)	N/a	Robinson, ALK, Prof
35	13(1)(g)	Deputy Dean: Health Sciences (Teaching and Learning)	N/a	Temane, QM, Prof
<b>Academic staff members elected by academic staff in the faculties</b>				
<b>Faculty Economic and Management Sciences</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Janse van Vuuren, H, Prof
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Grobler, WCJ, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior lecturer	Vacant
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Viviers, W, Prof
<b>Faculty of Education</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Van der Westhuizen, CP, Prof
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Mentz, E, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Reyneke, EM, Dr
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Mentz, PJ, Prof
<b>Faculty of Engineering</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Campbell, QP, Prof
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Serfontein, DE, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Marais, H, Dr
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Fosso-Kankeu, E, Prof
<b>Faculty of Health Sciences</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Vacant
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Legoabe, L, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Fouché, A, Prof

	Reference to Statute	Description	Category 13(1)(h)	Member / Vacancy
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Schutte, L, Dr
<b>Faculty of Humanities</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Verhoef, AH, Prof
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Van Schalkwyk, P, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Van Eeden, E, Prof
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Kotzé, H, Dr
<b>Faculty of Law</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Carnelley, M, Prof
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Mwanawina, I Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Rossouw, G, Mr
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Agbor, A, Prof
<b>Faculty of Natural and Agricultural Sciences</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Molale-Tom, LG, Dr
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Bezuidenhout, CC, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Vacant
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Mawire, A, Prof
<b>Faculty of Theology</b>				
1	13(1)(h)	Academic staff elected by academic staff in the Faculties	Senior Lecturer	Yates, H, Dr
2	13(1)(h)	Academic staff elected by academic staff in the Faculties	Professor	Viljoen, FP, Prof
3	13(1)(h)	Academic staff elected by academic staff in the Faculties	Associate Professor	Stoker, HG, Prof
4	13(1)(h)	Academic staff elected by academic staff in the Faculties	NRF rated researcher	Hobyane, RS, Prof
<b>Non-academic staff elected by non-academic staff (support staff)</b>				
1	13(1)(i)	Non-academic staff elected by non-academic staff (support staff)	N/a	Le Roux, AA, Dr
2	12(1)(i)	Non-academic staff elected by non-academic staff (support staff)	N/a	Kunene, S, Dr
<b>Students designated by the SRC</b>				
1	13(1)(j)	SRC President	N/a	Schoeman-Struwig, H Mr
2	13(1)(j)	Students designated by the SRC: PC	N/a	Hattingh, P, Mr
3	13(1)(j)	Students designated by the SRC: MC	N/a	Seepamore, T, Mr
4	13(1)(j)	Students designated by the SRC: VTC	N/a	Siziba, T, Mr
<b>Chairperson of Council or delegate and one other council member</b>				
1	13(1)(k)	Chairperson of Council or delegate and one other Council member elected by council	N/a	Mr T Kgomo



	Reference to Statute	Description	Category 13(1)(h)	Member / Vacancy
2	13(1)(k)	Chairperson of Council or delegate and one other Council member elected by council	N/a	Mr S de Bruyn
<b>Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committee (Faculty Board)</b>				
1	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Economic & Mgt	Lodewyk, R, Ms
2	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Education	Petersen, N, Dr
3	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Engineering	Du Plessis, C, Ms
4	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Humanities	Vacant
5	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Health Sciences	Erasmus, M, Ms
6	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Law	Schoeman, M, Ms
7	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	FNAS	Ngobeni, D, Dr
8	13(1)(l)	Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees	Theology	Van Rooyen, GM, Ms
<b>As observers</b>				
1	(13)(2)	Person responsible for teaching-learning support	N/a	Van Vollenhoven, W, Prof
2	(13)(2)	Person responsible for research	N/a	Kgabi, N, Prof
3	(13)(2)	Person responsible for Library Services	N/a	Moyo, M, Dr
4	(13)(2)	Person responsible for Quality Enhancement	N/a	Jacobsz, J, Dr
5	(13)(2)	Person responsible for Global Engagement	N/a	Soobramoney, S, Dr
6	(13)(2)	Person responsible for IT Services	N/a	Pretorius, CE, Mr

### 13.3.2 Composition of the Finance Committee

As at the October meeting of the Finance Committee:

Name	Designation
<b>Chairperson</b>	
Mr C Mabe	External member of Council
<b>Standing members</b>	
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)
<b>In attendance</b>	
Ms E de Beer	Executive Director: Finance and Facilities

### 13.3.3 Composition of the Audit, Risk and Compliance Committee

As at the October meeting of the ARCC:

Name	Designation
<b>Chairperson</b>	
Mr A Redelinghuis CA(SA)	External member of Council
<b>Standing members</b>	
Mr JDS 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 CA(SA)	Independent audit specialist
Prof M Verhoef (ex officio)	Registrar
<b>In attendance</b>	
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
Mr PB van Zyl	Representative: Auditor General

### 13.3.4 Composition of the Remuneration Committee

As at the November meeting of the Remuneration Committee:

Name	Designation
<b>Chairperson</b>	
Mr C Mabe	External member and chairperson of the Finance Committee
<b>Standing members</b>	
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)
<b>In attendance</b>	
Dr M Singh	Executive Director: People and Culture
Ms E de Beer	Executive Director: Finance and Facilities

### 13.3.5 Composition of the Tender Committee

*Note: The Reporting Regulations for Public Higher Education Institutions stipulate 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
<b>Chairperson</b>	
Mr OE Mongale	External member of Council
<b>Standing members</b>	
Mr S de Bruyn	External member of Council
Mr BCO Maanyapelo	External expert
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
<b>In Attendance</b>	
Ms E de Beer	Executive Director: Finance and Facilities

### 13.3.6 Composition of the Technology and Information Governance Committee

As at the October meeting of the TI Governance Committee:

Name	Designation
<b>Chairperson</b>	
Mr MJS Thabethe	External Council member
<b>Standing members</b>	
Mr W Human	External Council member
Ms T Semane	External Council member
Prof HJ van der Merwe	Internal Council member
Mr XV Hadebe	Independent external IT expert
Ms E Stander	Independent external information expert
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
<b>In attendance</b>	
Prof R Phaswana-Mafuya	Deputy Vice-Chancellor: Research and Innovation
Mr CE Pretorius	Chief Director: Information Technology

### 13.3.7 Council committee reports

#### 13.3.7.1 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.

The ARCC has scrutinised the financial activities at the NWU as reported in this integrated report as well as in the audited consolidated financial statements prepared in accordance with the IFRS and independently audited by our external auditors, PricewaterhouseCoopers.

As a result, the ARCC can declare that it is satisfied with the following:

- the expertise, resources, experience of the institutional finance function
- the independence of the external auditor, the financial statements and the accounting practices;
- the effectiveness of the internal controls and the internal audit function

## 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 June, for instance, focuses on the integrated annual report, the university's financial statements and an update on general internal audit matters.

*Par 13.2 and 13.3.3 include the composition and meeting attendance information.*

## Key decisions and discussion in 2019

- Recommended the Integrated Annual Report 2018 to Council for approval.
- Recommended the annual NWU financial statements to Council for approval.
- Supported and noted the declaration of interest low-compliance and that the University Management Committee had adopted a zero-tolerance approach to non-declarations. It was highlighted that individuals who had not yet submitted declarations would be contacted individually.
- Noted the Internal Audit department's progress with special investigations, audit assignments and continuous monitoring.
- Noted that internal business processes and procedures were in the process of being implemented in line with the newly adopted Policy on Academic Integrity.
- Noted that a comprehensive review of related entities was under way and that the work in progress had been tabled at the UMC for further discussions, the alignment of strategic entities and the assurance of good governance.
- Approved the terms of business for statutory audit service by PWC
- Noted that the university had procured a licence for risk management software developed by the same company that provided the university with its compliance software, i.e. Exclaim! Innovations and Solutions. The process for implementation of the risk management software had been completed in November 2018.
- Noted that regarding compliance for 2019, an additional 16 pieces of legislation (to the seven already done in 2018) would be self-assessed and reported on to the ARCC.
- Recommended to Council the approval of the reviewed NWU Conflict of Interest policy.
- Approved the procurement of non-audit related services to the amount of R90 000.00 (excl VAT) to be provided by PwC.
- Noted the progress report regarding audit assignments of Internal Audit. Satisfactory progress had been made and concerns that had been raised over the progress of outstanding items, were receiving sufficient attention. The NWU had also made significant progress towards improvement in regard to continuous monitoring. Ongoing tests ran nightly and good progress had been made with the effectiveness and efficiency of the continuous-monitoring process.
- Noted there had been satisfactory progress with regard to overall risk management at the university.
- Noted that the UMC had adopted a zero-tolerance approach towards failure by permanent employees to declare conflicts of interest. Temporary employees would be subjected to the zero-tolerance approach in phases over the following year, depending on the duration of their employment. Employees would also be informed that disciplinary steps could be taken should they fail to comply with the Policy and Rules on Conflict of Interest and Declarations of Interest and Gifts. Line managers had a responsibility to ensure compliance in their respective departments as part of their managerial responsibilities.

### 13.3.7.2 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.

*Par 13.2 and 13.3.2 include 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 and discussions in 2019

- Approved and recommended the 2018 financial overview to the NWU Council for approval.
- Discussed and duly noted the pension fund de-risking process followed and the final cost to be funded from the Employer Surplus Account (ESA) to the NWU Council for noting.
- Approved and recommended the updated financial information to be included within the Annual Performance Plan to the NWU Council for approval.
- Approved and recommended the proposed budget process and timeline to the NWU Council for approval.
- Recommended to Council for approval that an additional amount of R8,7m be approved for the construction of an Administrative Building on the Vaal Triangle Campus to be funded from the 2020 infrastructure budget.
- Approved and recommended to the NWU Council for approval that tender TR050/2019VTC: Additional lecture spaces at the Vaal Triangle Campus (construction work) be awarded to 2K Konstruksie (Pty) Ltd for a total cost of R53 417 679.80, including VAT.
- Recommended to the NWU Council for approval that the programme of infrastructure projects be approved and financed from various sources of funds.
- Regarding the DHET feasibility study on student housing funding, recommended to the NWU Council to approve that the full project of 1728 beds be applied for, subject to the availability of funding and that the project be executed in two phases.
- Noted that the procurement policy was in the process of undergoing consultation and that this was expected to be completed alongside the review of the policy on delegations as the two policies had complementary areas of focus.
- Approved and recommended the Infrastructure Management Policy and plans to the NWU Council for approval.
- Approved and recommended the 2020 budget to the NWU Council for approval.
- Approved and recommended the 2020-2023 APP Financial information to the NWU Council for approval.
- Approved and recommended the mid-year report on financial information to the NWU Council for approval.
- Referred the draft Financial Policy back for further work.
- Approved the appointment of Taquanta as the NWU Money Market manager.
- 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.

### 13.3.7.3 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.

*Par 13.2 and 13.3.4 include the composition and meeting attendance information.*

### **Key decisions and discussions in 2019**

- Noted a status report on the progress made with the reducing of the liability (approximately R500 million) related to accrued leave at the NWU.
- Noted the following policies recommended by the People and Culture and Employment Equity Committee for approval by Council:
  1. Staff Assessment Policy
  2. Organisational Development Policy
  3. Staff Learning and Development Policy
  4. Recruitment and Selection Policy
  5. Employment Equity Policy
  6. Sexual Harassment Policy
- Recommended the Remuneration Policy and Performance Management Policy to Council for approval.
- Noted the individual performance of the various University Management members and noted the performance scores of University Management members.
- Noted the performance discussion with the Vice-Chancellor and the performance score awarded to the Vice-Chancellor.
- Approved the bonus amounts to be paid to University Management members on approval of the audited financial statement by Council on 20 June 2019.
- Noted a report that analysed the performance management and bonus process for 2018.
- Noted a report on remuneration benchmarking and that academic salaries were approximately 14% below market average. In order to curb the retention and attraction challenges that this posed, it was recommended that serious consideration be given to negotiating a differentiated COLA, which addressed the academic staff disparity during the 2020 COLA process.
- Approved a cost-of-living adjustment for executive management of 5,8% per annum effective from 1 April 2019 with an additional 0.2% as individual remuneration review.
- Approved an ex gratia payment to the Executive Director: People and Culture.
- Noted a report on succession planning and requested the Vice-Chancellor to consider inputs made by RemCom members (on immediate caretaking, acting in positions, short term succession planning and confidentiality) and incorporate the inputs into the succession plan with the assistance of the People and Culture department.
- Noted a benchmarking report (benchmarked with other HEI and SOEs) on the honoraria paid to chairpersons of council committees and resolved that, based on the research provided in the report, the honoraria paid to chairpersons of council committees were adequate and would remain unchanged.

### **13.3.7.4 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 the 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.

*Par 13.2 and 13.3.6 include the composition and meeting attendance information For the Council Statement on IT, see par 9.1.15*

### **Key decisions and discussions in 2019**

- Noted the following documents pertaining to the IT Strategy 2019 – 2023:
  1. The process followed to formulate the strategy.
  2. The IT strategy with five-year horizon.
  3. The IT strategic plan with 18-month horizon.
  4. The one-page IT strategy.
- Noted the product portfolio and was informed that the Enterprise Architecture (EA) division had to take the lead in terms of implementing a system that supports both records management and knowledge management, to prevent buying two separate systems that would need integration at a later stage, and at a cost.



- Noted the project portfolio and that, of the current projects on the list, only 16% had been categorised under core business functions and 61% was still in the “optimising administrative solutions” category.
- Took cognisance of the Employment Equity progress report pertaining to new IT appointments made from January 2018 to 30 April 2019. Also took cognisance of the document pertaining to the comparison of Employment Equity progress across various departments and was informed that the IT department showed good progress.
- Noted the progress regarding investment and expenditure of the DHET Infrastructure grant. The total grant of R 97 million was allocated to the improvement of IT infrastructure at the university and it was noted that higher expenditure was anticipated for the remainder of 2019.
- Noted a report on risks related to the IT environment as contained in the strategic risk register of the NWU.
- Noted that two IT audits were completed in the first part of 2019: security audit and governance and policy audit. The findings and action plans were discussed by the committee.
- Noted the compliance assessment report and was informed that once the IT Policy and accompanying guidelines were approved, the NWU would be 100% compliant the Electronic Communications and Transactions Act.
- Referred back the IT policy, back to IT as it was deemed too operational. The committee is requested to consider the following recommendations:
  - To consider the approval of rules in regard to Fair Use (operational).
  - That IT would develop a strategic policy.
- Took cognisance and provided input in the latest draft version of the Information Governance Framework as proposed for the NWU and noted a memo containing guiding principles related to the NWU IG Framework, the latest version of the NWU IG Framework and the route that had been followed for the approval of the NWU IG Framework. The committee confirmed its in-principle agreement to the Framework.
- Noted a report on information architecture and leveraging of information to enhance intellectual capital.
- Received a high-level Business Continuity Management Plan provided by Exclaim Innovations and noted that business continuity and disaster recovery had been considered a strategic risk for the university. The meeting further noted a probable implementation trajectory of three years.
- Provided input on the development of the student information system (SIS).

### **13.3.7.5 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 2019 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.

## 13.4 Annexure 4: Risk register

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.

<b>1. Uncertainties in the higher education environment</b>	
<b>Related material matter:</b> <i>Ensure financial sustainability.</i> (Annual Performance Plan (APP), Enabler 4)	
<b>Risk(s) and the impact on value creation</b>	<b>Mitigating actions</b>
<p>There is evidence to suggest that the sustainability of the governmental funding model for higher education cannot be guaranteed and that not enough is known about how the funding model will change in the future. The sector is over-reliant on a single source of income (government subsidies and NSFAS).</p> <p>This overdependence on the state and NSFAS could lead to a possible increase in student debt as a result of the culture of non-payment, exacerbated by uncertainties about the sustainability of the NSFAS model.</p> <p>Uncertainties about financial support for postgraduate students might result in loss of student income and discontinuity from undergraduate to postgraduate studies, as well as increased demand for bursaries by postgraduate students.</p> <p>The above matters could put our financial sustainability under pressure.</p> <p><u>Capital affected:</u> Financial</p>	<p>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 9.</p> <p>Broadly, our mitigation actions entail:</p> <ul style="list-style-type: none"> <li>• Building available reserves to cover one year of operational expenses.</li> <li>• The active participation of Executive Director Finance and Facilities in the national funding project, allowing for close risk assessment of matter</li> <li>• Controls in place to follow up on student debt, such as ongoing communication with students; pre-registration finance committee structures at the campuses and various options to students to pre-agree on settlement of debt</li> <li>• Acknowledgement of debt (AOD) process for historic debt funding</li> <li>• At national level, the sector liaises with the NRF to provide for postgraduate funding, bearing in mind that the funding criteria are selective criteria and that funding reaches a small population.</li> <li>• The NWU’s operational environment allows for a post-graduate funding model that grants merit bonuses to qualifying students who received NSFAS funding during their undergraduate studies.</li> </ul>
<b>2. Demand for organisational change and ongoing transformation</b>	
<b>Related material matter:</b> <i>Govern, lead and manage in a sustainable and transformed way with an effective operating model.</i> (APP, Enabler 1)	
<b>Risk(s) and the impact on value creation</b>	<b>Mitigating actions</b>
<p>Effectively managing the risks and opportunities around organisational change and ongoing transformation is a prerequisite for the successful positioning of the NWU.</p>	<ul style="list-style-type: none"> <li>• Staff environment: The Employment Equity and Skills Development Forum meets four times a year to monitor the effectiveness of implementation.</li> <li>• Student environment: Enrolment is managed according to the agreed-upon diversity targets</li> <li>• EE targets are to be built into the performance agreements of Senior Management Committee members and measured as part of the performance evaluation process.</li> <li>• We are looking into mechanisms to provide greater support to appointees from the designated groups, such as mentorship programmes.</li> </ul>
<p>Although we have made progress in implementing the 2015-2025 NWU strategy, matters of current concern are achieving the desired levels of diversity in the staff and student environments, possible absenteeism and low staff morale, leading to the possible loss of valuable staff.</p>	<p>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 and value chain on page 15 and in the section on how we perform against our strategy and capitals on page 54.</p>

<p>At the level of the academic project, the university regards the national drive for the transformation of the curriculum both as a risk and an opportunity.</p> <p>The implementation of the new organisational model may challenge the day-to-day activities at the university.</p> <p><u>Capitals affected: Social and relationships, as well as human</u></p>	<p>Refer to our strategic response under the heading “National call for curriculum change and transformation in the section on our external environment (page 9).</p> <p>The full-scale implementation of the new structure with its clearly defined roles and reporting lines, together with the reviewed systems and policies, provides assurance that the NWU has embarked on a pathway towards leading in a sustainable and transformed manner . .</p>
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### 3. Risks and challenges associated with academic matters

**Related material matters:** *Intensify research and innovation (APP, Goal 2) and 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
<p>The following matters indicate the salient risks and challenges associated with the academic project (both in regard to research and innovation, as well as teaching-learning) and that may affect internal and external perceptions of the NWU as a reputable institution of higher learning.</p> <p>The global engagement/ internationalisation effort may not be regarded as sufficient, limiting the NWU's international exposure in terms of attracting international staff, students, investment and sponsorship of research.</p> <ul style="list-style-type: none"> <li>- A possible decline (owing to national and institutional reasons) in research funding and research, and the possibility of research products lacking in quality.</li> <li>- The possible impact on the research value created by the NWU of “public or perish” perceptions, 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.</li> <li>- At teaching-learning level, the standards gap between basic and tertiary education becomes clear in varied levels of preparedness of school leavers for tertiary education.</li> </ul>	<p>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 (page 9).</p> <p>We took various steps to promote research excellence. These included developing our research management model (see page 23), empowering our researchers (see page 61) and finding research funding (see page 21). We also invested in top-of-the-range research equipment and maintained a sustainable management model for patenting and commercialisation.</p> <p>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.</p>
<ul style="list-style-type: none"> <li>- The NWU might be perceived as not sufficiently prepared to function in a blended-learning environment. This, coupled with the perception that technology does not optimally support the teaching-learning effort, could result in the university missing opportunities for blended learning.</li> </ul>	<p>We have adopted innovative teaching and learning designs in all our programmes, and use teaching and learning technology effectively Our aim is to establish the NWU as a leader in multimodal education in the SA higher education sector.</p>
<ul style="list-style-type: none"> <li>- Should the ineffectiveness of and inefficiencies in support functions jeopardise the academic project, this could possibly lead to loss of income and potential growth, loss of staff and a negative impact on the reputation and ranking of the NWU.</li> </ul>	<p>A project commenced in 2019 to ensure sufficient role clarity in regard to the services rendered by the different support departments responsible for supporting the academic project. The project is driven by the registrar in close collaboration with the executive deans and aims to enhance lean and efficient business processes.</p>

<ul style="list-style-type: none"> <li>- Limited and inadequate infrastructure planning for teaching could result in loss of opportunity income, subsidy and loss of return, loss of students and staff and compromised teaching quality.</li> <li>- A possible skills mismatch when graduates complete our qualifications enter the labour market could affect our ability to create value for employers.</li> </ul>	<p>The national infrastructure grant awarded to the NWU in 2019 has the potential to alleviate some of the pressure on the provision of adequate infrastructure provisioning. In addition, the progress made with the ongoing infrastructure optimisation project provides an avenue for continually addressing infrastructure needs to meet the expectations of the teaching-learning environment.</p> <p>We remain conscious about the importance of preparing our graduates optimally for the marketplace. Projects that enhance our graduates' employability include career fairs, ongoing liaison between our Career Services Department and future employers, job market training for students and regular engagement with industry. Every effort is made to ensure that 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 32.</p>
<p>The risks and opportunities emanating from our academic environment <u>affect the following capitals: intellectual and manufactured; human; social and relationship</u></p>	

#### 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
<p>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).</p> <p>It may also lead to more instances of fraud in degree certification and bursary fund administration, plagiarism and examination irregularities, and possible fraud in business-process environments. All these matters could impact negatively on the reputation of the university.</p> <p>A lack of focus on matters related to information governance, disaster recovery and business continuity could hamper the NWU's operations.</p> <p>Uncertainties around the optimal placement, functioning and monitoring of environmental management at the NWU poses a risk to sustainability and compliance.</p>	<p>We take various steps to prevent non-compliance. Here are a few examples:</p> <ul style="list-style-type: none"> <li>▪ We have 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.</li> <li>▪ We have 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.</li> <li>▪ Greater assurance has been attained by strengthening the internal control environment, and the operational effectiveness of the compliance environment (among others through the activities of the compliance committee).</li> <li>▪ At the end of 2019, the University Management Committee approved a two-year programme for the establishment of a proper business continuity framework.</li> </ul>

#### 5. Student experience

**Related material matter:** Develop a clearly differentiated student-value proposition (APP, Goal 4); 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
<p>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, and possibly student protests.</p> <p>Specific challenges relate to academic unpreparedness, limited access to technology and</p>	<ul style="list-style-type: none"> <li>• A strategically managed and locally deployed management model has been implemented for Student Life to ensure alignment and synergy across NWU.</li> <li>• A project is under way to determine the integration of students into the academic offering. This project extends across the teaching-learning portfolio (including faculties).</li> </ul>

<p>the blended mode of delivery, and the possibility of violence and unrest spurred by internal and external issues; another challenge is possible inadequacies within the student-leadership environment and even student-safety matters (on and off-campus).</p> <p><u>Capitals affected: intellectual and human</u></p>	<ul style="list-style-type: none"> <li>• We are establishing a Student Life Directors' Forum where the student directors advise the executive director for student life on strategic matters, including equity of provision. The processes within student life are being carefully managed</li> <li>• Rules and procedures are being aligned. The Student Campus Council rules were aligned in 2018 and we are busy finalising the Student Disciplinary Rules, and Residence Rules</li> </ul> <p>For information on academic support for students, refer to the heading "Increase student access and success" in the section on how we performed against our strategy and capitals on page 54.</p> <p>(Information about the use of technology in the classroom and the blended mode of delivery is also available here.)</p> <p>More information on the alignment of student life across the campuses is available in the section on our business model on page 15.</p>
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6. Information technology and the provision of university systems	
<p>Related material matter: <i>Develop best-in-class information and communications technology to support the core business.</i> (APP, Enabler 2)</p> <p>Related material matter: <i>Govern, lead and manage in a sustainable and transformed way.</i> (APP, Enabler 1)</p>	
Risk(s) and the impact on value creation	Mitigating actions
<p>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).</p> <p>An outdated student information system could have a negative effect on the effectiveness and efficiencies of student academic life cycle administration.</p> <p>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.</p> <p><u>Capitals affected: manufactured, intellectual and human</u></p>	<ul style="list-style-type: none"> <li>• Cyber security strategy</li> <li>• Penetration testing (internal and external)</li> <li>• Cyber security audits</li> <li>• Cyber incident and execution management system</li> </ul> <p>We carefully monitored cyber-security management, for instance through audits done by Internal Audit. We are also finalising a cybersecurity strategy.</p> <p>In addition, we are finalising an information governance framework and giving priority to the development of a new student information system.</p> <p>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.</p>

7. Commercialisation	
<p><b>Related material matter:</b> <i>Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.</i> (APP, Goal 1)</p>	
Risk(s) and the impact on value creation	Mitigating actions
<p>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.</p> <p>Apparent vulnerabilities in terms of spin-out towards commercialisation opportunities are also regarded as risks and challenges.</p> <p><u>Capitals affected: intellectual, financial, and social and relationship</u></p>	<p>We focused on providing an effective financial and operating model and a management structure for continuing education.</p> <p>We also made a concerted effort to increase commercialisation opportunities and have finalised the establishment of the Unit for Continuing Education, as well as the policy on continuing education.</p> <p>For spin-out companies, we have the following controls:</p> <ul style="list-style-type: none"> <li>• Due diligence of licensees</li> <li>• Structuring licence agreements in the prescribed way</li> <li>• Building optimal relationships between Technology Transfer and Innovation Support and funders and facilitating start-up capital.</li> </ul>

<b>8. Operational matters</b>	
<b>Related material matters:</b> <i>Govern, lead and manage in a sustainable and transformed way. (APP, Enabler 1)</i> <i>Ensuring the financial sustainability of the NWU. (APP, Enabler 4)</i>	
<b>Risk(s) and the impact on value creation</b>	<b>Mitigating actions</b>
<p>The inability to provide the necessary facilities and secure people's safety within buildings compromises the core business. Capitals affected: intellectual, human, financial, manufactured and natural.</p> <p>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.</p>	<p>We launched a project to optimise space management and have received a substantial grant from the DHET for infrastructure development.</p> <p>We are also further strengthening our integrated planning for academic infrastructure.</p>

## 13.5 Annexure 5: Financial Overview

### 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 2019 and to provide information about the following:

- Budgeting and budgetary control processes
- Overview of financial achievements

#### 13.5.1 Budgeting and budgetary control processes

An interactive budget process for the 2019 budget was approved in May 2018 by the Finance Committee of Council after the appointment of managers as part of the restructuring process.

In an interactive budget process, managers have the opportunity to engage in detail with the budget needs per planned activity. Budget discussions took place at various management levels.

Each executive manager also had the opportunity to discuss his/her portfolio budget with the budget committee task teams to ensure that the detailed budgets were aligned with the NWU strategy. The executive portfolio budgets were presented to the Senior Management Committee (SMC) meeting on 4 September 2018, where executive managers shared information about challenges experienced during the budget process, equity of provision between campus units, risk and concerns and the link between budget and strategy.

The high-level budget was used as the framework for the budgeting process and took into account the approved Annual Performance Plan, the viability and sustainability indicators and other financial information available.

As this was the first year of the new organisational structure, we applied zero-based budgeting principles wherever possible.

#### 13.5.2 Budget overview

The high-level budget was compiled using the assumptions and information formulated as part of the 2019 budget guidelines. The emphasis was on being as realistic as possible in predicting income and focusing on expenses that were affordable to the university. The calculation of the key sources of revenue received intensive attention, taking into account the latest, most relevant information available. The result of the income calculation gave an indication of the adjustment needed in terms of the 2019 expense budget, which was based on the 2018 budgeted expense ratios.

#### 13.5.3 Budget control process

As the 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 and there was no change in the budget control process.

In the course of any given year, all staff who work with finances remain closely involved through the monthly variance reporting structures. Variance reports were submitted to the University Management Committee (UMC) in the form of quarterly management statements, and were also reported biannually to the Finance Committee of Council. Furthermore, for source of funds (SOF) 2, 3 and 5, only income actually received is allowed to be spent.

More information about the budget is available under the heading: Material matter: Ensure the sustainability of the NWU on page 71.

The financial review for the year ended 31 December 2019 is presented under the following headings:

#### 13.5.4 Surplus and growth

The total surplus for 2019 is R968,4 million (2018: R831,1 million and 2017: R501,3 million) – an increase of 16,5% compared to 2018. The total surplus expressed as a percentage of the total income is 17,9% for 2019 (2018: 17,0% and 2017: 12,0%).

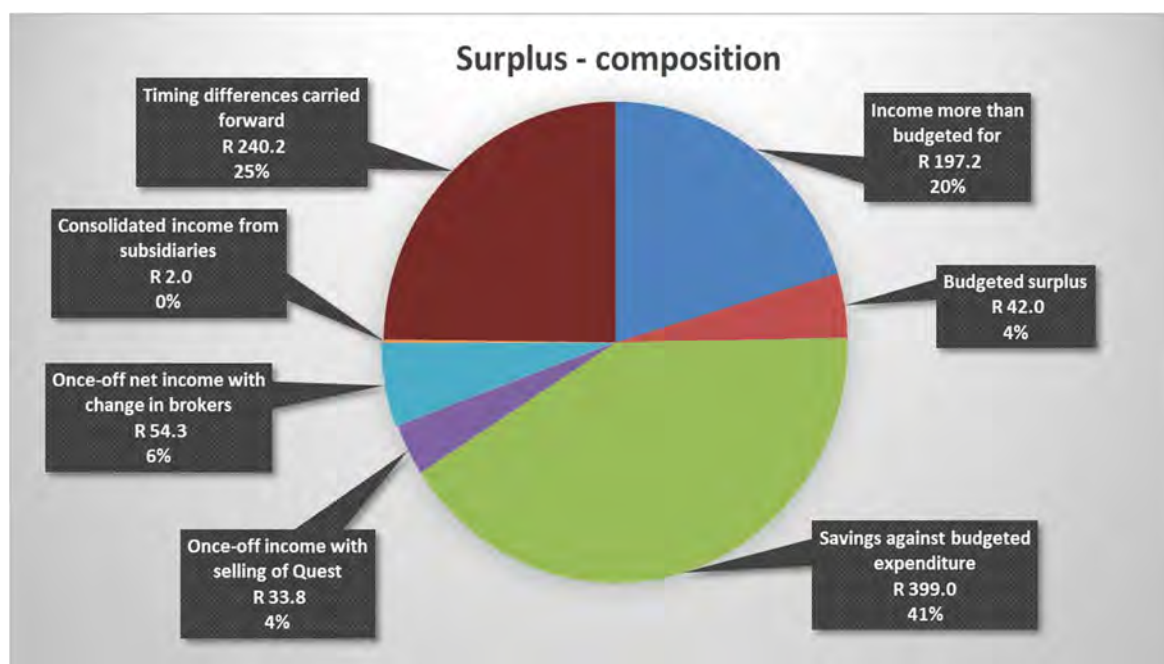
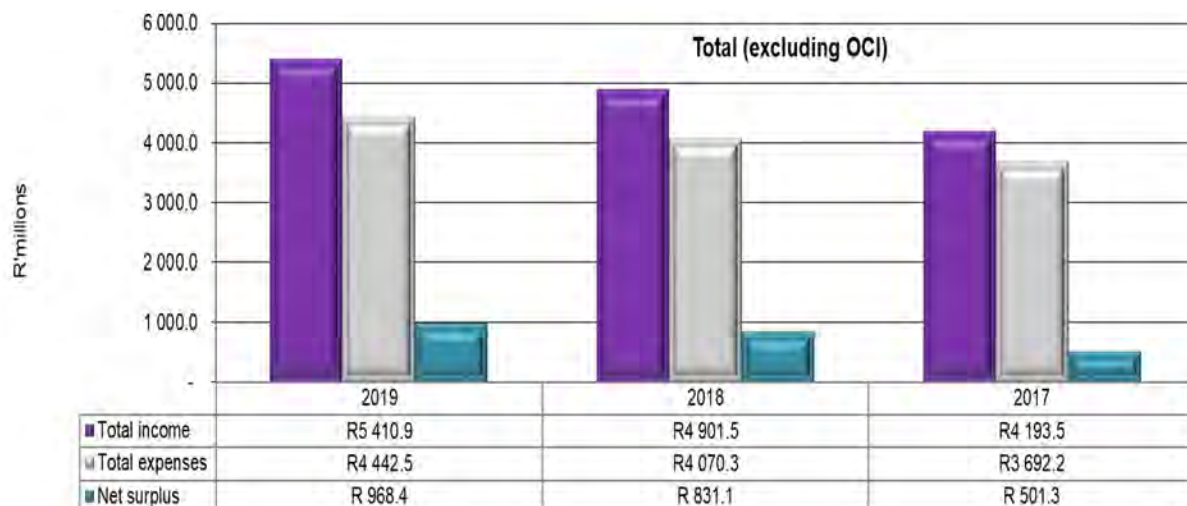
The total surplus can be divided in surplus from recurrent activities of R905,7 million (2018: R859,8 million and 2017: R499,8 million) and surplus from non-recurrent activities of R62,7 million (2018: -R28,6 million deficit and 2017: R1,4 million surplus). Expressed as a percentage, the surplus from recurrent operations represents



16,7% of the total income for 2019 (2018: 17,6% and 2017: 12,0%) and non-recurrent surplus 1,2% (2018: -0,6% deficit and 2017: 0,0%).

The total income of the university increased by 10,4% during 2019 to R5 410,9 million (2018: R4 901,5 million) and increased by 29,0% compared with 2017 (R4 193,5 million). The total expenditure of R4 442,5 million increased by 9,1% for the 2019 financial year (2018: R4 070,3 million) and by 20,3% since 2017 (R3 692,2 million).

The impact of IAS19 valuations on expenses is a decrease of R15,0 million for 2019 (2018: R20,3 million decrease), compared to the increase of R1,8 million for 2017.



Other comprehensive income (OCI) for 2019 totalled a deficit of R69,1 million (2018: R18,3 million surplus and 2017: R187,1 million surplus). This gave rise to a reportable total comprehensive income for the year of R899,3 million (2018: R849,6 million and 2017: R688,4 million).

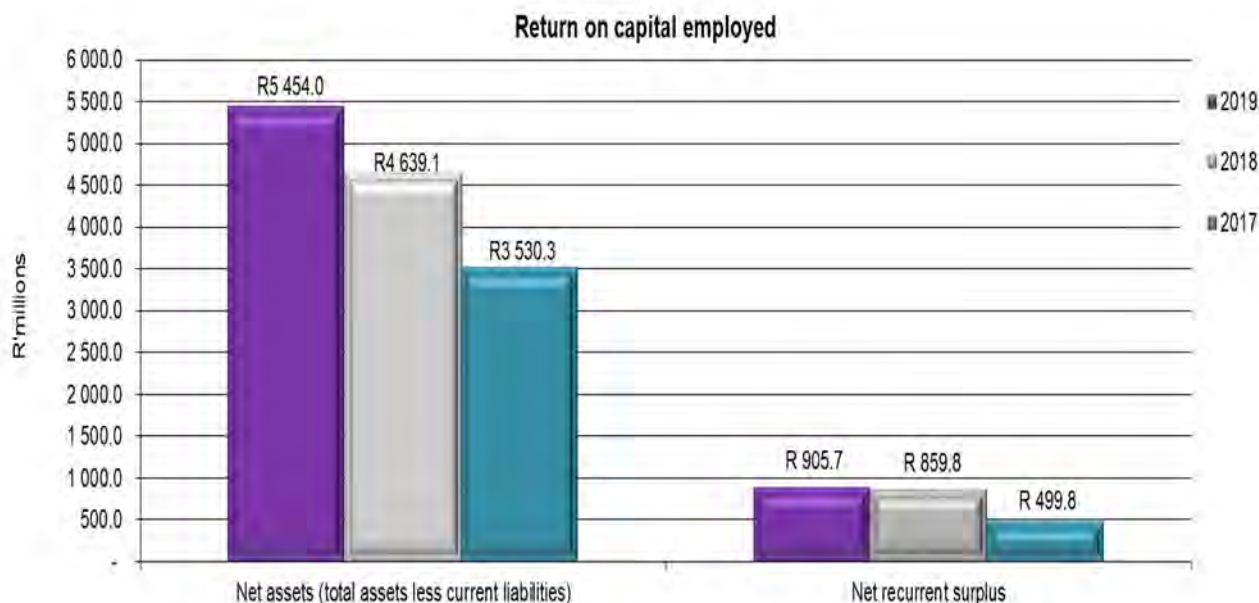
The income of the university from recurrent activities increased by 6,5% to a total income of R5 218,0 million, while the total expenses from recurrent activities increased by 6,7% to a total expenditure of R4 312,3 million for 2019. The surplus for the 2019 financial year from recurrent activities represents 17,4% (2018: 17,5% and 2017: 12,0%) of the total recurrent income.

The increase in the surplus from recurrent activities can be attributed to a number of factors such as:

- infrastructure efficiency earmarked grant for infrastructure projects that is recognised as and when the expenses are incurred;
- timing differences due to for instance capital and macro-maintenance projects, as well as strategic projects not completed during the year, which was carried over to 2020;

- an increase in NSFAS-funded students which resulted in a higher number of enrolments, as well as a lower dropout rate than anticipated in 2018;
- favourable investment returns on a growing long-term investment portfolio;
- personnel remuneration savings on vacant positions, etc.

The university's return from recurrent operating activities on capital employed (total assets less current liabilities) decreased to 16,6% (2018: 18,5% increase) but still compares favourably to the 14,2% in 2017. This is mainly due to an increase in the recurrent surplus, despite an increase of 17,6% in net assets.

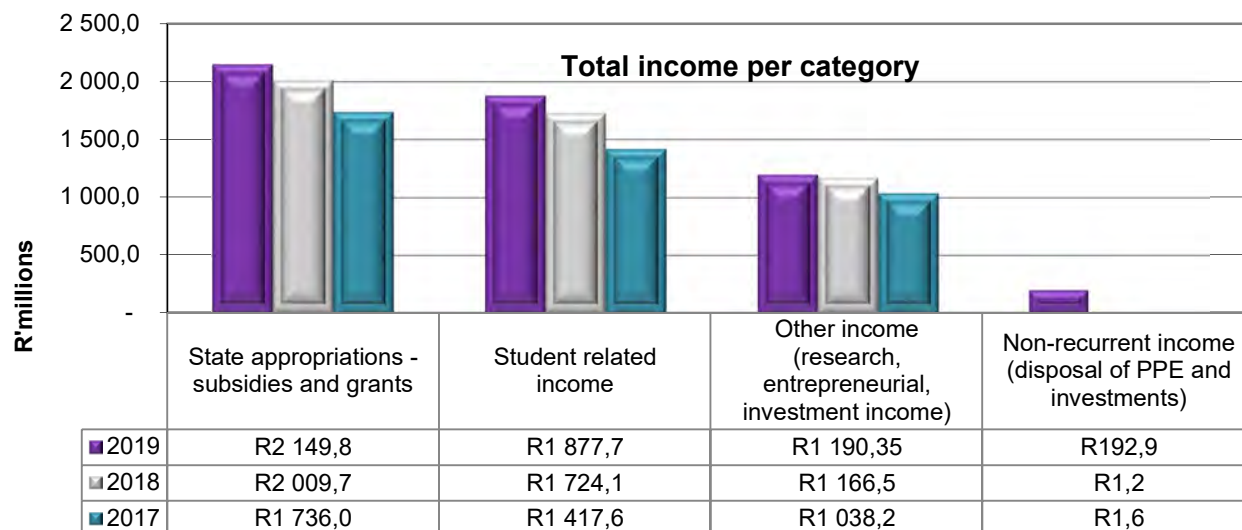


Income from state appropriations (subsidies and grants) represents 39,7% of total income (2018: 41,0% and 2017: 41,4%), an increase of 7,0% from 2018 to 2019 – compared to the 15,8% increase from 2017 to 2018 when additional subsidy of R110,6 million was received as per the revised Medium Term Expenditure Framework (MTEF) baseline allocations during April 2018. Total state subsidies comprise a 36,7% block grant and 3,0% earmarked grants. Earmarked grants in the amount of R86,7 million were deferred (2018: R50,1 million and 2017: R35,3 million). This amount includes R24,1 million received in advance regarding the final gap funding grant that is being phased out. Universities will be responsible for surpluses and shortages in gap grant funding until the cohort of students who benefitted from the gap grant no longer enrol at the university.

Tuition fees increased by 5,3% for 2019, and by 8,0% for both 2017 and 2018. Our major growth driver, namely student numbers, increased by 5,7% for 2019, giving rise to student-related income being 8,9% higher than in 2018 (2018: 21,6% and 2017: 14,1%). Additional NSFAS funding also enabled a higher number of enrolments. The total student-related income represents 34,7% of the total income (2018: 35,1% and 2017: 33,8%).

Other income represents 25,6% of total income (2018: 23,8% and 2017: 24,8%). This ratio includes non-current income (3,6% of total income), which may affect comparability depending on events and related amounts per year.

Quest Conference Centre was sold at a profit of R28,8 million and R5,0 million was earned in interest on the trust account, totalling a once-off income of R33,7 million on this transaction. Profits of R164,6 million were realised when the university changed brokers to manage investment portfolios. Together with R130,2 million fair value loss adjustment on these financial assets through profit or loss and R19,9 million interest and dividends earned on the portfolios, this totalled a net once-off income of R54,3 million on brokers' transactions.



Total expenditure increased by 9,1% (2018: 10,2% and 2017: 3,7%).

Personnel remuneration increased by 7,2% compared to 8,9% for 2018 (2017: 5,5%). The increase reflects an average of the 6,0% COLA adjustment in April of 2019. The total cost of personnel expenditure for 2019 decreased to 44,4% of total income (2018: 45,8% and 2017: 49,1%), mainly due to the increase in income and the impact of the IAS19 valuations.

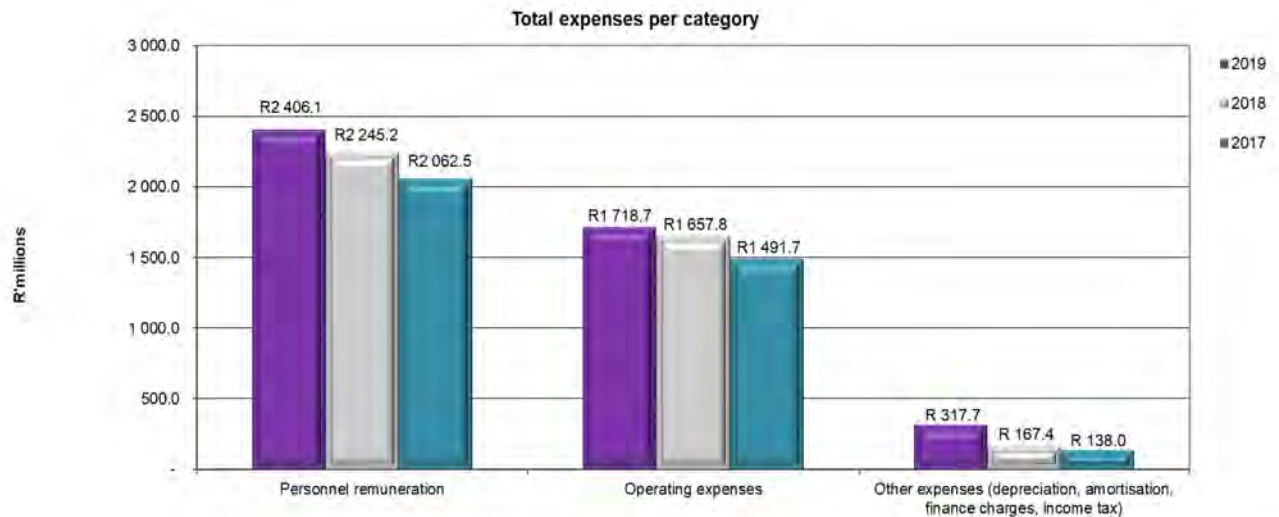
Council-controlled personnel expenditure is closely monitored to stay within the norm set by the Department of Higher Education and Training (DHET), namely 57,5% - 63,0%. This target includes amounts paid for services outsourced, while the university shows amounts paid for services outsourced as part of operating income. The ratio for total Council-controlled personnel cost compared to total Council-controlled income was 47,9% for 2019 (2018: 50,2% and 2017: 54,6%). The main reason for this decrease in recent years is the higher than normal number of vacancies as a result of the restructuring process. The total effect of IAS19 valuations amounted to a R15,0 million decrease in staff expenses (recurrent and non-recurrent) for 2019 (2018: R20,3 million decrease and 2017: R1,8 million increase).

Operating expenditure increased by 3,7% compared to 2018. During 2018 operating expenses increased by 11,1% compared to 2017 (2017: 0,8%). Operating costs represent 31,8% of total income (2018: 33,8% and 2017: 35,6%), which is mainly due to the increase in income and therefore below the maximum target of 42%.

Expenses include an amount of R47,1 million (2018: R47,6 million and 2017: R52,4 million) written off as irrecoverable and doubtful student debt. The impact of calculating the expected credit loss on sundry debtors was an increase of R3,1 million in expected impairment for 2019. Student debt ratio (before impairment) is set to be less than the maximum norm of 20,0% for the sector. The NWU has a student debt (before expected credit loss) to tuition fees ratio of 11,0% for 2019 (2018: 15,8% and 2017: 17,1%).

Other expenditure relating to depreciation and finance charges, also including non-recurrent expenditure, increased by 89,8% (2018: 21,3% increase and 2017: 9,1% increase). Adjustment to financial assets at fair value through profit or loss (FVPL) instruments included in non-recurring items for 2019, amount to R130,2 million. This was the result of changing brokers during the year and the consequent realisation of unrealised profits.

Strict monitoring of income and expenses together with tight budgetary controls heighten awareness and behaviour regarding savings, 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 2020.

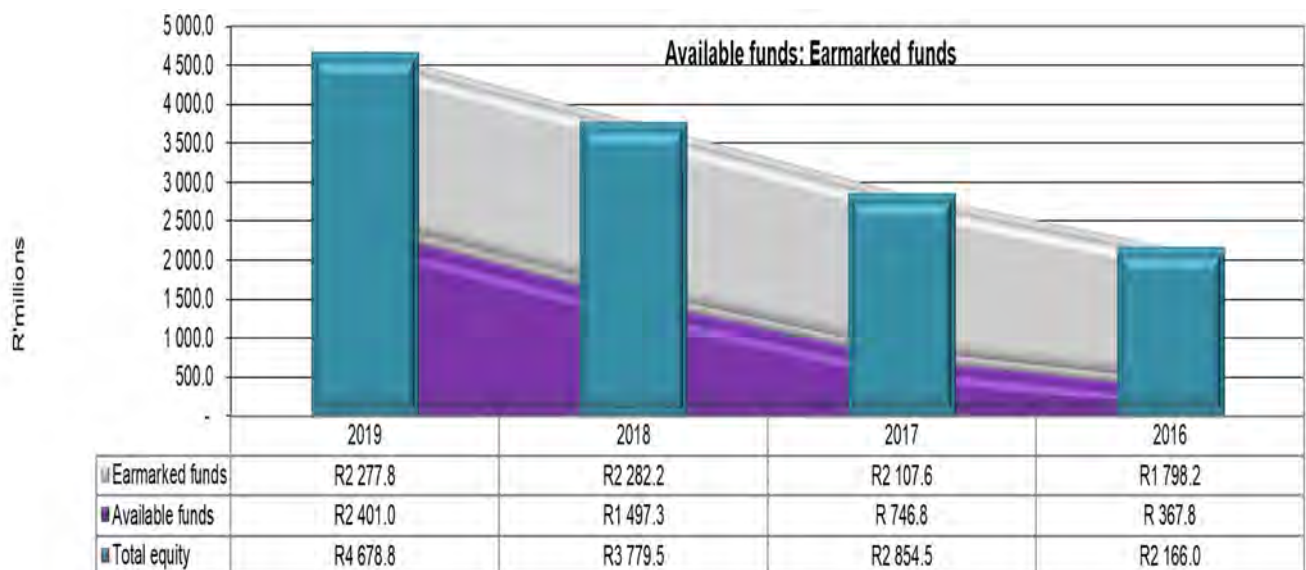


### 13.5.5 Equity

The university's equity increased by 23,8% in the 2019 financial year (2018: 32,4% and 2017: 31,8%), mainly due to the higher surplus. A decrease of R53,2 million in the net asset value of employee benefits (pension fund and disability reserve fund) at 31 December 2019 must be noted – as per external actuarial valuation in terms of IAS19 (2018: R32,2 million increase and 2017: R140,8 million increase). Investment in property, plant and equipment contributed R161,9 million to the higher equity percentage. The unrealised fair value adjustment reserve decreased by 100,3% during 2019, compared to the decrease of 19,1% for 2018. This is the result after unrealised profits were realised when the university switched to new brokers to manage investment portfolios.

The available funds increased to 51,3% of total equity (2018: 39,6% and 2017: 26,2%), mainly due to the recurrent surplus of 17,1%. Although the university has a normal target of 3% to 6% of turnover for surplus from recurrent activities, due to the low level of available Council-controlled reserves, the current target is set higher. Some infrastructure and other projects commenced late in 2019 and will only be completed in 2020 – thus spending against carried-forward 2019 available reserves will take place during 2020.

The sustainability ratio of Council-controlled reserves over total expenditure for the year is 0,54 for 2019 (2018: 0,37 and 2017: 0,20). This trend, as well as the vast improvement in Council-controlled reserves (which increased from R367,8 million in 2016 to R2 401,0 million in 2019), is indicative of the commitment of the NWU towards financial sustainability and good progress towards the DHET norm of 1,0.



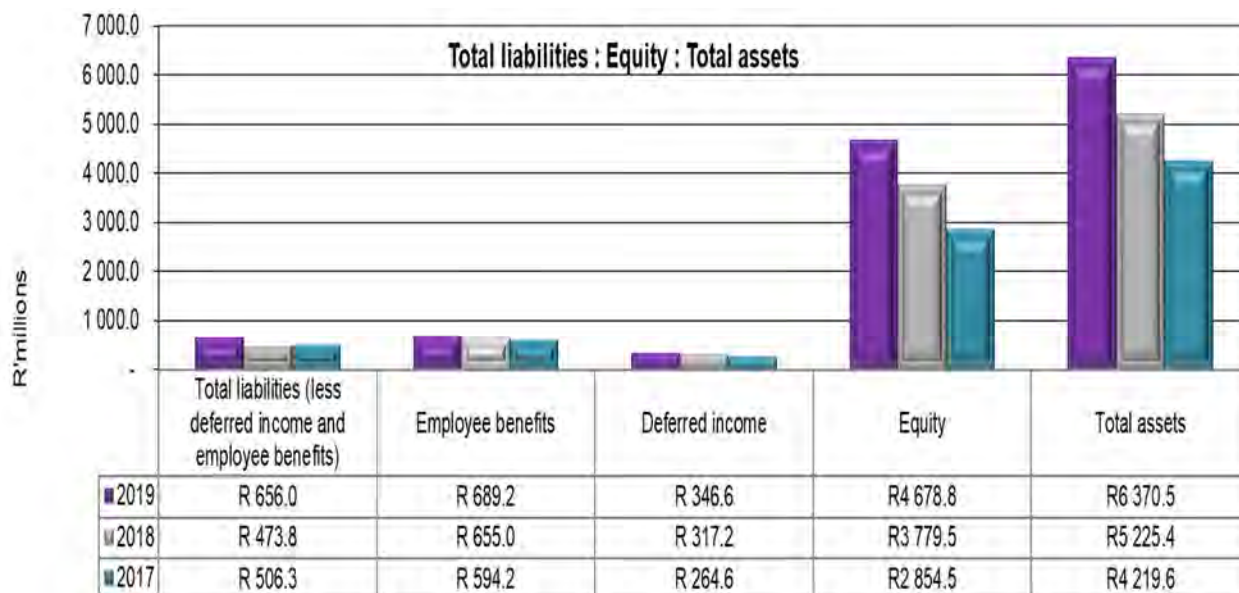
### 13.5.6 Solvability

The total liabilities (R1 691,8 million) at year-end for 2019 expressed over total equity (R4 678,8 million) means the university's ratio of debt to equity is 0,36 (2018: 0,38 and 2017: 0,48). This is the result of an increase of 23,8% in equity (2018: 32,4% and 2017: 31,8%) for the reasons explained above, and an increase of 17,0%



in total liabilities (2018: 5,9% and 2017: 22,7%). The amount of R346,6 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 0,27 for the year (2018: 0,28 and 2017: 0,32). Thus total liabilities are covered 3,77 times by total assets (2018: 3,61 and 2017: 3,09 times). Solvency ratios continue to indicate clearly that the university is solvent and able to meet both its long-term and short-term obligations.



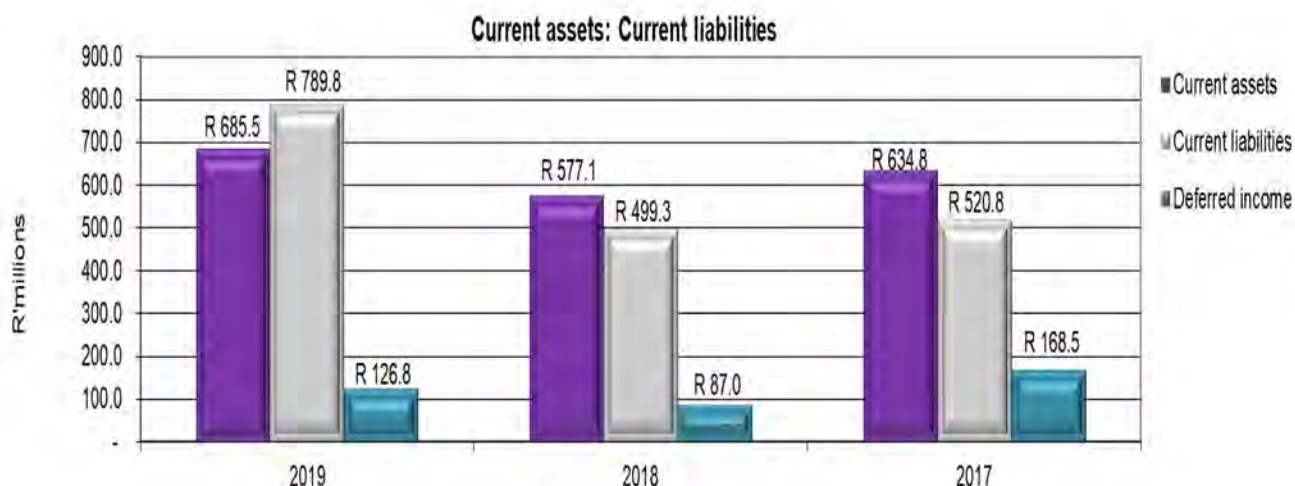
### 13.5.7 Liquidity

The working capital ratio indicates that the current liabilities are covered 0,75 times by the current assets (2018: 0,98 times and 2017: 0,92 times).

If the analysis is expressed in rand value, the current assets (excluding current portion of investments) increased by R108,4 million for the 2019 financial year, while current liabilities for the same period increased by R330,3 million. The working capital ratio decreased compared to 2018, due to the R221,9 million larger increase in current liabilities than in current assets. This is due to the increase of R39,8 million in the current portion of deferred income (R126,8 million or 13,8% of total current liabilities) relating to infrastructure grants. For 2018 this portion of deferred income represented 14,8% (R87,0 million) of total current liabilities.

Included in the current portion of employee benefits is R130,1 million, representing the first accumulated leave pay-out that was made in January 2020 to qualifying employees. Council approved a change in the accumulated leave policy to reduce the liability over a period of three years.

A new mandatory standard, IFRS 16 – ‘Leases’, was implemented with effect from 1 January 2019 whereby right-of-use assets are now part of fixed assets. This resulted in a lease liability, with the current portion of R44,0 million also included in current liabilities. Operating leases were previously accounted for under the principles of IAS 17 and only disclosed as a note to the financial statements.



Funds invested in highly liquid instruments for 2019 improved to R4 110,0 million (2018: R3 029,0 million and 2017: R2 194,0 million), representing an increase of 35,7% from 2018 to 2019. Compared to 2017, funds increased with 87,3%.

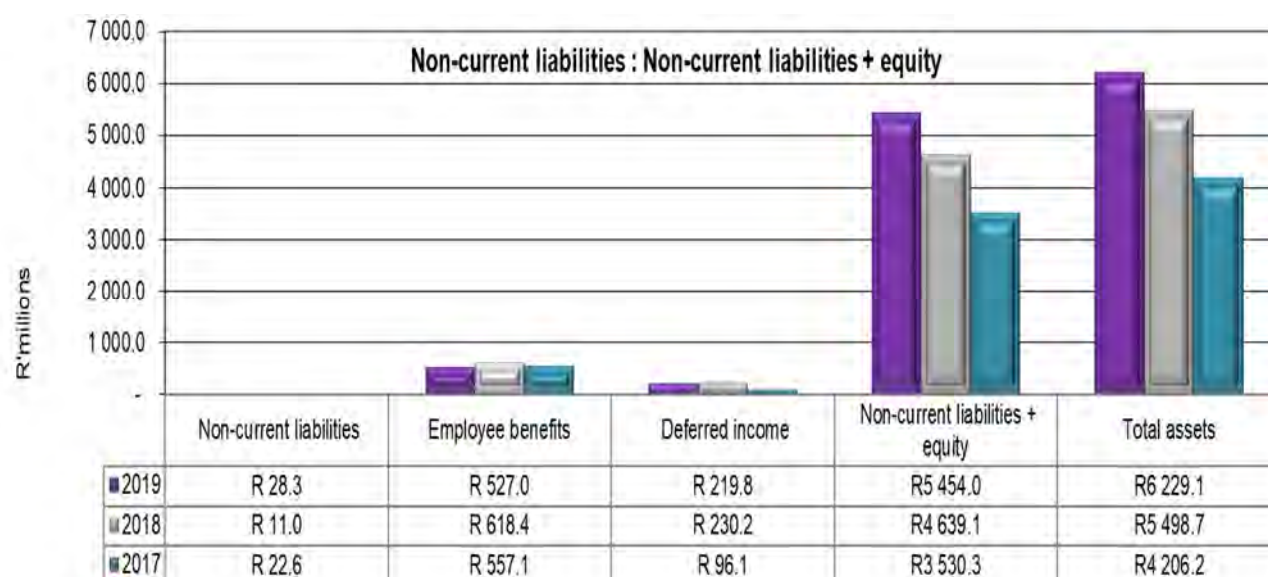
	2019 Rmillion	2018 Rmillion	2017 Rmillion
Cash and cash equivalents	424,5	215,3	363,4
Money market portfolio (NCDs)	3 125,3	2 396,7	1 397,3
Broker portfolio (listed shares and bonds)	543,2	383,5	407,4
Other investments (unlisted, including associates)	17,0	33,5	25,9
<b>Total investments and cash</b>	<b>4 110,0</b>	<b>3 029,0</b>	<b>2 194,0</b>

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.

### 13.5.8 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 14,2% of total funds employed (2018: 18,5% and 2017: 19,1%). This ratio decreased, as equity increased by a large margin, borrowing commitments decreased and infrastructure grant amounts expected to be utilised in 2020 were transferred to current liabilities. Furthermore, R130,1 million of the employee benefits liability was also transferred to current liabilities, representing the first accumulated leave pay-out.

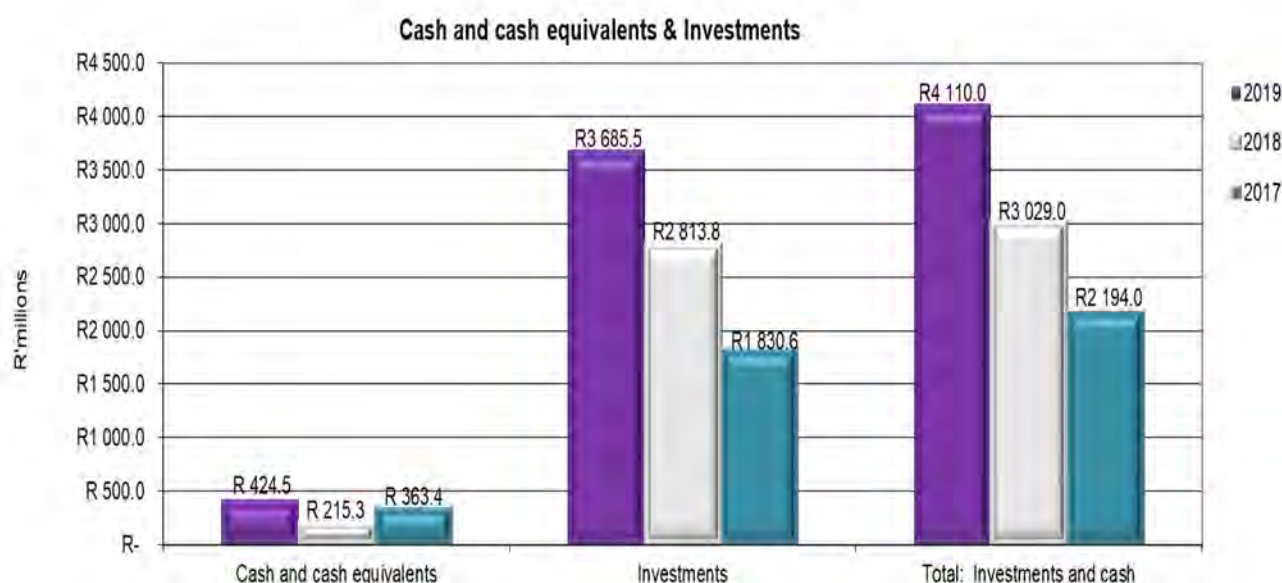


### 13.5.9 Cash flow

The university generated a surplus of R952,9 million for the 2019 financial year (2018: R810,8 million and 2017: R503,1 million), excluding total IAS19 adjustments, while the net cash flow amount generated from operating activities was R1 045,1 million (2018: R782,2 million and 2017: R582,6 million). The total net cash flow increased by R209,3 million in 2019, taking into account R436,4 million net investment income, transfers of cash and cash equivalents to longer term investments (R999,6 million), investment in property, plant and equipment (R398,5 million) and a R29,3 million increase in deferred grant income, among others. For the 2018 financial year the net cash flow decreased by R148,2 million and for 2017 increased by R105,6 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 22,7% of the money markets investment portfolio has maturity dates during 2020 and is shown as part of current assets, the nature and purpose of these investments are long-term, focusing on investments with a period of 12 months and longer to optimise returns. Funds are reinvested as they become available on maturity, taking cash flow needs into consideration.



### 13.5.10 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.
- 14 962 students received degrees and diplomas during 2019.
- The university remains committed to supporting and enhancing academic performance and awarded bursaries in the amount of R210,1 million from own funds to students.
- The cash flow investment in property, plant and equipment amounts to R398,5 million (2018: R179,5 million and 2017: R321,0 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 2020). Total assets increased by 21,9% (2018: 23,8% and 2017: 28,7%).
- The increase in the available reserves to 51,3% of total equity from a very low base at the end of 2016 (although some spending against this reserve is to be expected as explained above).
- The maintaining of a sound solvency position and optimal liquidity levels during the 2019 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 2020. It needs to be pointed out that our two largest sources of income, namely state subsidy and tuition fee-related income totalling 74,4% of turnover (2018: 76,1% and 2017: 75,2%),



increased during 2019 – emphasising our dependence on these income-stream one funds. Income-stream three revenue decreased year on year as a percentage of total income, putting pressure on the viability of the university.

The biggest challenge for NWU and the higher education sector as a whole in the months or even years to follow, is the successful management of the current uncertainties that the COVID19 pandemic brings and to adapt to rapidly changing circumstances. The possible financial impact will without doubt be significant and all resources must be applied with great caution. Further pressure will definitely be added by the wide-spread weakened South African economy and conditions as experienced by other sectors and individuals also affected by the Corona virus and which will influence the university in many forms and ways. The NWU management and Council are of the opinion that the financial results of the past few years provide the basis for sound decision-making during this difficult time to steer the NWU, together with all stakeholders, through this difficult situation in a sustainable manner.

A handwritten signature in black ink, appearing to read 'Mabe', with a stylized, circular flourish at the beginning.

**MR CS MABE**  
**CHAIRPERSON: FINANCE COMMITTEE**

A handwritten signature in black ink, appearing to read 'E de Beer', with a stylized, circular flourish at the beginning.

**MS E DE BEER**  
**EXECUTIVE DIRECTOR: FINANCE AND FACILITIES**



**NORTH-WEST UNIVERSITY****CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****CONTENTS**

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**NORTH-WEST UNIVERSITY****COUNCIL'S STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Council is ultimately responsible for the preparation, integrity and objectivity of the consolidated financial statements and related financial information included in this report, which is a fair presentation of the activities of the University at the end of the financial year. In order to meet this responsibility, they are assisted by management, the Audit, Risk and Compliance Committee of the Council, the Finance Committee of the Council, and the internal auditors of the University. Both the internal and external auditors have unrestricted access to all documents, minutes, records and information and no limitations have been placed on the audits. The external auditors are responsible for reporting on the consolidated 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.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS), including full and responsible disclosure in accordance with the University's accounting policies and in the manner required by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997 (as amended)). The consolidated financial statements are prepared on the going concern basis and all indications are that the University will continue in existence for the foreseeable future. The accounting policies have been applied consistently and are supported by reasonable and prudent judgements and estimates.

The consolidated financial statements for the year ended 31 December 2019 as set out on pages 11 to 72 have been approved by the Council on 28 July 2020 and are signed on behalf of the Council by:



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CHAIRPERSON OF COUNCIL



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VICE-CHANCELLOR



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EXECUTIVE DIRECTOR: FINANCE AND FACILITIES



## INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE NORTH-WEST UNIVERSITY

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of the North-West University set out on pages 11 to 72, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of comprehensive income (as required by Section 41 of the Higher Education Act (Act no. 101 of 1997, as amended)), the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the North-West University as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997) (HEA).

#### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of this auditor's report.

We are independent of the University in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' *Code of professional conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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

PricewaterhouseCoopers Inc., 32 Jones Close, Leopard Park, Mahikeng, 2735, P O Box 4618, Mmabatho, 2735  
T: +27 (0) 18 386 4700, F: +27 (0) 18 386 4800, [www.pwc.co.za](http://www.pwc.co.za)



### **Responsibilities of Council for the consolidated financial statements**

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Council is responsible for assessing the North-West University's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected goals presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. Our procedures did not examine whether the actions taken by the University enabled and contributed to the achievement of service delivery outcomes as planned. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.





We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected goals presented in the annual performance report of the University for the year ended 31 December 2019:

<b>Goals</b>	<b>Pages in the annual performance report</b>
Goal 1: Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions	108-109
Goal 2: Intensify research and innovation	109

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for Goal 1 and Goal 2.

#### **Achievement of planned targets**

Refer to the annual performance report on pages 108 to 110 for information on the achievement of planned targets for the year.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the University with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included in the document titled “NWU Integrated Report 2019”. The other information does not include the consolidated financial statements, the auditor’s report and those selected goals presented in the annual performance report that have been specifically reported in this auditor’s report.



Our opinion on the consolidated financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected goals presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

**Internal control deficiencies**

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

**Other reports**

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the University’s consolidated financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the consolidated financial statements or our findings on the reported performance information or compliance with legislation.

**Audit-related services and special audits (Agreed-upon procedures)**

Agreed-upon procedures on certificates were performed for grants, other funding and similar items.

Agreed-upon procedures engagements that were performed or are in the process of being performed in relation to 2019 is listed below:

<b>Engagement</b>	<b>Period end</b>	<b>Party performing the engagement</b>	<b>Report date</b>
Student and staff statistics (HEMIS) – Procedures performed over HEMIS data submission	31/12/2019	PwC	In progress
NRF and THRIP projects – Procedures performed on various funding awards	31/12/2019	PwC	06/03/2020 – RTF 31/03/2020 - NRF



<b>Engagement</b>	<b>Period end</b>	<b>Party performing the engagement</b>	<b>Report date</b>
Clinical Training Grant – Procedures performed on grant income and expenditure	31/03/2020	PwC	25/05/2020
Clinical Health Enrolments – Procedures performed on the clinical enrolment submission	31/03/2020	PwC	11/06/2020
Water Research Hydrogen Project Grant (per project) – Procedures performed on expenditure for approved DST projects	31/03/2020	PwC	01/06/2020
NWU Publications and Submission of Articles – Performed procedures on journal research outputs claimed	31/12/2019	PwC	29/06/2020
Foundation Provision Grant – Procedures performed on grant income and expenditure	31/03/2020	PwC	27/05/2020
Veterinary Science project – Procedures performed on grant income and expenditure	31/03/2020	PwC	25/05/2020
DHET Excel – Procedures performed on the financial data submission	31/12/2019	PwC	30/07/2020
nGAP Grant – Procedures performed on grant income and expenditure	31/03/2020	PwC	27/05/2020
DAC Language Grant – Procedures performed on grant income and expenditure	29/02/2020	PwC	11/03/2020
UCDP Grant – Procedures performed on grant income and expenditure	31/12/2019	PwC	25/02/2020
BRICS Grant – Procedures performed on grant income and expenditure	31/12/2019	PwC	20/03/2020
Infrastructure Grant – Procedures performed on grant income and expenditure	31/03/2020	PwC	11/05/2020
SRC Election – Procedures performed on the SRC Election	N/A	PwC	23/08/2019



<b>Engagement</b>	<b>Period end</b>	<b>Party performing the engagement</b>	<b>Report date</b>
NSFAS – Procedures performed on grant income and expenditure	31/12/2019	PwC	In progress
Veterinary Enrolments – Procedures performed on the veterinary enrolment submission	31/03/2020	PwC	11/06/2020
Eskom Power Plant Engineering Institute Funding (EPPEI) - Procedures performed on the EPPEI Specialisation Centre	31/12/2019	PwC	14/04/2020
Early Childhood Care and Education Project - Procedures performed on expenditure for the 4 years ending March 2020	31/03/2020	PwC	Not started
Primary Teacher Education Project – Procedures performed on expenditure for the 4 years ending March 2020	31/03/2020	PwC	In progress

**Auditor tenure**

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the external auditor of the North-West University for 2 years.

PricewaterhouseCoopers Inc.  
 Director: A.J.C. Dale  
 Registered Auditor  
 30 July 2020  
 Mafikeng



### **Annexure – Auditor’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on reported performance information for selected goals and on the University’s compliance with respect to the selected subject matters.

#### **Consolidated financial statements**

2. In addition to our responsibility for the audit of the consolidated financial statements as described in this auditor’s report, we also:
  - identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council
  - conclude on the appropriateness of the Council’s use of the going concern basis of accounting in the preparation of the consolidated financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated financial statements. Our conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a University to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion



**Communication with those charged with governance**

3. We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also confirm to Council that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.



**NORTH-WEST UNIVERSITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019**

	NOTE	2019 R'000	2018 R'000
<b>ASSETS</b>		6 370 547	5 225 443
<b>NON-CURRENT ASSETS</b>		4 974 958	2 694 231
PROPERTY, PLANT AND EQUIPMENT (PPE)	6a, 6b	1 628 491	1 409 422
INVESTMENT PROPERTIES	7	18 002	18 831
INTANGIBLE ASSETS	8	950	950
INVESTMENTS	9	2 974 008	858 580
EQUITY-ACCOUNTED INVESTEEES	10	1 367	1 098
DEFERRED TAX ASSET	33	149	130
EMPLOYEE BENEFITS	18	351 991	405 220
<b>CURRENT ASSETS</b>		1 395 589	2 531 212
INVENTORIES	13	30 238	52 084
TRADE AND OTHER RECEIVABLES	14	227 631	299 514
INCOME TAX RECEIVABLE	33	26	37
STRAIGHT LINE LEASE ACCRUAL		3 049	0
CURRENT PORTION OF INVESTMENTS	9	710 119	1 954 079
CASH AND CASH EQUIVALENTS	15	424 526	215 269
		1 392 539	2 520 984
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	32	0	10 229
<b>EQUITY AND LIABILITIES</b>		6 370 547	5 225 443
<b>EQUITY</b>	16	4 678 796	3 779 482
<b>NON-DISTRIBUTABLE RESERVES</b>		1 552 753	1 516 082
FIXED ASSET RESERVE FUND (PPE)		1 553 133	1 391 224
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		(380)	124 858
<b>RESERVE FUNDS</b>		3 125 207	2 260 053
<b>RESTRICTED USE FUNDS</b>		363 840	339 026
STUDENT LOAN FUNDS		563	563
STUDENT AND STAFF ACCOMMODATION FUNDS		158 736	129 172
DONATIONS AND SIMILAR FUNDS		59 657	49 010
RESEARCH AND OTHER (CONTRACTS) FUNDS		144 884	160 281
NWU PENSION FUND AND DISABILITY FUND		351 991	405 220
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		8 421	18 514
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		14 012	15 094
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		2 386 944	1 482 199
EQUITY RELATING TO NON-CURRENT ASSETS HELD FOR SALE		0	2 535
NON-CONTROLLING INTERESTS		836	812
<b>NON-CURRENT LIABILITIES</b>		775 163	859 599
BORROWINGS - INTEREST-BEARING	17	5 760	11 033
EMPLOYEE BENEFITS	18	527 031	618 365
DEFERRED GRANT INCOME	19	219 814	230 201
LEASE LIABILITIES	6b, 34	22 558	0
<b>CURRENT LIABILITIES</b>		916 588	586 362
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	17	5 682	12 227
CURRENT PORTION OF EMPLOYEE BENEFITS	18	162 158	36 601
CURRENT PORTION OF DEFERRED GRANT INCOME	19	126 759	87 036
CURRENT PORTION OF LEASE LIABILITIES	6b, 34	43 964	0
TRADE AND OTHER PAYABLES	20	445 454	359 232
INCOME RECEIVED IN ADVANCE	21	91 607	56 610
NET CONTRACT LIABILITIES	22	40 903	34 314
INCOME TAX PAYABLE	33	61	342

The notes on pages 17 to 72 are an integral part of these consolidated financial statements.

**NORTH-WEST UNIVERSITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	NOTE	2019 R'000	2018 R'000
<b>INCOME</b>		5 410 882	4 901 483
REVENUE		4 935 929	4 676 442
OTHER INCOME (investment income and non-recurrent income)		474 953	225 041
<b>EXPENDITURE</b>		4 442 291	4 069 743
PERSONNEL REMUNERATION	25	2 406 089	2 245 178
OPERATING EXPENSES	26, 6a, 6b, 7	1 889 547	1 783 034
OTHER EXPENSES (capital expenditure expensed and non-recurrent expenditure)		136 352	34 459
FINANCE CHARGES	28	10 303	7 072
<b>NET SURPLUS BEFORE INCOME TAX</b>		968 591	831 740
INCOME TAX EXPENSE	33	187	592
<b>SURPLUS FOR THE YEAR</b>		968 404	831 148
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>		(69 091)	18 430
<b>Items that will not be reclassified to surplus or deficit</b>		(69 091)	18 430
Remeasurements of employee benefit obligations			
PENSION FUND - (DEFICIT)/SURPLUS	18.1	(82 579)	(869)
DISABILITY RESERVE FUND - SURPLUS	18.2	7 486	5 404
HEALTH CARE (MEDICAL) - SURPLUS	18.3	6 002	13 895
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		899 313	849 578
<b>Surplus for the year attributable to:</b>			
- North-West University		968 380	831 072
- Non-controlling interests		24	76
		968 404	831 148
<b>Total comprehensive income for the year attributable to:</b>			
- North-West University		899 289	849 502
- Non-controlling shareholders		24	76
		899 313	849 578

The notes on pages 17 to 72 are an integral part of these consolidated financial statements.

**NORTH-WEST UNIVERSITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**  
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTE	EDUCATIONAL & GENERAL			STUDENT AND STAFF ACCOMMO- DATION: RESTRICTED R'000	2019 TOTAL R'000	2018 TOTAL R'000
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
<b>RECURRING ITEMS</b>		848 829	9 636	858 465	47 451	905 916	860 409
<b>INCOME</b>		4 599 536	253 004	4 852 540	365 441	5 217 981	4 900 330
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	23	2 149 836	0	2 149 836	0	2 149 836	2 009 698
TUITION AND OTHER FEES	24	1 877 797	0	1 877 797	0	1 877 797	1 724 152
INCOME FROM CONTRACTS	24	2 743	193 303	196 046	0	196 046	233 209
FOR RESEARCH		1 060	191 033	192 093	0	192 093	232 151
FOR OTHER ACTIVITIES		1 683	2 270	3 953	0	3 953	1 058
SALES OF GOODS & SERVICES AND OTHER INCOME	24	272 585	25 771	298 356	365 441	663 797	661 892
PRIVATE GIFTS AND GRANTS		27 761	20 692	48 453	0	48 453	47 491
<b>SUB-TOTAL</b>		4 330 722	239 766	4 570 488	365 441	4 935 929	4 676 442
INVESTMENT INCOME	27.1	268 814	13 238	282 052	0	282 052	223 888
<b>EXPENDITURE</b>		3 750 707	243 368	3 994 075	317 990	4 312 065	4 039 921
PERSONNEL REMUNERATION	25	2 296 543	61 321	2 357 864	48 225	2 406 089	2 245 178
ACADEMIC PROFESSIONAL		1 220 310	30 254	1 250 564	0	1 250 564	1 112 442
OTHER PERSONNEL		1 091 221	31 067	1 122 288	48 225	1 170 513	1 153 063
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		(14 988)	0	(14 988)	0	(14 988)	(20 327)
OTHER CURRENT OPERATING EXPENSES	26	1 308 054	182 165	1 490 219	222 320	1 712 539	1 653 126
CAPITAL EXPENDITURE EXPENSED	31	6 126	0	6 126	0	6 126	4 637
DEPRECIATION	6a, 6b, 7	139 229	0	139 229	37 779	177 008	129 908
<b>SUB-TOTAL</b>		3 749 952	243 486	3 993 438	308 324	4 301 762	4 032 849
FINANCE CHARGES	28	755	(118)	637	9 666	10 303	7 072
<b>NON-RECURRING ITEMS</b>		62 656	1	62 657	18	62 675	(28 669)
<b>INCOME</b>		192 882	1	192 883	18	192 901	1 153
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		28 276	1	28 277	18	28 295	51
PROFIT ON INVESTMENTS	27.2	164 606	0	164 606	0	164 606	697
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEs	10	0	0	0	0	0	0
OTHER NON-RECURRENT INCOME		0	0	0	0	0	405
<b>EXPENDITURE</b>		130 226	0	130 226	0	130 226	29 822
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	0	0	0	0	154
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEEs	10	0	0	0	0	0	106
NET FAIR VALUE LOSS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	130 226	0	130 226	0	130 226	29 562
<b>NET SURPLUS BEFORE INCOME TAX</b>		911 485	9 637	921 122	47 469	968 591	831 740
<b>INCOME TAX EXPENSE</b>	33	187	0	187	0	187	592
<b>SURPLUS FOR THE YEAR</b>		911 298	9 637	920 935	47 469	968 404	831 148

**NORTH-WEST UNIVERSITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019** (continued)  
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTE	EDUCATIONAL & GENERAL			STUDENT & STAFF ACCOMMO- DATION: RESTRICTED R'000	2019 TOTAL R'000	2018 TOTAL R'000
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
<b>SURPLUS FOR THE YEAR</b>		911 298	9 637	920 935	47 469	968 404	831 148
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>		(69 091)	0	(69 091)	0	(69 091)	18 430
<b>Items that will not be reclassified to surplus or deficit</b>		(69 091)	0	(69 091)	0	(69 091)	18 430
Remeasurements of employee benefit obligations							
PENSION FUND - DEFICIT	18.1	(82 579)	0	(82 579)	0	(82 579)	(869)
DISABILITY RESERVE FUND - SURPLUS	18.2	7 486	0	7 486	0	7 486	5 404
HEALTH CARE (MEDICAL) - SURPLUS	18.3	6 002	0	6 002	0	6 002	13 895
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>842 207</u>	<u>9 637</u>	<u>851 844</u>	<u>47 469</u>	<u>899 313</u>	<u>849 578</u>
<b>Surplus for the year attributable to:</b>							
- North-West University		911 274	9 637	920 911	47 469	968 380	831 072
- Non-controlling interests		24	0	24	0	24	76
		<u>911 298</u>	<u>9 637</u>	<u>920 935</u>	<u>47 469</u>	<u>968 404</u>	<u>831 148</u>
<b>Total comprehensive income for the year attributable to:</b>							
- North-West University		842 183	9 637	851 820	47 469	899 289	849 502
- Non-controlling shareholders		24	0	24	0	24	76
		<u>842 207</u>	<u>9 637</u>	<u>851 844</u>	<u>47 469</u>	<u>899 313</u>	<u>849 578</u>

The notes on pages 17 to 72 are an integral part of these consolidated financial statements.

## NORTH-WEST UNIVERSITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

DESCRIPTION	UNRESTRICTED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	DESIGNATED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	SUB-TOTAL A R'000	RESTRICTED RESERVE FUNDS: DONATIONS AND SIMILAR FUNDS R'000	RESTRICTED RESERVE FUNDS: RESEARCH AND OTHER (CONTRACTS) R'000	SUB-TOTAL B R'000	RESTRICTED RESERVE FUNDS: STUDENT LOANS R'000	RESTRICTED RESERVE FUNDS: STUDENT AND STAFF ACCOMMODATION R'000	FIXED ASSET RESERVE FUND (PPE) R'000	HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT R'000	UNREALISED FAIR VALUE ADJUSTMENT RESERVE R'000	NWU PENSION FUND AND DISABILITY FUND R'000	SUB-TOTAL C R'000	TOTAL R'000	NON-CONTROLLING INTEREST R'000	TOTAL EQUITY R'000
BALANCE AT 31 DECEMBER 2016 (note16)	40 803	327 005	367 808	42 611	99 069	141 680	563	97 241	1 144 305	69 059	112 564	232 198	1 655 930	2 165 418	632	2 166 050
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	472 837	472 837	(200)	30 211	30 011	0	2 818	0	0	41 856	140 785	185 459	688 307	104	688 411
SURPLUS/(DEFICIT) FOR THE YEAR	0	461 972	461 972	(200)	30 211	30 011	0	2 818	0	0	0	6 351	9 169	501 152	104	501 256
OTHER COMPREHENSIVE INCOME	0	10 865	10 865	0	0	0	0	0	0	0	41 856	134 434	176 290	187 155	0	187 155
TRANSFERS	(28 873)	(62 390)	(91 263)	(1 016)	(40 684)	(41 700)	0	(987)	188 842	(54 892)	0	0	132 963	0	0	0
BALANCE AT 31 DECEMBER 2017 (note16)	11 930	737 452	749 382	41 395	88 596	129 991	563	99 072	1 333 147	14 167	154 420	372 983	1 974 352	2 853 725	736	2 854 461
CHANGE IN ACCOUNTING POLICY (IFRS 9 AND IFRS 15)	0	48 985	48 985	0	26 458	26 458	0	0	0	0	0	0	0	75 443	0	75 443
RESTATED BALANCE AT 1 JANUARY 2018	11 930	786 438	798 368	41 395	115 054	156 449	563	99 072	1 333 147	14 167	154 420	372 983	1 974 352	2 929 169	736	2 929 904
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	739 849	739 849	8 002	59 007	67 009	0	39 969	0	0	(29 562)	32 237	42 644	849 502	76	849 578
SURPLUS/(DEFICIT) FOR THE YEAR	0	725 954	725 954	8 002	59 007	67 009	0	39 969	0	0	(29 562)	27 702	38 109	831 072	76	831 148
OTHER COMPREHENSIVE INCOME	0	13 895	13 895	0	0	0	0	0	0	0	0	4 535	4 535	18 430	0	18 430
TRANSFERS	3 164	(41 551)	(38 387)	(387)	(13 780)	(14 167)	0	(9 869)	58 077	4 347	0	0	52 555	0	0	0
BALANCE AT 31 DECEMBER 2018 (note 16)	15 094	1 484 736	1 499 830	49 010	160 281	209 291	563	129 172	1 391 224	18 514	124 858	405 220	2 069 551	3 778 671	812	3 779 483
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	1 020 651	1 020 651	7 956	1 681	9 637	0	47 469	0	0	(125 238)	(53 229)	(130 998)	899 289	24	899 313
SURPLUS/(DEFICIT) FOR THE YEAR	0	1 014 649	1 014 649	7 956	1 681	9 637	0	47 469	0	0	(125 238)	21 864	(55 905)	968 380	24	968 404
OTHER COMPREHENSIVE INCOME	0	6 002	6 002	0	0	0	0	0	0	0	0	(75 093)	(75 093)	(69 091)	0	(69 091)
TRANSFERS	(1 082)	(118 443)	(119 525)	2 691	(17 078)	(14 387)	0	(17 905)	161 909	(10 093)	0	0	133 911	0	0	0
BALANCE AT 31 DECEMBER 2019 (note 16)	14 012	2 386 944	2 400 956	59 657	144 884	204 541	563	158 736	1 553 133	8 421	(380)	351 991	2 072 464	4 677 960	836	4 678 796

The notes on pages 17 to 72 are an integral part of these consolidated financial statements.

**NORTH-WEST UNIVERSITY****CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

	NOTE	2019 R'000	2018 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	29	1 045 649	782 240
INVESTMENT INCOME LESS COST OF FINANCE		436 355	217 513
INTEREST RECEIVED	27.3	437 015	214 975
DIVIDENDS RECEIVED	27.3	9 643	9 610
INTEREST PAID	28	(10 303)	(7 072)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		1 482 004	999 753
<b>CASH FLOWS UTILISED BY INVESTING ACTIVITIES</b>		(1 327 452)	(1 137 130)
DISPOSAL OF OTHER INVESTMENTS		0 *	0
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	6a, 6b	(398 532)	(179 519)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		31 235	1 336
INCREASE IN DEFERRED GRANT INCOME	19	29 336	52 602
TRANSFER OF INVESTMENT PROPERTY TO PROPERTY, PLANT AND EQUIPMENT	7	342	0
DISPOSAL OF ASSETS HELD FOR SALE		10 229	0
PURCHASES OF INVESTMENTS		(1 000 062)	(1 011 549)
<b>CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>		54 705	(10 781)
REPAYMENTS OF INTEREST-BEARING BORROWINGS	17	(11 818)	(10 781)
INCREASE IN LEASE LIABILITIES		66 523	0
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		209 257	(148 158)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		215 269	363 427
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	15	424 526	215 269

\* amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

The notes on pages 17 to 72 are an integral part of these consolidated financial statements.



## **NORTH-WEST UNIVERSITY**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1. GENERAL INFORMATION**

##### **STRUCTURE OF THE UNIVERSITY**

##### **1.1 Legal persona and country of registration**

The University is a legal person in the Republic of South Africa and is regulated by the Higher Education Act 101 of 1997, as amended by Act 54 of 2000.

##### **1.2 Nature of business, operations and main activities**

The operations and main activities of the University are education, research and community service, based on its vision and mission.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

These consolidated financial statements are presented in rand (R) (rounded off to the nearest thousand, unless otherwise indicated), which is the University's functional currency, and are prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are also prepared in accordance with the requirements set by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997 (as amended)). Council approved the consolidated financial statements on 28 July 2020.

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, except for:

- electing to carry financial assets at fair value through other comprehensive income and profit or loss; and
- valuing post-employment and disability benefit obligations by using the projected unit credit method.

Management is of the opinion that the University has adequate resources to continue with operational activities for the foreseeable future and therefore will continue to adopt the going concern basis in preparing its consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Since the financial numbers relating to subsidiaries are insignificant in relation to the consolidated financial accounts, only the consolidated financial statements are presented in the annual report.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.1 Basis of preparation (continued)

###### ***(a) Standards, amendments and interpretations effective in 2019 and adopted by the University***

- **IFRS 16, 'Leases'**, primarily affects the accounting by lessees and results in almost all leases of lessees being recognised in the statement of financial position, as the distinction between finance and operating leases has been removed. Under the new standard, a lessee recognises an asset representing the right to use the leased item, and a financial liability to pay rentals. The only exceptions are for short-term (less than 12 months) leases. The accounting for lessors does not change significantly.

The statement of comprehensive income is affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation.

Operating cash flows are higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest continues to be presented as operating cash flows.

As IFRS 16 is mandatory for financial years commencing on or after 1 January 2019, the University applied this standard for the first time. The University elected to apply the simplified transition approach and did not restate comparative amounts for the year prior to first adoption.

###### ***(b) Standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted early by the University***

- The IASB has made amendments to **IAS 1, 'Presentation of Financial Statements'** and **IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'** which use a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting*, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.1 Basis of preparation (continued)

###### *(b) Standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted early by the University (continued)*

- The IASB has issued a revised **Conceptual Framework** which will be used in standard-setting decisions with immediate effect. Key changes include:
  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on de-recognition
  - adding guidance on different measurement bases, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

##### 2.2 Basis of consolidation

All the different components, including the institutes, bureaux, companies and educational units of the University, as well as the results, assets and liabilities of the Institutional Office and of the Mafikeng, Potchefstroom and Vaal Triangle Campuses, are included in the consolidated financial statements.

Subsidiaries are entities controlled by the University. The University controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.2 Basis of consolidation** (continued)*(a) Subsidiaries*

When the University loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in the statement of comprehensive income.

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed towards the former owners of the acquiree and the equity interests issued. The consideration does not include amounts related to the settlement of pre-existing relationships. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Subsequent changes in the fair value of the contingent consideration are recognised in surplus or deficit. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain on a purchase is recognised immediately as a surplus.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the University.

*(b) Associates (equity-accounted investees)*

Associates are all entities over which the University has significant influence but does not have control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost (which includes transaction costs), and the carrying amount is increased or decreased to recognise the University's share of the profit or loss and OCI of the equity-accounted investee after the date of acquisition. The University's share of post-acquisition profit or loss is recognised in surplus or deficit.

*(c) Transactions eliminated on consolidation*

Inter-company transactions, balances, income and expenses on transactions are eliminated. Surpluses and deficits resulting from inter-company transactions that are recognised in assets are also eliminated.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 Property, plant and equipment (PPE)

2.3.1 Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for donations of assets that are initially recorded at fair value less depreciation and impairment. Fair value is considered as deemed cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably (macro maintenance). The carrying amount of the replaced part is derecognised. All other repairs and maintenance not recognised as macro maintenance are charged to surplus or deficit during the financial period in which they are incurred.

2.3.2 Land and buildings comprise mainly lecture halls, laboratories, hostels and administrative buildings. Land and buildings are not depreciated. The useful life of buildings is considered to be indefinite due to building maintenance done according to the ten-year macro maintenance rolling plan. The macro maintenance included in the carrying amount of land and buildings are depreciated on the straight line method though. Depreciation on other assets is calculated using the straight-line method to depreciate the depreciable amount, which is the difference between their cost and their residual values, over their estimated useful lives, as referred to below.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6).

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit.

<b>CATEGORY</b>	<b>PERCENTAGE PER ANNUM</b>	<b>USEFUL LIFE</b>
Buildings and other improvements (macro maintenance)	Indefinite	: The useful life is estimated as indefinite
Computer equipment	10,00%	: The useful life is estimated at 10 years.
Computer equipment less than R5 000	20,0% - 33,3%	: The useful life is estimated at 3 to 5 years.
Servers and printers	33,3%	: The useful life is estimated at 3 years.
Laboratory equipment	20,0%	: The useful life is estimated at 5 years.
Specialised equipment	15,0%	: The useful life is estimated at 6,67 years.
Furniture	4,0% - 20,0%	: The useful life is estimated at a range between 5 and 25 years.
	10,0%	: The useful life is estimated at 10 years.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 Property, plant and equipment (PPE) (continued)

CATEGORY	PERCENTAGE PER ANNUM	USEFUL LIFE
Vehicles	33,3%	: The residual value of the vehicle pool is estimated at 65% after three years, which is the average replacement term of vehicles.
Synthetic hockey field (carpet)	12,5%	: The useful life is estimated at 8 years.
Synthetic hockey field (base)	2,0%	: The useful life is estimated at 50 years.
Low value assets	33,3%	: The useful life is estimated at 3 years.
Right-of-use leased assets	50,0% - 33,3%	: Depreciated over the lease term

2.3.3 Actual improvements to buildings are capitalised (macro maintenance) when it is probable that future economic benefits exceeding the originally estimated performance standard of the existing asset will flow to the business. Routine maintenance with regard to buildings and equipment is charged to surplus or deficit as incurred.

2.3.4 Costs relating to library books are written off in the year acquired. See note 31.

#### 2.4 Investment properties

Investment properties, principally comprising land and buildings, are held for long-term capital appreciation and rental yields and are not occupied by the University. Investment properties are carried at cost less accumulated impairment losses and accumulated depreciation.

Depreciation on investment properties is calculated using the straight-line method to allocate their cost less their residual value over the estimated useful life of 50 years.

#### 2.5 Intangible assets

##### Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the University's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired is allocated to each of the cash-generating units that is expected to benefit from the acquisition or business combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Separately recognised goodwill is carried at cost less impairment losses and goodwill impairment reviews are undertaken annually. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the cash generating unit's (CGU's) value in use and its fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.6 Impairment of non-financial assets**

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units).

Impairment losses are recognised in surplus or deficit in the period in which the impairment loss occurs. Prior periods' impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**2.7 Foreign currency translation**Functional and presentation currency

Items included in the financial statements of each of the University's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African rand (R) (rounded to the nearest thousand, unless otherwise indicated), which is the University's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in surplus or deficit.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences relating to changes in amortised cost are recognised in surplus or deficit, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in surplus or deficit as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.



## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.8 Investments and other financial assets

###### (i) Classification

From 1 January 2018, the University has been classifying its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be subsequently measured at amortised cost.

The classification depends on the University's business model for managing its financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in surplus or deficit.

The University reclassifies debt investments when and only when its business model for managing those assets changes.

###### (ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the University commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

###### (iii) Measurement

At initial recognition, the University measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in surplus or deficit.

Financial assets with embedded derivatives (when applicable) are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

###### Debt instruments

Subsequent measurement of debt instruments depends on the University's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the University classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in surplus or deficit and presented net within other gains/(losses) in the period in which it arises.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.8 Investments and other financial assets (continued)

###### Equity instruments

The University subsequently measures all equity investments at fair value. Where the University's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to surplus or deficit following the derecognition of the investment. Dividends from such investments continue to be recognised in surplus or deficit as other income when the University's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

###### (iv) Impairment

From 1 January 2018, the University assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the University applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see note 2.11 for further details).

###### **Equity-accounted investees**

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in surplus or deficit and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount

##### 2.9 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and applicable variable selling expenses.

Cost of inventory is determined by the following methods:

- 2.9.1 Central warehouse, trade, cafeteria and residence inventories are stated at the weighted average cost.
- 2.9.2 Printed publications are stated at the weighted average purchase price.
- 2.9.3 Veterinary health inventory is stated at the weighted average purchase price.

Provision for obsolete and slow-moving inventory is made where applicable and recognised in surplus or deficit.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.10 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and investments in money-market instruments with an initial maturity of less than three months.

Cash and cash equivalents are short-term highly liquid instruments that are readily convertible to known amounts of cash which are subject to insignificant changes in value.

**2.11 Trade and other receivables**

The University holds trade receivables with the objective of collecting the contractual cash flows and therefore trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances.

The University applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Receivables held by the University do not have a significant financing component. The contract assets (which arise from research contracts) relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The University has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates for student debtors are based on the three payment collection profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the cash-paying students to settle their accounts. The University uses a global rating as the probability of default (PD) to calculate the ECL for government funded student debt.

Sundry trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments for a period of more than 90 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the income from sale of goods and services and other income as bad debt recovered.

For other sundry receivables the University uses a global corporate average rating table to indicate the probability of default (PD) for government and similar-to-government debt. Interest rates applicable to unsecured loans are used for credit ratings regarding corporate customers. Outstanding debt of 90 days and older owed by individuals are expected to be impaired in full.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.12 Equity – reserve funds

The accumulated funds are subdivided on the basis of its employability between restricted and unrestricted funds and comprise mainly the following:

###### Educational and General – Council-controlled – Unrestricted or designated

Unrestricted and designated funds relate to funds over which the Council of the University has absolute legal control and discretion. Designated funds are unrestricted income which the Council has designated for purposes that it deems fit. Decisions in this regard can always be changed at the discretion of Council. The Council-controlled segment predominantly represents the teaching component of the University. It reflects the University's subsidised activities and comprises mainly formula subsidy, tuition fees, sales of goods and services and investment income. (Refer to sub-total A in the statement of changes in equity.)

###### Educational and General – Specifically funded activities – Restricted

Specifically purposed income (restricted) relates to funds that have been provided in terms of legally enforceable requirements of the purpose for which they may be expended. This may result from a contract, a condition of a grant, a bequest or a condition stipulated in a notarial deed of donation. Council has no discretion or control in this regard, but retains an oversight role in regard to ensuring that expenditure is in accordance with the mandate received from funders. (Refer to sub-total B in the statement of changes in equity.)

Included in sub-total C of the statement of changes in equity are the following funds:

###### Student and staff accommodation – Restricted

The student housing segment relates to the provision of accommodation and accommodation-related services to students (residences). Income from this source (income stream 3) is shown separately in the statement of comprehensive income as per requirements from the DHET.

###### Fixed asset reserve fund (PPE)

These are funds utilised and invested in property, plant and equipment (PPE).

###### Held for investment in property, plant and equipment

These funds are reserved for approved and already committed future investment in, or acquisition of, property, plant and equipment (PPE) (refer to note 29).

###### Unrealised fair value adjustment reserve fund

The University has elected to recognise unrealised changes in the fair value of investments at FVPL in a separate fund as these funds are not readily available for use.

###### Available-for-sale revaluation reserves – until 31 December 2017

Changes in the fair value of investments that were classified as available-for-sale financial assets (e.g. equities) were recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts were reclassified to surplus or deficit when the associated assets were sold or impaired (see accounting policy note 2.8 for details).

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.12 Equity – reserve funds (continued)

###### NWU Pension fund and Disability fund

These funds equal the amount invested in employee benefits as reflected in non-current assets.

###### Other

Funds representing non-controlling interests, as a result of the consolidation of other entities, are shown separately in the last column of the statement of changes in equity.

##### 2.13 Employee benefits

###### 2.13.1 Pension

The University has both defined-benefit and defined-contribution plans. A defined-contribution plan is a pension plan under which the University pays fixed contributions into a separate entity. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined-benefit plan is a pension plan that is not a defined-contribution plan. Typically defined-benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration.

###### Defined-benefit plans

Retirement-benefit costs are provided in accordance with defined-benefit plans, which include the North-West University Pension Fund and the Associated Institutions Pension Fund. The North-West University Pension Fund has two fixed-benefit options, only available to members who changed from the Associated Institutions Pension Fund to the North-West University Pension Fund on 1 January 1995 – closed options.

The University's net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined-benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the University, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined-benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI.

The University determines the net interest expense (income) on the net defined-benefit liability (asset) for the period by applying the discount rate used to measure the defined-benefit obligation at the beginning of the annual period to the then net defined-benefit liability (asset), taking into account any changes in the net defined-benefit liability (asset) during the period as a result of contributions and benefit payments.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.13 Employee benefits** (continued)Defined-benefit plans (continued)

Net interest expense and other expenses relating to defined-benefit plans are recognised in profit or loss in personnel remuneration costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The University recognises gains and losses on the settlement of a defined-benefit plan when the settlement occurs.

Defined-contribution plan

Retirement-benefit costs are provided in terms of a defined-contribution plan (North-West University Pension Fund). The North-West University Pension Fund has a fixed-contribution plan with a defined-benefit guarantee for all new enrolments since 1 January 1995 and was ring-fenced on 31 December 2003. A fourth option was introduced on 1 January 2004 for all new members of the fund and is a pure defined-contribution plan. The contributions to the defined-contribution plan are recognised as expenditure in the relevant period in which the liability arises, and the liability is thus matched with the benefit received by the employee during his/her working life.

**2.13.2 Disability Reserve Fund**

The disability benefits are provided in accordance with the rules of the North-West University Disability Reserve Fund, which was established on 1 January 1995.

The objective of the fund is to provide disability benefits to the members of the North-West University Pension Fund. After a waiting period of six months, a member who is disabled receives a disability income equal to 82,5% of the member's monthly salary, subject to a maximum disability income benefit as determined by the Trustees. The income is reduced by the member's contributions towards the North-West University Pension Fund. The disability income will continue to the earlier of recovery or 65.

The asset recognised in the statement of financial position is the fair value of plan assets less the present value of the liabilities at the end of the reporting date. This is calculated annually by qualified independent actuaries using the projected unit credit method and discounting the estimated future cash outflows using interest rates of government corporate bonds that are denominated in rand (R).

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions, the effects of asset ceilings (if any, excluding interest) and amendments are charged or credited to OCI (other comprehensive income) in the period in which they occur.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.13 Employee benefits** (continued)**2.13.3 Post-employment medical benefits**

The University's net obligation in respect of post-employment medical benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of post-employment medical benefits is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the University, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net post-employment medical benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The University determines the net interest expense (income) on the net post-employment medical benefit liability (asset) for the period by applying the discount rate used to measure the post-employment medical benefit obligation at the beginning of the annual period to the then net post-employment medical benefit liability (asset), taking into account any changes in the net post-employment medical benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to post-employment medical benefit plans are recognised in profit or loss in personnel remuneration costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The University recognises gains and losses on the settlement of a post-employment medical benefit plan when the settlement occurs.

**2.13.4 Termination benefits**

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognises termination benefits when it is demonstrably committed to a termination when the University has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value and are treated as other long-term employee benefits. Termination benefits settled within 12 months are treated as short-term employee benefits. Refer to note 25.



## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.13 Employee benefits (continued)

###### 2.13.5 Bonus plans

The University recognises a liability and an expense for bonuses. The University recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

###### 2.13.6 Accumulated annual leave

Employee entitlements to annual leave are recognised at an undiscounted amount in accordance with the conditions of service of the employees, with leave accruing to them as a result of services rendered. These include annual leave and accumulated leave. Leave payments that become payable within 12 months after the reporting date is disclosed as the current portion of employee benefit obligations.

##### 2.14 Income

Income is measured at the fair value of the consideration received or receivable, and represents amounts receivable from the sale of goods and delivery of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax (as applicable), rebates and discounts and after eliminating sales within the group.

Income is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The accounting policy regarding the elements of gross income includes the following:

2.14.1 State apportionment – subsidies and grants are recognised as income over the periods that are required to systematically match the income with the related expenditure for which it is intended. Subsidies for specific purposes, e.g. capital expenditure, are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. However, if the funding is provided in advance of the specified requirement (i.e. the University does not have immediate entitlement to it), the relevant amount is retained as a liability until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

2.14.2 Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted in calculating the cost of the asset. The grant is carried as a liability in the statement of financial position until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.14 Income** (continued)

- 2.14.3 Tuition fees and residence fees are recognised as the service and products are rendered over a period of time. It is based on the services rendered to date as a percentage of the total services to be performed by the University. Income is considered to be received for the performance of a single obligation based on a fixed transaction price and it is highly probable that there will not be a significant revenue reversal. Delivering these services falls within the financial period of the University.
- 2.14.4 Research income mainly arises from contracts with customers. Contracts may differ regarding time frames and performance obligations but revenue is recognised based on a fixed transaction price. Payments from customers are received according to contract terms and revenue is recognised when the University satisfies a performance obligation in terms of a research contract. Research contracts do not contain a significant finance component. The University assesses the progress made and confirms the stage of completion on the reporting date based on the percentage of completion method. For contracts with completion dates after year end, assessments may give rise to a contract asset or a contract liability. Contract assets relate to the University's right to consideration for work completed but not billed at reporting date. Contract liabilities relate to the advance consideration received from the customer for which the University is to still satisfy an obligation.
- 2.14.5 Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as investment income in surplus or deficit when the right to receive payment is established. Where the dividend clearly represents a recovery of part of the cost of an investment, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.
- 2.14.6 Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI, calculated using the effective interest method is recognised in the statement of comprehensive income as part of investment income.
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.
- 2.14.7 Donations received are recognised at the fair value on the date of the donation.
- 2.14.8 Rental received is recognised over the lease term on a straight-line basis.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.15 Leases**

As explained in note 2.1(a) above, the University has changed its accounting policy for leases where the University is the lessee. The new policy is described in note 6b and the impact of the change in note 34.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to surplus or deficit on a straight-line basis over the period of the lease.

**2.16 Provisions**

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for legal claims are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**2.17 Tax**

The University is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act. Subsidiary entities are not exempt from tax and are liable for normal South African Income Tax. On consolidation, this may give rise to current income tax and deferred tax.

**2.18 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

**2.19 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**3. FINANCIAL RISK MANAGEMENT**

The University's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

The University's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the University's financial performance.

Council delegated the responsibility of the process of risk management to the Audit, Risk and Compliance Committee. This Committee reports key risks to Council twice a year, or more often if the need arises.

The risk approach of the University is based on the following definition of risk: "Risk can be defined as a potential threat or possibility that an action or event will adversely affect an organisation's ability to achieve its objectives". The University's approach is to balance opportunities and risks based on the supposition that the University sustains itself as a going concern. As there are risks that will have direct financial implications and others that will not have (immediate) direct financial implications, risk profiles are differentiated as "financial risks" and "non-financial risks".

Risk abatement strategies are identified based on the strategic objectives of the University according to the Institutional Plan. The University Management (through defined responsibility and accountability of executive management) identifies the most significant risk events, conditions or areas. There is an established line function with the remit of determining the identification, assessment, intervention measures and all aspects of the management of risk affecting the University.

Previously identified and newly identified as well as new events and actions that are potential risks are included in the risk register of the University. The list is maintained, reviewed and updated at least bi-annually and is managed accordingly.

Despite these structures and procedures, the potential exists that adverse events may occur that may affect the results of normal operations throughout the University at all levels of activity.

Only in limited instances are financial instruments used to cover risks linked to the University's activities. Where instruments are used to cover risks linked to the University's activities, each instrument is linked to an asset or liability, or an operational or financing transaction. Management of these instruments, which are mostly traded on organised or related markets, is centralised. Financial institutions are selected on their national grading to limit risks and to provide diversification.

The University's investment policy is designed to limit exposure to financial risks and no portfolio that has speculative characteristics is utilised. A money-market division and four independent investment management companies are responsible for managing these related risks.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****3. FINANCIAL RISK MANAGEMENT (continued)****3.1 FINANCIAL RISK FACTORS**Market risk**(i) Price risk**

The University's exposure to equity securities price risk arises from investments held by the University and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL).

To manage its price risk arising from investments in equity securities, the University diversifies its portfolio. Diversification of the portfolio is done in accordance with the prescripts set by the Committee for Investments. The majority of the University's equity investments are publicly traded and are included in listed shares that are traded on the Johannesburg Securities Exchange. The risk exists that the value of these financial instruments may fluctuate as a result of changes in the market price.

A 1% movement of the ALSI of the JSE, while all other variables held constant and all the University's equity instruments moved accordingly, would affect the value of the investments to be R4 568 000 higher/lower as at 31 December 2019 (2018: R3 443 000) (refer to note 9.1). Owing to the unpredictability of equity market returns, a general indicative percentage of 1% is used to highlight the changes in market value of equity investments.

**(ii) Cash flow and fair value interest rate risk**

In the case of long-term borrowings, the University's interest rate risk is limited because loans are only entered into at a fixed interest rate and in South African currency. Borrowings issued at fixed rates expose the University to fair value interest risk. Interest rates on overdraft facilities are linked to the prime rate and are floating. Income and operating cash flows are substantially independent of changes in the market interest rates and therefore no formal interest rate risk management policy exists.

Interest rate risk and therefore cash flow risk arises mainly from cash and cash equivalents.

At 31 December 2019 an investment performance measurement was done by the University which indicated an actual yield on the University's cash and cash equivalent portfolio of 8,01% (2018: 7,93%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R15 626 000 higher/lower (2018: R11 984 000).

**(iii) Credit risk**

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures regarding outstanding receivables.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 3. FINANCIAL RISK MANAGEMENT (continued)

##### 3.1 FINANCIAL RISK FACTORS (continued)

###### Market risk (continued)

###### (iii) Credit risk (continued)

The University's policy is designed to limit exposure to any single financial institution. Council evaluates the financial institutions annually and sets a credit limit for each institution. The University's investments in debt instruments are considered to be low-risk investments. Cash and cash equivalents as well as investments are only placed with reputable financial institutions with high credit ratings.

No credit evaluations are done for trade receivables – other debtors, nor for student debtors.

The University also does not require any collateral as security.

This credit risk exposure is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration. Students with an outstanding balance from the previous year are only permitted to renew their registration after settling the outstanding amount as well as paying the current year's initial requirements. (Refer to note 14 for detailed disclosure.)

Credit risks are limited by the large number of clients, the diversity of the University's activities and a strict recovery policy. The University is of the opinion that no significant concentration of risk that has not been insured or adequately provided for existed at year end.

Trade receivables, contract assets, debt investments carried at amortised cost and debt instruments carried at FVOCI are subject to the expected credit loss model. (Refer to note 11b.)

The maximum credit exposure in relation to debt investments that are measured at fair value through profit or loss at the end of the reporting period is the carrying amount of these investments.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

###### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash levels and ensuring availability thereof to meet obligations when due. Constant monitoring, cash management and thorough cash planning ensure that the University is able to meet its commitments at all times, under both normal and stressed conditions. The University has minimised the risk of liquidity, as is reflected in its substantial cash and cash equivalents.

	<b>2019</b>	<b>2018</b>
Listed investments – shares and bonds	56%	62%
Cash and cash equivalents	44%	38%
Total	100%	100%

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 3. FINANCIAL RISK MANAGEMENT (continued)

## 3.1 FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

The table below analyses the University's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed are the undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	R'000	R'000	R'000
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years
<b>Liabilities at amortised cost</b>			
<b>2019</b>			
Borrowings	6 290	6 290	0
Trade and other payables	445 454	0	0
	<u>445 454</u>	<u>0</u>	<u>0</u>
<b>2018</b>			
Borrowings	13 679	12 581	0
Trade and other payables	359 232	0	0
	<u>359 232</u>	<u>0</u>	<u>0</u>
		<b>2019</b>	<b>2018</b>
		R'000	R'000
<b>Liquidity ratio</b>			
Current assets *			
Inventories		30 238	52 084
Trade and other receivables		227 631	299 514
Income tax receivable		26	37
Straight line lease accrual		3 049	0
Non-current assets classified as held for sale		0	10 229
Cash and cash equivalents		424 526	215 269
		<u>685 470</u>	<u>577 133</u>
Current liabilities			
Trade and other payables		445 454	359 232
Contract liabilities		40 903	34 314
Income tax payable		61	342
Current portion of interest-bearing borrowings		5 682	12 227
Current portion of post-employment benefits		162 158	36 601
Current portion of deferred grant income		126 759	87 036
Current portion of lease liabilities		43 964	0
Income received in advance		91 607	56 610
		<u>916 588</u>	<u>586 362</u>
Net liquidity of operations		<u>(231 118)</u>	<u>(9 229)</u>
Ratio		<u>0.75</u>	<u>0.98</u>

\* Current portion of investments is not included in the calculation of the liquidity ratio as it is the intention of the University to reinvest these investments when they mature in investments of the same nature as our non-current investments portfolio.

## 3.2 CAPITAL MANAGEMENT

The University's objectives when managing capital are to safeguard the University's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. A well-planned budgeting process is followed each year to meet these objectives. A sound financial position has been established by limiting exposure to debt and increasing investments and cash balances.

**Assets**

Investments (current and non-current)	3 684 127	2 812 659
Cash and cash equivalents	424 526	215 269
Total	<u>4 108 653</u>	<u>3 027 928</u>



## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 3. FINANCIAL RISK MANAGEMENT (continued)

## 3.2 CAPITAL MANAGEMENT (continued)

	2019	2018
	R'000	R'000
<b>Liabilities</b>		
Non-current liabilities (excluding deferred income)	555 349	629 398
Current liabilities (excluding deferred income)	789 829	499 325
Capital commitments (infrastructure) (note 30)	95 845	128 221
Contractual obligations - operating leases (note 30)	0	119 604
<b>Total</b>	<b>1 441 023</b>	<b>1 376 548</b>
Net position	<b>2 667 630</b>	<b>1 651 380</b>

The greater part of capital commitments is being financed through a subsidy from the Department of Higher Education and Training.

## 3.3 FAIR VALUE ESTIMATION

The fair value of financial and non-financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the University is the current bid price. These instruments are included in Level 1 of the table below. Instruments comprise primarily JSE equity investments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The University uses a variety of methods and applies assumptions based on market conditions existing at each reporting date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

The carrying values of the following financial assets and liabilities are deemed to approximate their fair value: cash and cash equivalents, trade and other receivables and trade and other payables. An explanation of these is given by means of notes with regard to each item.

Note 9 contains further information with regard to investments and note 17 with regard to borrowings.

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2019.

	Level 1	Level 2	Total
	R'000	R'000	R'000
<b>Assets</b>			
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	456 806		456 806
Bonds	86 387		86 387
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 543	1 543
<b>Total assets</b>	<b>543 193</b>	<b>1 543</b>	<b>544 736</b>

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1	Level 2	Total
	R'000	R'000	R'000
<b>Assets</b>			
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	344 316		344 316
Bonds (previously classified as held-to-maturity)	39 185		39 185
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 327	1 327
<b>Total assets</b>	<b>383 501</b>	<b>1 327</b>	<b>384 828</b>

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the University's accounting policies.

Estimates, assumptions and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the University and that are believed to be reasonable under the circumstances.

##### 4.1 Critical accounting estimates and assumptions

Estimates and assumptions having a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

###### (i) Property, plant and equipment

The University annually estimates the useful life and the expected residual value of items of property, plant and equipment for measurement and ensures that changing circumstances are taken into account.

###### (ii) Employee benefits

The present value of the employee-benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for benefits include the discount rate, the expected salary and pension increase rates, mortality rates, contribution rates and number of dependents. Any changes in these assumptions will have an impact on the charge to surplus or deficit and other comprehensive income and may affect planned funding of the employee benefits.

The appropriate discount rate is determined at the end of each year, which represents the interest rate that should be used to determine the present value of the estimated future cash flows expected to be required to settle the pension, disability and post-retirement medical obligations. The expected increases in salaries and pensions are based on inflation rates, adjusted for salary scales.

Other key assumptions for pension, disability and medical obligations are based in part on current market conditions. Additional information is disclosed in note 18.

###### (iii) Loss allowance for impairment of trade receivables and contract assets

Measurement of expected credit loss allowance for trade receivables and contract assets. Management need to classify and group receivables according to characteristics and identify key assumptions in determining the loss rate.

###### (iv) Impairment of goodwill

Goodwill is allocated to the University's cash-generating units (CGUs). The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require the use of estimates (refer to note 8).

##### 4.2 Significant judgements

###### (i) Impairment of financial instruments

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The University uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the University's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

#### 5. NUMBER OF EMPLOYEES

The number of permanent employees and fixed term employees with benefits on 31 December 2019 totalled 3 918 (2018: 3 804).

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6a. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements (R'000)	Land	Buildings and other improvements *	Vehicles	Furniture	Laboratory equipment	Specialised equipment	Computer equipment	Servers and Printers	Synthetic hockey field	Low value assets	Computer equipment less than R5 000	Right-of-use assets **	Total
Carrying amount at 31/12/17	30 388	913 363	33 938	53 677	43 552	157 624	65 703	28 346	822	30 846	2 493	0	1 360 752
Cost	30 388	1 098 094	49 053	145 583	125 157	393 883	240 273	98 163	2 666	52 242	4 216	0	2 239 718
Accumulated depreciation	0	(184 731)	(15 115)	(91 906)	(81 605)	(236 259)	(174 570)	(69 817)	(1 844)	(21 396)	(1 723)	0	(878 966)
Additions during the year	0	65 931	8 524	6 393	9 665	25 632	35 839	8 355	1 726	15 241	2 213	0	179 519
Depreciation for the year	0	(1 108)	(2 107)	(12 658)	(12 281)	(28 778)	(38 907)	(11 865)	(27)	(20 018)	(1 663)	0	(129 411)
Cost of disposals/scrappings during the year	(17)	0	(2 147)	(6 029)	(28 193)	(9 724)	(59 877)	(24 079)	(1 333)	(14 719)	(1 003)	0	(147 120)
Accumulated depreciation of disposals	0	0	772	5 952	28 178	9 724	59 728	24 072	1 333	14 870	1 053	0	145 681
Carrying amount at 31/12/18	30 371	978 186	38 980	47 335	40 921	154 478	62 486	24 829	2 521	26 220	3 093	0	1 409 422
Cost	30 371	1 164 025	55 430	145 947	106 629	409 791	216 235	82 439	3 059	52 764	5 426	0	2 272 117
Accumulated depreciation	0	(185 839)	(16 450)	(98 612)	(65 708)	(255 313)	(153 749)	(57 610)	(538)	(26 544)	(2 333)	0	(862 695)
Additions during the year	342	92 186	5 517	21 375	11 889	34 710	75 747	33 033	8 642	13 464	2 382	99 244	398 532
Depreciation for the year	0	(7 140)	(2 404)	(11 041)	(11 761)	(27 763)	(42 936)	(15 352)	(1 156)	(17 149)	(2 041)	(37 779)	(176 522)
Cost of disposals/scrappings during the year	0	0	(3 064)	(3 141)	(3 353)	(6 405)	(47 700)	(26 959)	0	(19 425)	(1 172)	0	(111 219)
Accumulated depreciation of disposals	0	0	1 075	2 940	3 259	6 212	47 262	26 935	0	19 423	1 172	0	108 279
Carrying amount at 31/12/19	30 713	1 063 233	40 105	57 468	40 955	161 233	94 859	42 485	10 006	22 534	3 434	61 465	1 628 491
Cost	30 713	1 256 211	57 883	164 181	115 166	438 097	244 281	88 513	11 701	46 803	6 636	99 244	2 559 430
Accumulated depreciation	0	(192 979)	(17 778)	(106 713)	(74 210)	(276 864)	(149 423)	(46 027)	(1 695)	(24 270)	(3 202)	(37 779)	(930 938)

Buildings and equipment with a cost price of R33 875 000 (2018: R26 712 000), funded with Government grants, were not included above (note 2.14.2).

Government grants are recognised as deferred income (current liability) and then applied against the cost of the relevant asset as the asset is obtained/developed, in accordance with IAS 20.

All assets are unencumbered. All disposals of land and buildings acquired with the financial support of the government require approval from the Minister of Higher Education in terms of the Higher Education Act.

The University has a ten-year rolling plan in accordance with which large-scale building maintenance takes place and which is evaluated annually in order to properly maintain the buildings.

The assets register with full particulars of land and buildings is available for inspection at the registered address of the University.

Refer to note 30 regarding capital commitments.

\* Included are buildings still under construction at year end to an amount of R31,6 million for 2019 (2018: R3,0 million).

\*\* Refer to notes 6b and 34 regarding right-of-use assets.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****6b. LEASES**

This note provides information for leases where the University is a lessee.

## (i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
Right-of-use assets		
Buildings	61 465	0
Lease liabilities		
Non-current (discounted amount)	22 558	0
Current	43 964	0
	<u>66 522</u>	<u>0</u>

## (ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets (included in depreciation)	37 779	0
Interest expense (included in finance cost)	7 171	0
Expense relating to short-term leases (included in operating cost)	1 791	0

The total cash outflow for leases in 2019 was R46 741 000.

## (iii) The University's leasing activities and how they are accounted for

The University leases various buildings, mainly to accommodate students as well as offices where needed. Rental contracts are typically made for fixed periods of 12 months to 3 years, but may have extension options.

Contracts may contain both lease and non-lease components. For leases of real estate for which the University is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis although terms and conditions are of a similar nature. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the University.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), but not lease payments to be made under extension options.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****6(b). LEASES (continued)**

(iii) The University's leasing activities and how they are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for the University, the University's incremental borrowing rate is used, being the rate that the University would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-in-use asset in a similar economic environment with similar terms, security and conditions.

The University as at date of applying IFRS 16 Leases, did not have finance lease liabilities and had minimal external borrowings. The 3 month Jibar rate of 7,15% as on 1 January 2019 was used as an indication of the weighted average incremental borrowing rate for the University.

Lease payments are allocated between principal and finance cost. The finance cost is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- \* the amount of the initial measurement of lease liability
- \* any lease payments made at or before the commencement date.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in surplus or deficit. Short-term leases are leases with a lease term of 12 months or less.

(iv) Contractual maturities of lease liabilities

The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**As at 31 December 2019**

	<b>R'000</b>
Between 1 and 2 years	43 964
Between 2 and 5 years (discounted amount R22 558 000)	29 268
Total contractual cash flows	<u>73 232</u>

**7. INVESTMENT PROPERTIES**

	<b>2019 R'000</b>	<b>2018 R'000</b>
Carrying amount at beginning of year	18 831	19 328
Cost	24 862	24 862
Accumulated depreciation	(6 031)	(5 534)
Transfers to property, plant and equipment / disposals	(535)	0
Accumulated depreciation with transfers / disposals	193	0
Depreciation	(487)	(497)
Carrying amount at end of year	18 002	18 831
Cost	24 326	24 862
Accumulated depreciation	(6 325)	(6 031)

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
<b>7. INVESTMENT PROPERTIES (continued)</b>		
Income	10 867	11 557
Rental income (short-term investment income - note 27)	10 867	11 125
Interest received	0	116
Other	0	316
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	9 011	2 544
Personnel remuneration	683	490
Maintenance - buildings	5 111	189
Municipal fees and property tax	1 020	0
Operating costs	67	128
Services outsourced	1 643	1 240
Depreciation	487	497
Net surplus from investment properties	<u>1 856</u>	<u>9 013</u>

The fair value measurement for investment properties has been categorised as a Level 3 under IFRS 13.

Investment properties consist of various business buildings that are leased.

Valuations of investment property are done every 5 years.

Valuations were done in 2017 by Acom Valuers, who have appropriate qualifications and experience in the valuation of the investment property being valued.

Assumptions used for the valuation of Cachet Park include an occupancy rate of 95% and a rental margin of 67,9%.

No tax implications were applicable.

Present value of future cash flow projections, based on lease agreements, were used in the calculation of the fair value to the amount of R82 000 000, using a discount rate per annum of 9,50%.

Investment properties - Other: The fair value amounts to R3 650 000. Valuation was done in 2016 by Danie Rothman Accountants. This firm has the appropriate qualifications and experience to perform valuations.

The Nest Complex is now owner-occupied and was transferred to property, plant and equipment during 2019.

The sensitivity analysis below shows the impact on the fair value of the investment property to changes in key valuation assumptions.

R'000	Discount rate		
	8,50%	9,50%	10,50%
Rental (5% decrease)	87 065	77 900	70 481
Rental (per valuers' report)	91 647	82 000	74 190
Rental (5% increase)	96 229	86 100	77 900

All assets are unencumbered. All disposals of land and buildings acquired with the financial support of the government require approval from the Minister of Higher Education in terms of the Higher Education Act, 1997 (Act No. 101 of 1997).

## Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts may include CPI increases, but there are no other variable lease payments that depend on an index or rate.

	2019 R'000	2018 R'000
Minimum lease payments receivable on leases of investment properties are as follows:		
Within 1 year	9 220	9 536
Between 1 and 2 years	8 597	9 220
Between 2 and 3 years	8 323	8 597
Between 3 and 4 years	7 749	8 323
Between 4 and 5 years	7 248	7 749
Later than 5 years	7 987	15 234
	<u>49 123</u>	<u>58 659</u>

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 8. INTANGIBLE ASSETS

	2019 R'000	2018 R'000
Goodwill (with acquisition of OpenCollab Proprietary Limited)	950	950

#### Impairment tests for goodwill

The recoverable amount is determined annually, based on value-in-use calculations for the past five years. These calculations use pre-tax cash flow projections.

#### 9. INVESTMENTS

##### 9.1 Total investments

##### Financial assets at fair value through profit or loss (FVPL) as elected at initial recognition.

Comprise:

- \* Debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- \* Equity investments that are held for trading, and
- \* Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Refer to note 2.8 and note 12.

	2019 R'000	2018 R'000
<b><i>Investments at FVPL</i></b>		
<u>Unlisted investments</u>		
Unlisted shares that do not qualify as an investment in equity-accounted investees	1 543	1 327
<u>Listed investments</u>		
Shares in public companies	456 806	344 316
Bonds	86 387	39 185
	<u>544 736</u>	<u>384 828</u>

##### Financial assets at amortised cost

Comprised of assets that meet both of the following criteria:

- \* asset is held within a business model whose objective is to collect the contractual cash flows, and
- \* the contractual terms give rise to cash flows that are solely payments of principal and interest.

Refer to note 2.8.

Committee for investments (cash portfolio)	(1 435)	107 287
Other (money market portfolio)	3 140 826	2 320 544
	<u>3 139 391</u>	<u>2 427 831</u>

##### Financial assets at FVPL and at amortised cost

##### Presented as follows:

Non-current assets	2 974 008	858 580
Current assets	710 119	1 954 079
<b>Total investments</b>	<u>3 684 127</u>	<u>2 812 659</u>

The University reinvests all investments which mature in investments of similar long-term nature.

The carrying values (cost) of investments held at fair value are as follows:

The market value of listed investments represents the closing prices at year-end as fixed on the Johannesburg Securities Exchange. The valuation of unlisted investments which takes place on the reporting date in accordance with relevant valuation bases (note 2.8) is regarded to be the same value as reflected above.



## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 9. INVESTMENTS (continued)

## 9.1 Total investments (continued)

**Other information**

Realised profits or losses on the disposal of investments are included in investment income (note 27).

The register with full particulars of the above-mentioned investments is available for inspection at the registered address of the University.

Refer to notes 3 and 11 for additional disclosure on financial instruments.

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>Amounts recognised in the statement of comprehensive income</b>		
The following amounts were recognised in surplus or deficit:		
Fair value gains/(losses) on debt instruments at FVPL		
Shares in public companies	(130 442)	(29 836)
Unlisted shares - not investments in equity-accounted investees	216	274
	<u>(130 226)</u>	<u>(29 562)</u>

## 9.2 Investment in subsidiaries

The University is the ultimate holding entity of the group.

All the subsidiary entities are incorporated in South Africa and their principal place of business is situated in South Africa.

**Details as reflected in the respective entities' annual financial statements**Molopo Sun Proprietary Limited (100% interest)

The principal business of the company is the rental of equipment to the University.

Carrying amount of shares	0	3
Attributable (loss)/profit after tax	<u>0</u>	<u>(6)</u>

Molopo Sun Proprietary Limited was deregistered during 2019.

PUK Kanselierstrust (100% interest)

The principal business of the trust is to promote higher education at the University.

Carrying amount of trust funds	1 452	1 422
Attributable profit	<u>29</u>	<u>29</u>

PUK Ontwikkelingstrust (Incorporated association not for gain) (100% interest)

The principal business of the company is to generate funds in order to realise the vision and mission of the University.

Carrying amount: Reserves	13 922	13 922
Attributable loss: Non-distributable	<u>0</u>	<u>(17)</u>

OpenCollab Proprietary Limited (94,90% interest)

The principal business of the company is to provide software development, maintenance, support and consulting services.

Carrying amount of shares	0 *	0 *
Attributable profit after tax	<u>480</u>	<u>1 483</u>

Intsyst Labs Proprietary Limited (100% interest)

The principal business of the company is research into and development of intelligent systems.

Carrying amount of shares	0	0 *
Attributable loss after tax	<u>(4)</u>	<u>(28)</u>

Intsyst Labs Proprietary Limited was deregistered during 2019.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 9. INVESTMENTS (continued)

## 9.2 Investment in subsidiaries (continued)

Details as reflected in the annual financial statements (continued)

	<u>2019</u> <u>R'000</u>	<u>2018</u> <u>R'000</u>
<u>Innovation Highway Proprietary Limited (100% interest)</u>		
The principal business is acting as holding company as well as an incubator for early venturing in a commercial environment, from which fully-fledged spin-out companies will be formed.		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	<u>(839)</u>	<u>(24)</u>
<u>Innovation Highway Enterprises Proprietary Limited (100% interest)</u>		
The principal business of the company is technology transfer, innovation and business commercialisation and any other related activities.		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	<u>(17)</u>	<u>(17)</u>
<u>Hydrogen Core Technologies Proprietary Limited (100% interest)</u>		
The principal business of the company is the commercialisation of HySA technologies (under DST funding)		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	<u>(14)</u>	<u>(5)</u>
<u>Hyfra Proprietary Limited (100% interest)</u>		
The principal business of the company is the commercialisation of HySA technologies (outside DST funding)		
Carrying amount of shares	0 *	0 *
Attributable profit after tax	<u>0</u>	<u>0</u>
<u>Platforum Proprietary Limited (19% (2018: 100% interest))</u>		
The principal business of the company is the development of additive manufacturing technology.		
Carrying amount of shares	0 *	0 *
Attributable profit after tax	<u>0</u>	<u>0</u>
<u>North West Fibre Proprietary Limited (100% interest) (2016: 50% interest)</u>		
The principal business of the company is the development of fibre technology.		
Carrying amount of shares	0 *	0 *
Attributable profit after tax	<u>0</u>	<u>0</u>
<b>Total assets and liabilities of consolidated subsidiaries</b>		
Assets	<u>33 403</u>	<u>30 277</u>
Liabilities	<u>(1 070)</u>	<u>(48)</u>

\* Amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 9. INVESTMENTS (continued)

##### 9.2 Investment in subsidiaries (continued)

###### Mortgages

Loan account to Molopo Sun Proprietary Limited: The University previously subordinated its claim with respect to this loan to claims of other creditors. Molopo Sun Proprietary Limited was deregistered during 2019.

The University has no other interest or investments in unconsolidated or structured entities.

###### Other

PURCO SA is the purchasing consortium of the Higher Educational sector in South Africa. North-West University is a member of the consortium. NWU is entitled to utilise PURCO SA on specific tenders to obtain the best prices. PURCO SA is not a subsidiary, associate, joint venture or unconsolidated special purpose entity.

#### 10. EQUITY-ACCOUNTED INVESTEEES

	2019 R'000	2018 R'000
Balance at beginning of year	1 098	107
(Disposal)/acquisition of holding in investees *	(0) *	0
Movement for the year	269	991
Share of (loss)/profit	0	(106)
Loan to Finclude Technologies Proprietary Limited	269	1 097
Balance at end of year	<u>1 367</u>	<u>1 098</u>

\* Amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

The University's share of the results of its principal equity-accounted investees, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Assets R'000	Liabilities R'000	Revenue R'000	Profit/(loss) R'000	Interest held
<b>2019</b>					
- Ambixtra Proprietary Limited #	36 629	59 492	0	(2 513)	24%
- Finclude Technologies Proprietary Limited	4 483	5 864	4 517	(1 068)	35%
	<u>41 112</u>	<u>65 355</u>	<u>4 517</u>	<u>(3 581)</u>	
<b>2018</b>					
- Ambixtra Proprietary Limited	34 611	52 675	18	(2 992)	22%
- Finclude Technologies Proprietary Limited	3 476	3 993	6 473	(581)	35%
	<u>38 087</u>	<u>56 668</u>	<u>6 491</u>	<u>(3 573)</u>	

All the equity-accounted entities are incorporated in South Africa.

The University's interests in associate entities are considered to be non-material and their activities are not strategic to those of the University. The associated risk is therefore minimal. No dividends were received.

Shareholders agreements with both Festicide Proprietary Limited and Kemajo Innovations Proprietary Limited were cancelled during 2019 as both projects were terminated.

- # Ambixtra Proprietary Limited is a start-up operation funded jointly by the Independent Development Corporation (IDC) and founders. As the company was expected to only start generating profit in 2019, the loan was impaired in full. Ambixtra Proprietary Limited has been struggling to stay afloat and the NWU has declared a dispute in February 2020. The NWU has also given contractual notice. It is expected that the entity will go into liquidation.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. FINANCIAL INSTRUMENTS

Financial instruments carried in the statement of financial position include investments, trade and other receivables, cash and cash equivalents, borrowings, derivatives, trade and other payables.

The fair values of these financial assets are deemed to approximate their carrying amounts.

#### 11a. FINANCIAL INSTRUMENTS BY CATEGORY

2019	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
<b>Assets</b>			
Investments and derivatives (note 9)	3 139 391	544 736	3 684 127
Trade and other receivables (note 14) (excluding prepayments and VAT)	216 987	0	216 987
Cash and cash equivalents (note 15)	424 526	0	424 526
Total	3 780 904	544 736	4 325 640
<b>Amortised cost R'000</b>			
<b>Total R'000</b>			
<b>Liabilities</b>			
Borrowings (note 17)		11 442	11 442
Trade and other payables (note 20)		445 454	445 454
Total		456 896	456 896
<b>Amortised cost R'000</b>			
<b>Total R'000</b>			
2018	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
<b>Assets</b>			
Investments and derivatives (note 9)	2 427 831	384 828	2 812 659
Trade and other receivables (note 14) (excluding prepayments and VAT)	284 695	0	284 695
Cash and cash equivalents (note 15)	215 269	0	215 269
Total	2 927 795	384 828	3 312 623
<b>Amortised cost R'000</b>			
<b>Total R'000</b>			
<b>Liabilities</b>			
Borrowings (note 17)		23 260	23 260
Trade and other payables (note 20)		359 232	359 232
Total		382 492	382 492
<b>Amortised cost R'000</b>			
<b>Total R'000</b>			

#### 11b. CREDIT QUALITY OF FINANCIAL ASSETS

The University has the following types of financial assets that are subject to the expected credit loss model:

- \* Debt investments carried at amortised cost
- \* Trade and other receivables
- \* Contract assets relating to research contracts

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

##### *Financial assets at amortised cost*

Financial assets at amortised cost include NCDs, treasury bills and listed corporate bonds, loans to related parties and other receivables.

Instruments are considered to be of low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. FINANCIAL INSTRUMENTS (continued)

##### 11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

###### *Trade receivables and contract assets*

The University applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets

Refer to note 2.11 for accounting policy and method of grouping of assets.

The following information was used to determine the expected loss allowance for both trade receivables and contract assets. Trade receivables were divided between student debtors and other debtors.

<u>STUDENT DEBTORS</u>	<b>Potch campus</b>	<b>Vaal campus</b>	<b>Mafikeng campus</b>
<b>31 December 2019</b>			
Groups as classified for payment collection purposes:			
NSFAS funded students	22 137	30 229	33 179
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Other government funded students	2 187	1 296	747
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	55 054	24 721	70 425
Historical 3 year average	27.28%	27.36%	21.66%
Open distance learning students	36 393	2 957	0
Management decision - students responsible for own funding	50.00%	50.00%	50.00%
	55 054	24 721	70 425
* Calculated percentage added for provision (refer to note below)	4.00%	3.00%	2.00%
Loss allowance per campus	<u>35 502</u>	<u>9 097</u>	<u>16 786</u>
<b>TOTAL LOSS ALLOWANCE</b>			<u><u>61 385</u></u>
<b>31 December 2018</b>			
Groups as classified for payment collection purposes:			
NSFAS funded students	28 154	31 820	45 409
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Other government funded students	2 881	473	1 417
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	55 312	26 618	73 638
Historical 3 year average	28.59%	26.13%	20.95%
Open distance learning students	26 492	0	0
Management decision - students responsible for own funding	50.00%	50.00%	50.00%
	55 312	26 618	73 638
* Calculated percentage added for provision (refer to note below)	4.00%	3.00%	2.00%
Loss allowance (R'000) per campus	<u>31 381</u>	<u>7 869</u>	<u>17 071</u>
<b>TOTAL LOSS ALLOWANCE (R'000)</b>			<u><u>56 321</u></u>

**Note:** Calculated % added for provision

\* Taken into account the possible impact that fees must fall movement may have on the University and the recoverability of the student debt, this percentage is added and relates to forward looking information.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 11. FINANCIAL INSTRUMENTS (continued)

## 11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

## SUNDRY DEBTORS

31 December 2019	Rating	PD (90+ days)	Total R
Classified groups:			
Government	BB+	0.0036	25
Similar to government and universities	BB	0.0058	186
Municipalities	BB-	0.0105	5
Corporates with balances above R1 million (5 customers)	individually calculated PD		109
Corporates with balances under R1 million		0.2774	27
Individuals and other	Full amount 90 days and longer outstanding		7 513
Loss allowance			<u>7 865</u>

## 31 December 2018

Classified groups:			
Government	BB+	0.0036	27
Similar to government and universities	BB	0.0058	149
Municipalities	BB-	0.0105	3
Corporates with balances above R1 million (6 customers)	individually calculated PD		82
Corporates with balances under R1 million		0.3082	21
Individuals and other	Full amount 90 days and longer outstanding		4 702
Loss allowance			<u>4 984</u>

The expected credit loss on contract assets at year end amounts to R17 400 (2018: R32 800) and is considered non-material.

## Exposure per category:

	2019 R'000	2018 R'000
Investments (note 9)		
FVPL - listed shares	456 806	344 316
FVPL - unlisted shares	1 543	1 327
FVPL - bonds	86 387	39 185
Amortised cost - money market instruments *	3 139 391	2 427 831
Trade and other receivables (note 14)	227 631	299 514
Cash and cash equivalents	424 526	215 269
Total	<u>4 336 284</u>	<u>3 327 442</u>

\* An amount of R3 125 256 000 (2018: R2 154 679 000) is invested in "AA" Bank NCDs with guaranteed buy back. Same day settlement.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Balance at beginning of year	384 828	377 182
Additions/(disposals) - shares in public entities	242 932	(1 977)
Additions - bonds	47 202	39 185
Net loss transferred to surplus or deficit	(130 226)	(29 562)
Balance at end of year	<u>544 736</u>	<u>384 828</u>

There were no impairment provisions made on financial assets at fair value through profit or loss (FVPL) in 2019 and 2018.

FVPL financial assets include the following:

## Listed securities:

Shares in public entities	456 806	344 316
Bonds	86 387	39 185

## Unlisted securities:

Investments that do not qualify as an investment in equity-accounted investees	1 543	1 327
	<u>544 736</u>	<u>384 828</u>

FVPL financial assets are denominated in rand and none of the assets are impaired.

The fair value of unlisted securities is based on cash flows and other valuation techniques (note 2.9).

The maximum exposure to credit risk at the reporting date is the carrying value of the securities.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
<b>13. INVENTORIES</b>		
Net realisable value (see note 26)		
Foodstuffs (Residence and Catering Services)	4 663	2 418
Publications and study materials	716	30 354
Other consumables	21 895	17 947
Veterinary health	2 964	1 365
	30 238	52 084
At cost		
Foodstuffs (Residence and Catering Services)	4 925	2 650
Publications and study materials	2 993	31 312
Other consumables	23 051	17 950
Veterinary health	2 964	1 365
	33 933	53 277
Obsolete inventory in the amount of R3 695 000 (2018: R1 193 000) was written off (see note 26).		
<b>14. TRADE AND OTHER RECEIVABLES</b>		
Balance at beginning of year	237 425	335 388
Plus: Net movement	0	(48 879)
	237 425	286 509
Less: Bad debts written off	(50 224)	(49 084)
Balance at end of year	187 202	237 425
Less: Loss allowance	(69 250)	(61 306)
Balance at beginning of year - calculated under IAS 39	(61 306)	(99 111)
Amounts restated through opening retained earnings	0	48 878
Debtors written off during current year	50 224	49 084
Allowance for credit losses created in current year	(58 168)	(60 157)
Balance at end of year	117 952	176 120
<b><u>Details of trade and other receivables</u></b>		
Students		
Tuition and residence fees	207 222	271 656
Less: Loss allowance	(61 385)	(56 321)
<b>Sub-total: Students</b>	145 837	215 335
<b>Sub-total: Advances and prepayments</b>	8 337	12 967
Other debtors	81 322	76 196
Projects: Services rendered	59 317	58 478
VAT	2 308	1 851
Other	19 697	15 867
Less: Loss allowance	(7 865)	(4 984)
<b>Sub-total: Other debtors</b>	73 457	71 212
<b>Total trade and other receivables</b>	227 631	299 514



**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****14. TRADE AND OTHER RECEIVABLES (continued)****Student receivables**

Student debtors who have not paid their accounts by the autumn graduation ceremony of the following year are considered non-recoverable or doubtful and handed over to attorneys for collection. Current student debtors are also not allowed to register for studies unless outstanding balances are settled or repayment contracts have been negotiated. The increase or decrease in the loss allowance, debts written off, as well as amounts previously written off and recovered during the year, are included in current operating expenditure. Refer to note 2.11 for accounting policy and calculation of expected credit loss (ECL).

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
Movement in the loss allowance for student debtors:		
Balance at beginning of year - calculated under IAS 39	56 321	70 842
Amounts restated through opening retained earnings	0	(23 099)
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	56 321	47 743
Student debtors written off during current year as uncollectable	(47 141)	(47 573)
Increase in expected loss allowance during the year	52 205	56 151
Balance at end of year	<u>61 385</u>	<u>56 321</u>
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2019)	61 385	56 321
Student debtors past due but not impaired (enrolled again in 2020)	145 837	215 335
Total balance at end of year	<u>207 222</u>	<u>271 656</u>

**Other debtors**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments for a period of 90 days or more.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Refer to note 2.11 for accounting policy and calculation of expected credit loss (ECL).

Movement in the loss allowance for sundry debtors:		
Balance at beginning of year - calculated under IAS 39	4 984	28 268
Amounts restated through opening retained earnings	0	(25 778)
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	4 984	2 490
Other debtors written off during current year as uncollectable	(3 082)	(1 511)
Increase in expected loss allowance during the year	5 963	4 006
Balance at end of year	<u>7 865</u>	<u>4 984</u>

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>14. TRADE AND OTHER RECEIVABLES (continued)</b>		
The fair values of trade and other receivables are as follows:		
Student debtors	145 837	215 335
Other debtors	71 150	69 361
Financial assets	216 987	284 696
Advances and prepayments	8 337	12 967
VAT	2 308	1 851
Total	<u>227 631</u>	<u>299 514</u>

The fair value is deemed to approximate the carrying amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The University does not hold any collateral as security.

**15. CASH AND CASH EQUIVALENTS**

Short-term bank deposits	210 039	147 146
Bank balances	213 507	67 221
Petty cash advances	980	902
	<u>424 526</u>	<u>215 269</u>

The weighted average effective interest rate on short-term bank deposits was 8,01% (2018: 7,93%).

The fair value is deemed to approximate the carrying amounts.

The cash and cash equivalents are managed together with investments according to the financial needs of the University. Funds are totalled and restricted funds are not managed separately.

Unspent earmarked grant funds of R433 279 000 (2018: R367 290 000) are included in the total funds of the University consisting of cash and cash equivalents and investments. These funds are restricted it may only be used for specific grant requirements.

The reserves have been split between restricted funding and non-restricted funding.

Guarantees of R1 324 000 are currently held by ABSA Bank (2018: R1 324 000).

**16. EQUITY**

The movement in equity is the result of the normal financial cycle after fair value adjustments had been made. Refer to note 9 for detail.

Transfers between funds include the following:

- If the utilisation of funds results in the creation of an asset, the amount so utilised is transferred from its relevant fund to property, plant and equipment funds. It also includes depreciation;
- Where Council has designated funds for specific purposes, e.g. bursaries;
- Funds allocated for financing of major capital expenditure projects (funds held for investment in property, plant and equipment); and
- on completion of certain projects/defined activities, the surplus is transferred to designated funds.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

<b>17. BORROWINGS - INTEREST-BEARING</b>	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>Carrying amounts</b>		
First National Bank - PUK Sport Village and extension of Excelsior Hostel	0	6 802
First National Bank - New residence	11 442	16 458
Total borrowings	11 442	23 260
Less: Current portion	5 682	12 227
Non-current liabilities	5 760	11 033

#### Represented as follows:

First National Bank - PUK Sport Village and extension of Excelsior Hostel

Total - First National Bank loan	0	6 802
Less: Current portion	0	6 802
Non-current liabilities	0	0

A FirstRand Bank Negotiable Certificate of Deposit served as security for the loan. This loan beared interest at a fixed rate of 10,20% per annum. Repayments took place in equal annual instalments in the amount of R7 389 000 (including interest and capital), with a final instalment paid on 21 October 2019.

First National Bank - New residence

Total - First National Bank loan	11 442	16 458
Less: Current portion	5 682	5 425
Non-current liabilities	5 760	11 033

A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 9,20% per annum. Repayments take place in equal annual instalments in the amount of R6 290 000 (including interest and capital), with a final instalment due on 28 July 2021.

Borrowings are carried at amortised cost using the effective rate method.

The fair value approximates the carrying amount.

#### Maturity of borrowings (capital and interest):

Less than 1 year	6 290	13 679
Between 1 and 2 years	6 290	12 581
Between 3 and 5 years	0	0
	12 579	26 260

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS

	2019 R'000	2018 R'000
<b>ASSETS</b>		
Net assets recognised in the statement of financial position		
North-West University Pension Fund (note 18.1)	351 991	405 220
<b>Total employee benefit assets</b>	<u>351 991</u>	<u>405 220</u>
<b>LIABILITIES</b>		
Accrued leave	529 255	495 906
Post-employment medical benefits (note 18.3)	159 934	159 060
<b>Total employee benefit liabilities</b>	689 189	654 966
Less: Current liability - accrued leave	(162 158)	(36 601)
Total non-current liability	<u>527 031</u>	<u>618 365</u>

## 18.1 North-West University Pension Fund

The North-West University Pension Fund, which is registered in terms of and governed by the Pension Funds Act (Act 24 of 1956 (as amended)), was implemented on 1 January 1995. The North-West University Pension Fund has two fixed-benefit options, which were only available to members who changed from the Associated Institutions Pension Fund to the North-West University Pension Fund on 1 January 1995 – closed options (2019: 0,39% or 14 members and 2018: 0,47% or 17 members). A fixed-contribution option with a defined-benefit guarantee applied to all new members joining from 1 January 1995 (2019: 6,62% or 238 members and 2018: 7,30% or 265 members). This option closed in December 2003. A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2019: 92,80% or 3 336 members and 2018: 91,98% or 3 341 members). A statutory actuarial valuation of the North-West University Pension Fund is undertaken every three years. At 1 January 2020, the effective date of the most recent statutory actuarial valuation, the retirement benefit fund was found to have a surplus of R349 037 000.

Valuation calculations were done in terms of IAS19 (revised) in reporting on the defined benefit pension fund, with the following results:

	2019 R'000	2018 R'000
<b>Current estimated employee benefit obligation:</b>		
Present value of obligation	0	1 103 360
Fair value of plan assets	(351 991)	(1 537 319)
Impact of asset ceiling limitation (note 1)	0	28 739
Asset at year-end	<u>(351 991)</u>	<u>(405 220)</u>
<b>Recognised in profit or loss:</b>		
Current service costs (personnel remuneration)	0	29 424
Net interest (personnel remuneration)	(29 350)	(41 387)
	<u>(29 350)</u>	<u>(11 963)</u>
<b>Recognised in other comprehensive income:</b>		
Actuarial gain due to experience	(1 262)	(80 598)
Actuarial gain due to financial assumption changes	(4 966)	(86 876)
Actuarial loss due to the conversion (note 2)	65 560	0
Actuarial loss due to outsource of pensioners (note 3)	43 723	0
Actual return on assets	(42 107)	40 888
Expected return	50 370	156 530
Change in asset ceiling limitation	0	28 739
Total actuarial loss	<u>111 318</u>	<u>58 683</u>
Total actuarial loss	111 318	58 683
Irrecoverable surplus (effect on asset ceiling)	(28 739)	(57 814)
	<u>82 579</u>	<u>869</u>

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS (continued)

## 18.1 North-West University Pension Fund (continued)

	2019	2018
	R'000	R'000
<b>Recognised in the statement of financial position:</b>		
Opening net asset	(405 220)	(372 983)
Expense	(29 350)	(11 963)
Contribution	0	(21 143)
Remeasurements recognised in other comprehensive income	111 318	58 683
Irrecoverable surplus (effect on asset ceiling)	(28 739)	(57 814)
Asset at year-end	<u>(351 991)</u>	<u>(405 220)</u>
<b>Movement in the liabilities:</b>		
Liability for defined-benefit obligations at 1 January	1 103 360	1 217 424
Interest cost	21 020	115 143
Service cost	0	29 424
Contribution	0	10 503
Benefits paid	(15 709)	(101 660)
Actuarial gain	(6 228)	(167 474)
Settlement 1 (note 2)	(674 025)	0
Settlement 2 (note 3)	(428 418)	0
Liability for defined-benefit obligations at 31 December	<u>0</u>	<u>1 103 360</u>
<b>Movement in the plan assets:</b>		
Fair value of plan assets at 1 January	1 537 319	1 648 221
Expected return on plan assets	50 370	156 530
Contribution	0	31 646
Benefits paid	(15 709)	(101 660)
Actuarial (loss)/gain	(8 263)	(197 418)
Assets in respect of active members converted to defined contribution (note 4)	(739 585)	0
Cost of insurance annuities brought for pensioners	(472 141)	0
Fair value of plan assets at 31 December	<u>351 991</u>	<u>1 537 319</u>

**Note:**

- The trustees have not allocated the surplus in terms of Practice Notice 2 of 2016, thus the surplus is limited until approved by the trustees.
- The Fund converted the defined benefit members to defined contribution with effective date 1 November 2018. As the Financial Sector Conduct Authority (FSCA) only approved the conversion on 12 June 2019, after the finalisation of the previous valuation, the defined benefit obligation was shown for these members in the previous valuation. To allow for the conversion, the obligation in respect of the defined benefit members are deducted from the opening obligation as at 31 December 2018.
- Insured annuities were purchased from Momentum for all pensioners, in the Fund's name, with effective dates of 1 June 2019 and 1 July 2019. The liability for the pensioners have therefore been calculated as at 31 December 2019 and the asset has been set equal to the value of the liabilities.
- The Fund converted the defined benefit members to defined contribution with effective date 1 November 2018. As the Financial Sector Conduct Authority (FSCA) only approved the conversion on 12 June 2019, after the finalisation of the previous valuation, the assets in respect of the defined benefit was included in the fair value of assets as at 31 December 2018. To allow for the conversion, the value of the defined contribution value of the converted members are deducted from the opening fair asset value as at 31 December 2018.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS (continued)

## 18.1 North-West University Pension Fund (continued)

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
<b>Plan assets comprise:</b>		
Local equity securities	48,8	49,6
International equity securities	22,5	25,1
Local fixed interest	9,7	12,3
International fixed interest	2,1	1,7
Local cash	5,1	2,7
Local commodities	1,4	2,0
Local property	10,4	6,6
	<u>100,0</u>	<u>100,0</u>
<b>Principal actuarial assumptions at 31 May 2019:</b>		
Inflation rate	5,70	6,40
Discount rate	9,03	9,89
Expected return on plan assets**	9,70	10,40
Expected future salary increases	6,70	7,40
	+ merit increases	+ merit increases
Expected pension increases	<u>5,20</u>	<u>5,90</u>
	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
<b>Principal actuarial assumptions at the reporting date (continued):</b>		
Mortality rates pre-retirement #	Not applicable	SA (56 - 62), rated down 3 years for female members
Mortality rates post-retirement	PA (90), rated down 1 year, 1% future mortality improvement	PA (90), rated down 1 year, 1% future mortality improvement

\*\* The expected investment return reflects the return anticipated and allowing for the asset mix and investment mandate. The return used in the valuation for the determination of the surplus or deficit charge in the year is the discount rate. The pension increases are determined by the extent to which the expected return on plan assets, including allowance for returns in excess of the discount rate above, exceeds the threshold rate of 4,5% per annum. The expected return used is based on the long term investment strategy of the Fund, which is to target CPI + 4% (i.e. 10,40%).

# The Fund no longer has any defined benefit liabilities and no assumptions were required as at 31 December 2019.

## 18.2 North-West University Disability Reserve Fund

The disability benefit is 82,5% of the member's pensionable salary as at the date of disability. In addition the fund pays the the employer contributions to the North-West University Pension Fund. The employee contribution of 7,5% is included in the 82,5% of pensionable salary. A decision was taken for the purposes of this valuation to include the employer contributions in the benefits payable. This additional liability was taken into account. A statutory actuarial valuation of the North-West Disability Reserve Fund is undertaken every three years. At 1 January 2020, the effective date of the recent statutory actuarial valuation, the disability reserve fund was found to have a surplus of R15 897 000.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS (continued)

## 18.2 North-West University Disability Reserve Fund (continued)

Valuation calculations in terms of IAS19 (revised) on the disability reserve fund were performed, with the following results:

	2019	2018
	R'000	R'000
<b>Current estimated employee benefit obligation:</b>		
Present value of obligation	17 918	18 567
Fair value of plan assets	(42 173)	(48 939)
Impact of asset ceiling	24 255	30 372
Asset at year-end	<u>0</u>	<u>0</u>
<b>Recognised in profit or loss:</b>		
Current service costs	971	793
Net interest	(2 253)	(3 365)
Reinsurance premiums	8 768	7 976
Total included in personnel remuneration	<u>7 486</u>	<u>5 404</u>
<b>Recognised in other comprehensive income:</b>		
Actuarial loss due to experience	3 371	1 188
Actuarial gain due to financial assumption changes	(3 282)	(1 866)
Actuarial loss due to demographic assumption changes (mortality of 3 pensioners)	0	725
Actual return on assets	(5 246)	3 453
Expected return	3 788	4 896
Impact of asset ceiling limitation	(6 117)	(13 800)
	<u>(7 486)</u>	<u>(5 404)</u>
<b>Recognised in the statement of financial position:</b>		
Opening net asset	0	0
Expense	7 486	5 404
Remeasurement recognised in other comprehensive income	(7 486)	(5 404)
Asset at year-end	<u>0</u>	<u>0</u>
<b>Movement in the liabilities:</b>		
Liability for defined-benefit obligations at 1 January	18 567	19 271
Interest cost	1 535	1 531
Service cost	971	793
Benefits paid (net of reinsurance recoveries)	(3 244)	(3 075)
Actuarial loss on obligation	89	47
Liability for defined-benefit obligations at 31 December	<u>17 918</u>	<u>18 567</u>
<b>Movement in the plan assets:</b>		
Fair value of plan assets at 1 January	48 939	63 443
Expected return on plan assets	3 788	4 896
Contribution (net of reinsurance premiums)	(8 768)	(7 976)
Benefits paid (net of reinsurance recoveries)	(3 244)	(3 075)
Actuarial gain/(loss) on assets	1 458	(8 349)
Fair value of plan assets at 31 December	<u>42 173</u>	<u>48 939</u>

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS (continued)

## 18.2 North-West University Disability Reserve Fund (continued)

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
<b>Plan assets comprise:</b>		
Local equity securities	50,5	54,2
International equity securities	30,1	28,2
Property	13,6	10,3
Bonds	3,8	5,2
Local cash	2,0	2,1
	<u>100,0</u>	<u>100,0</u>

**Principal actuarial assumptions at the reporting date:**

Inflation rate	4,41	5,47
Discount rate	8,20	8,80
Expected return on investment***	8,41	9,47
Benefit increases	4,41	5,47
Increases in payments from reinsurers	5,00	5,00

	<b>2019</b>	<b>2018</b>
<b>Mortality rates</b>		
	PA (90) tables for males and females, rated up by 4 year, 3% additional loading on mortality at each age	

\*\*\* The expected investment return reflects the return anticipated and allows for the asset mix and investment mandate. The return used in the valuation for the determination of the surplus or deficit charge in the year, is the discount rate.

Included below is a sensitivity analysis in respect of the obligation showing the effects of changes in the different key assumptions:

	<b>2019</b>	<b>2019</b>
	<b>Increase</b>	<b>Decrease</b>
	<b>R'000</b>	<b>R'000</b>
Discount rate - change by 0,25%	(223)	228
Inflation rate - change by 0,10%	414	(411)
Mortality rate - change by 1 year	(233)	228

## 18.3 Post-employment medical benefits

In accordance with current staff practice, contributions to the medical aid fund are also made on behalf of retired employees (Potchefstroom and Vaal Triangle Campuses) who had been employed before 1 January 1999.

Valuation calculations in terms of IAS19 (revised) are done annually and the results of the valuation are as follows:

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>Current estimated employee benefit obligation:</b>		
Present value of obligation	<u>159 934</u>	<u>159 060</u>
<b>Recognised in profit or loss:</b>		
Current service costs	2 079	2 169
Net interest	14 746	14 839
Total included in personnel remuneration	<u>16 825</u>	<u>17 008</u>



## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. EMPLOYEE BENEFITS (continued)

## 18.3 Post-employment medical benefits (continued)

	2019 R'000	2018 R'000
<b>Recognised in the statement of comprehensive income:</b>		
Actuarial gain recognised in other comprehensive income (OCI)	(6 002)	(13 895)
<b>Recognised in the statement of financial position:</b>		
Pensioners	128 093	103 517
Active employees	31 841	55 543
Present value of unfunded liability	159 934	159 060
<b>Movement in the liabilities:</b>		
Liability at 1 January	159 060	165 580
Interest cost	14 746	14 839
Service cost	2 079	2 169
Contribution	(9 949)	(9 633)
Actuarial gain	(6 002)	(13 895)
Liability at 31 December	159 934	159 060
<b>Principal actuarial assumptions at the reporting date:</b>		
	2019 %	2018 %
Inflation rate	5,32	6,11
Discount rate	9,22	9,57
Expected future salary increases	6,00	6,61
Expected future medical cost increases	6,82	7,61

**Mortality rates**

Pre-expected retirement age: SA1985-90 light  
 Post-expected retirement age: PA(90)-2

The sensitivity analysis below illustrates how results change under various alternative assumptions.

Assumption	Variation	% change in past-service contractual liability	% change in service cost plus interest (contractual liability)
<b>2019</b>			
Salary/Health-care cost inflation	+1%	+9,2%	+10,0%
	-1%	-8,0%	-8,7%
Mortality	+1%	-7,5%	-8,0%
	-1%	+8,4%	+9,0%
Resignation rate	+1%	-0,9%	-1,2%
	-1%	+1,0%	+1,4%
<b>2018</b>			
Salary/Health-care cost inflation	+1%	+9,7%	+10,6%
	-1%	-8,4%	-9,1%
Mortality	+1%	-7,8%	-8,3%
	-1%	+8,7%	+9,3%
Resignation rate	+1%	-1,3%	-1,7%
	-1%	+1,4%	+1,9%

Expected contributions to post-employment benefit plans for the year ending 31 December 2020 are R12 085 000.

There are currently no long-term assets set aside in respect of the NWU's post-employment health care liabilities.

Therefore, no assumption specifically relating to assets has been made.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****18. EMPLOYEE BENEFITS (continued)****18.4 Associated Institutions Pension Fund**

Some of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle campuses), (2019: 0,19% or 7 staff members and 2018: 0,25% or 9 staff members) exercised the option of remaining members of the Associated Institutions Pension Fund (AIPF), which fund is registered in terms of and governed by the Pension Funds Act (Act No. 24 of 1956 (as amended)). Upon retirement these staff members receive retirement benefits in terms of a defined-benefit plan. The University has a liability to make an additional contribution to the pension fund if the cash flow of the AIPF is insufficient for the payment of the pensions of pensioners. The latest valuation was done on 31 March 2005 and the results show a funding level of 151,4% and a R3 631 000 surplus. The AIPF is administered by the State.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2019 is R973 000 (2018: R1 165 000).

**18.5 NWU Provident Funds**

The NWU provident funds were established on 1 March 1993 and 1 March 1996 respectively. All permanent staff members in the relevant staff categories (Potchefstroom and Vaal Triangle Campuses 2019: 83 staff members and 2018: 93 staff members) contribute to the NWU provident funds. The Registrar of Pensions does not require that a fixed-contribution fund be valued actuarially. The fund is 100% funded because benefits are limited to fixed contributions plus growth. The University has no further obligation towards the funds.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2019 is R1 736 000 (2018: R1 688 000).

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
<b>19. DEFERRED GRANT INCOME</b>		
Deferred income mainly comprises of state infrastructure grants. These grants are capital by nature.		
Capital projects	346 573	317 237
Balance at beginning of year	317 237	264 635
Subsidy received during the year	127 991	125 670
Interest capitalised during the year	19 756	17 612
	464 984	407 917
Recognised during the year	(118 411)	(90 680)
Balance at end of year	346 573	317 237
<u>Presented as follows:</u>		
Non-current liability: Long-term portion	219 814	230 201
Current liability: Short-term portion	126 759	87 036
	346 573	317 237
<b>20. TRADE AND OTHER PAYABLES</b>		
Trade creditors	256 859	155 186
Student fees - credit accounts	188 595	204 046
	445 454	359 232
The fair value approximates the carrying amount.		
<b>21. INCOME RECEIVED IN ADVANCE</b>		
Student-related fees and deposits	4 573	5 833
Deferred earmarked grants (operational by nature - granted annually)	86 706	50 053
Other (research and projects)	328	724
	91 607	56 610
The fair value approximates the carrying amount.		
<b>22. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS</b>		
All contract assets and contract liabilities relate to research contracts.		
<b>Contract assets</b>		
Opening balance	26 486	0
Consideration received during the period	12 427	0
Performance obligations completed	(24 880)	26 486
Total contract assets - Closing balance	14 033	26 486
<b>Contract liabilities</b>		
Opening balance	60 801	0
Performance obligations met during the period	(47 261)	0
Performance obligations not satisfied	41 396	60 801
Total contract liabilities - Closing balance	54 936	60 801
<b>Net contract liabilities</b>	40 903	34 314

*Performance obligations not satisfied*

Unsatisfied performance obligations amounting to R54 936 000 (2018: R60 801 000) relate to research contracts and revenue will be recognised as the performance obligations are met during future accounting periods.

Management expects that 60% of the transactions price allocated to unsatisfied performance obligations as on 31 December 2019 will be recognised as revenue during the next reporting period (R33 069 000). The remaining 40% (R21 867 000) will be recognised in the 2021 financial year.

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>23. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS</b>		
<u>Unrestricted or designated</u>		
Operating purposes	1 988 756	1 869 442
Earmarked grants	161 080	112 371
No fee increase - tuition	0	7 566
	<u>2 149 836</u>	<u>1 989 379</u>
Deferred capital subsidy recognised	0	14 636
Total	<u><u>2 149 836</u></u>	<u><u>2 004 015</u></u>
<u>Student and staff accommodation</u>		
No fee increase - residences	<u>0</u>	<u>5 684</u>
Total: State appropriations - subsidies and grants	<u><u>2 149 836</u></u>	<u><u>2 009 699</u></u>

There are no unfulfilled conditions or other contingencies at year end.

**24. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is derived from the transfer of goods and services over time and at a point in time in the following major categories.

	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	Tuition and other fees	Income from contracts	Sales of goods & services and other income *
<u>Timing of revenue</u>			
Revenue recognised at a point in time	0	0	402 071
Revenue recognised over time	1 877 797	196 046	261 726
Total revenue from external customers	<u><u>1 877 797</u></u>	<u><u>196 046</u></u>	<u><u>663 797</u></u>
	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	Tuition and other fees	Income from contracts	Sales of goods & services and other income *
<u>Timing of revenue</u>			
Revenue recognised at a point in time	0	0	426 294
Revenue recognised over time	1 724 152	233 209	235 568
Total revenue from external customers	<u><u>1 724 152</u></u>	<u><u>233 209</u></u>	<u><u>661 862</u></u>

\* Included in this category is the following other income:

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
Bad debt recovered	18 346	16 924
Insurance claims	2 870	3 551
Miscellaneous income	14 114	17 377
Rental income - various sources (continuous)	4 018	5 592
Recovered costs, discounts and rebates received	3 840	2 996
Staff related income (housing, parking, development, etc.)	8 757	9 520

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2019 TOTAL	2018 TOTAL
	R'000	R'000	R'000	R'000	R'000
<b>25. PERSONNEL REMUNERATION</b>					
Remuneration and fringe benefits	2 263 413	61 814	48 613	2 373 839	2 160 430
Arbitration awards	1 231	0	0	1 231	4 153
Accrued leave	33 349	0	0	33 349	67 293
NWU Pension Fund	(28 001)	(755)	(594)	(29 350)	(11 963)
NWU Disability Reserve Fund	7 142	193	151	7 486	5 404
AI Pension Fund	928	25	20	973	1 165
NWU Provident Fund	1 656	45	35	1 736	1 688
Post-employment medical benefits	16 825	0	0	16 825	17 008
	<u>2 296 543</u>	<u>61 321</u>	<u>48 225</u>	<u>2 406 089</u>	<u>2 245 178</u>

**Annualised Gross Remuneration to University Management (excludes exceptional payments - exceeding an annual aggregate of R249 999)**

Name	Office held	Basic salary	Employment benefits	Other payments / allowances	Total costs to NWU 2019	Total costs to NWU 2018
		R'000	R'000	R'000	R'000	R'000
Prof ND Kgwadi	Vice-Chancellor	2 962	327	675	3 965	3 532
Prof LA du Plessis	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Vaal Triangle)	1 900	268	785	2 953	2 302
Prof MM Verhoef	Registrar	2 002	302	497	2 801	2 421
Ms E de Beer	Executive Director: Finances and Facilities	2 033	253	423	2 708	2 384
Prof R J Balfour	Deputy Vice-Chancellor: Teaching and Learning	1 729	281	534	2 544	2 208
Prof ME Phaswana-Mafuya	Deputy Vice-Chancellor: Research and Innovation	2 026	211	205	2 442	2 113
Prof BMP Setlaletoa	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	1 758	197	437	2 393	2 094
Prof DMD Balia	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Potchefstroom)	1 861	267	137	2 265	0
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1 567	185	436	2 188	1 935
Dr V Singh *	Executive Director: People and Culture	1 716	246	151	2 113	1 893
Dr S Chalufu #	Executive Director: Student Life	1 510	160	106	1 777	0
Prof I Mwanawina #	Acting Executive Director: Student Life	635	69	342	1 046	0
Prof JJ Janse van Rensburg	Vice-Principal and Deputy Vice-Chancellor: Campus Operations (Potchefstroom)	0	0	0	0	2 463
Mr KJ Oagile *	Executive Director: People and Culture	0	0	0	0	2 223
Prof LL Lalendle	Executive Director: Student Life	0	0	0	0	1 871
<b>Total</b>		<b>21 699</b>	<b>2 767</b>	<b>4 730</b>	<b>29 195</b>	<b>27 439</b>

# Management member not in service for full year - 2019. Remuneration annualised.

\* Management member not in service for full year - 2018. Remuneration annualised.

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

Refer to note 36 - Related-party transactions.

Number of senior staff members 2019: 11 (2018: 11).

	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2019 TOTAL	2018 TOTAL
	R'000	R'000	R'000	R'000	R'000
<b>Other information regarding personnel remuneration</b>					
Accrued leave - increase (note 18)	33 349	0	0	33 349	67 293
Retirement benefit costs	241 816	6 519	5 127	253 462	229 926
Members' contributions	87 305	2 354	1 851	91 510	83 272
Council contributions	154 511	4 165	3 276	161 953	146 654
Senior management remuneration	27 723	0	0	27 723	26 130
For managerial services	27 723	0	0	27 723	26 130

**Payments for attendance at meetings of the Council and its Committees**

Name	Number of members	2019 R'000	2018 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	212	171
Chairs of committees: Honorarium, travel and accommodation expenses	10	596	775
Members of Council: Honorarium, travel and accommodation expenses	33	376	231
<b>Total</b>		<b>1 183</b>	<b>1 177</b>

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 25. PERSONNEL REMUNERATION (continued)

Exceptional payments - each exceeding an annual aggregate of R249 999 (excludes annualised gross remuneration to University Management where applicable)

Purpose/nature of payment	Name	Office held	2019 R'000	2018 R'000
Leave gratuity	Spamer, EJ	Chief Director: NW Unit for Open Distance Learning	1 296	0
Leave gratuity	Mbao, ML	Researcher: PC Law - Justice and Sustainability	934	0
Leave gratuity	Fick, PH	Director: PC Student Life	714	0
Leave gratuity	Winde, F	Professor: VC School of Geo-Spatial Sciences	686	0
Arbitration award	Khamfula, YA	Professor: MC Economics	674	0
Ad hoc - Advised	Saayman, A	Professor: PC School for Economic Sciences	639	0
Leave gratuity	Terblanche, JE	Professor: PC English	619	0
Leave gratuity	Oosthuizen, GJJ	Associate Professor: PC History and Ancient Culture	598	0
Leave gratuity	Nel, ME	Director: NW UCE Operations	593	0
Leave gratuity	Stander, AL	Professor: PC School of Law Undergraduate Studies	590	0
Leave gratuity	Garside, DJ	Senior Lecturer: MC Communication Studies	565	0
Leave gratuity	Selepe, TJ	Associate Professor: VC Sesotho	561	0
Leave gratuity	Mokgele, KRF	Senior Lecturer: MC School of Industrial Psychology and Human Resource	552	0
Leave gratuity	Morake, MN	Senior Lecturer: MC Curriculum Studies	506	0
Leave gratuity	Buscop, J	Associate Professor: MC School for Tourism	500	0
Ad hoc - Functional allowance	Kruger, P	Associate Professor: PC Institute of Psychology and Wellbeing	500	0
Leave gratuity	Weyers, ML	Lecturer: PC Social Work	491	0
Leave gratuity	Greeff, M	Professor: PC Health Sciences Ethics Office	475	0
Leave gratuity	Redelinghuys, J	Manager: NW Unit for Open Distance Learning	468	0
Leave gratuity	Cloete, TT	Director: Marketing and Student Recruitment	460	0
Leave gratuity	Hanna, JL	Senior Lecturer: MC School of Accounting Sciences	460	0
Leave gratuity	Petersen, AB	Senior Lecturer: PC School of Music	437	0
Leave gratuity	Sithebe, PN	Associate Professor: MC Microbiology	396	0
Arbitration award	Ngoma, L	Senior Lecturer: MC Center for Animal Health Studies	390	0
Leave gratuity	Ruhiiga, TM	Professor: MC Geography and Environmental Studies	380	0
Leave gratuity	Meihuizen, NCT	Professor: PC School of Languages	375	0
Leave gratuity	Barkhuizen, EN	Extraordinary Professor: MC Global Initiative Forefront Talent (GIFT)	374	0
Incentive bonus	Fouché, JP	Professor: PC School of Accounting Sciences	365	0
Ad hoc - Functional allowance	Van Dyk, TJ	Professor: PC Academic Literacy (AGLE)	360	360
Leave gratuity	Lembede, PF	Senior Lecturer: MC Economics	353	0
Leave gratuity	Ryke, PAJ	Section Head: PC Campus Arts	348	0
Severance Benefit	Naidoo, N	Carpenter: MC Maintenance and Facilities Services	348	0
Leave gratuity	Bantwini, BD	Professor: PC School of Natural Sciences in Education	348	0
Leave gratuity	Blaauw, JWH	Director: NW Language Directorate	342	0
Incentive bonus	Janse Van Vuuren, HH	Associate Professor: VC School of Accounting Sciences	340	320
Leave gratuity	Tsambo, TL	Lecturer: MC Communication Studies	338	0
Leave gratuity	Heyns, MF	Associate Professor: PC School of Philosophy	322	0
Leave gratuity	Monaheng, T	Associate Professor: MC Development Studies	321	0
Incentive bonus	Van Der Merwe, N	Associate Professor: PC School of Accounting Sciences	304	288
Incentive bonus	Nel, JG	Director: PC Centre for Environmental Management	303	284
Leave gratuity	Kabanda, TA	Associate Professor: MC Geography and Environmental Studies	297	0
Leave gratuity	Mienie, LJ	Associate Professor: PC Biochemistry	291	0
Leave gratuity	Schutte, NE	Extraordinary Professor: MC Global Initiative Forefront Talent (GIFT)	289	0
Leave gratuity	Muatjetjeja, B	Associate Professor: MC Mathematics and Applied Mathematics	286	0
Leave gratuity	Fourie, AA	Human Resources Practitioner : NW People and Culture Client Services	285	0
Leave gratuity	Mwanawina, I	Associate Professor: VC School of Law Undergraduate Studies	281	0
Leave gratuity	Riekert, M	Lecturer: PC Life Orientation	272	0
Incentive bonus	Mostert, A	Senior Lecturer: VC School of Accounting Sciences	262	0
Leave gratuity	Nel, I	Associate Professor: PC School of Business and Governance	261	0
Incentive bonus	Meyer, TC	Chief Subject Specialist: PC Centre for Environmental Management	260	0
Incentive bonus	Coetzee, K	Professor: PC School of Accounting Sciences	255	0
Incentive bonus	Viviers, HA	Associate Professor: PC School of Accounting Sciences	253	0
Incentive bonus	Mcintyre, J	Senior Lecturer: PC School of Accounting Sciences	251	0
Incentive bonus	Delpont, M	Associate Professor: VC School of Accounting Sciences	250	0
Total			23 419	1 251

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 25. PERSONNEL REMUNERATION (continued)

Exceptional payments - each exceeding an annual aggregate of R249 999 (excludes annualised gross remuneration to University Management where applicable)

Purpose/nature of payment	Name	Office held	2019 R'000	2018 R'000
Leave gratuity	Setsetse, GD	Director: MC Graduate School Postgraduate Division	0	892
Leave gratuity	Malan, DDJ	Professor: PC Human Movement Science	0	798
Leave gratuity	Letsosa, RS	Professor: PC Practical Theology	0	769
Leave gratuity	Pienaar, JJ	Professor: PC Chemistry	0	698
Leave gratuity	Van Rooyen, JM	Professor: PC Physiology	0	679
Leave gratuity	Assan, TEB	Professor: MC Economic and Management Sciences of Education	0	653
Leave gratuity	Rossouw, JP	Professor: PC Education and Human Rights in Diversity	0	632
Leave gratuity	Gopane, RE	Senior Lecturer: MC Biological Sciences	0	599
Leave gratuity	Waanders, FB	Professor: PC School of Chemical and Mineral Engineering	0	583
Leave gratuity	Storm, CP	Professor: PC School of Mechanical and Nuclear Engineering	0	577
Leave gratuity	Potgieter, MS	Professor: PC Physics	0	577
Leave gratuity	Scheppel, A	Director: NW Employee Relations	0	575
Leave gratuity	Van Niekerk, RJ	Associate Professor: PC School of Accounting Sciences	0	552
Leave gratuity	Hlatshwayo, HA	Senior Lecturer: MC English	0	547
Leave gratuity	Robinson, JA	Professor: PC School of Law Undergraduate Studies	0	545
Leave gratuity	Khunou, SF	Associate Professor: MC Law School of Postgraduate Studies	0	512
Leave gratuity	Ledibane, MM	Lecturer: MC Academic Literacy (AGLE)	0	505
Leave gratuity	Rademeyer, A	Professor: PC School of Accounting Sciences	0	503
Leave gratuity	Van Der Walt, DJ	Professor: PC Physics	0	494
Leave gratuity	Kriel, J	Manager: NW IT Operations and Infrastructure	0	475
Leave gratuity	Swanepoel, MC	Associate Professor: PC Visual Narratives	0	471
Claim end of term	Van Vuuren, GW	Extraordinary Professor: PC	0	450
Leave gratuity	Lalendle, LL	Executive Director: Student Life	0	447
Leave gratuity	Wiggill, MN	Associate Professor: PC Communication Studies	0	433
Leave gratuity	Wolmarans, CT	Associate Professor: PC Zoology	0	429
Leave gratuity	Lotz, HM	Senior Lecturer: PC School of Business and Governance	0	387
Leave gratuity	Phirwa, SB	Lecturer: MC Chemistry	0	379
Leave gratuity	Mbenga, BK	Professor: MC Tourism, Politics and History	0	375
Leave gratuity	Viljoen, CT	Senior Lecturer: PC Learner Support	0	374
Leave gratuity	Oagile, KJ	Executive Director: People and Culture	0	361
Leave gratuity	Mong DB	Professor: PC Academic Literacy (AGLE)	0	349
Leave gratuity	De Beer, DJ	Chief Director: NW Technology Transfer and Innovation Support	0	344
Leave gratuity	Tshabalala MJ	Human Resources Practitioner: MC Human Resources	0	327
Arbitration award	Andrianatos, AA	Manager: Academic Programme: NW Unit for Open Distance Learning	0	318
Leave gratuity	Tow, AA	Personal Assistant: NW Law: Assigned Functions (MC)	0	314
Leave gratuity	Matthee, M	Professor: PC School of Economic Sciences	0	302
Leave gratuity	Du Toit, DH	Professor: VC School of Industrial Psychology and Human Resources	0	298
Ad hoc - Functional allowance	Jordaan, JA	Lecturer: PC School of Business and Governance	0	284
Leave gratuity	Jones, EY	Director: NW Human Resources Operations	0	284
Leave gratuity	Ngakantsi, MM	Senior Committee Co-ordinator: MC Committee Secretariat	0	283
Incentive bonus	Schutte, DP	Associate Professor: PC School of Accounting Sciences	0	278
Leave gratuity	Vosloo, HA	Lecturer: PC Physics	0	275
Leave gratuity	Nel, A	Professor: VC School of Languages	0	268
Ad hoc - Advised	Puttkammer, MJ	Senior Lecturer: PC Language Technology	0	264
Leave gratuity	Makhado, L	Associate Professor: MC Nursing Undergraduate	0	254
Leave gratuity	Vermeulen, CW	Director: NW SALA Operations: Vaal Triangle	0	250
<b>Total</b>			<b>0</b>	<b>20 965</b>

## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED R'000	2019 TOTAL R'000	2018 TOTAL R'000
<b>26. OTHER CURRENT OPERATING EXPENSES BY NATURE</b>					
Allowance for credit losses: Accounts receivable (note 14)	52 341	1 970	3 857	58 168	60 157
Inventory written off (note 13)	3 433	0	262	3 695	1 193
Foodstuffs (Residence and Catering Services)	0	0	262	262	232
Publications and study materials	2 277	0	0	2 277	958
Other consumables	1 156	0	0	1 156	3
Auditor's remuneration	5 497	166	8	5 671	3 859
Audit fees	4 271	166	8	4 445	3 129
Other costs	1 226	0	0	1 226	730
Services outsourced	73 108	280	29 677	103 065	88 735
Rent: Buildings	13 658	462	(226)	13 895	49 511
Rent: Equipment	17 960	228	724	18 912	16 972
Maintenance	189 659	4 788	37 899	232 346	223 700
Bursaries	187 978	36 714	0	224 692	231 950
Goods and services - other	764 419	137 556	150 120	1 052 095	977 049
	<u>1 308 054</u>	<u>182 165</u>	<u>222 320</u>	<u>1 712 539</u>	<u>1 653 126</u>
<b>27. INVESTMENT INCOME</b>					
27.1 Operating income (short-term investment income)	251 153	13 238	0	264 391	207 198
Interest	240 287	13 238	0	253 524	196 073
Rental received (investment properties - note 7)	10 867	0	0	10 867	11 125
Long-term investment income	17 660	0	0	17 660	16 690
Interest	8 017	0	0	8 017	7 080
Dividends (listed investments)	9 643	0	0	9 643	9 610
	<u>268 813</u>	<u>13 238</u>	<u>0</u>	<u>282 052</u>	<u>223 888</u>
27.2 Realised profit on disposal of investments	164 606	0	0	164 606	697
Available-for-sale investments	0	0	0	0	0
Financial instruments at fair value through profit or loss	164 606	0	0	164 606	697
	<u>164 606</u>	<u>0</u>	<u>0</u>	<u>164 606</u>	<u>697</u>
27.3 Total per statement of cash flows					
Total interest received	423 777	13 238	0	437 015	214 975
Total dividends received	9 643	0	0	9 643	9 610
	<u>433 420</u>	<u>13 238</u>	<u>0</u>	<u>446 658</u>	<u>224 585</u>
<b>28. FINANCE CHARGES</b>					
Long-term loans (note 17)	1 848	0	0	1 848	2 898
Bank account	2	0	0	2	1
Exchange differences	8	0	0	8	16
Other	(1 103)	(118)	2 495	1 273	4 157
Interest paid for lease liabilities	0	0	7 171	7 171	0
	<u>755</u>	<u>(118)</u>	<u>9 666</u>	<u>10 303</u>	<u>7 072</u>



## NORTH-WEST UNIVERSITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
<b>29. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	968 404	831 148
<b>Adjusted for:</b>		
IFRS 15 - 1 January 2018 adjustment against accumulated reserves - Contracts with customers - net of contract assets and contract liabilities	0	26 565
IFRS 9 - 1 January 2018 adjustment against accumulated reserves - Expected credit loss (ECL)	0	48 878
Fair value loss on financial assets at fair value through profit or loss	130 226	29 562
Loss allowance: Trade and other receivables (note 14)	58 168	60 157
Depreciation (note 6a and 7)	177 008	129 908
Loss on disposal/write-off of assets - property, plant and equipment	(28 295)	103
Increase in retirement benefit obligations (note 18)	18 360	46 966
Increase in deferred income tax assets (note 33)	(19)	(11)
Investment income (note 27)	(446 658)	(224 585)
Finance charges (note 28)	10 303	7 072
(Profit)/loss from/write-off of equity-accounted investees (note 10)	(269)	(991)
Adjustments i.t.o. IAS 39 - Capital market	(1 631)	(173)
Operating surplus before changes in working capital	885 598	954 599
Changes in working capital	160 051	(172 359)
Decrease/(increase) in inventories	21 846	(27 177)
Decrease/(increase) in trade and other receivables, excluding allowance for credit losses	13 715	(123 394)
Increase in straight line lease accrual	(3 049)	0
(Increase)/decrease in income tax receivable	11	(37)
Increase in trade and other payables	86 222	63 636
Increase in contract liabilities	6 589	34 314
Decrease in income tax payable	(281)	(16)
Increase/(decrease) in income received in advance	34 997	(119 685)
Cash flows from operating activities	1 045 649	782 240

**30. COMMITMENTS****CAPITAL COMMITMENTS**

The following commitments not recognised in the statement of financial position existed at year-end with regard to capital expenditure approved but not yet incurred:

Buildings	95 845	128 221
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This expenditure will be financed with internal and external funds (note 6).

**OPERATING LEASES**

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

Payable within 1 year	0	46 385
Payable within 2 to 5 years	0	73 219
Payable after 5 years	0	0
	0	119 604

Operating leases relate to the leasing of property and the premises for purposes of student housing.

Refer to notes 6b and 34 for change in accounting policy with effect 1 January 2019.

**31. CAPITAL EXPENDITURE EXPENSED**

Capital expenditure expensed consists of library books	6 126	4 637
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## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

An "Offer to Purchase" was signed on 21 September 2017 between the University (NWU) and the Vaal University of Technology (VUT) to buy Quest Conference Centre in Vanderbijlpark. A purchase price in the amount of R45 million (including VAT) was agreed upon and included R1,8 million for movable assets.

The seller gave the purchaser occupation from 23 January 2018 until date of registration of transfer, subject to any pre-bookings until 31 March 2018 made by the seller (NWU). It was further agreed that all NWU Vaal Campus graduation ceremonies for 2018 would be accommodated by the purchaser (VUT) to take place at the Quest Conference Centre at no charge to NWU. VUT would occupy the premises as from 1 February 2018.

VUT deposited the purchase amount on 2 February 2018 into the NWU attorney's trust account, which earned interest to the benefit of the NWU. Ministerial approval for the transaction was obtained on 23 August 2018.

A letter dated 12 December 2018 from Prof Gordon Zide, Vice-Chancellor of VUT, addressed to NWU, indicated that due to undisclosed latent defects at Quest, VUT was withdrawing from the transaction. A meeting with members of the executive team of VUT took place on 21 January 2019, providing them with full detail of the due diligence undertaken by their own appointed firm, PWC. Following further engagements and an undertaking to do additional maintenance work in the spirit of neighbourliness, VUT's Vice-Chancellor signed the final transferring documents.

All criteria have been met to classify these non-current assets as assets held for sale and are measured and disclosed at their carrying amount of R10 229 000.

Registration was concluded during 2019 and the property was transferred.

#### 33. INCOME TAX AND DEFERRED TAX ASSET

The University is exempt from Normal SA Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, and consequently also from the provision for any deferred taxation.

Other comprehensive income (OCI) relating to the University is therefore also exempt from taxation.

As a result of the consolidation of Molopo Sun Proprietary Limited, OpenCollab Proprietary Limited, Intsyst Labs Proprietary Limited, Innovation Highway Proprietary Limited, Innovation Highway Enterprises Proprietary Limited and North West Fibre Proprietary Limited, which are not exempted from tax, a tax liability is shown with regard to tax currently payable, based on taxable profit for the year.

Tax is calculated at 28% (2018: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	<b>2019</b>	<b>2018</b>
	<b>R'000</b>	<b>R'000</b>
<b>Income tax expense</b>		
Current tax	207	588
Deferred tax	(20)	(10)
Prior year tax	0	14
Total income tax expense	<u>187</u>	<u>592</u>
<b>Tax reconciliation</b>		
Surplus before tax	968 591	831 740
Unrecognised losses	(1 026)	6
Exempt income	(966 926)	(829 686)
Non-deductible expenses	28	1
Prior year tax	0	52
Taxable income	<u>667</u>	<u>2 113</u>

Total unrecognised tax losses of R887 100 are carried forward for 2019 (2018: R22 279 000).

Molopo Sun Proprietary was deregistered during 2019 and unrecognised tax losses to the amount of R20 407 810 is therefor no longer available for future use.

## NORTH-WEST UNIVERSITY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
<b>33. INCOME TAX AND DEFERRED TAX ASSET (continued)</b>		
<b>Deferred tax asset</b> (accrual for leave pay)		
Opening balance	130	119
Movement	19	10
Closing balance	<u>149</u>	<u>130</u>
<b>Income tax payable</b>		
Opening balance	342	358
Movement	(281)	(16)
Closing balance	<u>61</u>	<u>342</u>
<b>Income tax receivable</b>		
Opening balance	37	0
Movement	(11)	37
Closing balance	<u>26</u>	<u>37</u>

### 34. CHANGES IN ACCOUNTING POLICIES

#### IFRS 16 - Leases

This note explains the impact of the adoption of IFRS 16 *Leases* on the financial statements of the University.

The University adopted IFRS 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provision in the standard - the simplified transition approach.

On adoption of IFRS 16, the University recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases* (as right-of-use assets). These liabilities were measured at the present value of the remaining lease payments, discounted using the 3 month Jibar rate as on 1 January 2019. As the University does not have finance lease liabilities and minimal external debt, the 3 month Jibar rate of 7,15% was used as an indication of the weighted average incremental borrowing rate for the University.

#### (i) Practical expedients applied

In applying IFRS 16 for the first time, the University has used the following practical expedients permitted by the standard:

- \* applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- \* accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- \* excluding initial direct costs for the measurement of right-of-use asset at the date of initial application, and
- \* using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The University has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transaction date the University relied on its assessment made applying IAS 17.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****34. CHANGES IN ACCOUNTING POLICIES (continued)****IFRS 16 - Leases (continued)**

	<b>2019</b>
	<b>R'000</b>
(ii) Measurement of lease liabilities	
Operating lease commitments disclosed as at 31 December 2018 (note 30)	119 604
Discounted using the University's incremental borrowing rate of 7,15% at the date of initial application	(13 880)
Short-term leases not recognised as a lease liability	(2 507)
Revised contract information and changes in annual payments	(2 924)
<b>Lease liability recognised as at 1 January 2019</b>	<b>100 293</b>
Of which are:	
Non-current lease liabilities	33 770
Current lease liabilities	66 523
	<b>100 293</b>

## (iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

## (iv) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position:

- \* Right-of-use assets - increase by R99 244 000
- \* Straight line accrual - increase by R1 049 000
- \* Lease liabilities - increase by R100 293 000

**35. CONTINGENT LIABILITIES**

Management considered all pending legal matters and is of the opinion that the possibility of any significant outflow in settlement is remote. No further disclosure regarding the details of each case is considered necessary.

**36. RELATED-PARTY TRANSACTIONS**

Included in unlisted investments are entities that do not qualify as an investment in equity-accounted investees which are related parties (refer to note 9.1).

Refer to note 9.2 for disclosure of subsidiaries.

Refer to note 10 for disclosure of equity-accounted investees.

The national Department of Higher Education and Training has a significant influence on the University and is therefore also considered a related party (refer to note 23).

Compensation of the University Management is considered related-party transactions. Refer to note 25 for disclosure of remuneration.

All transactions with related parties are transactions at arm's length and all transactions with related parties, with the exception of compensation of the University Management, have been eliminated on consolidation.

**NORTH-WEST UNIVERSITY****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****37. EVENTS AFTER THE REPORTING PERIOD**

Events after the reporting period are those events that occur between the reporting date and the date on which the financial statements are authorised to be issued. Adjusting events are those events that provide evidence of conditions that existed at the end of the reporting period and non-adjusting events are those events that are indicative of conditions that arose after the reporting period.

The Covid-19 pandemic did not exist on reporting date of 31 December 2019 as the first reported infection in South Africa was recorded in March 2020. This is considered to be a non-adjusting event in terms of IAS 10.

The current Corona virus, with its rapidly changing impact on circumstances and the creation of uncertainties, is a definite challenge and will likely have a significant financial effect on the University in the foreseeable future. Most notably on tuition fees, recoverability of student debts, the sale of goods and services as well as contract revenue. The University expects government funding, in the form of block and earmarked grants, as well as funding of NSFAS students, to mainly remain unchanged.

The University has appointed a Covid-19 task team, and they are making use of a Financial Impact Model (FIM) to do financial planning and closely monitor the potential impact of Covid-19 going forward. This flexible model is based on different scenarios, assumptions and factors and these are constantly updated with new information and indicators as they become available. A Mitigation Plan was also implemented to address the medium term (2021 to 2024) financial needs of the NWU and to assist with cash flow.

Covid-19 level restrictions resulted in savings and/or expenditure to be postponed e.g. travel cost. Cost saving measures put in place include re-evaluating of planned projects (IT, strategic, maintenance and capital).

The University has however also incurred additional expenditure, inter alia the purchase and distribution of laptops and data to needy students in order to ensure access to online teaching and learning programmes, which will assist students in completing the academic year. Unforeseen health and safety expenditure to comply with compulsory Covid-19 protocol.

The University has an adequate available reserve funds at its disposal to help sustain the NWU in and through this critical time.

The University does not intend to liquidate or cease trading, nor does Management think the current events will influence or cast significant doubt upon the University's ability to continue as a going concern. The NWU Management is absolutely committed to complete the 2020 academic year successfully with the support of the DHET and the Minister of Higher Education, Science and Technology.

No adjustments affecting the financial position have been made between the reporting date and the date of approval of this report.

### 13.7 Annexure 7: Requirements as per the regulations

#### CHECK LIST – NWU ANNUAL REPORT AS 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		Reference to relevant section in Reporting Regulations ("RR")	Substantiation in 2019 AR/notes	
<i>Alignment should be apparent between the institution's strategic plan, APP, AR, budget and mid-term performance report</i>			Main paragraphs 8, 9 and Annexure 1	
<b>The APP to be the basis of the AR</b>			Section 8.4	
<b>Annual Report</b> to reflect the following:				
1	1	Info on performance of institution for preceding year to be signed by council chair and VC	<i>RR Impl Manual 7(a) to be signed by council chair and VC</i>	See main paragraph 9 (signatures on p 76)
2	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	<i>RR Impl Manual 7(a) to be signed by council chair and VC</i>	See main paragraph 9 and Annexure 1
3	2	Must include in the chairperson of council report the following:	<i>See chair of council report in section 10 (governance)</i>	
4	2	Council Chair report 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	<i>RR Impl Manual 7(b) Council chair Section 10</i>	
5	2	Council Chair report Effective ethical leadership and corporate citizenship	<i>RR4 RR Impl Manual 7(b) Council chair</i>	Yes – para 10.12.2

6	2	Council Chair report	Statement of council on IT in the report of the IT Governance Committee	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 9.1.5
7	2	Council Chair report	Compliance with laws, codes, standards	<i>RR Impl Manual 7(b) –Council chair</i>	Yes - para 10.12.9 and para 19.12.10
8	2	Council Chair report	Remuneration of externally elected council members	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 11.4
9	2	Council Chair report	Statement of council on sustainability	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.11
10	2	Council Chair report	Statement on going concern	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.13.1
11	2	Council Chair report	Statement on financial controls outside financial statements	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.13.2
12	2	Council Chair report	Financial control inadequacies considered material (individually or in combination with others) that resulted in actual financial loss, incl fraud and material losses	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.12.8 <i>(Note: this paragraph does not strictly address inadequacies that led to material losses)</i>
13	2	Council Chair report	Statement of financial health and viability	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.13.3
14	2	Council Chair report	Campus development; infrastructure development, facilities, major capital works events, student support, ODL, working with industry	<i>RR Impl Manual 7(b) Council chair</i>	<i>Student support – Yes in VC report (para 4.6)</i> <i>Infrastructure development /development, major capital work – Yes paras 9.5, 9.6, 3.2</i>
15	2	Council Chair report	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)	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 7.7
16	2	Council Chair report	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.	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 10.5, para 10.9 and Annexure para 13.3.7
17	2	Council Chair report	Statement on borrowings	<i>RR Impl Manual 7(b) Council chair</i>	Yes – para 9.5.2

18	2	Council Chair report	Statement on tenders	RR Impl Manual 7(b) Council chair	Yes – para 10.13.4
19	2	Council Chair report	(Statement) Report of council on transformation	RR Impl Manual 7(b) Council chair	Yes – para 6.7 - statement Yes – main paragraph 6 for report
20	2	Council Chair report	Statement on contracts management, SLAs, monitoring of suppliers' performance	RR Impl Manual 7(b) Council chair	Yes – para 10.13.5
21	2	Council Chair report	Statement of workplace ethics	RR Impl Manual 7(b) Council chair	Yes – para 10.12.1
22	2	Council Chair report	Report of council on governance of risk <sup>6</sup>	RR Impl Manual 7(b) Council chair RR Impl Manual 7(i) <u>Report to be signed by officer/committee with designated risk responsibility and the chair of that committee</u>	Yes – Section 7 Report on risk and opportunity management in
23	2	Council Chair report	PAIA requests	RR Impl Manual 7(b)	Yes – para 10.12.10
24	2	Council Chair report	Statement on penalties, sanctions, fines	RR Impl Manual 7(b) Council chair	Yes – para 10.13.6
25	2	Council Chair report	Events	RR Impl Manual 7(b) Council chair	Yes – main paragraph 5
26	2	Council Chair report	Significant changes that took place	RR Impl Manual 7(b) Council chair	Yes – main paragraphs 3, 4, 8 and 9
27	3	Governance statement	Statement of council on governance	RR Impl Manual 7(c) <u>to be approved by council</u>	Yes – para 10.1
28	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) <u>to be approved by council</u> RR Impl Manual 7(4)(c)(ii)	Yes – Annexure para 10.1, para 10.2 and para 10.5  Yes - council attendance register (See Annexure 2)

<sup>6</sup> Check compliance to these requirements and make sure that all elements are included



29	3	Governance statement	Remuneration committee to explain remuneration philosophy and how implemented; reference to any ex gratia/ex lege 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) <u>to be approved by council</u>	Yes – Annexure 3, para 13.3.7.3 and main paragraph 11
30	3	Governance statement	Finance committee	RR Impl Manual 7(c)(i) <u>to be approved by council</u>	Yes – Annexure 3, para 13.3.7.2
31	3	Governance statement	Planning and resources committee – NWU has an Assets Committee	RR Impl Manual 7(C)(i) <u>to be approved by council</u>	Yes – Annexure 3, para 13.3.7.2
32	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 - Annexure 3, para 13.3.7.5
33	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 – Annexure 3, para 13.3.7.1
34	3	Governance statement	IT Governance committee	RR Impl Manual 7(c)(i)	Yes – Annexure 3, para 13.3.7.4
35	3	Governance statement	Statement on conflict management	RR Impl Manual 7(c)(ii) <u>to be approved by council</u>	Yes – para 9.2.4
36	3	Governance statement	Statement on worker and student participation	RR Impl Manual 7(c)(iii) <u>to be approved by council</u>	Yes – para 9.2.5
37	3	Governance statement	Statement on workplace ethics	RR Impl Manual 7(d)(iv) <u>to be approved by council</u>	Yes – para 10.12.1
38	4	Sustainability statement	Statement on sustainability	RR Impl Manual 7(d) <u>to be approved by council</u>	Yes – para 10.11
39	5	Senate report	Report of Senate to Council	RR Impl Manual 7(e) – <u>to be signed by VC</u>	Yes - main paragraph 3
40	5.	Senate report	Changes in academic structures	RR Impl Manual 7(e) – <u>to be signed by VC</u>	Yes – main paragraph 3
41	5.	Senate report	Composition of senate	RR Impl Manual 7(e) <u>senate report to be signed by VC</u>	Yes – Annexure 3, para 13.3.1

42	5. Senate report	Significant developments and achievements iro TL & R	<i>RR Impl Manual 7(e) <u>senate report to be signed by VC</u></i>	Yes – para 3.2.2.1, para 3.2.2.2 and para 9.1
43	5. Senate report	Composition and size of student body	<i>RR Impl Manual 7(e) <u>senate report to be signed by VC</u></i>	Yes – para 3.2.1.1
44	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	<i>RR Impl Manual 7(e) <u>senate report to be signed by VC</u></i>	Yes – para 3.2.3.1 and 9.1
45	5. Senate report	Research outputs – summaries of various programmes; awards; funding; outputs produced	<i>RR Impl Manual 7(e) <u>senate report to be signed by VC</u></i>	Yes – para 3.2.3.2 and 9.1
46	5. Senate report	Access to financial aid – (for students and researchers)	<i>RR Impl Manual 7(e) <u>senate report to be signed by VC</u></i>	Yes – para 3.2.1.1
47	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)	<i>RR Impl Manual 7(f) – <u>IF report to be signed by IF chair</u></i>	Yes – para 10.14
48	7 VC report on M/A	Report of VC on management and administration	<i>RR Impl Manual 7(g)- <u>to be signed by VC</u></i>	Yes - main paragraph 4
49	7 VC report on M/A	Principal <u>achievements</u> measured <u>in relation to plans, goals, objectives</u>	<i>RR Impl Manual 7(g)- <u>to be signed by VC</u></i>	Yes – main para 4 - Our VC's Review
50	7 VC report on M/A	<u>Managerial and administrative aspects of the operations</u> of the university, incl new appointments at senior level	<i>RR Impl Manual 7(g)- <u>to be signed by VC</u></i>	Yes – para 4.2
51	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.	<i>RR Impl Manual 7(g)- <u>to be signed by VC</u></i>	Yes – para 4.4 and onwards
52	7 VC report on M/A	Extra-curricular activities; changing patterns iro the provision for academic courses	<i>RR7(g)- <u>to be signed by VC</u></i>	Yes - para 4.7
53	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.	<i>RR Impl Manual 7(g)- <u>to be signed by VC</u></i>	Yes – para 4.8

54	8	Report on internal admin/operat structures and controls	Internal audit report  (Statement to be signed: <i>The ARCC reviewed the report on internal administrative/operational structures and controls in the year under review at its meeting held 8 October 2019, which meeting quorated, and the documentation for approval by the committee was circulated with the meeting agenda in advance with due notice</i> )	<u>RR Impl Manual 7(h)-to be signed by ARCC chair and IA director</u>	Yes – para 7.8	
55	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.	<u>RR Impl Manual 7(b)</u> <u>RR7(i)</u> <u>Report to be signed by officer/committee with designated risk responsibility and the chair of that committee</u>	Yes – main paragraph 7 Also Annexure 4	
56	10	Annual review	financial	Report by Chair of finance committee and CFO	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	Yes – Annexure 5, para 13.5
57	10	Annual review	financial	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	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	Yes –Annexure 5, para 13.5.1, 13.5.2,-13.5.3 and para 9.5
58	10	Annual review	financial	Indicate inclusivity of stakeholders – also attending to budgetary control mechanisms in maintaining financial discipline	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	
59	10	Annual review	financial	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.	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	Yes – Annexure 5, para 13.5 and para 9.5
60	10	Annual review	financial	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)	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	Yes – Annexure 5, para 13.5 and para 9.5
61	10	Annual review	financial	To be viewed as a thorough financial analysis of the institution, using all data in financial statements, and any other financial records	<u>RR Impl Manual 7(j) – report to be signed by chair of Fin Comm and CFO</u>	Yes – Annexure 5, para 13.5 and para 9.5

62	10	Annual review	financial	Indicate access to financial aid and the provision thereof; incl financial aid by external bodies	<i>RR Impl Manual 7(j) – <u>report to be signed by chair of Fin Comm and CFO</u></i>	Yes – para 3.2.1.1 and para 3.2.1.3
63	10	Annual review	financial	Indicate changes in tuition fees	<i>RR Impl Manual 7(j) – <u>report to be signed by chair of Fin Comm and CFO</u></i>	Yes – Annexure 5, para 13.5.4
64	11	Audit Comm report		Report of the Audit Committee	<i>RR Impl Manual 7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Yes – para 7.8
65	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	<i>RR Impl Manual 7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Yes – Annexure 3, para 13.3.7.1
66	11	Audit Comm report		ARCC to report internally to Council re its statutory duties, and duties assigned to it by Council	<i>RR7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Yes – Annexure 3, para 13.3.7.1
67	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	<i>RR Impl Manual 7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Yes – Annexure 3, para 13.3.7.1
68	11	Audit Comm report		ARCC to provide a summary of its role and details of its composition, number of meetings and activities	<i>RR Impl Manual 7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Annexure 3, para 13.3.3 and para 13.2 Yes – Annexure 3, para 13.3.7.1
69	11	Audit Comm report		ARCC to recommend the integrated report to Council for approval	<i>RR Impl Manual 7(k)- <u>to be signed by chair of ARCC and council chair</u></i>	Yes - ARCC round-robin approval (22 July 2020) and recommendation to Council
70	12	Transformation report		Policies that promote transformation in HE and their effectiveness and impact	<i>RR Impl Manual 7(l) – <u>report to be signed by VC and council chair</u></i>	Yes – section 6 various paragraphs
71	12	Transformation report		Report to indicate initiatives that seek to assist people from historically disadvantaged backgrounds, women, people with disabilities.	<i>RR Impl Manual 7(l) – <u>report to be signed by VC and council chair</u></i>	Yes – various sub-paragraphs in 6.

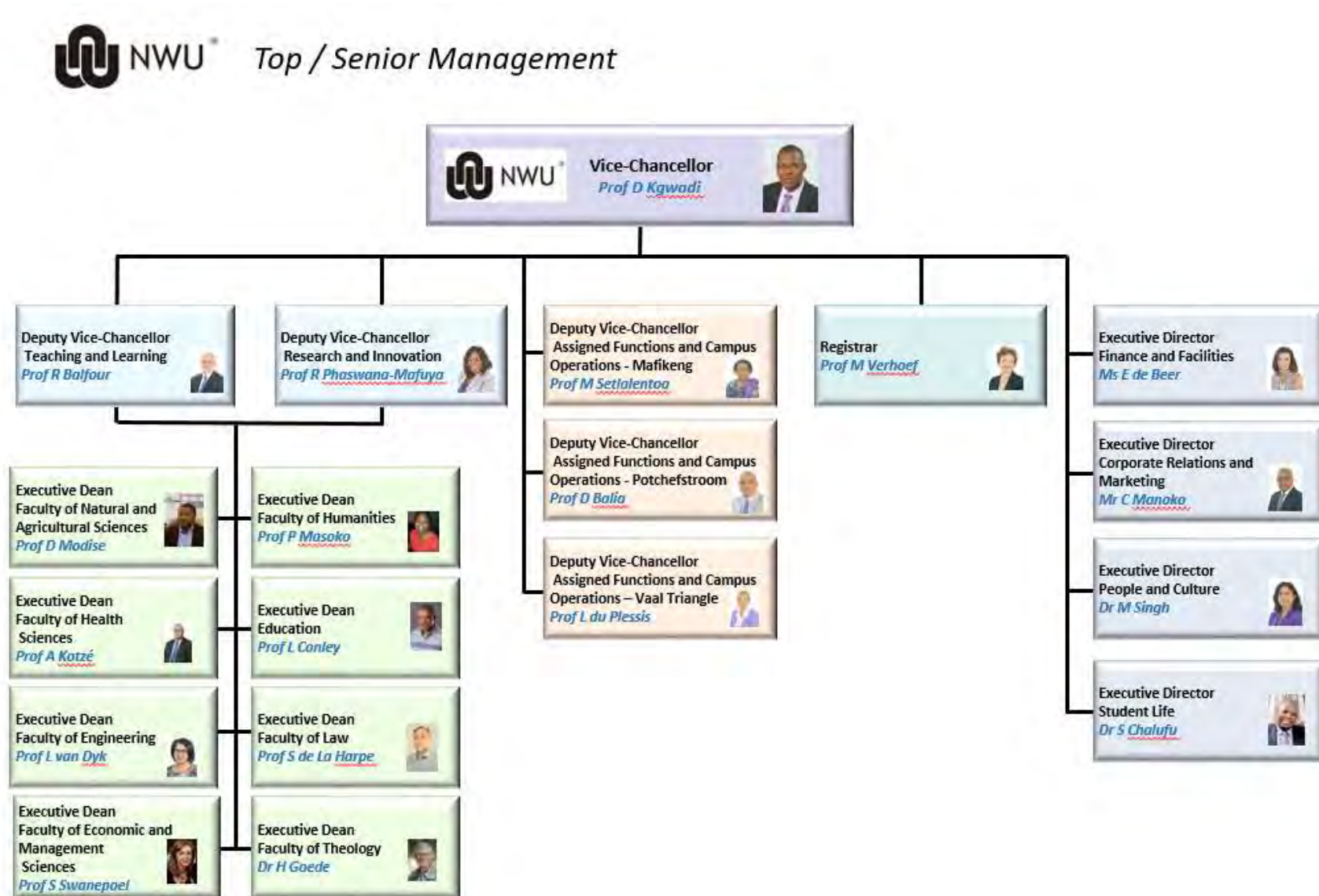
72	12	Transformation report Transformation iro TL and R activities	<i>RR Impl Manual 7(l) – report to be signed by VC and council chair</i>	Yes – 6.1 – academic transformation
73	13	Report of the independent auditor	<i>Annexure 6</i>	Yes – Annexure 6
74	14	Other info and supplementary financial data (verified by indep auditor); copies of approved minutes of each council meeting with agendas and attendance registers	<i>Provided separately electronically to DHET</i>	
75	15	Dept may arrange for a visit to institution to discuss AR, if necessary		
76	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

<b>Responsibilities of Council reflected as follows in the council report</b>	
	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

<b>Responsibilities of the Vice-Chancellor, through the executive team reflected as follows in management report</b>
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
<b>Council remains responsible for governance and the exec management for effective management and administration</b>
The annual report needs to show how and the extent to which these functions were executed.
<b>Financial reporting</b> 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.

13.8 Annexure 8: Senior management members



## ACKNOWLEDGEMENTS

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The 2019 integrated report was compiled by Corporate and Information Governance Services and produced by Corporate Relations and Marketing.

The integrated report will be made available on the NWU website <http://www.nwu.ac.za/content/nwu-annual-reports>

*This publication will also be made available in Afrikaans.*

