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## GOVERNMENT NOTICE

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### DEPARTMENT OF HIGHER EDUCATION AND TRAINING

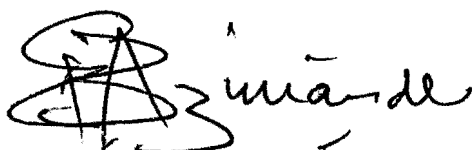
No. 897

31 October 2011

### HIGHER EDUCATION ACT (ACT 101 OF 1997)

### APPOINTMENT OF AN ADMINISTRATOR FOR WALTER SISULU UNIVERSITY

I, **Bonginkosi Emmanuel Nzimande**, MP, Minister of Higher Education and Training, in terms of Section 41A of the Higher Education Act, 1997 (Act No. 101 of 1997), hereby appoints Professor Lourens van Staden as Administrator for Walter Sisulu University, following the report of the Independent Assessor, Professor Daniel J Ncayiyana, into the affairs of the university. The terms of reference for this appointment are attached hereto.



**Dr Bonginkosi Emmanuel Nzimande, MP**

**Minister of Higher Education and Training**

**Date: 27/10/11**

**TERMS OF REFERENCE****MINISTER OF HIGHER EDUCATION AND TRAINING****ADMINISTRATOR FOR WALTER SISULU UNIVERISTY****PREAMBLE AND BACKGROUND**

**In terms of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, the Minister of Education may appoint an Administrator for a public higher education institution in terms of section 41A of the Act, which states:**

**41A Appointment of administrator**

- (1) If an audit of the financial records of a public higher education institution, or an investigation by an independent assessor as contemplated in section 47, reveals financial or other mal-administration of a serious nature at a public higher education institution or the serious undermining of the effective functioning of a public higher education institution, the Minister may, after consultation with the council of the public higher education institution concerned, if practicable, and notwithstanding any other provision of this Act, appoint a person as administrator to take over the authority of the council or the management of the institution and perform the functions relating to governance or management on behalf of the institution for a period determined by the Minister, and such period may not exceed two years.
- (2) The Minister may extend the period referred to in subsection (1) once for a further period not exceeding six months.
- (3) Notwithstanding subsection (1), if a council is deemed to have resigned as contemplated in section 27(8), the Minister must appoint a person for a period of not longer than six months as an administrator on behalf of the institution to:
  - (a) take over the authority of council;
  - (b) perform the council's functions relating to governance; and
  - (c) ensure that a new council is constituted.

[Sub-s (3) added by s11 of Act 63 of 202]

[S. 41A inserted by s. 6 of Act 55 of 1999.]

In terms of Section 45 (a) of the Higher Education Act (Act 101 of 1997), the Minister of Higher Education and Training appointed an Independent Assessor to conduct an investigation into the affairs of the Walter Sisulu University. The general purpose of the investigation was to advise the Minister on:

- The source and nature of problems facing the institution, including those relating to governance, and financial management systems and any other matters that may arise.

- Measures required to restore good governance and financial management at the Walter Sisulu University.
- Conduct a detailed analysis of and provide a report on the current situation of the university's governance, including human resource policies and practices and information technology infrastructure.

**The terms of reference as contained in the Government Gazette dated 5 August 2011, viz:**

- Conduct a detailed analysis and report on the financial management systems including policies and procedures of the institution.
- Conduct a detailed analysis of and provide a report on the current situation of the University governance, including human resource policies and practices and information technology infrastructure.

**And make recommendations on**

- Restoring of effective and proper governance and financial management, at the University; and
- What action, if any, ought to be taken?

I have received and considered the report of the Independent Assessor. It is evident in the report that there are serious problems in the governance, management and financial management of the University, which are undermining the effective functioning of the university. The key recommendations of the Independent Assessor are to:

1. Appoint an Administrator in terms of the Higher Education Act, to assume the functions of Council of the Walter Sisulu University, and to oversee the interim executive management of the University for a period sufficient to restore institutional stability and financial solvency.
2. Terminate the term of Council, through voluntary resignation by individual members of council, or through Ministerial fiat, as of the date of the assumption of duty by the Administrator.
3. Release the Vice Chancellor on leave to the end of his present contract in December of 2011 after a suitable handover period to the Administrator. The Administrator will benefit from an in-depth briefing and introduction to this complex, widely dispersed institution and its main players and stakeholders.
4. Dissolve the senior management within a month of his or her appointment with due regard to South Africa's labour laws, and to reconstitute a senior management team in line with his or her envisaged management model. However, it would be neither wise nor practical to dissolve senior management precipitously as demanded by some stakeholder groups, as this would create a dangerous leadership vacuum and deepen institutional instability.
5. Provide substantial cash injection. WSU is bankrupt, with liabilities far exceeding assets. In the investigation in April 2011 conducted by Paul Slack, he concluded that 'there is no way that WSU can "trade out" of this situation i.e. the annual subsidy and tuition fees will never cover the current levels of expenditure'. WSU has operated on a Council-approved deficit budget for the

last 5 years; therefore the appointment of an Administrator will have to be accompanied by a substantial cash injection.

6. Appoint a team of experts to assist the Administrator in critical areas. Given the all-encompassing collapse of systems, governance and financial management at WSU, an Administrator appointed as a 'lone ranger' is destined to fail. It will not be possible to restore financial stability in isolation from interventions to achieve a complete overhaul and reconfiguration of such systems as HR, ICT and organisational structure. The Assessor recommends the appointment of a team of experts – a 'cohort intervention' – to assist the Administrator to create a coherent, efficient, cohesive and well-functioning organisational steady state at WSU by implementing rational and effective systems and procedures.

I have accepted the report and recommendations of the Independent Assessor. In this regard, I Dr BE Nzimande MP, Minister of Higher Education and Training have decided to appoint Professor Lourens Van Staden as Administrator for the Walter Sisulu University in terms of Section 41A of the Higher Education Act, with the following terms of reference:

#### **TERMS OF REFERENCE**

##### **The general and specific terms of reference of the Administrator are:**

1. To take over the authority of the Council of Walter Sisulu University for an initial period not exceeding 24 months.
2. To take over the management of the University and to steer the University back to operational and financial sustainability. This will include the strengthening of structures, systems and policies that will ensure good governance and the restoration of the culture of teaching and learning and academic integrity at the University.
3. To assess the impact of the merger and whether there has been a financial shortfall in this regard, taking into account the funds invested by the DHET during the mergers.
4. To manage the challenges regarding the harmonisation of different staff structures.
5. To develop a workable governance model for a multi-campus university taking into account the numerous challenges and inefficiencies that may have been created.
6. To introduce short-term and long-term measures to reduce the institution's bank overdrafts.
7. To carry out a forensic audit of the institution in order to identify any corrupt practices and to institute appropriate action within the prescripts of the law, including implementing any action required by investigations, forensic audits or other audits performed prior to administration.
8. To initiate the appointment of a new Council at the Walter Sisulu University, including the establishment of necessary Council sub-committees and the drafting and submission to the Minister of Higher Education and Training, of a new statute for the University.
9. To determine with a view to increase the different revenue streams of the university, including government grants, student fees and other possible revenue sources.

10. Conduct a detailed analysis of, and report on the academic project which should include the planning processes followed, systems put into place to ensure academic quality, including the viability and sustainability of the current programme offerings, and projected student enrolments in relation to infrastructure, staffing capacity and student support that will ensure an improved throughput rate.
11. Review and improve the academic integrity and relevance of the university's programmes and qualifications and if appropriate design a new academic structure.
12. To implement initiatives to restore governance, operations and viable systems and processes in the areas listed below. The Administrator will be guided by the assessment conducted by the DHET with specific recommendations attached as Annexure A.
  - (a) **Finance** - Adequacy of internal control systems, financial planning, budgeting, financial management and reporting, student financial aid;
  - (b) **Human Resources (HR)** - Adequacy of internal control systems, HR planning and HR management;
  - (c) **Governance** – Proper functioning of Council and council committees, monitoring, evaluation and reporting;
  - (d) **Information Technology (IT)** - IT infrastructure, operational efficiency and effectiveness;
  - (e) **Academic Enterprise** - Academic structures, improving academic quality; and
  - (f) **Students** - Proper functioning of student governance, student affairs administration.

The Administrator will report to the Minister of Higher Education and Training or his delegated officials. Besides other forms of communication and interaction with the Ministry and the Department of Higher Education and Training, the Administrator must submit quarterly written reports on the progress regarding the above issues. The Administrator may appoint technical experts where necessary to assist in the different areas.

**The Administrator will commence duties on the date of publication of this notice.**



**BE Nzimande MP**

**Minister of Higher Education and Training**

**Date: 27/10/11**

**Annexure A**

The detail of the areas to be reviewed and addressed includes the following:

**(a) Finance**

- in conjunction with the governance team member, design and implement reports which will ensure that Council and the relevant subcommittees have suitable data to make sound decisions;
- in conjunction with the IT task team member, minimise the number of bank accounts in use;
- examine all financial processes and make recommendations for improvement;
- determine the extent of backlog maintenance and include these in the budget;
- examine the budget processes and assess the suitability thereof;
- assess the quality of information in the financial system and the methods for deriving it;
- in conjunction with the IT task team member, develop a cost centre structure suitable for a multi-campus environment. Design this structure in such a way as to allow analysis by campus, by faculty, by department etc;
- examine all contracts in operation, the suitability thereof and how the contracts are managed on a day to day basis;
- examine all costs for suitability and assess possible savings for inclusion in a turnaround strategy;
- consider methods of recapitalising the balance sheet to make WSU more financially effective, with the aim of reducing the dependence on overdraft financing;
- engage with relevant consultants to review municipal costs; and
- examine how the payroll is calculated and ensure that staff is properly taxed.

**(b) Human Resources**

- to establish the ideal organisational structure (organogram) for the institution;
- ensure that the harmonisation is properly, expeditiously and economically implemented;
- examine the leave policy and process and recommend improvements;
- conduct an analysis of total cost to company and examine all allowances paid to staff and determine reasonableness and make recommendations for improvement;
- implement a system of monthly controls over the payroll in conjunction with the finance task team member;
- determine whether the pay rates at WSU are within a suitable range and make recommendations in this regard;
- determine whether the staff complement is sufficient ;
- conduct a skills audit to ensure that the employees currently employed are properly suited to their jobs and, if not, consider the interventions required;
- ensure that the work place skills plan is in place and that WSU is achieving the maximum possible Skills Development Levy recovery;
- urgently conduct a staff audit (payroll payout process) in conjunction with the external auditors;
- examine the recruitment and selection process and the role of other committees and individuals/groups in this process and recommend improvements;
- in conjunction with the governance task team member, design and implement reports which will ensure that Council and the relevant sub committees have suitable data to make sound decisions;

- in conjunction with the IT task member ensure that the systems are centralised and deliver adequate management information;
- prepare a monthly plan for the management of the HR department and ensure that the incumbents understand and implement it; and
- Determine the effects and incremental HR costs of operating a multi campus model.

**(c) Governance**

- in conjunction with the other task team members, design and implement reports which will ensure that Council and the relevant sub-committees have suitable data to make sound decisions;
- examine the workings of the Council and its sub-committees and make recommendations for improvement;
- examine the composition of Council in terms of the skills set and make recommendations for improvement; and
- examine the minutes of Council and its sub-committees over the last few years and determine the quality of debate on key issues affecting the WSU. In conjunction with the other task team members determine the quality of data supplied to Council and make recommendations for improvement.

**(d) Information Technology**

- establish an ideal IT infrastructure suitable for a multi-campus environment with such large scale geographic spread;
- determine the hardware requirements and cost for having a centralised database with remote access from other sites i.e. one repository of information, not four;
- examine all the IT access profiles for possible conflicts and make recommendations for improvement. Ensure that it is implemented;
- consider data cleanliness and make recommendations for improvement;
- in conjunction with the finance task team member, develop a system to minimise the number of bank accounts in use;
- in conjunction with the finance task team member, develop a cost centre structure suitable for a multi campus environment;
- in conjunction with the HR task member ensure that the HR systems are centralised and deliver adequate management information;
- assess whether savings are achievable on communications costs; and
- conduct a detailed analysis and report on the collation and use of management information systems including the HEMIS data. The focus should be on the adequacy, quality and integrity of information on human resource and student data.

**(e) Academic Enterprise**

- In conjunction with the academic team member review the academic structures and offerings with a view to improving their quality, relevance, articulation and access;
- in conjunction with the academic team member review the academic structures and offering with a view to improving their quality, relevance, articulation and access;
- improve the teaching venues, laboratories and audio-visual facilities to ensure delivery of high quality courses. The venues must be appropriate for the class sizes to avoid overcrowding; and
- improve the throughput rates and ensure the students who fail repeatedly are excluded.

**(f) Students**

- in conjunction with the student affairs team member, review the student governance system and establish a robust, competent, coherent and efficient student affairs administration;
  - investigate the NSFAS processes and implement sound financial systems; and
  - develop and implement systems to effectively collect student fees and develop a culture of payment of fees by students. This may mean the exclusion of students who do not pay their fees.
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