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GOVERNMENT NOTICE

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

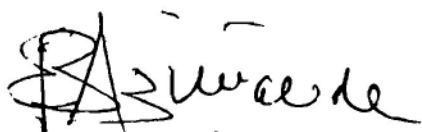
No. 807

28 September 2011

HIGHER EDUCATION ACT (ACT 101 OF 1999)

REPORT OF THE INDEPENDENT ASSESSOR INTO THE AFFAIRS OF THE WALTER SISULU UNIVERSITY, APPOINTED BY THE MINISTER OF HIGHER EDUCATION AND TRAINING

I, **Bonginkosi Emmanuel Nzimande**, MP, Minister of Higher Education and Training, in terms of Section 47 (2) of the Higher Education Act, 1997 (Act No. 101 of 1997), publish the report of Professor Daniel J Ncayiyana, the Independent Assessor (appointed under section 44 of the same Act) on the investigation conducted into the affairs of the Walter Sisulu University, as set out in the Schedule.



Dr Bonginkosi Emmanuel Nzimande, MP

Minister of Higher Education and Training

Date 26/09/11

Report of the Independent Assessor into
the affairs of the Walter Sisulu
University, appointed by the Minister of
Higher Education and Training

Professor Daniel J Ncayiyana

5 September 2011

Findings and recommendations on the
state of affairs at Walter Sisulu University
flowing from the investigation mandated
by the Minister of Higher Education and
Training, 15-25 August 2011

WALTER SISULU UNIVERSITY

Independent Assessor
Report 5 September 2011

Professor Dan J Ncayiyana

Independent Assessor Report
Walter Sisulu University, August 2011

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Report of the
Independent Assessor:
Walter Sisulu University

Professor Dan J Ncayiyana

August 15-25, 2011

We gratefully acknowledge the
Council, Vice Chancellor, Senior Management
Student Representative Councils
National Education, Health & Allied Workers Union
National Tertiary Education Union
Campus Directors and others for their
unconditional cooperation and assistance

Independent Assessor Report
Walter Sisulu University, August 2011

EXECUTIVE SUMMARY

INSTITUTIONAL STABILITY

Walter Sisulu University (WSU) is an institution in crisis, riddled with conflict, mistrust and disaffection among its stakeholders. There is complete loss of confidence in university leadership. Virtually all WSU constituencies are calling for Council to be dissolved and senior management to be dismissed, and for the Minister of Higher Education and Training to intervene by appointing an Administrator to take over management of the institution.

There are constant conflicts and battles between employees and management, as well as between students and management, incurring frequent strikes by workers and class boycotts by students. Labour unrest has included "Staff hostage taking, victimization of students, eviction of staff from offices and lecture rooms, locking out of staff, seizing of university keys and locking up of university buildings, abandoning of work stations by staff, closing and barricading of access entrances to the institution" (Senior Management submission). Student uprisings have included arson (the torching of university buses) and other acts of violence. There is a pervasive disregard for rules and authority, and an air of anarchy rules within the institution.

WSU needs to re-cultivate its stakeholder relationships in order to restore trust and loyalty, and to create an agreed a modus vivendi among members of its community.

GOVERNANCE AND MANAGEMENT

WSU is a merged institution that never really merged, even as it pays a high price for being a dispersed multi-campus university. WSU has largely not been able to harmonise management systems, including HR and ICT, across the institution. Administration at the various campuses is still divided along the old fault lines, with respective campuses still adhering to their pre-merger HR and other administrative systems and practices.

While Council is made up of outstanding members of the community, it has become ineffective, with critical issues in areas such as student affairs and human resources remaining unresolved and with no hint of being in a position to address them satisfactorily any time soon. Stakeholder groups interviewed by the Assessor were dismissive of Council as ineffectual. Council would seem to be paralysed by the sheer complexity of the merged institution, the frailties of the management and administrative machinery, and the battle of wills with stakeholder structures such as the SRCs and the labour unions. Council complains about that management regularly fails to implement its resolutions.

The WSU administrative systems are weak. The HEQC found that "Lack of effective administrative systems and of human resources to operate them appropriately has the

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potential to have a crippling effect on academic processes, and, particularly, on the institution's ability to ensure quality of provision" (Draft HEQC Audit Report, July 2011)

The present Council and management have run out of ideas for a turnaround strategy to resolve the crisis besetting the institution. There is a need for a robust re-examination of the current administrative and financial model to streamline it for greater efficiency.

FINANCIAL STABILITY

WSU is not a going concern. The institution has severe cash flow problems and battles to meet payroll from month to month. At its founding on 1 July 2005, two of the three merging institutions were insolvent with the third on the way to insolvency, and WSU has operated on a deficit budget for the last five years. WSU has frequently found it necessary to commandeer ring-fenced funds earmarked for infrastructure and research grants to pay salaries. The institution has constant difficulties paying its creditors, and has required ever-increasing overdraft facilities to stay afloat. Recent investigations by at least two financial management agencies have predicted that, without intervention, WSU is destined for huge and ever-increasing deficits in the coming years.

In this, a number of factors are at play. WSU has a huge student enrolment combined with a culture of non-payment of tuition fees. Consequently, WSU carries a huge student debt. Tuition fees are set significantly lower than the regional norm. The government subsidy is undermined by low rates of academic success, and the NSFAS allocation for indigent students is inadequate and, because it is pegged to tuition fee levels, is relatively lower than for equivalent institutions. Most academic programmes cannot pay for themselves and must be cross-subsidised. Only 35% of programmes are arguably viable.

WSU spends roughly 80% of its operating budget on personnel costs, which is unsustainable and well above the norm. The university is dispersed over an area of 1 000 square km, and this has necessitated a large, costly and inevitably inefficient management and administrative structure. Moreover, the costs of travel, overtime, board and lodging for staff shuttling between the dispersed campuses for meetings or consultations are a significant contributor to the deficit.

The finance department is headed by an acting executive director. The institution has been unable to recruit and retain competent financial managers. By their own testimony, the present 'foot soldiers' in the finance department are largely unqualified for the job. Failure to harmonise systems across the three campuses, combined with inadequate ICT accounting systems and weak financial controls, all contribute to the financial crisis.

WSU is bankrupt, with weak financial systems and controls. A significant cash injection is needed to sustain operational capacity even as urgent and drastic steps are taken to normalise the financial situation.

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THE ACADEMIC ENTERPRISE

The teaching and learning enterprise at WSU is beset with problems at many levels. The Senate as the statutory academic governing body is dysfunctional. On the level of academic management, the Higher Education Quality Council (HEQC) observed that "there is still role and responsibility confusion between some levels in academic administration". A seemingly sensible academic administrative structure has been implemented consisting of faculties, schools and departments, but problems remain to get it to function efficiently. Here again, academic coordination between the dispersed campuses looks good on paper, but is problematic in implementation.

The financial crisis has a significant impact on teaching and learning in direct and indirect ways. Staffing, promotions, research, teaching tools (such as computers, the library) have all suffered as a result of the shortage of money. Teaching venues (lecture halls, laboratories) are in short supply and in poor condition.

And as already mentioned, academic success as measured by pass rates and graduation rates remains significantly below national benchmarks.

STUDENT AFFAIRS

The situation in student affairs is near-shambolic, in part because of management's inability to establish a robust, competent, coherent and efficient student affairs administration, and in part because of political infighting and poor governance within the student community itself.

The last substantive Executive Director: Student Affairs left WSU in July 2009 following institution-wide student uprisings. The acting incumbent in place lacks legitimacy and control, and it is clear that management has a weak and precarious hold on student affairs.

WSU has a militant culture in student politics, with students able to shut down the university and even inflict damage to university property during conflict with management.

LABOUR UNIONS

WSU has two recognised unions: NEHAWU largely represents the support staff, and NTEU (National Tertiary Education Union) largely represents the academic staff. Both have many grievances against the university over such matters as the financial crunch, human resource issues, and what they regard as mismanagement and maladministration on many levels.

NEHAWU is portrayed by managers as basically 'running the university' through constant intervention even in academic matters. The union is accused of blocking urgently needed appointments by constantly raising process objections. The power of NEHAWU is reflected, they say, in the payroll bill consuming 80% of operational income.

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RECOMMENDATIONS

1. Appoint an Administrator

Appoint an Administrator in terms of the Higher Education Act, to assume the functions of council of the Walter Sisulu University, and to oversee interim executive management of the University for a period sufficient to restore institutional stability and financial solvency

2. Dissolve the sitting Council

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 December 2011

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 team within 30 days of the Administrator assuming his or her office

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.

The Assessor therefore recommends that the Administrator be empowered to formally dissolve current 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.

5. Provide for a 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 without which he or she is dead in the water.

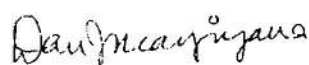
6. Appoint a team of experts to assist the Administrator in critical areas

Given the all-encompassing collapse of systems, governance and financial management at WSU, an Administrator appointed as a 'lone ranger' is destined to

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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.



Professor Dan J Ncayiyana
Independent Assessor – WSU
5 September 2011

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1. BRIEF OF THE INDEPENDENT ASSESSOR

I was appointed Independent Assessor to investigate the state of affairs at Walter Sisulu University in the Eastern Cape (main office: Nelson Mandela Drive, Mthatha) in terms of the letter of appointment signed by the Minister of Higher Education and Training on 4 August 2011.

In this work, I was assisted by Mr Nkosinathi Khena with financial expertise, appointed by the Ministry.

The terms of reference are 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

2. METHOD OF WORK

The work was conducted from Monday 15 August to Thursday 25 August 2011.

We consulted a wide range of documents and institutional reports.

We undertook site visits to all the WSU campuses, and conducted interviews with a variety of significant individuals and recognised internal stakeholder groups at the following locations:

- Nelson Mandela Drive Campus, Mthatha
- Zamukulungisa teaching site, Mthatha
- Butterworth Campus
- Buffalo City Campus Potsdam, East London
- Buffalo City Campus City Offices, East London
- Queenstown Campus at Whittlesea

Time allowing, we inspected selected facilities such as residences and computer laboratories.

All the stakeholder groups interviewed were invited to make written submissions.

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3. PREVAILING INSTITUTIONAL CLIMATE

"WSU is an Afghanistan!"

IF Member in meeting with Assessor

"No university or institution can depend on policing; it must be able to count on the loyalty, commitment and integrity of its community"

Vice Chancellor in meeting with Assessor

Walter Sisulu University (WSU) is an institution in grave crisis and seemingly at war with itself. In its present state, WSU can fairly be described as ungovernable and financially unsustainable, with the institutional climate marked by conflict, suspicion, perceived conspiracies and deep-rooted distrust.

Some typical and frequent goings-on on WSU campuses are appositely summed up in the Vice Chancellor's circular of 28 February 2011 in which he invites the WSU community to an Indaba entitled "Give WSU a Chance", intended to serve as a platform for deliberation and institutional reconciliation. In the circular, the Vice Chancellor highlights institutional turmoil characterised by "Staff hostage taking, victimization of students, eviction of staff from offices and lecture rooms, locking out of staff, seizing of university keys and locking up of university buildings, abandoning of work stations by staff, closing and barricading of access entrances to the institution". He might have added instances of violence including the torching of university buses.

Everyone blames everybody else for the crisis. Union and student structures accuse the senior administration of managerial and financial incompetence and even corruption. Senior management in turn accuses these structures of disruptive conduct and sinister agendas. The views of students and labour unions are detailed in subsequent paragraphs.

In sum, there is a palpable mood of uncertainty, mistrust, victimhood and despondency in the WSU community among all stakeholders. On the day we arrived, an unannounced downing of tools by staff broke out following an official communication that salary payments would be briefly delayed. In the event, the salaries were paid out on payday with a few hours' delay, but the stay-away continued for a day or two.

At the time of our visit, the Buffalo City Campus (East London) was in its fourth week of closure following violent student protests over academic exclusions (known as Rule G7). Needless to say, the loss of four weeks and more in a semester must have a devastating effect on the academic programme.

External interference

Credible testimony of external interference in the affairs of WSU through some stakeholder groups was adduced to the independent Assessor. Rev Stokwe of the local chapter of the South African Council of Churches presented persuasive evidence

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of the existence of a clique of individuals in the Mthatha community – with previous ties to the University of Transkei – who are bent on destabilising the institution.

As I am informed, some students boast of direct access to highly placed politicians and government officials. While there is neither evidence nor suggestion of sinister intentions in this regard, the perception of such relationships has the effect of buttressing the rebellious confidence of students during conflict.

WSU needs to reassess its stakeholder relationships with a view to restore trust and cultivate a modus vivendi among members of its community. This may require externally mediated series of 'truth and reconciliation'-type workshops and 'lekgotla's' and a dedicated restorative focus on WSU's institutional culture.

4. ORGANISATIONAL CHALLENGES OF THE MERGED INSTITUTION

4.1 Merger consolidation

From the many interviews with Council, management, staff and students and from own observations, it became clear to the Assessor that the merger of the former University of Transkei with the Eastern Cape and Border technikons had never quite gelled. This observation is supported by the HEQC Draft Audit Report of July 2011 which notes that "Five years after the establishment of the University, the institution continues to be in a transitional state in relation to the merger. Resistance, suspicion and misunderstanding co-exist with a conscious sense of hope and possibility about the future of the institution".

Several formal planning reviews have been conducted and proposals put forward to actualise the merger, to little or no avail. These include the *Working Group Established to Advise the Minister of Education on an Appropriate Academic Configuration for the Walter Sisulu University* in May 2005; the Neil Butcher & Associates investigation on the optimal use and organisation of the disparate campuses; and the study entitled *Understanding and Repositioning Walter Sisulu University* by Professor Muxe Nkondo in November 2010.

The University itself has produced a succession of well-thought out strategic plans and institutional operational plans, but implementation has been trumped largely by funding shortfalls, but also by structural rigidities, geographic dispersal of the institution over an area of 1 000 square kilometres, divergent institutional cultures and chronic instability. Moreover, none of these documents explicitly identify merger consolidation as a distinct challenge, and the matter of solidifying the merger is not addressed.

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According to university management, some of the problems of merger can be tracked back to at least two factors. First, the WSU merger was unique and unlike any other in that it brought together three historically disadvantaged institutions with long histories of conflict of their own, and significant budgetary and infrastructure backlogs. Dispersal over huge distances in one of the poorest regions in the country ensured that the university would always attract students too poor to afford tuition fees. Secondly, the dedicated funding for the merger was woefully inadequate, and ensured that the institution would start off on the back foot. WSU had submitted a merger budget for the amount of R1.2 billion, but was only granted R400 million over 3 years.

The current situation is that the constituent campuses of WSU continue to function largely as quasi-autonomous entities, hanging on to their pre-merger management systems and practices. ICT, finance, human resources, student affairs management, supply chain systems and the like remain largely fragmented or incompletely integrated. Until recently, for example, each campus appointed its own travel agency. A universal staff establishment or organogram for the entire organisation approved by Council has not been implemented.

The Assessor found the WSA community to be largely fragmented along pre-merger fault lines, and it is common cause that the majority of staff have not bought into the merger; ex-university and ex-technikon staff remain largely divided and sometimes even mutually distrustful.

In a letter of 16 August 2011 addressed to the Independent Assessor, NTEU (one of two unions at WSU) states: "The merger is only on paper whereas operations are still as they were in the legacy [founding] institutions under the name 'Walter Sisulu University'. There is no Programme Qualifications Mix which caters for articulation..."

It would seem that no campus community is happy, each believing the others to be more privileged. Ex-technikon staff feels like second-class citizens and perceive the NMD [Mthatha] campus community as bearing a condescending attitude, whereas the NTEU letter already cited, speaking for many, goes on to complain of "evidence (of) serious marginalisation of the NMD Campus academic staff and students in particular".

4.2 *Unitary governance model is not working*

WSU is organised as a unitary university with central management and administrative structures located in Mthatha. Some faculties and even departments have teaching sites in all 4 campuses. The management structure is quite complex, divided as it is between central and local control. The upshot is that:

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- There is an awful lot of travelling involving sleeping over, board and lodging, overtime and opportunity cost between the various campuses by academic and administrative leaders for meetings and other consultations. Some of the meetings are important, but sometimes they are relatively trivial in the spirit of inclusiveness.
- Central control is ineffective, as harmonising management systems has proved insurmountable, and legacy campuses have in many instances retained and continue to utilise local pre-merger practices (such as HR) not tied to the central administration. Keeping track of things like staff leave or days-off, for example, is a challenge. Some staff are still being appointed to legacy institutions, and a staff member appointed to one campus cannot be required to teach at another.
- The unitary model has not engendered a sense of a united institution for the WSU community. NMD is still perceived as remote and more privileged, and is often referred to as the 'main campus', implying an inferior position for the other campuses.

The WSU unitary model has largely failed, and needs to be re-evaluated and alternatives investigated. There are models around the world (such as the University of California system or the State University of New York or SUNY) of successful multi-campus universities to learn from. The University of North West here in South Africa is a model worth looking at.

4.3 WSU not yet a 'comprehensive university'

WSU was conceived as a 'comprehensive university', a combined academic and vocational institution that, according to the then Department of Education, should seek to achieve four key goals:

- Increased *access*, particularly to career-focused programmes
- Improved *articulation* between career-focused and academic programmes, allowing for facilitated mobility between them
- Increased focus on *applied research* drawing from the vocational and academic strengths and experience
- Enhanced responsiveness to *developmental socioeconomic needs* of the community

Increased access at WSU is ostensibly reflected in the swelling student enrolments now standing at about 26 000 (against the DHET cap of 24 000), but access without success is self-defeating, and WSU indices of academic success have remained well below the national benchmarks. Furthermore, increased student numbers have had a deleterious effect on virtually all spheres of the life of the institution, including funding, infrastructure, and the institution's political climate.

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There is no systematic provision for articulation between vocational and academic programmes, and there is little or no interaction between the two streams. All told, WSU is not yet a comprehensive university – and understandably so, given all the other burning issues that WSU has had to contend with from the very beginning.

5. GOVERNANCE & MANAGEMENT

5.1 Council

WSU is governed by a Council constituted in terms of the Higher Education Act and the WSU Statute. It is made up of members with diverse competences including governance, legal, financial, and science and engineering among others.

Council functions through a number of Council committees, including executive, finance, audit, ICT, planning, core business, and student affairs committees. However, these committees have not helped to make Council more effective in preventing or remediating the plethora of challenges that continue to confront the university.

According to the Chair of Council, management has continually failed to implement its decisions and resolutions. On the other hand, there is no evidence of Council holding to account those executives who would not or could not implement Council's resolutions.

Council, as the ultimate accounting authority, is accused by a variety of structures of ineffectiveness and a 'do-nothing' attitude. Similarly, the HEQC

"noted... that the Council had the same list of risks before it two years in a row and had failed to implement plans to mitigate those risks". The list of risks included student governance problems, over-commitment to personnel costs, and student debt.

Council is also accused of getting involved in micro-management, something the Council itself concedes to some degree in its letter to the Minister dated 11 May 2011 that "Council is increasingly being drawn into operational issues [due to senior management ineffectiveness] thus risking blurring the line between executive operations and Council oversight".

It is fair to conclude that, for reasons not necessarily all of its own making, Council is no longer able to exert control on events or to influence the state of affairs on the ground at WSU. Council's standing has considerably diminished in the eyes of the university communities. In the circumstances, Council is severely constrained in the exercise of its fiduciary responsibilities.

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5.2 Other statutory governance structures

The Independent Assessor also met with the other statutory governance bodies. The *Institutional Forum* (IF) has experienced periods of identity crisis and dysfunctionality, and has not been effective in its role of advising Council. Made up of representatives of frequently opposing structures, the IF has not been able to speak with one voice, including in its interview with the Independent Assessor. To be fair, the role and function of the IF is often problematic across the higher education landscape.

The Assessor did not meet with the *Senate* per se, but had a wide-ranging and fruitful iteration with the Executive Deans along with the Vice Chancellor: Academic and Research, and other high ranking academic leaders. The conversations are incorporated in the section on academic issues.

The Assessor met with *Convocation*, and with 4 of the 5 SRCs of WSU. Interaction with the latter is covered elsewhere in this report.

5.3 Management

The Executive Management consists of the Vice Chancellor (Dr Marcus Malusi Balintulo), Deputy Vice-Chancellor Academic and Research (Professor Larry Obi), and Deputy Vice Chancellor for Planning, Quality Assurance and Development (Professor Gina Buys). The Assessor found these top executives to be well experienced leaders and seasoned academics, mired in a web of circumstances – many beyond their control – that have had the effect of rendering WSU ungovernable.

Senior management positions, namely: COO, ICT, HR and Student Affairs are all filled by acting incumbents, as are other executive director positions. Previous substantive incumbents, or most of them, left the institution as a consequence of an adverse ruling at a disciplinary hearing, or as a result of personal disaffection.

WSU has a necessarily extensive if complex middle management structure that flows from its multi-campus governance organisation. This includes numerous directors, something that drew criticism by the SRCs and labour unions as being top-heavy. The complexity reflects the challenges of a unitary management structure in a geographically widely distributed institution, inevitably resulting in a structure that is 'neither fish nor fowl' in terms of coherence. Although the management model is now under criticism by some structures, it was in fact adopted through broad stakeholder participation in 2007.

Senior management has made a submission to the Assessor which contains a candid introspection on a number of issues including the management model. The document states that "There is a strong view that the current management model and organisational arrangements have not helped the university to:

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- Achieve economies of scale.
- Avoid unnecessary duplication.
- Ensure efficiency and effectiveness.
- Facilitate integration of legacy [founding] institutions.'

That said, the middle management organogram remains incompletely populated due to budgetary shortfalls, leadership instability in HR, and continual contestation of appointments by the labour unions (as I am informed). These factors are responsible in large part as well for the high prevalence of acting incumbents and for failure to make substantive appointments in other areas of university management.

6. THE ACADEMIC ENTERPRISE

6.1 Governance and management

WSU's Vision is to be "a leading African comprehensive university focusing on innovative educational, research and community partnership programmes that are responsive to local, regional, national and development priorities...". The university has about 26 000 students and 1 400 academic staff. It has 4 faculties, each with a cohort of schools, and each headed by an executive dean:

- Faculty of Business, Management and Law
- Faculty of Education
- Faculty of Health Sciences
- Faculty of Science, Engineering and Technology

Academic governance consists of the Senate, and Faculty and School Boards.

According to the HEQC Draft Audit Report, "Senate at WSU appears to operate in a relatively weak manner. Despite being a large body, meetings do not always have a quorum. This could be due to the distance some members have to travel to attend a meeting as well as apathy on the part of its members."

It would seem that the Senate, a statutory body, has become a largely dysfunctional structure, with much of its statutory functions (such as the formulation of the Programme Qualifications Mix) taken over by a Council standing committee, the Core Business Committee. This is clearly an undesirable situation.

According to the information gathered by the Assessor, the membership of Senate includes significant representation of stakeholders with no direct responsibility for academic matters, and excludes some professors who do. The apathy may therefore be the result of the debates on academic matters having

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become diluted or misdirected, and of Senate no longer being in a position to make appropriate decisions that matter to the academic community.

There is a critical need for a revision of the Senate Rules and Charter, and to consider changes to Senate composition so as to restore its traditional and statutory academic role and function.

6.2 Academic performance

Funding shortfalls permeate every facet of endeavour at WSU, undermining the core business of the institution. The national funding formula is based on student inputs and outputs, and the university's underfunding can be attributed to poor management of student intake and throughput. WSU has a large contingent of unsuccessful students – some spending as much as 10 years in undergraduate study – therefore taking the place of new students. This result in generating not sufficient teach out grant. The university has difficulty enforcing 'Rule G7' on academic exclusion due to student resistance.

WSU throughput rates are significantly lower than national benchmarks. The graduation rate is 15% (national benchmark: 22%) and the success rate is 60% (national benchmark: 75%). If G7 were implemented, there would be an immediate improvement in the throughput rate and, eventually, in the funding.

Poor academic performance can in part be attributed to inadequate and crumbling infrastructure that is insufficient to provide a conducive teaching and learning platform. Academics are poorly supported, probably as a result of a combination of financial constraints and poor HR planning. According to testimony offered at a meeting with the IF, academic divisions have no secretaries, and must do their own photocopying and sometimes even sweep their offices. There are no desktop computers for staff employed since 2009. Academics are also concerned about security in their offices.

Space is in critically short supply, with staff scrambling to provide for 26 000 students in teaching facilities originally designed for 17 000. This, combined with the absence of proper timetables, sometimes leads to near-physical confrontations between staff competing for lecture rooms, the Assessor was told. Ironically, the overcrowding and overuse itself leads to accelerated deterioration of the infrastructure.

The HEQC draft report (page 39) notes that "the dominant form of teaching appears to be chalk and talk which is not sufficient if not used in conjunction with appropriate audio-visual materials. There is no potential here to overcome some of the difficulties of limited space and physical facilities as well as geographic dispersion".

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In short, WSU has

- *Too many students for the available infrastructure, resulting in overcrowding, diminished quality of education and accelerated degrading of infrastructure*
- *Too many students who are too poor to pay for their own education, resulting in a massive student debt*
- *Too many students who are unsuccessful (deadwood) but remain within the system, adversely affecting throughput rates, costing the university money given that they are unfunded in the subsidy and moreover contribute to its reduction since it is partly based on throughputs.*

WSU's chronic cash flow problems have a deleterious effect on the academic enterprise. Researchers complain of being unable to access research grants which are frequently diverted to the payroll. Promotions are at risk, and critical academic vacancies cannot be filled.

7. STUDENT AFFAIRS

7.1 Student Affairs

The situation in student affairs is near-shambolic, in part because of management's inability to establish a robust, competent, coherent and efficient student affairs administration, and in part because of political infighting and poor governance within the student community itself.

The last substantive Executive Director Student Affairs left WSU in July 2009 following institution-wide student uprisings. The acting incumbent in place lacks legitimacy and control, and it is clear that management has a weak and precarious hold on student affairs.

Students have vigorously opposed financial and academic exclusions.

7.2 Student interviews

Students have many credible grievances relating to infrastructure deficiencies (residences, libraries, computer provision, Internet access, crumbling teaching venues, sports and other recreational facilities) and to unsatisfactory academic regulation, governance and performance (absence of academic harmonisation and articulation provision; high drop-out and failure rates; academic staff shortages). Students have deep concerns regarding the absence of effective Student Affairs leadership and management, and chaotic student governance without an SRC constitution. They have numerous concerns regarding the management of NSFAS.

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In addition, students level numerous allegations against the university management, Council and even the Minister of Higher Education and Training, and *SRCs on all campuses demand that Council and executive management be disbanded, and the Vice Chancellor discharged.*

The allegations include mismanagement and maladministration; financial irregularities and even corruption in areas such as the procurement of security services and leasing of private residences allegedly owned by WSU staff; chaotic registration processes; mismanagement of HR and the hiring of too many non-nationals. Queenstown students complain about the location of the campus in a rural setting at Whittlesea, some 30 km out of town, which lacks conveniences such as ATMs or sports facilities. Students live in town and must commute by bus for which they have to pay.

Students in all campuses expressed the view that the merger had not really been accomplished, and that the campuses operated as separate units with separate systems.

On the other hand, student activism – even radicalism – poses a major risk for WSU with frequent class boycotts and other forms of institutional destabilisation. At the time of the visit by the Assessor, the academic programme on the Buffalo City campus (East London) was in its fourth week of suspension – a monumental chunk of time in a semesterised programme – over academic exclusions. The frequent and sometimes violent boycott of classes suggests that academic progress and achievement is regarded as dispensable and is not held as a priority by student leadership.

The SRC constitution has been in limbo since 2009 due to sharp disagreements among students regarding, *inter alia*, the provision for the admission of student political parties such as the ANC Youth League and COPE to participate in SRC elections (at WSU, students vote for a party rather than individual candidates, and there is some sort of 50%+1 winner-take-all provision that gives student parties considerable power). Indeed, there have been no regular SRC elections since 2009. Council intervention in the form of mediators, arbitrators and conflict resolution NGOs has failed to resolve the impasse. Yet purported SRCs exist across the institution, one for each campus, and the Assessor had meetings with all of them.

Cleavages exist within the student community along University/Technikon fault lines. Students at former Technikon campuses believe they are looked down upon.

A written submission by Buffalo City Campus SRC was submitted to the Independent Assessor.

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8. LABOUR UNIONS

WSU has two recognised unions: NEHAWU largely representing support staff, and NTEU (National Tertiary Education Union) largely representing academic staff.

8.1 NTEU interviews

NTEU listed a long list of concerns that, as with other constituencies, has to do with management competence and attitude, finances, human resources, infrastructure and merger failure. Their grievances include:

- Lack of communication, consultation by Management and Governance with Stakeholders – autocratic behaviour leading to unilateral decisions by both the Vice Chancellor and Executive Committee of Council.
- Poor financial management through creation and population of senior positions in complete disregard of recruitment and employment policies. This has led to pyramidal organizational design in neglect of the core business of the institution – 45 directors who are not involved in teaching and learning. Constant engagement of consultants, financial and legal on internal matters which are a competence of “competent” managers.
- The merger is only on paper whereas operations are still as they were in the legacy institutions under the name “Walter Sisulu University”. There is no common Programme Qualification Mix which caters for articulation.
- The agreements signed [between management and the unions] bear evidence to the serious marginalization of the NMD Campus Academic staff and Students in particular.
- [There is] Shortage of teaching staff, teaching space and office space. Current teaching facilities are without functional electrical power points, no multimedia resources such as data projectors or public address equipment.

NTEU’s written submissions were submitted to the Independent Assessor.

8.2 NEHAWU interviews

WSU has three NEHAWU branches at the NMD, Butterworth and Buffalo City campuses. There is an apparent division between the NMD branch on the one hand, and the Butterworth and Buffalo City branches on the other. Accordingly, the Assessor met with the NMD branch, and then with the other two branches together.

The Butterworth/Buffalo City branches represent support staff at the two former technikons. They are of the view that the merger has not worked, and are *advocates of the unbundling of WSU into two institutions: a traditional university at NMD specialising in health and education training, and a conventional university of technology combining the Buffalo City and Butterworth campuses.*

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The merger has no educational basis, and has served only to marginalise and 'retard' the former technikons. There has been no harmonisation of support departments, and no articulation of academic courses. The merged institution is costly to manage due to huge distances between the campuses.

NEHAWU-NMD presented the same grievances already discussed in respect of the other stakeholders in the domains of finances, HR, ICT, student governance, mismanagement, poor governance and so forth. They, like the other stakeholders, also call for the disbandment of Council and executive management, and the appointment of an Administrator.

9. FINANCE, HUMAN RESOURCES AND ICT

9.1 Finance

The financial status of WSU could best be described as that of a human being with multi organ failure in medical terms. Financial distress is the manifestation of various and compounded inefficiencies in almost all support services, including the academic sphere. The financial problem of WSU dates back to as far as 2007 when they were allowed to budget at a deficit, this was approved by the then Minister, and unfortunately it was not accompanied by the financial or operational turnaround strategy to fund the deficit for the following five years until 2012.

	2010	2009	2008	2007
Actual Deficit	(127 063 562)	(176 498 621)	(44 678 956)	(5 295 855)

9.2 Revenue

As from 2009, the actual total income compared to the 2011 budgeted income clearly indicates a decline in revenue.

2011	2009
Budget (R 000's)	Actual (R 000's)
940 197	965 626

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There are a number of factors negatively affect revenue:

- The university (WSU) is failing to effectively collect student fees. There is clearly a culture of non payment by students if not failure or reluctance on the university management to collect student fees. As from 2009 to 2011, student bad debt has increased by 46%.
- This is compounded by the fact that student fees have not been escalated year on year.
- The comparatively low student fees in the region and compared to the other universities has a significant impact on revenue received from NSFAS.
- The student pass rate is +/- 14% compared to the 22% which is the norm. This has a negative impact of the functioning formula for WSU.

9.3 Expenditure

WSU does not have any financial model, particularly a costing model that will assist the understanding of what it costs to deliver the required service. There is also no operational model to inform how they need to deliver the required service. This leads to cost complications and unnecessary costs e.g. travelling and accommodation cost for lecturers moving from one campus to another. Whilst the expenditure appears constant, it remains higher than the total income.

2010	2009
Actual (R 000's)	Actual (R 000's)
1 179 287	1 142 124

It is important to note that some of the cost lines are significantly out of the norm.

- **Personnel cost:** Currently the personnel cost is 80% of the allocated operational income subsidy whilst the norm ranges from 52% to 63%. In actual fact personnel cost is even more than 80% of operating income subsidy if one considers that, for 2011 there are personnel fees of R 17,6 million which the university states is the result of skills shortage.

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- **Residential rental:** In 2011 WSU forecast R 40.8 million cost on student residential. based on the rentals. WSU can fund the capitalisation of its own residence especially if one adds other costs such as student transport and insurance. The rentals will comfortably service the loan required for student residence.
- **Going concern:** Considering that the current liabilities far exceed the current assets and the fact that WSU cannot pay its creditors every month let alone in the next six months, WSU is now technically insolvent. It runs a risk of being declared insolvent by its creditors.

July 2011 (R 000's)	
Current Assets	396 400
Current Liabilities	619 712

- **Earmarked funding:** WSU management has used R 84 million of earmarked infrastructure funding and used R 75 million as security for their overdraft facility. Whilst DHET has withheld R 100 million of the WSU infrastructure funding on the currently committed infrastructure project, WSU is committed for more than R 200 million on currently ongoing projects.
- **Cash flow:** For the month of September WSU need R 93.6 million additional to be able to meet their commitments. As from September to December they will probably need R 300 million bailout funding.

9.4 Human resources

Human relations: Currently the motivational levels of the university community are very low, almost non-existent.

Strikes and boycotts is the manifestation of human relations prevailing in WSU. Almost all the campuses have had more than one strike or boycott.

Staff turnover: Almost all support services executive management post are vacant, as shown in the table on the following page.

Staff establishment: Management stated that there are 470 vacant positions; ie, 212 academic positions and 258 support and administration.

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EXECUTIVE & SNR MANAGEMENT VACANCIES			
No	Position	Status	Acting Appointment
1	Chief Financial Officer	Vacant	Yes
2	Chief Operations Officer	Vacant	Yes
3	Executive Director: HR	Vacant	Yes
4	Executive Director: Student Affairs	Vacant	Yes
5	Director: Organizational Development & Talent Management	Vacant	Yes
6	Director: Marketing & Communication Development	Vacant	Yes
7	Chief Risk & Transformation Officer	Vacant	Yes
8	Director : Student Governance	Vacant	

Organogram: Since the merger council has only approved the executive management structure. Council has not approved the proposed personnel structure due to the fact that it is unsustainable.

Performance management: There is no, or a completely ineffective performance management system at WSU.

Merger challenges: All campuses are still using legacy policies with different benefit policies.

9.5 Information system

The information system on all campuses is not integrated. The information system is not properly configured and as a result it does not effectively support the business needs of the university. The current system runs the risk of not being supported by the service provider.

9.6 Risk management

WSU management has no risk management strategic approach or even rudimentary risk identification process. For example, at the beginning of almost

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every academic year there is a student boycott regarding enrolment issues and student fees. Management has no strategy in place to mitigate the boycotts from taking place.

Change management: Prior to the merger and up until the present, the university has never implemented a change management strategy. Given the magnitude and complications of the merger such a change management strategy would have helped in the following articulation;

- Objectives and benefits of the merger
- Articulation of the business and operating model
- Identification of financial risks and mitigation measures thereof
- Identification of the HR and labour related risks.

9.7 Internal audit challenges:

The internal control systems have completely collapsed, hence the transgression of existing policies. There is a silent resistance to effective and efficient methods of normal operations. The management audits are almost the same every year. One might as well only change the date on the reports. Due to the fact that campuses are still operating on legacy policies, auditing skills are challenged.

Both labour and student representatives are alleging deliberate maladministration and corruption. In discussions with some personnel, there were indications of fraud in various areas of support services.

Normal financial practices like reconciliations are not done. There is also a great need to perform a skills analysis, particularly in HR, ICT and finance.

10. RECOMMENDATIONS

The Independent Assessor Recommends that the Minister of Higher Education and Training take the following steps:

1. Appoint an Administrator

Appoint an Administrator in terms of the Higher Education Act, to assume the functions of council of the Walter Sisulu University, and to oversee interim executive management of the University for a period sufficient to restore institutional stability and financial solvency.

WSU is a complex academic establishment a highly politicised, sophisticated and contentious community who will 'run rings around' the Administrator unless he or she is a seasoned, thick-skinned and resolute academic with considerable experience in and insight into the workings of academic institutions.

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The appointment of the Administrator is recommended in the light of the dire and worsening institutional and financial straits in which WSU finds itself, and of the inability of the present governing and management authorities, for reasons many of which are beyond their control, to remedy the crisis.

The mission of the Administrator will include:

1. To address the structural and systemic weaknesses with a view to setting WSU on a future path of stability and sustainability.
2. To restore financial solvency and stability
3. To redesign and implement efficient systems in the areas of finance, human resources, ICT and other areas for a well-functioning WSU, and to ensure that there is harmonisation of these systems across the institution
4. To review the current multi-campus governance model with a view to eliminating inefficiencies, and promoting institutional cohesion and loyalty
5. To promote an institutional culture of collegiality, cooperation, trust and a common citizenship that prioritises the interests of WSU
6. To devote special attention to Student Affairs, specifically in regard to SRC governance
7. To develop a strategy for infrastructure renewal including the refurbishment of classrooms, laboratories and other teaching spaces; to expand and update computer laboratories; and to refurbish student residences
8. The Minister to grant an initial cash injection to 'level the playing field' for the turnaround process. Without a robust cash injection, the Administrator's task will be insurmountable.

A comprehensive and practical turnaround strategy for WSU is contained in the *Senior Management Submission to the Independent Assessor*.

2. Dissolve the sitting Council

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

The disbandment should not be construed as attributing culpability on the part of Council members collectively or individually. The Independent Assessor received no complaints and encountered no evidence of culpable misconduct on the part

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of Council or its members. The recommendation of dissolution is based on the fact of Council's inability, for reasons not exclusively of its own making, to effectively address the ever deepening crisis at WSU. Of particular note is the failure of Council to influence in any tangible way the deteriorating financial situation at the University; failure to hold management accountable for failing to implement its resolutions; and failure to resolve the crisis in respect of the SRC Constitution.

Council no longer enjoys the respect and esteem of labour unions and student formations. This has served to undermine and diminish its ability to exercise leadership and authority over the affairs of the institution.

Retaining Council alongside the Administrator would create 'two centres of power' and give rise to confusion as to function, accountability and ultimate authority. It is important that the Administrator is seen as an 'honest broker' and as the ultimate decision maker by the WSU community.

3. Release the Vice Chancellor on leave to December 2011

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 team within 30 days of the Administrator assuming his or her office

Senior management has lost credibility and legitimacy among students and employees, and there is a near-unanimous call by labour unions and student formations (the SRCs) for senior management – specifically the deputy vice-chancellors, executive directors and other senior heads of sections – to be dissolved.

The Assessor was impressed by, and hereby acknowledges, the quality and dedication of many individual incumbents in senior management positions at WSU. Nevertheless, the prevailing, long-standing and intractable crisis at the university is evidence of their inability to manage (or hindrance from managing) the institution effectively and successfully.

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.

Furthermore, the Administrator will need the time to think through and reconfigure a senior management structure that best suits his or her management strategy, and to acquaint himself or herself with the people

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(including current management incumbents), the systems and the lie of the land at WSU.

The Assessor therefore recommends that the Administrator be empowered to formally dissolve current 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.

5. Provide for a substantial cash injection

WSU is bankrupt, with liabilities far exceeding assets. In their investigation in April 2011, Fast-track (Paul Slack) 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". PSP Icon (February 2011) demonstrated from their modelling exercises that on current practice, WSU would face ever-increasing deficits over the coming years.

WSU has operated on a Council-approved deficit budget for the last 5 years. It is therefore self-evident that the appointment of an Administrator will have to be accompanied by a substantial cash injection to give him or her an even chance of success.

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 is noteworthy that the University of Transkei joined the merger with a history of three failed Administrator interventions. Notwithstanding the prominence of the financial situation in the WSU crisis, the collapse is actually multifaceted, and 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 (dubbed 'cohort intervention' by one of the interviewees) to assist the Administrator – for a specified period – to create a coherent, efficient, cohesive and well-functioning organisational steady state at WSU by putting in place rational and effective systems and procedures.

Cohort intervention should include the following areas:

a. Financial management

A detailed examination of the WSU financial status quo is described elsewhere in this report.

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WSU's financial woes and chronic funding shortfalls can be tracked to, *inter alia*: gross underfunding at merger; the deliberate over-enrolment in relation the approved institutional targets; the fact that two of the three merging institutions were virtually bankrupt; crippling student debt and below market tuition fees to cater for students sourced from one of the poorest regions in the country; and operational costs of widely dispersed campuses, such as the high cost of travel and accommodation for meetings and other academic activities.

Historical and structural factors aside, WSU is encumbered with immense financial management challenges that the Administrator will need to sort out such as managing the student enrolment to a more viable situation. One or other of the experts already familiar with the WSU financial situation, such as PSP Icon, may be an appropriate choice as members of the Administrator's team of experts.

b. Human resources

A more detailed examination of WSU human resources is described elsewhere in this report.

Human resource management at WSU is in crisis every bit as important as the financial crisis. The two are intertwined and the one cannot be solved without the other. Personnel costs consume almost 80% of the institutional budget. There is no institutional staff establishment schedule or organogram in operation.

c. ICT systems

The administrative IT network at WSU is out-dated and disjointed. It is necessary to establish a coherent, institution-wide IT system to manage data on human resources, finances, and the academic enterprise among other things.

d. Management model redesign

I am not sure what sort of expert would be appropriate in this regard, but WSU needs someone to advise it on a suitable governance model for a dispersed multi-campus university. The Administrator may choose to investigate such a model themselves from institutions that have had success in similar circumstances, such as the University of North West.

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DOCUMENTS CONSULTED

1. DHET briefing pack
2. Report from the Working Group to advise the Minister of Education on an appropriate configuration for the Walter Sisulu University (the 'Ramphela report') May 2005
3. HEQC Draft Audit Report, July 2011
4. Institutional Audit Portfolio , April 2011
5. PSP Icon Summary Report, February 2011
6. WSU Strategic Plan
7. WSU Institutional Operating Plan
8. "Understanding and Repositioning WSU' Report, Professor Muxe Nkondo, November 2010
9. Neil Butcher and Associates Report
10. Proceedings of a recent International Research Conference at WSU
11. Submissions from the South African Council of Churches
12. Submissions from SRCs and labour unions
13. Unsolicited letters from staff members
14. Diverse submissions on WSU financials