140 YEARS OF TRANSFORMATION, GROWTH AND DEVELOPMENT TOWARDS THE AFRICAN UNIVERSITY IN THE SERVICE OF HUMANITY ACCESSIBLE, FLEXIBLE AND GLOBALLY RECOGNISED 140 YEARS OF SHAPING FUTURES LARGEST OPEN DISTANCE INSTITUTION ON THE CONTINENT FACING THE FUTURE WITH CONFIDENCE, PRIDE AND DIGNITY

UNISA

UNIVERSITY OF SOUTH AFRICA

Annual Report 2013

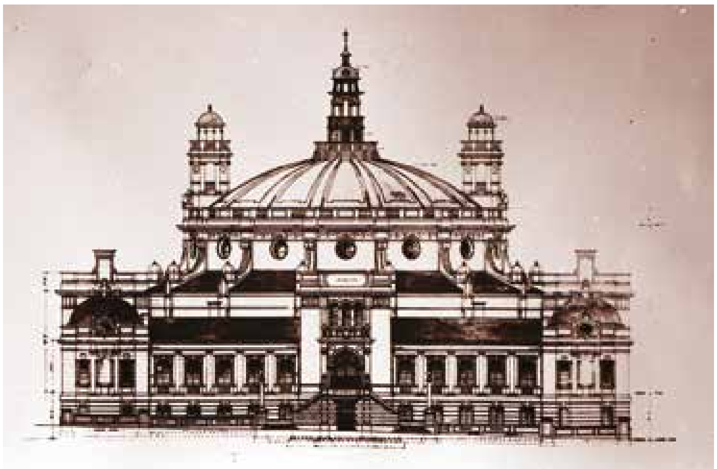
140 YEARS
OF TRANSFORMATION, GRO

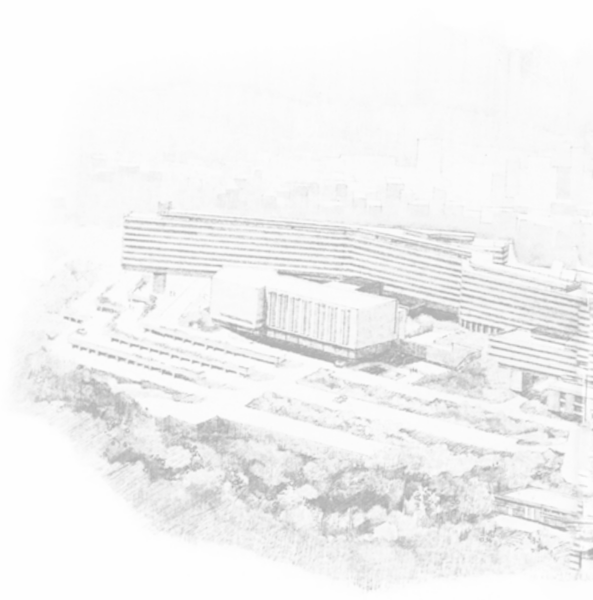
towards *the* African university in the service of humanity

Contents

OWTH AND DEVELOPMENT

Background and context





Background to Unisa

In 2013 the University of South Africa (Unisa) celebrated its 140th year of existence. Its journey has been a remarkable one of growth and transformation. Unisa's history can be traced back to 1873 when it was founded as the University of the Cape of Good Hope, initially functioning as an examining body.

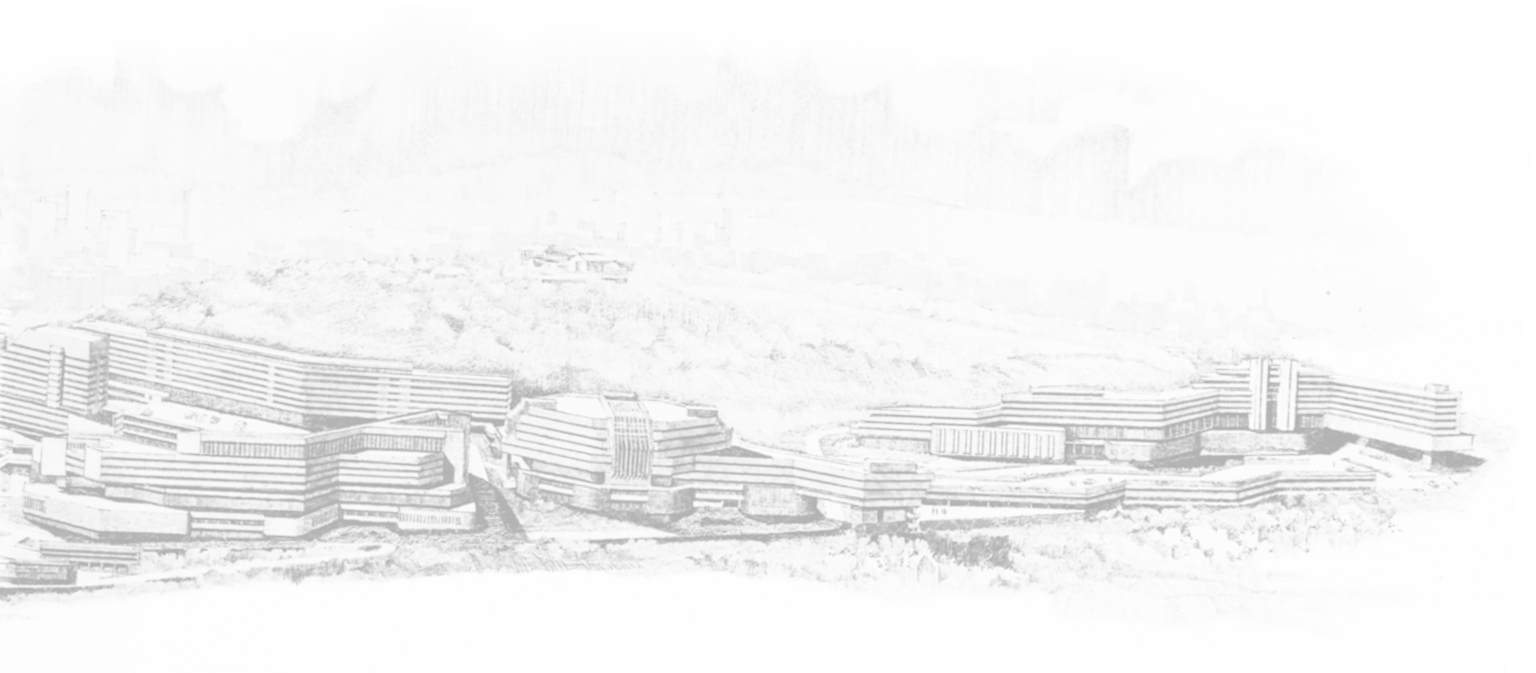
In 1918 the institution became a federal university and in 1946 Unisa took the lead when it became one of the world's first public universities to teaching exclusively by means of distance education. The federal university was the examining body for seven constituent institutions, which today comprise most of South Africa's historically 'white' universities. It could therefore be claimed that Unisa is also the primogenitor of a number of South Africa's oldest universities.

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

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

Unisa is the largest open distance learning (ODL) institution in South Africa and Africa, and one of the world's top-30 mega-institutions. At 328 851 students, Unisa enrols just over 35 percent of all South Africa's tertiary students. The student profile reflects the demographics of South Africa's democratisation process and its status on the continent since 1994, underscoring the pivotal role that Unisa plays in higher education, and its strategic position nationally, continentally and globally, as a key vehicle for transformation, growth and development.

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



Context of this report

This report reflects the significant activities for the period 1 January – 31 December 2013 and covers the total operations of Unisa. The prioritisation of contents for the report was defined by the draft integrated annual report guidelines set by the Department of Higher Education and Training (DHET). Whilst all reasonable attempts were made to equally align the report with the best practices recommended by King III, a critical challenge in preparing the report was the requirement to comply with the specific parameters of the DHET guidelines and respond to all the issues raised for consideration in the regulating guidelines. This onus has the effect of focusing the report on context-specific stipulated information outside (and different to) the recommended boundaries of King III. This is critical for the relevance of the report as it ensures a reflection of material information that is of direct relevance to our particular sector, being public higher education.

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

PRO GENTIBUS SAPIENTIA

UNISA

UNIVERSITY OF SOUTH AFRICA

140 YEARS OF TRANSFORMATION, GROWTH DEDICATED DISTANCE EDUCATION UNIVERS THE SERVICE OF HUMANITY LARGEST OPEN I ACCESSIBLE, FLEXIBLE AND GLOBALLY RECO LIFELONG LEARNING

The following is a brief overview of Unisa's philosophy and goals, its organisational structure and information on its student and staff profiles. The reports to follow on governance and institutional-related matters give account of how Unisa's operations supported its philosophy and goals in 2013.

Vision

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

Mission

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

Values

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

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

Value proposition

Accessible, flexible and globally recognised.

AND DEVELOPMENTLONGEST-STANDING
ITY IN THE WORLD AFRICAN UNIVERSITY IN
DISTANCE INSTITUTION ON THE CONTINENT
GNISED GUIDED BY PRINCIPLES OF

Transformation charter

Preamble

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

Affirm

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

Endorse

The need to:

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

Acknowledge

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

We declare that

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

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

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

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

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

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

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

We commit to

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

This we shall accomplish through

COMMUNICATION: Ensuring shared meaning and promoting mutual understanding at all levels, by making explicit relevant decisions, actions, choices and events timeously and transparently

CONVERSATION: Actively participating in dialogue that transforms the relationship and narrows the scope of differences while enhancing understanding and empathy

CONSERVATION: Preserving and utilising what is best from our legacy, making choices and decisions and taking actions in the present which ensure a sustainable future

COMMUNITY: The university staff, students and alumni cohering around our shared vision, aspirations and interests in the spirit of Ubuntu, while embracing diversity in its multiple forms

CONNECTION: Reinvigorating stakeholder relations to find greater synergy, harmony and meeting of minds in pursuit of transformational goals

CARE: Fostering a sense of belonging among the members of the Unisa community so that they feel accepted, understood, respected and valued

COLLEGIALITY: Cultivating an ethos of professionalism, shared responsibility, mutual respect, civility and trust while understanding and acknowledging one another's competencies and roles

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

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

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

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

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

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

TOWARDS THE AFRICAN UNIVERSITY IN THE SERVICE OF HUMANITY A COMPREHENSIVE, OPEN DISTANCE LEARNING INSTITUTION THAT PRODUCES EXCELLENT SCHOLARSHIP AND RESEARCH PROVIDES QUALITY TUITION AND FOSTERS ACTIVE COMMUNITY ENGAGEMENT FACING THE FUTURE WITH CONFIDENCE, PRIDE AND DIGNITY

Transformation keeps us at the frontier as pathfinders: to find ever better and innovative ways of enriching the student experience.

Strategic Goals

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

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

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

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

Goal 5: Cultivate external stakeholders and stakeholder relationships.

Unisa service charter

Purpose

Inspired by the University's vision to be "*the* African university in the service of humanity", the purpose of this Service Charter is to commit the Council, Management and staff of the University of South Africa to provide the relevant quality services and products in an efficient, professional and courteous manner.

Preamble

We, the Council, Management and staff of the University of South Africa

Acknowledging that our university is a dedicated comprehensive distance education institution with international reach

Cognisant of the Unisa Vision, Mission, Values and the strategic importance of the 2015 Agenda for Transformation

Understanding that the core functions of our university are to: deliver quality undergraduate and postgraduate qualifications; strive to conduct and maintain high-quality research and teaching; and enhance community engagement

Commit ourselves to the following essential service principles and values:

Values of the strategic plan

- **Social justice and fairness**
  Promoting equity of access and opportunity so that all may develop their full potential
- **Integrity**
  Subscribing to truth, honesty, transparency and accountability of conduct in all that we do
- **Excellence**
  Upholding high standards of aspiration in all our practices, with continuous attention to improvement in quality

Core principles

- **Student centredness**
  Prioritising student needs and basing decisions on student profiles
- **Collegiality**
  Behaving with respect and consideration towards others within the Unisa community and externally
- **Sound educational principles and practices**
  Implementing up to date and relevant theories of teaching and learning
- **Service to humanity**
  Promoting human universality, producing and disseminating knowledge, promoting cultural diversity and serving causes that advance society and humanity

We shall not compromise on

- Providing excellent, quality service
- Fostering a culture of caring
- Taking pride in being a member of the Unisa community – taking personal and collective responsibility
- Ensuring availability of staff for student support and assistance
- Providing correct and relevant information to staff, students and the community
- Giving timeous responses
- Holding people accountable for their responsibilities and services
- Inspiring motivation in the university community
- Allocating adequate resources strategically
- Engaging in mutually beneficial partnerships with various communitiesWe shall not compromise on:

To achieve the objectives of this charter we undertake to

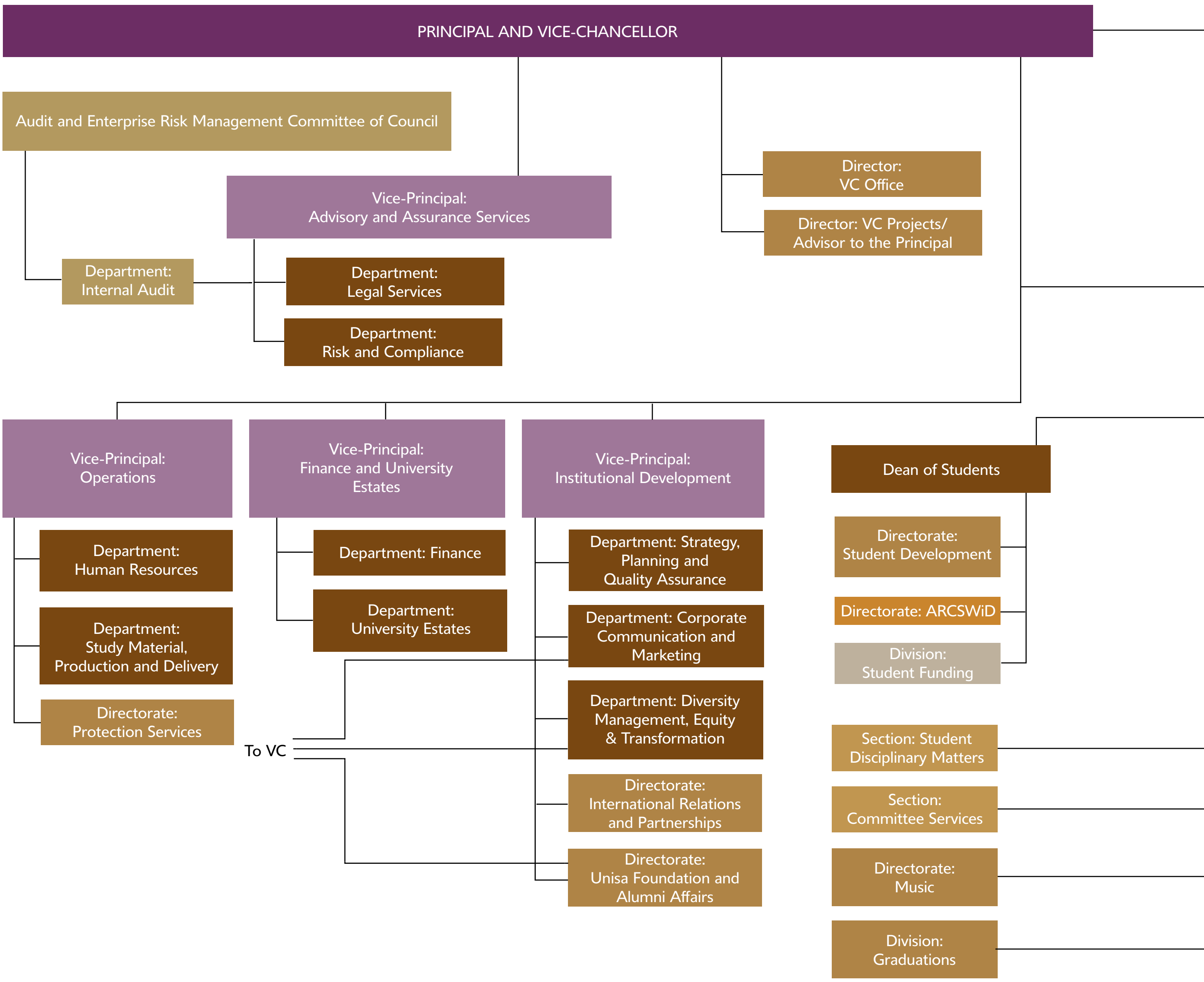
- Provide visionary, quality and visible leadership at all levels that gives clear direction
- Align resource allocation to strategic priorities
- Consistently review and evaluate our research priorities, curriculum and teaching, learning and assessment strategies
- Provide relevant staff development opportunities to ensure informed and competent service
- Recognise and reward excellent service and deal decisively with poor service delivery
- Align systems, structures and procedures to consistently and carefully monitor, evaluate and review the impact of our service culture change
- Develop Unit Service Charters in line with this Charter

Pledge

THIS PLEDGE WE MAKE, confident in the knowledge and conviction that the people at this University will create a service culture that will truly establish Unisa as a leading provider of quality distance education in the service of humanity.

Organisational structure

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

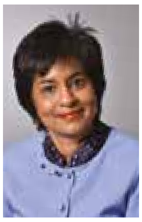


Executive Management

Prof. Mandla Makhanya
Principal and Vice-Chancellor

Prof. Narend Baijnath
Pro-Vice-Chancellor

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



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

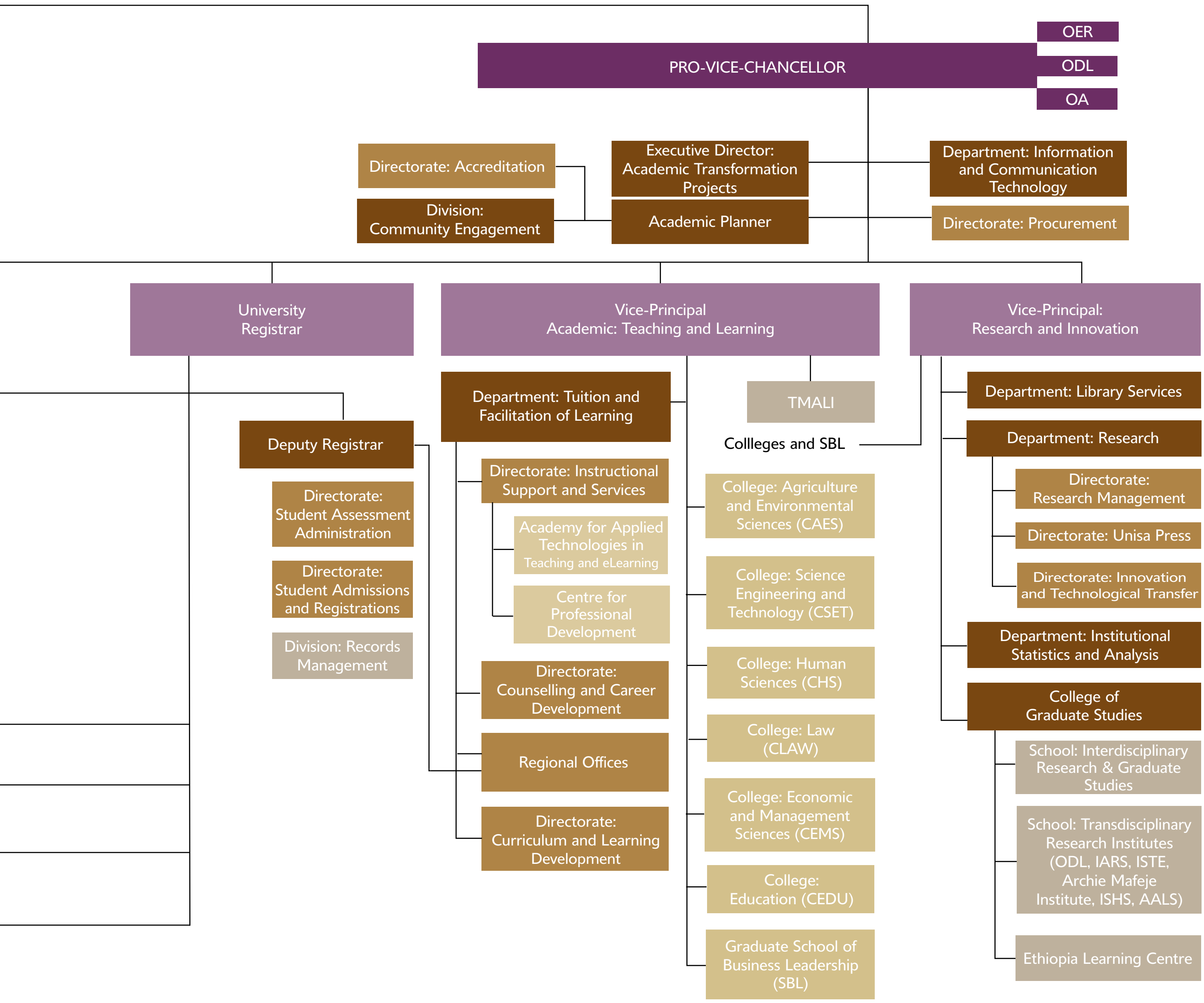
Mr Adrian Robinson
Vice-Principal: Finance and University Estates

Dr Molapo Qhobela
Vice-Principal: Institutional Development

Prof. Barney Erasmus
Vice-Principal: Operations

Prof. Mamokgethi Phakeng
Vice-Principal: Research and Innovation

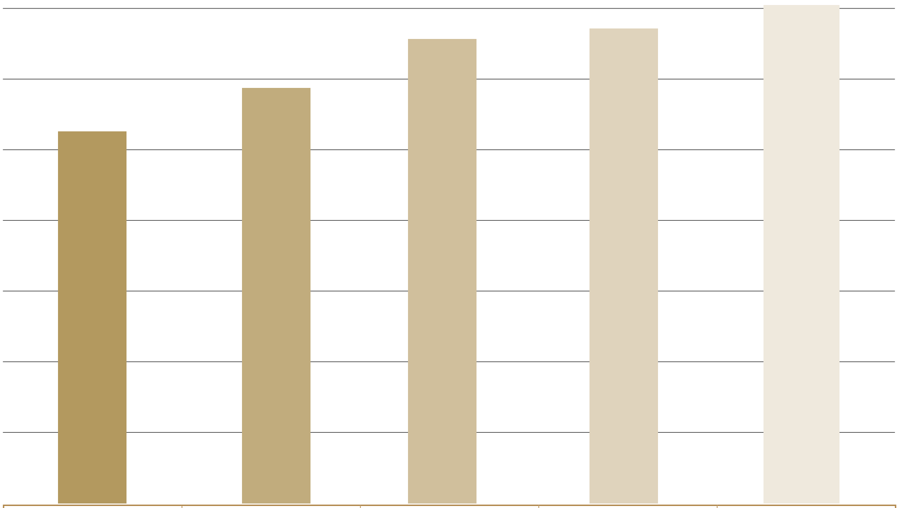
Prof. Mogege Mosimege
University Registrar



Student profile[1]

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

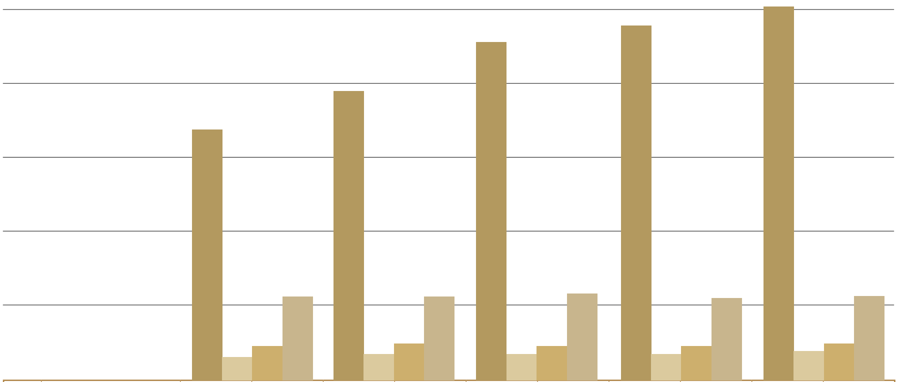
Student enrolments: 2009 to 2013



2009	2010	2011	2012	2013 (Prelim)
263 559	293 437	328 864	336 286	352 823

Enrolments (HC)

Student enrolments by race group

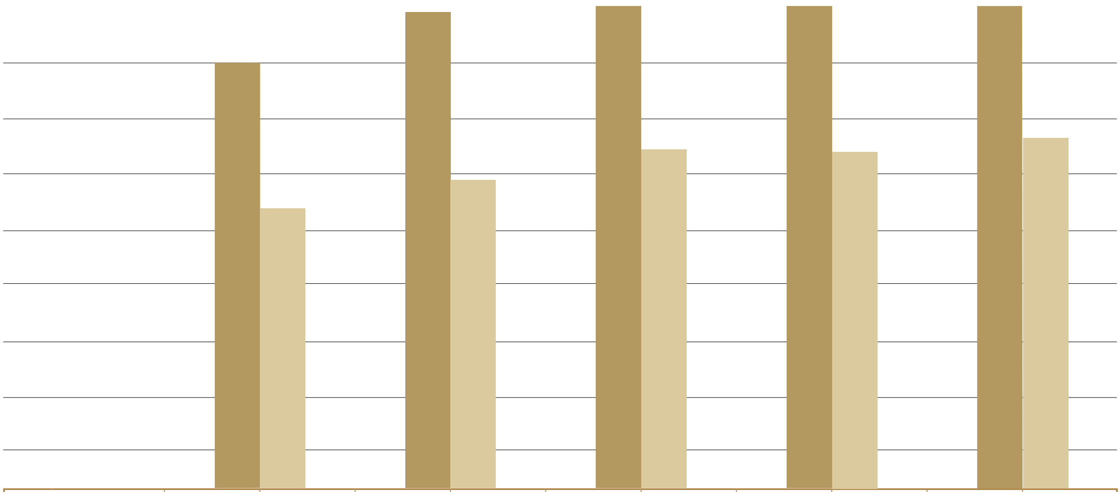


	2009		2010		2011		2012		2013	
African	168 614	64.0%	195 553	66.6%	228.159	69.4%	239 577	71.2%	251 960	71.4%
Coloured	15 338	5.8%	16 610	5.7%	17 643	5.4%	17 595	5.2%	18 999	5.4%
Indian	23 418	8.9%	24 113	8.2%	24 571	7.5%	23 162	6.9%	24 267	6.9%
White	56 117	21.3%	56 965	19.4%	58 094	17.7%	55 350	16.5%	56 841	16.1%
No information	72	0.0%	196	0.1%	397	0.1%	602	0.2%	756	0.2%

Since 2012 the African segment has accounted for more than 70% of the total student population.

[1] The 2009 to 2012 student figures presented are based on data extracted from the final audited HEMIS submissions to the Department of Higher Education and Training (DHET). The 2013 figures represent information extracted from preliminary HEMIS student data and is subject to final verification and auditing.

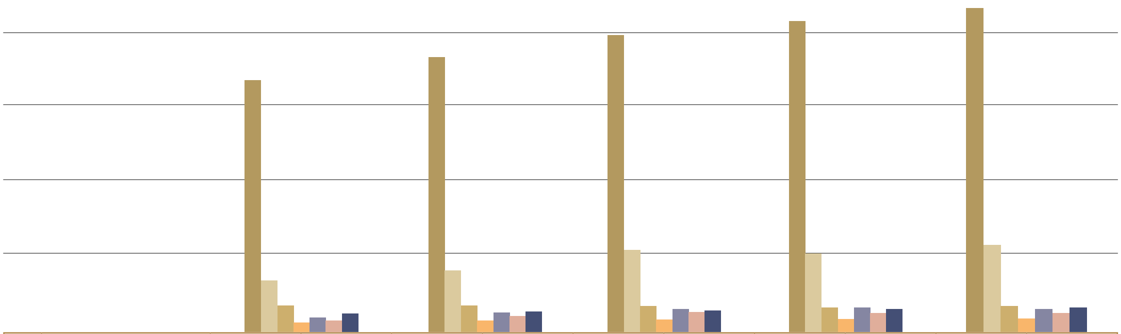
Student enrolments by gender



	2009		2010		2011		2012		2013 (Prelim)	
Female	158 699	60.2%	177 503	60.5%	202 003	61.4%	210 314	62.5%	222 216	63.0%
Male	104 860	39.8%	115 934	39.5%	126 861	38.6%	125 972	37.5%	130 607	37.0%

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

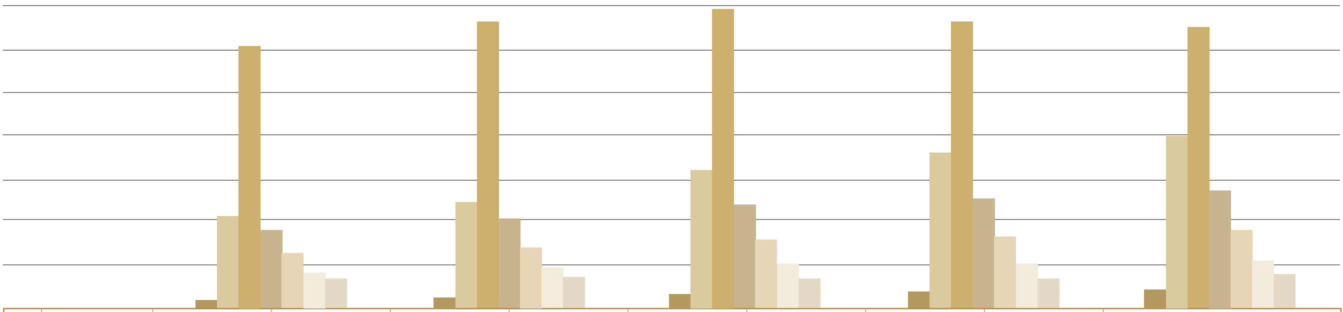
Student enrolments by region



	2009		2010		2011		2012		2013 (Prelim)	
Gauteng	172 137	65.3%	187 953	64.1%	203 197	61.8%	212 698	63.2%	221 845	62.9%
KwaZulu-Natal	34 796	13.2%	41 916	14.3%	56 127	17.1%	52 964	15.7%	59 166	16.8%
Limpopo	17 810	6.8%	17 832	6.1%	17 150	5.2%	16 683	5.0%	17 247	4.9%
Mpumalanga	6 634	2.5%	7 843	2.7%	8 668	2.6%	8 868	2.6%	9 169	2.6%
Midlands	10 498	4.0%	12 751	4.3%	15 347	4.7%	16 664	5.0%	15 589	4.4%
Eastern Cape	8 750	3.3%	11 101	3.8%	13 535	4.1%	13 010	3.9%	12 875	3.6%
Western Cape	12 795	4.9%	13 888	4.7%	14 670	4.5%	15 276	4.5%	16 825	4.8%
Ethiopia	104	0.0%	145	0.0%	166	0.1%	120	0.0%	96	0.0%
Foreign / Unknown	35	0.0%	8	0.0%	4	0.0%	3	0.0%	11	0.0%

62.9% of Unisa's students resided in Gauteng.

Student enrolments by college



	2009		2010		2011		2012		2013 (Prelim)	
CAES	4 030	1.5%	5 341	1.8%	6 947	2.1%	8 798	2.6%	9 679	2.7%
CEDU	43 323	16.4%	49 393	16.8%	64 790	19.7%	72 615	21.6%	80 843	22.9%
CEMS	122 825	46.6%	133 482	45.5%	139 764	42.5%	134 117	39.9%	131 076	37.2%
CHS	36 426	13.8%	41 912	14.3%	48 167	14.6%	51 132	15.2%	55 247	15.7%
CLAW	25 648	9.7%	29 008	9.9%	32 550	9.9%	34 085	10.1%	36 984	10.5%
CSET	17 122	6.5%	19 335	6.6%	21 627	6.6%	21 232	6.3%	22 699	6.4%
Occasional	14 185	5.4%	14 966	5.1%	15 019	4.6%	14 307	4.3%	16 295	4.6%

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

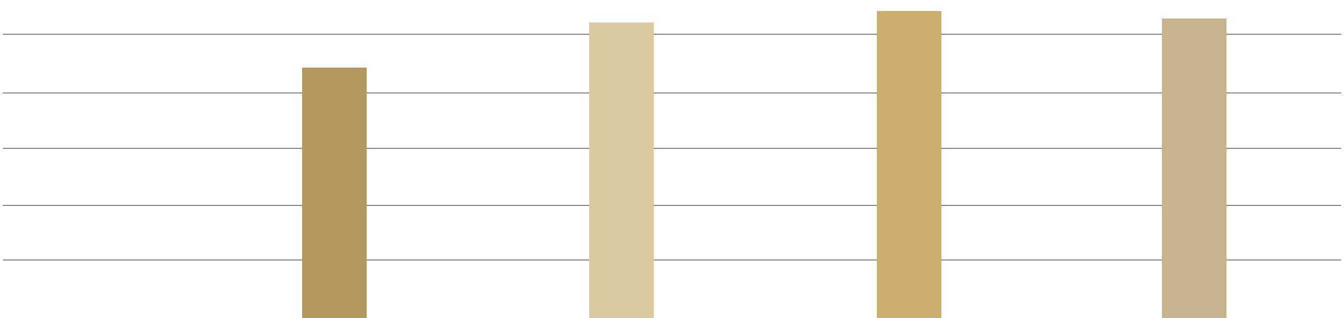
Student enrolments by nationality

	2009		2010		2011		2012		2013 (Prelim)	
Enrolments (HC)	263 559	100.0%	293 437	100.0%	328 864	100.0%	336 286	100.0%	352 823	100.0%

Nation	2009		2010		2011		2012		2013 (Prelim)	
South Africa	242 512	92.0%	269 061	91.7%	300 842	91.5%	307 142	91.3%	322 652	91.4%
Other SADC countries	15 682	6.0%	18 647	6.4%	21 831	6.6%	23 480	7.0%	24 600	7.0%
Other African countries	3 815	1.4%	4 067	1.4%	4 252	1.3%	3 978	1.2%	3 877	1.1%
Rest of the world	1 505	0.6%	1 606	0.5%	1 751	0.5%	1 601	0.5%	1 501	0.4%
No information	45	0.0%	56	0.0%	188	0.1%	85	0.0%	193	0.1%

Just over 91% of Unisa students were South African, with a further 7% from other SADC countries.

Graduates



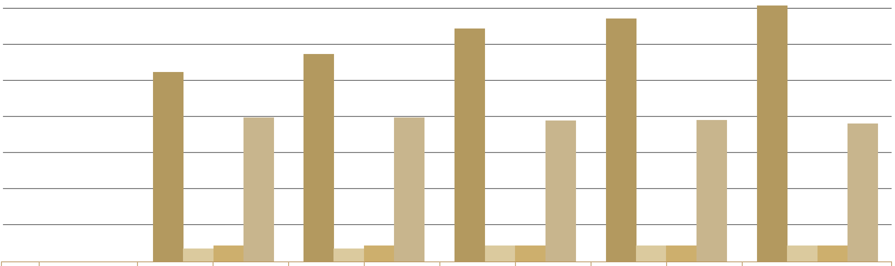
	2009		2010		2011		2012	
Graduates	22 675	100%	26 073	100%	26 808	100%	26 210	100%

Unisa delivered more than 100 000 graduates between 2009 and 2012.

Staff profile[2]

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

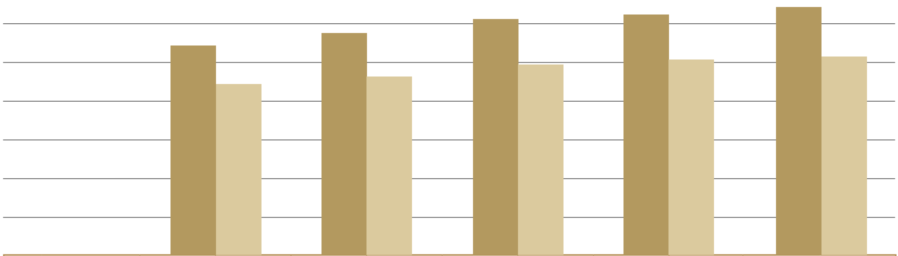
Staff by race



	2009		2010		2011		2012		2013 (Prelim)	
African	2 648	53.0%	2 874	55.0%	3 211	57.6%	3 372	58.9%	3 513	60.0%
Coloured	169	3.4%	175	3.3%	200	3.6%	209	3.7%	226	3.9%
Indian	188	3.8%	204	3.9%	200	3.6%	210	3.7%	219	3.7%
White	1 989	39.8%	1 977	37.8%	1 964	35.2%	1 933	33.8%	1 896	32.4%

The proportion of African staff saw a significant growth from 53.0% in 2009 to 60% in 2013.

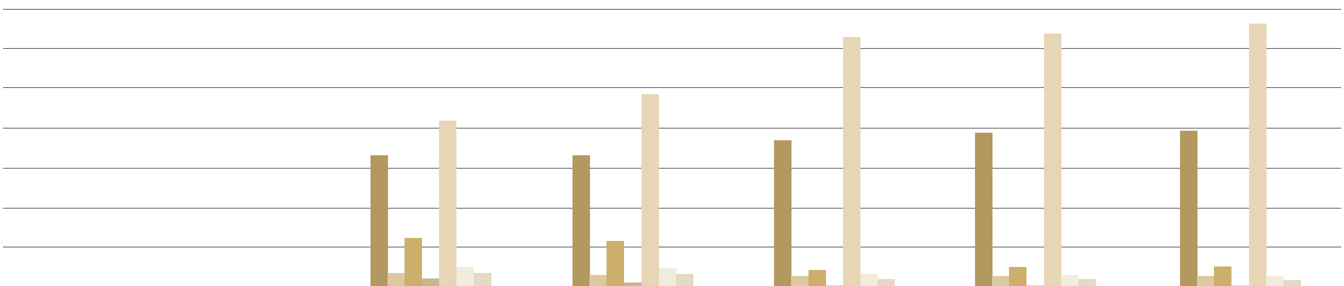
Staff by gender



	2009		2010		2011		2012		2013 (Prelim)	
Female	2 742	54.9%	2 888	55.2%	3 088	55.4%	3 173	55.4%	3 261	55.7%
Male	2 252	45.1%	2 342	44.8%	2 487	44.6%	2 551	44.6%	2 593	44.3%

55.7% of staff were female.

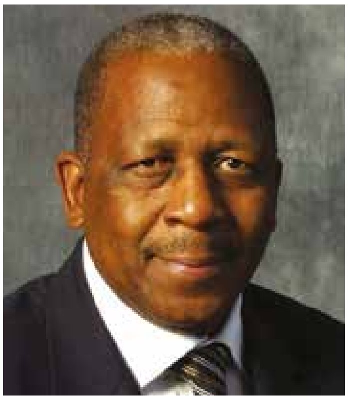
Staff by category



	2009		2010		2011		2012		2013 (Prelim)	
Instructional/Research Professional	1 670	33.4%	1 689	32.3%	1 849	33.2%	1 946	34.0%	1 978	33.8%
Executive/Management Professionals	158	3.2%	128	2.4%	118	2.1%	124	2.2%	121	2.1%
Specialised/Support Professional	602	12.1%	564	10.8%	194	3.5%	220	3.8%	228	3.9%
Technical	92	1.8%	51	1.0%	21	0.4%	19	0.3%	19	0.3%
Non-Professional Admin	2 086	41.8%	2 435	46.6%	3 164	56.8%	3 199	55.9%	3 305	56.5%
Crafts/Trades	226	4.5%	215	4.1%	143	2.6%	133	2.3%	124	2.1%
Service Workers	160	3.2%	148	2.8%	86	1.5%	83	1.5%	79	1.3%

Close to 60% of established staff were categorised as non-professionals, the majority of whom were in administration positions (56.5%). The second-largest personnel category in 2013 was instructional/research professionals (33.8%).

Statement by the Chairperson of Council



Dr N Mathews Phosa

I am once again called upon to reflect on the past year and the success and challenges that characterised the role and activities of the Unisa Council. I do this with a complete acknowledgement of the responsibility that accompanies the function, as Unisa to a significant extent, is funded from the public fiscus. Thus, it is after due consideration that I am pleased to report that 2013 was another successful year for Council, highlighting the commitment of the members to balance institutional governance and the continued sustainability of Unisa.

The four scheduled Council meetings as well as the special meeting were all quorate. The special meeting was convened to deliberate over the transfer of an additional contribution of R45m from the budget to support returning students who qualified for NSFAS funding, but could not be supported from the institutional NSFAS allocation as a result of limited funding received. The Council approved the additional contribution, cognisant of its commitment to support access to education as far as reasonably possible. The additional funds were identified from a separate ICT project budget which had been earmarked for roll over to 2014. The Council was, however, concerned to have this obligation thrust on the university resources given the significant bursary allocation approved in the 2013 budget; and Management was advised to focus on securing student funding through third stream income.

Governance and sustainability were a key focus in 2013 as the Council observed the developments in the higher education *milieu* nationally and globally. While emerging opportunities were top of the mind, the Council was always attentive to the concomitant internal and external risks. This approach is clearly reflected in the strategic Institutional Risk Register 2013-2015 which was approved by the Council. This document will form a basis from which Unisa will continue to check its activities and engagements planned for the future.

The Ethics Office has always been an important foil to the risks and progress of the university. The organisational ethics plan is monitored by the Audit and Enterprise Management Committee, which also provides guidance as Unisa forges towards its commitment to be an ethical university. In this regard, there were many successful internal activities that embedded the ethics awareness and institutional values quite soundly and solidly. Unisa participated in the Organisational Ethics Climate Indicator (OECI) survey conducted by EthicsSA, which confirmed this position. In the Ethics Governance and Management assessment (also conducted by EthicsSA) Unisa scored a 92.7% compliance rating. We are very pleased with the achieved progress to date given that the *dedicated* ethics focus at Unisa is only two years old. The 2014-2016 institutional ethics commitment is to maintain the awareness programme and escalate the ethics initiatives to ensure that there is equally an *execution* of the values and everyone understands how to *walk-the-talk*.

Our ethics project is closely aligned with the strategic quality management and service delivery imperatives. In 2013 service delivery was identified as one of the key institutional risks. The Office of the Ombudsman assisted in ameliorating the problem to a limited extent. However, Unisa was not able to make real progress in establishing a systemic infrastructure that will mitigate the problems with service delivery. The issues have been highlighted and the compensating manual controls have been identified, but complaints are still being received from students. The Council remains concerned that in a competitive environment, poor service delivery is one of the critical limitations that Unisa will have to overcome going into the future. Plans are in place for future development in this area and the single-minded objective of 2014-2015 will be to ensure the functionality of the proposed systems. In the interim, Management will be held responsible for ensuring that the interim performance delivery measures are effectively in place and applied.

The Council remains keenly attuned to the organisational culture and the staff satisfaction at Unisa. Therefore, the labour unrest which resulted in industrial action during the salary negotiation process of 2013 was of grave concern to the Council. The Council is unequivocal in the shared view that labour unrest and industrial action need to be responsibly managed and that Unisa should not find itself in a similar situation again, thus the decision by the Principal and Vice-Chancellor to institute an independent enquiry (chaired by Mr S Roopa) into the cause/s of the unrest was strongly supported by the Council. The Roopa Enquiry concluded at the end of 2013 and given the seriousness of some of the issues raised in the report, the Council appointed a task team from among its independent members to analyse the recommendations of the report and prepare an appropriate action plan for discussion by the Council and implementation by the Management in 2014.

In 2013, the Council approved the ODeL Business Model for Unisa, recognising the opportunities presented by the rapid advances in technology to bridge the geographic divide and reach more students in remote parts of the country. The Council is convinced that the future lies in increasing digitisation and harnessing the affordances of technology to ensure the consistency and quality of the product. One benefit to our graduates is their preparedness for the demands of the 21st century workplace with requisite skills and capacities, giving them an even chance in the competitive marketplace. As far as administration and management are concerned, there are demonstrable benefits for a highly complex and large institution. However, in the implementation of the transformation to a digital university, it became apparent that in a society characterised by huge economic and social inequalities, the change had to be carefully managed. Firstly, it was patently clear that the current state of the university's ICT systems and capacities forbid a hasty march into a digital future. Secondly, the Council was acutely aware of the imperative to prevent further disadvantage to those already on the margins of society by placing new barriers to access in the form of unaffordable technology. It is, therefore, essential that our approach is incremental with due attention to building the necessary ICT infrastructure, staff capabilities and student competencies in synergy to take full advantage of the digital age.

Unisa remains conscious of its role to extend higher education to all South Africans. This is possible due to the presence of 22 Unisa offices countrywide – in urban and rural areas, as well as the areas where contact institutions of higher learning are not easily accessible.

The university takes its mandate of 'openness' very seriously and has positioned itself to capture the majority of students who may not have been able to further their studies. However, Unisa is equally aware of its own constraints vis-à-vis carrying capacity and 2013 saw the Council vigorously engaging with the enrolment plan and institutional enrolment management. The Council set very clear boundaries that would assure quality, financial sustainability, and best fit for purpose when dealing with the issues of enrolment planning and management.

In 2013, Unisa appointed Deloitte & Touche as its external auditors for a period of 5 years (taking over from KPMG) and we look forward to a constructive working partnership.
With specific reference to its system of financial controls, Unisa recognises the need for a strong system of internal financial controls designed to provide assurance of compliance; accurate financial reporting; and the minimisation of risk of financial loss to the university; and the extensive policy framework bears testimony to this commitment. However, there is room for improvement insofar as the implementation of the control environment is concerned and this will receive necessary attention from Management and the Finance Committee of Council. Many of the control weaknesses identified in the reports of both the internal and external auditors indicate human/manual intervention to deal with such weaknesses and the design of the financial structure. The proposed review of the enterprise risk management framework is anticipated as it will support the existing platform of risk and control management. The Audit and Enterprise Risk Management Committee will also continue to monitor and treat it as a priority during 2014.

A number of significant infrastructure projects and improvements were continued during 2013, which include the renovation of the administration blocks; the continuation of the total renovation and renewal of the Rustenburg campus facilities; the ongoing renovation of the Government House refurbishment on the Pietermaritzburg campus; and the upgrade of the data centre in the Cas van Vuuren building on the Muckleneuk campus.

New major infrastructure projects include the construction of the new College of Economic and Management Sciences building (which will be the largest university infrastructure project to date), the upgrade of the Samuel Pauw Library and a new campus development in Mpumalanga. All three developments exceed the threshold defined in Section 40(3)(b) of the Higher Education Act and the permission of the Minister has been requested to proceed with these projects. Other projects in the planning stage are the new building for the College of Graduate Studies on the Sunnyside campus and the heritage renovation of a number of buildings on that campus to be used by the College of Graduate Studies as research institutes and learning centres.

Whilst no material financial loss or fraud was reported during 2013, the Finance Committee, which maintained oversight on the management of capital projects, raised its concern regarding the expenditure on the Florida Laboratories project arising from 2010. A formal investigation was mandated and the results have not been received yet. In the interim, Council resolved that all building projects exceeding R20m will be suspended pending the outcome of the investigation; and it is evident that appropriate measures are in place to manage major building projects.

Unisa continues to maintain a strong financial position with total revenue 12% higher than in 2012. Increases in expenditure were contained to 14%, with the resultant improvement in net surplus level. The net surplus is in excess of R1 billion although R777 million of it is a direct result of improvements in the market value of investments. This is still a very pleasing result. Reserves remain at a satisfactory level, although the two outstanding major infrastructure projects will cause these reserves to remain constant over the medium term.

Unisa's overall financial position and operating results are gratifying. However, the rate of growth in student numbers is still a matter for concern since concomitant demands for increased infrastructure and investment in both physical and human resources are expected to support this growth trajectory. Such high levels of investment are not sustainable in the long term and the Council is cognisant of the need to curtail unbridled growth and has provided guidance to Management on achieving better parameters through its proposed enrolment plan and future trajectory.

No additional borrowings were raised during the 2013 financial year and none are envisaged for the foreseeable future. A decrease in lease liabilities in the normal course of operations occurred that falls within the threshold as defined in Section 40(2)(b)(ii) of the Act, as a result of some leases nearing the end of their terms. This may increase over the next financial year as the stock of Unisa-owned office space is far lower than the current demand.

The Council is, however, concerned that there appears to have been a few examples of non-compliance with specific pieces of legislation. The apprehension of the Council has been made clear to the Management with the understanding that the constraints will be ameliorated in 2014. The Finance and Audit and Enterprise Risk Management Committees will continue to exercise oversight and monitor the progress towards resolution of the identified problem areas.

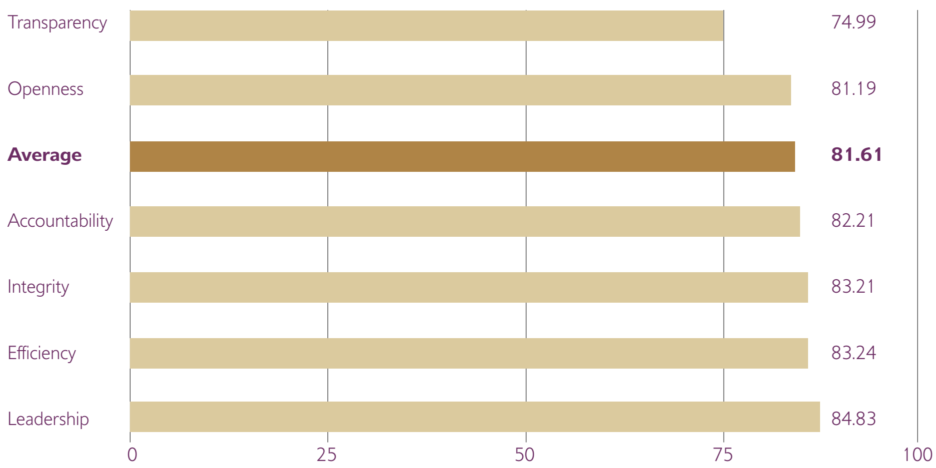
Another key area for Council oversight is the contract with the Minister on the key institutional objectives for each year. Council noted that there was limited success in achieving the contracted commitments of 2013 and cautioned that managers needed to ensure that the committed activities for 2014 were all prioritised *and achieved* in the year under review.

The success and efficiency of the work of the Council is maintained through an effective committee structure and, aligned with best practice, all committees are chaired by external members of Council with appropriate skills and expertise. The matters presented to Council by management are filtered through the system of Council Committees prior to reaching the Council Agenda, or where there has been a delegation (in terms of the Policy on Delegation of Powers), the matter is finalised at committee level. Set out below is a summary of the matters of significance that were dealt with by the Council in 2013:

Senior appointments	Changes in structure	Policies approved/reviewed/revised	Other major decisions taken
1. Dr J Binders: ED Academic Transformation (Projects) 2. Mr I Mogomotsi: ED University Estates 3. Prof QM Temane: Deputy Registrar 4. Mr D Fortuin: ED Risk and Compliance 5. Dr Zulu: ED Human Resources 6. Dr RD Mokate: ED Graduate School of Business Leadership 7. Prof E Sadler: ED College of Accounting Sciences 8. Prof RMH Moeketsi: ED College of Human Sciences (2nd term) 9. Ms L Griesel: ED Strategy, Planning and Quality Assurance (2nd term) 10. Ms A Steenkamp: Chief Audit Executive (2nd term) Mr Sandy Lebese was appointed to the Institutional Forum in the category member of civil society from the business sector	1. Centre for Business Leadership (SBL) – new 2. School of Governance – new 3. Establishment of the College of Accounting Sciences – new	4. Policy on the Recognition of Prior Learning – revised 5. Policy on Master's and Doctoral Degrees – review 6. Assessment Policy – revised 7. Policy on Prescribing Books, Readers and Journal Articles and Recommending Books and Journal Articles 8. Policy on Research Ethics 9. Policy for Conducting Research involving Unisa Staff, Students or Data 10. Policy on the Master's and Doctoral Support for Permanent Unisa Staff 11. Tuition Policy – revised 12. Excellence in Tuition Award – revised 13. Official Signing Powers – revised 14. Employee Disciplinary Code (revised) 15. Reserves Policy 16. Policy on Long Service Awards 17. Policy on Standby Allowances 18. Policy on Performance Bonuses 19. Conditions of Service: Policy and Procedure regarding Official Working Hours 20. Conditions of Service: Policy on Overtime 21. Conditions of Service: Policy on Night Shifts 22. Conditions of Service: Policy on Public Holidays 23. Conditions of Service: Policy on Termination of Employment 24. Conditions of Service: Remuneration Policy 25. Grievance Policy 26. Policy on Harassment 27. Collection Development Policy 28. Policy for Research Institutes 29. Policy on Postdoctoral Fellows 30. Unisa Library Access Policy 31. Smoking Policy 32. Occupational Health and Safety Policy 33. Policy on Academic Employees Appointed or Seconded to Senior Management 34. Policy on Research and Development Leave for Academics 35. ICT Policy on Broadband Agreements 36. ICT Mobile Device Policy 37. Telephone and Cellphone Policy 38. Interception and Monitoring Policy 39. Business Continuity Management Policy 40. Policy on Executive Development Leave for Members of Senior and Extended Management 41. Policy on Approval of Outside Work During Unisa Official Hours for Academic and Professional Employees 42. Policy on the Recruitment, Selection, Appointment and Related Matters for Permanent Employees (P5-18) 43. Human Resources Delegations – revised 44. Integrated Employee Performance Management System Policy – revised 45. Delegation of Powers: Finance – revised 46. Budget Policy – revised 47. Accounting Policies – revised 48. Community Engagement Policy – revised 49. Terms of Reference: Branding Committee	Honorary degrees were awarded to: 1. Ms Mimi Coertse 2. Mr Caiphus Katse 3. Dr Mohamed Ibrahim 4. Mr M Mangena 5. Mr AM Kathrada 6. Ms L Myeza 7. Ms MVH Mpakanyane 8. Ms S Khumalo 9. Ms L Mbulu The awarding of a joint honorary degree between Unisa and Vrije Universiteit was approved Deed of Trust of the Unisa Foundation was approved Report on Employment Equity Approved the transfer of two erven of land in Mthatha (Eastern Cape) to Unisa to develop a new Campus. A collaborative project with the Universities of Fort Hare and Walter Sisulu for a joint learning centre in East London was approved after due consideration of the relevant risk assessment.

In 2013 the Bureau for Market Research (Unisa) was contracted to conduct an external review of the activities of Council, its committees and other governance structures. The summarised results are set out below. The figure summarises the performance of the Council according to the six foundation principles defining corporate governance and ethical conduct.

2013 Corporate governance and ethical conduct barometer for the Unisa Council by selected foundation principles



The 2013 performance scores for the Unisa Council Committee are gratifyingly high for all fundamental principles. On average, the Council Committee recorded an overall performance of 81.61 points in 2013.

Areas of exceptional performance in 2013 include leadership accountability; participatory inclusiveness; monitoring and guidance of strategies and operational plans; the assessment of substantial information technology expenditure and integrated reporting. A comparison of the index scores shows that the Unisa Council is relatively less compliant with the 'transparency' and 'openness' criterion relative to the other fundamental principles. Transparency issues that recorded relatively lower scores included (i) the development of inexperienced Council members through mentorship programmes; and (ii) the development of continuous professional development programmes for Council members. The focus areas that scored the lowest regarding 'openness' include (i) the development of performance criteria for Council members to serve as a benchmark for the performance appraisal and (ii) the connection between the Secretary of Council and Council members; and (iii) performing annual performance evaluations of Council members. Although different measurement instruments were used to evaluate the performance of the Council in 2010, 2011 and 2013, the need to improve the induction programmes of Council members remained among the common priority areas listed over time. The development of new and experienced staff has seemingly remained a priority. As is the practice of the Council, the results will be assessed and, where relevant, remediation strategies will be implemented.

The Unisa Council is committed to the principles of continuous development and strives to set an example for good corporate leadership. As part of its annual programme, the Council hosted its strategic planning session in September 2012 during which it charted the trajectory for 2013-2015. During the two-day programme, members were also required to affirm/reaffirm their commitment to the Code of Ethics and Conduct for Council Members, and submit their (annual) declarations of interest. It is, thus, a matter of concern to note in the report of the external auditors that a number of declarations of interest from members of the Council were not obtained for purposes of the audit.

Finally, cognisant that the tenure of several members of Council will terminate in 2015, a succession plan to ensure the continuity of the workings of the Council will be instituted early in 2014 with appointments concluded (hopefully) by the end of that year. In conclusion, 2013 was a critical year for Unisa in terms of strengthening its platform of good governance, planning, and ensuring the sustainability of the university for the future. There were challenges as well as many successes, but as we look back on the past 140 years, I am pleased to see the persistent positive growth and development that characterises Unisa.

Council statement on governance

This report was approved at a full council meeting held on 20 June 2014. The meeting was quorate and the documentation for approval by the Council was circulated with the meeting agenda in advance with due notice.

Governance

Unisa is committed to the principles of responsibility, accountability, fairness and transparency as enunciated in the King III Code, as well as the fundamental values of progressive discipline, independence and social responsibility. The Council has at all times acquitted itself in accordance with the Code of Practices and Conduct; as well as the Code of Ethical Behaviour and Practice as set out in the King III Code, specifically in ensuring that its business is performed with integrity and in accordance with generally accepted principles of best practice. Monitoring compliance with the Code forms part of the mandate of the Audit and Enterprise Risk Management Committee (AERMC).

As part of its governance regimen, Unisa resolved to apply the principles of King III insofar as is reasonably practical. The first assessment of compliance with the King III principles was conducted in 2012. The state of compliance with King III as at the end of 2013 is reflected in Tables 1- 4 below:

Table 1: Application and compliance: February 2014 – unaudited

	Application				
Chapter	Yes[1]	Partial[2]	No[3]	N/a[4]	Total
Ethical leadership and corporate citizenship	7 [18%]	18 [72%]	-	-	25
Boards and directors	70 [88%]	8 [10%]	1 [2%]	29	108
Audit committees	27 [75%]	7 [19%]	2 [6%]	5	41
The governance of risk	26 [70%]	9 [24%]	2 [6%]	-	37
The governance of information technology	23 [96%]	1 [4%]	-	-	24
Compliance with laws, rules, codes and standards	8 [38%]	13 [62%]	-	-	21
Internal audit	23 [77%]	7 [23%]	-	-	30
Governing stakeholders relationships	8 [53%]	6 [40%]	1 [7%]	3	18
Integrated reporting and disclosure	5 [42%]	6 [50%]	1 [8%]	-	12
TOTAL	**197**	**75**	**7**	**37**	**316**

[1]Unisa is applying the recommended principle.
[2]Unisa has started to apply the principles and is making progress but has not achieved the status of full application.
[3]The recommended principle is relevant for Unisa but Unisa has not done anything (or done very little) towards applying the principle.
[4]The recommended principle is not relevant to Unisa.

Unisa accepts 279 of the total 316 principles. According to the 2013 self-assessment, Unisa applies 197 of the principles, partially applies 75 and is currently not applying seven principles that have been identified as pertinent. These seven principles will be prioritised for attention in 2014 together with the areas identified as "partial application".

Table 2: Compliance comparison

Year	Yes	Partial	No	Total
2012	65% (169)	25% (66)	10% (26)	100% (261)
2013	70% (196)	27% (75)	3% (8)	100% (279)

Unisa has made significant improvement in applying the principles of King III, raising its level of "total compliance" from 65 to 70%; "partial compliance" from 25 to 27% and lowering the level of non-compliance from 10 to 3%.

The areas which Unisa has identified as relevant but where very little or no application of the principle is in place have been identified and will be prioritised for attention in 2014.

A scheduled audit of Unisa's compliance with the principles of King III will be undertaken in 2014 by the Department: Internal Audit and has been included on the 2014 Audit Plan. The Council is satisfied with the application of the King III principles but requested that Unisa review the principles deemed "not applicable" as part of the continuing improvement of its governance model.

Council and Council Committees

Council Chairperson: Dr NM Phosa

The Council comprises academic and non-academic persons appointed in terms of the Institutional Statute, 18 of whom are neither employees nor students of the university. The particularity of the membership, as well as the participation in Council and Committees of Council, is set out below:

Category	Name	Term of office	Status	Committee membership and No. of council meetings held per committee – 2013	Total no. of committee meetings attended
Principal and Vice-Chancellor	Prof MS Makhanya	Ex officio	Internal	• Council (5) • Exco (8) • Fincom (6) • HRC (6) • ICT Comm (6) • NGC • SBL Board (6) • Hon Degrees Comm (2)	5 8 6 6 4 6 3 2
Pro-Vice-Chancellor	Prof N Baijnath	Ex officio	Internal	• Council (5) • Exco (8) • Fincom (6) • HRC (6) • ICTC (6) • SBL Board (6) • Hon Degrees Comm (2)	3 7 6 6 6 4 2
Three persons appointed by the Minister	Ms JA Glennie	01.07.2004–30.06.2007 01.07.2007–30.06.2011 01.07.2011–30.06.2015 Member of the Council of the former Unisa	External	• Council (5) • AERMC (4) • ICT Comm (6) • EXCO (8) – *(3 meetings held during her acting period as Chairperson of AERMC)* • NGC (6) – *(1 held during her acting period as Chairperson of AERMCoC)*	5 4 5 2 1
	Mr E Motala	01.07.2011–30.06.2015	External	• Council (5)	4
	Mr S Zungu	22.06.2012–22.06.2016	External	• Council (5) • Fincom (6)	4 0
Two permanent academic employees who are not members of Senate, elected by the permanent academic employees	Dr ZJ Jansen	01.09.2012–30.08.2014	Internal	• Council (5) • Fincom (6) *(no meetings held after her appointment on Fincom)*	5 0
	Prof PH Potgieter	01.09.2012–30.08.2014	Internal	• Council (5) • ICTC (6) *(2 meetings held after her appointment on ICT Comm)*	4 2
Two permanent academic employees who are members of Senate	Prof MJ Linington	24.06.2011–30.06.2013	Internal	• Council (5) *(2 meetings held before the end of her term of office)* • HRC (6) *(2 meetings held before the end of her term of office)*	2 2
	Prof VA Clapper	24.06.2011–30.06.2013	Internal	• Council (5) *(2 meetings held before the end of his term of office)* • SBL Board (6)	2 4
Two permanent academic employees who are members of Senate	Prof IOG Moche	01.09.2012–30.08.2014	Internal	• Council (5) (3 meetings held after her appointment on Council) • ICT Comm (6) *(2 meetings held after her appointment on ICT Comm)*	3 1
	Prof RT Mpofu	01.09.2012–30.08.2014	Internal	• Council (5) *(3 meetings held after his appointment on Council)* • Fincom (6) *(no meetings held after his appointment on Fincom)*	3 0

Category	Name	Term of office	Status	Committee membership and No. of council meetings held per committee – 2013	Total no. of committee meetings attended
Two students, elected by the Students' Representative Council	Mr S Mhlungu	30.03.2012–30.03.2013	Student	• Council (5) *(no meetings during Jan to March 2013)* • ICT Comm (6) *(1 meeting held before the end of his term of office)*	0 0
	Mr G Mathonsi	30.03.2012–30.03.2013	Student	• Council (5) *(no meetings during Jan to March 2013)* • Fincom (6) *(1 meeting held before the end of his term of office)*	0 0
Two students, elected by the Students' Representative Council	Mr A Mngadi	1.04.2013–30.03.2014	Student	• Council (5) • ICT Comm (6) *(5 meetings held before the end of his term of office)*	5 0
	Mr B Mphahlele	1.04.2013–30.03.2014	Student	• Council (5) • Fincom (6) *(5 meetings held before the end of his term of office)*	5 0
Two permanent employees other than academic employees, elected by such employees	Mr R Bezuidenhout	01.03.2011–28.02.2013	Internal	• Council (6) *(4 meetings held during his term of office)* • HRC (6) *(1 meeting held before the end of his term of office)*	4 1
	Ms M Lengane (fills casual vacancy)	02.05.2012–28.02.2013	Internal	• Council (5) *(4 meetings held during her term of office)* • HRC (6) *(5 meeting held before the end of his term of office)*	4 5
Two members of the Convocation	Dr C von Eck President of Convocation	26.03.2011–25.03.2014 19.11.2011–18.11.2015	External	• Council (5) • AERMC (4)	4 2
	Mr BP Vundla	01.07.2004–30.06.2008 01.07.2008–30.06.2012 01.07.2012–30.06.2016	External	• Council (5) • Fincom (6) • NGC (6) • Senate (7)	4 6 3 2
Chairperson of the Board of the Graduate School of Leadership	Ms XE Shemane-Diseko	24.06.2011–28.02.2014	External	• Council (5) • Fincom (6) • SBL Board (6)	5 5 6
One nationally recognised local government sector representative	S Pillay	01.07.2012–30.06.2016	External	• Council (6) • ICT Comm (6) • Institutional Forum (4)	0 0 0
One person nominated by the Board of Trustees of the Unisa Foundation	Dr M Arnold	21.09.2007–31.08.2011 01.09.2011–14.06.2013	External	• Council (5) *(2 meetings held before the end of his term of office)* • Fincom (6) *(2 meetings held before the end of his term of office)*	2 1
Ten members with a broad spectrum of competencies in fields such as education, business, finance, law, marketing, information technology and human resource management nominated and elected by Council	Mr V Kahla	01.07.2004–30.06.2007 01.07.2007–30.06.2011 01.07.2011–31.07.2013 (when he resigned)	External	• Council (5) *(2 meetings held before he resigned)* • Exco (8) *(3 meetings held before he resigned)* • AERMC (4) *(2 meetings held before he resigned)* • Remco (2) *(1 meeting before he resigned)*	1 1 1 1
	Mr AA da Costa	01.07.2004–30.06.2008 01.07.2008–30.06.2012 01.07.2012–30.06.2016 Member of the Council of the former TSA: 26.07.2002–26.07.2004	External	• Council (5) • Exco (8) • Fincom (6) • SBL Board (6) • NGC(6) • Remco (2)	5 3 5 4 6 2

Category	Name	Term of office	Status	Committee membership and No. of council meetings held per committee – 2013	Total no. of committee meetings attended
	Mr F Marupen	01.07.2012–30.06.2016	External	• Council (5) *(5 meetings held during her term of office)* • HRC (6) • AERMC (4) *(1 meeting held after he was appointed on the AERMC)*	3 6 1
	Mr S Simelane	01.10.2012–30.09.2016	External	• Council (5) • Exco (8) *(2 meetings held after he was appointed Chairperson of AERMC)* • AERMC (4) • NGC (6) *(1 meeting held after he was appointed Chairperson of AERMC)* • Remco (2) *(1 meeting held after he was appointed as the Chairperson of the AERMC)*	3 1 3 1 1
	Mr SP du Toit	01.07.2004–30.06.2007 01.07.2007–30.06.2011 01.07.2011–30.06.2015	External	• Council (5) • HRC (6) • ICT Comm (6)	4 4 3
	Dr NM Phosa	01.07.2004–30.06.2007 01.07.2007–30.06.2011 01.07.2011–30.06.2015 Member and Chairperson of the Council of the former TSA 26.07.2002–26.07.2004	External	• Council (5) • Exco (8) • NGC (6) • Hon Degrees Comm (2) • Remco (2)	4 5 5 0 2
	Dr ES Jacobson	01.07.2004–30.06.2008 01.07.2008–30.06.2012 23.09.2011–30.06.2012 01.07.2012–30.06.2016 Member of the Council of the former Unisa	External	• Council (5) • HRC (6)	5 6
	Dr RH Stumpf	01.07.2007–30.06.2011 01.07.2011–30.06.2015	External	• Council (5) • Fincom (6) • SBL Board (6) • Senate (7)	4 4 0 3
	Ms N Mapetla	01.07.2008–30.06.2012 01.07.2012–30.06.2016	External	• Council (5) • Exco (8) • AERMC (4) • HRC (6) • NGC (6) • Remco (2)	4 8 4 6 6 2
	Dr S Mokone-Matabane (Deputy Chairperson)	01.07.2004–30.06.2008 01.07.2008–30.06.2012 01.07.2012–30.06.2016	External	• Council (5) • Exco (8) • Fincom (6) • ICT Comm (6) • Hon Degrees Comm(2) • NGC (6) • Remco (2)	5 6 6 6 2 5 2

LEGEND

There were:
5 Council meetings
6 Executive Committee of Council (Exco) meetings
6 Human Resource Committee (HRC) meetings
6 Finance, Investment and Estates Committee (Fincom) meetings
4 Audit and Enterprise Risk Management (AERMC) meetings
6 Information and Communication Technologies Committee (ICT) meetings
6 Nominations and Governance Committee (NGC) meetings
6 SBL Board meetings
7 Senate
2 Honorary Degrees Committee (Joint Committee of Council and Senate) meetings
4 Institutional Forum meetings
2 Remuneration Committee (Remco) meetings

The Chairperson of Council is elected by the Council from amongst its membership. The current Chairperson of the Council is drawn from the sector *persons with broad spectrum expertise* and has a four-year tenure. The Council will consider a new chairperson when the term of office of the current chairperson expires in 2015 as he is currently serving his third term in office.

Council held five meetings and one workshop during 2013. The attendance of Council meetings is very satisfactory and engagement is robust and challenging. The strategic leadership role and function of the Chairperson of Council is unmistakably discreet from that of the Principal and Vice-Chancellor and Council is constantly vigilant in maintaining this separation.

The Council carries out its function as spelt out in the Institutional Statute, as well as other relevant national legislation governing higher education. The Council meets every quarter to consider the work done by various committees of Council. The work of the Council Committees follows from the various submissions made by the Management Committee and individual members of the Executive Management responsible for the individual portfolios. All matters related to policies and other major decisions are submitted for consideration by Council Committees and the final discussion and decisions are taken at Council meetings.

The Council and all its subcommittees are formally constituted with terms of reference and comprise a majority of members who are neither employees nor students of Unisa. The approved committees include an Executive Committee (Exco), the Audit and Enterprise Risk Management Committee (AERMC); the Finance, Investment and Estates Committee (Fincom), the Human Resources Committee (HRC), the ICT Committee, the Nominations and Governance Committee (NGC), the Remuneration Committee (Remco), the Brand Committee, the SBL Board, the Institutional Forum and Senate. The individual committee reports follow.

Human Resources Committee

Chairperson: Ms N Mapetla

The Human Resources Committee, *inter alia*, approves appointments to the level of Director and makes recommendations to Council for senior management appointments. It also considers general staff policies, remuneration and bonuses, executive remuneration and retirement funds and, where appropriate, makes recommendations to Council.

Remuneration Committee

Chairperson: Dr NM Phosa

The Remuneration Committee of Council consists of five members and is advised by the Principal and Vice-Chancellor, Vice Principal: Operations and the Executive Director: Human Resources. Owing to the technical nature of the matters that are tabled, remuneration specialists may be called to the meeting when necessary. Remcom meets twice a year in June and November but may convene a special meeting to deal with matters that are deemed urgent.

The committee is responsible for the remuneration of members of Senior Management on Peromnes Grades P1–3. In 2012/2013, the Pay Progression and Performance Bonus Policy was revised to elevate the performance dimension therein. No significant challenges were experienced by Remcom. Where a matter required urgent approval, it was achieved via a round-robin process, which was managed by the committee secretary. Remcom is particularly focused on contributing to a performance-driven university by ensuring that members of Senior Management lead by example in terms of their own performance on agreed deliverables.

Finance, Investment and University Estates Committee

Chairperson: Mr AA da Costa

The terms of reference of the Finance, Investment and University Estates Committee are approved by Council and are reviewed on an annual basis. The Finance Committee, *inter alia*, recommends Unisa's annual operating and capital budgets to the Council for approval, and during the course of the year monitors performance in relation to the approved budgets. It carries the responsibility for assuring the financial health of Unisa as a 'going concern', as well as ensuring that the accounting information systems are appropriate and the personnel complement is adequate for the work to be done. The Fincom keeps the necessary oversight to ensure that the personnel complement is suitably qualified to maintain the accounting records of Unisa, and that it is adequate to get the work done.

A forensic investigation into the Florida Laboratory Project was undertaken to consider the shortcomings in the management and financial controls of the project that resulted in the budget overrun. The final report is under consideration for appropriate action in 2014.

Nominations and Governance Committee

Chairperson: Dr NM Phosa

The Nominations and Governance Committee has a dual role of ensuring that all matters of sound governance pertinent to the Council are thoroughly considered and the relevant principles applied before a recommendation is made to the Council for approval of the matter. Allied to its governance function, the Committee further considers nominations for vacancies in the Council membership in terms of the Institutional Statute and makes recommendations for the approval of Council.

The Principal and Vice-Chancellor's action plan, which emanated from the report on the investigation conducted by Mr S Roopa regarding the activities that led to the industrial action at Unisa during 2013, is to be implemented and progress on matters related to governance is to be monitored on a continuous basis.

A succession plan for the Unisa Council received attention as the Nominations and Governance Committee of Council considered the terms of office of Council and has put a plan in place for the succession of members whose terms of office will expire during 2015 and 2016.

Information and Communication Technology Committee

Chairperson: Dr S Mokone-Matabane

Major ground was covered in 2013, including the extension and upgrading of the Unisa network for students through the migrations to the SANReN; negotiations on broadband for students with cellphone providers; the extension of the student device initiative to include tablets; and the upgrade of computer laboratories to cater for students who do not have devices.

While connectivity was addressed, problems linked to procurement and related policies and the appointment of service providers resulted in delays in the replacement of the Student System, the procurement of the Student Relationship Management System, the implementation of the Supply Chain Management System, and the replacement of the Data Centre hardware. The delays affected the performance of myUnisa and the current Student System during an important time on the university calendar and had a negative impact on the students. The focus in 2014 will be to ensure that the necessary enterprise risk, compliance, and controls frameworks are in place to support appropriate governance of ICT.

Audit and Enterprise Risk Management Committee

Chairperson: Mr V Kahla[1] and Mr S Simelane

The Audit and Enterprise Risk Management Committee (AERMC) comprises at least seven members, all of whom are neither staff nor students of Unisa. The majority of the AERMC members are external members of Council and there are two co-opted members who are not members of Council and appointed for their specific relevant skills and expertise. The current chairperson of the AERMC has a BComm Hons (Acc) qualification and holds a MBA. His critical experience is in internal audit and finance in the public sector and public enterprise. He is not the chairperson of Council.

The external and internal auditors have unrestricted access to both the chairperson as well as the committee, which promotes the independence and objectivity of the role and function they serve. More specifically, the Chief Audit Executive has scheduled quarterly meetings with the chairperson before each AERMC meeting.

The AERMC assists in the evaluation of the adequacy and effectiveness of systems of all internal controls, accounting practices, human resource practices, information systems and auditing processes applied in the day-to-day management of Unisa and approves any policies and procedures to give effect to these duties. It reviews the scope and focus of the external audit function and the reports emanating from the external audit processes; as well as the scope, focus and effectiveness of the internal audit function and the reports emanating from the internal audit processes. The committee reviews the annual financial statements and considers whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles, and, if satisfied, the committee recommends them to Council for approval.

The Council has delegated to the AERMC the role of ensuring compliance with all relevant legislation, statutory requirements, Council directives and the Code of Ethics as well as the critical role of enterprise risk management which includes the assessment of organisational risk and the management thereof. The committee also has the function to recommend to the Council the appointment, resignation and/or dismissal of the external auditors to Council.

In 2013, after a robust tender process, the AERMC recommended the appointment of Deloitte & Touche as the external auditors for a period of five years. The appointment was approved by the Council.

Mr S Simelane
Chairperson: Audit and Enterprise Risk Management Committee of Council

Dr NM Phosa
Chairperson: Unisa Council

[1]Mr Kahla served as the Chairperson of the Committee until his resignation on 31 July 2013. The Deputy Chairperson, Ms Glennie, served as acting chairperson until the appointment of Mr Simelane as the new chairperson in September 2013.

Council statement on sustainability

Unisa recognises that its resources, research, teaching and learning capacities should be applied in the generation of knowledge that will respond to the many and varied socio-economic issues of the country and the continent including the social divide, growing inequalities, unemployment, climate change (read in the broadest context) and poverty. The university demonstrates its social responsiveness to regional and national needs specifically but also globally by conducting its teaching, learning and research in a manner that addresses these needs.

As part of the response to its social mandate, Unisa invested in 176 community engagement and outreach projects in 2013. This is a significant increase from the 120 projects rolled out in 2012 and exceeds the target of 150 projects set for 2013. These projects and partnerships find expression in a range of scholarly activities and output while simultaneously answering to the sustainability imperatives of the Millennium Development Goals (MDGs) and the National Development Plan (NDP).

Unisa expanded its reach and influence on sustainability in the manner in which it hosted conferences and similar events. One of the guiding principles of the 2013 HELTASA conference, for example, was that it should embody where at all possible, sustainable and energy-efficient practices and support locally produced products. This undertaking was evidenced in everything from conference bags made from recycled billboards to donating money to a social enterprise addressing sustainable development through climate change action, food security and greening, as well as the provision of biodegradable cutlery and crockery by the conference caterers.

ICT-enhanced teaching holds significant promise in terms of reducing paper usage at Unisa. However, there have been challenges with the optimal implementation of the technology-enhanced teaching strategy, not least being the identified constraints of connectivity and bandwidth experienced by the student population. Even so, the roll-out of these models has commenced and in the 2012 reporting period Unisa embarked on a programme to develop signature modules for its colleges. A signature module is compulsory to every student who enrols for a degree in a specific college and every one of the modules has a dedicated developmental slant. For example, the module in law explores the social dimensions of justice; in agriculture and environmental science it deals with environmental issues; development case studies illustrating the usefulness of ICT are included in the module in science, engineering and technology; in the human sciences the module deals with identity; and the module presented in economic and management sciences is provocatively entitled *Sustainability and Greed.*

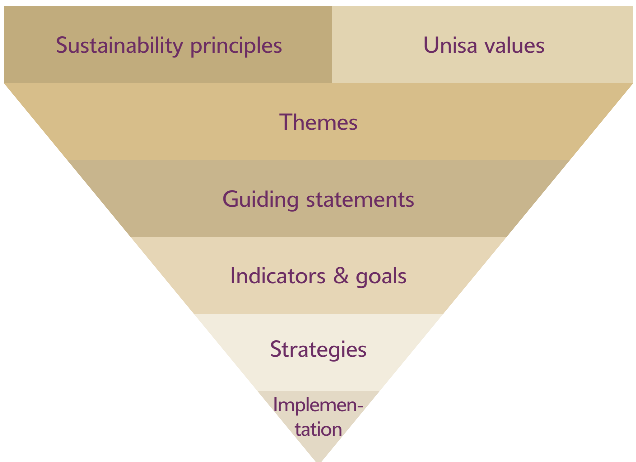
Governance of environmental sustainability

In accepting the challenge to implant the values and practice of environmental sustainability at Unisa, the Green Economy and Sustainability Engagement Model (GESEM) was approved by Management and adopted institutionally in 2013. The model addresses issues pertaining to the green economy, sustainable development, poverty eradication and job creation. Emphasising its critical importance, it is championed by the Office of the Principal and Vice-Chancellor and the Vice-Principal: Advisory and Assurance Services, and draws directly from existing and proposed initiatives and thematic focus areas that include:

- Green Economy and Sustainability Policy Development and Incubations
- Energy and Carbon Management
- Waste, Pollution, Water and Biodiversity
- Reporting and External Liaison
- Records, Procedures and Awareness
- Complementary Initiatives

A Sustainability Office was established during the period under review with the dedicated mandate to develop a clear sustainability framework for the university (aligned to the model). The framework sets the roadmap for sustainability and focuses the university's efforts – in a more tangible manner – to meet its commitments and informs Unisa's responses to issues related to sustainability. This sustainability framework (Fig 1) sets the parameters for the sustainability drive of Unisa under the GESEM.

Figure 1: The Unisa sustainability framework



Environmental and social sustainability

During the period under review a number of initiatives materialised. A food waste recycling programme was piloted. This recycling programme diverts all the food waste at the three largest campuses of the university from landfill via a Bokashi food waste recycling and composting initiative. The fermentation process eliminates pathogenic bacteria which stops rotting and eliminates any malodour associated with food waste – which allows the matrix of food waste to be safely and quickly composted with other organic landscape waste. Statistics for the period under review indicate that approximately 10 920kg of food waste was diverted from landfill and used to make high-quality compost. The benefits are twofold: not only is organic waste diverted from landfill, but food nutrients are also recycled back into the soil.

A pilot recycling station where recyclable paper is separated from other waste was established. This supplements the more than 300 recycling bins placed on campuses which range from heavy duty outdoor bins to bins made out of recycled paper for use by staff. The recycling bins, which allow staff to dispose of various types of waste responsibly, have been placed in all buildings to encourage staff to separate their waste at source. The printing operation made a significant contribution to saving paper by reducing its paper usage by nearly 50 million A4 sheets from 2012 to 2013 (from 293 276 276 sheets to 244 131 661 sheets). These figures would have been even more significant had it not been for the two postal strikes which resulted in an increased demand for printing study material.

Another contribution by the printing operation to environmentally friendly practices was to reduce the chemical waste it produces. This was achieved by replacing the plate-making equipment which uses chemicals for the development and curing of plates with a chemical-free system that uses water to develop the plates and produces no harmful waste. Approximately 4 800 litres of chemicals were used in the past in the discontinued process.

In building on the work done in 2012 to determine and manage the carbon footprint of the university, exploratory work was done on the automation of the carbon reporting data from all campuses. This proved an extremely challenging exercise, not least being the establishment of internal benchmarks and identifying national and comparative data.

An exciting and more fun initiative was the Zero Carbon Emissions Electric Cars Road Show, which was hosted in partnership with the Department of Environmental Affairs (DEA). DEA brought the only four Nissan Leaf cars in the whole of Africa to Unisa for a day to support the project to raise awareness on green economy and environmental sustainability issues. Unisa staff had the opportunity to ride in the green cars and many reported that the experience was an eye-opener.

Unisa is committed to develop and grow responsible future leaders. The university has partnered with the World Economic Forum, the One Young World Conference and the Taillores Network to provide emerging leaders with access to mentoring and international platforms to participate in sustainability discourse that will shape their own futures.

One such initiative was the programme of action on the African Green Campus Initiative (AGCI) for 2013. The AGCI invited universities to participate in its 2013 events aimed at promoting and showcasing green campus initiatives. With universities facing high costs related to energy and water consumption annually, the AGCI advised that green campus initiatives promotions should be initiated early in the year to raise awareness among the university communities and sustain the efforts throughout the year. Unisa's involvement included inter alia the observation of the Earth Hour.

Unisa, through its Chair in Business and Climate Change, initiated a flagship Green Economy Readiness for South African Municipalities' Community Engagement Programme. The programme, run in partnership with the South African Local Government Association (SALGA), involved raising awareness and capacity development for senior Municipal officials on green economy transition aspects, which are of the key issues in the NDP (Vision 2030).

However, most critically, it must be stressed that Unisa's social footprint is embedded through its core business of education and the facilitation of its learning objectives; as well as in the manner through which it manages and supports both its students and its staff.

The United Nations Global Compact (UNGC)

As a signatory to the UNGC, Unisa continued to roll out the programmes that promote and advance sustainability with the ultimate objective of complying with the best practices in terms of the United UNGC. In terms of Table 1 below, Unisa's higher compliance rate drawn from the self-assessment survey is 68.75% in human rights activities followed by anti-corruption 59.72%, labour standard 57.47% and the environment 27.59%, respectively. The compliance rate towards environmental protection has been flagged for focused attention by the Sustainability Office and the efforts aimed at promoting environmental standards have commenced as discussed above. This will chart the way for the University to improve on its standard and best practices in terms of the environment.

Under its self-assessed UNGC scorecard, Unisa scores an overall compliance rate of 60.99% across the four principles, which is lower than the 70% score of 2012. There is clearly a need to improve on the adherence levels in general to reach and improve on the 2012 levels, and on the 22.25% non-compliance and the 11.26% on issues that still need further attention by the university.

	Unisa compliance/non-compliance											
UNGC broad principles	YES - Unisa adheres to the UNGC principles	% 2013	% 2012	NO - Unisa does not adhere to the UNGC principles	% 2013	% 2012	F/A - Further attention is required	% 2013	% 2012	N/A Principle activities that are not applicable to Unisa	%	Total
Human rights	121	68.75	79	30	17.05	7	15	8.52	8	10	5.68	176
Labour	50	57.47	83	22	25.29	2	9	10.34	4	6	6.90	87
Environment	8	27.59	53	11	37.93	11	6	20.69	17	4	13.79	29
Anti-corruption	43	59.72	82	18	25	13	11	15.28	5	0	0.00	72
Total	222	60.99	70	81	22.25	9	41	11.26	10	20	5.49	364

Table 1: Self-Assessment table: Compliance and non-compliance

Conclusion

Sustainability is no longer merely a financial consequence but an integrated representation of Unisa's overall performance. It is a process that brings together Unisa's vision, mission, values and decision-making philosophy with its academics, staff, students and the community to address opportunities to promote institutional sustainability. Council is satisfied that in general progress has been made by the university on sustainability matters reported on during the last reporting cycle and with new initiatives. However, Council acknowledges that there are areas that need focused attention. The momentum that has been generated will be continued and accelerated into 2014 and beyond as the implementation of the Sustainability Framework unfolds. Council, through the AERMC and the Nominations and Governance Committee, will continue to maintain oversight over the strategic direction of the university regarding its sustainability initiatives and imperatives.

Dr NM Phosa
Chairperson: Unisa Council

Report on internal administrative/ operational structures and controls

Internal administrative procedures and processes, operational structures and controls exist in the majority of Unisa's activities. The controls were implemented to support the following goals:

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

Where systems of internal control exist, they are intended to mitigate the risks or, if possible, eliminate the risks. The systems of internal control are reviewed and improved to be in line with best practices based on reviews done by *inter alia* the Internal Audit Department, an independent and objective function that reports functionally to the Audit and Enterprise Risk Management Committee (AERMC).

For the year 2013, the Internal Audit Department conducted 62 reviews (2012: 80 reviews) based on the Internal Audit Coverage Plan, as approved by the AERMC. Fewer reviews were performed in 2013 due to resource and capacity constraints: however, notwithstanding, there was adequate coverage of the critical areas. The reviews of 2013 repeated many of the overarching findings of 2012, namely that despite the existence of a system of internal control, compliance is not ensured in all areas or activities. However, the reviews did identify specific areas where the controls required re-engineering and to a lesser extent, areas where controls were found to have not yet been established. The main reason for identified absences of a control environment was that processes had changed and the requisite controls were either not included in the new processes or there was no defined guideline that provided clarity on the required control.

During the period under review, the AERMC emphasised the onus on Management to be responsible and take accountability for ensuring an adequate control and compliance environment. In support of its stance, the committee concomitantly increased its oversight in reported areas of weak control and/or non-compliance, with the singular aim of ameliorating the risks.

The internal auditors and external auditors coordinated their engagements to prevent duplication and ensure adequate audit coverage. The establishment of a combined assurance model also assisted in increased coverage and monitoring. The audit reviews confirmed an increased risk exposure as a result of control non-compliance in all of the aforementioned control objectives. Management's response has been to direct that the newly instituted Department: Risk and Compliance perform follow up actions to ensure that (i) risks identified through the internal audit and external audit reviews are updated in the risk registers; and (ii) agreed management actions are monitored for implementation. It is suggested that the weak control environment may be attributable to the absence of consequence management and whilst institutional success will not be improved only through punishment and sanction, Management must address the noticeable increased risk of non-compliance and should ensure that portfolio managers take direct responsibility for the oversight and monitoring of the control environment in a planned approach.

As is evident from the above, in 2013 the university's systems of internal control did not attain optimal maturity. The current maturity standard may be described as being at the level of awareness, but practice and execution in the context of a sound control environment is not yet embedded in the fibre of the university. However, it must be stated that whilst this may be the overarching picture, there are certainly areas where control adequacy and effectiveness are more effective, for example in HR employee verification, appraisal management, and agencies in the Gauteng region.

The AERMC reviewed the report on internal administrative/ operational structures in the year under review at its meeting of 3 June 2014. The documentation for approval by the committee was circulated with the meeting agenda in advance with due notice.

Report on risk exposure assessment and risk management

Risk management philosophy

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

Risk management governance structure

The Council, being responsible for overseeing the adequacy and overall effectiveness of the institutional risk management performance, established the university's risk management governance structure, roles and responsibilities, all of which are also detailed in the Enterprise Risk Management Policy and Framework. The diagram below depicts this structure:

The Audit and Enterprise Risk Management Committee of Council (AERMC) is mandated to oversee the implementation of the university's enterprise risk management framework and receives all risk reports pertaining to the university from the Management Committee. The AERMC reports to Council on material risks facing the university and on associated risk mitigation responses, as well as providing a general report on a quarterly basis.

Central to the risk management process at Unisa is the **Risk Management Committee (RMC)**, a sub-committee of the Management Committee. Management, with the advice of the Risk Management Committee, is accountable to the Council for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the university. Thus, the RMC comprises members of the Executive and extended Management. This committee met four times during 2013. During the meetings the RMC reviewed, evaluated and coordinated the management of identified strategic and operational risks (financial and non-financial) faced by the university, and prepared advice to the Management Committee on emerging operational risks and remediating actions.

The **Department: Risk and Compliance** was established in 2013 and consists of the two directorates named below with their associated functions:

- The **Directorate: Enterprise Risk Management** is tasked primarily with facilitating the deployment and embedding of risk management principles across the university.
- Unisa recognises its accountability to all its stakeholders under legal and regulatory requirements. For this reason, a **Directorate: Compliance** was established with the responsibility for facilitating and supporting compliance throughout Unisa. The compliance function identifies, assesses, advises, monitors and reports on compliance risks. The management of compliance risk forms part of the overall risk management framework of Unisa.

Risk management process

To meet the benchmarked practice of integrated risk management and assurance, a combined assurance model was implemented in 2013. This sought to coordinate the efforts of management and both internal and external assurance providers – and to increase collaboration between them. During the year under review, the university further continued to reinforce the building blocks put in place in the previous years. These included the finalisation and prioritisation of the regulatory compliance universe for Unisa, and the establishment of a regulatory compliance risk management functionality. In 2013, compliance with the *Higher Education Act*, 1997, was concluded without any significant non-compliance issues identified and reported.

In 2013, three critical discreet but overlapping risk management assessments were performed to gauge the ethics risks; fraud and corruption risks; and sustainability risks confronting Unisa. After considering the results and the repeated issues in the various surveys, the AERMC directed that the outcomes of the ethics risk assessment are to be compared with the results of the organisational health survey (also conducted in 2013) and that a holistic institutional action plan be developed that will address the overlapping issues. This initiative is one of the key strategic imperatives for Unisa in 2014, noted in the 2014 Pre-Determined Objectives compact with the Council and the Minister.

An important development in 2013 was the improvement to and entrenchment of the electronic contract management system which makes provision for all new contracts to be loaded onto the electronic platform *after* any/all risks have been considered and recorded, thus ensuring that due consideration is given to the risk environment of any contractual obligation. The further development of the system is intended to manage contracts to the extent that there are adequate early warnings of termination dates to contract owners. Unfortunately, not all contract owners have understood the benefits of the electronic system and further awareness and training will take place in 2014, with a specific focus on using the system to support in mitigating procurement risks.

Ongoing functions include the maintenance of risk registers at an institutional level – for each school in the academic sector and for each department in the support sectors – as well as the monitoring of compliance with risk mitigation actions and the provision of education and training on risk management. It was anticipated that the principle of decentralised risk champions would take root during 2013 but the university has not attained the necessary levels of risk understanding and maturity for an effective decentralised system to be applied. The Department: Risk and Compliance will continue to provide training and create awareness towards achieving this goal, and plans to complete this process within the next two years.

Managing risks

The university maintains an institutional Strategic Risk Register (2013-2015) which records the most significant risks currently facing it and which require the attention of Management and/or the Council. The register is updated and reviewed by Management and the Audit and Enterprise Risk Management of Council on an annual basis.

There are also separate risk registers for each of the eight portfolios and reports are submitted in respect of each portfolio. However, the enterprise risk management review which was approved by the AERMC for commencement in 2014 will make provision for a consolidated institutional management risk register which will be applied from 2015 onwards. The intention of the revised report will be to highlight significant management risks in a more integrated manner.

A rating scale of 1 to 25 is used to rate the impact and likelihood of each risk, with 25 being the highest exposure. During the development of the institutional Strategic Risk Register 2013-2015, two high risks (with a risk rating higher than 16) were identified, as reflected in the table below:

Strategic Risk Register 2013-2015

<table>
<tr><th>Rank (previous)</th><th>Risk ID, link to strategic goals and category</th><th>Risk owner</th><th>Key risk</th><th>Further description</th><th>Residual score (previous)</th></tr>
<tr><td>1</td><td>#1
Goal 1: Academic
Goal 3: Service
Goal 4: People
Goal 5: Stakeholders</td><td>VP Academic: Teaching and learning</td><td>Loss of reputation</td><td>Loss of reputation as a result of the failure to provide quality service to students and other stakeholders</td><td>16.88
(18.57)</td></tr>
<tr><td colspan="6">Mitigating actions
• Unisa has an institutional Service Charter and departments are required to have individual Service Charters.
• The institutional mission and values both emphasise the importance of service delivery to students as a key stakeholder.
• The institutional operational plan focuses on increased and improved service delivery with clear and verifiable benefits to stakeholders.
• Unisa has approved the introduction of a new student relationship model that will enhance the service engagements with students.
• Unisa is has implemented an online application and registration system and continues to make enhancements to the system.</td></tr>
<tr><td>2</td><td>#2
Goal 1: Academic
Goal 2: Corporate governance and sustainability
Goal 3: Service
Goal 5: Stakeholders</td><td>Pro-Vice-Chancellor</td><td>Misalignment between business strategy and ICT strategy</td><td>Misalignment between business strategy and ICT strategy as a consequence of the absence of an integrated enterprise architecture framework and inability of ICT to keep the institution at the cutting edge of ODL</td><td>16.24
(19.48)</td></tr>
<tr><td colspan="6">Mitigating actions
• Council has approved the open distance electronic learning (ODeL) business model. This is the catalyst for a wide-ranging and fundamental transformation of the university into an online institution in the longer term.
• Unisa is developing and implementing a stable integrated enterprise architecture that is responsive to the ODeL business needs of the university, and that will optimally enable Unisa to deliver on its service obligations to students, staff and other stakeholders, and make optimal use of technology for online teaching and learning.
• Unisa is leveraging investments made in ICT infrastructure and capacity to promote innovation and the use of cutting-edge technologies to support the academic enterprise.
• Unisa is creating awareness of new ICT systems and infrastructure investments and alignment to ODeL Business Model.</td></tr>
</table>

Rank (previous)	Risk ID, link to strategic goals and category	Risk owner	Key risk	Further description	Residual score (previous)
3	#3 Goal 1: Academic Goal 3: Service Goal 4: People Goal 5: Stakeholders	Registrar	Unauthorised distribution and/ or publication of private and confidential information	• Unauthorised distribution and/ or publication of private and confidential information due to the inability to secure and protect confidential information of staff, students, and other stakeholders • Inability to implement systems and processes to protect the security and integrity of examination-related information (including papers, marks and results)	15.88
4	#4 Goal 1: Academic Goal 3: Service Goal 4: People	VP Academic: Teaching and learning	Inability to transform into a fully-fledged ODL institution	Inability to transform into a fully-fledged ODL institution as a result of the institutional inability and/or unwillingness to optimise the utilisation of IT	15.80 (18.97)
5	#5 Goal 4: People	VP: Operations	Skills shortages in critical areas	Skills shortages in critical areas as a result of the attrition and loss of key staff, limited/no succession planning and the inability to attract appropriately skilled staff generally and particularly in the ICT field	15.39
6	#6 Goal 2: Corporate governance and sustainability Goal 3: Service	Pro-Vice-Chancellor	Loss of critical data and prolonged downtime	Loss of critical data and prolonged downtime as a consequence of the failure of critical systems and technology and the absence of a functional business continuity plan (including a DRP that is fully backed-up and regularly tested)	15.10 (19.82)
7	#7 Goal 5: Stakeholders	VP: Institutional development	Failure to close the stakeholder expectation gap	Failure to close the stakeholder expectation gap as a result of the failure to adequately define our stakeholders and their expectations	14.48 (18.92)
8	#8 Goal 1: Academic Goal 4: People	VP Academic: Teaching and learning VP: Research and innovation	Failure to achieve optimal success rates (i.e. pass rates) and throughput rates, and research outputs	• Failure to achieve optimal success rates (i.e. pass rates) and throughput rates, with the effect of compromising Unisa's long-term sustainability (responsibility VP: Academic: Teaching and Learning) • Failure to achieve optimal research outputs with the effect of compromising Unisa's long-term sustainability (responsibility VP: Research and Innovation)	12.71 (16.72)
9	#9 Goal 1: Academic	VP Academic: Teaching and learning	Inability to manage enrolment growth	Inability to manage enrolment growth as a result of the failure/inability to develop and implement an improved enrolment planning and management strategy for the university	12.08 (16.64)

Notes:

Total residual risk score (likelihood x impact)

1 – 8: *Low* – The risk is under control and represents no immediate threat or impact.

9 – 15: *Medium* – The risk has the potential to move to high. It needs managing and close monitoring, but there is no immediate threat which would have a significant impact.

16 – 25: *High* – The risk requires active management. It poses an immediate threat and its impact would be significant.

In respect of each of the identified risks, the relevant mitigating controls to manage the risk were included in the 2013 institutional operational plan and the risks will be assessed again in 2014, with a concomitant review of controls.

With specific reference to financial risks, the university is exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk. As far as these can be assessed and quantified, the respective levels of exposure, and the measures taken to mitigate such risks, are described in the notes to the Consolidated Annual Financial Statements. The university's policy with regard to insurance and risk cover is set and monitored by the Finance Committee of Council. Unisa is a participant in a national consortium of Higher Education

Institutions (TERISA) which provides both cost-effective insurance and service expertise. Consequently, Unisa is adequately covered in terms of its insurance policy against fire and related risks, accidental damage, business interruption, theft, and both public and employee liability.

An emerging risk which will take priority in 2014 is the need to ensure that adequate measures are in place to protect both data and the personal information of all stakeholders, especially with the anticipated promulgation of legislation specifically aimed at protecting personal information. Unisa is cognisant of its legal and moral obligations to protect personal information and has started putting the necessary systems and platforms in place. A further matter of priority for 2014 is a focus on the identified risks related to procurement activities – the portfolio is currently developing a turnaround strategy for the Procurement Directorate as well as engaging in a review of the current policy.

Risk maturity – the way forward

Enterprise risk management at Unisa is maturing but there is still important work to be done to embed an appropriate *integrated* risk culture. From 2013, enterprise risk management has increased the flow of risk information throughout the university which has led to better-informed decisions, greater consensus and better communication with Management. Some of the risk management initiatives for 2014 include:

- A review of the enterprise risk management framework, which includes reviewing and aligning the current processes with recently-established benchmarking regimes such as King III and the ISO 31 000 Risk Management Standard. A new project has been launched (with the approval of the AERMC) with the objective of reconceptualising the existing ERM Policy and Framework to bring it into line with best practice.
- A fraud and corruption risk assessment was concluded in 2013 and there was preliminary engagement on a prevention strategy and an implementation plan. The process towards the development of a business continuity management model was also conducted in 2013. Both initiatives will find further traction in 2014, with a focus on execution of the recommendations.
- Given the institutional awareness and understanding of risk – and the development of the new model – the opportunity presents itself for enhanced risk communication, awareness and training towards an institutionally shared understanding of the important issues. This will reflect a more holistic risk profile in cooperation with other risk disciplines.
- With the completion of the new enterprise risk management model, work will begin on the development of the integrated institutional risk register and a review of the current risk appetite statement approved by the Council, and on the implementation of institutional and directorate-specific risk tolerance levels within the university.

Thus, it may be recorded that Unisa has moved away from being purely risk-reactive and the emphasis on proactive risk management is beginning to be understood throughout the university. However, risk management is a continuing and evolving capability and Unisa has invested in ongoing awareness and improvement plans with the anticipation that the emerging positive changes will inspire further action.

Mr S Simelane
Chairperson: Audit and Enterprise Risk Management Committee of Council

Prof. D Singh
Chairperson: Risk Management Committee

Statement of the Principal and Vice-Chancellor on leadership, administration and operational management

Unisa adopted the values of servant leadership as its credo in 2011, and 2013 marked the third consecutive year of deepening this approach to institutional practice and management. During the year under review there was an institution-wide emphasis on inclusive management and teamwork in the achievement of the agreed objectives, the *holistic* development of staff and the concomitant transformation of the institutional culture and ethos towards a high-performance institution in line with its vision to be *the* African university in the service of humanity.

Engaged leadership

Unisa has a number of key managerial and administrative processes and systems in place to supplement its approach, some of which are set out below. A key contributor towards establishing the values of engaged leadership are the two extended management *makgotla* held each year, and the annual summit (which includes extended management as well as middle management) during which the institutional strategy and/or critical operational functions are discussed and agreed on.

The February extended management *lekgotla* focused on institutional health and the progress made in embedding the institutional values and culture of ethics, as well as the key institutional imperatives of teaching and learning, people (staff health, wellness and development), and critically, service delivery. The 2013 compact with the Minister on the Pre-Determined Objectives for the year, as approved by Council, was presented with the clear directive that achievement of the targets was an institutional priority. While some of the issues identified in 2012 continued into 2013, others which included issues and challenges arising from the impending White Paper were also prioritised for discussion. 2013 also marked the beginning of a process of reading and analysing higher education trends nationally and globally, and locating Unisa within that context, as well as conducting comprehensive institutional visits and gap analyses in preparation for Unisa's next strategic phase. This process will continue into 2014 and beyond. The second extended management *lekgotla* held in August 2013 reviewed the 2013 achievement, the internal dependencies and external challenges, and aimed for a shared understanding of critical institutional issues for the 2014 agreement with the Council and the Minister of Higher Education and Training.

Institutional and cultural transformation

In 2013 ethics came to the fore as a key driver of institutional and cultural transformation. Further input was received from EthicsSA on the Ethics Climate Survey conducted at Unisa, which served to identify key areas for attention. My public engagements with the university community highlighted the importance of Unisa values and our commitment to be an ethical university. The message was supplemented by monthly ethics roundtables, discussions at the executive committee of Senate (Senex), my blog which I style *In my life I have learned...*, and a fortnightly column by the Unisa ethics champion, Ms ET Hics, aka *"Mizzity"*. These initiatives combined had a positive impact as ethics become more deeply embedded into the institutional psyche. The ethics project remains in my office, in recognition of the importance of the tone from the top. This process will also continue into 2014, but with a deliberate shift from ethics *awareness* to focused attention on *execution* of the Unisa ethics and values.

Our promise to support the agenda towards becoming an ethical society is evidenced in the approved 2014 Pre-Determined Objectives document (approved by Council in November 2013).

During a year-long process, more than 50 strategic risks were identified, nine of which Unisa indicated as warranting attention during the period 2013-2015. Not all the risks carried a residual rating of high; however, their importance to the sustainability of Unisa was acknowledged for attention and action. All nine risks thus form an integral part of institutional strategising and planning, and are reported on more specifically in this document (see pages 34-35).

While there were pockets of improved service delivery during 2013, this remains a critical challenge at both the academic and support levels and will remain on the institutional radar. Further material concerns in 2013 included the examination and assignment fraud, staff discipline, as well as individual responsibility and accountability. A special internal task team (also including members of the South African Police Service) was established to deal with the scourge of assessment fraud and the work they have done should yield positive outcomes. Unisa jealously guards the integrity of its qualifications and we continue to maintain vigilance on our control environment and business process with ongoing improvements planned for 2014. Other identified issues have been highlighted throughout the year with improved levels of communication to staff, which included providing information and statistics on disciplinary matters. This has clearly raised institutional awareness and contributed to an unambiguous sense of Unisa's commitment to transparent governance and compliance.

Effective management and administration

Unisa has an established committee structure in place, which seeks to ensure efficient and effective management and administration, as well as due process. During 2013, the role and function of the Executive Management Committee was directed to focus more specifically on engaging the interdependencies in order to support the approved strategic objectives and to mitigate challenges and risks that militated against achievement of the targets. Academic matters are handled through the Senate, which has its own set of committees that serve as a filter for information and decision-making, as well as through the monthly Senex meetings. In 2012, concern was raised about the proliferation of committees. However, the breadth and complexity of Unisa pose a challenge as we try to balance the demands of efficiency and effectiveness. In 2013 only limited progress was made in streamlining the committee structures, but on the positive side it is important to mention the good quality and content of the various reports that served at the institutional committees.

For the first time in many years, the year commenced with a full top management complement, bringing some welcome stability and continuity to the top management structure. In 2013 six appointments at executive director (ED) level were made, namely: Deputy Executive Dean: College of Economic and Management Sciences; Executive Director: Academic Transformation Projects; Deputy Registrar; Executive Director: Human Resources; Executive Director: Risk and Compliance, and Executive Director: University Estates. Three ED positions became vacant during 2013, namely Executive Director: Corporate Communications and Marketing (CC&M), Executive Director: Department of Institutional Statistics and Analysis (DISA) and Executive Director: School for Business

Leadership (SBL). The position of the ED: DISA is under review pending a review of the department, while the ED: CC&M and SBL were advertised for filling in 2014 and filled during 2013, respectively. The institutional structure was relatively stable in 2013. The one material change was the approval by Council of a new College of Accounting Sciences (CAS). The majority of the staff moved across from the College of Economic and Management Sciences where the School of Accounting was previously located. The intention is that CAS opens in 2014, fully capacitated and equipped for business. A further addition to the organisational structure was the establishment of the School of Governance, once again emphasising Unisa's commitment to the imperatives of national and continental sustainability underpinned by the values of sound governance and global best practice. The minimal structural readjustments during 2013 are indicative of Unisa's more settled strategy as the institution faces the final two years of its first ten-year planning cycle. During this year, we were able to place more focus on the important issue of optimising departments towards the best possible utilisation of and need for human resources, as well as staff productivity.

Compared to 2012, staffing in 2013 has seen a net gain of 64 personnel. The university's commitment to advancing employment equity was evident in the appointments made in 2013. 41% of the appointments were African females and 29% African males. Of the 272 new appointments in 2013, 163 were female and 109 male, comprising a 60:40 ratio. The current ratio between academic and support staff is 33:67. The age distribution within the university is more or less evenly spread between the age groups 31 to 40 years, 41 to 50 years and 51 to 60 years, with between 1 250 and 1 396 employees in each grouping. There is, however, a larger portion of the workforce in the 51 to 60 years category compared with previous years. This can mainly be attributed to the increase in the retirement age from 60 to 65 for some employees at the end of 2012, which has resulted in the retention for another five years of 60-year-olds who would have either retired or sought employment elsewhere. Encouragingly, 63% of academic core employees are below the age of 51, with 36% being below the age of 41. This demonstrates that there is a healthy pipeline of young academics to take Unisa forward. It must, however, be emphasised that as far as Unisa is concerned, the transformation agenda goes beyond mere numerical values and quality, and training and development are inherent in all new appointments.

Business model

This report will not dwell on teaching, research and community engagement as they are adequately covered in the Senate Report. However, it is important to note that despite the Council approval of a new business model for Unisa in 2013, the implementation thereof was placed on hold after it became apparent that there was a need for greater institutional consultation on the model. Subsequent to the institution-wide discussions it was agreed that Unisa should adopt a *blended model* and progress incrementally towards a fully online business model of delivery. Discussions on the implementation plan will be consulted and finalised in 2014. It is encouraging that the innovative Signature Curriculum programme, among the first concerted efforts by Unisa to move towards state-of-the-art online teaching and learning at undergraduate level and implemented for the first time in 2013, received by and large positive feedback during its assessment. Under independent review, the programme received acclaim for innovation from both the Commonwealth of Learning (CoL) and the international ODL community, winning the CoL Award for Excellence for Distance Education Materials in 2013 for its signature course, ***Language through an African lens***.

The ICT regime at Unisa is a key driver that facilitates the achievement of the institution's goals by ensuring infrastructure, capacity, stability and availability to meet Unisa staff and student needs. The Unisa ICT system of operations is ISO9001:2008 (Quality Management System) certified and entrenching ICT governance and an improved internal control environment continued to receive attention in 2013. In the year under review, Unisa successfully extended student access to the Unisa network to ensure that the application, registration and facilitation of teaching and learning programmes could be more widely rolled out. The connectivity of seven remote offices was migrated to the 10Gbps South African National Research Network (SANReN) and where this was not possible, connectivity was upgraded with the assistance of Telkom. Low-cost data bundles were negotiated for students with three cellphone providers, i.e. Vodacom, Telkom and Cell C, and the number of computers available at the laboratories was increased to cater for students without access to a computer device. Furthermore, through the collaboration of South African universities, students are able to purchase available tablets through a nationally centralised Student Technology Portal.

Another critical ICT project in progress is the upgrade of the hardware in the datacentre with high-end technology that will provide the required information processing, storage capacity and disaster recovery requirements for the key business systems, i.e. Student System, Uniflow, myUnisa, Oracle eBusiness Suite, and Millennium Library System. The implementation of the hardware will contribute towards the stabilisation of ICT service delivery and will be finalised in June 2014. During 2013 a comprehensive reporting tool underpinning the Integrated Performance Management System (IPMS) was released, which significantly impacted on the interpretation and use of IPMS data, through some advanced analytics in individual performance.

The e-contracting system, introduced in 2012, was enhanced in 2013 and training continues institution-wide. The university is already seeing significant progress in efficiencies, controls and legal compliance in its management of contracts. A material addition to the system is the obligation on all contract owners to consider and regularly update attendant risks, thereby contributing to good governance and supporting organisational sustainability.

There is no denying that the institution is experiencing challenges as it moves towards new ICT systems while simultaneously trying to maintain the old systems. However, given the critical importance of the ICT project for Unisa, significant resources have been invested and the problems are being managed as best as possible with crucial financial and strategic oversight maintained by the dedicated ICT Committee of Council.

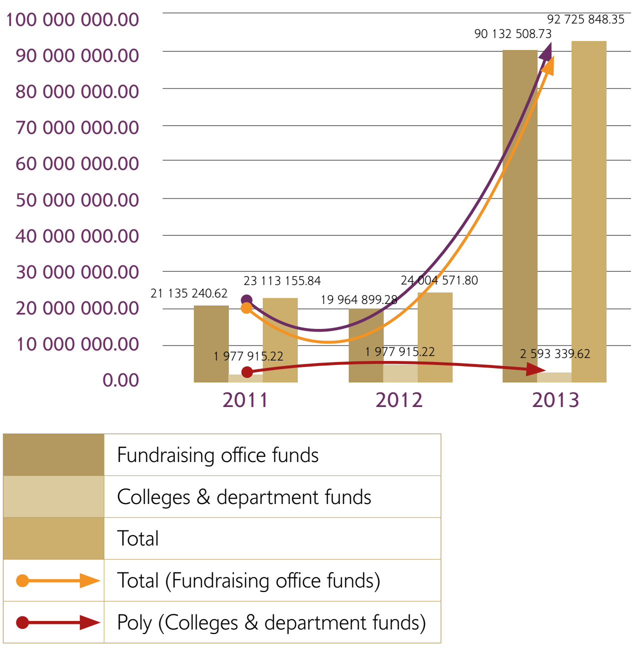
Marketing and communication

The year 2013 saw a deliberate communication and marketing shift as Council approved a strategy that prioritises (i) building the reputation of the institution as a high-performance university, (ii) communicating and marketing the social impact of Unisa, (iii) communicating and marketing in support of improving the university's relationship with its stakeholders and (iv) communicating and marketing to facilitate staff engagement with the university's values in order to transform attitudes and behaviours. The implementation of the strategy will only commence in 2014 and success and impact gauged in succeeding years. However, the focus on internal and stakeholder engagement has always received considerable attention at Unisa.

Noteworthy external engagements in 2013 included the *African Intellectuals, Knowledge Systems and Africa's Futures* series which created a platform of interaction with business, members of the diplomatic corps and government, the premiere of an exciting multimedia oratorio, *Credo: A musical testament to the Freedom Charter* held on 18 July 2013 to coincide with and pay homage to International Mandela Day (as part of its own birthday celebrations), the Thabo Mbeki@70 Colloquium (with the Thabo Mbeki Foundation) and the 11th Nelson Mandela Annual Lecture. Acknowledging outstanding educators and distinguished alumni of the university, Dr Ahmed Kathrada, struggle veteran and anti-apartheid activist, Professor Sibusiso Bengu, former Minister of Education, and Mr Fred Phaswana, Chairman of the Standard Bank Group, were honoured with awards at the annual Chancellor's Calabash Awards Dinner.

Unisa is cognisant that it cannot rely on state funding to support its numerous initiatives. Accordingly, third-stream income and fundraising continue to receive attention. 2013 saw a marked increase in donor funding and we are always grateful to our sponsors and supporters.

Comparative fundraising summary



Employee relations

Unisa's understanding is that a productive employee relations regime supports talent retention through increased organisational commitment and employee morale. A more conducive environment is supported by ensuring that guidance, support and training are provided to line managers for efficient conflict and grievance resolution. In 2013, 34 grievances were recorded, most of which pertained to discrimination and victimisation. All the matters were finalised within a period of three weeks from date of receipt. As far as employee discipline was concerned, 27 formal disciplinary hearings were conducted with a 66% success rate and eight disciplinary appeals were registered with a 100% success rate. Dishonest practices were by far the major reason for disciplinary action. While on its own this would be a cause for concern, I am satisfied that many of the incidents are being reported because of the greater and increasing awareness of our ethics culture, the emphasis on values and moral rectitude that is taking root at Unisa. A total of 29 CCMA cases were registered in the year under review (though only 13 were actually referred in 2013). The outcomes were as follows: Five were successfully defended, three were unsuccessful, two cases were settled, three were abandoned and the files closed, and 16 cases were either partly heard arbitrations or the dates for conciliation or arbitration were scheduled or were still to be scheduled at that time. The increase in referrals to the CCMA from 2012 is, in part, attributable to the finalisation of appeals processes in the disciplinary hearings pertaining to relocation fraud identified from an internal forensic investigation. In 2013, the underpinning ethos of employee discipline came under scrutiny culminating in a shifting organisational emphasis towards progressive (as opposed to punitive) discipline. The amended Employee Disciplinary Code was approved by Council on 22 November 2013 and is endorsed by both recognised unions.

While the university has widely published its Student Disciplinary Code, regrettably the number of disciplinary cases increased from 2012, with a significant majority of cases pertaining to acts of dishonesty. For the 2013 academic year 18 cases of plagiarism were heard (and only one student was found not guilty), 25 cases of false matriculation certificates were heard (and all students were found guilty), 23 cases of falsified documentation were heard (and all charges were upheld), 10 cases of unbecoming conduct were heard (with a 100% success rate) and 390 cases of examination suspensions were heard (and only two students found not guilty).

The 2013 salary negotiations commenced early in 2013 and were settled in April. The industrial action that preceded the settlement could (and should) have been avoided and Unisa learnt many lessons from the experience. Notwithstanding the difficult start to the year, a new approach to negotiations with organised labour saw a much improved relationship. In addition to the finalisation of a number of policies that were subsequently approved by Council, the unprecedented conclusion of the 2014 salary negotiations and salary-related matters in nine days at the end of 2013 was a singular highlight. Policies approved include Long Service; Official Working Hours; Overtime; Public Holidays; Remuneration; Standby Allowance; Termination of Employment; Grievance; Harassment; IPMS; Recruitment, Selection, Appointment and related matters for post levels P5 to P18.

Student engagement

In regard to student engagement, the NSRC has representation on Council, Senate (and its Committees) and the Institutional Forum; however, attendance of meetings by the students is a concern that will require specific attention in 2014. The NSRC also represented the student voice in critical discussions on matters such as the late delivery of study materials, semesterisation, 2014 study fee increment, service delivery (particularly tutorial classes), the replacement of the Student System, introduction of a student relationship management solution and the employment of student workers. A significant part of ensuring the development and efficacy of Unisa student leadership is appropriate training and development. In 2013 this included participation in training, partnerships and debates, both nationally and abroad.

The NSRC also had several engagements with both the Registrar and Vice-Chancellor on matters relating to student governance and leadership, and in the context of consultation and communication, Unisa service departments were invited to present their operations to the student leaders to facilitate a relationship built on informed understanding. An exciting development in line with the institutional focus on ethics was the launch of the Student Values Charter, which was workshopped and agreed to with the national and regional SRC representatives. The Charter aligns itself with the institutional commitment to ensure that Unisa graduates are ethical citizens, and opens with the words: "Unisa students subscribe to the critical value of integrity, which defines our moral character, our code of engagement with the university and the principles that we will uphold as ethical students and ethical citizens." A further three-day workshop on ethics was facilitated by EthicsSA in line with the Unisa vision that all our students should become ethical citizens.

Data protection and privacy

Recognising the legislative obligations and also the rights of our stakeholders and vendors, the emphasis on data protection and privacy was once more foregrounded in 2013. The university has an established process for dealing with requests for information from any stakeholder through its Legal Services Office, but an ongoing challenge within the parameters of data protection is that information requests continue to be received at different entry points within the university and are not channelled through the designated centralised office before a response is provided. The matter continues to receive urgent attention, particularly with the embedded Constitutional right to privacy and the imminent promulgation of the Protection of Personal Information legislation. 2013 focused on an institution-wide awareness campaign to ensure that stakeholder information was not distributed without due consideration of the data subject. During 2013, 19 requests for information were declined by the Legal Services Office for the following reasons:

- Personal information of a person was requested by a third party without the written consent of such person.
- Information pertaining to commercial information of a third party was requested.
- A record containing an opinion or recommendation that was prepared for the purpose of making a decision was requested.
- A request was made for personal information of a deceased person who has been dead for a period shorter than 20 years and was declined as required by the Act.

In all material respects, Unisa has complied with the provisions of the Promotion of Access to Information Act of 2000, and there is nothing to indicate otherwise.

Quality performance indicators

Given the dynamic national and global higher education environment and the concomitant need for institutional agility, Unisa has identified regular internal and external reviews as key quality performance indicators, aimed at increasing institutional responsiveness, and ensuring continued effectiveness of the internal quality environment. Such reviews, conducted during 2013, include the following:

Internal review

- The Unisa quality evaluation model includes web-enabled measurement instruments aimed at providing valuable information on stakeholder perceptions of their service delivery status compared with the recipients of the service or product.
- 265 modules were reviewed during 2013, highlighting areas for commendation and improvement. The final reports were submitted to the colleges to develop their respective improvement plans.

External review

- The Council of Higher Education (CHE) conducted the national review of the Bachelor of Social Work and the report is awaited.
- The Health Professions Council of South Africa (HPCSA) accreditation visit was held from 30 September to 1 October 2013 and Unisa is very satisfied with the recommendations in the final report. The MA Educational Psychology programme was the only programme not accredited and a comprehensive improvement plan was submitted to the HPCSA to ensure that the programme will be accredited during the next evaluation visit by the board.
- The Unisa report on progress with regard to the 2010 improvement plan following the 2008 HEQC institutional audit was submitted on 30 September 2013.

Finally, the self-assessment of our 2013 performance against objectives is set out in the table below. The objectives highlighted in red indicate targets that have not been achieved, while the objective highlighted in orange indicates that the target/outcome has been achieved but after the agreed due date. The report does not indicate the instances where the targets have been exceeded and this will be an improvement area for the 2014 report.

Performance objectives (strategy)	% phase complete/ target reached	On schedule/on time Reasons for not achieving targets	Do you have auditable evidence? If yes, please attach
1. Develop/redevelop relevant curricula in terms of the approved Framework for Development of Modules [1]	100%	Completed	Evidence submitted
	100%	Completed	Evidence submitted
2. Implement the approved ODL[2] training and development programme through the Centre for Professional Development	100%	Completed	Evidence submitted
	100%	Completed	Evidence submitted
3. Implement the approved e-tutor system in respect of all NQF 5 modules	90%	In progress	Evidence submitted
4. Increase the success rate of undergraduate students who sat the final examination[3]	100%	Completed	Evidence submitted
5. Increase the number of master's and doctoral graduates	100%	Completed	Evidence submitted
6. Increase the number of NRF-rated researchers[4]	100%	Completed	Evidence submitted
7. Increase community engagement and outreach initiatives[5]	90%	In progress	Evidence submitted
8. Implement the Organisational Architecture Framework, Plan, and Change Management Plan	100%	Completed	Evidence submitted
9. Implement an institutional Business Continuity Model and Implementation Plan	100%	Completed	Evidence submitted
	100% Phase 1 completed	Completed	Evidence submitted
10. Develop and test updated Disaster Recovery Plans	80%	In progress	Evidence for tests conducted not submitted
11. Implement a Supply Management System (SMPD)	50% (Mancom approved new target date of April 2014)	In progress	Evidence submitted
12. Develop a single point of entry Student Enquiry and Communication Model and Implementation Plan	0% (The activity has been reconceptualised)	Activity not started	
13. Implement an appropriate Student Relationship Management solution	0% (The activity will commence in 2014)	Target not achieved	
14. Implement a new Student System	50%	Target not achieved	Evidence submitted of the tender process which will commence in Jan 2014
15. Implement the Talent Management Plan to attract new staff and retain existing staff	100%	Completed	Evidence submitted
16. Advance employment equity [6]	Plan approved but target date not reached	Target date not met but Council approved in Nov 2013	Evidence submitted
	50% implementation of the plan	EE Plan only approved in Nov	Evidence submitted
	Partial – approximately 70.25% trained	Underestimated the demand on time	Evidence submitted
17. Develop and implement a Stakeholder Relationship Management Model	Milestone completed but not by target date	Target date not met, but Council approved in Nov 2013	Evidence submitted
	Milestone completed but not by target date	Target date not met, but Council approved in Nov 2013	Evidence submitted

[1] In 2012, 104 modules were developed/redeveloped/reviewed by the DCLD.
[2] In 2012, 725 staff members received the training.
[3] The trend data indicates a pass rate of 61.4% in 2009, 62.8% in 2010 and 62.2% in 2011. The mid-year 2012 data indicates a 58.8% success rate. The information applies to undergraduate students who sat the examinations (rather than students who registered). The final 2012 data is not available as examinations were still in progress at the time of writing.
[4] Current total of NRF-rated researchers at Unisa: 109 - 105 staff members and 4 research fellows.
[5] There are currently 92 approved community engagement and outreach projects, with approved budgets in place.
[6] 500 staff members were trained in 2012 in diversity management and tolerance promotion; the total university staff population: 5 524.

Notwithstanding the quarterly monitoring programme and the resources provided to support the achievement of the objectives, of the total agreed predetermined objectives only nine were successfully achieved, six were partially achieved and two were not started. Given the materiality of the activities for the sustainability and efficiency of Unisa, I had hoped for a better success rate; however, acknowledging that three objectives where targets were not achieved have activity rates of between 80-90% and one objective is identified as not optimal for the emerging Unisa business model, I am cautiously optimistic that 2014 will see improved institutional performance, through more informed selection of the objectives and the implementation of more effective accountability and consequence management models. The 2014 Pre-Determined Objectives compact includes many of the issues carried forward from 2013 and where this is not so, the issues have been agreed on for inclusion in the 2014 institutional Operational Plan.

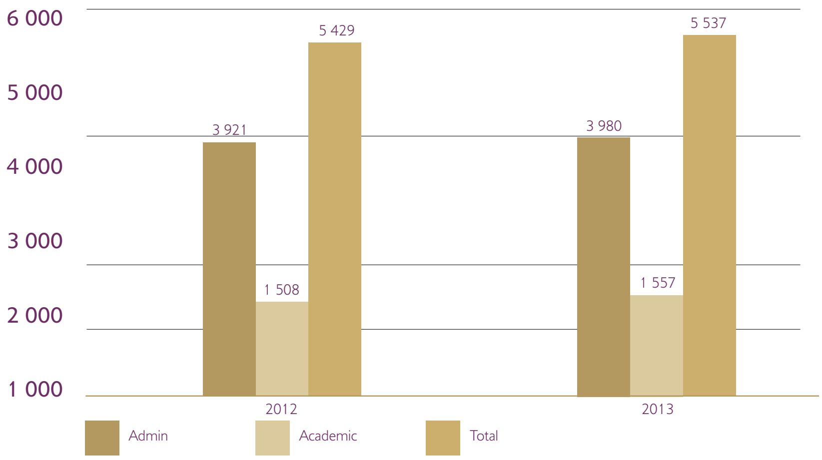
In my life I have learned that... one does not always get everything one wishes for, but patience, perseverance and a strong team will carry the day. As the leader of the biggest higher education institution on the continent, I am cognisant of the responsibility that Unisa carries insofar as national and regional growth and development are concerned. I truly believe that given our performance and progress to date, we will continue to meet our obligations and achieve our promises of success.

Prof. MS Makhanya
Principal and Vice-Chancellor
Unisa

Employment equity report

The purpose of the Employment Equity Report is to provide an overview of the progress made by Unisa in the implementation of employment equity and transformation. The progress made from January 2012 to December 2013 in terms of employment equity (EE), occurred within the context of the Institutional Operational Plan (IOP) and other instruments, such as the Transformation Charter, which are intended to ensure that Unisa becomes a transformed institution. The following graphs and tables give an account of the progress made to date.

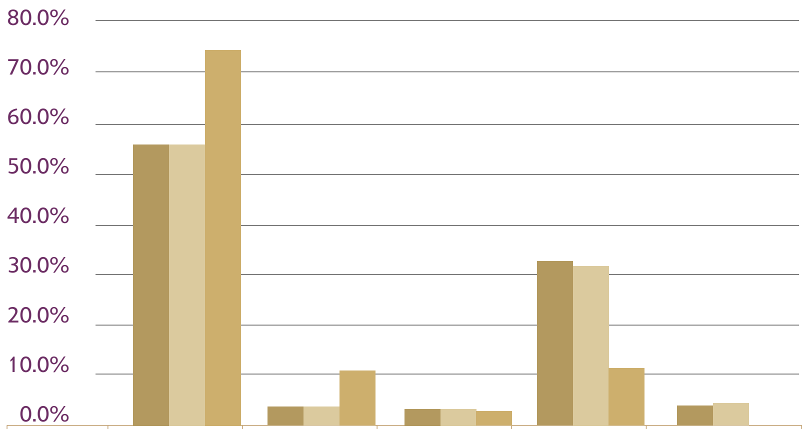
Workforce analysis[1]



The EE profile for 2012 and 2013 saw an increase in the overall staff complement from 5 429 to 5 537.

The profile was marked by an increase in core function (academic) staff from 27.8% to 28.1% and a decrease in support function staff from 72.2% to 71.9%.

Overall race profile



	African	Coloured	Indian	White	Foreign national
2012	55.9%	3.7%	3.6%	32.9%	4.0%
2013	56.3%	3.7%	3.6%	32.1%	4.3%
EAP	74.9%	10.8%	3.0%	11.3%	0.0%

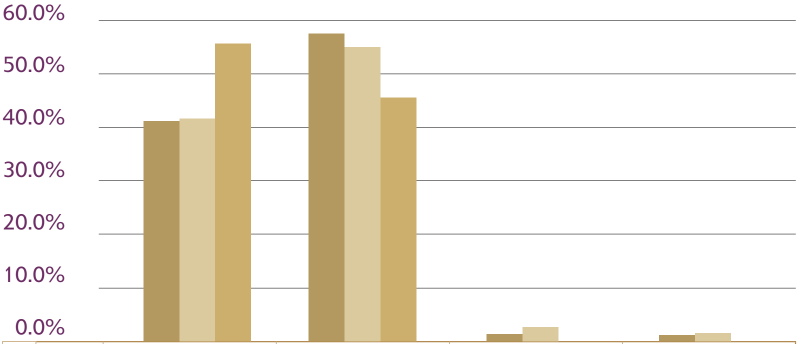
The overall race profile reflects (i) an increase in African staff members from 55.9% to 56.3% of the staff population; (ii) that the percentage of coloureds and Indians remained constant, although there were marked increases in headcount; and (iii) proportional decreases in white staff numbers from 32.9% to 32.1%. In spite of the placement of open advertisements in different newspapers and other media platforms, the university is struggling to attract candidates from certain designated groups.

There was also a marked increase noted in the foreign national component, from 4.0% to 4.3%.

Race	2012		2013		EAP
African	3035	55.9%	3115	56.3%	74.9%
Coloured	199	3.7%	207	3.7%	10.8%
Indian	193	3.6%	198	3.6%	3.0%
White	1787	32.9%	1777	32.1%	11.3%
Foreign nationals	215	4.0%	240	4.3%	0.0%
Total	5429	100%	5537	100%	100.0%

[1] The workforce analysis also includes staff members appointed on fixed-term contracts.

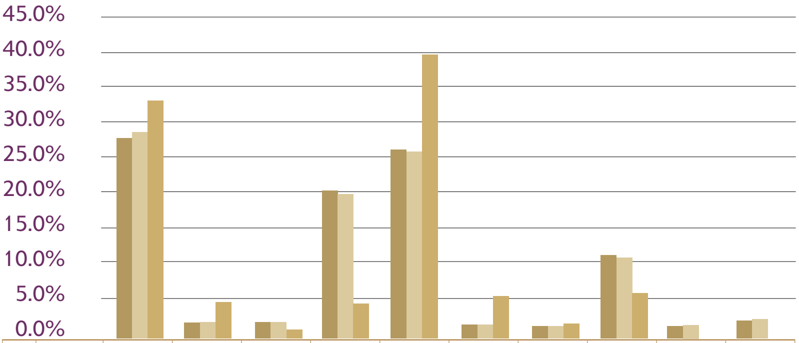
Overall gender profile



	Male	Female	FN male	FN female
2012	40.8%	57.1%	1.1%	1.0%
2013	41.1%	54.3%	2.6%	1.,7%
EAP	54.8%	45.2%	0.0%	0.0%

The overall gender profile saw a slight increase in the proportion of male staff members from 40.8% to 41.1%. However, this was still below the Economically Active Population (EAP) target of 54.8%. A significant decrease in the proportion of female staff members was evident, with this decreasing from 57.1% to 54.3%. There was also a growth in the foreign nationals grouping.

Overall race and gender profile



	African female	Coloured female	Indian female	White female	African male	Coloured male	Indian male	White male	FN female	FN male
2012	28.9%	2.0%	2.0%	21.2%	27.0%	1.7%	1.5%	11.7%	1.5%	2.4%
2013	29.6%	2.0%	2.1%	20.6%	26.7%	1.7%	1.5%	11.5%	1.7%	2.6%
EAP	34.2%	5.0%	1.1%	4.9%	40.7%	5.8%	1.9%	6.4%	0.0%	0.0%

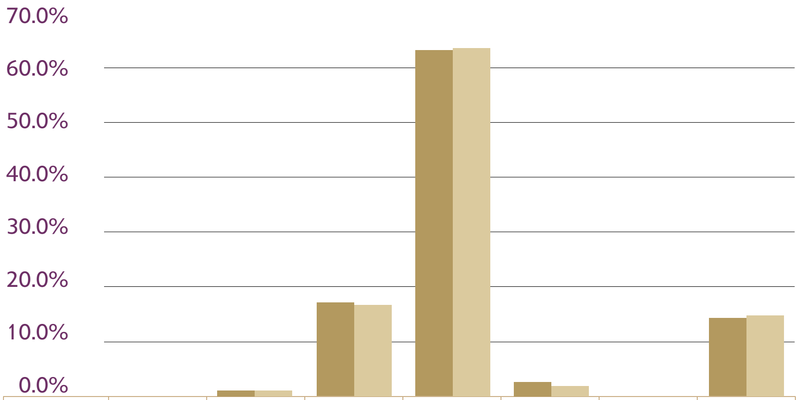
The overall race and gender profile reflects increases in (1) African females from 28.9% to 29.6% and Indian females from 2.0% to 2.1%. African males saw a decrease from 27% to 26.7%, although there was an increase in headcount. Coloured females and males remained constant at 2.0%, although there were slight increases in headcount. Indian males also remained constant at 1.5% with a slight increase in headcount. There were marked increases in both male and female foreign nationals with percentage increases from 2.4% to 2.6% and 1.5% to 1.7% respectively.

There was a decrease in white females from 21.2% to 20.6% and in white males from 11.7% to 11.5%.

Race and Gender	2012		2013		EAP
African female	1570	28.9%	1638	29.6%	34.2%
Coloured female	108	2.0%	112	2.0%	5.0%
Indian female	111	2.0%	115	2.1%	1.1%
White female	1151	21.2%	1139	20.6%	4.9%
African male	1465	27.0%	1477	26.7%	40.7%
Coloured male	91	1.7%	95	1.7%	5.8%
Indian male	82	1.5%	83	1.5%	1.9%
White male	636	11.7%	638	11.5%	6.4%
Foreign nationals female	84	1.5%	95	1.7%	0.0%
Foreign nationals male	131	2.4%	145	2.6%	0.0%
Total	5429	100%	5537	100%	100%

Occupational level profile

This part of the analysis of the workforce profile gives account of the overall occupational level figures and also provides an indication of under- or over-representation as per the occupational levels according to race and gender.



	A	B	C	D	E	F	G
2012	0.0%	0.7%	17.4%	65.1%	2.3%	0.0%	14.5%
2013	0.0%	0.8%	17.0%	65.7%	1.7%	0.0%	14.8%

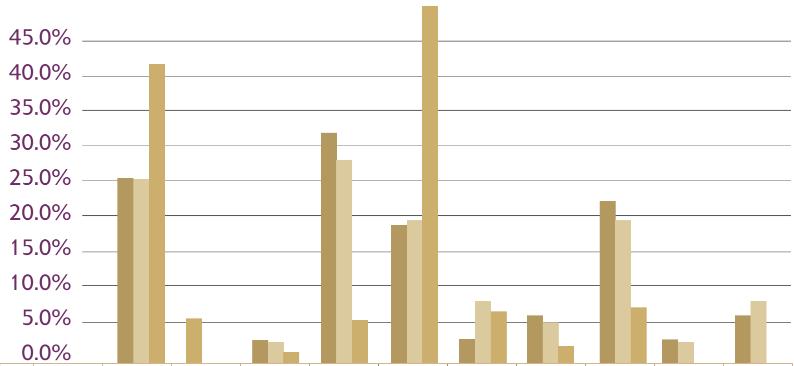
Occupational Level		2012		2013	
A	Top management (1+)	1	0.0%	1	0.0%
B	Senior management (PG 1-3)	38	0.7%	43	0.8%
C	Professionally qualified, experienced specialists and mid-management (PG 4-6)	944	17.4%	944	17.0%
D	Skilled technical and academically qualified workers, junior management (PG 7-12)	3533	65.1%	3636	65.7%
E	Semi-skilled and discretionary decision making (PG 13-16)	125	2.3%	92	1.7%
F	Unskilled and defined decision making (PG 17-19)	1	0.0%	1	0.0%
G	Fixed-term contracts (PG 99)	787	14.5%	820	14.8%
Total		5429	100.0%	5537	100.0%

In terms of the occupational levels, there were increases at the skilled, technical and academically qualified level from 65.1% to 65.7% and at the fixed-term contracts level from 14.5% to 14.8%. Although a decrease was evident at the professionally qualified level – from 17.4% to 17.4% – this involved no changes in headcount. There was also a decrease in the semi-skilled level from 2.3% to 1.7%.

The majority of staff members fell into the skilled technical and academically qualified and junior management level (PG 7-12) category.

Whereas the overall numbers show an increase in staff members, especially at the skilled technical and academically qualified and junior management level, it should be noted that representation per occupational level gives a different picture of over- and under-representation.

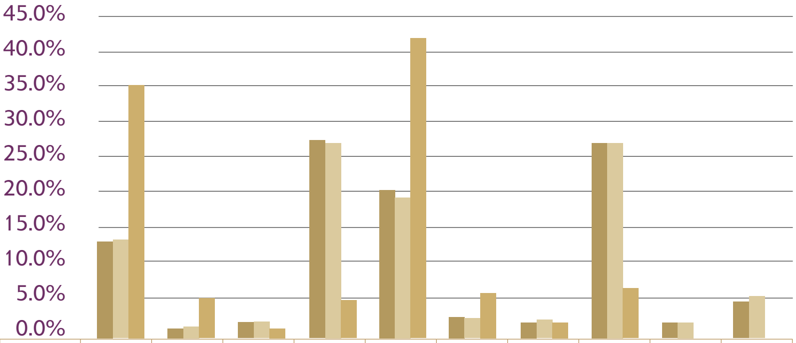
Senior management



	African female	Coloured female	Indian female	White female	African male	Coloured male	Indian male	White male	FN female	FN male
2012	21.1%	0.0%	2.6%	26.3%	15.8%	2.6%	5.3%	18.4%	2.6%	5.3%
2013	20.9%	0.0%	2.3%	23.2%	16.3%	7.0%	4.7%	16.3%	2.3%	7.0%
EAP	34.2%	5.0%	1.1%	4.9%	40.7%	5.8%	1.9%	6.4%	0.0%	0.0%

There was a significant increase of African males at senior management level from 15.8% to 16.3%, and coloured males from 2.6% to 7.0%. Decreases occurred among African females from 21.1% to 20.9%, Indian females from 2.6% to 2.3%, white females from 26.3% to 23.2%, Indian males from 5.3% to 4.7% and white males from 18.4% to 16.3%. There was no coloured female representation at this level.

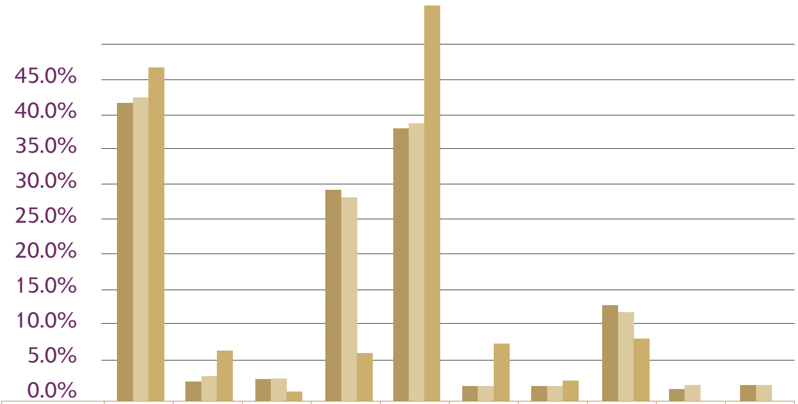
Professionally qualified, experienced specialists and mid-management



	African female	Coloured female	Indian female	White female	African male	Coloured male	Indian male	White male	FN female	FN male
2012	13.0%	1.2%	2.0%	26.6%	19.8%	2.6%	26.5%	26.5%	1.8%	4.7%
2013	13.2%	1.3%	2.0%	26.4%	18.9%	2.5%	26.4%	26.4%	1.8%	5.3%
EAP	34.2%	5.0%	1.1%	4.9%	40.7%	5.8%	6.4%	6.4%	0.0%	0.0%

The professionally qualified level saw increases in the representation of African females from 13% to 13.2%, coloured females from 1.2% to 1.3%, and Indian males from 1.9% to 2.2%. Decreases were evident among african males from 19.8% to 18.9%, coloured males from 2.6% to 2.5%, white females from 26.6% to 26.4% and white males from 26.5% to 26.4%.

Skilled technical and academically qualified

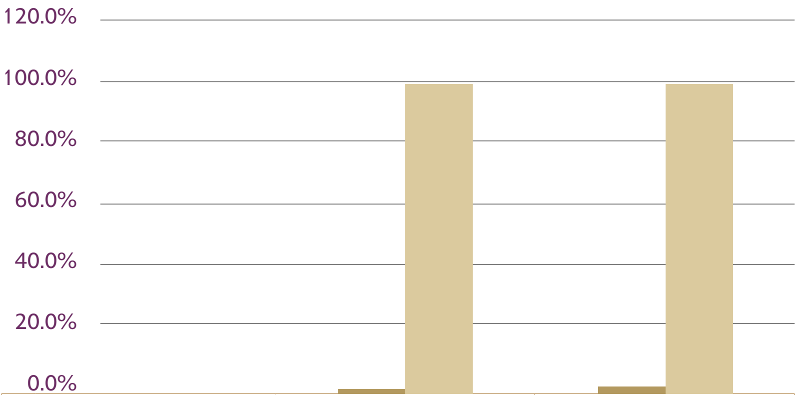


	African female	Coloured female	Indian female	White female	African male	Coloured male	Indian male	White male	FN female	FN male
2012	30.7%	2.2%	2.1%	21.7%	28%	1.5%	1.4%	9.7%	1.3%	1.6%
2013	31.1%	2.5%	2.1%	21.0%	28.4%	1.5%	1.4%	9.1%	1.4%	1.5%
EAP	34.2%	5.0%	1.1%	4.9%	40.7%	5.8%	1.9%	6.4%	0.0%	0.0%

There was growth among African females and males from 30.7% to 31.1% and 28.0% to 28.4% respectively, with decreases in the representation of White females and males from 21.7% to 21.0% and 9.7% to 9.1% respectively. Indian females and males remained constant at 2.1% and 1.4% respectively; there was a slight increase among coloured females from 2.2% to 2.5%, while coloured males remained constant at 1.5%.

There were no changes in the top management and unskilled levels.

Persons with disabilities profile



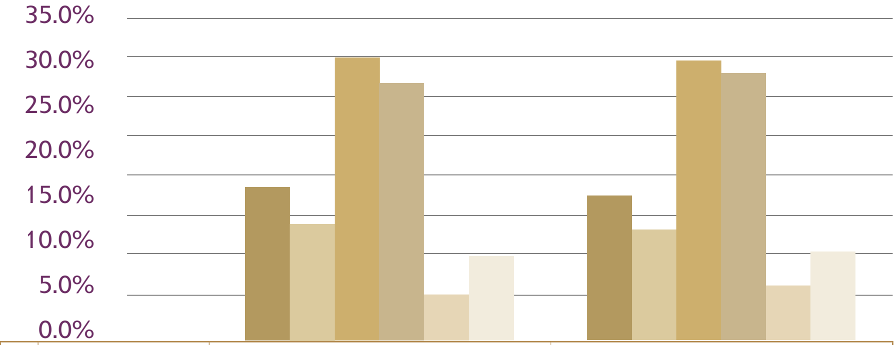
	2012	2013
With disabilities	0.8%	0.9%
Without disabilities	99.20%	99.10%

Persons with disabilities profile	2012		2013	
With disabilities	44	0.8%	49	0.9
Without disabilities	5385	99.2%	5488	99.1
Total	5429	100%	5537	100%

There was an increase of persons with disabilities from 0.8 % to 0.9%.

Academic staff profile

Academic staff members are classified as a core operation function according to the Department of Labour Annual Report. For the purpose of this report, an analysis is provided per job title in the academic category in terms of race and gender to highlight major challenges and focus areas that need attention with regard to employment equity transformation.



	2012	2013
Professor	16.3%	15.4%
Associate Professor	12.4%	11.7%
Senior Lecturer	29.9%	29.5%
Lecturer	27.5%	28.3%
Junior Lecturer	4.8%	5.8%
Foreign Nationals	9.1%	9.4%

There were marked increases in the lecturer and junior lecturer level. The professor, associate professor and senior lecturer levels reflect decreases.

The figure below gives an in-depth analysis of the race and gender profiles within the academic category of staff members per job title:

Race and Gender	Professor		Associate Professor		Senior Lecturer		Lecturer		Junior Lecturer	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
African female	6	**6**	20	**22**	59	**66**	84	**94**	25	**27**
	0.4%	**0.4%**	1.3%	**1.4%**	3.9%	**4.2%**	5.6%	**6.0%**	1.7%	**1.7%**
African male	29	**29**	40	**35**	98	**97**	117	**123**	27	**42**
	1.9%	**1.8%**	2.7%	**2.2%**	6.5%	**6.2%**	7.8%	**7.9%**	1.8%	**2.7%**
Coloured female	0	**0**	5	**6**	4	**4**	6	**6**	0	**0**
			0.3%	**0.4%**	0.3%	**0.3%**	0.4%	**0.4%**		
Coloured male	4	**4**	3	**3**	9	**9**	4	**6**	0	**0**
	0.3%	**0.3%**	0.2%	**0.2%**	0.6%	**0.6%**	0.3%	**0.4%**		
Indian female	3	**4**	4	**4**	8	**9**	22	**24**	4	**5**
	0.2%	**0.3%**	0.3%	**0.3%**	0.5%	**0.6%**	1.5%	**1.5%**	0.3%	**0.3%**
Indian male	3	**4**	5	**5**	12	**12**	8	**8**	0	**1**
	0.2%	**0.3%**	0.4%	**0.3%**	0.8%	**0.8%**	0.5%	**0.5%**		**0.1%**
White female	79	**74**	66	**64**	166	**170**	118	**124**	14	**13**
	5.2%	**4.6%**	4.4%	**4.1%**	11.0%	**10.9%**	7.8%	**8.0%**	0.9%	**0.8%**
White male	121	**120**	44	**43**	95	**92**	56	**55**	2	**2**
	8.0%	**7.7%**	2.9%	**2.8%**	6.3%	**5.9%**	3.7%	**3.5%**	0.1%	**0.1%**

The following changes at all job title levels are noteworthy:

- African females showed an increase from 1.3% to 1.4% in the associate professor level; from 3.9% to 4.2% in the senior lecturer level; and from 5.6% to 6.0% in the lecturer level. There were no changes in the professor and junior lecturer levels.

- African males saw decreases from 1.9% to 1.8% in the professor level; from 2.7% to 2.2% in the associate professor level; and from 6.5% to 6.2% in the senior level. Growth was experienced in the lecturer level from 7.8% to 7.9% and junior lecturer level from 1.8% to 2.7%.

- Coloured females remained constant at senior lecturer level and lecturer level accounting for 0.3% and 0.4% respectively and showed a slight increase at associate professor level from 0.3% to 0.4%.

- Coloured males remained constant at the professor, associate professor and senior lecturer levels with representation of 0.3%, 0.2% and 0.6% respectively. There was an increase at lecturer level from 0.3% to 0.4%.
- Indian females remained constant at the associate professor, lecturer and junior lecturer levels accounting for 0.3%, 0.5% and 0.3% respectively. There were slight increases at professor level from 0.2% to 0.3% and at senior lecturer level from 0.5% to 0.6%.
- Indian males experienced growth at professor level from 0.2 to 0.3%, with a decrease in evidence at the associate professor level from 0.4% to 0.3%. There were no changes indicated at the senior lecturer and lecturer levels.
- A decrease in the percentage of white females was evident at professor level from 5.2% to 4.6%, at associate professor level from 4.4% to 4.1%, at senior lecturer level from 11% to 10.9% and at junior lecturer level from 0.9% to 0.8%. There was a slight increase at the lecturer level from 7.8% to 8%.
- White males showed a decrease across all occupational levels in both percentage representation and headcount.

Conclusion

The EE Directorate relies on the continued commitment and support of the Vice-Chancellor, senior management, line managers and all Unisa staff members in achieving its goal of advancing employment equity and transformation.

The directorate will continue to make inroads towards the effective implementation of employment equity and transformation and towards ensuring that the workplace is free from unfair discrimination. It will also continue to promote an institutional culture that subscribes to the ethos and values of the organisation.

This desired state of the institutional ethos is embodied in the Unisa culture of 11 Cs + 1 and the directorate plays a key role in advancing such a culture. Indian males experienced growth at professor level from 0.2 to 0.3%, with a decrease in evidence at the associate professor level from 0.4% to 0.3%. There were no changes indicated at the senior lecturer and lecturer levels.

- A decrease in the percentage of white females was evident at professor level from 5.2% to 4.6%, at associate professor level from 4.4% to 4.1%, at senior lecturer level from 11% to 10.9% and at junior lecturer level from 0.9% to 0.8%. There was a slight increase at the lecturer level from 7.8% to 8%.
- White males showed a decrease across all occupational levels in both percentage representation and headcount.

Senate report

Composition of the Senate

The composition of the Senate is determined in accordance with the provisions of paragraph 22(1) of the Institutional Statute. The Senate consists of the following members:

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

Unisa reflects the academic character of the Senate and specifically requires the majority of the Senate members to be academic employees. All elected Senate members serve for a period of two years, except for the student representatives whose term of office is determined by the SRC. The manner of election of members is determined by each constituency. The only imposed proviso is that the persons elected must reflect the institutional values and sensitivity to race, gender and disability.

Senate meetings are scheduled on a quarterly basis, and the Executive Committee of Senate meets on a monthly basis. Ten members of Senate represent the Senate on the Executive Committee.

Unisa's consistent performance in its core business areas of teaching and learning, research and innovation, and community engagement is in no small measure the result of its ability to adapt and transform itself in order to stay relevant in the ever-changing and challenging higher education environment.

Over the years the university's character, curricula and pedagogies have been informed and shaped by technological developments. Relevant technologies and ICT play an increasingly important role in teaching and learning at the institution. In 2013 a sharper focus on student services and support, as well as enrolment planning and management resulted in various strategic initiatives and consequential operational actions. In terms of research and innovation Unisa has made huge strides, especially over the past few years. This is reflected in a growing vibrant and talented research community comprising postgraduate students and academics, and the year-on-year increase of research outputs. The university's approach towards community engagement has seen a definite shift from ad hoc outreach activities to engaged scholarship that forms an integrated part of teaching and learning and research.

Teaching and learning

Semesterisation report and implementation

In 2013 the Principal and Vice-Chancellor initiated discussions at Senate on the implementation of the semester tuition model for undergraduate learning programmes. The critical considerations that precipitated the discussion included the importance of facilitating deep learning and graduateness (addressing time constraints on teaching and learning in certain types of disciplines/modules to improve the quality of learning), service delivery to students and the need to address the workload of academics. This latter issue has also been raised by Council as a priority imperative for Unisa as it impacts on the quality of our product. The Senate Teaching and Learning Committee (STLC) was tasked to implement the recommendations of Senate. A project-based response was initiated, focused on improving teaching and learning practices for the benefit of the students.

These included the following:

- An applications and registration system that was flexible and could afford real-time registration. The programmes had to have capacity to process transactions both online and face-to-face.
- The overhaul of the onscreen marking tool to enable quick turnaround assessment of all assignments submitted online. While there were some challenges with the required bandwidth that impacted on the ability to download assignments in bulk, the system functioned as intended once the hurdle of downloading was overcome.
- A review of the Academic Human Resource Allocation Model (ACHRAM), and specifically the need to address capacity shortages in key support departments. With specific reference to ACHRAM, it is acknowledged that in any academic institution, academic human resource allocation is fundamental to ensure the success of the academic enterprise. ACHRAM was developed and has been used as an instrument to create an equitable distribution of academic human resources between the academic departments; however, the ability of the model to respond to the changing higher education milieu has been brought under scrutiny. Thus, the Enrolment and Academic Human Resource Planning Committee mandated a fundamental review of the model, which will hopefully be finalised for implementation in 2014.

Enrolment planning and management

This was a crucial focus in 2013. During the period under review, Unisa embarked on a process of enrolment planning and management in response to a request from the Department of Higher Education and Training. The identified purpose was to re-examine and revisit Unisa's enrolment niche areas and targets in the light of strategic and national priorities. In the past enrolment management consisted of a process of submitting enrolment targets for funding purposes, but on the whole there was no strict enforcement of or adherence to set targets. A fundamental change was introduced in 2013 when Council approved the Enrolment Plan for 2014-2019. The effect is that Unisa has now adopted a system of managed enrolment planning which will be implemented for the first time in 2014.

In crafting the 2014-2019 enrolment plan, national priorities were balanced against institutional objectives. Various factors were taken into account, including the development of the nascent institutional business model, the impact of technology, the anticipated imperative to expand the higher education system and the developments in the technical and vocational education and training (TVET) sector. It was further realised that unrealistic growth was not sustainable and that its continuation would lead to unmanageable pressures on Unisa's ICT systems and human resource capacities. The carrying capacity of the institution therefore played a determining role in drafting the enrolment plan.

Due consideration was also given to the Higher Education Act which allows Council, with the approval of Senate, to determine the minimum admission requirements and the number of students who will be admitted to a qualification.

The Act also permits Council to set academic progression rules and to refuse students readmission who fail to meet the minimum requirements. The enrolment plan was developed in close consultation with each of the colleges and it consists of procedures to decide how many students will be enrolled into programmes, measures to ensure that the numbers are not exceeded, selection criteria to admit students into programmes and procedures for excluding non-performing students.

Since the enrolment plan introduces a new way of admitting students, its introduction requires careful planning. It was therefore decided that the entirety of the enrolment plan would not be implemented at once, but that a phased approach would be followed. This will enable the institution to make the necessary system changes and also to ensure that appropriate change management processes can be implemented.

The introduction of managed enrolment planning will to a large extent stabilise the planning environment at Unisa, creating a more sustainable institution. One of the envisaged consequences will be that service levels at Unisa will improve, which will ultimately enhance academic standards.

Progression rules implementation

In 2012, the Senate and Council approved that, for the first time, new entrants would be subject to minimum progression rules that would enable them to progress steadily towards obtaining their qualification. All new students enrolling for a qualification in 2013 were thus made subject to the requirement to obtain 36 credits (24 for students enrolled in alternative access programmes) in their first year and 48 credits in subsequent years. The rule was communicated to students in the 2013 Calendar and is set out in the Admissions Policy.

Excellence in Tuition Awards policy

The Excellence in Tuition Awards have become an entrenched highlight on the institutional calendar and are aimed at rewarding excellence in teaching and learning. The selection process is continually reviewed and new criteria were approved by Senate in 2013. These are as follows:

- recognising teams and not just individuals – the Senate procedures for curriculum development requires a team approach and amendments were made to bring the awards in alignment with other Senate procedures
- acknowledging the individual/team responsible for the design and development of the module and/or programme
- rewarding student support, thus ensuring that the scholarship pertaining to this critical aspect of tuition is properly acknowledged

The following individuals/modules received teaching and learning awards in 2013:

- School of Environmental Sciences: Dr K Slater
- School of Management Sciences: Mrs LA Louw
- School of Social Sciences: Professors JH Roos, BL Dolamo and LV Monareng
- School of Law: Mr LC Coetzee and Ms L Pienaar
- School of Social Sciences: Dr JC Lubbe

Specific innovations in 2013

The university, in collaboration with the Student Representative Council, developed a Charter on Teaching and Learning that reinforces the Service Charter of the university and provides for commitments by both the university and its students.

Onscreen marking technologies make it possible for academics to receive and mark all assignments submitted online electronically. Assignments are routed to lecturers and external markers electronically and feedback is provided to students in digital format. The onscreen marking service was introduced in select modules three years ago and for the first time in 2013 (second semester) was rolled out to all modules.

To meet the success rates approved by Council up to 2019 as expected by the DHET, the university developed a monitoring system of setting targets for subject modules. The target-setting procedure allows academic departments to monitor success rates in individual modules in alignment with the ministerial-approved success and throughput rates. The analysis and target setting took place in 2013 and will be implemented and monitored in 2014 onwards.

A new postgraduate curriculum development plan was introduced and approved by Senate. This plan provides a framework for the review and revision of study materials and learning programmes in cycles of three and seven years. Since all postgraduate programmes are offered online, minor revisions are possible on an annual basis.

Continuing activities

Unisa has approved a Curriculum Policy, which sets out the procedure to develop learning programmes and modules using a team approach. The procedures for the Framework for a Team Approach were revised by Senate in 2013 so that the education consultants in the Directorate of Curriculum and Learning Development now manage all curriculum development initiatives and introduce a Certificate of Due Diligence for all projects. This initiative ensures that we will always have a verifiable and auditable system of monitoring curriculum development.
The revised policy on prescribed books was approved by Senate to allow for easy usage of open educational resources and the reduction of prescribed textbooks at first-year level.

The importance of student success is foregrounded in the Student Success Forum (SSF), which in 2013 recommended several interventions to improve pass rates and throughput of students. These included:

- identifying first-time entering students who are underprepared for university study and referring them to interventions such as the Academic Literacy Programme
- implementing an online programme to measure appropriate behaviours for success in particular programmes (ShadowMatch)
- processing student data to identify areas of intervention e.g. minimising stop-outs and identifying risk modules and at-risk students)
- implementing and updating the Integrated Tutor Model

The success of the SSF is keenly noted in the resulting information and linked research, which enable better-informed decision-making in important areas such as admissions, retention, success rates and throughput. Areas which impact on student success which were not monitored in the past are now tightly controlled, for example students not applying for deferment of studies, and the nature of student under-preparedness. A specific challenge of the SSF pertained to capacity constraints that mitigated against necessary follow-ups on some activities that required detailed analysis and action at micro-level.

Acknowledging the important work of the SSF, Unisa's response has been to approve the establishment of a dedicated Student Success Unit in the Directorate: Counselling and Career Development.

Quality assurance is an inherent part of the design and development of learning programmes and modules. Annually a select number of modules are subjected to a review by various stakeholders to provide feedback, which is then used to redevelop the modules or learning programmes. In 2013, 244 modules underwent quality reviews.

The assessment procedural manual was revised in 2013 to provide for all changes introduced in the Curriculum Policy, the Experiential Learning Policy and various developments made possible by improving ICT. A working group focusing on the integrity of our assessment was initiated by the Vice-Chancellor and several cross-cutting measures were introduced in 2013, ranging from the processing of examination papers by academics to the printing of these papers and security measures of invigilation.

Regions

Unisa students are located throughout the country and receive support from the university through the various regional centres. A revised regional model was approved in 2012 and an implementation strategy with regard to the services offered at the region was approved in 2013. Quality assurance and monitoring of the regional activities is managed by the Department of Tuition and Facilitation of Learning in line with the institutional strategic documents and policies. A proposal was made that the Best Reflective Practice (BRP) project, which was piloted in the regions, be implemented in all support and professional departments of the university.

In 2013 the regions focused on providing better and informed learning experiences to the students, prioritising quality and service delivery. As an indirect consequence, the key areas of student needs and concerns became evident and brought about systems and process reviews. The Rustenburg and Pietermaritzburg regional offices were upgraded in 2013 to improve student support, including expanded libraries, increased computer workstations and tutorial venues. All regional offices throughout the country installed upgraded videoconferencing technologies as well as interactive and networked smartboards to facilitate asynchronous instruction. Plans for 2014 include the launch of more student-centred community engagement projects aligned with NDP and UNGC principles, a week-long radio 'open day' to engage new students in rural areas, refined teaching and learning initiatives that meet the needs of regionally based students and staff wellness seminars.

Programme accreditations

The process of streamlining the programme qualification mix (PQM) is on track. The focus during 2013 was the alignment and rationalisation of the research-based master's and doctoral programmes. The alignment with the regulatory Higher Education Qualification Sub-framework focused on the naming conventions of the programmes and the classification of subject matter linked to first order of the CESM categories as prescribed by the DHET. A total of 16 programmes were successfully aligned and deemed reaccredited by the Council on Higher Education (CHE).

The open PhD was submitted as a separate programme to allow for multidisciplinary approaches in subject matters. A total of 41 PhDs classified in 15 education subject matters out of 20 recognised categories by the DHET and 121 master's programmes were successfully submitted for reaccreditation to the CHE.

A total of 23 new qualifications received PQM clearance and approval by the DHET. The Higher Education Quality Committee (HEQC) approved and accredited nine new qualifications and three new higher certificates in the fields of commerce, law, life and environmental sciences. A new Doctor of Philosophy in Consumer Sciences was also approved by the HEQC. Unisa continues to achieve good success in the accreditation of new programmes by the CHE.

The newly accredited programmes include the following:

- Higher Certificate in Criminal Justice
- Higher Certificate in Life and Environmental Sciences
- Higher Certificate in Insurance
- Bachelor of Arts in Forensic Science and Technology
- Bachelor of Information Science
- Postgraduate Diploma in Financial Modelling
- Postgraduate Diploma in Library Information Science
- Bachelor of Commerce Honours in Tourism Management
- Doctor of Philosophy in Consumer Sciences

Non-formal programmes (short courses)

Unisa supports the idea of lifelong learning and access to higher education through the provision of short learning programmes (SLPs). It also validates the agreement that SLPs are part of its core business and complementary to the formal academic tuition. During 2013 a new strategy for the provision of non-formal programmes was approved with the aim of strengthening the current frameworks and enhancing the current system to ensure sustainability and observance of quality assurance systems. The new framework was approved by management and Senate in 2013. This was followed by a review of the financial systems and subsequently a proposal of a new financial and business model was recommended and submitted for approval.

A total of 38 new programmes and workshops were approved in 2013, an increase of 23.7% compared with the previous year. Management of the short courses came under scrutiny in 2013 following the findings of several internal audit reports. There is currently a good governance regimen in place with every SLP offering approved by the SENEX in terms of the Higher Education Act 101 of 1997.

Research and innovation

In alignment with national research policy directives and in accordance with international research best practices and benchmarks, Unisa is developing, facilitating, managing and monitoring quality research structures, policies and processes. Such structures and processes, in turn, are supporting, nurturing and increasing research capacity and quality. Despite the relative newness of the dedicated Research and Innovation portfolio, the institutional impact in the year under review has been very satisfactory.

The research and innovation strategy is predicated on the existence of a supportive, enabling research environment. To this end, five new policies were approved in 2013: the Research Ethics Policy, the Postdoctoral Fellow Policy, the Research Institute Policy, the Permission to Conduct Research involving Unisa Staff, Students or Data Policy, and the Master's and Doctoral Research Support Policy. The Policy on Research Ethics is aligned with the institutional Code of Ethics and Conduct to specifically ensure that an ethical and scientific intellectual culture prevails among its employees and students and is followed in research practice.

Research output summary 2012

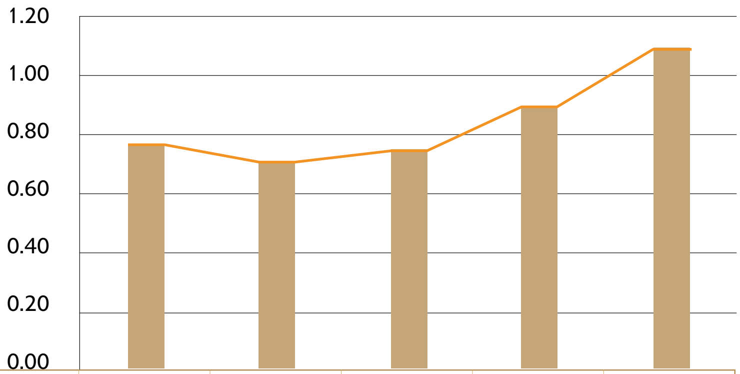
The table below indicates the audited figures for 2012.

Table 1: Comparative research dashboard indicators

Research output metrics	2008		2009		2010		2011		2012	
	Actual	Position*	Actual	Position*	Actual	Position*	Actual	Position*	Actual	Position*
Total weighted research output	951.9	7th	938.6	8th	989.08	9th	1 266.95	7th	1 669.33	7th
Publication output	652.4	6th	625.7	6th	734.60	6th	797.62	6th	892.52	6th
Weighted output per capita	0.72	12th	0.67	14th	0.70	13th	0.84	13th	1.05	13th

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

As the above table shows, Unisa's total weighted research outputs increased by 32% between 2011 and 2012. This large increase is also reflected in the graph below, showing our weighted outputs per capita.



	2008	2009	2010	2011	2012
Weighted output per capita	0.72	0.67	0.7.	0.81	1.05

Figure 1 Weighted output per capita 2008-2012

The table below highlights publications by research institutes in the College of Graduate Studies and the contribution made by these institutes in 2013.

Table 2: Publications produced by research institutes

School/Institute	No. of articles published in accredited journals 2013	No. of books/book chapters published	ODL research articles	CE research articles
School of Interdisciplinary Research and Graduate Studies (SIRGS)	31	0	0	0
Archie Mafeje Research Institute (AMRI)	1	6	0	0
Institute for African Renaissance Studies (IARS)	2	0	0	0
Institute for Open and Distance Learning (IODL)	5	2	7	0
Institute for Social and Health Sciences (ISHS)	19	0	0	3
Institute for Science and Technology Education (ISTE)	6	0	0	0
SARChI in Development Education (DEV ED)	3	4	0	1
TOTAL	67	12	7	4

Research support programmes, grants and incentives

In 2013 Unisa continued with the roll-out of its research support programmes. Each programme is tailored to meet human capital development needs with the ultimate aim of inculcating a culture of research at Unisa and improving the research status of staff members from the so-called designated groups. The table below highlights the programmes offered and the amount spent on each programme in 2013.

Table 3: Research support programmes and value spend

Programme	Aim	R value spend
Academic Qualification Improvement Programme (AQIP)	The AQIP application was approved by the DHET and is geared towards providing financial support for Unisa permanent academic staff to pursue senior qualifications (master's and doctoral degrees) on a full-time basis. In 2013 47 staff members were supported – 18 males and 29 females; black: 31, white: 13 and Indian: 3.	R27 768 780
Master's and Doctoral Support Programme (MDSP)	This is a staff development initiative aimed at increasing the number of Unisa staff holding doctoral qualifications. Total number funded in 2013 was 99 – 34 males and 65 females; black: 58, white: 35, Indian: 3, coloured: 3.	R3 330 689
Postdoctoral Fellowship Research Support Programme	The programme is aimed at inculcating the culture of research and innovation at Unisa by bringing to Unisa doctoral graduates from universities all over the world. The intention is to generate research excitement among young, developing researchers, thereby ensuring an emerging cohort of young researchers to replace the ageing cohort (which is a critical concern for Unisa), who will contribute to the growth of the total research output of Unisa. In 2013 there were 28 postdoctoral fellows from South Africa, the continent (Cameroon, Nigeria, Zimbabwe and DRC) and internationally (Greece and Romania).	R5 612 264
VisionKeepers Research Support Programme	This was initiated in 2011 with a view to fast-tracking young academics with PhD qualifications towards greater and improved research efficiency and attainment of NRF ratings. A total of 11 applicants were supported in this programme during 2013 – 5 black males, 3 black females and 3 white females.	R3 907 111
Women in Research Support Programme	This is a new initiative which recognises that the research and innovation space in South Africa – and at Unisa, in particular – is currently occupied mainly by male researchers. The programme provides research funds to a group of women researchers with a view to fostering mentoring within the group, fast-tracking the production of research output and concomitantly propelling women researchers towards NRF ratings. This programme directly supports Unisa's objective for transformation. A total of 4 women were supported in 2013 (1 black, 1 Indian and 2 whites) for a period of three years.	R1 693 862
Unisa Research Chairs Programme	In an attempt to develop research excellence, Unisa started the Unisa Research Chairs Programme in 2013. Five chairs were funded.	R7 313 000
Developing Researcher Support Programme	The programme commenced in 2011 and focuses on permanent staff members who have a doctoral qualification but have not yet established themselves as proven researchers, and do not have an NRF rating. No staff member was supported during 2013.	R0
Emerging Researcher Support Programme (ERSP)	ERSP application was also approved by the DHET and the funds allocated will be utilised to help permanent research staff who completed their doctoral degrees in the last 5 years to develop as researchers. In 2013, 3 black males were supported.	R2 363 220

In addition to the funding derived from the institutional budget and DHET grants, the 2012-2015 Research and Innovation Strategy prioritises the mobilisation of external research grants as one of the performance measures of the portfolio. In 2013 Unisa had a total of 210 external grants amounting to R22 521 791.

A further sum of R23 217 699 was paid out as research incentives as follows:

- master's and doctoral incentives: R5 304 99
- accredited articles: R14 592 800
- accredited conference papers: R852 702
- books: R387 669
- NRF-rating incentives: R2 080 000

Additional highlights

One of the highlights for the year was the second annual Research and Innovation Week, which provided a platform for cross-discipline engagement on topical issues. It attracted both internal staff and researchers external to the university.

Unisa also hosted the second Annual Student Research and Innovation Showcase in collaboration with the NSRC. The theme of the symposium was *Challenging the norm* and the primary purpose was to promote research and innovation among Unisa students, and to create greater awareness of the importance of research and innovation as tools for socioeconomic development and progress. A total of 76 abstracts were received from students, and 25 were accepted for presentation and 15 as posters. Awards were given to the best three oral and best three poster presentations per discipline. Representatives from the HSRC, CSIR, ARC and NRF were also invited to make presentations on opportunities that Unisa students can apply for.

In 2013 Unisa hosted 22 visiting researchers with the aim of improving publications in high-impact-factor journals, facilitating knowledge transfer to strengthen the competencies of Unisa staff, developing and maintaining a network of external researchers and generally stimulating research discourse and debate.

The five-year funding cycle for the SARChI in Development Education lapsed at the end of 2012 and was renewed with funding from the NRF at a tier 2 level for a further five-year period from 2013 to 2017. The incumbent is Professor CO Hoppers.

The NRF also approved that a tier 1 Chair in Social Policy, located in the Archie Mafeje Research Institute, be awarded to Professor J Adesina. He joined Unisa on 1 June 2013.

A UNESCO Africa Chair in nanoscience and nanotechnology under the UNESCO/UNITWIN project was approved by UNESCO in February 2013. This is a five-year collaboration between Unisa and iThemba Labs and the Chair is occupied by Professor Malik Maaza, a senior researcher at iThemba Labs, who started working at Unisa on 1 April 2013. Professor Maaza's appointment is a joint Unisa-iThemba Labs appointment on a 55%-45% basis.

A total of 9 new and rerated NRF-rated researchers were awarded in 2013, which included 3 Y-rated researchers, 2 B-rated researchers and 4 C-rated researchers. At the end of 2013 Unisa had 143 rated researchers at Unisa.

Furthermore, the internal Women-in-Research prizes were handed out to 10 women in the different categories, including youngest woman staff member to acquire a doctoral degree, developing researchers (3), leadership in research (6), as well as 11 Chancellor's prizes for excellence in research.

In 2013 the following four Unisa researchers won prestigious national awards:

- Prof T Dube (College of Science, Engineering and Technology) received the Research Distinction Award from the South African Mathematical Society.
- Prof T Steyn (College of Education) received the Medal of Honour from the Education Association of South Africa.
- Prof M Budeli (College of Law) received the Distinguished Young Women in the Social Sciences and Humanities Award.
- Prof N Phasha (College of Education) received the Distinguished Researcher: Violence against Women Award.

The following five Unisa researchers were admitted as members of different science academies:

- Prof M Mulaudzi (College of Agriculture and Environmental Sciences): South African Young Academy of Science
- Prof T Dube (College of Science, Engineering and Technology): Academy of Science for South Africa
- Prof S Ndlovu-Gatsheni (Archie Mafeje Research Institute): Academy of Science for South Africa
- Prof T Dedering (College of Human Sciences): Academy of Science for South Africa
- Prof A Thomashausen (College of Law): European Academy of Sciences, Academia Europaea

Community engagement and outreach

Policy review

Community Engagement and Outreach was assigned to the portfolio of the Pro-Vice-Chancellor, thereby demonstrating its significance and strategic importance to the university. The 2008 Community Engagement and Outreach Policy was reviewed to reflect community engagement as a scholarly endeavour. The policy provides for the governance of community engagement, clarifies previously ambiguous definitions, concepts and roles of stakeholders, conceptualises

community engagement as scholarship, focuses on the integration of community engagement with teaching and learning and aligns community engagement with the development agenda, particularly the millennium development goals (MDGs) and the National Development Plan (NDP). The policy was approved by Council in November 2013.

Governance

Unisa Community Engagement is governed by a structure designed and instituted between 2012 and 2013. It is set out as follows:

The Senate Community Engagement Committee (SCEC) sets the overall strategy, recommends the community engagement policy for the university and monitors the progress and impact of community engagement as scholarship. It also advises Senate, the Management Committee and Council on community engagement matters. The SCEC is responsible for exercising oversight over the financial resource allocation, planning, implementing, monitoring and evaluating of community engagement and outreach activities.

The SCEC Review Sub-committee was established with the role of reviewing projects and budgets and making recommendations on funding proposals to the SCEC and the Budget Committee of the university.

The Community Engagement and Outreach Directorate provides leadership and direction in executing the strategy for community engagement. It enables community engagement through the development of systems, procedures and capacities and the facilitation of stakeholder forums, and is responsible for aggregated institutional reporting on community engagement and outreach matters. It keeps a central register/database of all community engagement projects. It may mobilise resources for community engagement initiatives in line with the Unisa 2015 Strategic Plan, Unisa 2015 Revisited, the Institutional Operational Plan and the Community Engagement Strategic Plan after consultation with the Unisa Foundation and with approval of the SCEC.

The College Community Engagement Committees (CECC) conceptualise, develop and implement projects and activities in partnership with communities and stakeholders. Individual staff members or groups of staff members can mobilise resources for community engagement in line with the Unisa 2015 Strategic Plan, the Institutional Operational Plan and the Community Engagement Strategic Plan with approval of the CECC and after consultation with the Unisa Foundation.

The Community Engagement Coordination and Operational Committee coordinates community engagement projects and activities across the colleges, regions and various units of Unisa. It advances collaboration between internal stakeholders and innovates new modes and pathways to express community engagement.

Funding

For the first time in practice, Unisa committed an institutional budget of R30 829 163 towards the funding of community engagement and outreach projects. The Unisa Foundation contributed an additional R6 000 000 for 2013. Collectively, Unisa supported 176 community engagement and outreach projects in 2013: 147 in colleges, 27 in the regions, 1 in the Unisa Music Foundation and 1 in the Office of the Pro-Vice-Chancellor. Community engagement projects are aligned with college community engagement plans and need to comply with certain eligibility criteria, for example demonstrated alignment with national development imperatives. Systems, structures, policies, processes, resources and initiatives have been put in place and committed to enable, support, govern and manage community engagement projects and activities. The success of a project is measured by its delivered output and its impact on society.

Output

Community Engagement and Outreach yielded the following outputs in 2013:

Articles		
Published: 37	Submitted: 2	Accepted for publication: 18
Books		
Accredited: 3	Non-accredited: 1	
International Conferences		
Accredited: 10	Non-accredited: 10	
National Conferences		
Accredited: 1	Non-accredited: 21	
Master's Degrees		
Registered: 2	Completed: 2	
Doctorates		
Registered: 3	Completed: 2	
Other		
Factsheets	4	
Reports	15	
Portfolios	11	
Seminars	11	
Manuals	15	
Presentations	66	
DVDs/YouTube material	15	
SLP participants	80	
Workshops	40	

Additional highlights

The Senate Research, Innovation and Higher Degrees Committee identified the revision of the Unisa Research Ethics policy to accommodate community-engaged ethics as an important provision in the policy. An ethics framework for community-engaged research will enable increased research output from community engagement.

The Community Engagement and Outreach Directorate hosted several workshops and a two-week capacity-building programme with international scholars aimed at professional staff development. An integrated management platform has been conceptualised to register, monitor and report on community engagement and outreach and will be implemented in 2014.

One of the key focus areas in the year under review was the development of young leaders, and the following activities which took place in 2013 are worth taking note of:

- Unisa facilitated the development of the World Economic Forum Tshwane Global Shapers Hub with 25 young people in the City of Tshwane. Nedbank is a partner to this project and the Tshwane Global Shapers Hub has been hailed in Geneva as one of the best-performing hubs of the 226 hubs worldwide.
- Two young staff members and students of Unisa attended the One Young World Summit in Johannesburg in October.
- The Talloires Network University Volunteer Pilot Programme has selected Unisa to participate in its 2013 Volunteer Pilot Programme. Irene Delgrado from Finland joined Unisa in October 2013 to work with the Household Food Security Community Engagement Project in the College of Agriculture and Environmental Sciences for a period of six months.

In pursuit of its community engagement philosophy, Unisa has established national and international partnerships focusing on collaboration in the areas of youth unemployment, small, medium and micro enterprise development and the green economy. This includes engagement with the PASCAL International Observatory and the South African Higher Education Community Engagement Forum (SAHECEF). In 2013, PASCAL created a base at Unisa for a unique exchange of experience and learning between South Africa and Organisation for Economic Co-operation and Development (OECD) countries, inviting both university experts and community leaders. Professor S Pienaar from the Directorate: Community Engagement and Outreach was appointed Co-Director for the PASCAL International Observatory in Africa, while Professor CO Hoppers, the incumbent of the SARChI Chair in Development Education, is a senior counsellor on the PASCAL Board. In 2013 PASCAL representatives held a seminar entitled *Enlarging community engagement: restorative action, democracy and regional development* and a workshop on *The role of higher education institutions in local and regional development: a global perspective on local issues of youth unemployment and SMME development* at Unisa. Unisa also hosted the first in a series of SAHECEF seminars on 19-20 February 2013 themed *Developing a green economy: renewable energy, climate change and social justice*. The seminar explored the role of universities in the 'green economy'.

Unisa is positioning itself as a national and international role player in the field of engaged scholarship. The commitment to teaching and learning, research and innovation, and community engagement is equally emphasised as the integrated tripartite relationship and supports Unisa in its vision to be the African university in ***the*** service of humanity.

Report of the Institutional Forum

In 2013 the Institutional Forum (IF) appointed a new chairperson for a two-year term. Professor R Moeketsi's term of office came to an end on 15 March 2013 and Professor R Songca was appointed to serve as chairperson for the period 25 April 2013 to 30 April 2015.

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

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

During the year the IF held a total of three scheduled meetings and one special meeting, the first during the tenure of Professor Moeketsi and the subsequent three under the leadership of the newly appointed Professor Songca.

Matters under discussion at the respective meetings included the IF's reservations about practice of 'headhunting' and its request to the Department of Human Resources to draft a policy on headhunting; the forum's support of the request made by the unions that labour be given two seats on the Unisa Council; the handling of labour-related disputes; and students' concerns around the implementation of an open distance e-learning model at the institution.

At a special meeting the IF discussed the South African Human Rights Commission's report on racism. The IF also intended to host seminars aimed to educate and highlight human rights matters and possible infringements at institutional level.

In addition to the meetings, the Institutional Forum considered the documents on Procedures and Call for Agenda Items.

The documents set out procedures in terms of which matters relating to alleged violations and/or infringements of human rights can be brought to the IF for investigation. The documents were subsequently approved by committee members and were sent to Council for approval.

Notwithstanding the important role of the Institutional Forum, the forum has continued to experience challenges regarding the attendance of meetings by IF members. In some cases, the lack of support crucial to the operations of the committee continues to hamper the operations of the Institutional Forum.

Prof. R Songca
Chairperson: Institutional Forum

Annual financial review 2013

The purpose of this report is to present an overview of the financial results of the university for 2013 and to provide information about the following:

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

Budgeting and budgetary control processes

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

The Budget Committee comprises representatives from all portfolios and scrutinises all budget requests to ensure that they are aligned to the university strategy. In 2013 the allocation was R1.995 billion to colleges, R254.381 million to primary academic support, R1.546 billion to primary student support and R1.197 billion to institutional support and management. The model is constantly reviewed and refined to address current as well as future needs.

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

Overview of financial achievements

Unisa continued to be in a sound financial position with total income 12% higher than in 2012. There were, however, mounting challenges as was evidenced by the fact that total expenditure during 2013 increased by 14%. Investment-related income increased by 6% when compared to 2012. Income from interest and dividends increased by 1% while the fair value adjustment increased by 8% because of market growth. Should the investment-related income be ignored, total income increased by 14%, which is equal to the increase in expenditure. Total investments have grown by 16%, while other non-current assets net of depreciation and amortisation and fair value adjustments, increased by 10% over the previous year.

For the financial year under review, Unisa recorded an operating surplus of R1.114 billion (2012: R1.069 billion). One of the main reasons for the increase in the operating surplus is the fair value adjustment of investments. Investments are exposed to the volatility of the global equity markets and the fair value adjustment changed by 8% from R718 million in 2012 to R777 million during the year under review.

Although tuition fee increases were contained at below 10% on average for the past few years, revenue from student fees was 18% higher than in 2012. This increase is largely due to the continuing steady growth in student numbers during the year under review. However, it should be noted that included in expenses is an amount of R147 million (2012: R80 million) that was expended to top-up NSFAS funding to Unisa students. Expenses also include an amount of R16.3 million (2012: R36 million) written off as irrecoverable and doubtful. Net income from tuition fees for the year was therefore R2.872 billion. This trend in tuition fees is expected to decline in the coming years as the university enforces its admission policy, however, this should be compensated by increase in output subsidy once the policy settles down.

The gross subsidy has increased by 9% to R1.997 billion in 2013 from R1.831 billion in 2012. However, R204.6 million (2012: R120.6 million) of the teaching and development grant was deferred. At the time of reporting it is unclear what the effect of the revised subsidy formula of the Department of Higher Education and Training (DHET) would be in future years.

Total expenditure for the year, including operational and personnel costs, amounted to R5.132 billion in 2013 (2012: R4.498 billion) – an increase of 14% compared to the previous year. This increase in spending leaves some cause for concern; the year-on-year increase in spending for 2013 over 2012 was 14% against an average inflation rate of 5.7% but the growth in spending has slowed down due to tight budgetary controls put in place.

Table 1: Analysis of income and expenditure

	% increase	2013 R'000	% increase	2012 R'000	2011 R'000
Total income	12%	6 246 201	20%	5 568 215	4 652 785
Total income excluding FVA	13%	5 469 468	8%	4 850 386	4 478 678
Total expenditure	14%	5 132 166	12%	4 498 679	4 012 848
Total staffing cost	11%	3 075 031	5%	2 764 310	2 620 390

Personnel expenditure (including expenditure from earmarked funding) rose by 1%. Personnel costs accounted for 51% (2012: 63%) of total expenditure. At 50% (2012: 51%) of the Council controlled recurring income (CCRI), staff costs are lower when compared against the DHET guideline and also adopted by the Unisa Council of 59% - 62% of CCRI. It should, however, be noted that there is a constant vacancy rate of around 18% across the university. Should all the vacancies be filled, the ratio will stand at 63%.

The increase in staffing costs can to some measure be ascribed to the increase in number of permanent and fixed-term employees in the academic division:

Table 2: Increase in number of employees

	2013	Increase	2012	Increase	2011
Number of permanent employees	4 716	1.3%	4 655	4.4%	4 469
Number of fixed-term employees	827	0.9%	819	9.1%	751
Number of temporary employees	8 290	65.5%	5 010	(37.8%)	8 062

Productivity and financial position of Unisa

It appears from Table 3 below that considerable headway has been made in reducing expenditure per graduate. This provides a clear indication that the growing number of students and the higher throughput of such students during the past few years provided economy of scale benefits with respect to productivity.

Table 3: Changes in expenditure per graduate

	2013	2012	2011	2010
Total expenditure (including from earmarked funding)	5 131 902 000	4 498 679 000	3 996 079 000	3 510 343 000
Number of graduates/diplomands	30 598	25 072	19 307	26 073
Expenditure per graduate	167 720	179 430	206 975	134 635

Tables 4 to 6 provide a trend analysis of the last five years with respect to Unisa's financial position.

Table 4: Consolidated statement of financial position

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Total assets	10 079 842	8 873 128	7 425 951	6 692 931	5 779 459
Total liabilities	2 228 739	2 163 259	1 675 929	1 648 602	1 524 458
Total net assets	7 851 103	6 709 869	5 750 022	5 044 329	4 255 001
Investments:					
• Total investments	6 563 397	5 653 720	4 925 202	4 526 147	3 884 720
• Fair value adjustment	776 733	717 829	174 108	377 091	211 334
• Return on investments	313 914	311 990	265 250	269 171	254 082
Facilities:					
• PPE net of accumulated depreciation	2 369 732	2 048 072	1 590 929	1 199 426	1 010 506
• Spending on building projects	263 777	364 884	296 953	188 920	284 586

The following are some of the items which contributed to the increase of 10% in total assets as disclosed in the Consolidated Statement of Financial Position:

- An increase of R400.4 million (26%) in property, plant and equipment
- A 16% increase in investments (excluding cash)

Future planned infrastructure spending includes the following:

- New print production facility (approved budget R420 million)
- Construction of the Graduate Centre (approved budget R350 million)
- Construction of the generator and chiller plant (approved budget R350 million)
- Upgrade of the Unisa Library in the Samuel Pauw building and the Science Library at Florida campus (approved budget R543 million)
- New building for the College of Economic and Management Sciences on Muckleneuk Campus (approved budget R1 150 million)

Table 5: Consolidated statement of comprehensive income

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Total revenue	6 246 201	5 568 215	4 652 785	4 299 313	3 602 721
State subsidies & grants	1 996 960	1 831 612	1 801 537	1 607 194	1 360 546
Tuition fee & other revenue	2 888 449	2 438 394	2 181 896	1 828 607	1 536 759
Total expenditure	5 132 166	4 498 679	4 012 848	3 501 628	3 212 306
Personnel costs	3 075 031	2 880 825	2 620 390	2 383 013	2 010 106
Operating expenses	1 721 414	1 442 509	1 224 213	1 154 076	1 003 554

During the year under review the following transfers were made to reserves:

Business continuity reserve	R11 million
New buildings reserve	R7 million
Renewal & replacement of buildings reserve	R7 million
Maintenance reserve	R7 million
ICT renewal reserve	R3 million

The balances of reserve accounts at the end of 2013 were as follows:

Business continuity reserve	R979 million
New buildings reserve	R639 million
Renewal & replacement of buildings reserve	R333 million
Maintenance reserve	R52 million
ICT renewal reserve	R39 million

These reserves are matched with investments.

Analysis of ratios

Table 6: Important financial ratios

	2013	2012	2011	2010	2009
Current ratio	5.72:1	5.44:1	6.43:1	5.51:1	4.82:1
Quick ratio	5.63:1	5.35:1	6.31:1	5.38:1	4.73:1
Cash ratio	5.18:1	4.92:1	6.04:1	5.07:1	4.56:1
Surplus margin as a percentage of total revenue	17.83%	19.21%	13.78%	18.52%	10.84%
Subsidies and grants as a percentage of total revenue	31.72%	32.70%	38.47%	37.20%	37.77%
Tuition fee and other revenue as a percentage of total revenue	46.24%	43.79%	46.89%	42.53%	42.66%
Personnel costs as a percentage of total expenditure	62%	63.53%	62.94%	65.44%	62.6%
Operating expenses as a percentage of total expenditure	33.54%	32.07%	30.51%	32.96%	31.24%
Free cash flow	R785 020	R902 931	R210 772	R631 080	R114 708

Internal Control Deficiencies

During the audit the following control issues were identified by external auditors:

- Lack of effective human resource management to ensure that adequate and sufficiently skilled resources are in place to address the internal control deficiencies identified during the audit.
- Inadequate controls over daily and monthly processing of transactions and reconciliations.
- Inadequate controls pertaining to information technology systems relating to information security.
- Certain information technology system related limitations that do not prevent or detect misstatements.
- Inadequate controls over fixed assets relating to complete and accurate fixed asset register.
- Inadequate controls over infrastructure projects relating to the accurate allocation between capital expenditure and maintenance costs.
- Non-compliance with certain Unisa internal procurement policies, relating to contract management.
- Inadequate controls over the completeness and accuracy of trade and other payables.
- Non-compliance with Higher Education Act 101 of 1997, S40(3)(a) and (b), Income Tax Act, 1962 (Act 58 of 1962 as amended) and the Value Added Tax Act No 89 of 1991, were identified due to inadequate management oversight.

Conclusion

Despite some challenges in 2013, Unisa has maintained and improved its financial position and sustainability.

Mr AA da Costa
Chairperson of Finance, Investment and Estates Committee

Mr A Robinson
Vice-Principal: Finance and University Estates

Celebrating 140 years of shaping futures...

In 2013 Unisa celebrated its 140th anniversary. Taking pride in the university's remarkable journey of transformation and growth over this period, the Unisa community participated in a host of celebratory activities including the premiere of the multimedia oratorio, *Credo: A musical testament to the Freedom Charter,* the Thabo Mbeki@70 Colloquium and the 11th Nelson Mandela Annual Lecture. Special publications were launched and Unisa honoured the memory and lasting legacies of a number of great South Africans in the form of memorial lectures, commemoration evenings and honorary doctorates.

Reflecting on Unisa's 140 years of shaping futures, Principal and Vice-Chancellor, Professor Mandla Makhanya, remarked: "Unisa has graduated the rich and famous and the poor and famous, the rich and poor infamous, and the ordinary men and women whose commitment and diligence have enabled them to graduate from Unisa to go and do extraordinary things with their lives".

CONSOLIDATED ANNUAL

Contents

FINANCIAL STATEMENTS

Statement of Responsibility by the Council for the year ended 31 December 2013

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

The consolidated financial statements presented on pages 78 to 115 for the financial year ended 31 December 2013, have been prepared in accordance with International Financial Reporting Standards, regulations for Annual Reporting by Higher Education Institutions and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by the management. The Council has also prepared other information as required to be included in this Annual Report and is responsible for both its accuracy and consistency with the consolidated financial statements.

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

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

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements on pages 78 to 115 were approved by the Council on 20 June 2014 and signed on its behalf by:

Dr Mathews Phosa
Chairperson of Council

Prof. MS Makhanya
Principal and Vice Chancellor

Mr AA da Costa
Chairperson: Finance, Investment and Estates Committee

Mr A Robinson
Vice-Principal: Finance and University Estates

Independent Auditor's Report to the Council of the University of South Africa

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have audited the consolidated financial statements of the University of South Africa (Unisa) as set out on pages 78 to 115, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, statement of changes in funds and the consolidated statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University of South Africa as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act No. 101 of 1997).

Emphasis of matters

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

Restatement and reclassification of prior year amounts

As disclosed in note 27 to the financial statements, the prior year figures for the year ended 31 December 2012 and 31 December 2011 have been restated as a result of the following:

- Certain fixed assets acquired for less than R5,000 and certain library books acquired were previously written off in the year of acquisition. These assets are now being capitalised and depreciated over their estimated useful lives. A restatement of R65,755 million for the year ended 31 December 2011 and R42,485 million for the year ended 31 December 2012 were recorded in the annual financial statements.
- Certain land and buildings were incorrectly classified as investment property in prior years.
- A restatement of R26,871 million for the year ended 31 December 2011 and
- R21,084 million for the year ended 31 December 2012 were recorded in the annual financial statements to correct the classification.
- Property, plant and equipment to the value of R38,450 million was reclassified between cost and accumulated depreciation for the various categories of property, plant and equipment.

Other matters

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the information in the section headed ***Self-assessment*** of institutional performance as set out on page 42 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criterion of reliability. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the Unisa annual performance report concerning the reliability of the information.

Compliance with laws and regulations

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

Our findings on material non-compliance with specific matters are as follows:

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

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

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

It came to our attention that during the year under review the University failed to comply with the requirements of the Income Tax Act, 1962 (Act No. 58 of 1962 as amended) with regard to the following:

- Pay as you earn (PAYE) was not withheld for certain monetary benefits provided to managerial level employees.
- The correct PAYE per the tax tables is not withheld for certain employees at UNISA. Unisa currently withholds a fixed 25% PAYE for payments made to certain employees.

At the date of this report, the above matters have not been resolved.

Higher Education Act 101 of 1997

During the current year audit, based on a forensic investigation, we identified that during the 2010 financial year, Unisa did not obtain the necessary Council and Ministerial approval prior to embarking on a construction of a permanent building and other immovable infrastructural development as required by section 40(3)(a) and section 40(3)(b) of the Higher Education Act 101 of 1997.

Both Council and Ministerial approval was obtained subsequent to embarking on the infrastructure project and thus the matter has been resolved.

Value Added Tax Act 89 of 1991

SARS issued a VAT Class Ruling ("VCR") to all Higher Education South Africa ("HESA") members on 1 August 2012, effective as from 1 April 2012. The VCR was only valid until 31 December 2012, however on 20 February 2013 SARS granted an extension of the VCR until 31 December 2014.

The VAT apportionment ratio for the 2012 financial year, as calculated by Unisa, was not implemented on the system for the 2013 financial year. The applicable apportionment ratio was also not calculated within 3 months after year-end. The incorrect apportionment ratio was applied for the 2012 and 2013 financial years. The impact is not considered to be material.

At the date of this report, the matter has not been resolved.

Internal controls

We considered internal controls relevant to our audit of the financial statements, self-assessment of institutional performance and compliance with laws and regulations. We also draw your attention to the internal control deficiency comments included in the Annual Financial Review 2013 on pages 66 to 69.

The matters reported above and below under the fundamentals of internal controls are limited to the significant deficiencies that resulted in the findings referred to in this report.

Financial and performance management

There is a lack of adequate controls in place at Unisa to prevent, or to detect and correct misstatements in the annual financial statements. Refer to Annual Financial Review 2013 on pages 66 to 69 for specific internal control deficiencies identified.

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

OTHER REPORTS

Investigations

An external forensic investigation is in progress regarding alleged procurement irregularities. The investigation should be completed in the 2014 financial year.

Agreed-upon procedures engagements

The following agreed-upon procedures engagements have been performed at the request of Unisa, which are mandatory in terms of the Department of Higher Education and Training, except for the SBL College:

- Infrastructure Spending for Veterinary Sciences
- Infrastructure funding allocation (Cycle 1)
- Infrastructure and Efficiency funding allocation (Cycle 3)
- Research and Development grant
- Accredited Research Output
- National Research Foundation
- HEMIS Report (Students)
- HEMIS Report (Human Resources)
- Foundation Provision Programme
- Teaching and Development Grant
- Financial information of the Graduate School of Business Leadership (SBL) (non-mandatory requirement)

Annual Report

As part of our audit of the consolidated financial statements for the year ended 31 December 2013, we have read the annual report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on the report.

Deloitte & Touche.

Deloitte &Touche
Registered Auditors
Per N Essop
Partner

30 June 2014

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013	2012	As at 01 January 2012
			Restated*	Restated*
		R'000	R'000	R'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	1	2 369 732	2 048 072	1 590 929
Intangible assets	2	75 262	49 187	35 923
Investment property	3	24 888	23 463	38 637
Other investments	6		148 828	129 228
		2 469 882	2 269 550	1 794 717
CURRENT ASSETS				
Inventories	4	115 762	114 192	109 638
Trade and other receivables	5	519 031	454 974	153 635
Other investments	6	6 563 397	5 504 892	4 795 974
Pension fund asset	11.2	86 503	57 747	80 719
Cash and cash equivalents	7	324 683	471 189	490 684
		7 609 376	6 602 994	5 630 650
Non-current assets held for sale	8	584	584	584
		7 609 960	6 603 578	5 631 234
TOTAL ASSETS		**10 079 842**	**8 873 128**	**7 425 951**
EQUITY AND LIABILITIES				
RESTRICTED PPE DISTRIBUTABLE RESERVES				
Held for investment in property, plant and equipment	9	1 171 628	1 079 392	1 004 956
		1 171 628	1 079 392	1 004 956
DISTRIBUTABLE RESERVE				
Unrestricted	9	6 657 371	5 608 773	4 724 585
Restricted	9	22 104	21 704	20 481
		6 679 475	5 630 477	4 745 066
TOTAL EQUITY		7 851 103	6 709 869	5 750 022
NON-CURRENT LIABILITIES				
Interest-bearing borrowings	10	7 281	17 226	7 464
Post-employment medical obligations	11.1	634 785	612 926	531 200
Employee benefit liability in respect of pension fund guarantee	11.3	61 165	110 549	87 199
Accumulated leave liability	12	125 646	146 496	117 631
Funds administered on behalf of Department of Higher Education and Training		68 998	62 243	57 011
		897 875	949 440	800 505
CURRENT LIABILITIES				
Trade and other payables	29	518 940	561 381	397 280
Post-employment medical obligations	11.1	39 311	35 317	32 070
Accumulated leave liability	12	14 004	16 240	26 249
Deferred income	13	576 700	389 000	242 298
Student deposits		170 951	197 104	152 871
Current portion of interest-bearing borrowings	10	10 958	14 777	24 656
		1 330 864	1 213 819	875 424
TOTAL EQUITY AND LIABILITIES		**10 079 842**	**8 873 128**	**7 425 951**

*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer Notes 27 and 28

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	Education and General: Council controlled unrestricted A R'000	Specifically funded activities restricted B R'000	Sub Total R'000	Student and staff accommodation restricted C R'000	2013 R'000	2012 Restated* R'000
RECURRENT ITEMS		1 112 480	1 819	1 114 299		1 114 299	1 069 518
INCOME		6 109 878	13 279	6 123 157		6 123 157	5 441 148
State subsidies and grants		1 873 652		1 873 652		1 873 652	1 704 563
Tuition and other fee income		2 888 449		2 888 449		2 888 449	2 438 394
Income from contracts		11 038	11 128	22 166		22 166	21 793
For research		9 197	11 128	20 325		20 325	18 494
For other activities		1 841		1 841		1 841	3 299
Sales of goods and services		197 774	390	198 164		198 164	184 606
Private gifts and grants		50 079		50 079		50 079	61 973
Interest and dividends	14	312 153	1 761	313 914		313 914	311 990
Fair value adjustment investments	14	776 733		776 733		776 733	717 829
EXPENDITURE		4 997 398	11 460	5 008 858		5 008 858	4 371 630
Personnel costs	15	3 072 955	2 076	3 075 031		3 075 031	2 764 310
Academic & professional		1 302 667	2 076	1 304 743		1 304 743	1 122 952
Other personnel	28	1 770 288		1 770 288		1 770 288	1 641 358
Other current operating expenses	16	1 712 138	9 276	1 721 414		1 721 414	1 442 509
Depreciation and amortisation		207 911	108	208 019		208 019	160 843
Finance costs	17	4 394		4 394		4 394	3 968
NON-RECURRENT ITEMS		(264)		(264)		(264)	18
INCOME		(264)	123 308	123 044		123 044	127 067
Special projects DHET			5 762	5 762		5 762	7 173
(Loss)/profit on disposal of PPE		(264)		(264)		(264)	18
Teaching and research development			107 420	107 420		107 420	116 515
Staff restructuring			10 126	10 126		10 126	3 361
EXPENDITURE			123 308	123 308		123 308	127 049
Special projects DHET			5 762	5 762		5 762	7 173
Staff restructuring			10 126	10 126		10 126	3 361
Teaching and Research Development			107 420	107 420		107 420	116 515
NET SURPLUS		1 112 216	1 819	1 114 035		1 114 035	1 069 536
Other Comprehensive Income							
Actuarial gains/(losses) on defined benefit plans	11	27 199		27 199		27 199	(109 689)
TOTAL COMPREHENSIVE INCOME		**1 139 415**	**1 819**	**1 141 234**		**1 141 234**	**959 847**

*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer Notes 27 and 28

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Notes	Operating Funds– unrestricted			Operating Funds – restricted				Property, Plant and Equipment (PPE)				
		Accumulated funds Unrestricted	Unrestricted /designated	Sub Total A	Restricted use funds Residence	Restricted use Funds reserves other	Trust Fund	Sub Total B	Restricted Use	Fixed Asset Fund PPE	Unrestricted Use	Sub Total C	Total (A+B+C)
2012		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
BALANCE AT 31.12.2011		**4 484 722**	**174 108**	**4 658 830**		**20 481**		**20 481**	**29 263**		**975 693**	**1 004 956**	**5 684 267**
Prior year error	27	65 755		65 755									65 755
Restated Balance as at 01.01.2012		**4 550 477**	**174 108**	**4 724 585**		**20 481**		**20 481**	**29 263**		**975 693**	**1 004 956**	**5 750 022**
Surplus for the period restated		896 742		896 742		1 471		1 471	4 647		56 987	61 634	959 847
Surplus for the year as previously reported		854 257		854 257		1 471		1 471	4 647		56 987	61 634	917 362
Prior Year error	27	42 485		42 485									42 485
Transfers – Credit		1 820	543 226	545 046		372		372			14 002	14 002	559 420
Transfers – Debit		(557 600)		(557 600)		(620)		(620)	(1 200)			(1 200)	(559 420)
BALANCE AT 31.12.2012		4 891 439	717 334	5 608 773		21 704		21 704	32 710		1 046 682	1 079 392	6 709 869
2013													
Restated Balance as at 01.01.2013		**4 891 439**	**717 334**	**5 608 773**		**21 704**		**21 704**	**32 710**		**1 046 682**	**1 079 392**	**6 709 869**
Surplus		1 073 422		1 073 422		1 387		1 387	5 156		61 269	66 425	1 141 234
Transfers – Credit		987	59 399	60 386							25 811	25 811	86 197
Transfers – Debit		(85 210)		(85 210)		(987)		(987)					(86 197)
BALANCE AT 31.12.2013		**5 880 638**	**776 733**	**6 657 371**		**22 104**		**22 104**	**37 866**		**1 133 762**	**1 171 628**	**7 851 103**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 R'000	2012 Restated* R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	245 279	300 603
Rental Income	14	7 346	6 718
Interest received	14	233 889	233 987
Dividends received	14	72 679	71 285
Finance cost	17	(4 394)	(3 968)
NET INFLOW FROM OPERATING ACTIVITIES		**554 799**	**608 625**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	1	(511 513)	(590 243)
Acquisition of investment property	3	(1 657)	(253)
Acquisition of intangible assets	2	(44 511)	(25 962)
Proceeds on disposal of property, plant and equipment		239	400
Acquisition of investments		(132 944)	(10 689)
NET OUTFLOW FROM INVESTMENT ACTIVITIES		**(690 386)**	**(626 747)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest-bearing borrowings repaid	10	(13 764)	(117)
NET (OUTFLOW) FROM FINANCING ACTIVITIES		**(13 764)**	**(117)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(149 351)	(18 239)
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS		2 845	(1 256)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		471 189	490 684
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**7**	**324 683**	**471 189**

*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer Notes 27 and 28

1. ACCOUNTING POLICIES

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

1.1 REPORTING ENTITY

The University of South Africa is an institution domiciled in South Africa. The consolidated financial statements of the University as at and for the year ended 31 December 2013 comprise the University and entities which the University has the power to control. The basis of consolidation of the consolidated financial statements is set out in point 2.3. The University as an educational institution is primarily involved in tuition, research and community service in South Africa and beyond.

1.2 REGISTERED OFFICE

Preller Street
Muckleneuk Ridge
Pretoria

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF PREPARATION

2.2.1 Basis of measurement

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

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

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

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

2.2.2 Functional currency

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

2.2.3 Segment information and accumulated funds

A segment is a recognised component of the University that is engaged in undertaking activities and providing services that are subject to risks and returns different from those of other segments. Segmentation provided in the consolidated statement of comprehensive income of these financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training.

2.2.4 Specifically funded activities restricted (Education and general)

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

2.2.5 Unrestricted Council controlled funds

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

2.2.6 Non-distributable Reserve

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

2.2.7 Use of estimates and judgements

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

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

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

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

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

2.3 BASIS OF CONSOLIDATION

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

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

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

2.3.1 Transactions and grants eliminated on consolidation

Transactions

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

Grants

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

2.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

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

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

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

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

Depreciation

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

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

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

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

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

- Motor vehicles and farm equipment 5 years
- Laboratory equipment 5–10 years

- Computer equipment 3–8 years
- Furniture and equipment 5–15 years
- Buildings and improvements 50 years
- Library Books 3 years

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

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

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

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

2.5 INVESTMENT PROPERTIES

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

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

The useful life for the current and prior period is:

- Buildings and improvements – 50 years

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

2.6 NON-CURRENT ASSETS HELD FOR SALE

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

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

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

2.7 INTANGIBLE ASSETS

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

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

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

2.7.1 Research

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

2.7.2 Computer software

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

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

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

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

The useful life for the current and prior period is:

- Capitalised software 3–10 years

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

2.8 IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

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

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

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

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

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

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

2.8.1 Calculation of recoverable amount

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

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

2.8.2 Reversals of impairment

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

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

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

2.9 FOREIGN CURRENCIES

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

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

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

2.10 LEASES

2.10.1 Finance leases

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

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

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

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

2.10.2 Operating leases

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

2.11 PROVISIONS

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

2.12 FINANCIAL INSTRUMENTS

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

2.12.1 Measurement

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

2.12.2 Interest-bearing borrowings

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

2.12.3 Student and other receivables

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

2.12.4 Cash and cash equivalents

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

2.12.5 Trade and other payables

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

2.12.6 Loans and receivables

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

2.12.7 Recognition and de-recognition

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

2.12.8 Offset

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

2.12.9 Investments at fair value through profit or loss

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

2.13 INVENTORY

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

2.14 NORMAL TAXATION

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

2.15 FINANCE COSTS AND INCOME

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

2.16 RELATED PARTIES

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

2.17 CONTINGENT ASSETS

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

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

2.18 CONTINGENT LIABILITIES

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

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

2.19 DETERMINATION OF FAIR VALUES

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

2.19.1 Investment property

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

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

2.19.2 Investments in equity and debt securities

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

2.19.3 Trade and other receivables

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

2.20 REVENUE

2.20.1 Goods sold

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

2.20.2 Services and tuition fees

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

2.20.3 Rental income

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

2.20.4 Government grants

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

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

2.20.5 Donations

Donations are recognised as income when received.

2.20.6 Dividend and interest income

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

2.21 EMPLOYEE BENEFITS

2.21.1 Short-term employee benefits

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

2.21.2 Long-term service benefits

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

2.21.3 Termination benefits

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

2.21.4 Defined contributions plans

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

2.21.5 Defined benefit plans

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

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

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

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

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

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

2.22 BASIS OF APPORTIONMENT BETWEEN FUNDS

2.22.1 Short-term assets and liabilities

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

2.22.2 Investment income

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

2.23 OTHER

2.23.1 Transfers

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

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

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

2.23.3 State guaranteed loans

In case of state guaranteed loans, the University receives an 85% subsidy from the Department of Higher Education and Training in respect of interest and capital repayments. These funds received are recognised as government grants in profit or loss.

2.24 First-time adoption of International Financial Reporting Standards

These financial statements, for the year ended 31 December 2013, are the first the University has prepared in accordance with International Financial Reporting Standards, regulations for annual reporting by Higher Education Institutions and the requirements of section 41 of the Higher Education Act of South Africa 1997 (Act No. 101 of 1997). For periods up to and including the year ended 31 December 2012, the University prepared its financial statements in accordance South African Statements of Generally Accepted Accounting Practice, regulations for annual reporting by Higher Education Institutions and the requirements of section 41 of the Higher Education Act of South Africa 1997 (Act No. 101 of 1997).

The University has assessed the impact of the first-time adoption of International Financial Reporting Standards, and is of the opinion that there no significant adjustments that the entity may have to disclose.

NOTE 1: PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings	Furniture and equipment	Computer equipment and leased assets	Vehicles & farm equipment	Laboratory, museum, art and audio-visual	Library	Total
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
At 1 January 2012								
Cost		1 452 649	170 177	452 630	16 723	107 244	570 124	2 769 547
Prior year error	27	25 198	46 136	(24 036)	(205)	(495)		46 598
Restated opening cost		1 477 847	216 313	428 594	16 518	106 749	570 124	2 816 145
Accumulated depreciation		(201 749)	(98 397)	(316 188)	(8 974)	(75 812)	(570 124)	(1 271 244)
Prior year error	27	1 221	(8 522)	23 228	210	3 879	26 012	46 028
Restated accumulated depreciation		(200 528)	(106 919)	(292 960)	(8 764)	(71 933)	(544 112)	(1 225 216)
Restated net carrying value		**1 277 319**	**109 394**	**135 634**	**7 754**	**34 816**	**26 012**	**1 590 929**
At 31 December 2012								
Opening net book amount		1 277 319	109 394	135 634	7 754	34 816	26 012	1 590 929
Transferred Investment Property		14 253						14 253
Additions		50 668	25 839	61 185	50	10 945	55 541	204 228
Disposals			(5)	(40 938)		(90)		(41 033)
Depreciation on disposals			3	40 619		29		40 651
Work in progress		386 015						386 015
Depreciation		(30 951)	(23 883)	(60 123)	(2 345)	(10 088)	(19 581)	(146 971)
Restated closing net carrying value		**1 697 304**	**111 348**	**136 377**	**5 459**	**35 612**	**61 972**	**2 048 072**
At 1 January 2013								
Cost		1 935 614	242 147	448 841	16 568	117 604	625 665	3 386 439
Accumulated depreciation		(238 310)	(130 799)	(312 464)	(11 109)	(81 992)	(563 693)	(1 338 367)
Net carrying value		**1 697 304**	**111 348**	**136 377**	**5 459**	**35 612**	**61 972**	**2 048 072**
At 31 December 2013								
Opening net book amount		1 697 304	111 348	136 377	5 459	35 612	61 972	2 048 072
Additions		15 785	30 208	132 476	50	25 366	56 045	259 930
Disposals			(589)	(152 997)	(2 355)	(45 767)	(1 626)	(203 314)
Depreciation on disposals			568	152 515	2 355	45 767	1 626	202 811
Work in progress		251 583						251 583
Depreciation		(45 116)	(27 759)	(64 697)	(2 154)	(11 697)	(37 927)	(189 350)
Closing net carrying value		**1 919 556**	**113 776**	**203 674**	**3 355**	**49 281**	**80 090**	**2 369 732**
At 31 December 2013								
Cost		2 202 982	271 766	428 320	14 263	97 203	680 084	3 694 638
Accumulated depreciation		(283 426)	(157 990)	(224 646)	(10 908)	(47 922)	(599 994)	(1 324 906)
Net carrying value		**1 919 556**	**113 776**	**203 674**	**3 355**	**49 281**	**80 090**	**2 369 732**
Net carrying value								
At 31 December 2013		1 919 556	113 776	203 674	3 355	49 281	80 090	2 369 732
At 31 December 2012 (restated)		1 697 304	111 348	136 377	5 459	35 612	61 972	2 048 072
At 01 January 2012 (restated)		1 277 319	109 394	135 634	7 754	34 816	26 012	1 590 929

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

Land included in the above land and buildings

	Note	2013	2012	As at 01 January 2012
			Restated	Restated
		R'000	R'000	R'000
Balance as at 1 January		154 442	154 442	127 571
Prior year error	27			26 871
Balance as at 31 December		**154 442**	**154 442**	**154 442**

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

	2013	2012
	R'000	R'000
Opening net carrying value	33 308	65 938
Net acquisitions	5 059	(6 351)
Depreciation	(17 857)	(26 279)
Balance as at 31 December	**20 510**	**33 308**

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

NOTE 2: INTANGIBLE ASSETS

	2013	2012
	R'000	R'000
Computer Software & Library Databases		
Cost		
Balance as at 1 January	87 236	61 274
Acquisitions	44 511	25 962
Disposals	(13 581)	
Balance as at 31 December	**118 166**	**87 236**
Accumulated amortisation		
Balance as at 1 January	(38 049)	(25 351)
Amortisation for the year	(18 436)	(12 698)
Disposals	13 581	
Balance as at 31 December	**(42 904)**	**(38 049)**
Carrying value		
At 31 December	**75 262**	**49 187**

NOTE 3: INVESTMENT PROPERTY

	Note	2013	2012	As at 01 January 2012
			Restated	Restated
		R'000	R'000	R'000
Cost				
Balance as at 1 January		30 091	50 922	77 793
Additions		1 657	253	
Prior year error	27		(21 084)	(26 871)
Balance as at 31 December		**31 748**	**30 091**	**50 922**
Accumulated depreciation and impairment losses				
Balance as at 1 January		(6 628)	(12 285)	(12 285)
Depreciation for the year		(232)	(1 174)	
Prior year error	27		6 831	
Balance as at 31 December		**(6 860)**	**(6 628)**	**(12 285)**
Carrying value				
At 31 December		**24 888**	**23 463**	**38 637**

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

Rental income from investment property amounted to R6,934 million (2012: R6,491 million) and the direct operating expenses amounted to R0,430 million (2012: R3,581 million).

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

NOTE 4: INVENTORIES

	2013 R'000	2012 R'000
Study materials and courseware	97 173	100 814
Technical inventories	1 672	1 597
Consumable inventory	16 917	11 781
	115 762	**114 192**

The study material and courseware balance disclosed above is after an impairment adjustment of R19,746 million (2012: R14,070 million). In 2013 paper, printing consumables, changes in finished goods and work in progress recognised as cost of sales amounted to R261,453 million (2012: R184,887 million).

NOTE 5: TRADE AND OTHER RECEIVABLES

	2013 R'000	2012 R'000
Student receivables core	144 910	54 834
Student receivables other	8 131	8 069
Prepayments	28 810	24 274
Department of Higher Education and Training	190 956	217 330
Accrued interest	32 202	28 427
National Student Financial Aid Scheme (NSFAS)	41 138	429
Other receivables	72 884	121 611
	519 031	**454 974**

Trade receivables are non-interest bearing and are generally on 60 -120 days. As at 31 December 2013 trade receivables of an initial value of R62,7 million (2012: R93,8 million) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

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

Student receivables		
Balance as at 1 January	70 778	74 779
Impairment loss reversed	(70 778)	(74 779)
Impairment loss recognised	38 000	70 778
Balance as at 31 December	**38 000**	**70 778**
Other receivables		
Balance as at 1 January	22 991	19 398
Impairment loss reversed	(3 593)	
Impairment loss recognised	5 329	3 593
Balance as at 31 December	**24 727**	**22 991**
Total allowance for impairment	**62 727**	**93 769**

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

NOTE 6: OTHER INVESTMENTS

	2013 R'000	2012 R'000
Non-current investments		
Designated at fair value through profit and loss		**148 828**
Current investments		
Designated at fair value through profit and loss	239 829	62 901
Held for trading instruments	6 323 568	5 441 991
	6 563 397	**5 504 892**
	6 563 397	5 653 720

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

NOTE 7: CASH AND CASH EQUIVALENTS

	2013 R'000	2012 R'000
Bank balances and cash on hand	168 674	244 593
Short-term bank deposits, money market deposits	156 009	226 596
	324 683	**471 189**

The weighted average effective interest rate, for the year, earned on short-term bank deposits was 6.51% (2012: 8.46%). The University's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

NOTE 8: NON-CURRENT ASSETS HELD FOR SALE

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

	2013 R'000	2012 R'000
Carrying Value		
Immovable property and improvements thereon	584	584
	584	**584**

NOTE 9: FUNDS

	2013 R'000	2012 Restated R'000	As at 01 January 2012 Restated R'000
Property, plant and equipment distributable reserves			
Held for investment in property, plant and equipment.	**1 171 628**	**1 079 392**	**1 004 956**
The balance represents funds set aside for investment in property, plant and equipment.			
Distributable reserves			
Unrestricted	**6 657 371**	**5 608 773**	**4 724 585**
The balance represents operating funds controlled by Council.			
Restricted	**22 104**	**21 704**	**20 481**
The balance represents operating and property, plant and equipment funds restricted for specific use.			

NOTE 10: INTEREST-BEARING BORROWINGS

	2013 R'000	2012 R'000
Finance Leases		
Liability arising from finance lease agreements. The liabilities bear interest at rates linked to the prime bank lending rate and are repayable in monthly instalments.	18 239	32 003
Less		
Amounts payable within twelve months included in current liabilities	(10 958)	(14 777)
	7 281	**17 226**
Total		
Amounts payable within twelve months included in current liabilities	**10 958**	**14 777**
Long-term portion	**7 281**	**17 226**

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2013 Future minimum lease payment	2013 Interest	2013 Present value of minimum lease payment	2012 Future minimum lease payments	2012 Interest	2012 Present value of minimum lease payment
	R'000	R'000	R'000	R'000	R'000	R'000
Less than one year	12 496	1 538	10 958	18 051	3 274	14 777
Between one and five years	7 790	509	7 281	19 160	1 934	17 226
	20 286	**2 047**	**18 239**	**37 211**	**5 208**	**32 003**

NOTE 11: POST-EMPLOYMENT OBLIGATIONS

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

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

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

Amounts recognised in the statement of financial position:

	2013 R'000	2012 R'000
Post-employment defined benefit medical obligations	674 096	648 243
Non-Current		
Post-employment defined benefit medical obligations	634 785	612 926
Amounts payable within one year, included in current liabilities		
Post-employment defined benefit medical obligations	39 311	35 317

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

The post-employment medical obligation is unfunded. The last actuarial valuation was at 31 December 2013.

	2013 R'000	2012 R'000
Liability		
Present value of unfunded defined benefit obligation	674 096	648 243
Present value of unfunded defined benefit obligation comprises liabilities towards:		
Active employees	144 910	137 315
Continuation members	529 186	510 928
	674 096	**648 243**

Amounts recognised in profit or loss

Included as personnel costs in profit or loss

	2013 R'000	2012 R'000
Current service cost	6 322	5 981
Interest cost	52 024	49 252
	58 346	**55 233**

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

	2013 R'000	2012 R'000
Net liability at beginning of year	648 243	563 270
Expense recognised in profit or loss	61 170	117 043
Benefits payments	(35 317)	(32 070)
Liability at end of year	**674 096**	**648 243**

Historical information

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Experience adjustments arising on plan liabilities	(2 824)	(61 810)	46 779	(47 577)	(56 239)

Membership

	2013	2012
Active employees	259	271
Continuation members	879	871
Total number of members at year end	**1 138**	**1 142**

There has been a decrease in the number of active employees due to the majority of employees accepting a buy-out option. Liability buy-out options were offered to current employees, eligible as at 31 December 2005. At 31 December 2013, 259 employees have chosen not to elect the buy-out option.

Valuation assumptions

	2013	2012
Discount rate	8.43%	8.25%
Healthcare inflation costs	7.44%	7.75%
Real discount rate	0.92%	0.46%

Sensitivity Analysis

	Variation	Current Obligations R'000	Revised Obligations R'000	% Change
Assumptions				
Real discount rate	-100 basis points			
Active members		144 910	172 188	18.8%
Continuation members		529 186	583 187	10.2%
		674 096	**755 375**	
Real discount rate	+100 basis points			
Active members		144 910	123 318	(14.9%)
Continuation members		529 186	483 730	(8.6%)
		674 096	**607 048**	
Medical inflation rate	1% increase	674 096	749 200	11.1%
	1% decrease	674 096	610 229	(9.5%)

	Variation	Current Obligations R'000	Service costs plus interest R'000	% Change
Medical cost trends	1% increase	674 096	69 137	12.2%
	1% decrease	674 096	55 297	(10.3%)

11.2 Defined benefit pension fund asset

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

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

A valuation has been carried out as at 31 December 2013 specifically for the purposes of the University's IAS19 disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of Unisarf for recognition in terms of the IAS19 accounting standard. The movement in the value in the Fund's defined benefit assets and liabilities has been shown below.

	2013 R'000	2012 R'000
Projected benefit obligations	(637 209)	(569 517)
Fair value of plan assets	841 026	627 264
Pension fund asset at year end	**203 817**	**57 747**
Asset Limitation	(117 314)	
Pension fund asset at year end after asset limitation	**86 503**	**57 747**
Plan assets comprise		
Equity securities	338 092	294 187
Bonds and cash	502 934	333 077
	841 026	**627 264**

At 31 December 2013, 40.2% (2012:46.9%) of the plan assets were invested in equity securities and 59.8% (2012:53.1%) were invested in bonds and cash.

Movement in the present value of the defined benefit obligations

	2013 R'000	2012 R'000
Defined benefit obligation 1 January	569 517	438 578
Transfers in – new pensioner capital	122 406	79 374
Benefits paid by the plan (net of reinsurance recoveries)	(49 165)	(44 932)
Current service cost and interest	53 711	42 732
Actuarial (losses)/gains recognised	(59 260)	53 765
Defined benefit obligation as at 31 December	**637 209**	**569 517**

Movement in the present value of plan assets

	2013 R'000	2012 R'000
Fair value of plan assets at 1 January	627 264	519 297
Transfers in – new pensioner capital	122 406	79 374
Benefits paid by the plan	(49 165)	(44 932)
Expected return on plan assets	54 770	46 914
Actuarial gains	85 751	26 611
Fair value of plan assets at 31 December	**841 026**	**627 264**

Historical information:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Present value of the defined benefit obligations	(637 209)	(569 517)	(438 578)	(336 419)	(264 800)
Fair value of plan assets	841 026	627 264	519 297	437 376	366 100
Pension fund asset at year end	**203 817**	**57 747**	**80 719**	**100 957**	**101 300**
Asset limitation	(117 314)				(5 204)
Pension fund asset at year end after asset limitation	**86 503**	**57 747**	**80 719**	**100 957**	**96 096**
Experience adjustments arising on plan liabilities	(59 260)	(53 765)	(19 085)	(9 502)	(12 200)
Experience adjustments arising on plan assets	85 751	26 611	7 136	1 990	9 200

Amounts recognised in profit or loss:

	2013 R'000	2012 R'000
Current service costs	3 422	2 649
Interest on obligation	50 289	40 083
Expected return on plan assets	(49 165)	(46 914)
Included in personnel costs	**4 546**	**(4 182)**

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

Net asset at beginning of year	57 747	80 719
Net (expense) recognised in profit or loss	28 756	(22 972)
Net asset at end of year	86 503	57 747
Actual return on plan assets	**19.80%**	**13.75%**

Key valuation assumptions

Investment returns	9.00%	8.25%
Inflation	6.25%	6.0%
Salary increases	8.95%	7.7%
Pension increase	3.13%	3.0%
Pensioner mortality	PA(90)-1*	PA(90)-1*
Capitalisation factor for minimum benefit	6%PA(90)-1*	6%PA(90)-1*
Discount rate	9.00%	8.25%

The expected return on assets in 2013 and 2012 is the same as the rate used to discount the liabilities in each respective year, thus no provision has been made for the equity risk premium.

* Per the standard actuarial tables.

Sensitivity Analysis

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

	Variation	Current Assets	Revised Asset	% Change
Assumption				
Investment return	1% decrease	841 026	57 373	(33.7%)
Investment return	1% increase	841 026	86 503	0.00%
Salary increases	1% increase	841 026	86 503	0.00%
Salary increases	1% decrease	841 026	86 503	0.00%

The University expects to pay R261 million in contributions to be paid during 2014 in respect of its in-service members (i.e. R163 million employer contribution and R97 million employee contribution). No further contributions will be made in respect of the minimum, benefit guarantee from 2013.

11.3 National Tertiary Retirement Fund guarantee

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

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

A valuation has been carried out as at 31 December 2013 specifically for the purposes of the University's IAS19 disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of the NTRF for recognition in terms of the IAS19 accounting standard. Liabilities in respect of the defined benefit structure are calculated based on assumptions regarding the expected experience in respect of death, withdrawals, early retirement, family statistics, rate of increase in pensionable remuneration administration costs and the expected yield on assets.

Liability

	2013 R'000	2012 R'000
Present value of unfunded defined benefit obligation guaranteed	**61 165**	**110 549**

Amounts recognised in profit or loss:

Current service costs	8 184	7 342
Interest costs	2 080	2 006
Included in personnel costs	**10 264**	**9 348**

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

	2013 R'000	2012 R'000
Liability at beginning of year	110 549	87 199
Expense recognised in profit or loss	(47 391)	30 073
Contribution by plan participants	(1 993)	(6 723)
Liability at end of year	**61 165**	**110 549**

Sensitivity Analyses

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

	Variation	Current Assets	Revised Asset	% Change
Assumption	0.9% increase	61 165	43 029	26.65%
Net discount rate	1.8% increase	61 165	26 899	56.02%

Principal actuarial assumptions used for accounting purposes were

	2013	2012
Expected rate of return	8.86%	7.40%
Future pension increases	4.50%	4.50%
Future salary increases	7.67%	7.43%

The SA 56-62 ultimate table was used as a basis for mortality assumptions.

The University expects R52.3 million in contributions to be paid to the funded defined benefit plan of which employee contributions are R17.5 million and employer contribution is R34.8 million.

11.4 Former Vista University Distance Education Centre (Vudec)

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

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

The Vista University Pension and Provident Funds are valued by independent actuaries every three years. The last actuarial valuation was carried out on 31 December 2012 and the Funds were fully funded.

The members of the Vista University Pension and Provident Fund have been moved to the Unisa Retirement Fund with effect from 01 March 2013.

11.5 Actuarial gains and (losses) in other comprehensive income

	Note	2013 R'000	2012 R'000
Post-retirement Medical Aid		(2 824)	(61 810)
Defined benefit pension fund assets		(27 632)	(27 154)
National Retirement Tertiary Fund guarantee		57 655	(20 725)
	28	**27 199**	**(109 689)**

NOTE 12: ACCUMULATED LEAVE LIABILITY

	2013 R'000	2012 R'000
Balance at beginning of the year	162 736	143 880
Net current year charge to profit or loss	(23 086)	18 856
Balance at end of year	**139 650**	**162 736**
Non-Current		
Accumulated leave liability	**125 646**	**146 496**
Amounts payable within one year, included in current liabilities		
Accumulated leave liability	**14 004**	**16 240**

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

NOTE 13: DEFERRED INCOME

	2013 R'000	2012 R'000
The amount represents student fees received in advance in respect of the 2014 academic and financial year. The student fees are recognised as income in the year when tuition is provided to the student.	31 879	33 502
Various other grants received by the University during 2013 to the amount of R3,902 million (2012: R8,758 million). The University has spent R4,568 million during 2013 (2012: R7,240).	8 004	8 667
The Department of Higher Education and Training (DHET) has made five funding allocations to the University:		
An amount of R100 million for the improvement of infrastructure and student output efficiencies. For 2013, an amount of R2,019 million (2012: R8,164 million) was spent on infrastructure, and R3,483 million (2012: R2,829 million) of this amount was charged through profit and loss.	81 418	84 901
An amount of R39,2 million (2012: R19,8 million) for infrastructure and efficiency (undergraduate engineering laboratories – Florida campus). The University has spent R1,732 million during 2013.	37 467	39 200
An amount of R50 million for staff restructuring. The University has spent R10,125 million during 2013 (2012: R3,361 million).	8 156	18 282
An amount of R87,130 million (2012: R0 million) for Infrastructure and Efficiency Funds(FC1 to FC9). The University has spent R271 thousand during 2013 (2012: R0 million).	86 858	
An amount of R30,320 million (2012: R40,258 million) for Research development. The University has spent R1,040 million during 2013 (2012: R0 million).	69 537	40 258
An amount of R190,859 million (2012: R217,425 million) for Teaching development. The University has spent R106,874 million during 2013 (2012: R116,516 million).	204 625	120 649
An amount of R10,068 million (2012: R13,146 million) for foundation programmes. The University has spent R4,599 million during 2013 (2012: R4,060 million).	44 258	38 789
An amount of R1 million (2012: R0 million) was received for veterinary sciences programmes. The University has spent R1,259 million during 2013 (2012: R0,271 million).	4 498	4 752
	576 700	**389 000**

NOTE 14: INVESTMENT INCOME AND FAIR VALUE ADJUSTMENTS

	2013 R'000	2012 R'000
Rental Income	7 346	6 718
Interest income		
General	9 068	21 871
Held for trading instruments	224 821	212 116
	233 889	**233 987**
Dividend income		
Held for trading instruments	72 679	71 285
	313 914	**311 990**
Fair value adjustments		
Designated at fair value	21 854	19 600
Held for trading instruments	754 879	698 229
	776 733	**717 829**

NOTE 15: PERSONNEL COSTS

	2013 R'000	2012 R'000
Academic and professional	1 304 743	1 122 952
Other personnel costs	1 770 288	1 641 358
	3 075 031	**2 764 310**

Included in Other personnel costs is an amount of R66,258 million (2012: R62,874 million) paid to invigilators, examiners tutors and markers .

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

The number of persons employed as at 31 December 2013

Full time	4 716	4 655
Part time	827	819
	5 543	**5 474**

NOTE 16: OTHER CURRENT OPERATING COSTS

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

	2013 R'000	2012 R'000
Supplies and services	1 257 661	1 037 734
Cost of services outsourced	86 965	68 750
Maintenance	142 440	108 699
Bursaries	142 530	95 400
Non-capitalised assets	16 324	48 718
(Profit)/loss on exchange rate transactions	(2 845)	1 256
Impairment write off	15 608	36 125
Student receivables		28 574
Sundry debtors	15 608	7 551
Operating lease charges	54 079	40 754
Property	49 437	36 574
Vehicles	4 642	4 180
Auditors remuneration	8 652	5 073
Audit	6 929	4 452
Expenses	13	16
Other services	1 710	605
	1 721 414	**1 442 509**

NOTE 17: FINANCE COSTS

	2013 R'000	2012 R'000
Interest-bearing borrowings		56
Finance leases	3 857	3 875
Other interest	537	37
	4 394	**3 968**

NOTE 18: FINANCIAL INSTRUMENTS

	Note	Total	At fair value through profit and loss (Held for trading)	At fair value through profit and loss (Designated at fair value)	Loans and receivables	Financial liabilities at amortised cost	Other financial instruments outside of the scope of IAS39 (AC 133)
2013		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Assets							
Student receivables	5	144 910			144 910		
Trade and other receivables	5	374 121			374 121		
Other investments	6	6 563 397	6 323 568	239 829			
Cash and cash equivalents	7	324 683			324 683		
Total assets		**7 407 111**	**6 323 568**	**239 829**	**843 714**		
Liabilities							
Finance lease agreements	10	(7 281)					(7 281)
Funds administered on behalf of DHET		(68 998)				(68 998)	
Trade and other payables		(518 940)				(518 940)	
Student deposits		(170 951)				(170 951)	
Current portion of finance lease agreements	10	(10 958)					(10 958)
Total liabilities		**(777 128)**				**(758 889)**	**(18 239)**
2012							
Assets							
Student receivables	5	54 834			54 834		
Trade and other receivables	5	400 140			400 140		
Other investments	6	5 653 720	5 441 991	211 729			
Cash and cash equivalents	7	471 189			471 189		
Total assets		**6 579 883**	**5 441 991**	**211 729**	**926 163**		
Liabilities							
Finance lease agreements	10	(17 226)					(17 226)
Funds administered on behalf of DHET		(62 243)				(62 243)	
Trade and other payables		(561 381)				(561 381)	
Student deposits		(197 104)				(197 104)	
Current portion of finance lease agreements	10	(14 777)					(14 777)
Total liabilities		**(852 731)**				**(820 728)**	**(32 003)**

Financial risk management

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

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

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

The University does not undertake any specific hedging activities.

18.1 Credit risk

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

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

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

18.1.1 Exposure to credit risk

Impairment Losses

The ageing of student receivables at the reporting date was:

	2013		2012	
	Gross debtors impaired	Gross debtors not impaired	Gross debtors impaired	Gross debtors not impaired
	R'000	R'000	R'000	R'000
Past 120 days	38 000	144 910	70 778	54 834
More than one year				
Total	**38 000**	**144 910**	**70 778**	**54 834**

All debtors that are passed 120 days are past due.

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

	2013	2012
	R'000	R'000
Domestic	181 432	121 298
Foreign students	1 478	4 314
	182 910	**125 612**

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

18.2 Market risk

18.2.1 Interest rate risk

The University manages its exposure to interest rate risk by limiting its investments in interest-bearing financial assets, as specified in its strategic asset allocation and mandate to investment managers. The level of interest-bearing borrowings is also monitored and kept at a conservative level. The University receives a subsidy amounting to 85% of the interest paid on long-term loans guaranteed by the DHET.

18.2.1.1 Exposure to interest rate risk

18.2.1.1.1 Short term assets

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

	2013	2012
	R'000	R'000
Domestic cash portfolio	**114 039**	**295 933**

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

Sensitivity Analysis: Interest Rate Movements

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

The following sensitivity analysis which was based on a regression model using data from 31 January 2002 to 31 December 2013:

	Scenario 1	Scenario 2
Annual change in interest rate	2.0%	2.0%
Projected portfolio performance	6.97%	3.23%

	Scenario 1 R'000	Scenario 2 R'000
Projected interest cash flows for 2013	7 952	3 688

18.2.1.1.2 Long term assets

As at 31 December 2013, the University had 88% (2012: 90%) of its fixed interest portfolios invested locally and 12% (2012: 10%) internationally. The University measures the value of the abovementioned portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is interest rates (domestic and international). The international portfolio is also exposed to currency risk, which is addressed separately in note 18.2.2.

Sensitivity analysis: interest rate movements

The table below sets out the impact on the fixed interest portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 2% parallel increase in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel increase in United States interest rates (relevant for the international fixed interest portfolio). All other variables have been kept constant. Note that a negative impact reflects the fact that the fair value of the fixed interest portfolios will fall in response to an increase in interest rates. The analysis is performed on the same basis as for 2012.

	2013 R'000	2012 R'000
Domestic bond portfolio	(213 155)	(206 094)
International bond portfolio	(37 039)	(5 755)
	(250 194)	**(211 849)**

The table below sets out the impact on the fixed interest portfolios of a 2% parallel decrease in South African interest rates (relevant for the domestic fixed interest portfolios) and a 1% parallel decrease in United States interest rates (relevant for the international fixed interest portfolio). Note that a positive impact reflects the fact that the fair value of the fixed interest portfolios will increase in response to a fall in interest rates. The analysis is performed on the same basis for 2012.

	2013 R'000	2012 R'000
Domestic bond portfolio	270 956	253 763
International bond portfolio	16 858	7 246
	287 814	**261 009**

18.2.2 Foreign currency risk

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

18.2.2.1 Exposure to currency risk

As at 31 December 2013, the University had R1,168 million (2012: R721 million) invested in international assets within the long term portfolio, of which R920 million (2012: R514 million) was in equities and R247 million (2012: R207 million) was invested in bonds.

Sensitivity Analysis: Exchange Rate Movements

A 10% strengthening of the Rand (ZAR) against the following currencies as at 31 December would have changed (increased/(decreased)) equity and profit or loss (on a pre-tax basis) by the amounts shown below. This analysis assumes that all other variables remain constant. (For example, the US Dollar figure assumes that the Rand strengthens against the US Dollar only, and remains constant against the other currencies). The analysis is performed on the same basis as for 2012.

	2013 R'000	2012 R'000
US Dollar	(63 528)	(38 751)
Euro	(21 320)	(13 294)
Japanese Yen	(12 584)	(3 811)
	(97 432)	**(55 856)**

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

Other Market price risks

Equity price risk

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

Exposure to equity price risk

As at 31 December 2013, the University had 83.8% (2012: 83.3%) of its equity portfolio invested in domestic equities and 16.2% (2012: 16.7%) in international equities. The University measures the value of the equity portfolio at fair value (market value). The market risk variable to which the University is exposed in terms of these assets is equity indices (domestic and international).

Sensitivity analysis

The impact on the equity portfolios and the resulting impact on profit or loss (on a pre-tax basis) of a 20% fall in the JSE All Share Index (relevant for the domestic equity portfolio) and a 10% fall in the MSCI World Equity Index (relevant for the global equity portfolios) is as follows (the analysis is performed on the same basis as for 2012):

	2013 R'000	2012 R'000
Domestic equity portfolio	(578 005)	(477 785)
International equity portfolio	(86 719)	(48 384)
	(664 724)	**(526 169)**

A 20% increase in the value of the JSE All Share Index and a 10% increase in the value of the MSCI World Equity Index as at 31 December 2013 would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

18.4 Liquidity risk

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

18.5 Maturity analysis

2013	Note	Carrying amount R'000	Within 1 year R'000	2–5 years R'000	More than 5 years R'000
Funds administered on behalf of DHET		68 998	4 609	16 242	48 147
Trade and other payables		518 940	518 940		
Student deposits		170 951	170 951		
Interest-bearing borrowings	10	18 239	10 958	7 281	
		777 128	**705 458**	**23 523**	**48 147**

2012	Note	Carrying amount R'000	Within 1 year R'000	2–5 years R'000	More than 5 years R'000
Funds administered on behalf of DHET		62 243	4 277	15 074	42 892
Trade and other payables		561 381	561 381		
Student deposits		197 104	197 104		
Interest-bearing borrowings	10	32 003	14 777	17 226	
		852 731	**777 539**	**32 300**	**42 892**

18.6 Fair values

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

	Note	2013 Carrying amount	2013 Fair Value	2012 Carrying amount	2012 Fair value
		R'000	R'000	R'000	R'000
Financial assets carried at fair value					
Financial assets designated at fair value through profit or loss	6	239 829	239 829	211 729	211 729
Financial assets held for trading	6	6 323 568	6 323 568	5 441 991	5 441 991
		6 563 397	**6 563 397**	**5 653 720**	**5 653 720**
Financial assets carried at amortised cost					
Loans and receivables	5	519 031	519 031	454 974	454 974
Cash and cash equivalents	7	324 683	324 683	471 189	471 189
		843 714	**843 714**	**926 163**	**926 163**
Financial liabilities carried at amortised cost					
Interest-bearing borrowings	10	7 281	7 281	17 226	17 226
Trade and other payables		518 940	518 940	561 381	561 381
Student deposits		170 951	170 951	197 104	197 104
Current portion of interest-bearing borrowings	10	10 958	10 958	14 777	14 777
		708 130	**708 130**	**790 488**	**790 488**

Estimation of fair values

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

Listed debt and equity securities

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

Unit trust investments

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

Interest-bearing borrowings and non-current receivables

Fair value is calculated based on discounted expected future principal and interest cash flows. The discount rate used to calculate fair value for 2013 was 5.27% (2012: 8.48%).

Student and other receivables/payables and student deposits

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

18.7 Fair Value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
31 December 2012				
Financial assets designated at fair value through profit or loss	211 729			211 729
Financial assets held for trading	5 441 723	268		5 441 991
	5 653 452	**268**		**5 653 720**

During the financial year ended 31 December 2013 R47 000 financial assets held for trading were transferred from level 1 to level 2 (2012: R 268 000). There have been no transfers between categories.

NOTE 19: CONTINGENT LIABILITIES

19.1 Guarantees

A contingent liability in the form of guarantees, amounting to R312 million (2012: R15,4 million) exists in respect of loans and bank facility guarantees.

19.2 Industrial Relations

At 31 December 2013 outstanding claims amounting to approximately R6,9 million (2012: R5 million) in respect of on-going industrial relations litigation existed. No provisions for settlement of these claims have been recognised at reporting date.

NOTE 20: COMMITMENTS

20.1 Capital commitments

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

	2013	2012
	R'000	R'000
Property, plant and equipment	191 890	295 257
Inventories and services	1 004 280	536 596
	1 196 170	**831 853**

Capital commitments approved, but not yet contracted amounts to R2,349 billion (2012: R850 million). These commitments will be funded from existing unrestricted funds and operational cash flows.

20.2 Operating lease commitments

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

	2013	2012
	R'000	R'000
Not later than 1 year	47 784	31 936
Later than 1 year and not later than 5 years	97 186	43 702
	144 970	**75 638**

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

NOTE 21: CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

	Note	2013 R'000	2012 R'000
Net surplus		1 141 234	959 847
Adjustments for:			
Pension fund (surplus)/loss recognised	11.2	(28 756)	22 972
Fair value adjustments	14	(776 733)	(717 829)
Depreciation and amortisation		208 019	160 843
Loss/(profit) on sale property plant and equipment		264	(18)
Investment income	14	(313 914)	(311 990)
Finance costs	17	4 394	3 968
Net foreign exchange differences		(2 845)	1 256
Increase in post-employment obligation	11.1	25 852	84 973
Increase in funds administered on behalf of the DHET		6 755	5 232
Changes in working capital (excluding the effects of acquisition and disposal):		**(18 991)**	**91 349**
Accounts and other receivables	5	(64 057)	(301 339)
Inventories	4	(1 570)	(4 554)
Trade and other payables		46 636	397 242
Cash generated from operations		**245 279**	**300 603**

NOTE 22: COMPENSATION PAID TO EXECUTIVE MANAGEMENT AND COUNCIL MEMBERS

Compensation paid to Executive Management

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

NAME	OFFICE HELD	BASIC SALARY (SHORT-TERM) R'000	LONG-TERM EMPLOYMENT BENEFITS R'000	OTHER SHORT-TERM ALLOWANCES/ PAYMENTS R'000	TOTAL COSTS R'000
Prof M S Makhanya	Principal and Vice Chancellor	2 379	559	971	3 909
Prof N Baijnath	Pro Vice Chancellor	1 894	415	664	2 973
Prof B J Erasmus	Vice Principal: Operations	1 612	336	477	2 425
Prof M C Maré	Vice Principal Academic: Teaching and Learning	1 628	320	449	2 397
Prof D Singh	Vice Principal: Advisory and Assurance Services	1 494	205	506	2 205
Prof R M Phakeng	Vice Principal: Research and Innovation	1 451	299	444	2 194
Dr M Qhobela	Vice Principal: Institutional Development	1 457	292	404	2 153
Mr Adrian Robinson	Vice Principal: Finance and University Estates	1 462	288	383	2 133
Prof M Mosimege	Registrar	1 471	280	371	2 122
Prof K P Dzvimbo	Executive Dean: Education	1 238	206	533	1 977
Prof M J Linington	Executive Dean: College of Agriculture and Environmental Sciences	1 345	320	269	1 934
Prof V A Clapper	Executive Dean: College of Economic and Management Sciences	1 260	285	352	1 897
Prof P H Havenga	Executive Director: Academic Planner	1 272	266	338	1 876
Ms L Sangqu	Executive Director: Information and Communication Technology	1 367	239	268	1 874
Dr B Mbambo-Thata	Executive Director: Library	1 308	296	263	1 867
Dr A M Mahomed	Executive Director: Study Material, Production and Delivery	1 335	266	245	1 846
Ms V F Memani-Sedile	Executive Director: Finance	1 239	268	330	1 837
Prof R M Moeketsi	Executive Dean: College of Human Sciences	1 281	231	316	1 828
Mr J C van Wyk	Executive Director: Legal Services	1 229	277	317	1 823

Dr M Ferreira	Executive Director: Corporate Communication and Marketing (resigned 31 December 2013)	1 316	248	216	1 780
Prof E Sadler	Deputy Executive Dean: College of Economic and Management Sciences	1 111	186	468	1 765
Dr T N D Sidzumo-Mazibuko	Executive Director: Diversity Management, Equity and Transformation	1 261	206	297	1 764
Ms L Griesel	Executive Director: Strategy, Planning and Quality Assurance	1 266	253	238	1 757
Dr J C Henning	Deputy Executive Director: Library Services	1 161	167	379	1 707
Prof L Labuschagne	Executive Director: Research	1 194	244	264	1 702
Dr I O G Moche	Executive Dean: College of Science, Engineering and Technology	1 225	225	242	1 692
Prof R Songca	Executive Dean: College of Law	1 212	238	231	1 681
Prof E O Mashile	Executive Director: Tuition and Facilitation of Learning	1 113	273	282	1 668
Mrs A Steenkamp	Chief Audit Executive	1 161	272	221	1 654
Mr MC Baloyi	Dean of Students (resigned 31 December 2013)	939	240	456	1 635
Prof I W Alderton	Deputy Executive Dean: College of Science, Engineering and Technology	1 142	241	202	1 585
Ms E N Ngcingwana	Deputy Executive Director: Information and Communication Technology	1 157	214	203	1 574
Prof G C Cuthbertson	Executive Dean: College of Graduate Studies	1 023	241	276	1 540
Dr B E Zawada	Deputy Executive Dean: College of Human Sciences	1 037	222	219	1 478
Prof M Slabbert	Deputy Executive Dean: College of Law	823	256	389	1 468
Mr H F Swanepoel	Acting Executive Director: Human Resources (till 31 October 2013)	827	224	397	1 448
Mr D C Fortuin	Executive Director: Compliance (appointed 01 July 2013)	1 098	213	9	1 320
Prof V A McKay	Deputy Executive Dean: College of Education	956	224	252	1 432
Mr I I Mogomotsi	Executive Director: University Estates (appointed 01 May 2013)	1 039	227	140	1 406
Prof R T Mpofu	Deputy Executive Dean: CEMS (appointed 01 April 2013)	856	233	280	1 369
Mr D van der Merwe	Deputy Executive Director: Information and Communication Technology	1 098	213	9	1 320
Prof Z L Dlamini	Deputy Executive Dean: College of Agriculture and Environmental Sciences	1 036	223	14	1 273
Dr J M Brinders	Executive Director: Academic Transformation (Projects) (appointed 1 May 2013)	746	147	5	898
Dr Q M Temane	Deputy Registrar (appointed 1 August 2013)	506	105	5	616
Dr P S Zulu	Executive Director: Human Resources (appointed 1 November 2013)	200	49		249

Compensation paid to Executive staff

Exceptional payment amounts–each exceeding an annual aggregate of R249 999.

NAME	REASON	AMOUNT
		R'000
Prof J Young	Profit-sharing and contract work	1 081
Prof J A Badenhorst	Profit-sharing and contract work	1 040
Prof R J Steenkamp	Profit-sharing and contract work	996
Prof L P Kruger	Profit-sharing and contract work	993
Prof E J Ferreira	Profit-sharing and contract work	986
Prof C J Aardt	Profit-sharing and contract work	976
Prof J Marx	Profit-sharing and contract work	920
Dr I M Ambe	Profit-sharing and contract work	865
Prof G K Goldswain	Profit-sharing and SAICA*	799
Prof L I Zungu	Contract work	724
Mr K Joubert	Profit-sharing and SAICA*	722
Mr N J F Van Loggerenberg	Profit-sharing and contract work	705
Prof J W Strydom	Profit-sharing and contract work	669
Prof M C Cant	Profit-sharing and contract work	636
Prof M P van Rooy	Profit-sharing and contract work	581
Prof S Rudansky-Kloppers	Profit-sharing and contract work	574

NAME	REASON	AMOUNT
		R'000
Mrs S Warnich	Profit-sharing	529
Dr S J Mohapi	Profit-sharing and contract work	518
Mr L A A Matthews	Profit-sharing	515
Ms C J de Swardt	Profit-sharing	501
Prof T Brevis-Landsberg	Profit-sharing	492
Prof J H Prinsloo	Profit-sharing and contract work	466
Mrs E G Trollip	Profit-sharing	460
Prof B de Clercq	Profit-sharing and contract work	459
Mrs M J Vrba	Profit-sharing	453
Prof D H Tustin	Profit-sharing and contract work	439
Prof J P R Joubert	Profit-sharing	406
Prof N Ferreira	Profit-sharing and contract work	402
Mr M E Masemola	Profit-sharing	401
Prof J Kembo	Profit-sharing	391
Prof J S Wessels	Profit-sharing and contract work	390
Dr I L Potgieter	Profit-sharing and contract work	380
Prof D J Brynard	Profit-sharing	377
Mr B D Nkgabe	Profit-sharing	366
Ms A Barnes	Profit-sharing	357
Prof R T Mpofu	Profit-sharing and contract work	350
Mrs C Erdis	Profit-sharing	348
Prof J S Jansen van Rensburg	Profit-sharing and SAICA*	347
Mr L L Phosa	Profit-sharing	341
Prof E C Udjo	Profit-sharing	340
Dr S Krog	Profit-sharing	328
Mr K von der Ohe	Profit-sharing	312
Mr R Machado	Profit-sharing	311
Prof C Meier	Profit-sharing and contract work	297
Prof M Coetzee	Profit-sharing	288
Prof C van Zyl	Profit-sharing	287
Prof A J J van Wyk	Profit-sharing	286
Dr D A Kotze	Profit-sharing and contract work	282
Prof P Ngulube	Contract work	278
Prof H Nienaber	Profit-sharing and contract work	275
Ms P T Ntuli	Contract work	266
Prof A Brits	Profit-sharing	260
Prof N M Odhiambo	Contract work	253
Mr A van Schalkwyk	Profit-sharing	250

***** The South African Institute of Chartered Accountants allowance

	Number of members	Attendance at meetings aggregate amount paid	Reimbursement of expenses aggregate amount paid
		R'000	R'000
Chair of Council	7	46	3
Chairs of Committees	9	74	3
Members of Council	19	200	18
Members of Committees	11	172	21

NOTE 23: ESTIMATIONS AND JUDGEMENT APPLIED BY MANAGEMENT IN APPLYING THE ACCOUNTING POLICIES

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

23.1 Write-down of inventory

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

Damaged inventory is similarly written down when identified.

23.2 Post retirement employee benefits

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

NOTE 24: RELATED PARTIES

24.1 Senior Management and employees

24.1.1 Emoluments paid to Senior Management

Senior Management has been defined on all post grades between Deputy Executive Dean/ Director and the Principal and Vice chancellor. Please refer to note 22 for more detail.

24.1.2 Study benefits

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

- Senior Management and their close relatives who study at any other recognised tertiary institution will receive a subsidy from the University. During 2013 an amount of R105 117 (2012: R39 820) was paid as subsidies.
- Senior Management and their close relatives who study at the University will only pay the cost for one undergraduate semester module. In certain cases the study fees will be subsidised in full. During 2013 the benefit granted amounted to R nil (2012: R nil).

Council members, senior management and employees interest in supply contracts

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

Name	Supplier	Relationship with Unisa	Relationship with Supplier	Service rendered	Amount
Ms JA Glennie	SAIDE	Council Member	Director	To provide services to the Unisa Open Distance Learning project	R0,512 million
The value of the SAIDE contract is R1,5 million over a three year period.					
Mr F van Niekerk	Atterbury IH Ltd	Council Member	Chairperson	Office space for rental	R12,844 million
The value of the contract is R32 million over a three year period					

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

24.2.1 Subsidy on loan repayments

	2013 R'000	2012 R'000
Subsidy received		**483**

The DHET guarantees the loan agreements held by the University. In terms of their subsidy policy the University is entitled to an 85% subsidy on the loan repayments

24.2.2 Funds administered on behalf of DHET

	2013 R'000	2012 R'000
Funds administered	**68 998**	**62 243**

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

24.2.3 Amount receivable from the DHET

	2013 R'000	2012 R'000
Subsidy received	**1 874 000**	**1 704 000**

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

	2013 R'000	2012 R'000
Amount spent	**2 019**	**8 164**
Amount charged through profit and loss	**3 483**	**2 829**

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

	2013	2012
	R'000	R'000
Amount spent	10 125	3 361

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

24.2.5 Funds allocated for teaching development

	2013	2012
	R'000	R'000
Amount allocated	190 859	217 425
Amount spent	106 800	116 500

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

24.2.6 Funds allocated for research development

	2013	2012
	R'000	R'000
Amount allocated	30 320	40 258
Amount spent	1 040	

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

24.2.7 Funds allocated for foundation provision

	2013	2012
	R'000	R'000
Amount allocated	10 068	13 146
Amount spent	4 599	4 060

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

24.2.8 Funds allocated for veterinary sciences programmes

	2013	2012
	R'000	R'000
Amount allocated	1 000	
Amount spent	1 259	271

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

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

	2013 R'000	2012 R'000
Amount allocated		**19 800**
Amount spent	**39 200**	
Amount charged through profit and loss	**1 732**	

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

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

	2013 R'000	2012 R'000
Amount allocated	**87 130**	
Amount spent	**271**	

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

24.3 Post-employment benefit plans

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

NOTE 25: CAPITAL MANAGEMENT

The University's objectives when managing capital are:

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

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

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

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

NOTE 26: CHANGE IN ESTIMATE

Accounting Policies

The useful life of library books is estimated to be 3 years.

Net Surplus includes

Included in depreciation is a change in estimate of R 18,118 million arising from a decision to depreciate library books over a three year period. This change in estimate will result in an additional depreciation of R 47,682 million in future years.

NOTE 27: ADJUSTMENTS

The results for the year ended 31 December 2012 have been restated. The reasons for the restatement are disclosed below. Since the university is exempt from taxation, no taxation or deferred taxation effect of these restatements has been disclosed.

	Total R'000	2012 R'000	2011 R'000
Property Plant and Equipment – Costs			
Balance as at 31 December as previously reported	**3 304 285**	**3 304 285**	**2 769 547**
Adjustments arising from:			
Reclassification from accumulated depreciation	(38 450)		(38 450)
Reclassification of land from Investment Property	26 871		26 871
Reclassification of buildings from investment property	21 084	21 084	
Assets acquired for less than R 5000 now capitalised	72 649	14 472	58 177
Adjusted Opening Balance	**3 386 439**	**3 339 841**	**2 816 145**
Property Plant and Equipment – Accumulated Depreciation			
Balance as at 31 December as previously reported	**(1 405 577)**	**(1 405 577)**	**(1 271 244)**
Adjustments arising from:			
Reclassification from Cost	38 450		38 450
Reclassification of buildings from investment property	(6 831)	(6 831)	
Assets acquired for less than R 5000 now capitalised	(26 381)	(7 947)	(18 434)
Depreciation on Library Books change in estimate	61 972	35 960	26 012
Adjusted Opening Balance	**(1 338 367)**	**(1 384 395)**	**(1 225 216)**
Investment Property – Costs			
Balance as at 31 December as previously reported	**78 046**	**51 175**	**77 793**
Adjustments arising from:			
Reclassification of Land to Property Plant and Equipment	(26 871)		(26 871)
Reclassification of Buildings to Property, Plant and Equipment	(21 084)	(21 084)	
Adjusted Opening Balance	**30 091**	**30 091**	**50 922**
Investment Property – Accumulated Depreciation			
Balance as at 31 December as previously reported		**(13 459)**	
Adjustments arising from:			
Reclassification of Buildings to Property, Plant and Equipment		6 831	
Adjusted Opening Balance		**(6 628)**	
Accumulated funds: Unrestricted			
Balance as at 31 December as previously reported		**6 667 384**	**6 601 629**
Adjustments arising from:		**42 485**	**65 755**
Write back of depreciation incorrectly charged on Library books		35 962	26 010
Capitalisation of Assets previously written off, now depreciated		6 523	39 745
Adjusted Opening Balance		**6 709 869**	**6 667 384**
Impact on cash flow statement(increase/(decrease) in cash flows):			
Operating		**44 895**	
Investing		**(44 895)**	
Net changes in cash and cash equivalents		**0**	

NOTE 28: CHANGE IN ACCOUNTING POLICY

Actuarial gains and losses

In terms of IAS 19 all actuarial gains and losses are shown as Other Comprehensive Income. In terms of the Universities accounting policy the full movement in respect of staff benefits, including all actuarial gains and losses is recognised in the income statement.

The impact was as follows:	2012 R'000	2011 R'000
(Decrease)/increase in personnel costs	(109 689)	487
Increase/(decrease) in other comprehensive income	109 689	(487)

NOTE 29: TRADE AND OTHER PAYABLES

	2013 R'000	2012 R'000
Trade payables	214 224	159 250
Sundry Creditors	123 422	140 799
Accruals	35 854	18 793
DHET (Vista Debtors)	13 628	13 454
Bursaries	30 713	2 400
Other	101 099	226 655
	518 940	**561 381**

Terms and conditions of the above financial liabilities:

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

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

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

NOTE 30: STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

At 31 December 2013, the following Standards and Interpretations were in issue but not yet effective

Standard/Interpretation		Effective date Periods beginning on or after
IAS 32	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
IFRS 10, IFRS 12 and IAS 27 amendment	*Investment Entities*	1 January 2014
IFRS 9 (2009)	*Financial Instruments*	1 January 2015
IFRS 9 (2010)	*Financial Instruments*	1 January 2015
IFRS 9 (2012)	*Financial Instruments*	1 July 2014
IFRS 10	*Consolidated Financial Statements*	1 January 2014
IFRS 12	*Disclosure of Interests in Other Entities*	1 January 2014
IFRS 13	*Fair Value Measurement*	1 July 2014
IAS 16	*Property, Plant and Equipment*	1 July 2014
IAS 19	*Employee Benefits*	1 July 2014
IAS 24	*Related Party Disclosures*	1 July 2014
IAS 27	*Consolidated and Separate Financial statements*	1 January 2014
IAS 38	*Intangible Assets*	1 July 2014
IAS 40	*Investment Property*	1 July 2014
IAS 32	*Financial Instruments: Presentation*	1 January 2014
IAS 36	*Impairment of Assets*	1 January 2014
IAS 39	*Financial Instruments: Recognition and Measurement*	1 January 2014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140

TRANSFORMATION IS FUNDAMENTAL
AND PURPOSEFUL ADVANCEMENT
TOWARDS SPECIFIED GOALS
THE CONTEXT OF TRANSFORMATION
IN UNISA IS UNPRECEDENTED
POLITICAL AND SOCIAL CHANGE
FOLLOWING THE ADVENT OF
DEMOCRACY IN SOUTH AFRICA
TOWARDS THE AFRICAN UNIVERSITY
IN THE SERVICE OF HUMANITY