



Ministry of Education

Higher Education  
Restructuring and Transformation:

# Guidelines for Mergers and Incorporations



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MINISTRY OF EDUCATION

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## Introduction

In December 2002, the Ministry released its proposals, which were approved by the Cabinet, for the transformation and restructuring of the institutional landscape of the higher education system. The proposals will result in the consolidation of higher education institutions through mergers and incorporation. The restructuring proposals, including the Ministry's preferred dates for implementation, and the resultant new institutional landscape are outlined in Appendix 1.

The Ministry recognises that implementing the restructuring proposals will be complex, time-consuming and place an enormous burden of additional work on the affected institutions as well as on the Department. This is made all the more onerous given capacity constraints, both systemic and institutional. The Ministry is therefore committed to ensuring that the appropriate human and financial resources are leveraged and mechanisms set in place to support the merger and incorporation process. In this regard, the Ministry has established a Merger Unit within the Higher Education Branch of the Department to manage the restructuring processes. The details of the Merger Unit, its structure, functions and the services it will provide are outlined in Section 2.

In order to facilitate its engagement with the affected institutions, as well as to assist institutions in identifying the key elements, steps and processes that would have to be initiated to guide the implementation of the restructuring proposals, the Merger Unit has developed this set of guidelines as its first task.

### 1.1 The Purpose and Nature of the Guidelines

It may be easiest to start by saying what this publication is not. It is not a manual, a set of prescriptions, or a 'cookbook'. Rather, its purpose is to map out the essentials, the generic tasks and processes that all merging institutions will have to deal with on the way to creating new institutions. These guidelines also apply to incorporations. Although the issues will differ in some areas, there are processes in common and, where appropriate, the guidelines will highlight some of the significant differences between mergers and incorporations<sup>1</sup>.

One reason for producing these guidelines is to provide support and information at an early stage in the process, in line with requests from institutions and in response to assurances given by the Ministry. A second reason is to outline generic issues to ensure that effort is not duplicated in each set of merging institutions. Each merger scenario will have its own unique features deriving from the character of the institutions and their regional location, but there are some basic features that will be shared by all.

How these guidelines are taken up and used is, for the most part, a matter of choice. Some institutions may find these suggestions helpful for the development of a model for the merger process. Others may feel they have the capacity and confidence to proceed with models and

<sup>1</sup> For the sake of convenience, the language of this document will refer primarily to mergers.



processes that they have already developed or begun to develop. In all instances, the guidelines may serve as a useful checklist against which to measure progress and to fill in gaps. There will almost certainly be occasions when institutions have to make decisions that are dependent on their own particular circumstances or in relation to their specific vision and mission. In these instances, the guidelines will, at a minimum, try to highlight what needs to be attended to.

The guidelines also provide the Ministry with a framework against which to assess the need for technical support, including requests for financial support from institutions, as well as to monitor the implementation process and progress.

What is not in question is that mergers are extremely complex and touch on every level of operation and functions of the institutions to be merged. Some aspects of the process will touch on attitudes, values, patterns of behaviour, identities and perspectives, of both individuals and groups, that are contentious and will require careful and sensitive handling. Other aspects are likely to be more technical in nature, but even the most technical of issues requires thorough conceptualisation of the objectives to be achieved, the actions that need to be taken, and the appropriate sequencing of those actions. The devil is often in the detail, but devilish as details may be, it is of the utmost importance that the demands of attending to details do not obscure the larger purposes and objectives that should inform the merger process.

In the process of implementing mergers and incorporations there will be a need to constantly reiterate those larger purposes – as a reminder that the objective is to create institutions that are stronger, more resilient and better able to offer their students high quality academic programmes and enhanced opportunities for success. Demanding as the merger process will be, it is vitally important that institutions protect the academic integrity of their operations during the period of change. Neither the interests of institutions nor those of students will be well served if academics and administrators are drawn into merger activities in ways that detract from the quality of what is offered to students, or from research productivity.

A further consideration is that these guidelines should not swamp readers with levels of detail that are overwhelming and indigestible. The first three sections of the guidelines therefore offer a broad overview, with the rest of the guidelines focusing on issues that will have to be addressed in particular areas during the merger process.

Further development of guidelines should be seen as an interactive process in which requests, suggestions and information are contributed by the sector as experience deepens. Some institutions may need little guidance and support, while others may need a lot, or may need help in particular areas. It is hoped that the guidelines will be as responsive as possible to the varying needs of different merger and incorporation conditions. In part this will be achieved by using a flexible, loose-leaf hard-copy format to which additional material can be added, as well as by making the guidelines and additional material available on line, and, where necessary, by offering support with on site workshops.

As an adjunct to these guidelines, the Ministry will also be undertaking work to assist with the further elaboration of policy in a number of areas, including models of academic arrangements in comprehensive institutions. This will be done in consultation with institutions.

The merging and incorporation of institutions is not taking place in a vacuum. A number of overarching policy and legislative frameworks set the parameters within which mergers and incorporations will be implemented, and it will be important for institutions to recall that individual plans should be shaped by an awareness of the implications of these wider frames and processes.

## 1.2 Policy and Legislative Context

The restructuring and consolidation of the institutional landscape is a key element in the broader strategy for achieving the vision and goals for the transformation and reconstruction of the higher education system, as articulated in *Education White Paper 3: A Programme for the Transformation of Higher Education* (1997). It lays the foundation but is in itself not sufficient to achieve those broader goals and objectives, namely, to ensure an equitable, sustainable and productive higher education system that will be of high quality and contribute effectively and efficiently to the human resource, skills, knowledge and research needs of the country and which is consistent with the non-racial, non-sexist and democratic values enshrined in the Constitution.

### 1.2.1 Policy Goals and Objectives

The achievement of these broader goals and objectives requires that the institutional restructuring proposals should be infused and implemented in parallel with the other four policy goals and objectives outlined in the *National Plan for Higher Education* (2001), that is, increasing access, promoting equity, ensuring institutional diversity through mission and programme differentiation, and building high level research capacity.

It is therefore imperative that institutions firmly locate their merger planning processes within the framework of the goals and objectives, as outlined in the *National Plan for Higher Education*. Although initially it is likely that a focus on the structural dimensions of the merger is unavoidable, institutions must guard against this becoming the over-riding focus and should ensure that the broader goals and objectives linked to the teaching and research mandate are addressed in parallel to the structural issues. In this regard, it is important to note the processes linked to the broader goals and objectives, which have been completed and/or which are currently underway. These include:

- (i) The programme and qualification mix exercise, which is central to the promotion of institutional diversity. The first stage in this process was completed at the end of 2002 with the release of the approved programme and qualification profile for all institutions, including those affected by the restructuring proposals. The approved profiles provide the parameters within which academic programme planning, including the rationalisation of programme should take place, and must be the starting point for determining the programme and qualification profile of the merged institution.
- (ii) The regional reviews to facilitate programme collaboration and rationalisation linked to the programme and qualification mix exercise. As indicated in the document, *Approved Academic Programmes for Universities and Technikons: 2003-2006* (DoE, July 2002):

... the Ministry believes that the development of a regional collaboration and rationalisation framework in the identified programme areas would provide the institutions affected by the merger proposals with a clearer platform on which to plan, co-ordinate and rationalise their own programme profile. (p11)

In other words, the range and scope of programme provision for the region, and the possibilities for rationalisation within the region that have already been identified by the Ministry, should inform the process of academic rationalisation in the merging institutions.

The Ministry has already indicated to institutions that the programmes in these areas will only continue to be funded from the 2004/5 financial year if institutions have jointly reviewed and submitted proposals for programme collaboration and rationalisation. This means that

regional reviews continue to provide the framework for programme rationalisation during the merger period. The deadline for the regional review and submission of proposals for programme collaboration and rationalisation in identified areas has been extended to June 2003.

It should be noted, however, that where proposals for rationalisation only involve institutions that are in the process of merging or incorporation, the institutions would not have to submit programme collaboration and rationalisation proposals in June 2003. However, in cases where the identified programmes cut across merging institutions and other institutions in the region, programme collaboration and rationalisation proposals would have to be submitted in June 2003. The Ministry recognises that this would be complicated but it is necessary to provide the institutions affected by the proposed mergers with a platform on which to plan and rationalise the programme offerings of the merged institutions.

- (iii) The *new Language Policy for Higher Education*, which was released by the Minister in November 2002, must clearly be the starting point for determining the language policy of the merged institution. It is necessary to ensure the goals identified in the language policy are built into the policies and practices of the merged institution.
- (iv) Although the Ministry has not required the affected institutions to submit three-year 'rolling' plans in 2003, it is imperative that the key issues linked to such plans, in particular, access and equity objectives, are built into the merger planning process. In this regard, for example, as a starting point, the affected institutions must consider the implications for the merged institution of the access, equity and other plans that the former institutions submitted as part of their three-year 'rolling' plans in 1998 and 1999.
- (v) In addition, institutions must consider the likely impact on the merged institution of the policy processes that are currently underway. These include the proposal for the establishment of a National Higher Education Information and Applications Service, the introduction of a New Academic Policy, and the review of the National Qualifications Framework. It is anticipated that these will be finalised within the next twelve to eighteen months.

### 1.2.2 Planning and Funding

The Ministry indicated in the *National Plan for Higher Education* that the national and institutional planning process "in conjunction with funding and an appropriate regulatory framework will be the main levers through which the Ministry will ensure..." that national goals and objectives are met. Furthermore, it indicated that from 2003 the funding of institutions will be directly linked to the "approval of institutional three-year 'rolling' plans, rather than the current practice whereby funding is mechanically determined by past student enrolment trends." (NPHE, p.12) This means, in effect, that the approved institutional plans will determine the level of funding of each higher education institution. Planned student enrolments approved in advance by the Ministry and linked to institutional performance in meeting national goals and objectives, will determine in future the level of funding, and not the actual number of students enrolled as is the case at present. This process has begun in a limited manner through the approved programme and qualification profile of each higher education institution.

The full planning process linked to funding has not yet been introduced for two reasons: first, because of the need to finalise the institutional restructuring proposals, and secondly, because of the need to introduce a new funding framework, which is critical to ensure the effective use of funding as a steering lever. A draft new funding framework, *Funding of Public Higher Education: A*

*New Framework*, was released for consultative purposes in March 2001. The draft framework was subsequently revised and released for further comment in November 2002. It is anticipated that the new funding framework will be finalised in the first half of 2003 and will be phased in from the 2004/2005 financial year. It is important that the affected institutions take into account the implications of the new funding framework in the merger planning process. The Ministry is currently modelling the impact of the new funding framework on merged institutions and will be more than willing to share this information with the affected institutions once this exercise has been completed.

Given the link between planning and funding, as discussed above, and in particular the focus on planned enrolments linked to approved programmes, it is imperative that institutions build this into their merger planning process. The student enrolment plans and the programme and qualification profile of the merged institution should form a component of the institutional operating plan that all institutions involved in a merger or incorporation will have to submit, as it will both determine the institutional level of funding based on the new funding framework, as well as merger/incorporation associated funding needs. The details and requirements that relate to the development of institutional operating plans are referred to in Section 3 and fully outlined in Appendix 3.

### 1.2.3 Legislative Framework

The Higher Education Act (Act No 101 of 1997), as amended, specifically Sections 20 to 24, provide the legal framework for mergers and incorporations<sup>2</sup>. These sections cover, amongst others, issues related to the establishment of merged institutions, the establishment of interim councils and the transfer of personnel, assets and liabilities. In addition, the Standard Institutional Statute (27 March 2002, No. 23065), developed in terms of Section 33 of the Higher Education Act, provides the framework for the interim administration and governance of the merged institution, including the transitional arrangements for academic programmes and awarding of qualifications. The details related to these transitional arrangements are outlined in the relevant sections of these guidelines.

In terms of the legal process for the mergers and incorporations, subsequent to the approval of the restructuring proposals by the Cabinet in November 2002, the Minister wrote to the Councils of the affected institutions, as required by the Higher Education Act, requesting that they indicate by no later than the end of June 2003:

- (i) The preferred name for the institution.
- (ii) The preferred official address of the new institution.
- (iii) The preferred date for the establishment of the new institution.
- (iv) The nominees for appointment to the interim council.

In the case of incorporation, the only relevant information is related to the preferred date for the incorporation.

The information requested is the penultimate step in the legal process, prior to the formal gazetting of the establishment of the merged institution and the incorporation of institutions. It is anticipated that the mergers and incorporations will be gazetted by no later than the end of September 2003.

<sup>2</sup> The relevant legislation pertaining to mergers and incorporations may be accessed from the Ministry of Education web site: <http://education.pwv.gov.za>. This includes the Higher Education Act, as amended and the Standard Institutional Statute.

### 1.2.4 Legal versus Substantive Integration

The Ministry would like to reiterate, as indicated in its document, *Transformation and Restructuring: A New Institutional Landscape for Higher Education* (Government Gazette No 23549, 21 June 2002), the distinction between the formal legal process for establishing merged institutions and the substantive integration of the merged institutions in terms of academic programmes and structures and administrative support and other services. As the Ministry stated:

....it is important to emphasise that substantive integration involves much more than the formal adoption of new policies, procedures and structures. It requires ensuring that the new policies, procedures and structures give rise to the creation of a new institution in the full meaning of the term, that is, real integration with a new institutional culture and ethos that is more than the sum of its parts. It cannot be based on the culture and ethos of the stronger partner in the merger process. This would be a recipe for disaster... In short, it requires a commitment from all institutions to accept that the merger process is a process between equals, irrespective of the current strengths and weaknesses of the merging institutions. (p.35)

The distinction between the legal establishment and substantive integration of merged institutions is especially important in relation to the time-frames for the mergers and incorporations. Although the legal process can be completed in a relatively short time – between twelve to eighteen months, the substantive integration of the merged institution is likely to take between four to five years.

The principle of equality between the merging institutions should be the starting point for giving effect to the merger and in developing an appropriate merger implementation plan. In this regard, it is important to ensure that careful attention is paid to processes for arriving at decisions relating to the adoption of new policies, procedures, structures and systems. This requires establishing processes to ensure that all the relevant role-players and constituencies are involved in and contribute to the decision-making process. An inclusive and participatory process will ensure 'buy-in' and remove any suspicions of the stronger institutions attempting to impose themselves on the weaker ones. Without proper attention to these considerations, it will be difficult to achieve substantive integration.

## 1.3 Structure of the Guidelines

This Introduction has outlined the purpose and nature of the guidelines as well as the policy, planning and legislative context within which it takes place. Along with this Introduction, Sections 2 and 3 offer a broad overview of the merger process.

Section 2 provides a framework for the management and implementation of mergers and incorporations and, in particular, outlines the role and responsibilities of both the Ministry and institutions in the implementation process.

Section 3 deals with financial support, specifically how institutions can access financial support for the costs of implementing the mergers and incorporations, including the re-capitalisation to ensure the financial sustainability of the new entity.

The rest of the guidelines focus on the issues that will have to be addressed in particular areas during the merger and incorporation process. Sections 4 and 5 are conceived of as overarching fields: Governance and Management (Section 4) - because it concerns the fundamental structures and activities that constitute the institution as a functioning legal entity; and Academic Planning, Quality Assurance and Research (Section 5) - because these constitute the core business of the institution.

Governance and Management details the critical legal and practical requirements that must be met to effect the transition to the new institution and enable it to function effectively as soon as it opens its doors to staff and students. The task of consolidating academic activities, on the other hand, may extend well into the life of the new institution. The section on Academic Planning, Quality Assurance and Research deals with the issues related to programme rationalisation, academic structures, research and outreach activities.

Next come the sections on the administrative, support and service sectors of the institutions - their operational heart. These include Student Administration and Support (Section 6), Human Resources (Section 7), and Financial Management and Administration (Section 8)<sup>3</sup>.

Finally there are sections on Information and Communication Technology (Section 9) and Libraries and Information Systems (Section 10). In these two fields, the infrastructure and services provided are critical, and underpin many of the activities of the institution. Decisions about how and when they are merged, however, are to some extent dependent on prior decisions and directions taken in other areas of institutional operations and activities.

In all sections, an attempt has been made to follow the three phases of the merger process (pre-merger, interim and post-merger – see below) and identify those issues and activities that are appropriate to each.<sup>4</sup> This must be understood as a loose framework, however, as much depends on when institutions will be merged and their relative states of preparedness. In some instances, the issues themselves do not lend themselves to this treatment, and variations will be found in the structure of each section. An overriding concern has been to provide the relevant information and suggestions for the initial stages of the merger process. Although the longer term issues and perspectives are outlined, this has not been done at the same level of detail.

In concluding this introductory section, a brief overview is given of the three phases of the merger process, but for a full and detailed account please refer to Section 4 on Governance and Management.

**The first, or pre-merger phase** is when institutions are required to comply with the legal requirements, as previously outlined, for the establishment of mergers and incorporations and to begin preparatory work to facilitate the implementation process.

**The second, or interim phase** is when the new institution comes into being on the date published in the Government Gazette notice. At this time the interim council comes into office for a maximum initial period of six months. This may be extended by the Minister for only one further period, not exceeding six months. Although there is a maximum period of office for the interim council, no minimum period is stipulated and where possible, interim councils should fulfil their tasks expeditiously so as to enable the new institution to move rapidly into a more stable phase characterised by the constitution and appointment of the substantive governance and management structures.

The primary responsibility for the interim council is to appoint the interim management for running the day-to-day activities of the new institution, to constitute the other governance structures as contemplated by the Standard Institutional Statute, and to ensure that a new council is appointed. In addition to meeting these obligations, the interim council must facilitate the general operations of the new institution, as well as to take forward and, where possible, conclude the preparatory investigations to facilitate the implementation process. These are outlined in the relevant sections of the guidelines.

<sup>3</sup> A further section dealing with properties and services is in the process of being developed and will be made available to institutions as soon as possible.

<sup>4</sup> In the case of incorporations, there is no legal provision for an interim phase. Some of the issues and activities identified in the guidelines that are applicable to the interim phase of mergers may apply following the date of incorporation.

**The post-merger stage, or period of full implementation** begins with the taking of office of the full council of the new institutions and the subsequent appointment of people to substantive management positions. The full merging of all units and processes takes place during this period. Unlike the earlier phases, this phase could extend over three or more years before the merger may be said to be complete.



## Framework for Management and Implementation

### 2.1 Roles and Responsibilities of the Ministry of Education

The role of the Ministry of Education in the implementation process lies in the provision of financial and technical support and guidance, and in monitoring the implementation process at the institutional level. Managing the implementation of mergers and incorporations is the responsibility of the affected institutions. The Ministry will provide support and guidance wherever possible and on request from the institutions. To facilitate the provision of such support, the Ministry has established a Merger Unit within the Higher Education Branch. The structure and functions of the Merger Unit and the services that it will provide are outlined below.

#### 2.1.1 Merger Unit

##### **Structure and Functions**

The Merger Unit is located within the Higher Education Branch of the Department of Education and for reporting, accounting and administrative purposes, it falls within the line functions of the Chief Directorate: Higher Education Planning and Management.

The Unit will oversee, support and monitor mergers and incorporations, including providing technical support to institutions in the following areas:

- Academic and research issues
- Information systems
- Human resource policies and procedures, staffing and industrial relations
- Administrative and financial matters, including properties and services administration
- Legislation and legal matters
- Governance, management and decision-making issues
- Student support and administration
- Merger implementation process

The Merger Unit is headed by a Co-ordinator who is responsible for managing and co-ordinating the functions and services of the Merger Unit and providing leadership and direction for merger implementation. The Co-ordinator is supported by a Deputy co-ordinator and section co-ordinators to manage the provision of technical support in the areas identified above. A pool of technical support staff and resource persons with specialised expertise will be contracted by the Merger Unit as and when required, to assist with delivery of technical support to institutions. The Ministry is currently in the process of recruiting personnel for the Merger Unit to ensure that it is well positioned to provide the necessary technical support and guidance to institutions.

The senior management of the Higher Education Branch together with the Merger Unit will function as the overall management team for driving and overseeing the merger and incorporation process.



### Services

The Merger Unit will provide the following services to institutions in addition to these guidelines. It will:

- ➡ Provide and co-ordinate the provision of technical support to affected institutions;
- ➡ Assist institutions with identifying specialised expertise to assist in the process of implementation;
- ➡ Assess and make recommendations on requests from affected institutions for financial assistance in terms of the Ministry's framework for financial support, including requests to employ independent consultants to carry out specific tasks in relation to mergers, such as audits of physical assets and infrastructure, identifying legal and financial obligations, etc.;
- ➡ Monitor institutional management of the implementation process, including meeting regularly with affected institutions and evaluating progress reports submitted by institutions;
- ➡ Convene workshops where appropriate for affected institutions to discuss matters of common concern, which will also provide a supportive forum for sharing experiences and lessons relating to the merger process;
- ➡ Respond to queries and concerns from key constituencies and stakeholders relating to the implementation process, including compiling a database of problems and issues raised and how the institutions and/or the Merger Unit have addressed these;
- ➡ Set in place a merger communications strategy, including a DoE Higher Education merger web-site, and ensure that there is on-going dialogue between the Ministry and key constituencies (e.g., the Council on Higher Education, the Committee of Technikon Principals, the South African Universities' Vice Chancellors Association, national student and staff organisations, and Parliamentary Portfolio Committee) on matters relating to mergers and incorporations;
- ➡ Mediate in cases of dispute and conflict between affected institutions, where required or requested by institutions;
- ➡ Submit regular progress reports on mergers and incorporations to the Minister of Education.

### Reference Group

The Ministry will establish a Reference Group to monitor and assess merger and incorporation implementation process and progress. The group will consist of individuals who have experience of the structures, operations and culture of higher education institutions and/or of large-scale organisations in general, who are sensitive to, and understand the imperatives of transformation and who are highly respected both within and outside the higher education sector.

The intention is for the Reference Group to monitor 'on the ground' merger planning and implementation processes with a view to ensuring that the central principles underpinning the restructuring agenda, namely, transformation, equity, efficiency and development are infused into the merger implementation process. Furthermore, they will seek to ensure that institutional management of the process accords due regard and sensitivity to issues of participation and decision-making, so that the process is validating of the voices and concerns of all institutional stakeholders and constituencies. The role would also include offering clarification and guidance to institutions and, where required or requested, assistance with facilitation and mediation.

The Reference Group, which will work under the auspices of the Merger Unit, will be an additional link between merging institutions and the Merger Unit providing regular feedback on the implementation process and progress, including alerting the Merger Unit to potential problems and areas of contestation which are likely to de-rail or undermine the merger process. On-going engagement with the Reference Group will also enable the Merger Unit to gauge its effectiveness in service delivery and management of the process. The Reference Group will also meet with the Minister of Education from time to time, to keep him abreast of merger developments and progress.

Members appointed to the Reference Group will be clustered into teams, with each team assigned specific responsibility to monitor and assess one to two mergers. A team approach will lessen the onus on individual members, allow for a pooling of skills and expertise and provide a support network. The teams will be available to institutions four to six months prior to the establishment of the Interim Council or earlier in the case of institutions to be merged in 2005.

The Minister, in due course, will announce the membership of the Reference Group.

## 2.2 Roles and Responsibilities of Institutions

The merging institutions are themselves responsible for implementing the mergers within the policy, planning and legislative frameworks set out in Section 1. In the context of the principles of inclusivity and stakeholder participation, the process should be consultative and inclusive through using the existing governance structures established for this purpose, particularly senates, student representative councils and institutional forums. Institutions would do well to consider the particular contributions that can be made to the merger process by their various constituencies, especially the staff and students.

The responsibility for driving the project, however, rests with the institutional leadership, who must ensure that the process is not brought to a halt over issues where there are high levels of contestation. In situations where it seems that conflict cannot be internally resolved, institutions should consider seeking assistance from the DoE Merger Unit, including the Reference Group, or bringing in external facilitators to enable movement and progress to be sustained.

Institutions are also strongly advised to draw up a Memorandum of Agreement well before the date of merger, which will form the basis for all interactions and negotiations. The kinds of issues that should be covered by such an agreement are outlined in the section on Governance and Management and a sample Memorandum can be found in Appendix 2.

There is no reason why institutions should not make use of the considerable expertise amongst their own staff to do much of the gathering of information, preparatory planning and subsequent implementation. Caution should be exercised, however, to ensure that the core functions of the institutions, particularly the quality of teaching and learning, are not jeopardised during this period of change and upheaval. Mechanisms should also be set in place to ensure that adequate consultation and review has taken place and information communicated to wider constituencies.

Because of the complexity of mergers, and the myriad activities that may be simultaneously embarked upon, it is of vital importance that a sense of the whole and the relationship between the parts is maintained. This kind of coherence can best be achieved through the development of a preliminary vision for the new institution, good leadership, a plan for the merger, adequate organisational support, methodological clarity, and clearly allocated roles, responsibilities and lines of accountability.

### 2.2.1 Merger Office

Setting up a single merger office for the institutions involved in the merger is one way of establishing a centre for organisational, logistical and administrative support for merger planning and implementation. With the agreement of the affected institutions, it could be staffed by a small core of dedicated personnel temporarily seconded from their substantive positions. It should be directly accountable to the senior managers and the councils of the merging institutions.

#### ***Merger Manager***

It is strongly recommended that one person be appointed to take responsibility for the overall management of the merger, who will report on progress to the councils and senior executive managers of the institutions and communicate with the Merger Unit of the Ministry. The institutional leadership together with the merger manager should be responsible for driving the process, maintaining a broad perspective on objectives and desired outcomes, establishing necessary links, identifying overlaps, and ensuring proper sequencing of actions.

### 2.2.2 Communication

The importance of timely, clear, consistent, accurate and full communication with all stakeholder groups and the general public cannot be overemphasised. Merger and incorporation scenarios have the potential to generate an enormous amount of rumour, conjecture, uncertainty, anxiety and misinformation. Responsive and responsible communication can do much to ameliorate these circumstances and all communication should be sensitive to the fact that people's needs, interests and values lie at the heart of the change process. The communications function is probably best located within the joint merger office where the accuracy of information can be monitored and checks made that the same information is conveyed to all campuses and external parties. A range of different communications strategies and media could be exploited and special attention should be paid to providing students with information about the changes and their implications, to allay fears and anxieties.

### 2.2.3 Merger Plan

#### ***Developing a Preliminary Vision and Mission***

Institutions should agree on a preliminary vision and mission for the new institution as soon as possible as this is closely linked to the development of a merger plan. Almost every aspect of the merger or incorporation will flow from the initial identification of the character, qualities, values, ethos and trajectory of the new institution. The projected new identity can be a powerful symbolic mechanism for renewal around which staff and students coalesce and in relation to which they use their energies to create a new whole out of the disparate parts of the old institutions.

It will not be possible, however, to develop a final vision and mission during the early stages of the merger process as this has to grow on the foundations of the new institution and may be dependent on processes, such as academic consolidation, that may only be finalised well into the post-merger phase. The mission of the institution is understood as the roles and functions it should be performing that embody or give expression to its values. As this is dependent on an accurate assessment of the capacities, strengths and potential of the new institution, it is likely that it can only be fully developed at a later stage. On the other hand, many institutions have produced new vision statements in the recent past and there are probably high levels of commonality in the basic values and principles that they espouse and would like to carry into the future. If institutions build onto this a sense of the new strengths they will achieve through the merger (through enhanced academic capacity and achieving a critical mass of staff in key areas, for example), at least a preliminary vision and mission can be developed that is realistic and provides the direction

needed to inform those processes that will lay the foundations for the new institution. This need not take very long. The broad vision and mission should in fact be formulated as quickly as possible to inform the direction of much of the merger plan.

### ***Institutional culture***

The creation of a new identity may also provide the means for addressing some of the difficulties of bringing together two (or more) different institutional cultures. At an overt level these differences may be apparent in what have been the strategic and operational priorities of the institutions, in different focus areas for teaching and research, in different missions, in different student markets, and in the historical experience of advantage and disadvantage. It is of the utmost importance that in coming together, institutions show respect for one another and for what have been their primary endeavours in meeting different social and educational needs.

Dealing with these overt differences in institutional culture is not the end of the matter, however. There are other manifestations of institutional culture that are less overt and therefore much more difficult to grasp, but they are the ones that are most likely to create tensions if not properly handled. They relate to a more subtle arena of values and practices that is sometimes understood as "the way we do things." It is extremely important that issues of this kind should be brought to the surface and made explicit so that the new institution and the people within it operate from a shared, mutually accepted set of assumptions and values that govern relationships and practices.

### ***Other Components of the Merger Plan***

Other aspects of the merger plan should be formulated in conjunction with the preliminary vision for the new institution and again, should be driven at the highest levels by the institutional leadership, and approved by the governance structures of the existing institutions. At a minimum, the plan should address all the areas identified in these guidelines and identify the key personnel (such as IT directors and human resources management, etc.) who will be charged with responsibility for co-ordinating and managing activities in these areas. In the guidelines, the areas requiring attention have been conceptualised in terms of overarching fields and underpinning services that spread across the whole institution, and other areas with a more contained, defined ambit.

***Managing the Merger:*** Whatever approach is adopted, the manager of the merger process will probably have to set up task teams to do the work in the areas identified in these guidelines. These task teams should have representatives from each of the institutions involved in the merger or incorporation, and should be given clear terms of reference, work briefs and timelines for the completion of each stage of their allocated tasks. Co-ordinating the activities of these task teams, ensuring that tasks are tackled in the appropriate order, and that work is done in relation to the established overall timeframes, should be the responsibility of the merger manager. When it comes to the development of plans, the task teams will not be able to work independently of one another as there will be many areas of overlap where decisions made in one area (such as IT) may be dependent on decisions made in another. Ensuring congruence in the progress of the task teams should be the responsibility of the overall merger manager.

A possible approach, well suited to handling the complexities of the issues, is to view the merger as a project. This allows for high level planning, identification of key decisions that must be taken and critical issues addressed, identification of key stakeholder groups for consultation, appropriate sequencing of actions and decisions, and the allocation of responsibilities and reporting lines. It also allows for the overall project of merging to be broken down into a number of sub-projects (to which task teams would be appointed) with clearly identified work-streams. Work-streams can be managed as a series of interlocking projects with clear timelines, sets of objectives, sequences of activities, reporting and accountability relationships and assessment procedures. This enables

a clear assessment of when each work-stream, and each stage within work-streams, can be embarked upon. The correct sequencing of plans, decisions and actions in the merger plan is important to ensure compliance with general legal requirements at different stages of the process, and to ensure an internal operational fit. For example, the provision of a common IT platform is not possible until decisions have been made about how data systems are to be reconciled, and libraries cannot be reconfigured until there is clarity about the nature and location of the academic units of the new institution. But even where one sequence of actions is dependent on the completion or partial completion of another, it will at least be possible to embark on planning for future actions.

Some activities can obviously begin in the pre-merger phase whereas others may be dependent on the decision-making powers of an interim council, or the appointment of the new council of the merged institution. In almost all cases, planning for work-stream activities can begin early in the process. An example of this model of project management is developed in Section 9 on information and communication technology and could be adapted to suit the needs of other areas.

One way of planning merger activities is to plot them against the three legislative phases of the process - the pre-merger, interim, and post-merger phases - each of which may be used differently depending on the date set for the merger. (For incorporations there is no interim phase.) Those institutions that are only due to merge formally in January 2005 may accomplish far more in the pre-merger phase than those that are set to merge in 2004.

**Transitional arrangements:** Legislative compliance and the practical necessity to have key elements in place for the opening of the new institution to students and staff will cut across some of these plans. It will be important in this respect to anticipate and prepare for those things that must be done in the short term to ensure a smooth transition. These guidelines attempt to identify in every section those matters that require urgent attention.

With this in mind, merger activities in each of the work-stream areas may be organised in relation to the following broad categories:

- ➡ Transitional arrangements;
- ➡ Audits (understood as a general assessment of the current situation in any area);
- ➡ Plans and proposals - developed on the basis of the audits and leading to an implementation framework;
- ➡ Implementation.

**Audits:** One activity that is not dependent on others (or even on the formulation of a preliminary vision and mission) is the auditing of the existing situation in all areas. The term audit is used here in the broad sense of an accurate account of what is currently in place, ranging from physical property and plant, facilities and equipment, to enrolments, academic programmes, staff, IT infrastructure and systems, policies and procedures, and a host of other things. This is essential information, without which plans cannot be drafted, including the development of an institutional operating plan for the new institution. In many areas this information can be gathered by staff, but it should be co-ordinated by the joint merger office to ensure that there is consistency and comparability in the nature of the data collected and the way it is collected across different campuses. In some areas, such as assessing financial assets and liabilities, it may be necessary to draw in external help, although audited financial statements provide an obvious starting point. Whether audits are conducted by internal or external persons, it would be an advantage, in each area, to have the same people collecting data on all campuses to ensure consistency of information.

In arriving at decisions on how best to harmonise policies, procedures, structures and systems, it is necessary to both guard against adopting the lowest common denominator or to adopt new policies, procedures, structures and systems simply because they are new. The aim at all times must be to ensure that the policies, procedures, structures and systems adopted will enable the merged institution to discharge its mandate and to fulfil its vision and mission effectively and efficiently.

#### 2.2.4 External Professional Assistance

Institutions are also at liberty to call in external assistance to help them with aspects of the merger for which they lack expertise or capacity, and which fall beyond the scope of assistance that the Ministry's Merger Unit may be able to render. Reimbursement for such external professional assistance will be available on application, subject to the request meeting the conditions stipulated in the section of the guidelines entitled Financial Support. Institutions should consult this section and ensure that they have met all the necessary requirements, including written agreements with the Ministry, before engaging the services of external parties.

#### 2.2.5 Institutional Operating Plan

All institutions involved in a merger or incorporation will be required to submit to the Ministry an 'institutional operating plan' no later than twelve months following the date of merger or incorporation. Much of the information generated by other aspects of the merger plan will be needed to formulate this operating plan (see Section 3 and Appendix 3 for details).





## Financial Support

### 3.1 Introduction

The Ministry is committed to providing financial support to the higher education institutions that will be established through the merger of two or more institutions, as well as to existing higher education institutions that are required to incorporate sub-divisions of other higher education institutions, as determined by the Minister of Education. The financial support provided will cover three distinct categories:

- (i) Funds provided to 're-capitalise' institutions that are 'under-capitalised' and which have been identified for merger or incorporation. This will be done in terms of the formula outlined in Figure 1.
- (ii) Reimbursement of expenditure incurred by institutions being merged or by the newly formed entity as a direct consequence of the merger, or by an existing institution required to incorporate the sub-division of another institution, and where such expenditure would not otherwise have been incurred.
- (iii) Reimbursement of expenditure incurred to ensure that the merged institution or an institution involved in an incorporation will be operationally financially viable. Under no circumstances will recurrent operating expenditure be reimbursed.

Provision of funds for re-capitalisation and reimbursement of expenditures in terms of category (ii) and (iii) will be contingent on conditions and procedures specified by the Ministry, which are described below.

#### 3.1.1 Definition of an entity

The term 'entity' used below refers both to higher education institutions that will be established through the merger of two or more institutions, as well as to existing higher education institutions that are required to incorporate sub-divisions of other higher education institutions.

### 3.2 Conditions for Reimbursement of Expenditures

All institutions involved in a merger/incorporation are required to produce an 'institutional operating plan' for the new entity. Requirements for the development of this plan are outlined in Appendix 3. A summary of this plan must be submitted to the Ministry for approval within twelve months following the date of merger/incorporation.

The institutional operating plan must contain details including the effect of academic and institutional restructuring on academic and financial projections, and on the operating and capital



budgets for the first three years. Assumptions/bases on which the line items of income and expenditure have been estimated must be included.

As a general rule it will be necessary for the 'institutional operating plan' for the entity to include operational budgets that demonstrate the achievement of at least a 'break even' position within eighteen months of the date of the merger or incorporation and indications that such financial viability is sustainable in the long term. The auditors of the new entity will be expected to comment on this aspect on the completion of their first audit.

The development of a satisfactory institutional operating plan is a pre-requisite for the provision of funds in respect of categories (i) and (iii) above, that is, funding for re-capitalisation of institutions and for reimbursement of expenditures incurred to ensure that the entity is operationally financially viable. The submission of an institutional operating plan is also a pre-requisite for reimbursements for any major extension/alteration to property, plant and equipment essential for the operational activities of the entity.

The Ministry recognises, however, that there will also be direct merger costs that will be incurred by institutions prior to the development of an institutional operating plan, for which reimbursements would be required. For example, as part of the planning process institutions may require expert assistance from external parties to help with the formulation of decisions. There may also be costs involved in administrative re-organisation and harmonisation of policies and procedures, including the merging and aligning of information, communication and technology systems and processes, etc. The following conditions apply in the case of reimbursements for these direct merger costs.

In each individual circumstance in which a liability is to be incurred for which reimbursement will be expected, the Ministry must be consulted and a project plan presented which details the nature of the expenditure and an estimate of the amount involved. Approval from the Ministry must be sought before any commitment is made. Once the expenditure has been incurred, a claim must be submitted to the Ministry with supporting documentation certified by the institution's auditors including, where required, certificates from appointed architects or quantity surveyors.

In no circumstances will reimbursement be provided in respect of the financial effect of adjustments to personnel compensation or adjustments to tuition or residence fees. In addition, financial support will not be provided to upgrade the overall levels of functional services that have supported the managerial, administrative and technical facilities of the entities before being merged or the activities before incorporation, other than the upgrading of the levels of one to the agreed normal existing superior levels of operation and/or service of the other.

The categories for which financial support would be provided and the procedures for leveraging such support are elaborated upon in the sections below.

### 3.3 Funding for Re-Capitalisation

This will be calculated in terms of the formula outlined in Figure 1 and based on audited data as at the date of the merger/incorporation.

The formula is intended to provide an assessment of the 'going concern status' of an entity in the short-to-medium term. In those cases where the resultant computation demonstrates that an institution is under-capitalised as a going concern, the objective is to derive the quantum of funds necessary to bring the institution to a level of funding adequate for continued operations in the short-to-medium term.

The data that will be used to determine the capitalisation status of an entity will be based on audited financial statements as at the date of the merger/incorporation. If an audit is necessary out of the normal financial year cycle the cost of the audit will be included in the costs of the merger/incorporation as a direct merger cost. The calculation will be undertaken by the Ministry in consultation with the entity.

As indicated previously, funds provided to re-capitalise an institution is contingent on the development of a satisfactory institutional operating plan.

### 3.4 Reimbursement of Direct Merger Costs

The following types of expenditure will qualify for reimbursement of direct costs of mergers or incorporations

#### 3.4.1 Facilitation of Mergers/Incorporations

Merger or incorporation facilitation will comprise any external assistance in the form of professional and related services that are considered essential in the formulation of decisions about the creation of the new entity. This could include replacement support for existing personnel where justified. In order to qualify for reimbursement, the Ministry must have agreed in advance in writing that the facilitation services are essential to promote effectiveness and efficiency in creating an effective new entity out of the merging or incorporating institutions. If professional/expert services are considered essential, they will be reimbursed, such as, for example, services requested for analysing and interpreting the financial and other conditions of the institutions to be merged/incorporated at the date of merger/incorporation and for advising on the processes, procedures, structures and strategies (financial and operational) for the entity.

Certified copies of the contracts of engagement with these professionals/experts and their statements of account and copies of their reports must be submitted as evidence of the amounts expended.

#### 3.4.2 Due Diligence Studies

In relation to 'due diligence' studies, the situation for entities in the public sector differs considerably from that in the private sector. When two or more corporate entities in the private sector decide to merge it is essential, for the protection of the proprietors, employees and customers of each, that the respective assets, liabilities, other obligations, the effectiveness of systems and controls in place and the effectiveness and productivity of the operations of each entity are accurately and fairly stated to the other parties. The consequences of misrepresentation create risks to the future enterprise that cannot be contemplated. As a result it is normal practice to engage competent independent professionals to undertake an investigation in respect of each entity to ensure accuracy and fair representation of these facts. Such an investigation is known as a 'due diligence study'.

In view of the financial back-up being provided by the Ministry and the inter-institutional relationships that exist between institutions within the higher education sector, the value obtained from a 'due diligence' study undertaken by outside professionals is not likely, in normal circumstances, to be cost justified. The Ministry is of the view that recent audited statements, an audited register of liabilities and other obligations, access to the 'management letters' arising from the most recent audit and engagement with the auditors of each institution concerned could provide the Ministry and the institutions concerned with a realistic insight into the accuracy of the records, controls and processes of an institution.

However, where there are justifiable grounds for assumptions that the representation in the books and records are suspect, an investigation may be necessary. Such an investigation must be based on a defined brief of its extent and area of concern. A full motivation for such a study in respect of any entity involved in a merger or incorporation must be submitted to the Ministry for written approval in advance of any decisions being made in this connection. Certified copies of the contracts of engagement with professionals/experts to undertake the investigation and their statements of account and copies of their reports must be submitted as evidence of the amounts expended.

### 3.4.3 Administrative Re-organisation and Harmonisation

In the period prior to the actual date of a merger or incorporation, the structures created to determine and oversee the preparatory initiatives must document the various steps that need to be followed in bringing separate management/administrative/technical functions into single effective and efficient operational entities. The costs arising from the agreed steps will comprise:

- ➡ Costs arising from the re-design and implementation of systems and procedures, both manual and technological including the preparation of relevant manuals.
- ➡ Accommodation alteration, additional specialised furniture and equipment and additions to telephone and computer networking facilities.
- ➡ Equipment, software and the respective 'systems' for Information Technology, including the co-ordination of financial and other operational information systems including administrative and management information systems.
- ➡ Design and printing costs for 'signage' and stationery for the new entity.

The Ministry will not be prepared to fund enhancements, e.g. replacing used with new and additional functional capacity over and above existing levels as measured at the better provided institution in a merger or incorporation.

All requests for financial reimbursement for these direct merger costs must provide detailed itemised invoices or other appropriate documentation. This includes final statements and invoices from the party providing the service. The auditors of the new or incorporating entity must certify all such documentation.

It is to be expected that much of the work involved in the process of reorganisation and harmonisation could and should be done by existing personnel of the entities involved in an incorporation or merger. The Ministry will, under no circumstances, reimburse expenditures to outside contractors for work that could and should have been done by employees of the entities involved.

### 3.4.4 Extension/Alteration to Property, Plant and Equipment

The programmes for any 'major' expenditure (the definition of which will be determined in individual cases by the Ministry) on substantial extensions of, or additions to, property, plant and equipment essential for operational activities, must be submitted to the Ministry in advance of acceptance of any tenders for the work. Where the project is for the erection of a substantial building the financial grant commitment from the Ministry cannot be expected to cover the full amount involved and the Ministry will assist in facilitating access to loan facilities. Any such loans will need to be serviced by the institution in the normal way.

All funds requested from the Ministry in terms of these expenditures must be accompanied by supporting quotations, invoices and certification of architects and/or quantity surveyors and must include a certificate from the appointed auditors of the new entity.

In respect of building alterations, for each particular contract, documents need to be provided on the specifications issued in request for tenders from at least three contractors and the subsequent detailed quotations submitted, including the documented decision agreeing to accept a particular tender.

For any individual alteration in excess of R250 000, an architect and/or quantity surveyor's certificate approving the work done in terms of the documented specifications will be required.

#### 3.4.5 Deferred Maintenance

During the preliminary investigations into the merger/incorporation, it may be apparent that there is a significant backlog of deferred maintenance of property, plant and equipment in one or more of the institutions involved.

In accordance with the requirements of the Draft Regulations for Annual Reporting by Higher Education Institutions<sup>5</sup>, the amount involved in eliminating such backlogs must be provided for as 'additional depreciation' in the financial statements of any higher education institution. The formula for 're-capitalisation' takes into account the quantum of accumulated depreciation.

#### 3.4.6 Application of Taxation Legislation

Any taxation legislation that is applicable to merged institutions, or existing institutions that had incorporated the subdivision of another institution, relating to VAT and Capital Gains Tax will need to be assessed and possibly, where the direct consequences of the merger/incorporation will attract taxation that would not otherwise have been incurred, relief will have to be provided. This aspect will have to be referred to the Ministry at the time when the initial aspects of the merger/incorporation are being considered, as part of the institutional operating plan.

### 3.5 Reimbursement of Expenditures for Financial Viability

The following types of expenditure will be considered:

#### 3.5.1 Retrenchment/Voluntary Severance of Staff

The decision by an institution to retrench staff or to offer voluntary severance packages may arise either from the restructuring/harmonisation processes and/or when one or other of the entities entering a merger or involved in an incorporation is in a financial deficit condition caused wholly or partially, in its opinion, by excessive personnel resources relative to its income. As a consequence, its management might conclude that the re-aligning of the staff establishment is an essential urgent action if it is not to be financially burdened with the consequential risk to its financial stability.

The retrenchment or voluntary severance processes and conditions must, to the extent that financial support is expected, be negotiated with the Ministry. It should be noted that the Ministry will reserve the right of input in the terms of the retrenchment/voluntary severance packages, subject to legal obligations as well as previously negotiated terms and conditions. Reimbursement

<sup>5</sup> Copies of the published draft regulations containing the specifications for the content of annual reports have been distributed to all institutions for comment before being finalised and published as Regulations.

of the costs thereof will be limited to not more than two weeks salary per year of service.

Any contribution to the 'top-up' to any 'defined benefit' retirement fund or to accumulated leave will be assessed, as required in the financial statements, in relation to the disclosure of these liabilities and the effect thereof on the computation of the 're-capitalisation amount'.

Depending on circumstances, the state contribution in this regard could comprise an outright grant or a grant in instalments over a period of time.

### 3.5.2 Other Cost Saving Measures

Any other measures designed to reduce costs to make an institution financially viable must be referred to the Ministry before implementation and the basis of reimbursement of expenditure arising therefrom, agreed upon.

## 3.6 Payment of Amounts Due to Institutions

The payment of amounts due to institutions will be dependent on the 'roll out' of funds by the Treasury. If funds are not available when amounts are due to institutions, the Ministry will endeavour to assist institutions in obtaining access to short to medium term borrowing (of the particular amount). The interest on such loans will be refundable by the Ministry.

**Figure 1: Formula for the Computation of the Amount, if any, of the Under-Capitalisation.**

**Capitalisation measure: Basis of computation for under-capitalised entities at date of merger**

<b>Current Liabilities*</b>	- General	X 1,6
	- Current portion - non-current	X 1,0
	- Extra-Ordinary	X 0,05 - 1,0
	- State Guaranteed	X 1
<b>Sub-Total</b>		
Less <b>Current Assets</b>		X 1
<b>Sub-Total</b>		
<b>Non-Current Liabilities **</b>		
	State Guaranteed	X 0,015
	Extra-Ordinary	X 0,05
	Other	X 0,125
<b>Sub-Total</b>		
Less <b>Non-Current Investments</b>		
	Marketable at realisable value	X 0,75
	Public Investment Commissioners	X 0,015
<b>Sub-Total</b>		
<b>Depreciation provisions</b>		
	Aggregate depreciation provisions	X 0,05
<b>Equity Funds</b>		
	Trust & Endowment Funds	X 0,75
	Plus Restricted Funds	X 0,5
<b>Capitalisation Measure</b>		<b>R +/- _____</b>

Institution undercapitalised (+) Institution adequately capitalised (-)

Items to be deducted are indicated by "less" - all other items are added

## NOTES

### **Current Liabilities:**

- (i) Extra-ordinary items, i.e. amounts included for previously unrecorded liabilities such as 'accumulated leave' or 'post retirement benefits, will be included, but the level of weighting will not exceed 1 and, depending on circumstances, may be as low as 0,05
- (ii) The reasoning for including such amounts in 'Current Liabilities' will have to be justified in each case
- (iii) The current portion of non-current liabilities will not be weighted
- (iv) Any amount included for 'Deferred Income' will be excluded from the calculation
- (v) Creditors arising from transactions that qualify for reimbursement, as above, will be excluded from Current Liabilities
- (vi) The balance of 'normal/trade' current liabilities will be weighted 1,6
- (vii) Audited detailed schedules of this item will have to be provided

### **Non-Current Liabilities:**

- (i) Non-Current Liabilities that are designated as 'extra-ordinary', for the same reasons as indicated above, will be weighted at 5% instead of 12,5%



## Governance and Management

### 4.1 Content and Context

It is vital to the success of mergers and incorporations that there is accountable and effective governance and management at all times. The challenge is to ensure good governance and management even while the governance and management structures are themselves subject to change. Institutions must be run effectively throughout the process, and at no stage should there be any vacuum in governance and management. What makes this complex is that the governance and management structures of the institutions have the responsibility for day-to-day management, for merging their own structures, and for driving the change process as a whole. They are accountable at the end of the day for meeting these simultaneous demands successfully.

While councils and interim councils of institutions carry the ultimate decision-making authority, the principles of inclusivity and stakeholder participation demand that all the governance structures of the institutions carry a shared responsibility for the change process. This requires that all governance structures work in concert, and not in conflict, with one another, under the decisive leadership of the councils and executive management. This is conditional on having in place, at the very outset, processes and mechanisms for adequate consultation and decision-making. A related and extremely important component of the merger context is the devising of a communications strategy that will keep all stakeholders informed at every stage of the process.

### 4.2 Issues and Questions

During the different phases of the merger there are at least three questions that should be addressed:

- What are the separate roles and responsibilities of the governance and management structures?
- What are the central issues with which they must deal in the different phases, including arrangements that need to be put in place to ensure a smooth transition from the old institutions to the new institution?
- How should a smooth transition from one set of governance and management structures to the next be effected?

### 4.3 Pre-Merger Phase

As a first step, the councils of merging institutions need to comply with the basic legal requirements of the Higher Education Act as set out in the Minister's letter to them in December 2002. There are, however, a number of other responsibilities that they should also meet in this period, related to forward planning for the merger process.

The legal requirements are dealt with first in this section, followed by other issues.



### 4.3.1 Legal Requirements

As indicated in the Introductory section, the information requested by the Minister from the affected institutions by 30 June 2003 in relation to the preferred name, physical address and nominations for the interim council is the pre-requisite for the formal notice by gazette, of the establishment of the merged institution. The required information should preferably be provided jointly to the Minister by the merger parties. It is anticipated that the merger notices will be published in the Government Gazette by no later than the end of September 2003.

It should be noted that in the case of incorporation, the only legal requirement that applies is the date of the incorporation.

**Naming the new institution:** This is important in terms of establishing the identity of the new institution and is potentially a contentious issue. It is therefore important that institutions consider carefully the process for arriving at the name. In particular, ensuring that it is inclusive and involves stakeholder participation, including the participation of the broader community (such as local government, labour, business and civil society). While the intention is to create institutions with a new identity, there may be strong lobbies for selecting names that reflect something of the historical character of the merging institutions. Whether choices of name are made on the basis of geographical location, cultural and historical considerations, or type of institution, the full implications for the future of the institution should be assessed. It is suggested that institutions develop guidelines to facilitate the submission of proposals relating to the name of the new institution, for example, given the sensitivities involved, it may be advisable not to name institutions after individuals. A separate but related issue is the naming of the constituent campuses of the new institution. Although this is not a legal requirement of the merger it may enable institutions to address the issue of reflecting historical identities by linking this to the naming of the different campuses.

**Setting up the Interim Council:** The members of the Interim Council consist of:

- (a) the chairperson appointed at the discretion of the Minister.
- (b) a minimum of six and a maximum of eight members appointed by the Minister from nominations submitted by the merging institutions.
- (c) three co-opted members with no voting rights to represent the interim management.

The members may not include any member of staff or student from the institutions concerned, except for the three co-opted members. Two points need to be highlighted in relation to the nomination of members for the interim councils. The first is that institutions may nominate members who are not currently connected to the merging institutions, that is, external persons who are not members of the existing councils. It is important, however, to take into consideration the need for continuity and experience, which is likely to be present among currently serving members of the councils of the institutions. Secondly, all institutional constituencies should be consulted on the nominations, although the responsibility for deciding on the nominations resides with the councils.

### 4.3.2 Mechanisms to Facilitate the Merger

The councils and senior management of merging institutions should provide the direction and authority for the establishment of mechanisms to facilitate the merger process, including the following.

**Memorandum of Agreement:** Institutions are strongly advised to draw up a formal Memorandum of Agreement as soon as possible, that will be adhered to by all members of the institutions and will govern the interactions and negotiations in which they will be involved. The purpose of the

memorandum is to facilitate co-operation between the merging institutions in the period prior to the date of merger and, in particular, to ensure that operational decisions in this period do not adversely impact on the operational and organisational integrity of the merged institution. If institutions do not attend to these issues there could be negative financial consequences for the merged institution.

The issues to be covered by such an agreement would include, amongst others, full disclosure of information, personnel appointments in relation to vacant posts, renewal of service contracts, transparency, inclusion and participation of all stakeholders, and effective communication. A draft Memorandum of Agreement can be found in Appendix 2.

**Single Merger Office:** The Ministry strongly recommends that the institutions set up a single merger office though which the merger is co-ordinated as suggested in Section 2. This should be established immediately.

**Merger Plan:** An overall merger plan should be developed that enables the councils and senior managers to play an active role in driving, overseeing and monitoring progress. Accurate up-to-date reporting on activities embarked upon, difficulties encountered and progress achieved, should be made available to councils and senior managers on a regular basis. In particular, they should be alerted to issues that require decisions to be taken, and which decisions have to be taken in consultation with other governance structures such as the senate or institutional forum. As indicated in Section 2, priority should also be given during this phase to the development of a preliminary vision and mission for the new institution.

#### 4.3.3 Transitional Arrangements

The councils and senior managers must also ensure that processes are set in motion to address a number of other issues so that the new institution, on the date of the merger, can effectively and efficiently function for its staff and its students. These include the following:

**Admission policy and fee structure:** Developing an admission policy, fee structure, and terms of payment for new and returning students is a matter of urgency and cannot wait for the interim council to take office. Students and their families need reassurance and clarity on these matters, and proposals in this regard should be prepared for ratification by the interim council. The options open to councils should be considered carefully in the light of issues of access and fairness. These are examined in greater detail in Section 6 on Student Support and Administration.

**Pipeline students:** Pipeline students will need to be reassured that the transition to the new institution will not disrupt their studies or unnecessarily disadvantage them. They should be given information and reassurance in relation to the continued offering of the programmes for which they are registered, the fee structure of the programme, and the terms of payment. For further details and issues consult Section 6 on Student Support and Administration.

**Operational priorities:** Certain operational processes and sets of data should be consolidated as a priority to enable the smooth functioning of the new institution. It may not be possible to achieve finality on these issues, but time-frames for their consolidation should be agreed upon. These would include establishing a single bank account, payroll, staff and student databases and other matters such as the budget processes, that is, co-ordinating budgets and approving a single budget.

**Audits:** Timeframes should be agreed upon, and preparation begun for audits of academic programmes and structures, administrative and IT systems and structures, finance systems and procedures, and human resource policies, including existing agreements with unions. Audits

should be undertaken immediately of assets, liabilities, rights and obligations of the respective institutions so that merging institutions are fully apprised of one another's financial situation and the implications for planning and for the new institution.

**Disciplinary code and rules:** The disciplinary code and rules of the merging institutions apply to the respective employees and students in the new institution until amended by council. The new institution, however, requires a set of disciplinary rules to be in place for new students and new employees. These may be developed on the basis of existing rules, either by adapting the rules or choosing the code and rules of one of the institutions.

**Conditions of service for new employees:** In terms of the Higher Education Act as amended, existing employees will enter the new institution with their existing conditions of service and benefits. However, lessons gained from the Durban Institute of Technology's experience indicate that as far as possible agreements should be reached on new conditions of service that will apply to all employees (new and existing) from the date of merger. This will be of enormous benefit to the merger process as everyone starts off in the new institution on the same footing. However, in the event that this is not possible, proposals related to conditions of service for new employees will have to be developed, taking into account issues of affordability and sustainability.

**Mechanisms for handling disputes:** Agreement should be reached with unions on a dispute mechanism to be used in disputes after the merger date. Guidelines in this regard will be distributed to institutions in due course.

## 4.4 Ensuring a Smooth Transition

Activity in relation to all of the areas identified above need not wait for the appointment of the interim council. As in a relay, a smooth transition requires the passing of the 'baton', in this instance, preparation of information, anticipation of issues, and development of recommendations and proposals that will allow the 'baton' to pass from one set of governance structures that will cease to exist, to another as it comes into office. The interim council should not be faced with a situation where it has to start all processes from scratch, but should be able to make informed decisions on the basis of already developed proposals.

In this regard, it must be noted that the Higher Education Act, as amended does not prohibit the interim council from meeting in preparation for taking office, once its composition is known and has been announced in the merger notice. It is therefore strongly recommended that existing councils make use of the opportunity to work with the 'interim council elect' to ensure a smooth transition. Proposals and recommendations made by the existing councils to the 'interim council elect' must, to the extent that proposals and recommendations are approved, be ratified by the interim council after the merger date to ensure that these decisions have proper legal standing.

### 4.4.1 Management Transition

To further facilitate a smooth transition to the new institution, it is important that steps be taken to ensure that there is no vacuum in leadership and management of the new institution following the date of merger. This is important not only because staff presently occupying management and senior management positions need clarification on their positions, roles and functions in a new institution, but also to avoid a situation of uncertainty for all stakeholders. Effective day to day running of the institution should not be compromised. The following steps are proposed to address this issue.

The 'interim council elect', as part of its preparatory work for taking office should appoint the interim vice chancellor for the new institution on the understanding that this appointment would

only take effect on the date of the merger. In arriving at its decision the 'interim council elect' must consult with the senates and institutional forums of the merging institutions on the process of appointment. The responsibility for deciding on the appointment, however, resides with the 'interim council elect'. Appropriate roles and functions should be assigned to any existing vice chancellor(s) who will enter the new institution with their existing contracts of service and benefit structures but may no longer occupy the position of vice chancellor. Decisions in this regard should take into account the demands of managing multiple campuses.

With regard to all other management positions, it is advised that the 'interim council elect' rule that existing managers, including other senior managers, whose terms of office would have extended beyond the merger date, should continue in the positions they currently occupy in an interim capacity until such time as institutional structures have been consolidated and substantive appointments made to these positions. In other words, the existing heads of sections or departments, directors of units and schools, deans and registrars, vice-principals and any others occupying management positions should continue to fulfil their respective roles, functions and duties in the new institution until such time as the permanent structures of the new institution have been decided and the management positions associated with them can be advertised and positions filled in terms of the institution's processes of selection and appointment, based on organisational requirements in the course of restructuring. It should be stressed, however, that this arrangement should only apply in the case of management appointments, where the existing contracts would continue beyond the date of merger. There should be no expectation that contracts which terminate before the date of merger, will be extended. Nonetheless, the interim council could decide to extend such contracts for operational reasons if it deems this to be necessary.

It must be emphasised that the above transitional arrangements do not preclude the interim council from assigning new functions, responsibilities and lines of accountability to persons occupying management or senior management positions or from undertaking steps to restructure the staff complement in the new institution if this is deemed to be necessary for operational reasons, provided that the processes followed are in accordance with the Labour Relations Act (for more details see Section 7 on Human Resources).

The advantage of this interim arrangement is that it creates continuity and stability in management of the new institution. The interim council must formalise all appointments when it takes office to ensure that these have proper legal standing. To ensure continuity from one set of management structures to the next, an interim council may appoint the interim management for a period longer than the interim council's own term of office. It must be emphasised, however, that the period of appointment of the interim management must not extend beyond the appointment of the substantive vice-chancellor and other managers, which appointments must be made by the new council, after following the processes as determined in the Standard Institutional Statute.

## 4.5 Interim Phase

This is the phase when the interim council comes into office. The interim council has all the powers of a full council aside from the right to make an institutional statute and the right to delegate its own powers. During this phase, the interim council governs the institution in terms of the Higher Education Act and the Standard Institutional Statute.

Apart from these general functions, the interim council has a few limited and specific duties that it must perform during its term of office. These are to appoint an interim management for running the day-to-day activities of the institution (see the suggestions above), to ensure that other structures are constituted as contemplated by the Standard Institutional Statute, particularly the senate and institutional forum, and to ensure that a new council is appointed. The Ministry

strongly urges interim councils to discharge their duties effectively and rapidly to enable the institution to move into a more settled phase.

As far as employees are concerned, Section 23 of the Higher Education Act as amended, specifies that the contracts of employment between the merging institutions and their employees are automatically transferred to the new merged institution from the date of merger. However, as stated in Section 4.3.3 attempts should be made to reach agreements during the pre-merger, planning phase on new conditions of service that will apply to all employees from the date of merger.

#### 4.5.1 Setting up Governance and Management Structures

**Interim Management:** A primary responsibility of the interim council is to govern the new institution and one of its first tasks is to appoint the interim senior management, as defined in the Standard Institutional Statute<sup>6</sup>, to manage the day-to-day activities of the institution as determined by the Higher Education Act. As mentioned earlier, prior to taking office the interim council should have decided on the appointment of the interim management, including senior management and what is required at this stage is to formalise the appointments to ensure that these have legal standing. However, in the event that this did not happen, the interim council must appoint the interim management as a matter of urgency.

Institutions are strongly advised to avoid having large numbers of people in interim management positions for any significant length of time and every effort should be made to decide upon the permanent structures of the new institution as soon as possible so that the management positions associated with them can be advertised and positions filled in terms of the institution's processes of selection and appointment. The sooner this happens the better, as institutions risk losing some of their most skilled members of staff if there is a prolonged period of uncertainty.

The interim council should also set up audit, finance and human resources sub-committees.

**New senate and new institutional forum:** In terms of the Higher Education Act, as amended the interim council must ensure that a new senate and new institutional forum are constituted, the composition of which are determined by the Standard Institutional Statute. Given that the composition of these governance structures is prescribed in the Statute, the interim council is strongly advised to constitute these bodies as soon as possible because the appointment of a new council is contingent upon the existence of these structures<sup>7</sup>.

**New student representative council:** Ideally a new single student representative council (SRC) should be constituted in terms of the Standard Institutional Statute during the interim council's term of office. However, this may not be possible due to the timing of SRC elections, which usually take place in the latter half of an academic year. If this is not possible, then in the transitional period the existing SRCs remain in place but should jointly fulfil their functions.

**New council:** The interim council must ensure that a new council is constituted in terms of the provisions of the Standard Institutional Statute. The new council must be appointed within 12 months of the establishment of the new institution, but preferably within the first six months. The

<sup>6</sup> The senior management as defined in the Standard Institutional Statute means the principal, the vice-principal or vice-principals, the registrar or registrars, the deans of faculties as well as any other managers as determined by the interim council.

<sup>7</sup> In the event that any urgent decisions have to be made on academic matters before the new senate has been constituted (it could, for example, take some time for faculty representatives to be elected) then the membership of the previous senates should combine to take these decisions. The same process holds for the institutional forum, in the event that the new forum has not been constituted.

other structures that are represented on the council (see below) must be established to be able to make nominations for the council. In terms of the Standard Institutional Statute, the members of the new council are elected in a manner determined by the interim council.

The council, as contemplated in section 27 of the Act, consists of:

- the principal;
- not more than two vice-principals;
- five persons appointed by the Minister;
- two members of the senate elected by the senate;
- two academic employees of the institution elected by the academic employees;
- two students, elected by the SRC;
- two non-academic employees elected by the non-academic employees;
- three members of the convocation elected by the convocation;
- ten members with a broad spectrum of competencies in the fields of education, business, finance, law, marketing, information technology and human resource management appointed by the interim council;
- such members as co-opted by the council.

At least 60 per cent of the members of the council must be persons who are not employed by, or students of the institution and regard must be given to racial and gender representation on the council. The council members must have knowledge and experience relevant to the objects and governance of the institution. Institutions must take note that in terms of the Higher Education Act, as amended the membership of council may not exceed 30.

#### 4.5.2 Setting-up Other Structures and Positions

**Convocation:** In terms of the Higher Education Act, as amended the rolls of the former convocations should be combined to establish a single roll of members of convocation from which roll the office bearers of convocation should be elected. However, in the event that the election of new office bearers does not take place during the interim council's term of office, the transitional arrangement provided for in the legislation is that the existing office bearers should jointly fulfil the duties and functions of convocation.

**Chancellor:** The terms of office of chancellors of merging institutions terminate following the establishment of the new institution. While the interim council has the authority to elect a new chancellor for the merged institution in the manner provided for in the Standard Institutional Statute, it would be advisable to leave this appointment up to the new council to finalise and until such time, the interim vice chancellor should perform the functions of the chancellor for the new institution.

**Academic management structures:** These are discussed in Section 5 which deals with academic and research structures and functions, among other issues.

#### 4.5.3 Other Priority Issues for the Interim Council

In addition to meeting their obligations in relation to setting up the governance and management structures of the institution, the interim council must attend to a number of other issues as a matter of priority. Proposals and recommendations in many of these areas should have been prepared in the period leading up to the date of merger, but in the event that this did not happen, the interim council must attend to them as a matter of urgency.

They include:

- Approving the annual budget of the institution<sup>8</sup>;
- Determining an admissions policy;
- Agreeing on the fee structure and terms of payment for new and returning students;
- Deciding on criteria and processes for financial aid and student loans;
- Setting up audit, finance and human resource committees of council;
- Deciding on a disciplinary code and rules for new students and new employees;
- Determining conditions of service for new employees<sup>9</sup>;
- Developing an institutional operating plan;
- Determining the language policy of the new institution, in consultation with the senate.

For the general operations of the interim council, it may rely on adaptation of the past policies and procedures of the former institutions to suit its immediate needs (as, for example, in determining the composition of necessary sub-committees) until new policies and procedures have been finalised.

A number of merger processes will continue in this phase, some of which may reach finality and result in proposals that come to the interim council for decision. The interim council is responsible for ensuring that all these merger processes are on track and should monitor progress through regular reports.

## 4.6 Post-Merger Phase

In this period, the new council takes office with the full powers and responsibilities of a council as specified in the Higher Education Act and the Standard Institutional Statute. A primary task for this council is to appoint the senior management as defined in the Standard Institutional Statute. However, until such time as these appointments have been finalised, it is recommended that the interim senior management continue to manage the day-to-day operations and activities of the institution.

The council must also make rules for the institution, establish a disciplinary code for staff and students and decide on the delegation of powers. It must set up its committees to deal with matters that fall within its domain.

Furthermore, this council draws up an institutional statute that will replace the Standard Institutional Statute, although this is not a matter of immediate urgency. The existing senate and institutional forum continue to operate until a new institutional statute has been adopted.

The council and the senior management, in consultation with the other governance structures, must continue with the ongoing work of implementing the merger, and drive the merger process to completion.

## 4.7 Governance and Management Issues for Incorporations

As indicated above, the only legal requirement that applies to incorporations is in relation to the effective date of incorporation. None of the legislative requirements and few of the activities associated with the interim phase for mergers apply to incorporations. However, as suggested in

<sup>8</sup> In the event that the term of office of the interim council exceeds six months, it may be required to approve the budget and the tuition fees for the following financial year. As a consequence of this extension there may be other issues requiring its approval for the following year.

<sup>9</sup> As far as possible, merging institutions should strive to develop a new common set of conditions that will apply to all employees of the new institution from the date of merger. See Section 7.2.2 for a more detailed discussion on this matter.



Section 2 institutions would be well advised to draw up a Memorandum of Agreement and establish a plan for implementing the incorporation.

In relation to governance and management structures, the primary consideration should be to find appropriate structures to meet two distinct objectives, namely the structures needed for the efficient and effective functioning of the incorporated campus, and the full integration of the incorporated campus into the receiving institution.

- The first of these will in large part depend on operational decisions - the role and function decided upon for the incorporated campus in relation to academic programmes, mode of delivery and research potential. It may be necessary to create the position of campus director or co-ordinator to manage the day to day operations of the incorporated campus. Line management functions and responsibilities should be clearly specified between equivalent sections or departments on the different campuses.
- In terms of integrating the new campus into the institution, the management and administration should be organised so as to enhance the sense of belonging to a single institution.

The incorporated campus will fall under the governance of the receiving institution in accordance with the Higher Education Act as amended, and the statute of the institution. Amendment of institutional policies should be considered to allow for representation of the incorporated campus on appropriate governance and management structures. These include the senate, institutional forum and the student representative council.





## Academic Planning, Quality Assurance and Research

### 5.1 Content and Context

The academic activities of teaching, learning and research are the core business of higher education institutions and much of the thinking and planning for mergers should focus on protecting and strengthening capacity in this area, in particular, ensuring the highest possible quality across the full range of academic programmes and endeavours. Perhaps the greatest challenge is for merging institutions to grasp the opportunity to build a new academic institution, which is better than the sum of its constituent parts.

Consolidating academic programmes across two or more campuses means that hard choices will have to be made about academic structures such as faculties, schools and departments as well as in relation to the nature of academic programmes, and where they will be presented. This arena is one in which there is high potential for conflict as academics are likely to defend their 'turf'. The issues to be dealt with are extensive and complex and inevitably a series of 'trade-offs' are likely to occur. On the one hand various academic interest groups will strive for the continuation of programmes in which they have invested considerable time and effort. On the other hand it will be necessary for institutional planners to achieve a balance between the academic desirability of continuing to offer a specific programme and the need to consider financial viability. The primary focus of institutions must be to develop a satisfactory institutional operating plan which, apart from ensuring financial sustainability, must take into account national policy goals and objectives and demonstrate a sensible fit in respect of local and regional programme and qualification mix (PQM) profiles. Due attention must also be given to quality considerations.

It should be said from the outset that while it is not desirable for academic planning processes to be unduly prolonged, it is also not desirable to rush them. Decisions should be taken on the basis of rational, defensible criteria that rise above personal interests and keep the strength and integrity of academic programmes as the major objective.

There are two fundamental frameworks within which academic planning for the merger must take place. These are the Higher Education Act of 1997 as amended, on the one hand and the Programme and Qualification Mix (PQM) policy on the other. The Act, as amended, makes it quite clear that merging institutions must continue to offer all existing programmes under their existing rules until the programmes and rules are amended or restructured by the new council. Aside from any other considerations this would be necessary to meet the needs of students already registered for them (pipeline students). The PQM document does not allow institutions to offer programmes in areas other than those already approved and makes specific suggestions for rationalisation through a process of regional review. This means that in broad terms, the combined PQM profiles provide the starting point for the new academic plan (see Appendix 3C on guidelines for consolidating PQM profiles). The challenge arises where there is clear overlap between, and duplication of, programmes and some form of rationalisation is necessary. The resolution of this

issue hinges on a number of factors, including the location and distribution of faculties across multiple campuses. This will be explored in more detail below.

Institutions are strongly advised not to submit applications for new programmes during the pre-merger and interim phases for the merger process will in itself be extremely demanding without introducing a further level of change. Maintaining some consistency and stability in the academic base will be of critical importance to both staff and students.

Quality assurance becomes a key issue as work begins on consolidating the academic programmes of merging institutions. Apart from the need to prepare for institutional audit and programme accreditation as determined by the Higher Education Quality Committee (HEQC), an agreement on intra-institutional quality assurance policies and structures provides a sound basis for discussions on academic programmes within departments and schools. An agreement on the approach to quality issues helps to dispel concerns that may exist about the quality of academic work in teaching units that are merging.

The promotion, funding and administration of research activities, including internal quality assurance systems for research proposals in the merged institution is another academic activity that requires early consideration if existing research momentum is not to be lost. Given that most research funding comes from external sources and is normally tied to research contracts, good public relations and communications with donors will be essential.

The responsibility for the merging and consolidation of academic activities will be largely in the hands of academic managers such as Heads of Departments and Schools and Deans of Faculties. However, it is also the responsibility of the senior management to ensure that it provides an enabling environment for academic planning activities to happen. Senate too, has a vital role to play in steering and overseeing the academic change process, particularly in recommending organisational and management structures for its core business, but also in the areas identified below.

## 5.2 Issues and Questions

In the case of both mergers and campuses which are to be incorporated, the following questions would have to be addressed.

### ***Academic programmes***

- ➡ In what fields of study and at what levels will the institution/incorporated campus offer educational programmes and how do these relate to the preliminary vision and mission for the new entity?
- ➡ Are courses year long, offered by semester or by module?
- ➡ What will be the primary medium of instruction and mode of delivery? If there are distance education programmes, how will these be organised and managed and where will the programmes be offered?
- ➡ Will any programmes be time-tabled so as to make them accessible to students in full time employment (e.g., part-time courses/programmes)?

### ***Admissions policy and access programmes***

- ➡ What is the institutional admissions policy and what are the selection criteria and methods of assessment for particular programmes? How will these be consolidated?
- ➡ How will different access and bridging programmes be integrated and offered?

**Quality assurance**

- How will quality assurance mechanisms and procedures be integrated into academic provision?

**Academic structures**

- Location and organisation of disciplines
  - How will the relevant academic expertise and programmes be grouped/organised (i.e., in discipline-based departments, schools or some other structure)? For example, should there be departments of Biology, Zoology, Microbiology etc., or a school of Biological Sciences?
  - How will the teaching units be organised into faculties, which are committees of senate? What names will be given to faculties?
  - Assuming that the new institution will have more than one campus, what programmes and faculties will be based on which campus and where will there be justifiable duplication of programmes?
- Governance structures
  - How will the activities of each department or school be structured and directed? By a Head of Department or School, appointed how and for how long? By a committee with an elected chair? What transitional arrangements will be made until such time as substantive positions are filled? A key issue would be how academic structures and their management on different campuses will relate to one another.

**Research**

- How will research in the new institution be developed, promoted and managed? In particular, what will the line management relationships be between research administration offices on different campuses?

**Inter-institutional co-operation and collaboration**

- How will formal links with other higher education institutions (local and international) and with other local bodies/structures such as regional consortia, professional bodies be organised and managed?

**Outreach**

- What outreach activities (such as legal aid clinics and community-based projects) are associated with current academic programmes and can these be integrated and enhanced?

## 5.3 Pre-Merger Phase

Progress on the issues outlined below will vary depending on the state of preparation of institutions and their proposed merger date and some issues may not be finalised until fully constituted councils are in place. However, it is in the interests of merging institutions to make key decisions in respect of policies and structures early rather than late even if implementation takes several years.

### 5.3.1 Academic Planning

Before an academic plan can be developed, it will be necessary to conduct a thorough audit of existing programmes, structures, staff, students and facilities, as well as of quality assurance systems of merging institutions. This provides the baseline information upon which a plan may then be formulated.

The audit should cover at least the following:

### ***Academic structures, programmes and facilities***

- Existing Faculties, Schools, Departments, Units, Institutes and Centres of Excellence;
- All academic programmes, including short courses currently offered. This should include the qualifications to which they lead, entrance requirements, selection mechanisms, methods of assessment and structuring of courses (e.g., in semesters, modules, etc.);
- Medium of instruction and mode of delivery;
- Access and bridging programmes;
- Quality assurance policies and procedures;
- Physical facilities and space provision;
- Outreach activities.

### ***Staff and students***

- Number of academic and support staff;
- Staff qualifications, appointment levels and terms of appointment (permanent, contract, ad-hoc, etc.) for academic and support staff;
- Student to teaching staff ratios, headcount enrolment and student throughput rates;

### ***Research***

- Research administration and policies;
- Research projects and programmes.

Much of this information ought to be readily available as part of the institutions' general information management system and should be accessed from this central database before embarking on further enquiries.

During the audit of academic programmes across the merging institutions particular attention should be given to identifying anomalies that exist in broadly similar programmes. For example, it is possible that at the time of merger, the new institution finds that it offers two general BSc degrees which have different entrance requirements, and are governed by two quite different sets of rules. The two programmes may be composed of different numbers of courses, or the one may be based on modules and degree credits and the other on year courses. Different rules may determine progress from one level to another, pass percentages or percentages for supplementary examinations may differ and pre-requisites for entry to advanced courses may vary. As far as possible such anomalies should be anticipated and harmonised prior to the intake of the first new cohort of students into the merged institution. Differences of this kind should only be tolerated on a temporary basis where sound justification can be offered. In this respect, university programmes are likely to present greater difficulties than technikon programmes that are based on national curricula and will lend themselves far more readily to harmonisation.

Special rules may be needed to regulate the movement of students from one campus to another in order to pursue essentially the same programme under what may be perceived by students to be more favourable circumstances. Clearly, arrangements should be made to ensure that pipeline students are able to continue with their existing programmes, including, where appropriate, agreements with the new dedicated distance education institution to enable students to complete their programmes of study particularly in the case of students with a few courses outstanding.

In effect, the academic planners will have to plan for three types of student; pipeline students completing their programmes under rules determined by the original institutions, new students of the merged institution who register for existing programmes that continue to be offered and new students who register for new consolidated programmes. The phasing out of old courses and the

phasing in of new ones needs to be carefully planned as the process is demanding of academic staff resources. Inevitably there will be some overlap of the old and new in order to cater for students who take courses in different order and for those who need to repeat a course.

Proposals to deal with the range of issues set out above would need to be ready for ratification by the interim council soon after taking office.

### 5.3.2 Quality Assurance

Most higher education institutions have established a quality assurance unit or office under the direction of a senior manager and are well aware of what is expected of them by the relevant legislative and policy frameworks and by the Higher Education Quality Committee. In the pre-merger phase the main task is to formulate proposals for the quality assurance structures and policies of the merged institution for ratification by the interim council. While the responsibility for the quality of academic programmes lies with the academic staff it must be stressed that it is the responsibility of the senior management to ensure that it provides an enabling framework, including the necessary resources. Quality assurance policies need to be in place as early as possible in order that the consolidation of existing academic programmes and the planning of new programmes can take quality assurance requirements into account.

Key documents which should guide the development of new quality assurance systems will be the HEQC Founding Document, Framework Documents for Institutional Audit and Programme Accreditation, and Criteria Documents for Audits and Accreditation.

The HEQC plans to commence institutional audits in 2004 and has indicated that it will negotiate with merging institutions regarding what will be an appropriate time for conducting institutional audits and their place in the audit cycle. Merged institutions, however, should make every effort to establish their quality assurance systems as quickly as possible. Such systems will facilitate academic planning and the merging of teaching units and will provide peace of mind to prospective students and academics within the new institution. Furthermore, all higher education institutions will be striving to achieve 'self-accreditation' status in respect of specified existing academic programmes. The lack of appropriate internal quality management systems will delay the achievement of self-accreditation status.

Applying the concepts and principles of quality assurance across the full range of activities in a higher education institution is a massive task and in recognition of this the HEQC has set certain priority areas for the first round of institutional audits. Merging institutions should pay particular attention to the following target areas:

- Fitness of mission in relation to local, national and international contexts;
- Links between planning, resource allocation and quality assurance;
- Use of benchmarks and user surveys;
- The quality management of teaching and learning, with particular attention to programme development and review, and student assessment and success;
- The quality management of research;
- The quality management of service learning.

### 5.3.3 Research

The mission statements of most higher education institutions place a high priority on research and the promotion, funding and management of research is normally the responsibility of a research office directed by a dean or deputy vice chancellor of research. During the pre-merger phase

plans should be made to merge existing policies and structures which govern the conduct and funding of research. In all probability, research committees which report to senate will already exist and such committees should combine to make as much progress as possible on key issues before the interim phase commences. Such issues would include:

- ➞ Advising the senate on research policy;
- ➞ Recommendations on how research funds will be allocated;
- ➞ Developing a code of ethics for researchers;
- ➞ Deciding on
  - entry to higher (research) degrees;
  - rules for higher degrees;
  - policy on supervisory practice.
- ➞ Quality management systems for research.

## 5.4 Interim Phase

### 5.4.1 Academic Planning

One of the first tasks of interim councils will be to establish key structures which will take responsibility for academic planning. Conventionally this would include a senate committee backed up by a planning unit headed by a director of academic planning, normally reporting to a deputy vice chancellor (academic). The director would drive the planning process and the senate committee would put policy recommendations to senate and council for approval.

Academic planning decisions shape the future of an institution more than any others do and in this regard the academic planning committee holds a major responsibility. The committee needs to develop a plan within national higher education policy frameworks and which is responsive to local, regional and national needs. The plan also has to balance academic desirability with financial viability bearing in mind that funding for establishing a sound financial foundation for the institution is dependent on the institution producing a satisfactory 'operating plan' (see Appendix 3 for more details). This does not mean that a course or module should not be offered if it cannot demonstrate its financial viability. Often, important ancillary courses are not viable but are essential to the mounting of a good quality and well-rounded programme. Academic planners need to determine the extent to which the cross-subsidisation of courses and programmes is possible and desirable. This also applies to programmes that may not be viable but which fulfil important regional or national needs.

It is important that the details of the planning process are agreed upon before any implementation takes place. Within higher education institutions, planners are well advised to adopt an iterative approach to decision making. For example, recommendations in respect of the macro academic structures most suited to organising the academic programmes are best made from an institution-wide perspective. In contrast, the best way to consolidate and re-develop the academic programmes offered by two merging schools/departments is to ask the staff involved for recommendations.

On the basis of the data gathered in the audit, an academic plan should be developed that makes clear what programmes will be offered, through what structures and at what location. Arriving at these decisions involves taking into account the possibilities for rationalisation, consolidation and necessary duplication (for example, on campuses at some distance from each other) of academic offerings. The curriculum issues are likely to be especially complex in the comprehensive institutions where one objective, amongst others, should be to achieve clear articulation between technikon and university programmes. This will be explored in more detail by the Ministry and discussed with affected institutions.



**Academic structures and location:** It would be wise at this stage to resolve what the academic structures are going to be and where they will be located. The advantage of taking these decisions at an early stage is that, where necessary, people can be moved into physical proximity which will greatly enhance the possibilities for constructive engagement in developing their programmes and such a move will begin to create a new academic identity. Substantive academic management positions can also be advertised and positions filled in accordance with the institution's selection and appointment procedures. Travelling between campuses to fulfil the requirements of programmes should be minimised, especially for undergraduate students. Where this is unavoidable, appropriate transport arrangements should be put in place. Physical relocation of academic units is likely to be very disruptive and should be embarked upon in a carefully planned manner.

**Academic programmes:** It is suggested that once the organisational structure of department and schools has been approved, each teaching unit should be given a specified period in which to put forward its proposals in respect of existing programmes - which should remain unchanged, which should change and how, and which should be phased out and why. This will constitute the essence of the academic plan.

In some cases the existing programmes of the different institutions can be integrated with very little change and in other cases considerable modification may be necessary. A fair degree of modification can take place within the parameters of the accredited programme. However, should 50% or more of an existing programme be reconfigured, it is considered by the HEQC to be a new programme and would therefore have to be resubmitted for accreditation<sup>10</sup>. Some programmes may be phased out because of lack of fit with institutional mission or because they are not viable from a financial or academic viewpoint.

Each department and school should be required to produce a plan which is academically and financially viable. A good case would need to be made if a teaching unit were to exist on the basis of high levels of cross subsidisation from other teaching units. Such departments do exist and will continue to do so but it will be necessary to guard against proposals which are driven by motives other than institutional interests. In this regard, care should be taken not to close down programmes without reference to regional and national needs. This is especially important in the case of expensive and/or under-subscribed programmes such as the fine and performing arts, languages etc.

Setting a time-frame for a department or school to complete the above task is difficult. Some teaching entities will have a great deal of work to complete and disputes may arise so that conflicting proposals result. In other cases, relatively small and less complex departments may merge with considerable goodwill and speed. The necessary documentation may be prepared within weeks rather than months.

Driving the above process should clearly be the responsibility of the executive management, particularly deans of faculty, the senate via its academic planning committee and the merger office. Consideration should also be given to the use of external facilitators, such as professional bodies and associations, to enable academic planning. They could serve a useful role in facilitating decisions on academic programme offerings.

#### 5.4.2 Quality Assurance

Once the basic quality assurance structures have been set in place, as outlined for the pre-merger phase, the quality assurance unit will need to attend to the development of policy in key target

<sup>10</sup> Institutions must consult with the HEQC for details of what constitutes a new programme. Provided the reconfigured programme is within the approved PQM profile for the institution, it is not necessary to submit it to the Ministry for approval.

areas such as teaching and learning. The implementation of good practice at the teaching/learning interface is critical to institutional quality and equity of outcomes. Merging institutions would be well advised to establish policies in the primary fields of curriculum development and review, the evaluation of teaching and courses and the assessment of student learning. These will be taken into account in the HEQC audit.

Once suitable structures and policies are in place, the greatest challenge to quality assurance managers is to ensure effective implementation right across the institution. This requires the design of monitoring procedures which are effective but minimally intrusive on academic activities. The outcome of monitoring should be feedback for quality improvement and appropriate procedures should be set in place for this. All of this effort is likely to extend beyond the interim phase and the quality assurance unit will also have to turn its attention to quality assurance in service units such as the library and to the range and condition of facilities which are an integral part of the learning environment.

### 5.4.3 Research

Proposals should also be developed in respect of alignment of research administration, policies and procedures. Issues that should be considered include:

- The institutional budgetary allocation to research;
- The allocation of institutional research funds to researchers and projects;
- Financial and supervisory support for postgraduate students registered for research degrees;
- Rewards for publications;
- Intellectual property rights;
- Contract research and staff consulting;
- Status and support for independent research units;
- Conference grants;
- Alignment of research databases;
- Administration of research scholarships and bursaries;
- Management of research functions and services in the context of multiple campuses.

## 5.5 Post-Merger Phase

It is unlikely that many of these complex processes will have reached completion before the new council comes into office and it is incumbent on the council to continue to drive the various processes forward. Academic planning, quality assurance and the promotion and management of research will always constitute 'work in progress'.

## Student Support and Administration

### 6.1 Content and Context

Keeping the welfare of students in mind is critical to the success of mergers. In practice, this means attending to students' very real concerns about how the change will affect them - by providing information and ongoing communication, in all areas that directly impact on their lives.

Student support and administration is one such area which caters for many aspects of a student's life on campus from the student's first contact with the institution to graduation. The salient features of this section could therefore be seen in a chronological progression from recruitment through admission and registration to academic and financial support, student governance, accommodation, recreation and health, to graduation and employment counselling. There are, however, some matters that require immediate attention in order for students to experience a smooth transition to the new institution.

Before proceeding to outline the issues that need to be considered in this work-stream area, two important legal provisions need to be highlighted. First, the Standard Institutional Statute states that the council "determines and provides student support services after consultation with the SRC," and therefore student representatives from all campuses should be active in the process of developing the services to be provided to students.

Second, provision is made in the Standard Institutional Statute and the Higher Education Act, as amended, for addressing issues relating to pipeline students. In this regard, the following should be noted:

- "If two or more public higher educational institutions are merged into a single public higher education institution ..., the new single public higher education institution -
- (i) continues with all academic programmes offered by the old public higher education institutions under the rules applicable to the respective higher education institutions immediately before the date of the merger, until such programmes and rules are amended or restructured by the new council; and
  - (ii) awards a degree, diploma or certificate to a student who qualifies before or after the date of the merger in its own name, but such degree, diploma or certificate must also reflect the name of the educational institution at which the student was registered immediately before the date of the merger if the student was so registered." [23(2H)]

### 6.2 Issues and Questions

In the case of both mergers and incorporations, the following questions would have to be addressed.

- How best can policies, procedures and administrative systems be aligned in respect of student support and services that will ensure a fair dispensation to all students?
- What arrangements have to be put in place for new and existing students? In particular, what are the systems that must be put in place as a matter of urgency to ensure a smooth transition from the 'old' institutions to the new institution at the start of the academic year?
- What functions and services would need to be centralised, partly decentralised or decentralised?

## 6.3 Pre-Merger Phase

A task team should be appointed as soon as possible to co-ordinate the merger activities in this work-stream area.

### 6.3.1 Audit

The starting point should be an audit of the student support systems and services in existence at the merging institutions or on campuses to be incorporated. This should include at a minimum:

**Student governance structures:** It would be advisable to establish a single SRC in terms of the Standard Institutional Statute as soon as possible. In preparation, an audit should be undertaken (in the pre-merger phase) of the existing SRC constitutions, the terms of office and duties of members, and the relationship with student clubs, societies and house committees. Details of student representation on university committees including the council, the institutional forum, the senate, faculty boards, selection committees and student disciplinary committees should also be audited. Information should be sought about any privileges extended to members of the SRC, the administrative services provided to the SRC by the institution, budgetary allocations, and the processes set in place by the SRC to ensure accurate reporting and accountability. Where campuses lie at some distance from one another, consideration should be given to allowing student representatives to have access to video-conferencing facilities to ensure full participation in the overarching student governance structure. Clearly, one of the issues that would need to be addressed is the model of student governance in the context of multiple campuses. In this respect it should be noted that the Ministry is preparing guidelines for effective student governance that will be made available in due course.

**Student financial aid:** Information should be gathered about the institutional processes and criteria currently used in the award of student loans in terms of the National Students Financial Aid Scheme<sup>11</sup> (the NSFAS) and any internal funding schemes. There should be an audit of all bursaries, scholarships and other academic prizes. Note that some bursaries, scholarships and prizes will have been bequeathed to one or other of the merging institutions, and the nature of the bequest may be such that the new institution will have to ask the courts to amend the provisions of the bequest so that it can apply to students of the new institution.

**Student academic administration:** Existing policies and practices in relation to student recruitment, admissions, registration, the calendar, lecture timetables, the keeping of present and past student records, examinations, graduation and certification should be audited.

**International office:** The existing policies governing the recruitment and admission of international students should be audited as well as all agreements, linkages and programmes with international institutions that relate to students.

<sup>11</sup>This does not refer to NSFAS criteria, which are standard, but to the criteria applied by institutions themselves.

**Student accommodation and catering:** Information should be gathered about admission policies for residences including fees, meal provision, the extent of internal and external accommodation, safety and security provisions, and the administrative and management structures and procedures.

**Disciplinary codes and rules:** An audit of existing codes and rules is necessary in order to develop a new set of disciplinary codes and rules which will apply to all students registering at the new institution.

**Health services:** The audit should assess the nature and extent of health service provision and all special programmes to promote health and well being.

**Students with special needs:** What are the current policies and provisions for students with special needs?

**Sports and recreation:** The audit should cover existing policies and procedures, number and type of sports clubs, associations, affiliations, facilities, administration and management.

**Support, development and counselling services:** The range of support provided for students in the form, for example, of access, bridging and foundation programmes, student orientation programmes, and student mentorships should be recorded. A full audit should also look at related matters such as computer laboratories, language laboratories, life skills, academic skills and language proficiency courses, student counselling and employment counselling.

### 6.3.2 Matters Requiring Urgent Attention

**Admissions policy:** Institutions must develop a common admissions policy for all their campuses that can be applied to the first intake of new students of the merged institution. There are three issues here that should be clearly distinguished from one another. The first is the institutional admissions policy that determines the general criteria for admission to the institution and that should be applied consistently across the institution. Secondly, there are different entrance requirements for particular academic programmes, and thirdly, programmes may specify different selection mechanisms. The issue here is that if the new institution is to offer two or more broadly similar programmes on different sites, the entrance requirements and selection mechanisms ought to be aligned. It would not be defensible to recruit students against different entrance requirements and selection criteria for the same kind of programme, even before there has been any consolidation of existing programmes. The systems and criteria will therefore have to be aligned without delay. Proposals in this regard should be prepared for the immediate attention of the interim council. Issues of access and equity should be central to the development of these proposals.

**Registration:** Ideally student registration processes should be aligned so that from the date of merger registration of students of the new institution occurring on different campuses is captured on a single database and employs a common format for registration. However, this may not be possible given the complexities of aligning systems and processes, particularly for those institutions due to merge in January 2004. In the interim phase, therefore, it may be necessary to allow registration to proceed on separate campuses for separate sets of programmes, provided that the students are registered as students of the new institution, that they have registration numbers of the new institution, and that their programmes are identified as the programmes of the campus on which they will be offered.

**The calendar:** While the programmes of the old institutions are being provided to pipeline students they must be provided within the matrix of rules which prevailed at the old institutions until such time as the programmes and rules are amended or restructured by the new council. Initially, then, from the date of merger it may be practical to retain the calendars of the old institutions, under the name of the new institution. The calendar, however, should reflect any new consolidated courses that are being offered and may have to be amended if some existing courses have been discontinued.

**Fee structure:** Decisions have to be made as a matter of urgency about the fee structure and terms of payment of the new institution. A single fee structure should be developed for new students. In agreeing to a new fee structure, it must be borne in mind that mergers should expand and not decrease access. Every effort should therefore be made to ensure that students are not excluded from the new institution on account of the new fee structure. Different arrangements would have to be made for pipeline students to ensure that they are not prejudiced by the new dispensation. This is especially important in cases where there may be large differentials in fee structures between merging institutions.

**Student financial aid:** Institutional processes and criteria for allocating financial aid should be aligned before the merger takes place, in order to prevent the unfair distribution of funds in the new institution. NSFAS loans are granted on an annual basis in terms of standard criteria which include academic performance in the previous year, and it is therefore true that no student is guaranteed financial support from one year to the next. But it should be possible to guarantee that a student's application for a loan will be fairly dealt with. The criteria and processes applied in the allocation of funding from internal schemes should also be aligned so that all student requests for support (from any student of the new institution) are dealt with fairly and expeditiously. The aligning of criteria and processes for the award of financial support to students should take place in the context of an affordable overall level of institutional support for students.

**Disciplinary code and rules:** While the legislation makes provision for existing students, a decision would need to be taken on disciplinary codes and rules for new students. While the ultimate goal is to develop a common code and rules that apply to all students (i.e. new and existing), a transitional measure would be for the interim council to adopt the disciplinary code and rules (with some modification if this is thought to be desirable) of one of the merging institutions that would then apply to all new students. In relation to existing students, the disciplinary codes and rules that existed at the institutions before the merger are transferred to the new institutions and students must comply with the specific disciplinary code and rules of the institution where he or she has entered the programme, until amended by the council. If any enquiry into incapacity or any proceedings in respect of a charge of misconduct had been instituted or commenced against any student before the date of the merger, such enquiry or proceedings continue in terms of the codes and rules applicable to the relevant higher education institution immediately prior to the merger.

**Centralisation or decentralisation of student administrative processes:** A decision needs to be taken on whether student academic administration is to be centralised, partly decentralised, or fully decentralised as this will inform the provision of student service delivery on all sites.

Following broader consultation, proposals in respect of the above matters should be prepared for consideration by the interim council of the new institution. It is strongly advised that these issues and proposals related to them should be discussed with the 'interim council elect' in the period before the date of merger in order that necessary information be communicated in advance to students and decisions taken as soon as the interim council comes into office.

## 6.4 Interim Phase

### 6.4.1 Developing Proposals

All outstanding audits should be completed and on the basis of this information, proposals should be developed about how the systems, policies and processes identified can be integrated or harmonised.

Proposals, prepared during the pre-merger phase in relation to urgent matters, should be presented to the interim council for decision. Where no proposals have been prepared, the interim council will have to make decisions in these areas in order for the institution to function.

Proposals should be developed with respect to other issues and, depending on their state of readiness, presented either to the interim council or new council for approval.

Although it may not yet be possible to constitute a new SRC, the SRCs of the former institutions could begin the task of drafting a new constitution.

### 6.4.2 Student Services Council

Setting up a student services council for the new institution would be one way of addressing many of the issues that arise in relation to the provision of student support and administration. Some institutions have already set up these structures and their experience has been that they work very well. They are constituted as sub-committees of council with a formal constitution and wide representation of all student interests (students usually constitute at least half of the membership of a student services council). The rest of the membership is made up of institutional staff involved in the provision of student services such as residence wardens, sports officers and staff from the student administration division.

It should be noted that the Ministry, as part of its effective governance project, has prepared guidelines on the role and functions of student services in higher education which, in due course, will be distributed to all institutions.

## 6.5 Post-Merger Phase

The new council must oversee the completion of the processes set in motion to integrate systems and practices. It must also ensure the establishment of a new SRC and student representation on institutional structures and committees.





## Human Resources

### 7.1 Content and Context

Essential to the success of the merger process will be the co-operation and understanding of affected employees. This will be difficult if staff are kept out of the information loop. It is also fair and proper that employees are given as much information and have as much certainty as possible at all times. Ignorance and uncertainty feed rumours and undermine morale more significantly than transparent 'bad' news.

Uncertainty therefore, must be kept to a minimum. Employees must know what is going to happen and when. Obviously, many of the questions to which staff will want answers will require lengthy deliberations and consultations and the answers may not be readily available. This must also be communicated. Staff should be aware of the processes that are to be followed, and that are underway, and what progress is being achieved or what difficulties (and consequent delays) are encountered. Decision making bodies and consultation forums must continually report back and staff must be told when to expect decisions and finalisations.

The process of merger gives rise to a number of sensitive issues in relation to human resource management, and the way that these are addressed is of critical importance. Set out below is a range of considerations and recommended options for dealing with the myriad of interlocking human resource and industrial relations matters, which the merger is likely to raise. Every effort has been made to make these 'considerations' pragmatic and down-to-earth and to avoid elaborate models and the use of jargon.

### 7.2 Issues and Questions

- What are the implications for employment and conditions of service for existing employees of merging institutions?
- How should differentials in conditions of service be reconciled?
- What processes must be set in place to align the staff complement with the requirements of the new institution?
- How can human resource policies, procedures and systems best be harmonised?
- What framework for industrial relations in the new institution can be developed on the basis of the existing agreements with trade unions and staff associations? Are existing dispute resolution mechanisms adequate?
- What transitional arrangements need to be set in place for new employees (i.e. conditions of service, disciplinary rules, etc.)?

### 7.2.1 Employment and Conditions of Service: the Legal Provisions

Section 23 of the Higher Education Act as amended by Act 63 of 2002 deals with the question of employment and conditions of service of employees in higher education institutions which are to be merged into a single institution. This Act contains three important parameters:

- (i) Contracts of employment are transferred automatically to the merged single public higher education institution as from the date of the merger;
- (ii) All rights and obligations between the old employers and each employee at the time of the merger continue in force as if they were rights and obligations between the new employer and each employee;
- (iii) A merger does not interrupt the employee's continuity of employment.

The legislation makes it quite clear that on the date of merger all staff are assured of employment in terms of their existing contracts, and that all staff will retain their existing conditions of service and benefits, including their salaries. While the amendments to the Act are specific with regard to the above transfer of rights, two points need to be highlighted. The first is that while staff will enter the employ of the new institution with their existing conditions of service and benefit structures, the Act does not preclude any prior agreement between the merging institutions and the employees that creates a common set of conditions and benefits that will apply to all employees of the new institution from the date of merger subject to proper consultation with the relevant parties.

Secondly, the Act does not preclude the new institution from undertaking personnel restructuring for operational reasons as long as there is adherence to Section 189 of the Labour Relations Act. Should this be necessary, the process employed and the way it is managed are of critical importance. (See Section 7.2.3 for more details on staff planning and restructuring)

### 7.2.2 Harmonisation of Conditions of Service

It is not likely that merging institutions will have the same or similar conditions of service and benefit structures. The dilemma facing the new institution is therefore how to deal with these differentials. In this regard, the most practical route would be for all staff to be placed on new conditions of service following the date of merger. The setting of such conditions will require an extensive audit and investigation of the merging institutions' conditions of employment and benefit structures. Comparisons will have to be drawn, and alternatives weighed and selected. It is impossible to deal with the detail of such arrangements, but when establishing new conditions and benefit structures, the ability of the institution to attract and retain staff and the financial constraints within which the institution is placed should be borne in mind.

Ideally, merging institutions should endeavour in the pre-merger planning phase to obtain agreement on a new common set of service conditions that will apply to all employees of the new institution from the date of merger. Should this be possible, the new conditions of service must be approved by the interim council once it comes into office. Any change to conditions of service of existing employees, however, must be carefully negotiated, and the implications of the options explored in detail.

### 7.2.3 Staff Planning and Restructuring

The new institution will be required to produce an institutional operating plan in relation to its vision and mission and in order to secure future financial viability. Staff establishments (academic,

technical and administrative) to match these new institutional objectives will be necessary. As a guide to staff planning, and based on best practice, total, all-inclusive staff costs should not exceed 60% of the total recurrent operating expenditure for the institution. There are also a number of other broad parameters, within which staff planning should take place, including staff/student ratios and academic/support staff ratios. Guideline ratios for these are available from the Merger Unit. Whatever decisions are taken in this regard ought to be justifiable.

It should be noted that, as indicated in Section 7.2.1, while the Act does not preclude personnel restructuring, this does not negate the existing rights and legal protection that the staff enjoy in their current employment. Whilst these rights are well known, it is as well to stress the important ones in this context:

- The right to be consulted on all matters which affect them and their job security;
- The right to be given proper reasons for all decisions which affect them and their job security;
- The right to have all possible alternatives considered before resorting to termination (for example, re-deployment, the offering of voluntary severance packages, etc.).

It must therefore be emphasised that personnel restructuring must be undertaken within the parameters of the Labour Relations Act and in the event of uncertainty, institutions are advised to consult the Merger Unit.

Clearly, there will be cases of duplication of positions and functions. Most institutions have similar structures in their administration and offer similar academic programmes. In such cases where it is considered necessary to restructure, the affected employees may be offered the opportunity of applying for 'Voluntary Severance Packages' (VSPs).

VSPs should not be available to all employees; they should only be offered to employees in cases where there is obvious duplication, and even then, they should not be automatic. There should be no right to a VSP. The interim council or new council must take the final decisions about the granting of VSPs by considering likely future staff requirements. Factors such as the skill and demographic profile of the new institution should be taken into account in making the decision.

It should be noted that in terms of financial support for institutional costs incurred in relation to VSPs or any subsequent personnel restructuring processes, the conditions must be negotiated with the Ministry (see Section 3).

#### 7.2.4 Harmonisation of Human Resource Policies and Procedures

Human Resources policies and procedures have to be harmonised. This requires a comprehensive audit of each institution's policy and procedures - gaps will need to be filled and appropriate policies and procedures decided upon. A suggested format for this audit may be found in Appendix 4 and should include copies of all agreements currently operating between institutions and employees.

Where institutions have different policies and procedures covering the same matter some discussion of the efficacy and appropriateness of the different approaches will have to be held and where necessary some research done to establish which route to follow. Institutional best practices should also be investigated and final decisions based on the findings.

Below are some suggestions, in no special order of importance, of areas that require consideration in this regard:

- ➞ The appointment and promotion of academic and support staff;
- ➞ The retirement policy;
- ➞ The advertisement of posts;
- ➞ The appointment of Deans and their responsibilities and authority;
- ➞ Probation;
- ➞ Private work and consulting;
- ➞ The establishment, composition and functioning of selection and search committees;
- ➞ Study and sabbatical leave;
- ➞ Workload models;
- ➞ Codes of conduct in respect of research ethics
- ➞ Intellectual capital;
- ➞ HIV/AIDS;
- ➞ Holding of public office;
- ➞ Relationships between staff and students;
- ➞ Relocation allowances;
- ➞ Sexual harassment;
- ➞ Staff development and training;
- ➞ Salary supplementation;
- ➞ Travel and car allowances;
- ➞ Staff advances and housing loans;
- ➞ Discipline and grievance procedures ;
- ➞ Employment equity.

### 7.2.5 Relations with Trade Unions and Staff Associations

The Higher Education Act as amended sets out clearly that all employer and employee rights and obligations are transferred to the new merged institution. Consequently, all trade union and staff association agreements are transferred to the merged institution. An audit will be required to assess the extent of agreements and the differences between them. There are at least three options for dealing with the differences: harmonising them following a process of negotiation, leaving them as they are and managing around the differences, or, negotiating new detailed agreements. Given the trade-off nature of the collective bargaining process, it is probable that the first and third options, in practice, will have the same result.

The next section deals with the sequencing options for dealing with these issues.

## 7.3 Process, Sequence and Timing

### 7.3.1 Pre-Merger Phase

A task team should be established as soon as possible to co-ordinate the merger activities of the human resources work-stream. At a minimum, it should consist of the human resource directors of the merging institutions and two or more of their senior staff members.

**Undertake an audit:** One of the initial tasks of the task team should be to define the required components of the audit of human resource issues (drawing on the suggestions provided in Appendix 4) and either carry out the audit or delegate this task or components of it to appropriate persons/working groups. At a minimum, the audit should cover issues such as staff distribution, levels of appointment, qualifications, age, gender, race and terms of employment (contract,

permanent, full-time, part-time, etc.). In addition, a thorough and careful comparative analysis should be undertaken of the conditions of service and benefit structures currently operative at the merging institutions. Institutions are encouraged to spend time on this audit as undeclared or unknown factors can have negative effects not only on the outcomes, but also on the credibility of the whole exercise. It should also be borne in mind that much of the information collected here, particularly about staffing, is the kind of baseline information that is essential for planning in all areas that will be consolidated in the new institution.

**Ensure that there are good communication channels:** The task team should ensure that good communication channels are created and are used. Frequent and accurate communication with all members of staff is a vital part of managing the human resource issues arising from the merger. In communicating about human resource issues, the task team should endeavour to meet with representatives of unions and staff associations on a regular basis to keep them in touch with developments and gain feedback from those constituencies.

**Recommend transitional arrangements for new employees:** In terms of the Higher Education Act as amended, the disciplinary codes and rules of the old public higher education institutions continue to apply to the respective employees until such time as the new institution has developed a code and rules that will be applicable to all. If any enquiry into incapacity or any proceedings in respect of a charge of misconduct had been instituted or commenced against any employee before the date of the merger, such enquiry or proceedings continue in terms of the codes and rules applicable to the relevant higher education institution immediately prior to the merger. However, while the legislation makes provision for existing employees, there are no rules for new employees until the new institution has developed its own disciplinary code and rules.

The real urgency in this matter is to fill this vacuum. While the ultimate goal is to develop a common code and rules that apply to all employees, the task team should consider what transitional measure would apply to new employees. One option would be to recommend that the interim council adopt the disciplinary code and rules (with some modification if this is thought to be desirable) of one of the merging institutions that would then apply to all new employees.

A similar decision would be required for conditions of service and benefit structures for new employees in the event that it is not possible during the pre-merger phase to agree to a new set of conditions and benefits that would apply to all employees (new and existing) from the date of merger. Should a decision on service conditions for new employees be required, it would be advisable to make such decisions on the basis of affordability.

Proposals for transitional arrangements should be prepared and presented to the interim council for decision.

Finally, as suggested in Section 2, merging institutions should enter into a formal memorandum of agreement in relation to a variety of issues that will contribute to the successful implementation of the merger. As far as human resources are concerned, this memorandum should at least cover issues such as staff appointments, staff promotions and staff remuneration. The wisdom of arriving at agreements in relation to these issues rests on the need to avoid circumstances or actions that will give rise to animosity and resentment amongst the staff, and to avoid decisions that may have unfortunate financial consequences for the new institution. Under these circumstances, it would also be important to agree on an adequate dispute resolution mechanism to resolve any labour issues that may arise after the merger.

### 7.3.2 Interim Phase

The interim council of the new institution should establish a human resources committee, whose remit will be the managing of the human resources elements of the merger. This committee should work closely with the human resource task team appointed during the pre-merger planning phase and hence in this regard, overlap in membership would be desirable.

The interim council should also ensure that there are adequate dispute resolution mechanisms in place to resolve any labour issues arising from the date of the merger. The interim council may be required to consider staff rationalisation should the staff planning exercise have progressed to this point. It will be incumbent upon it to ensure that any processes in this regard are followed within the parameters set by the Labour Relations Act (No. 66 of 1995).

Proposals prepared during the pre-merger phase in relation to conditions of service, the disciplinary code and rules for new employees, and any other necessary transitional arrangements, should be presented to the interim council for decision. Where no proposals have been prepared, the interim council will still have to make decisions in these areas in order for the institution to function.

All outstanding audits should be completed and on the basis of this information, proposals should be developed about how the human resource systems, policies and processes identified can be integrated or harmonised.

Proposals should be developed with respect to other issues and, depending on their state of readiness, presented either to the interim council or new council for approval.

### 7.3.3 Post-Merger Phase

The new council must oversee the completion of the processes set in motion to integrate human resource systems, policies and practices.

It is recommended that merged institutions, given the new staff configurations, undertake a new process of employment equity planning, subsequent to the merger. The Department of Labour should be informed that the existing plans are no longer valid and will be replaced by a new integrated plan, within a reasonable period of time. A new skills development plan should also be devised.

## 7.4 Human Resource Issues for Incorporations

The human resource issues that would need to be addressed in incorporations are, for the most part, the same as those for mergers. As in the case of merger, the Higher Education Act as amended by Act 63 of 2002 makes it quite clear that on the date of incorporation all rights and obligations of the incorporated campus devolve upon the receiving institution. This means that on the date of incorporation all staff of the incorporated campus are assured of employment as per their existing contracts and that all staff will retain their existing conditions of service and benefits, including their salaries. The implications of this for the receiving institution and the manner in which these could, or must be addressed are similar to that outlined above for mergers and therefore will not be stated again. It is worth emphasising, however, that should it be considered necessary for operational reasons to re-align the staff complement on the incorporated campus, all processes in relation to personnel restructuring must be within the parameters of the Labour Relations Act. This includes exploring as a first option all employment alternatives such as re-deployment and re-skilling. In the event of uncertainty on these matters, institutions are advised to consult with the Merger Unit.



In terms of process, it is advised that in the period prior to the date of incorporation (the planning phase) comprehensive audits be conducted of the total staff complement of the campus to be incorporated. In addition, a comparative analysis should be undertaken of conditions of service and benefit structures of staff of the receiving institution and those of the campus to be incorporated. See Appendix 4 for more details and a suggested format for this audit. This is the kind of baseline information that would be essential for planning and arriving at operational decisions for the incorporated campus.

On the basis of the data gathered in the audit, proposals should be developed for reconciling conditions of service and benefit structures. Consideration should also be given to issues of human resource management in the context of two or more campuses. Many of these issues, however, may only be finalised and implemented following the date of incorporation. Nonetheless, it is important that much of the planning be done prior to this date so as to ensure a smooth transition.

As in the case of mergers, it is important for both parties to ensure that good communication channels are created and used. The importance of frequent and accurate communication with all members of staff cannot be overemphasised. Representatives of trade unions and staff associations must also be kept abreast of developments and be given the opportunity to continually report back to their constituencies.



## Financial Management and Administration

### 8.1 Content and Context

Financial management and administration is a crucial component of the efficient functioning of any entity.

It comprises all those activities related to the delivery of a well-managed and efficient financial, accounting and administrative service. These will underpin all related activities of the institution such as the maintenance of books of account in accordance with appropriate legislation and accounting practices, student administration (including fees collection), creditor payments, fixed assets, cash management, statutory activities and so on. When running smoothly, these activities continue unnoticed in the background of the main thrust of the institution, but when they go wrong, the result can be considerable administrative and control difficulties.

Furthermore, there are two key activities that fall within the scope of the financial management and administration work-stream that should be highlighted. First is the promotion, safeguarding and maintenance of adequate control procedures. An integral part of this is the establishment of appropriate structures with clearly spelt out lines of authority and accountability, as well as structures to ensure the safeguarding of physical assets.

Second is the provision of timely and relevant information in a format that facilitates decision making and effective management at all levels of the institution. This includes regular feedback on financial issues to those responsible for different functions of the institution to enable them to run their areas efficiently and effectively as well as to management at all levels to enable sound decision making.

The process of merging financial systems and procedures is a complex one in that it depends on many variables arising out of its very nature as a service function. It must provide the facilities to run the new merged entity but in order to plan effectively for this it needs to inform, and be informed by, merger activities in all other work-stream areas, particularly information and communication technology, human resources and student support and administration. It will therefore be necessary to ensure from the very outset of merger planning that mechanisms are put in place to ensure that such liaison does in fact take place.

Critical to the successful delivery of financial management and administration aspects of the merger will be the securing of current processes and procedures to ensure that there are no lapses or control weaknesses. Key to this will be the motivation and buy-in of all those involved in or affected by the merger. Good communication channels will greatly assist in addressing concerns that will arise and that may affect efficacy. This is addressed elsewhere in the guidelines.

A significant element of the preparatory work should be to focus on assessing existing policies, procedures and systems as a basis for informing decisions on the adoption and development of policies, procedures and systems for the merged institution. As indicated in the introduction, in making such decisions it is important to avoid ending up with the 'lowest common denominator' or developing new policies, procedures and systems just for the sake of it. This process will require sensitive management to ensure buy-in by all concerned, especially when one institution may have processes and procedures that are more advanced and sophisticated than another's. The objective should be to ensure that the policies, procedures and systems adopted contribute to enhancing the operational effectiveness and efficiency of the merged institution.

There are nine major areas that require attention during the merger. These are:

- Financial governance and management;
- Policies and procedures;
- Financial systems;
- General accounting processes - general ledger: debtors; creditors; cash book and cost allocation principles and procedures;
- Budget and budgetary control processes;
- Salary administration;
- Student financial administration including fees and related charges;
- Human resources;
- Management and financial reporting including the preparation of financial statements.

This next section aims to set out a range of considerations and recommended steps and procedures in relation to financial management and administration. It is not all-inclusive but provides a guiding platform from which to proceed.

## 8.2 Issues and Questions

There are three crucial issues that need to be addressed in the context of mergers and incorporations<sup>12</sup>.

- The first relates to an assessment of the current financial situation of merging institutions, that is, their financial obligations and assets and an assessment of their risk profile. The objective here is to ensure that merger partners are fully and accurately apprised of one another's financial status prior to the date of merger. In business terms, this is referred to as a due diligence study.
- The second is the development of an institutional operating plan, which is a requirement for all institutions involved in a merger/incorporation.
- The third is to introduce a uniform resource allocation and budget process.

In addition, the following issues should be considered:

- Issues arising when the different institutions use the same, similar or different systems for a particular operation/function;
- Issues linked to the people who operate, support or administer/manage current and envisaged systems;
- How best to develop or align policies, procedures and practices, and authority levels that will ensure best practice;
- The finance, accounting and administrative systems must support the day to day operations and statutory reporting requirements of the institution. These systems should also provide,

<sup>12</sup> The financial issues involved in the context of incorporation are similar to those for mergers and hence will not be dealt with separately. For the sake of convenience, the language of this section will refer primarily to mergers although it should be understood that this applies to incorporations, where appropriate.

through normal and specifically requested reporting, reports that support the management in operational, tactical and strategic decision-making;

- Certain of the entities involved in the merger might have separate legal entities that are under their control. All the activities carried out to deliver the merged institution must include the primary as well as any 'subsidiary' entities.

### 8.2.1 Due Diligence Study

It is important for merging institutions to enter the merger with a clear understanding of each other's financial positions. This is essential for developing a financial framework to ensure the sustainability and viability of the new institution. It is therefore important in the initial phase of the merger that the respective assets, liabilities, other obligations, and the effectiveness and productivity of the operations of each partner are accurately and fairly stated to the other merger partner/partners. As stated in the section relating to financial support (Section 3), much of this information can be obtained from the recent audited statements, the audited register of liabilities and other obligations, the 'management letters' from the most recent audit, and through engagements with the auditors of each institution concerned. Institutions should therefore ensure that they provide one another with the required information as soon as possible.

Information that should be collected as part of this study includes:

- Assets: ownership, magnitude, particulars, asset register, physical facilities and infrastructure;
- Liabilities: long term, short term, rental agreements;
- Debtors: amounts, age analysis, provision for bad debts;
- Creditors: magnitude;
- Budgets: past year, present year, budget reports;
- Investments: schedules of individual items showing details of holdings, including cost and current realisable value;
- Computer systems: soft and hardware, operating environment, database;
- Recent annual report in the required format, including audited HEMIS tables, staff and student data;
- Latest management reports.

In the event that institutions are unable to access or provide any of the information required in respect of this investigation, it is advised that the Merger Unit be approached for assistance.

The information obtained from this study should provide merging institutions with a realistic insight into the accuracy of the financial and accounting records, controls and processes of each institution. However, there may be instances where an independent investigation is necessary. This could arise in situations where institutions lack capacity to provide the information or where there are justifiable grounds for assuming that the representations in the books and records are suspect. In the event that this is deemed to be necessary, and to the extent that financial support is expected, institutions are advised to adhere to the processes outlined in Section 3.

### 8.2.2 Audit of Financial Management and Administrative Operations

In parallel with the due diligence study, an 'audit/inventory' of all current financial management and administrative systems, policies and procedures in the merging institutions should be embarked upon. A thorough investigation (audit) must be undertaken resulting in a documented inventory of all aspects of financial management and administration operations. This inventory should then be

used as the basis for developing recommendations for the new entity. The following subject headings provide a structure for the audit, and include comments relating to the use of this inventory in preparing for the new entity.

**Finance governance and management:** The overall responsibility for financial governance resides with the councils of institutions. As part of the audit it would be necessary to assess the extent of similarities or differences in the manner in which councils exercise their fiduciary responsibilities. In this regard, information about the current financial governance practices at the merging institutions should be obtained. This should include council resolutions on delegation of power, contractual capacity of executives and the level of materiality (that is, the extent to which such powers may be exercised). The authorities for actions and decisions taken must be identified. The audit must record the source of delegated powers and the material extent to which such powers may be exercised. In addition, copies should be obtained of the terms of reference of finance and audit committees, of the current financial policies and procedures of institutions as well as institutional policies on disclosure of interests, documented standing rules and procedural regulations and guidelines. These should be summarised for inclusion in the audit report.

The documented inventory should include personnel complements and the preparation of suitable organograms of the various structures within the 'finance/accounting/administrative' operations of each entity involved. These diagrams must clearly indicate lines of authority as well as identify documented delegations of power. Segregation of responsibilities and policies on document management should be detailed.

The information obtained from this audit will assist the new entity to develop interim arrangements for financial governance and management, including staffing.

**Financial and general accounting systems and processes:** The financial, accounting and administrative functions and processes must be identified and recorded in a systematic manner, including the relationship between various systems and functions. The audit should indicate the processing methodology (i.e. 'integrated on-line computer systems') for each of the identifiable finance/accounting/administrative functions in place. In respect of each of these systems, the inputs and outputs must be noted as well as the individual controls exercised over both input and output documents. Reviews of systems must include assessments of strengths and weaknesses. In this regard, reference must be made to the respective reports of the audit and risk committees.

Where there are control accounts in any of the above systems that require periodic reconciliation with 'individual' accounts to which the control account relates, in each case the state of the reconciliation processes should be checked and a record made of the status. The extent to which the accounting processes, financial statements and reports are up to date should be noted. Backlogs should be flagged to enable management to develop plans to bring these up to date in good time for the merger. In addition, information should be obtained on the following processes:

- ➞ The procurement of goods and services: tendering rules and regulations, authorisation and approval of purchase requisitions, receipting of goods and services, approval of payment for suppliers;
- ➞ Revenue accounting: recording of administered or donor funds received for contract research expenditure and other specified activities;
- ➞ Capital expenditure: request, authorisation and approval of capital expenditure process, recording of capital acquisitions in accounting records and depreciation of fixed assets;
- ➞ Internal billing and allocations: bases for determining the transfer pricing for certain services between departments. Overhead charges for independent projects funded from donation or research funds.

Each entity's internal control measures should be assessed and recorded, including assessments of the quality of the various systems for processing data and producing transaction documents and control and management reports.

In assessing the control procedures, the means whereby goods and services are acquired must be noted. In addition, the steps must be noted that are taken to ensure that individuals authorised to enter into contracts on behalf of an institution, disclose any interest they may have with the other party.

An integral part of the audit will be to develop a 'risk profile' of each entity including subsidiary entities ('internal control').

**Financial computer systems:** Given that computing is a major component of financial management and administration it warrants separate consideration. The audit must include documentation on operational systems and processes together with related 'hardware' and 'software', including a review of current software and hardware support and licensing agreements. In addition, the availability of experienced and capable systems staff must be assessed. Another activity to be undertaken is the documentation of the cost centre and account coding structure used by each institution. Coding structures must be developed for the cost centres and account structures of the new entity. In developing the new coding structure and its methodologies, it will be important to set an implementation date (preferably at the start of a new financial year), and ensure that all the other systems that use the finance coding structure are updated with the new codes.

To enable recommendations to be made on systems, practices, procedures and infrastructure, the current position in each of the entities involved, as established from the audit, must be reviewed. This should include their relationship with other systems (e.g. computer systems) in such areas as student administration, the libraries, residences, student financial aid and human resources. This is to identify all similarities and difference for each of the institutions being merged and will include the identification of the mode of processing and, in respect of IT systems used, the proprietary names of the products, for each discrete system. Where systems are different a decision must be reached:

- ➡ to retain different systems
- ➡ to choose one existing system and migrate others to it, or
- ➡ to replace all existing systems with a new one.

The retention of different systems is probably only realistic where the existing systems are providing stand-alone services to individual sites. It is unlikely that continuing with different systems can be anything other than a short to medium term solution where systems are large scale and/or provide the same need across the institutions. Furthermore, it will detract from the essence of achieving a merged entity and may well add to costs as a result of the duplication in the systems and the resources to run them. Such an approach is not recommended unless it is the most effective solution.

Should it be necessary in the interim to retain different systems it will be important to devise ways in which there can be synergy both from a technology point of view and from any other aspect e.g., that of consolidation for overall control or reporting purposes. Where a decision is taken to integrate these systems into a single one, which is a recommended option, the processes that need to be set in place to effect this decision must be documented, including implementation time frames. This will necessarily include all aspects of information technology affecting accounting and



finance operations and as such, will require ongoing consultation with the information and communication technology (ICT) task team. In addition, measures would need to be taken immediately to co-ordinate information provided by different systems.

When making a decision on the systems to be implemented, it should be borne in mind that apart from affording a potential opportunity to introduce cost efficiencies, it could, more importantly, also enable the introduction of system improvements. However, for funding purposes, it is re-iterated that enhancement of facilities over and above existing levels at the better provided institution would have to be strongly motivated and justified. Unless an exceptionally strong rationale is provided and accepted, the Ministry would not fund such enhancements in terms of its criteria for financial support.

Where on-line electronic processing is involved, the means by which this can best be achieved, e.g. identifying suitable physical requirements and suitable service providers, should be decided in conjunction with the information and communication task team.

**Budget and budgetary control processes:** It is recommended that the following information be obtained:

- The processes through which the budgets are currently prepared and the approval process. This should include a review of who is involved in the process (to establish acceptance of ownership of the budget) and the process for reporting and accountability on actual expenditure.
- The extent to which the budget promotes the vision and mission of the institution.
- The control principles that are applied e.g. is control exercised on budget line items or on a global amount allocated to operating units, and are transfers allowed between budget line items or, are there restrictions on transfers between capital and operating budget allocations.
- The current year's budget and the latest budget variance report.
- Who ensures that corrective action is taken for budget overruns.

On the basis of this analysis, proposals should be developed on the budgetary processes and controls to be adopted for the new entity. This should include a resource allocation process and the assignment of responsibilities for budgetary control and monitoring functions. A recommendation must be made on the format, content and review process of periodic management reports.

**Service providers (professional and other):** All contracts between merging institutions and professional and other service providers will continue on their existing terms after the date of merger. It will, however, be necessary to draft recommendations to rationalise such services in terms of quality and financial effectiveness. In this regard, it will be essential for an inventory to be prepared of every single current contract that each institution has for the provision of professional and other services (e.g., banking, investments, audit, supplies, etc.). Such an inventory should record the nature of the contract and its essential terms, that is, duration and financial implications. It is possible that these contracts are not held or housed in a central location. It will therefore be necessary to liaise with all sections of the merging institutions to prepare such an inventory. It should be noted that in the case of certain services, formal contracts would not necessarily be required, for example, banking services. In addition, there may be situations where a third party is providing essential services for which a contract would be required but no formal contract in fact exists. All such services should also be listed in the inventory referred to above.

On the basis of the information in the inventory, proposals should be developed for the continued provision of the respective services after the date of merger taking into account financial cost and service effectiveness. This could mean making recommendations on the re-negotiation of existing contracts where duplications occur. Depending on the state of preparedness proposals must be referred to either the interim council or new council for decision.

**Finance infrastructure:** Assessments should be undertaken of the existing physical infrastructure relating to financial management and administrative operations. On the basis of these assessments proposals should be developed on the physical infrastructural requirements for the new institution. The task team responsible for physical planning should be involved in preparing these recommendations as these would need to be developed within the context of broader institutional physical planning and in particular to decisions about the location of the central administration and the demands of multiple campuses. Once decisions have been taken on the location of financial management and administrative operations, staff and suppliers should be informed of these changes.

### 8.2.3 Institutional Operating Plan

As indicated in Section 3, all institutions involved in a merger or incorporation are required to produce an institutional operating plan for the new entity. Details pertaining to the plan and requirements for submission are discussed in Appendix 3 and therefore will not be repeated. It is envisaged, however, that in order for the plan to be developed, the input of personnel working in this work-stream area will be crucial.

## 8.3 Process, Sequence and Timing

In this section, guidelines are provided for the process components, sequence and timing of activities within the financial management and administration work-stream. Circumstances in the affected institutions may well require modifications or extensions of what is outlined here. The rate of progress in other related work-stream areas, particularly information and communication technology could also have an impact on the timing of these activities.

### 8.3.1 Pre-Merger Phase

In order to facilitate the merging of the 'finance/accounting/administrative' operations of the institutions being merged, a joint financial management and accounting task team should be established as soon as possible. The task team should consist at a minimum of senior personnel from the finance and accounting divisions of the merging institutions and one or two members drawn from the information and communication task team. Its initial task should be to define the required components of the due diligence study and the audit and either to carry out these tasks or to delegate these or components of them to appropriate persons or working groups. It is recommended that project briefs be prepared with clearly defined priorities as well as an overall time line for activities. The task team should also undertake preparatory work on the development of the institutional operating plan.

On the basis of the information obtained from the audits and other investigations, proposals should be developed for the continued provision of financial management and administrative services for the new institution and presented to either the interim council or new council for decision. This should include proposals, including an implementation date for a new finance/accounting/-administration organisation structure based upon the management/administrative structures that will be adopted for the new institution. It is also recommended that high priority be given to those

systems that are essential to have in place following the date of merger. These are likely to include cash control and banking, payroll, purchasing/tendering systems, management and control in relation to student fees, etc. Common coding structures should be developed for cost centre and account structures for the new entity. In addition, proposals should be developed in respect of continuity of all professional and other essential services.

### 8.3.2 Interim and Post-Merger Phase

A number of merger processes in relation to financial management and administration will continue into the interim and post interim phase, some of which may reach finality and result in proposals that come to the interim council for decision.

One of the key priorities for the interim council would be to approve the annual budget of the new institution and agree on the fee structure and terms of payment for new and returning students. The interim council must also set up an audit and finance committee. It may be required to make decisions on the provision of essential, professional and other services. It should monitor progress with regard to the development of an institutional operating plan.

The new council must oversee the completion of all the outstanding processes set in motion to secure full and effective integration of all systems and procedures identified for this work-stream area.

## Information and Communication Technology

### 9.1 Content and Context

Information and communication technology (ICT) is a key factor in support of both the academic functions (teaching, learning and research) and the administrative functions (student information and administration, finance, human resources, buildings and maintenance, etc.) in a higher education institution. ICT comprises the basic communications network (telephone and fax), together with the computer network(s) and computer hardware and software. In many institutions it also has a significant in-house support and administrative structure and typically also has contractual arrangements with external suppliers for many technical support functions.

ICT is a major cost component in many higher education institutions and the merging of two or more such institutions, or the incorporation of one institution into another, could provide an opportunity to reduce some of the costs. However, the process of merging, aligning or converting a wide range of disparate ICT systems and processes is a complex one and the initial focus should clearly be on ensuring successful transitions from old to new systems with minimum disruption and impact on system users and users of system products. It should also be appreciated that in cases where the institutions have disparate ICT operations prior to merger or incorporation there has to be a determination to provide good ICT facilities across all components of the new institution and not to end up with a 'lowest common denominator'. It must be stressed, however, that enhancement of ICT facilities and/or internal ICT service provision over and above existing levels at the better provided institution would have to be strongly motivated and justified. Unless there is an exceptionally strong rationale for taking this course, the Ministry will not fund such enhancements in terms of its criteria for financial support (see Section 3). In this regard, it should be noted that the Ministry is considering the possibility of contracting a management company to facilitate the provision of technical support in ICT to the affected institutions.

In the sections below the term 'system' is used rather loosely. In some cases it includes the hardware, software and processes needed to carry out a particular function in which ICT is a critical factor, but in other cases it may primarily refer to a specific software product or package.

### 9.2 Issues and Questions

There are three major categories of issue to be considered in the ICT area in the context of an institutional merger or incorporation:

- Issues arising when the different institutions operate or use the **same systems** for a particular function;
- Issues arising when the different institutions operate or use **different systems** for a particular function;
- Issues linked to the **people** who operate, support or administer/manage current and future systems.

### 9.2.1 Same systems

Where the same large-scale systems are in use, for instance where all affected institutions are using the same software package for student administration, then the most common solution following merger/incorporation will be for this software package to be running on one central server to provide the functional service to as many sites as required. Some of the key questions to be asked and answered in this scenario are:

- ➡ At which site will the post-merger/incorporation system operate? Factors in this decision are likely to include such things as an analysis of expected transaction volumes on different campuses, network capacity on and between campuses, physical infrastructure for housing the server, availability of skilled support staff, and proximity to key functional users.
- ➡ How can existing hardware best be utilised for the post-merger/incorporation system? In some cases existing hardware (separately or in combination) will be sufficient to run the merged system. In other cases the central server(s) will require upgrade or replacement. Provision must also be made for development, test, and disaster recovery components of the overall system.
- ➡ How and when will data migration take place? It is critical to note that even where the software systems are the same it is almost certain that major modification to data coding will be required on at least one of the systems before the databases can be merged. In the case of a student system this will probably include such things as student numbers; qualification, programme and course codes and descriptions; school names and codes; etc.
- ➡ How will a merged system provide for reporting on historic information, or will alternative mechanisms/systems be provided? This will be particularly important when existing data for one or more of the institutions is heavily modified during the data migration process. How will an academic transcript be generated for an ex-student of each of the pre-merger/incorporation institutions?

### 9.2.2 Different systems

When different large-scale systems are in use in the institutions that are affected by the merger/incorporation then there is a choice to be made between three different ways forward. These three possibilities are:

- (1) To retain different systems, but to devise ways in which they can inter-operate as much as required.
  - An example of such a scenario would be where two or more institutions have different access control systems. In this instance it might be more practical or cost effective, at least in the short term, to continue with different systems provided that relatively few people needed controlled access via the two or more different systems. In this instance it is unlikely that significant inter-operation would be required, but information about individuals with access rights on more than one system would necessarily be duplicated.
  - If the systems are genuinely 'large-scale' then it is unlikely that continuing with different systems can be anything other than a short-term to medium-term solution.
- (2) To choose one of the existing systems for a particular function and then to migrate from the other systems to the one that has been chosen. This will raise many of the same issues that were discussed in the previous section:

- At which site will the post-merger/incorporation system operate?
- How can existing hardware best be utilised for the post-merger/incorporation system?
- How and when will data migration take place?
- How will the chosen system provide for reporting on historic information, or will alternative mechanisms/systems be provided?

However, it will also introduce some new issues and questions:

- Which of the existing systems should be chosen? The answer to this question will clearly require consideration of the functionality provided by the different existing systems, cost of ownership, ease of use, quality of vendor support, sustainability, and expandability.
  - The data migration process will generally be much more complex when moving data between different systems, than that for moving data from one instance/database to another of the same system type.
- (3) To replace all existing systems with a new one. This option is only likely to be chosen if at least one of the following circumstances apply:
- All existing systems currently being used for a particular function are considered inadequate. Where this is the case, then almost certainly one or more of the institutions involved in the merger/incorporation will have already been investigating possible replacement of the system concerned. Such an investigation would then need to be expanded and accelerated.
  - Even where at least one existing system is considered adequate, there may be potential long-term benefits or cost savings that could be realised by choosing and implementing a completely new system.
  - Although one of the existing systems may be satisfactory in terms of its functionality, the possibility exists that it may not be sufficiently expandable to cater for the requirements of the post-merger/incorporation institution.

### 9.2.3 Staffing

It should be noted, as indicated in the section on human resources, that although personnel restructuring may be necessary, in the case of ICT, however, there should be a realisation that the actual processes for answering the questions posed above and for delivering the ICT systems required by the new institution require high levels of technical knowledge and skill and, in many cases, a large amount of work that will be in addition to maintaining 'business as usual'. This means that during the actual merger process there may well be a need to retain existing staffing levels. That said, there are many 'staffing issues' that should be considered as part of the ICT work-stream in the merger/incorporation process.

Deciding on the structure and staffing levels in an ICT department (with a possible separate management information systems [MIS] department or section) in the new institution is dependent on the choices that must be made between internal and external provision of services.

Examples of service areas where such choices must be made are:

- Infrastructural installations (e.g. installation of network cabling);
- Operation, management and support of network infrastructure (e.g. servers, routers, fire-walls, etc.);

- Operation, management and support of key academic ICT infrastructural systems (e.g. library systems, web-based teaching systems, computer laboratories);
- Purchase and maintenance of desktop systems ;
- Application and operating system support on desktop systems;
- Operation, management and support of major administrative systems and applications;
- Operation, management and support of key communication components (e.g. telephone, email, calendar, internet);
- Helpdesk(s);
- Documentation and training;
- Web development.

In making the choice between internal and external service provision there are many factors to be considered. Some that are going to be generally important are:

- The effectiveness and efficiency of existing services in the institutions involved, together with the technical expertise of existing staff;
- Any real requirement for 'institutional knowledge' or knowledge of the higher education environment and/or the academic enterprise in order to ensure effective service delivery;
- The availability of a credible external service provider for a specific service area;
- Comparative abilities of internal and external service providers to respond rapidly when required to do so;
- The ability of the institution to attract and retain staff of the required technical expertise at salaries they are prepared to pay;
- Cost effectiveness.

Should the need for staff rationalisation become necessary, the opportunity to retrain some ICT staff to provide services internally that are currently outsourced in all participating institutions should be considered, but only where this would be appropriate and cost effective.

There will almost certainly be a set of ICT services that will be internally provided in the new institution and this implies an ICT department with an appropriate management structure and staffing levels. It is also important to note that the more services that are outsourced, the greater the requirement for effective contract management, interface management and service level monitoring in respect of external service providers. The aim of ICT management should be to ensure that from a user perspective, the fact that a particular service is provided by an internal or external service provider should be irrelevant and essentially invisible.

#### 9.2.4 Making the choices

The most important requirement for making the choices about which way to go in the new institution in respect of systems and internal versus external service provision is to have extensive and reliable information on which to base assessment and decisions. This is discussed in the next section entitled 'Audit'.

A second and almost equally important requirement is to develop a clear strategy for provision of ICT systems and services in the new institution. For example, it would be appropriate to have a strategy of standardising on a carefully selected subset of hardware, operating systems and application software in order to promote the development of in-house technical skills in a manageable number of areas, to enable more effective user training and support, and to reduce the cost of software licenses. Another strategic decision could be to take the opportunity presented by the merger/incorporation to move away from hardware or software that is no longer adequately supported or for which maintenance costs have become prohibitively high.



For answering some of the questions posed in the sections above it will also be necessary to draw up a business or benefits case for one or more of the options before a decision can be made or confirmed.

### 9.3 Audit

The purpose of the audit process in the context of ICT is to collect comprehensive information on the ICT landscape in all the institutions participating in the merger/incorporation. The type of information to be collected is indicated below, but this list should be taken as illustrative rather than exhaustive. Where overall systems or major network components appear in the list below (e.g. file servers, library systems, and finance systems) then the audit process must collect all relevant information about the hardware, software, support, and operational costs of the system or component concerned.

**ICT infrastructure:** e.g. telephone and fax services; network technologies, hardware components and network management; file servers; web servers; database servers; exchange servers; internet access and firewalls; physical and transactional security; helpdesk system(s); backup and disaster recovery systems.

**Teaching support systems:** e.g. library systems; web-based teaching systems (e.g. WebCT, Blackboard); computer laboratories.

**Major administrative systems:** e.g. student administration and information; finance, human resources and payroll; facilities maintenance; donors and donations; research contracts and grants; venue booking and scheduling; timetabling; management information.

**Desktop and laptop systems:** e.g. preferred hardware; operating system and versions (Microsoft Windows, MAC-OS, Linux, etc.); office suite (Microsoft Office, WordPerfect Office, Open Office, Star Office, etc.); email client; calendar client; web browser.

**Support and procurement contracts:** e.g. hardware maintenance agreements; software maintenance agreements; software license agreements; internal and external service level agreements; preferred supplier agreements, rental and/or lease agreements.

**Internal service provision:** e.g. infrastructural installations (installation of network cabling, telephone cabling, etc.); operation, management and support of network infrastructure (servers, routers, firewalls, etc.); operation, management and support of key academic ICT infrastructural systems (library systems, web-based teaching systems, computer laboratories, etc.); purchase and maintenance of desktop systems; application and operating system support on desktop systems; operation, management and support of major administrative systems and applications; operation, management and support of key communication components (telephone, email, calendar, intranet, etc.); helpdesk(s); documentation and training; web development.

**People:** e.g. organisational structure for ICT and/or MIS departments; knowledge and skills of individual staff members.

**Costs:** operational costs for all items above.

## 9.4 Process, Sequence and Timing

In this section guidelines are given for the process components, sequence and timing for the activities within the ICT work-stream of the overall merger/incorporation process. Circumstances in the affected institutions may well require modifications or extensions to what is outlined here.

- (1) The overall task team for the ICT work-stream should be established as soon as possible. Its initial task will be to define the required components of the audit of the ICT landscape in all the institutions (drawing on some of the suggestions in the previous section) and either to carry out the audit or to delegate this task or components of it to appropriate persons or working groups.
- (2) Lines for reporting the activities of the project teams to the overall manager of the merger and to the senior executive managers of the institutions should be established and the means for monitoring progress. The format of reports should allow for clear identification of decisions that have to be ratified or taken by council.
- (3) The ICT work-stream task team should then develop an overall strategy for ICT provision in the new institution. In doing this it is important to note that existing ICT-related policies in the affected institutions should be a reflection of existing strategy and should be examined with this in mind. For example, one of the institutions might have a policy of providing all academic staff with a desktop PC at institutional expense whereas the other institution(s) might not do this. Clearly a policy/strategy of this type should apply equally across the whole of the new institution. Once developed, the overall ICT strategy for the new institution should be presented to and ratified by an appropriate level in the institutional governance structure.
- (4) There should then be a phase of high-level planning, case development and decisions. This should be carried out by the task team, but they will certainly require additional assistance, particularly from non-ICT staff with expert knowledge in particular areas. For example, it would hardly make sense for proposals and decisions regarding a library system to be made without major involvement of the library directors and some of their staff. The key components of this process are:
  - To analyse the audit data and establish a series of potential systems projects. Each project would focus on a specific area (e.g. network infrastructure, financial systems, etc.).
  - Wherever systems are different an investigation must take place to assess one or more of the options (which are discussed in more detail in an earlier section):
    - a. to retain different systems
    - b. to choose one existing system and migrate others to it
    - c. to replace all existing systems with a new one
  - Even where systems are the same, a project will be required to define and manage the data migration process.
  - To develop high-level project proposals which should include a high-level comparison of 'as-is' and 'to-be', high-level costing, high-level timelines and the benefits and/or business case.
- (5) The high-level project proposals and recommendations must then be assessed and

decisions taken within the governance structures as to which can proceed. In many cases it should be possible for the institutions to reach joint decisions in the pre-merger or interim stage, but in some cases, particularly where there is a need for ongoing financial commitment, it may be necessary to wait for the post-merger stage in which the council of the new institution has taken office.

- (6) The relative urgency and priority of different projects must then be established. Some aspects that may influence priority are:
- Linkage of project outcome to a particular point in the academic cycle;
  - Anticipated duration of project (long projects should start sooner if possible);
  - Availability of resources (human and financial).

It may happen that some of the higher priority or more urgent projects have not yet been approved in which case the decision process may need to be revisited or accelerated (where possible in the context of the merger timeframe).

- (7) For each approved project the following steps should then happen in order to carry out detailed project planning:
- The project team must be selected. In many projects this will have members from departments other than the ICT/MIS department (e.g. human resources, finance).
  - The project team must then define the project in some detail, typically including such aspects as project objectives, scope, deliverables, critical success factors, constraints, approach, standards, and risks.
  - The project team should evaluate dependencies and integration points within the broader institutional framework. Many of the projects will be closely linked to administrative and operational decisions taken in the broader context of the overall merger process, for instance codes for academic qualifications, programmes and courses are likely to change.
  - The project team should then develop the detailed plan. This will require them to determine the work breakdown structure, to assess activity dependencies, to propose milestones, to estimate effort, to propose allocation of resources, to propose a schedule of activities, to develop a more detailed budget, and to refine the risk assessment.
  - There are some components of this type of systems project that are sometimes forgotten and the following list should be checked and items included as appropriate: systems access controls and security; system backup and disaster recovery provision; technical documentation; user documentation; user training; post-implementation user support; post-implementation technical support.
- (8) The detailed project plan for each project should then be presented to and approved by the appropriate level of the institutional governance structure.
- (9) Once the project plan is approved for a project then it moves to the stage of being activated, then controlled (which is the stage where the primary work of the project is actually done) and finally the project is ended. Some of the typical activities in these three stages of a project are:

- Activate: publicise the project (inform stakeholders, brief participants, set expectations); equip the project (acquire facilities and install equipment); train the project team.
  - Control: assign tasks, manage activities, motivate participants, track issues, manage change, manage scope, manage expectations, track progress and monitor status, revise plan as necessary, manage risk, manage resources.
  - End: measure results in context of business case and/or benefits case, conduct a post-mortem to identify lessons learned, ensure sustainability.
- (10) In parallel with the systems projects for which the sequence of processes is outlined in steps (4) to (9) above, it will be necessary to run several investigations into ICT service provision in order to reach rational decisions as to which of the services should be provided internally and which externally. This job could be done by the overall work-stream task team, augmented as necessary with expertise appropriate to a particular service area under investigation. The actual decisions should not be made by the task team, but at an appropriate level in the institutional governance structure.
- (11) Once step (10) is complete it will then be possible to undertake the organisational design of the future ICT/MIS department in the new institution. This design and the proposed timing for the establishment of the new department will require approval by an appropriate level in the institutional governance structure. The actual process for forming the new department and for appointing staff will have to be guided by the human resources department.

We now have to consider the timing of this whole process as related to that of the overall merger or incorporation process. As far as possible, steps (1) to (4) should be completed within the pre-merger timeframe, but with the knowledge that the top level of the governance structure will change as the merger/incorporation process moves to the interim and then to the post-merger stages. The systems projects described in steps (5) to (9) could proceed irrespective of the merger stage, but there may be some cases in which the decisions referred to in (5) can only be made at the post-merger stage. Step (10) should take place in the pre-merger or interim stages, but step (11) will almost certainly have to wait for the post-merger stage.

Finally, it should be borne in mind that a significant effect on the timing of specific systems projects, would be the rate of progress in other aspects of the merger/incorporation process. Particularly in the areas of major administrative systems and in teaching support systems (specifically in the library area) there are likely to be decisions required in the functional departments that may not necessarily be possible in the pre-merger or even the interim stage of the overall process. It would therefore be necessary to keep abreast of developments and progress in other areas of the merger process.

## Library and Information Services

### 10.1 Content and Context

Academic libraries in South Africa have a strong history of collaboration and resource sharing, and the advent of regional library consortia in recent years has enhanced this. In most of the mergers being undertaken, the libraries involved will already be collaborating with each other and several staff will have met their counterparts in consortia working groups and committees. These activities and contacts should assist in the undertaking of a library merger.

Library and Information Services are a key component of the core functions of a higher education institution - teaching, learning and research. It is a major and cost-intensive service on the campus, and it is important to implement mergers or incorporations with as little disruption to the staff and students of the institutions as possible. The complexity of a library service should not be under-estimated. Its information technology systems are probably the most complex of any on the campus, its range of services extensive, the specialisation of its staff considerable, and its importance to the academic community substantial. It is an area that has developed and changed enormously in recent years, challenging staff to take on new roles and learn new skills.

If the library merger planning process is handled positively and carefully, it has a good chance of proceeding well. The initial setting-up of a task team, working groups, communication channels and processes is critical. Throughout the process, flexibility, adaptability, tact and sound decision-making ability will be required.

A merger should not simply be an absorbing of one library by another, nor a review of existing services. Rather, it should be an opportunity for implementing new services and initiatives in line with the needs of the new institution. Library mergers must be undertaken systematically, with support from the executive management, sufficient resources, and within an achievable time frame. The issues that will need to be tackled in both mergers and incorporations are for the most part the same. In both instances, the desired result is a seamless, fully integrated library service and system operating on main and secondary campuses.

### 10.2 Issues and Questions

There are ten major areas that require attention during a merger or incorporation<sup>13</sup>. These are:

- Management (including management of the library merger process);
- Human Resources;
- Policies and Procedures;
- Client Services;
- Technical Services;

<sup>13</sup> The issues and questions listed here should be taken as illustrative rather than exhaustive.

- Collections;
- Space;
- Model (centralised or decentralised);
- Information Technology;
- Budgets, Costs and Cost implications.

### 10.2.1 Management

It will be necessary to establish where the library fits in the organisational structure of the institution as a whole, as well as how the library itself is structured and managed.

#### Questions and Issues:

- To whom does the library director currently report?
- Is there a library committee (often a sub-committee of senate)? What are its functions?
- Is the director a member of an academic management group and/or a senior management group?
- Do appropriate library staff attend faculty board meetings or meet with faculty members?
- Do appropriate library staff meet with student representatives?
- Are general staff meetings and/or section or departmental meetings held in the library?
- What external committees do library staff participate in?

The organograms or line management structures of the merging libraries should be compared.

- What are the similarities and differences?
- What model of management will best suit the new library?
- What forms of communication exist within the library and with the user community?

### 10.2.2 Human Resources

Human resource issues are critical in the merger process and must be appropriately managed throughout. Fear of retrenchment and change must be dealt with, staff encouraged to participate and buy-in the process, and excellent channels of communication should be established. Serious consideration should be given to the structure of the new library, the services to be provided, and the skills required.

#### Questions and Issues:

- What is the staff size of each library?
- What departments exist within the libraries?
- What is the composition of staff - grades, race, gender?
- What job grading systems are used, and are grades (and salaries) within the merging libraries comparable?
- What performance management system is used?
- How do organograms compare?
- What are the staffing needs of the new library?
- Is there a need for staff development and training?
- What are the major fears and concerns of the staff? Consider issues of job loss, re-deployment, equity, and multi-skilling.

### 10.2.3 Policies and Procedures

Policies and procedures provide useful information about how the existing libraries operate. New policies and procedures will provide a sense of stability and a standard of operation in the new library.

#### Questions and Issues:

- What policies and procedures are in place?
- Compare these in order to establish the extent of similarity or difference. Areas where policies should exist include membership, circulation (including hours of opening), conduct and discipline, collection management (including gifts and donations), acquisition and cataloguing procedures, periodicals, computer use, and security.
- Do the merging libraries use the same library computer system? If so, this will accommodate a move towards consistency in acquisition, cataloguing and circulation procedures during the planning and interim phases.

### 10.2.4 Client Services

Client services (also called public or user services) are usually provided according to a client-centred philosophy based on support for the academic enterprise and in preparing students for life-long learning. During the planning and implementation of the library merger, it is important that regular services to users are maintained, and that procedures are in place to facilitate access to both (or all) libraries.

#### Questions and Issues:

- Do client services policies exist in the merging libraries?
- In each library, what departments/services are included in the major division of client services? List these and the number and profile of staff in each.
- Is education and training (user education) included in this division? Are electronic classrooms provided?
- Are the institutions' archives part of the library?
- How are services publicised and marketed?
- Is the institution's copyright office/service located in the library?

#### *Circulation*

- Obtain circulation statistics.
- Who are the major users of library materials?
- What is the loan period for students/staff/external members?
- Is a current awareness service provided to academic staff?
- Decide on access issues (when and how will students be able to use both collections?)

#### *Library Hours of Opening*

List these for the merging libraries (including evenings, weekends, public holidays, etc.) and discuss differences. What would be ideal in the new library and is this realistic?



*Branches*

- ➡ How many branch libraries are there, what subject areas do they serve, and where are they located?
- ➡ How big are they (stock, staff)?
- ➡ Are courier/messenger services provided between the main and branch libraries?

*Collections (see also sub-section 10.2.6 below)*

List these, their size, accessibility, location, composition (books, journals, multimedia, CD ROMs, electronic databases [full-text and bibliographic], short-loan, music, special collections, archives, etc.).

*Collection Development*

- ➡ Who is responsible for collection development? Is there a collection development committee and/or policy?

*Weeding of Collections*

- ➡ Is this an integral part of collection development?
- ➡ How frequently does weeding take place and in what collections?
- ➡ Are the academic staff consulted?

*Duplication of Stock*

Some duplication is bound to exist, especially if merging institutions offered the same programmes in the past.

- ➡ List and compare all courses/programmes offered by the merging institutions.
- ➡ Use the functionality of the common library system (if present) to determine the extent of duplication.
- ➡ Avoid any further duplication by establishing common and collaborative acquisitions procedures as soon as possible in the merger process.

*Inter-Library Loans*

- ➡ To whom is the service provided? (e.g. staff and senior students only, or all users)
- ➡ Obtain statistics.
- ➡ Is the service centralised or decentralised?

*Multimedia*

- ➡ Do links exist between the library audio-visual section and that of the institution?
- ➡ Is the collection housed separately or is it integrated?

*Copyright*

In terms of the Copyright Act No. 98 of 1978 as amended, and its regulations, institutions are required to respect the rights of authors and publishers and to pay reasonable license fees when required. The law presently permits the copying of a 'reasonable portion' of a work for personal

use, study and teaching without the payment of a fee. Copyright permission is required for the production of study kits, course packs, material for short-loan collections in libraries, and any other compilation, and this permission must be obtained prior to production. Fees are levied by the publishers or authors.

Several institutions have either established a copyright office, or allocated the task of obtaining copyright permissions to a specific person. The office/person may be located in the library, but this is not necessarily the case. Other institutions operate in a decentralised way, with copyright issues handled in academic departments.

Some institutions prefer to pay for copyright permissions on a transactional basis, while others have taken out a 'blanket license', based on a standard fee per full time equivalent (FTE) student. The latter does away with a large amount of administration, but is expensive unless the quantity of copying justifies it.

Where merging institutions have different methods of handling copyright, a decision will need to be taken as to how to proceed in the new institution. Ideally there should be a central copyright office so that processes and controls can be put in place and information disseminated to staff and students.

### 10.2.5 Technical Services

Technical services is the generic term used to describe the work of the behind-the-scenes library departments. It traditionally includes the acquisitions, purchasing of books, periodicals and other materials, the cataloguing departments, the library IT department, and perhaps also the bindery. Information Technology is one of the critical success factors in providing a superior and cost-effective library service and it is addressed separately in Section 10.2.9

#### Questions and Issues:

##### *Acquisitions*

Co-operation between the merging libraries regarding materials selection should be established as soon as possible. Institutions should agree on a mutually acceptable process, and ensure good communication in order to avoid duplication, to better utilise budgets, and to focus collection development on the new institution's needs. A common library system will greatly facilitate this.

- Do acquisitions/selection policy and procedure documents exist? Establish commonalities and differences.
- Obtain and compare acquisition statistics and budgets.
- Discuss suppliers, subscription agents, service, and costs.
- A common policy regarding donations and gifts should be established early on in the merger process.

##### *Periodicals*

Because they utilise such a large percentage of the library's materials budget, periodical holdings of merging libraries demand early attention.

- What budgets are allocated to periodical subscriptions?
- List and compare periodical holdings and as soon as possible initiate a cancellation exercise for duplicate titles.

- Be aware of any programmes/courses that have been withdrawn and will not be offered by the new institution. This may enable a further rationalisation of periodical holdings.
- Check holdings against those of nearby institutions.
- Once the merging of faculties/departments has taken place, liaise with academic staff regarding the most essential titles in the subject field, and the possible replacement of "old" titles with new publications. Ensure appropriateness of the periodicals collection in meeting user needs.
- What use is made of electronic databases?
- What binding policies and arrangements are in place?

### *Cataloguing*

- Are cataloguing records generally downloaded from local and international databases, or is original cataloguing taking place?
- Do backlogs exist? What can be done to reduce these prior to the merger?
- What cataloguing rules, subject headings and classification systems are used? Standardise these as soon as possible, train staff, and plan catalogue and item conversion and integration.
- Are bibliographic records downloaded to the national union database (SACat) regularly?

### *Binding*

- Is there a bindery or book repair department?
- To which company is binding outsourced?
- Establish costs, budgets, policies.

## 10.2.6 Collections

### **Questions and Issues:**

- What is the size of each library's collection?
- Conduct a full audit (numbers of books [titles and volumes], periodicals, media, electronic databases etc.).
- What are the subject strengths and weaknesses? Will the collection of the new library support the teaching and research focus of the new institution?
- Assess the relevance and currency of the collections. Obtain input from major stakeholder groups.
- What special collections are there?
- What is the extent of duplication, especially with regard to periodical holdings?
- What are the collection development policies of the merging libraries?

## 10.2.7 Space

The final configuration of the library system will depend on the location of faculties and the need to provide library services within reasonable proximity to them, and it may be that some adjustments regarding space will be needed. To arrive at these decisions, it will be necessary to:

- Conduct a space audit:
  - total area of existing libraries
  - assignable area of existing libraries
  - areas allocated to collections, services, study space, group study areas, staff areas, electronic classrooms, storage, etc.

- total number of students, and number of students according to faculty (current and projected)
  - total number of library staff
  - access control and security of facilities
- ➔ Determine what size the main, campus and/or branch libraries should be, taking into account location, size of combined collections, expected student numbers, and library staff requirements? Based on this, the suitability of existing library buildings should be assessed.<sup>14</sup>
- ➔ Assess whether library facilities are accessible to the disabled (it is strongly recommended that disabled students be consulted in this regard)

### 10.2.8 Model of service delivery

Networking and remote access to information have theoretically eliminated the need for physical proximity to library materials and services. The concept of 'the virtual library' has taken root and several academic libraries are developing their electronic resources. However, due mainly to the high cost of electronic information and network and bandwidth issues, it is unlikely that South African libraries will become 'virtual' in the foreseeable future. The question of the degree of centralisation of library services therefore remains.

#### *Centralised libraries*

These are more cost-effective in terms of staff, space and equipment. It is generally possible to employ a higher proportion of professional staff, and to keep the library open for longer hours. Administrative control and communication are facilitated. Users doing interdisciplinary studies find the material they need in one place.

#### *Decentralised libraries*

These are often more accessible to users in that they are located close to faculties. They tend to be less formal, and users and staff build up good relationships. They are often easier for students to use because they are smaller and more focused in their subject content. However, libraries can no longer afford to duplicate stock, and inevitably users working in interdisciplinary areas will have to visit several libraries to obtain the material they require. This problem may be alleviated to some extent as libraries build up their electronic resources. Small branch libraries are not cost-effective and can seldom provide the level of service of the main library.

#### *Administration*

Distance, size and the number of campuses affect the measure of control which central library administration exercises upon its outlying branches. Greater campus autonomy is bred by greater geographical separation. Also, large distances between campuses limit interpersonal relationships amongst staff.

Generally a branch library should be of sufficient size (stock, services and staff) to justify its existence and to be cost-effective. Branch libraries should exist only in areas too distant from the main library for easy access by users.

Satellite libraries are considerably smaller and should be discouraged.

<sup>14</sup> In assessing existing space and calculating desired space, institutions should look at institutional norms in relation to space provisions.

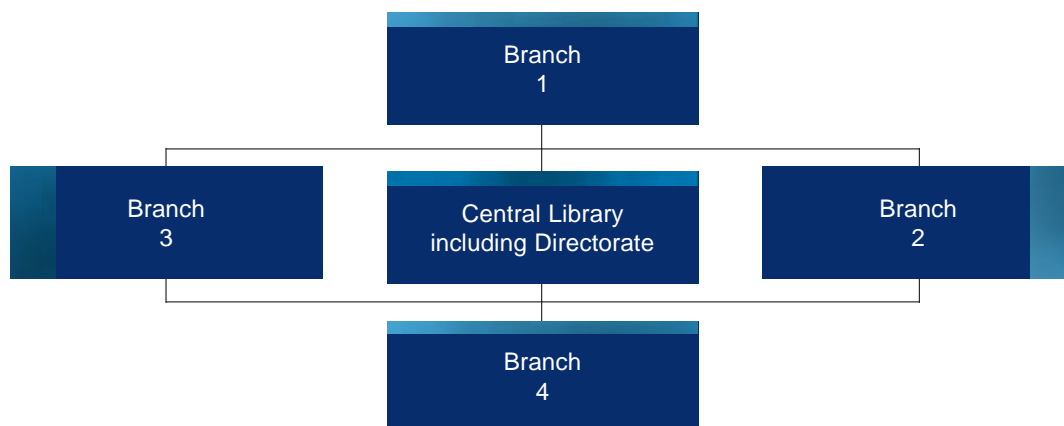
**Questions and Issues:**

- Does the new institution envisage a centralised or decentralised library service?
- What is the existing configuration of main and branch libraries? Establish size, use, relevance and possible alternatives.
- What will the future configuration of the new institution be, and where are library services likely to be required?
- Consider alternative models.
- Are there independent collections/resources existing in academic departments? If so, consideration should be given to incorporation into the main library collection. Establish content and size, and include in space and collection planning.

The nature and structure of the new institution will determine what will happen with regard to main and branch libraries. The challenge will be to provide an efficient and economical library service, given the increasingly inter-disciplinary nature of knowledge. Ideally, there should be as much centralisation as is logically possible, plus decentralisation in the largest possible segments i.e. controlled decentralisation. Between centralisation and decentralisation there exist many stages; these should be considered carefully and with extensive stakeholder input.

Campus planning will no doubt focus on subject groupings of academic buildings. Main and branch libraries (if the latter are required) should serve broad subject clusters. Planning the merged library should proceed on this basis.

The model illustrated below consists of a 'central library' which contains the directorate, other central functions such as technical services, IT, human resources, inter-library loans and audio-visual services, plus whatever part of the library's collections are appropriate to the location of the central library. The branches contain subject-related collections and serve faculty-specific campuses.

**10.2.9 Information Technology**

The library service is totally dependent on campus (and national) networks, and their availability, compatibility and stability is crucial to the library merger planning and implementation process. The likely existence of common systems in merging libraries will greatly facilitate the integration, co-ordination and standardisation of collections, processes and service levels. Despite this, the libraries are likely to need the close co-operation of the campus IT departments during the process.

**Questions and Issues:**

- Are the merging libraries using the same integrated library system? Because of the implementation of common library systems via the regional consortia in recent years, this is likely to be the case in most mergers. It may not necessarily be the case with the incorporation of a satellite campus into another institution.
- What is the IT infrastructure on the campuses? Consider servers, network technologies, Internet access, bandwidth, security, network administration and management. Ideally the libraries should be represented on the ICT planning committee/s.
- What administrative systems are used by the institutions, given that the new library will have to integrate patron files and interface with student, staff and finance systems?
- What is the level of IT skill in the merging libraries? Are library staff able to manage library systems, the library website, software and hardware installation, and deal with first level enquiries?
- Can cost savings be realised through the use of one library system software site and its maintenance rather than two or three?
- Do the libraries have sufficient computer equipment for their current needs?
- What are the major IT problems presently encountered in the libraries?
- Are library buildings adequately supplied with public access terminals? Are there sufficient electronic workstations on the campus, and are there terminals in residences to enable students to access library systems?

*IT Support*

- Will the new library have (or wish to have) it's own IT staff providing the first level of support for library systems and users? These staff would become specialists in the specific library software systems used, but would liaise with the central IT department if unable to resolve problems.
- Where should the library server be housed?
- What relationships currently exist between libraries and the IT departments? Do service level agreements exist? It is essential that IT staff respond quickly to problems the library staff cannot resolve.
- How robust are the campus network infrastructures? Can they support increased library traffic, particularly the use of electronic information resources?
- Are there likely to be problems relating to the integration of separate bibliographical databases? Conversion of data may be required, which will be significant in terms of time, effort and cost.
- Will there be uniform campus networking infrastructures to facilitate rapid data transfer? Distant campuses must be linked to the library system for access to the catalogue, electronic databases, web sites and Internet, as well as the catalogues of other libraries in the region and nationally.

**10.2.10 Budgets, Costs and Cost Implications**

It will be necessary for the new library to operate within the financial systems and procedures implemented in the new institution. However, internal procedures will need to be in place, and much may be learned by an assessment of the existing situation.

**Questions and Issues:**

- Are all aspects of library service funded within the institutional budgetary allocation?
- Are any aspects dependent on donor funding or income generation?

- Does the library actively generate additional funding?
- What income generation activities exist currently?
- Do the libraries operate within the institutions' financial policies and procedures?
- What is the library's budget and is it thought to be adequate?
- What percentage is it of the institution's total budget?<sup>15</sup>
- Is it sustained from year to year or is the library susceptible to budget cuts?
- Which costs are considered operational and which capital?
- What autonomy does the director have over the expenditure of the budget?
- Which departmental heads have responsibility for funds/cash?
- What procedures are in place in the library to ensure responsible control of funds and/or cash?
- Is the library audited?

#### *Information Resources Budget*

- Is the materials budget thought to be adequate for the growth and development of the collection?
- Are there significant gaps in the collection caused by financial restraints?
- Is there a formula for the sub-division of the materials budget according to department/school/faculty? Is it adequate and relevant?
- What input does the library have in the expenditure of the materials budget?

#### *Salaries*

- Are there discrepancies in grades and salaries between libraries? If so, this is an issue that will need to be dealt with at institutional level.
- Is the staffing budget thought to be adequate?
- Are there frozen posts currently that must be kept in mind in the new library structure?

## 10.3 Process, Sequence and Timing

In this section guidelines are given for the process components, sequence and timing for the activities within the Libraries and Information Services work-stream of the overall merger/incorporation process. Circumstances in the affected institutions may well require modifications or extensions to what is outlined here. The sequence and timing of activities will also depend on the availability, compatibility and stability of networks on and between the campuses of the merging institutions.

### 10.3.1 Pre-Merger Phase

- (1) An overall task team for the library and information services work-stream should be established as soon as possible, consisting at minimum of the library directors and one or two senior staff members from the existing libraries.

Its initial task should be to define the required components of the audit of the libraries (drawing on suggestions in the previous section) and either to carry out the audit or to delegate this task or components of it to appropriate persons/working groups. An audit of the relevant functions/services in the existing libraries will provide essential data and a profile of each library, and should form the basis of the planning process.

<sup>15</sup> In terms of best practice, the internationally accepted norm established by the International Federation of Libraries and Library Associations (IFLA) is that 6% of the overall institutional budget should be allocated to the library.



A provisional vision statement for the new library, in line with that of the new institution, is useful early on in the merger planning and implementation process. If this is not possible, then common goals or objectives should be established.

The task team should ensure that good communication channels are created and are used. Library staff at all levels should be kept well informed and should be encouraged to participate in the planning processes.

- (2) Alignment of the library with the academic structures is critical for the success of the academic enterprise. Unless the libraries are kept fully informed about developments in relation to new academic configurations and programme focus and have input into the process, the result will be less than satisfactory. Likewise, given that library service is heavily dependent on information and communication technology it is critical that there is close co-operation between the ICT and library task teams. It is therefore important, at the outset, to ensure that the library task team has representation on all major institutional merger planning committees, including those dealing with issues such as space and building provisions and human resources.
- (3) To ensure that from the date of merger/incorporation all students and staff have access to all library facilities, collections and services, proposals should be developed on the procedures that would need to be put in place to effect this.
- (4) As part of their memorandum of agreement, merging institutions should agree to co-operate with one another on materials selection and acquisition and in general to take immediate steps to prevent unnecessary duplication in library collections. Where appropriate, consideration should be given to the purchase of electronic information resources in order to facilitate cross-campus access.

### 10.3.2 Interim Phase

At a minimum, there are three issues that require attention/decisions in the interim phase. These are

- ➡ Appointment of the interim library directorate, which should preferably be situated on the same campus as the new central administration.
- ➡ Integrating library financial processes (e.g. acquisition of library materials and equipment).
- ➡ Ensuring that all students and staff have access to all library facilities, collections and services of the new institution.

### 10.3.3 Interim/Post-Interim Phase

The following steps may commence in the interim or post-merger phase and will depend on the state of preparation of the institutions and their proposed merger date.

- (1) The Library and Information Services task team should develop an overall strategy for library provision in the new institution, which should be presented to and ratified by an appropriate level in the governance structure.
- (2) This should be followed by a phase of high level planning, case development and decisions. The key components of this process are:
  - To analyse the audit data and establish a series of potential projects. Each project

should focus on a specific area (e.g., developing a uniform set of policies and procedures, planning for a centralised technical services department and standardised technical processes, merging of the libraries' catalogues and preparation of the stock for integration, etc.).

- On the basis of a thorough assessment proposals for best-practice should be developed, including costing, timelines and the benefits and/or business case
- (3) The project proposals and recommendations must then be assessed and decisions taken within the governance structure as to which can proceed. In some cases, there may be a need to delay a decision until other merger processes have reached finality or firm decisions taken (e.g., decisions on location of faculties and academic units). Should this be the case, institutions are strongly urged not to proceed with project implementation until all related merger processes have been concluded.
  - (4) For each approved project a detailed project plan should be developed. A project team should be appointed whose task should include defining the project in some detail (objectives, scope, deliverables, approach, etc.), assessing activity dependencies and integration points in relation to other library merger related projects and overall merger processes, proposing milestones and a schedule of activities, estimating effort, proposing allocation of resources, developing a more detailed budget, and refining the risk assessment.
  - (5) The detailed project plan for each project should then be presented to and approved by the interim council/council of the new institution.
  - (6) Once the detailed project plan is approved, the project should be implemented, with strong management and monitoring mechanisms put in place.

The new council and senior executive management must ensure that all library merger processes are on track and monitor progress through regular reports.

## Properties and Services

Guidelines to follow



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## Appendix 1: Restructuring Proposals and New Institutional Landscape

### 1 Proposed Mergers and Incorporation

January 2004

#### Mergers

1. University of Durban-Westville/University of Natal
2. University of North-West/Potchefstroom University for Christian Higher Education/and the incorporation of students and staff of Vista University Sebokeng campus
3. Technikon Northern Gauteng/Technikon North-West/Pretoria Technikon
4. University of South Africa/Technikon South Africa/and the incorporation of Vista University Distance Education Campus

#### Incorporation

1. University of Fort Hare/Rhodes University East London Campus
2. All the satellite campuses of Vista University, incorporated as follows:
  - Port Elizabeth campus into the University of Port Elizabeth
  - East Rand and Soweto campuses into Rand Afrikaans University.
  - Sebokeng campus into Vaal Triangle Technikon (facilities only)
  - Mamelodi campus into University of Pretoria
  - Bloemfontein campus into University of Free State
  - Welkom campus into Technikon Free State
  - Dissolution of the Vista Central Administration, which will be concluded after the incorporation of the Vista campuses.
3. The Dental School of the University of Stellenbosch into the University of the Western Cape

January 2005

#### Mergers

1. Cape Technikon/Peninsula Technikon
2. University of Port Elizabeth/Port Elizabeth Technikon
3. Rand Afrikaans University/Technikon Witwatersrand
4. University of the North/Medical University of Southern Africa
5. Border Technikon/Eastern Cape Technikon/University of Transkei
6. Durban Institute of Technology/Mangosuthu Technikon/Umlazi Campus of University of Zululand<sup>16</sup>.

<sup>16</sup> Pending further discussion given withdrawal of the legal action against the establishment of the Durban Institute of Technology.



## 2 New Higher Education Institutional Landscape

### Universities

1. University of Cape Town
2. University of Durban-Westville/University of Natal
3. University of Fort Hare/Rhodes University East London Campus
4. University of the Free State/Qwa Qwa Campus of the University of the North/Vista University Bloemfontein Campus
5. University of the North-West/Potchefstroom University for Christian Higher Education/Vista University Sebokeng Campus (students and staff)
6. University of the North/Medical University of Southern Africa
7. University of Pretoria/Vista University Mamelodi Campus
8. Rhodes University
9. University of Stellenbosch
10. University of the Western Cape
11. University of the Witwatersrand

### Technikons

- 1 Cape Technikon/Peninsula Technikon
- 2 Durban Institute of Technology/Mangosuthu Technikon/Umlazi Campus of the University of Zululand
- 3 Free State Technikon/Vista University Welkom Campus
- 4 Technikon Northern Gauteng/Technikon North-West/Technikon Pretoria
- 5 Vaal Triangle Technikon (incorporating the infrastructure and facilities of the Vista University Sebokeng Campus)

### Comprehensive Institutions

- 1 Border Technikon/Eastern Cape Technikon/University of Transkei
- 2 Rand Afrikaans University/Technikon Witwatersrand/Vista University East Rand and Soweto Campuses
- 3 University of Port Elizabeth/Port Elizabeth Technikon/Vista University Port Elizabeth Campus
- 4 University of Zululand
- 5 University of South Africa/Technikon South Africa/Vista University Distance Education Campus
- 6 University of Venda

### National Institutes for Higher Education

1. Mpumalanga Institute for Higher Education
2. Northern Cape Institute for Higher Education

## Appendix 2: Memorandum of Agreement

This Memorandum of Agreement has been developed as a model to guide institutions that are to be merged<sup>17</sup>. It identifies the key issues that should form the core of a Memorandum of Agreement. However, institutions should develop Memorandum of Agreements to suit their particular contexts and needs.

### 1 Preamble

The Minister of Education announced in December 2002 his decision to establish a single higher education institution through the merger of the University of ---- and the University of ---- in terms of section 23 of the Higher Education Act (Act No 101 of 1997, as amended).

This Memorandum of Agreement is entered into by the two institutions to provide a framework to facilitate the merger.

### 2 Declaration of Intent

The University of --- and the University of --- declare their unequivocal intent to fully co-operate in an open, transparent and collegial manner to give effect to the decision of the Minister of Education to establish a single higher education institution.

### 3 Parties to the Agreement

The Councils of the merging parties, represented by their respective Chairpersons.

### 4 Purpose of Agreement

To facilitate co-operation between the merging institutions in the period prior to the date of merger, as well as to ensure that operational decisions by the merging institutions in this period do not adversely impact on the operational and organisational integrity of the single higher education institution.

### 5 Guiding Principles

The parties to this agreement commit themselves to the following principles to guide the merger process:

*Full disclosure of information:* The full, transparent, proactive and timely disclosure of all material information relevant to facilitate the merger.

<sup>17</sup> In the case of incorporations, it is advised that a Memorandum of Agreement also be formally drawn up between the parties concerned taking into account the particularities of the incorporation process.

*Joint decision-making:* All matters that impact on the operational and organisational integrity of the single higher education institution to be established will be jointly decided and determined. At a minimum, the matters identified in this Memorandum of Agreement would be the subject of joint decision-making. This would not, however, preclude joint decision-making on matters that are not identified in this Memorandum of Agreement but which the parties agree mutually should be the subject of joint decision-making.

*Equal Partners:* The equality of partners and the full participation of all institutional constituencies will inform and underpin the merger process.

## 6. Areas of Co-operation and Joint Decision-Making

The parties agree that at a minimum co-operation and joint decision-making should cover the following matters:

### 6.1. Operational Functionality

To ensure that the single higher education institution is operationally functional on the proclaimed date of establishment, the merging partners must agree on processes and time frames, including transitional arrangements, for moving expeditiously towards integrated operations.<sup>18</sup>

### 6.2 Staff Appointments

A moratorium on all staff appointments, in particular, senior staff appointments, prior to the date of the merger, unless there is prior agreement between the parties of the need for such appointments.

### 6.3 Staff Promotions

A moratorium on all staff promotions prior to the date of the merger unless there is prior agreement between the parties that such promotions are necessary for operational purposes, in which case, the promotions must be determined jointly.

### 6.4 Staff Remuneration

A moratorium on all out-of-cycle remuneration adjustments and/or increases. The normal annual remuneration adjustments and/or increases will be subject to prior agreement between the parties. The parties will endeavour to ensure that such adjustments and/or increases are guided by the objective of standardising conditions of employment in the single higher education institution to be established.

### 6.5 Renewal of Contracts

There will be no renewal of any existing purchase or service contracts and no new purchase or service contracts entered into without prior agreement between the parties. In cases where there is agreement that renewal of purchase or service contracts is necessary to ensure the continued provision of the service, the contract will be renewed for a period to be determined jointly by the parties.

<sup>18</sup> At a minimum these should include agreements for integrating student and staff databases; management and organisational structures; facilities; academic programmes; financial administration, including budgeting, payroll systems, bank accounts and financial controls; operational, administrative and management information systems; and human resources policies, practices and procedures, including dispute resolution mechanisms.

## 6.6 Capital Expenditure:

A moratorium on all new capital projects and expenditure unless there is prior agreement between the parties and, where applicable, subject to approval by the Minister of Education.

## 7. Co-ordination/Steering of the Merger Process

A joint co-ordinating/steering committee will be established by the Councils of the merging partners to oversee the merger process, including giving effect to this Memorandum of Agreement. The joint co-ordinating/ steering committee will consist of an equal number of representatives from the merging partners and will be accountable to their respective Councils.

The joint co-ordinating/steering committee will in-turn establish a joint merger office, which will be responsible for developing and managing the detailed processes necessary to give effect to the merger.

## 8. Communication

The parties commit themselves to establishing open, transparent and effective channels of communication to ensure that all institutional constituencies are fully apprised of all the processes and detailed investigations related to the merger.



## Appendix 3: Institutional Operating Plans

### A. Requirements for Institutional Operating Plans

#### 1. Introduction

An institutional operating plan is an instrument that is intended to help institutions involved in a merger or incorporation to decide upon, and subsequently make adjustments to, the direction that the new entity will take over the next three to five years. It is also intended to help the Ministry to assess whether the changes envisaged for the new entity are realistic and will result in academically and financially viable and sustainable outcomes. The operating plan will consist, in effect, of a number of financial projections based on different scenarios that are developed in relation to the preliminary vision and mission for the new entity. The scenarios will enable institutions to plot out the anticipated financial outcomes of pursuing particular strategies or options, and this will assist them in making a 'best case' choice. Each change scenario will also be plotted against a baseline *status quo* scenario consisting of the financial projection for the new entity over the first twelve months of its existence drawn up on the basis of the existing situation 'inherited' from the old institutions, i.e. as if the new entity were to function without making any major changes.

All institutions involved in a merger or incorporation are required to produce an institutional operating plan for the new entity, for the short-term future of three to five years. The plan must be submitted to the Ministry for approval within twelve months following the date of merger/incorporation.

The development of a satisfactory institutional operating plan is a prerequisite for the provision of financial support from the Ministry for re-capitalisation, reimbursement of expenditures incurred to ensure that the new entity is operationally financially viable and for any major extension/alteration to property, plant and equipment essential for the operational activities of the entity. Refer to Section 3 of the guidelines for procedures to be followed in respect of financial support for other direct merger/incorporation costs.

The following section outlines the requirements and recommended process for producing an institutional operating plan.

#### 2. Requirements and Process

##### 2.1 Developing a vision, mission, goals, targets and strategies for the new entity

Merging institutions should, as soon as possible, produce a preliminary vision and mission statement for the new entity and list the goals and targets to be realised in the short term and strategies that will be set in place to give effect to this vision and mission. This document should

be based on current realities and, in general terms it should indicate the means whereby the new entity is to be moved into the desired position within a three-year time scale.

An operating plan should then be developed for the new entity, which corresponds to the above document. This plan should take as its starting point the combined programme and qualification profiles of the merging institutions (see Appendix 3C on guidelines for consolidating PQM profiles), their current levels of student enrolment and their existing resources. These resources (personnel, goods and services and infrastructure) should be separately identified. The staffing component must show separately (i) the academic staff complement and (ii) the support staff complement at respective levels of employment. In addition, outsourced services must be separately identified as well as the components of upkeep and maintenance of the physical infrastructure.

## 2.2 Developing an initial *status quo* scenario

From the data available, institutions should produce an initial financial estimation for the newly merged entity based on the *status quo* (i.e. before introducing any significant changes) projected over the first twelve months of its existence. The financial projections must be based on realisable estimates for the planned period, including taking into account 'normal' changes that can be anticipated (e.g., salary increases, inflation, etc.).

This *status quo* scenario should be organised and constructed in terms of the following categories:

- Capital projects, individually described;
- Primary activities, separated into appropriate sub-groups such as faculties, departments, and special projects;
- Support services, separated into sub-groups based on the institutional organogram.

### 2.2.1 Financial presentation

The initial *status quo* scenario must conclude with a realistic financial 'budget' that is in accordance with the budget format approved by the institution's finance committee. This must show separately, the income and expenditure from primary activities, that is, instruction and research, and income from other sources and related expenditure, suitably grouped. A separate budget for items of 'capital expenditure' and their financing must also be included.

### 2.2.2 Evaluation of initial *status quo* scenario

The *status quo* scenario must be looked at in terms of the prospects for continuity. The capacity of the new entity must be assessed in terms of what its ongoing operations would be, in both primary and support areas. The prospects for growth or decline in all areas of primary activity must likewise be considered and assessed. Similarly, sources of income, for example, state subsidy, tuition and residence fees, and 'outside' income must be examined in terms of future expectations. Any income not resulting from primary activities must be identified by source and anticipated amount. On the expenditure side the consequences of monetary inflation should be determined and estimated.

## 2.3 Developing further scenarios

Based on the initial *status quo* scenario, further projections (hereafter referred to as change scenarios) should be prepared incorporating changes that can be anticipated or that will result from conscious decisions and actions to give effect to the new entity's vision, mission, goals and targets. For each change scenario, the changes that may be implemented realistically - and

agreed to within the institution - should be described in non-financial terms (e.g., changes to staff complement, additional equipment and infrastructure, etc.) and in financial terms (i.e. the financial consequences and outcomes of effecting these changes).

As for the *status quo* scenario, the change scenarios should be constructed in the form outlined in section 2.2 in relation to the following categories:

- Capital projects, individually described
- Primary activities, separated into appropriate sub-groups, e.g. faculties, departments, special projects;
- Support services, separated into sub-groups based on the institutional organogram.

### 2.3.1 Documenting the changes

For each change scenario, the area and extent of changes must be documented. These changes must be plotted against the initial *status quo* scenario and expressed, in the first instance, in non-financial terms. In this regard, the following points should be noted:

- (i) The area and extent of changes in each area of discrete activity and services must be identified. This includes primary activities (e.g. instruction, research, outreach, etc.); and support (e.g. academic support and administration, student services, general administration, estates and buildings, as well as all outsourced activities).
- (ii) All components of the changes to the institutional infrastructure must be identified, for example, changes in property, plant and equipment as well as all systems supporting the operations of the new entity.
- (iii) The extent of change must be expressed in suitably constructed scenarios each of which should encompass a particular vision for the new entity.
- (iv) Key assumptions and risks should be identified and, where appropriate, quantified.

For each change scenario, the non-financial consequence of an agreed set of changes must be converted to financial terms and incorporated into the scenario document.

### 2.3.2 Financial presentation

As in the case of the initial *status quo* scenario, each change scenario must conclude with a realistic financial budget in a format that is in accordance with that approved by the institution's finance committee. This must show separately, the income and expenditure from primary activities, that is, instruction and research, and income from other sources and related expenditure suitably grouped. A separate budget for items of capital expenditure and the financing of such must also be included.

### 2.3.3 The time window

Each change scenario prepared must at a minimum cover a three-year time window. That is, it should minimally cover three discrete financial periods, starting from year one of the new entity. The financial projections must be prepared separately for each financial year.



### 2.3.4 Presentation of change scenarios

In the light of the assessments made and in accordance with decisions taken, the change scenarios should be documented in the same financial and non-financial format as indicated in section 2.3.1 above. This document must also highlight the proposed changes, using the initial *status quo* scenario and its respective headings as the point of departure. In each case where a change has been proposed, the implications for other activities and the estimated financial consequences for all activities must be determined and documented. For example, the consequences of proposed changes resulting from a decision to increase student enrolments in the natural sciences must be assessed throughout all areas of related activity.

Each change scenario must show operating income and expenditure estimates and include a separate section comprising 'capital projects', that is, acquisitions or extensions to property, plant or equipment. The financial consequences of each project should be estimated, and the means for financing each project clearly spelt out.

Each scenario should reflect three positions based on expectations and estimates that are considered to be (i) optimistic, (ii) realistic, and (iii) pessimistic.

## 2.4 Submission to the Ministry

One scenario should be selected and recommended by the institution, which it considers best meets the new mission and vision of the merged entity. This scenario should also be one that presents a sustainable financial position for the institution into the immediate future of three to five years (see macro-budget guidelines in Table 1 below)

The preferred scenario should then form the main thrust of the plan with the other scenarios shown as appendices for discussion with the Ministry.

The text of the plan, on which this scenario is based, must be accurately descriptive of the nature of the operations of the institution in terms of governance, management, administration, infrastructure and primary and support activities.

Numeric data, including the presentation of the financial budgets in the normal format, should include graphic and diagrammatic formats to assist in the interpretation of the results. In all cases where estimates and projections have been made in data included in the plan, the bases for these must be included in each instance.

In this regard, it should be noted that this appendix contains a set of 12 tables (see Appendix 3B below) which institutions must submit as part of their operating plan proposals. These tables will be used when the institution's academic programme offerings and its student and staff projections are analysed.

## 2.5 Approval of institutional operating plan

The interim council or new council must formally approve the documented institutional operating plan before it is submitted to the Ministry. In the case of incorporations, the council of the receiving institutions would be required to formally approve the institutional operating plan prior to submission to the Ministry. The Ministry will engage institutions on their submissions as part of its assessment of the financial viability of the new entity.

**Table 1: Prudent Macro Budget Structure Guidelines for Technikons and Universities**

(Based on data extracted from years 1999 and 2001 Financial Data Returns)

**Acceptable Ranges of Percentages of Recurrent Total Expenditure from Recurrent Unrestricted Income**

	<b>UNIVERSITIES</b>	<b>TECHNIKONS</b>
Personnel	57.5% - 63.0%	55.0% - 62.5%
Goods & Services (incl. Bursaries & Bad debts)	32.0% - 29.0%	35.5% - 29.0%
Finance Costs	3.0% - 2.5%	2.0% - 3.0%
Depreciation	6.5% - 4.5%	6.5% - 4.5%
Surplus	1.0% - 1.0%	1.0% - 1.0%
<b>TOTALS</b>	<b>100,0%</b>	<b>100,0%</b>

Small variations, of one or two percentage points, between the different components will, of necessity, occur, e.g. extent of 'outsourced services'. The aggregate will always be 100,0% as all budgeted recurrent expenditure is to be covered and a small recurrent surplus provided for.

The budget amount available for non-recurrent expenditure items is likely to be determined after the operating recurrent budget has been drafted. If no non-recurrent income can be anticipated and there are no amounts that can be transferred from available reserves, the essential non-recurrent expenditure will have to be provided for by reducing certain items of initially budgeted recurrent expenditure.

Generally the proportion of aggregate expenditure (including the budgeted amount for non-recurrent expenditure) to total unrestricted income would be a number of percentage points below the total in order to generate surpluses that can be accumulated to cover contingencies and situations in the future when a deficit budget is inevitable.

Restricted income is encumbered in that its expenditure depends on the conditions on which it was provided. Preparing separate expenditure budgets for such income depends wholly on the extent to which such receipts can accurately be projected into the future.

## B. Academic Programme, Student and Staff Data Required

This appendix contains a set of 12 tables which institutions must submit as part of their operating plan proposals. These tables will be used when the institution's academic programme offerings and its student and staff projections are analysed. These tables are divided into the following 4 sections:

### Section A: Academic Programmes

Table 1 lists the contact programmes which the new institution wishes to offer in 2004-2006, and Table 2 the distance programmes. The notes to the tables stress that they should in the first place offer a consolidated picture of those programme offerings of the merging institutions which the new institution will continue to offer. The tables should also indicate which programmes offered by one or more of the merging institutions will be dropped, and what new programmes are being proposed. It should be noted that new programmes should be proposed in exceptional circumstances only. Planning for the new institution should not at this stage include expansions into new fields of study or the offering of new qualifications.

### Section B: Student Enrolments 2001-2006

Tables 3 to 5 in this section request broad summaries of actual and projected student enrolments. The actual enrolments requested are consolidated totals for the merging institutions for 2000-2002. The projected totals must be based on the empirical evidence for these three years, and must give a realistic picture of what student enrolment changes could occur in the new institution during 2004-6.

### Section C: Head Count Enrolments In 2006

Tables 6 and 7 in this section request more detailed projections of what the new institution's head count enrolments of contact and distance students could be in 2006. These projections, which must obviously be consistent with those in Section B above, are intended to show what contact and distance enrolments in 2006 could be, broken down by first-order CESM category and qualification type.

### Section D: FTE Student Enrolments In 2006

Tables 8 and 9 in this section are like the two tables in the previous section. They request more detailed projections of the new institution's enrolments, but deal with FTE rather than head count data. Different projections for 2006 are requested for FTE contact and distance students.

### Section E: Staff

Tables 9 to 12 in this section request broad summaries of actual and projected staff numbers. The actual staff employed totals must be consolidated ones for the merging institutions for 2000-2002. The projected totals must give as realistic a picture as possible of what staff changes could occur in the new institution during 2004-6.

## C. Consolidating Programme and Qualification Mix Profiles

### 1. Consolidating Existing PQM Profiles

Part of the merger process will involve institutions in constructing a single set of documents from the following separate ones:

- (1) the high-level programme mix profile for each institution which was approved by the Minister in December 2002;
- (2) the detailed lists of approved qualifications and fields of study which institutions are at present checking and have to return to the Ministry by the end of April 2003.

Two examples are offered of these processes of constructing a high-level and a detailed programme profile for merging institutions. In each example, only one of the 22 CESM categories is selected, but the methods used in the consolidation process will apply to all categories.

#### (a) Merger of two universities: CESM 08 engineering

The construction of a single high-level profile for the merging institutions in CESM 08 is illustrated below. Suppose that Tables 1 and 2 are the approved high-level profiles for each university in the CESM category dealing with engineering.

**Table 1: Approved programme profile in CESM 08 for University A**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Undergrad diploma or certificate	General 1st bachelors degree	Prof 1st bachelors degree	Postgrad diploma or certificate	Postgrad bachelors degree	Honours degree	Masters degree	Doctoral degree
<b>8 ENGINEERING AND ENGINEERING TECHNOLOGY</b>								
8a Chemical engineering			X				X	
8b Civil engineering			X					
8c Electrical engineering			X				X	X
8e Mechanical engineering			X					
8h All other engineering and engineering technology							X	

**Table 2: Approved programme profile in CESM 08 for University B**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Undergrad diploma or certificate	General 1st bachelors degree	Prof 1st bachelors degree	Postgrad diploma or certificate	Postgrad bachelors degree	Honours degree	Masters degree	Doctoral degree
<b>8 ENGINEERING AND ENGINEERING TECHNOLOGY</b>								
8a Chemical engineering			X	X			X	X
8b Civil engineering			X	X			X	X
8c Electrical engineering			X	X			X	X
8e Mechanical engineering			X				X	X
8h All other engineering and engineering technology			X				X	X

The symbol "x" in a particular cell in the mini-grids in Tables 1 and 2 indicates that the institution concerned has formal approval to offer qualifications in that cell. Since the new institution can, until a new programme profile is developed, be active in all the cells in which the merging institutions are active, a single high-level table for the new institution can be constructed by simply mapping Table 2 onto Table 1.

The results of this process can be seen in Table 3 below:

**Table 3: Approved programme profile in CESM 08 for new institution**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Undergrad diploma or certificate	General 1st bachelors degree	Prof 1st bachelors degree	Postgrad diploma or certificate	Postgrad bachelors degree	Honours degree	Masters degree	Doctoral degree
<b>8 ENGINEERING AND ENGINEERING TECHNOLOGY</b>								
8a Chemical engineering			X	X			X	X
8b Civil engineering			X	X			X	X
8c Electrical engineering			X	X			X	X
8e Mechanical engineering			X				X	X
8h All other engineering and engineering technology			X				X	X

Tables 1-3 are high-level ones which are underpinned by the detailed qualifications and majors offered by each institution. Tables 4 and 5 set out the detailed qualifications and majors offered by universities A and B in CESM 08.

**Table 4: Details of qualifications and majors in University A**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 08
<b>1st professional bachelors degree</b>	
B.SC.ENG. (CHEM)	0805 Chemical Engineering
B.SC.ENG.(CIVIL)	0806 Civil Engineering
B.SC.ENG. (ELEC)	0808 Electrical Engineering
B.SC.ENG. (MECH)	0819 Mechanical Engineering
<b>Masters degrees</b>	
M.SC. (ENG)	0805 Chemical Engineering , 0808 Electrical Engineering , 0809 Graphics for Engineering
<b>Doctoral degrees</b>	
PhD in Eng	0808 Electrical Engineering

**Table 5: Details of qualifications and majors in University B**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 08
<b>1st professional bachelors degree</b>	
BScEng	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0819 Mechanical Engineering 0825 Surveying & Mapping
<b>Postgraduate diplomas</b>	
PGDipEng	0805 Chemical Engineering, 0806 Civil Engineerin, 0808 Electrical Engineering
<b>Masters degrees</b>	
M.SC. (ENG)	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0819 Mechanical Engineering, 0825 Surveying & Mapping
<b>Doctoral degrees</b>	
PhD in Eng	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0819 Mechanical Engineering, 0825 Surveying & Mapping

These last two detailed tables have also to be merged into a single one for the new institution. Until a new academic framework is developed for the new institution, it will have to offer all the qualifications, with their specific titles, which are offered by the two merging institutions. This new table is Table 6 below.

**Table 6: Details of qualifications and majors in new institution**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 08
<b>1st professional bachelors degree</b>	
BScEng	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0819 Mechanical Engineering 0825 Surveying & Mapping
B.SC.ENG. (CHEM)	0805 Chemical Engineering
B.SC.ENG.(CIVIL)	0806 Civil Engineering
B.SC.ENG. (ELEC)	0808 Electrical Engineering
B.SC.ENG. (MECH)	0819 Mechanical Engineering
<b>Postgraduate diplomas</b>	
PGDipEng	0805 Chemical Engineering, 0806 Civil Engineerin, 0808 Electrical Engineering
<b>Masters degrees</b>	
M.SC. (ENG)	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0809 Graphics for Engineering, 0819 Mechanical Engineering,
<b>Doctoral degrees</b>	
PhD in Eng	0802 Agricultural Engineering, 0805 Chemical Engineering, 0806 Civil Engineering, 0808 Electrical Engineering, 0810 Engineering Mechanics, 0819 Mechanical Engineering, 0825 Surveying & Mapping



(b) Merger of a university and a technikon:  
CESM 06 computer science

The construction of a single high-level profile for the merging institutions in CESM 06 is illustrated below. Suppose that Tables 7 and 8 are the approved high-level profiles for each in the CESM category dealing with computer science and data processing

**Table 7: Approved programme profile in CESM 06 for University C**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Undergrad diploma or certificate	General 1st bachelors degree	Prof 1st bachelors degree	Postgrad diploma or certificate	Postgrad bachelors degree	Honours degree	Masters degree	Doctoral degree
<b>6 COMPUTER SCIENCE AND DATA PROCESSING</b>								
All computer science and data processing		X	X			X	X	X

**Table 8: Approved programme profile in CESM 06 for Technikon D**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Certificates national & higher	National diplomas	B Tech degree	Postdip diploma	National higher diploma	Masters diploma in tech	M Tech degree	Doctoral degree & laureatus
<b>6 COMPUTER SCIENCE AND DATA PROCESSING</b>								
All computer science and data processing	X	X	X					

The symbol "x" in a particular cell in the mini-grids in Tables 7 and 8 indicates once again that the institutions concerned have formal approval to offer qualifications in that cell. Since the new institution can, until a new programme profile is developed, be active in all the cells in which the merging institutions are active, a single high-level table for the new institution can be constructed by simply mapping Table 8 onto Table 7. The results of this process can be seen in Table 9 below.

**Table 9: Approved programme profile in CESM 06 for new institution**

MAJOR FIELDS OF STUDY BY CESM CATEGORY	Certificates national & higher	National diplomas	General 1st bachelors degree	Prof 1st bachelors degree	Postgrad bachelors degrees & diplomas	Honours degree	Masters degrees diplomas	Doctoral degree laureatus
<b>6 COMPUTER SCIENCE AND DATA PROCESSING</b>								
All computer science and data processing	X	X	X			X	X	X

Points made in the earlier example arise again: Tables 7 - 9 are high-level ones which are underpinned by the detailed qualifications and majors offered by each institution. Tables 10 and 11 below set out the detailed qualifications and majors offered by University C and Technikon D in CESM 06: computer science and data processing.

**Table 10: Details of qualifications and majors in University C**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 06
<b>General 1st bachelors degrees</b>	
B.A.	0601 Applications in Computer Science and Data Processing
B.Com Hons	0699 Other Computer Science and Data Processing
BSc	0601 Applications in Computer Science and Data Processing
<b>1st professional bachelors degree</b>	
BSc Information Systems	0699 Other Computer Science and Data Processing
<b>Honours degrees</b>	
BSc Hons	0699 Other Computer Science and Data Processing
B.Com Hons	0699 Other Computer Science and Data Processing
<b>Masters degrees</b>	
M.Com	0699 Other Computer Science and Data Processing
MSc	0699 Other Computer Science and Data Processing
<b>Doctoral degrees</b>	
D.Com	0699 Other Computer Science and Data Processing
PhD	0699 Other Computer Science and Data Processing

**Table 11: Details of qualifications and majors in Technikon D**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 06
<b>National certificate</b>	
N Cert: Information Technology	0605 Information and Data Base Systems, 0607 Programming Languages
<b>National diploma</b>	
N Dip: Information Technology	0605 Information and Data Base Systems, 0607 Programming Languages
<b>1st professional bachelors degree</b>	
B Tech: Information Technology	0605 Information and Data Base Systems, 0608 Programming Systems, 0609 Software Methodology, 0699 Other Computer Science and Data Processing

The detailed information contained in Tables 10 and 11 has also to be merged into a single one for the new institution. Until a new academic framework is developed for the new institution, it will have to offer all the qualifications, with their specific titles, which are offered by the two merging institutions. This consolidated picture of the qualifications and majors to be offered by the new institution is set out in Table 12 below.

**Table 12: Details of qualifications and majors in new institution**

QUALIFICATION TITLE & TYPE	MAJOR FIELDS OF STUDY IN CESM 06
<b>National certificate</b>	
N Cert: Information Technology	0605 Information and Data Base Systems, 0607 Programming Languages
<b>National diploma</b>	
N Dip: Information Technology	0605 Information and Data Base Systems, 0607 Programming Languages
<b>General 1st bachelors degrees</b>	
B.A.	0601 Applications in Computer Science and Data Processing
B.Com	0699 Other Computer Science and Data Processing
BSc	0601 Applications in Computer Science and Data Processing
<b>1st professional bachelors degree</b>	
BSc Information Systems	0699 Other Computer Science and Data Processing
B Tech: Information Technology	0605 Information and Data Base Systems, 0608 Programming Systems, 0609 Software Methodology, 0699 Other Computer Science and Data Processing
<b>Honours degrees</b>	
BSc Hons	0699 Other Computer Science and Data Processing
B.Com Hons	0699 Other Computer Science and Data Processing
<b>Masters degrees</b>	
M.Com	0699 Other Computer Science and Data Processing
MSc	0699 Other Computer Science and Data Processing
<b>Doctoral degrees</b>	
D.Com	0699 Other Computer Science and Data Processing
PhD	0699 Other Computer Science and Data Processing

## 2. Developing New Programme and Qualification Profiles

The steps outlined in the first subsection amount to no more than a consolidation of the programme and qualification profiles of merging institutions. These are nevertheless important steps for three reasons.

First, the end product offers the executives and planners of the new institution a detailed inventory of the programmes, qualifications and majors to which they will be committed during the early phases of the merger. Secondly, the end product also gives them an overview of what the new institution's commitments are to pipeline students; i.e. to students transferring into the new institution from the previously existing institutions. Thirdly, the consolidated tables provide the basis from which a new academic framework for the new institution will have to be developed.

The developing of a new academic framework will require the new institution to make decisions on what its overall programme profile should be. The new institution will have to decide whether it wishes to withdraw from any of the programme cells in which one or more of the merging institutions have been active. It will also, but in exceptional circumstances only, have to decide

whether it will apply for Ministerial permission to move into programme cells in which none of the merging institutions were active.

The new institution will have also to take at least the following sets of detailed decisions concerning the consolidated tables of qualifications and majors:

- Which qualifications should be retained and which dropped;
- What the titles and abbreviations should be of its various qualifications;
- Which majors or fields of specialisations should be dropped;
- Which majors or fields of specialisations should be linked to which qualifications.





## Appendix 4: Format for Human Resources Audit

### 1 RECRUITMENT, APPOINTMENTS & TERMINATIONS

a. Approved policy?

☐ Yes

☐ No

b. What is the procedure in terms of this policy and what stakeholders are involved at what stages? Include any delegated authority from Council.

c. What is the policy with regard to appointments of persons outside of the geographic area of your institution in terms of transport, household goods and temporary accommodation?

d. Do you have a working induction programme for new employees?

☐ Yes

☐ No

e. What does this induction programme cover?

f. Do you have a working exit interview programme?

☐ Yes

☐ No

g. What is done with the results of this exit interview?

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h. Do you have a programme building up to retirements?

Yes

No

i. What does this programme cover?

--

j. What are your turn-over figures?  
(as a % of staff by category)

Academic staff  
Support staff  
**Total**  
Resignations  
Retirements  
Terminations

1999	2000	2001	2002

## 2 CONDITIONS OF SERVICE

a. Leave  
(days per annum)

Accumulative  
Non-accumulative  
Sick  
Maternity  
Paternity  
Compassionate  
Study  
Sabbatical  
Special  
Other


b. Retirement/Pension/Provident funds etc

Retirement  
Pension  
Provident  
Deferred Compensation  
Life Assurance  
Accident Insurance

	Emp'ee Cont.	Emp'er Cont.
Scheme		

**c. Travel allowances - rates per day**

National  
International

**d. Study allowances**

**e. Study subsidies (%)**

Employee  
Dependants  
Spouses  
Other

Own Institut.

Other Institut.

**f. Medical Aid**

Obligatory
Voluntary

	Emp'ee	Emp'er
Scheme	Cont.	Cont.

**g. Hours of work**

Academic  
Support  
Technical  
Service


**h. Policy with regard to private work and remuneration**

**i. Housing assistance/subsidy**

j. Car schemes - level of assistance and applicability

--

### 3 REMUNERATION

a. Grading system Computerised?

	Yes	No
--	-----	----

### b. Grade scales

[illegible]

## c. Annual Bonus

Amount  
When paid


## d. Performance/Merit scheme

Yes	No
-----	----

Description of how this works;

--

## e. Package flexibility?

Details of scheme and applicability

--

## f. Annual increase date:

--

History of past increases (%)

Academic  
Support  
Overall

1999	2000	2001	2002

What market data is used in making salary comparisons?

--

## g. Ad Hominem increase policy

Yes	No
-----	----

Details of procedures

--

h. Market related increases/notches

Yes

No

Details

h. Anniversary automatic notch increases?

Yes

No

i. Policy on formal job evaluations/re-evaluations

Yes

No

Details on involvement and frequency:

j. Loans/Advances policy:

Yes

No

Details:

k. Promotions policy?

Yes

No

Details:

#### 4 STAFF TRAINING AND DEVELOPMENT

a. Full details of level of compliance with **Skills Development Act**:

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b. Full details of level of compliance with the **Employment Equity Act**:

--

c. Has a recent full skills audit of staff been done?

Yes

No

d. Has this been translated into a comprehensive training and skills development plan?

Yes

No

e. Do you have an operational career path/manpower plan?

Yes

No

**5 PERFORMANCE MANAGEMENT**

a. Do you currently operate a performance management system?

Yes

No

Details of the procedures:

--

**6 INTERNAL RELATIONSHIP AGREEMENTS**

a. Trade unions with a formal Recognition and Procedural Agreement:

--	--	--	--	--	--

b. *De facto* trade unions with no formal agreement:

--	--	--	--	--	--



## c. Membership of each union

Union	Members	Total eligible

## d. Procedural agreements:

Union				
Discipline				
Grievance				
Retrench.				
Strike				
Stay-away				
Dispute				
Productivity				

## e. Details of formal meetings and negotiating meetings:

--

## f. Union participation in:

	Yes	Observer	Decisions	No
Council				
Senate				
Council Committees				
Personnel Committee				
Selection Committees				

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**g.** Details on funding of union activities and time off for union activities:

--

## 7 INFORMATION TECHNOLOGY

**a.** What software is used for HR data?

--

**b.** Is this linked to payroll and finance?

Yes

No

**c.** What degree of usage is made of the reporting facilities in this system?

Little

Moderate

Extensive

**d.** Are the reporting requirements of the SDA and the EEA computerised?

Yes

No

## 8 GENERAL

**a.** Is a counselling service offered to staff?

Yes

No

**b.** Is there a clear vision and mission statement for HR?

Yes

No

**c.** Is there forward planning for the next year's human resource requirements?

Yes

No

d. Are there approved policies for the following?

Recruitment	Yes	No
Appointment	Yes	No
Discipline	Yes	No
Grievance	Yes	No
Dispute handling	Yes	No
Probation	Yes	No
Leave	Yes	No
Overtime	Yes	No
Standby allowances	Yes	No
Notice periods	Yes	No
Home ownership	Yes	No
Termination	Yes	No
Private work	Yes	No
OHSA	Yes	No
Travel and expenses	Yes	No
Acting appointments	Yes	No
Secondments	Yes	No
Promotions	Yes	No
Sexual Harassment	Yes	No
Employment Equity	Yes	No
HIV/Aids	Yes	No
Performance management	Yes	No
Merit increases	Yes	No
Absenteeism	Yes	No
Study assistance	Yes	No
Other:	Yes	No
	Yes	No
	Yes	No
	Yes	No
	Yes	No
	Yes	No
	Yes	No
	Yes	No
	Yes	No