

**EVALUATING THE EFFECTIVENESS OF UMALUSI COUNCIL FOR QUALITY  
ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING AS  
A PUBLIC ENTITY IN THE SOUTH AFRICAN EDUCATION REGULATORY  
SYSTEM**

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## DEDICATION

This work is dedicated to the One who has the ability to create life. I am most grateful to my Lord and Saviour Jesus Christ for His almighty favour by giving me the opportunity to pursue this research work and graciously complete it in spite of the business of life. My heartfelt thanks to my wife Sharon, for her unfailing love, encouragement and support in ensuring that I make the time and have the energy to complete this research. To my sons, Justin and Jonathan for their understanding and encouragement that Dad should “go for it.”

This work is also a reflection of the leadership of my mentor, supervisor and Chief Executive Officer, Dr Peliwe Lolwana who remains an example of diligence, dedication and loyalty to improving the quality of education in South Africa.

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## **ABSTRACT**

The South African government like most governments around the world create public entities to perform functions on its behalf and achieve particular objectives ranging from facilitating investments, delivering services or providing goods and advice. These public entities receive annual funding either whole or in part from the national fiscus and report to parliament through their respective Ministries. In the 2005/6 financial year government funded Umalusi 7, 69 million rands through direct transfer payments from the Department of Education, excluding any indirect payments from other governmental structures. Many public entities, about three hundred and thirty odd or so in South Africa, were promulgated to ensure and improve service delivery to the nation. However, they were not intended to be seen as an extension of their reporting departments. This research work evaluates the effectiveness of Umalusi in the education regulatory system and seeks to find ways to improve public entity effectiveness using the South African Excellence Model (SAEM) as the base tool to measure organisational effectiveness. A brief conclusion to this study is that Umalusi as a public entity, is adequately meeting its intended purpose. This is confirmed through its annual reports having never received a qualified audit since its inception. This research triangulates the results of the South African Excellence Model, the Questionnaire to senior education officials and the Auditors' Reports to confirm that Umalusi is effective as a public entity in the South African regulatory system.

## GLOSSARY OF TERMS

AET	Adult Education and Training
CHE	Council on Higher Education
CSIR	Council for Scientific and Industrial Research
DCSA	DaimlerChrysler South Africa
DoE	Department of Education
EFQM	European Foundation for Quality Management
ETQA	Education and Training Quality Assurance Body
FET	Further Education and Training
HEQC	Higher Education Quality Committee
IMSA	Ideas Management- Southern Africa
MBNQA	Malcolm Baldrige National Quality Award
MTEF	Medium Term Expenditure Framework
NQF	National Qualifications Framework
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SADF	South African defence Force
SAEF	South African Excellence Foundation
SAEM	South African Excellence Model
SAFCERT	South African Certification Council
SAQA	South African Qualifications Authority
SAQI	South African Quality Institute
SETA	Sector Education and Training Authority
TQM	Total Quality Management

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 INTRODUCTION**

This study came about owing to the direct interest in the operations of public entities because the researcher was employed as the Chief Financial Officer within Umalusi. In evaluating public entities, the Auditor-General's office, by virtue of the requirements of the Public Finance Management Act (PFMA) (1999) and the Public Audit Act (2004), focussed on the financial performance and financial position of entities to ensure compliance. As confirmed by Statistics-SA (2004), the combination of financial and non-financial data is required to evaluate institutions holistically. Furthermore, Worthen (1990) confirms that accountability for expenditure of public funds is vital in ensuring that educational programmes are evaluated to determine effectiveness. This research, therefore, looks at the various data available in order to evaluate the effectiveness of Umalusi Council for Quality Assurance in General and Further Education and Training as a Public Entity in the South African Education regulatory system.

This introductory chapter is laid out as follows;

#### **1.1 Introduction**

#### **1.2 Background to the study**

#### **1.3 Problem statement**

#### **1.4 Research question**

#### **1.5 Aim and objectives of the study**

#### **1.6 Key theoretical concepts of the study**

#### **1.7 Chapter conclusion**

## 1.2 BACKGROUND TO THE STUDY

In terms of the Public Finance Management Act (1999), government created agencies to perform certain functions on its behalf. According to the National Treasury, Policy Framework for the Governance and Administration of Public Sector Institutions, (2005:1), these agencies, called public entities, were created to achieve particular objectives ranging from providing advice to facilitating investments, delivering services or providing strategic goods.

According to the National Treasury Draft Interim Guide for Creating Public Entities at the National sphere of Government (2002:1), the rationale for creating these entities is to improve the quality and cost of services to citizens in order to “do more with less.” They are also created as semi-autonomous entities to operate at arm’s length from their parent Ministries.

Some questions can be raised as to:

- whether public entities are adding value,
- what constrains public entities from being more effective in the light of some negative Auditor-General’s audit reports,
- whether these public entities are useful, and
- whether public entities serve their intended purpose?

In the South African Education regulatory system there are five public entities. Nevertheless, this research will only concentrate on Umalusi in its role to assure the quality of education in the general and further education and training bands. This role is unique to Umalusi, and therefore, its intended purpose cannot be directly compared with the other four public entities in the education sector. This is explained in the literature review chapter.

In an attempt to answer some of the above and other questions, the experiences of Umalusi within the South African Education sector are analysed, and issues are looked at in terms of the following:

- creation and enabling legislation,
- intended purpose,
- financial, human and other resources,
- capabilities and internal resources,
- strategies to meet mandate,
- current successes, failures and challenges at this point in time, and
- performance audits.

### **1.3 PROBLEM STATEMENT**

The South African government directly funded R 7, 69 million in the 2005/6 financial year to Umalusi, excluding any indirect payments from other governmental structures. The focus is on whether Umalusi as a public entity is effective in achieving its goals as mandated by its Act, and whether it meets its intended purpose as a Quality Assurer of education and training standards in the general and further education and training bands.

### **1.4 RESEARCH QUESTION**

The research question is “How effective is Umalusi in the South African Education regulatory system, and are there possible ways to improve its effectiveness?”

## **1.5 AIM AND OBJECTIVES OF THE STUDY**

### **1.5.1 AIM OF THE STUDY**

The aim of this research is to evaluate the effectiveness of Umalusi as a public entity in the South African Education system, and to make recommendations to improve organisational effectiveness using the criteria of the South African Excellence Model as a basis.

### **1.5.2 OBJECTIVES OF THE STUDY**

The objectives of the study are to:

- a) Confirm why Umalusi was established,
- b) Explore Umalusi's effectiveness using the South African Excellence model,
- c) Analyse the available data and triangulate the results from the Questionnaire, and Auditors' Reports, and
- d) Make recommendations for improvements that can be used by Umalusi or any other public entity.

## **1.6. KEY THEORETICAL CONCEPTS OF THE STUDY**

### **1.6.1 DEFINITIONS AND DISCUSSION OF CONCEPTS**

#### **1.6.1.1 EFFECTIVENESS**

Effectiveness is about doing the "right" things and the capability of producing an effect, or impact. (Wikipedia 2007). However, this definition does not guide anyone in terms of what the prescribed standard is or should be; so the effect could be regarded as either positive or negative depending on the predetermined standard.



Most organisations look at effectiveness in relation to the financial bottom line of whether a surplus or deficit was derived, and in private business this may be a very good yardstick to measure performance. However, in government or the public sector, financial performance showing a surplus could very well mean that an organ of state, which was granted public funds, did not perform its function, and therefore, has surplus funds at the end of the financial year. Therefore, if an organisation is effective in doing the right things in terms of its mandate it confirms its usefulness and can be regarded as being “fit for purpose.”

According to the South African Qualifications Authority’s (SAQA) (2006:5) draft document, effectiveness means the extent to which the planned objectives are met. It furthermore explains that, “objectives may be measured in terms of outputs (what is produced or delivered through an activity); outcomes (the immediate, short-term impact achieved through the results); and objectives (the long-range consequence(s) of the outcomes.” In order to measure effectiveness, the precise goals of an organisation should be audited or measured.

Johnson and Scholes (2002:168) explain that with regards to product features, effectiveness is the ability to meet customer requirements at a given cost. Managers will then only be able to achieve effectiveness if they ensure the following:

- clarify which product features are valued by customers,
- understand what the drivers of uniqueness are within their organisations,
- know the price that customers are prepared to pay for this product uniqueness,
- understand the way in which the corporate image or brand name is built and communicated to customers, and

- understand that competitive advantage is increasingly more concerned with service rather than the product.

In terms of the National Treasury Final Risk Management Framework, (1999:15), the Accounting officer has the responsibility to ensure and maintain effective, efficient and transparent systems of financial and risk management and internal control of the public entity. Furthermore, one of the benefits of managing risks includes ensuring effective and efficient service delivery.

Public entities showing a financial surplus at year-end do not prove its effectiveness, but a distinct focus on the quality of the planned outputs versus actual outputs through the management of risks, effective financial systems and internal controls could ensure effectiveness.

#### **1.6.1.2 AUDITING**

Power, (1999:9) regards “auditing as a risk reduction practice which benefits the principal as it inhibits the value reducing actions by agents. It is normally undertaken by principals to the point where its marginal benefits equal its marginal cost.” The general referral to auditing is one of checking and giving account, as there is no precise argument about what auditing really is as compared with other evaluative practices. Then there is the aspect of the practice of auditing as it relates to official legislation or documents, wherein the actual hopes are invested in the practice which is a statement of potential rather than an operational capability. Auditing has also seen that generally accepted patterns of motivation and self-control have given way to profit motivated expert advisors. Most developed countries have a supreme audit body to which public sector institutions need to show compliance. In South Africa we have the Office of the Auditor-General.

### **1.6.1.3 PERFORMANCE AUDITING**

In terms of the Public Audit Act (2004), the Auditor-General has been assigned to conduct performance audits at government institutions. According to the Office of the Auditor-General Performance Auditing Policy (2006:1) performance auditing is regarded as comprehensive auditing and encompasses the following:

- Systems for planning, budgeting, authorisation as well as control and evaluation of revenue, expenditure and resource allocation;
- Factors beyond the control of the institution which had a material adverse effect on the institution;
- Proper resource management;
- Measures aimed at deriving economies of scale or expertise, especially in the provision of goods and services;
- Steps aimed at improving economy, efficiency and effectiveness;
- Proper assignment of responsibilities, powers and accountability, and
- Measures to monitor results against predetermined objectives and performance standards.

### **1.7 CHAPTER CONCLUSION**

This chapter has explained the background to the study, defined the problem, motivated the research, and explained the value of the research. The research aims, objectives and methodology were also discussed.

The chapters to follow are;

Chapter 2 -Literature review

Chapter 3- Research methodology

Chapter 4- Results and findings

Chapter 5- Conclusions and recommendations

A brief conclusion to this research is that Umalusi as a public entity is adequately meeting its intended purpose confirmed by the triangulation of the results from the South African Excellence Model, Questionnaire to senior officials within and outside Umalusi and the Auditors' Reports. Umalusi has also annually reported on its activities to the relevant stakeholders namely the Department of Education (DoE), Minister of Education, Parliamentary Portfolio Committee on Education, and received no qualification/s on its External audit reports since its inception, which means that it complies in terms of the PFMA and the National Treasury Regulations.

## **CHAPTER 2**

### **LITERATURE REVIEW**

The literature review is intended to contextualise this research work in relation to previous research on the subject. This chapter therefore shows the current state of knowledge indicated under the following headings and is laid out as follows:

#### **2.1 Background information**

History of Umalusi:

2.1.1 Joint Matriculation Board

2.1.2 Safcert

2.1.3 Umalusi

This historical perspective shows Umalusi's clearly established role in the education sector and the purpose for its creation.

#### **2.2 Legislated Quality Assurance Bodies in Education and Training**

This section identifies the quality assurance bodies within the Education sector and gives a brief description of their various roles and responsibilities.

#### **2.3 Previous research using a model in evaluating organisations**

The topic of previous research means "you should clearly show how these studies relate to one another and how the proposed research ties in with them" (Welman and Kruger 2002:35). In looking how the previous research relates to this research the title headings of the previous research are used to guide the reader:

2.3.1 Koen, M. and Francis, R.L. 1997. *Performance reporting by listed public entities-do they comply?*

2.3.2 van Wyk, M.F. 1998. *Service quality measurement for non-executive directors in public entities.*

2.3.3 Ferreira, M. 2003. *A Framework for continuous improvement in the South African Higher Education sector.*

2.3.4 Eygelaar, S.J.D. 2004. *The application of the excellence model to enhance Military Health services delivery and performance excellence.*

2.3.5 Strydom, E.A. 2006. *Evaluation of a business model as self-evaluation instrument in higher education.*

## **2.4 Other models used to measure organisational effectiveness in Industry**

2.4.1 Total Quality Management

2.4.2 International Organization for Standardization (ISO)

2.4.3 Deming Prize

2.4.4 Malcolm Baldrige National Quality Award

2.4.5 European Foundation for Quality Management Award

2.4.6 South African Excellence Model

2.4.6.1 Historical background

2.4.6.2 South African Excellence Model Criteria

2.4.6.3 South African Excellence Model Matrix Approach

2.4.6.3. a. Matrix Advantages

2.4.6.3. b. Matrix Disadvantages

## **2.5 Chapter conclusion**

This paragraph summarises the basis for using the South African Excellence Model as a tool to evaluate Umalusi's effectiveness.

## **2.1 BACKGROUND INFORMATION**

Umalusi was established through the promulgation of its own Act of Parliament called the General and Further Education and Training Quality Assurance Act (Genfetqa Act) number 58 of 2001. It was established to implement quality assurance in the education sector, which is the general and further education and training (GFET) bands.

Umalusi has two predecessors namely the Joint Matriculation Board which started in 1918. This board specifically looked at formalising the matriculation examination in South Africa's education system; and later became the South African Certification Council (Safcert) in 1996. Safcert centralised quality control measures through moderation, monitoring of examinations and examination question papers; decentralising to provincial departments and taking ownership of the examinations run by government. Safcert became Umalusi in 2001.

The GENFETQA Act (2001) established Umalusi to be responsible for the moderation, monitoring, standardisation and certification of exit examinations within the general and further education and training bands; and also accredit service providers offering courses in the GFET bands. These functions are detailed in the paragraph 2.1.3 later in this chapter.

In this chapter the historical background of Umalusi will be presented according to the various eras through which different statutory bodies exercised the similar function in the South African education system. This will be followed by previous research done within public entities, and finally look at the various industry models used to measure organisational effectiveness to explain the basis for using the South African Excellence Model.



### **2.1.1 JOINT MATRICULATION BOARD (1918-1992)**

Lolwana (2006:4) indicates that in Trümpelmann's (1991) book, "The Joint Matriculation Board (JMB) – seventy-five years- achievement in perspective", is the only comprehensive historical account of the JMB phase of the senior certificate examinations. The JMB was the only examination body in South Africa between 1918 and 1920 and issued the only school leaving certificate which was accepted and recognised by foreign examination bodies, and gave learners access to universities and professional careers. In 1921 eight departmental examinations were established and JMB became the authority of standards. The JMB was focussed on improving its statistical techniques in order to improve reliability of the matriculation examination through its standardisation processes.

Lolwana (2006:5), further states that problems which seemed to be encountered throughout the history of the JMB included:

- dealing with irregularities at examination centres,
- the management of oral examinations,
- despatching capabilities,
- delays in announcing results,
- examination schedules, and
- establishment of norms.

From 1918 through to 1953 the JMB grappled with the issue of the decentralisation of examinations to provinces; and the question of a post secondary qualification to bridge the perceptible gap between schooling and universities. It was later found that the split of the two examinations into the matriculation with exemption, and the school-leaving certificate was not viable, and an extra year of study did not offer the required solution.

By 1980 there were numerous departments of education established through the political system fuelled by the 1976 uprising.

### **2.1.2 SOUTH AFRICAN CERTIFICATION COUNCIL (1992-2001)**

Safcert was promulgated through the South African Certification Council Act number 85 of 1986. This was as a result of the Human Sciences Research Council (HSRC) study conducted in 1977 after the Soweto uprising. It focussed on centralising the certification processes, overseeing the standardisation of examination results of the senior certificate examinations, and externally moderating all examination papers. Most of the JMB's approach was subsumed in Safcert, with even the then Chief Executive Officer coming from JMB.

Lolwana (2004:8) goes on to state that Safcert was accused of being selective in its approach to monitoring standards, by adjusting standards for different racial groups, and by monitoring some examination bodies and not others. It also adjusted the raw scores of former homeland administrations like the Transkei, to make it look as if their systems functioned very well. Question paper leaking was rife as they were printed by the Government printers, and the ex- Department of Education examination standards were a concern.

By 1995 the new government established the provincial public examination bodies which started operating in 1996. The ex-departments were merged with irregularities commonplace thus severely affecting the perception of the examinations. From 1990 to 1999 the number of candidates for the senior certificate examinations increased from 360,452 to 511,474. High failure rates were the order of the day and the government focussed on improving the pass rate. In 2000 the Department of Education set a common examination in five out of the ten popular subjects. By 1999 Safcert instituted a compensatory measure for learners whose first language was an African language, of 5% for their non-language subjects based on the mark they obtained in the examination.

### **2.1.3 UMALUSI (2002-2007)**

According to Lolwana (2004: 12), Umalusi began in 2002 having taken over Safcert with its nine staff members who primarily oversaw the moderation processes, issuing of certificates and managing the standardisation of matriculation results. The information technology programming function which was integral to the processing and validation of certificates was an outsourced function.

Umalusi was established to do the following:

- Provide for the quality assurance in general and further education and training,
- Provide for the control over norms and standards of curriculum and assessment,
- Provide for the issuing of certificates at exit points,
- Provide for the conduct of assessment,
- Repeal the South African Certification Act of 1986, and
- Provide for matters connected therewith.

Lolwana (2004:13) further explains that as Umalusi took over the matriculation function from SAFCERT, the public still saw the quality assuring of the senior certificate examinations as the only role Umalusi had, yet the following was included in the new Act ( GENFETQA, 2001):

- The introduction of continuous assessment ( CASS),
- The removal of the examination in the creative writing division,
- Language standardisation where skills was emphasised over knowledge,
- Flexibility in the prescribing of set-work books for languages,
- Emphasis on information application rather than content,
- Less emphasis of long essay-type questions, and

- Quality assurance of qualifications and curricula and the accreditation of providers, as well as the monitoring and reporting on provincial departments of education.

Umalusi deals with the following providers:

- Public and independent schools (including home schooling).
- Public and private further education and training institutions.
- Public and private Adult Education and Training (AET) providers including government Departments and individual providers with no physical site venues.
- Provincial Departments.
- Assessment bodies (public and private).

By the end of its first year, Umalusi was quality assuring three exit qualifications namely:

- The senior certificate in school education,
- The National Technical and National Senior Certificates in Further Education and Training institutions, and
- The General Education and Training Certificate in Adult Education.

In terms of its function to accredit providers, Umalusi took the approach of provisional accreditation while exploring the best possible way to impact the accreditation field. This process is a desktop exercise which precedes a site visit to those providers who show progress towards fulfilling the full accreditation criteria. The Accreditation Policy has, however, not been approved by the Minister of Education as yet.

Umalusi controlling body is called the Council and it is made up of fifteen members , including the Chief Executive Officer (CEO), as appointed by the Minister of Education, as defined in the Genfetqa Act (2001) section 11.(1)

Umalusi Council reports to the Minister of Education on issues regarding the quality assurance of providers. Umalusi, therefore reports to its Executive Authority, being the Department of Education which is the executive arm of the Ministry of Education as prescribed in the Public Finance Management Act (1999) Chapter 6, Section 50 (c).

In terms of the Genfetqa Act, (2001) section 11(3) and 11(4), the Council is the employer and appoints staff and also determines the remuneration of the staff and Chief Executive Officer.

In terms of the Genfetqa Act (2001) section 16, the functions of the Council are as follows:

(1) The Council must perform its functions subject to-

- (a) the South African Qualifications Authority Act, 1995 (Act No. 58 of 1995),
- (b) the National Education Policy Act, 1996 (Act No. 27 of 1996), and
- (c) any directive prescribed to it by the Minister of Education.

(2) The Council must meet the criteria for accreditation and perform the functions of an Education and Training Quality Assurance Body (ETQA) for the general and further education and training bands of the National Qualifications Framework.

(3) The Council may, with the approval of the Minister and the South African Qualifications Authority, assume its functions progressively depending on its capacity.

(4) Subject to subsection (3), the Council must:

- a) accredit providers as contemplated in Chapter 3 of the Genfetqa Act (2001):
- b) monitor the suitability and adequacy of standards and qualifications,
- c) ensure that providers adopt quality management systems for learner achievement,
- d) assure the quality of learner assessment at exit points,
- e) issue certificates of learner achievement in terms of standards or qualifications registered on the National Qualifications Framework,
- f) maintain an acceptable data bank and follow acknowledged recording and reporting procedures,
- g) promote quality improvement among providers, and
- h) monitor and report to the Minister on the performance of departments of education as providers, and recommend steps to rectify any deficiencies.

(5) Subject to policy determined in terms of section 3(4) of the National Education Policy Act, 1996 (Act No. 27 of 1996), the Council, with regard to external Assessment-

- (a) must perform the external moderation of assessment of all providers and assessment bodies,
- (b) must, in concurrence with the Director-General and the relevant provider, approve the publication of the results of learners if the Council is satisfied that the provider or assessment body has-
  - (i) conducted the assessment free from any irregularity that may jeopardize the integrity of the assessment or its outcomes,
  - (ii) complied with the requirements prescribed by the Council for

conducting assessments,

(iii) applied the norms and standards prescribed by the Council and the South African Qualifications Authority, which a learner is required to comply with in those assessments in order to obtain a certificate, and

(iv) complied with every other condition determined by the Council; and

(c) may adjust raw marks during the standardisation process.

(6) The Council may accredit an assessment body in accordance with the criteria determined by the South African Qualifications Authority and approved by the Minister.

(7) Subject to section 74 of the Higher Education Act, 1997 (Number 101 of 1997), the Council may endorse a certificate of a learner who has complied with the minimum requirements for admission to study at a higher education institution with the approval of the South African Universities Vice-Chancellors' Association, the Committee for Technikon Principals or any other similar body recognised by the Minister, as the case may be.

## **2.2 LEGISLATED QUALITY ASSURANCE BODIES IN EDUCATION AND TRAINING**

The Public Finance Management Act (1999) ensures the effective corporate governance of public entities. The following entities were established in education and training through the promulgation of Acts of Parliament to look broadly at quality assurance. The following public entities are involved in Education and Training:

- a) The South African Qualifications Authority (SAQA) was established through Act number 58 of 1995, to ensure that South African qualifications are of the highest quality and internationally comparable. It reports to both the Ministers of Education and Labour. It oversees the development of the National Qualifications Framework (NQF) by formulating and publishing policies and criteria for the registration of bodies responsible for establishing education and training standards for qualifications; and for the accreditation of these bodies and monitoring of these standards and qualifications.
- b) The Council for Higher Education (CHE), which was established by the Higher Education Act number 101 of 1997, is responsible for advising the Minister of Education on all aspects of Higher Education, in particular, regarding funding arrangements, language policy and the appropriate size and shape of the higher education system in the country. It is also responsible for the design and implementation of a quality assurance system in higher education and promotes student access. The Council also holds executive responsibility for quality assurance through a permanent subcommittee called the Higher Education Quality Committee (HEQC).
- c) Umalusi Council for Quality Assurance in General and Further Education and Training (Umalusi), through Act Number 58 of 2001 reports to the



Minister of Education on issues regarding the quality assurance of providers; issues certificates at exit points, quality assures assessments and conduct of examinations; monitors and reports on quality education and training in the general and further education and training bands. It also quality assures qualifications and curricula in general and further education and training.

These three public entities report to the same Executive Authority namely the Department of Education. However, in preliminary interviews with the Chief Executive Officers of these three entities their distinct differences became very apparent and will be explained in Chapter 3 p.58 of this study.

- d) In terms of the SAQA Act (1995), an Education and Training Quality Assurance Body shall-
- I. accredit constituent providers for specific standards or qualifications registered on the National Qualifications Framework,
  - II. promote quality amongst constituent providers,
  - III. monitor provision by constituent providers,
  - IV. evaluate assessment and facilitation of moderation among constituent providers,
  - V. register constituent assessors for specified registered standards or qualifications in terms of the criteria established for this purpose,
  - VI. take responsibility for the certification of constituent learners,
  - VII. co-operate with the relevant body, or bodies appointed to moderate across Education and Training Quality Assurance Bodies including, but not limited to, moderating the quality assurance on specified standards or qualifications for which one or more Education and Training Quality Assurance Bodies are accredited,

- VIII. recommend new standards or qualifications to National Standards Bodies for consideration, or modifications to existing standards or qualifications to National Standards Bodies for consideration,
- IX. maintain a data-base acceptable to SAQA,
- X. submit reports to SAQA in accordance with the requirements of SAQA, and
- XI. perform such other functions as may from time-to-time be assigned to it by SAQA.

These ETQAs were established in terms of the functions that are determined in the SAQA Act. They assure education and training which could reside within the following bands within the education sector:

- the general and further education bands,
- the higher education band or
- the trades and professional occupations.

There were originally twenty-five Sector Education and Training Authorities (SETA) ETQAs established and after the merging of two there are twenty-three that remain under the oversight of the Minister of Labour. With the Education Councils under the oversight of the Ministry of Education and the Setas under the Ministry of Labour, some roles and responsibilities have become contested areas owing to overlapping policy matters.

## **2.3 PREVIOUS RESEARCH USING A MODEL IN EVALUATING ORGANISATIONS**

Previous research relating to performance excellence and excellence models used in performance and effectiveness measurement has been documented in the following research dissertations;

- 2.3.1 Research by Koen, M and Francis, R.L. (1997) entitled “Performance reporting by listed Public Entities- do they comply?” shows that six of the twenty listed public entities had not submitted their annual financial statements for the applicable period of review. The findings and conclusions of the research stressed the importance of identifying clear and measurable objectives as the first step towards performance reporting. Defining standards or targets for each of the objectives enable an entity to measure performance; and to communicate quantitative and qualitative information which identifies results against benchmarks.

In the above research it becomes clear that in order to measure effectiveness, the “what” or purpose of an organisation must be clearly defined and understood for it to be measured. Therefore, an organisation’s purpose, goals and objectives need to be understood clearly enough by all concerned in order for the organisation to strive for effectiveness. It is commonly known that where there are two visions we have “di”vision and according to the Holy Bible: Amos 3:3, the question is asked whether two can walk together unless they are agreed, in order to be effective. The buy-in of all members of an organisation to a commonly understood purpose can ensure effectiveness.

The notion of clarity of purpose is one that clouds the Umalusi terrain, as clarity is sought in terms of public education provision and Umalusi’s involvement at this level. Opposing and contradicting legislation have created grey areas in the

education landscape with ETQAs stepping upon one another's toes. Therefore, the resolution of the National Qualifications Framework (NQF) review and the alignment of legislation of all the Acts like GENFETQA Act, SAQA Act, Further education and Training (FET) Institution Act, National Education Policy Act, are urgently required. Although the NQF review has been approved, the actual alignment of policy and definition of roles and responsibilities will only be evident by 2009.

The abovementioned research, therefore, contributes to this study by confirming that, in order to measure effectiveness an organisation has to understand its purpose in clearly defined, measurable objectives. According to Assam (2006:81) in the journal *Service Delivery Review of the Department of Public Service and Administration*, volume 5, number 2 of 2006, it is confirmed that performance indicators are to be well known and incorporated into strategic and annual performance plans to ensure effectiveness.

2.3.2 Van Wyk's (1998) research on "Service quality measurement for non-executive directors in Public Entities" reports that neither an assessment of the quality of governance by their non-executive directors nor any instrument to use in such an assessment was available. The study tried to find a recognised methodology to use in the development of an assessment instrument. A procedure advocated by Churchill (1979:65-72) was applied to the general service arena and a representative group of executives were then asked to assess the desired, minimum acceptable and actual service levels. In conclusion, the research recommended that an independent professional statutory body be established to regulate non-executive directors in public entities and that only members of the profession be allowed to accept non-executive directorships on a public entity board. Furthermore, it looks at how commercial corporations are evaluated based on the

financial performance of an entity, whilst public entities are not evaluated by its taxpayers.

Having said this, it is imperative of government to set up its governance structures in order to ensure that public entities are adequately evaluated. This begs the question why these entities were set up in the first place, and then more regulation has to be enacted to centralise or ensure accountability. In the Umalusi context when one looks at the various levels of reporting internally as well as external to the organisation one wonders if there is not too much regulation to do exactly this. How much monitoring and reporting is enough to ensure effectiveness and does a favourable financial report suffice? Therefore, Van Wyk (1998) suggests that the performance audit division of the office of the Auditor-General do regular performance audits of the boards of all public entities which is in addition to the performance audits of the entities currently done. The assumption is that the 20 corporations which Van Wyk (1998) studied were all commercial public entities that were substantially funded by government and large corporations in their own right. Is the same approach necessary for a public entity like Umalusi that received a mere R 7, 9 m for 2005/6? The answer may well be yes, in that any public entity that is funded from the fiscus should put all measures in place to ensure overall effectiveness and be accountable to parliament which represents the people of this country.

2.3.3 Ferreira's ( 2003) research on "A framework for continuous improvement in the South African Higher Education sector" explored the theoretical constructs and implementation of quality models to ensure continuous improvement in South African Higher Education Institutions. The study points out that there is a great need for institutional quality in South Africa, and the findings show that the combination of the South African Excellence Model questionnaire, and workshop self-assessment

approaches can be used to ensure continuous improvement, if they are contextualised for the higher education sector.

If the South African Excellence Model has to be adapted for use in the Higher Education sector, then surely it suggests that for any educational institution this model should have to be adapted as this model originated from the manufacturing community in the United States of America, Europe and Asia. Institutional quality looks at quality principles and institutional self-assessment approaches like leadership, policy and strategy, people management and satisfaction, client or customer focus and satisfaction, resource and information management, processes, impact on society and organisational results. This is used to measure the organisation's strengths, and highlight areas that may require improvement. If the model speaks to aspects of quality it should be an aid to continuous improvement. However, in the context of this study the model is merely used as a measuring instrument to gauge the effectiveness of Umalusi, although recommendations are also extrapolated.

2.3.4 Eygelaar's (2004) research entitled, "The Application of the Excellence Model to enhance Military Health service delivery and performance excellence," examines the appropriateness of the model for Public Service Health Excellence in developing a strategy for the South African Military Health Service. In applying this model for the sector, it could be the starting point for a regular strategic planning process within the organisation, and could ensure continuous improvement in the performance excellence levels of Military Health Service organisations.

This research confirms the starting point for any organisation after it has established its purpose through legislation. This is its strategic planning processes and then the evaluation of plans against actual performance. However, the challenge is always to ensure that the concept of performance excellence becomes common within all structures of an organisation in order to ensure that

every employee contributes to the goals of the organisation. Performance excellence per se should become a common language within an organisation. This aids in developing a uniqueness and a common understanding within the organisation before it can roll out or promote quality within its provider sector or client organisations. For Umalusi the common “speak” should be “Quality Assurance” and “Institutional Performance Excellence.”

2.3.5 Strydom’s (2006) research on “Evaluation of a Business Model as Self-Evaluation Instrument in Higher Education,” explored the possible use of industry models by the Higher Education Institutions. This was done in order for them to interrogate their quality management practices on a continuous basis, taking into account the requirements of the Higher Education Quality Committee in line with its audit criteria. In this research the South African Excellence Model is compared with the Higher Education Quality Committee institutional audit criteria. The research findings demonstrate that the South African Excellence model requires adaptation and the extension of some criteria to render it appropriate to Higher Education.

The research question investigated whether the elements of excellence in that of a business are the same for higher education. It was concluded that the only difference is that industry does not focus on teaching and learning and that business concepts can be adapted to the educational context. The study further concluded, that the excellence model supports a cycle of planning, development, evaluation and continuous improvement. If this is the conclusion of the study then surely it can be assumed that because Umalusi quality assures the education band leading to higher education, then the South African Excellence Model could at least be used as a tool to measure Umalusi’s effectiveness. This correlation will be seen in the pages that follow. However, in the interview with the Acting CEO, of the Council for Higher Education (CHE), it became apparent that the CEO was unaware of this specific research. The CEO, prior to this is mentioned in the

research. A shortcoming here is that many organisations and other public entities have still not found a way to institutionalise organisational learning, as each project that is dealt with is seen as a separate study when in fact the collective makes up the total sum of organisational learning, irrespective of the interactions at various levels within the organisation. It is also becoming very clear that the research done at various public entities, although within the same sector like Education, do not necessarily speak to each other in a way that can optimise the use of resources whether financial, human, capital, research or otherwise.

## **2.4 OTHER MODELS USED TO MEASURE ORGANISATIONAL EFFECTIVENESS IN INDUSTRY**

The following paragraphs will look at other Industry models used internationally to measure organisational performance and effectiveness in an attempt to show the basis upon which the South African Excellence Model was selected as the best possible tool. They also provide insight into the appropriateness of a model to evaluate effectiveness. These tools have elements that measure effectiveness and performance to some degree or another, but were not specifically designed for an education sector institution. The South African Excellence Model, however, has been designed for use by the public sector, and as such, is the tool which is closest to measuring the effectiveness of a public entity like Umalusi.

### **2.4.1 TOTAL QUALITY MANAGEMENT**

The Total Quality Management (TQM) concept is an enhancement of the traditional way for doing business. The techniques provide a way to guarantee survival in a global competitive environment. Therefore, Besterfield, Besterfield-Michna, Besterfield and Besterfield-Sacre (2003:1) define Total Quality Management as the art of managing the whole to achieve excellence.



The following concepts regarding leadership, customer satisfaction, employee involvement, continuous improvement, supplier partnership and performance measures, therefore, form the basis of the Total Quality Management concept.

The following table shows the change in focus between the old and new organisational cultures according to Besterfield et al. (2003:3)

**Table 2.1: New and Old Organisational Cultures**

Quality Element	Previous State	TQM
Definition	Product oriented	Customer oriented
Priorities	Second to service and cost	First among equals of service and cost
Decisions	Short-term	Long-term
Emphasis	Detection	Prevention
Errors	Operations	System
Responsibility	Quality control	Everyone
Problem solving	Managers	Teams
Procurement	Price	Life-cycle costs, partnership
Manager's role	Plan, assign, control and enforce	Delegate, coach, facilitate and mentor

Source: Adapted from Besterfield, et al. 2003. *Total Quality Management*. New Jersey: Pearson Education Ltd, p.3.

These in turn were taken apart, investigated, tested and tried which resulted in various models or quality management systems being developed which will now be further discussed in this chapter.

According to Besterfield et al, (2003:8) quality can thus be quantified as follows:  $Q = P / E$  where Q means quality, P means performance and E stands for expectation. When quality is greater than 1.0 then it could be assumed that the

customer will feel good about the product, even if the determination is based on the perception that the organisation determines the performance and the customer expectation.

#### **2.4.2 INTERNATIONAL ORGANIZATION FOR STANDARDIZATION (ISO)**

The ISO was founded in 1946 in Geneva, Switzerland where it still resides. Its operational mandate was to advance the development of international standards to facilitate the exchange of goods and services globally. It comprised of more than 90 member countries. In 1987 the first series of international standards were published through its ISO Technical Committee. The standards (ISO 9000, 9001 and 9004) were meant to be advisory and were developed to be utilised in a two-way party contractual agreement as well as for internal auditing purposes. With the acceptance of the European Community (EC) and a worldwide emphasis on quality and economic competitiveness, these standards became universally accepted. This resulted in most countries adopting the ISO 9000 as their national standards.

The quality system management requires the assessment and periodic inspection by a third party which is the Registrar. If the system conforms to the standards, the Registrar then issues a certificate of registration to the supplier to ensure customers, or potential customers that the supplier has a quality management system in place and it is being monitored and evaluated.

The benefits for ISO registration are many and Besterfield et al. (2003:254) related the following benefits of a study of 100 Italian manufacturing firms where significant improvement was noted in the following:

- Internal quality as measured by the percentage of scrap, rework and non-conformities at final inspection,

- Production reliability as measured by the number of breakdowns per month, per cent of time dedicated to emergencies and per cent of downtime on shift work,
- External quality as measured by product accepted by customers without inspection, claims of non-conformity and returned product, and
- Cost of poor quality as measured by external non-conformities, scrap and rework, etc

Besterfield et al. (2003:270) provide the following as a list of steps required to implement the system successfully. These steps are summarised as follows:

- a. Top management commitment should drive the process to ensure critical success.
- b. Appoint a management representative thus making it a project utilising a team approach. This person is to co-ordinate the implementation and maintenance of the system to ensure that it becomes like any other part of the organisational undertaking.
- c. Awareness programmes should be introduced at all levels signifying the benefits of the system to all employees.
- d. Appoint an implementation team to steer the system development.
- e. Train employees in the use of the techniques and processes of quality management.
- f. Schedule time for implementation and registration depending on the size of the organisation.
- g. Select system owners for each process to ensure buy-in and responsibility areas to ensure continuity and understanding.
- h. Review the current system to determine what the actual scenario is before development of the new system.
- i. Write all the documents in terms of what is currently done and then look at improvements.
- j. Install the new system according to the work instructions.

- k. Conduct an internal audit of the system to ensure the system is working effectively.
- l. Conduct a management review to determine the effectiveness of the system in achieving the stated quality goals.
- m. Registration consists of three parts namely, selecting a registrar, submitting an application and conducting a registrar's audit.

Note that third party audits and registration are not part of the ISO 9000 standards, but is one way of demonstrating compliance to the standards.

### **2.4.3 DEMING PRIZE**

According to Besterfield et al. (2003: 27) W. Edwards Deming, PhD was a protégé of Shewart and in 1950 he taught statistical process control and the importance of quality to leading CEOs in Japan. He is known as the world's quality expert as he was credited with the Japanese quality rising to economic power. Deming's philosophy is given in fourteen points as follows:

1. Create and publish the aims and purposes of the organisation. This is to show management commitment to this statement and should be regarded as an ever-changing document which must receive input by all. Resources must be allocated for research, training and continuing education in order to achieve objectives.
2. Learn the new philosophy. The whole organisation from the lowest paid staff members to the highest must get to know the new philosophy and refuse to accept non-conformance. Even Unions must be part of the process to change attitudes towards quality.

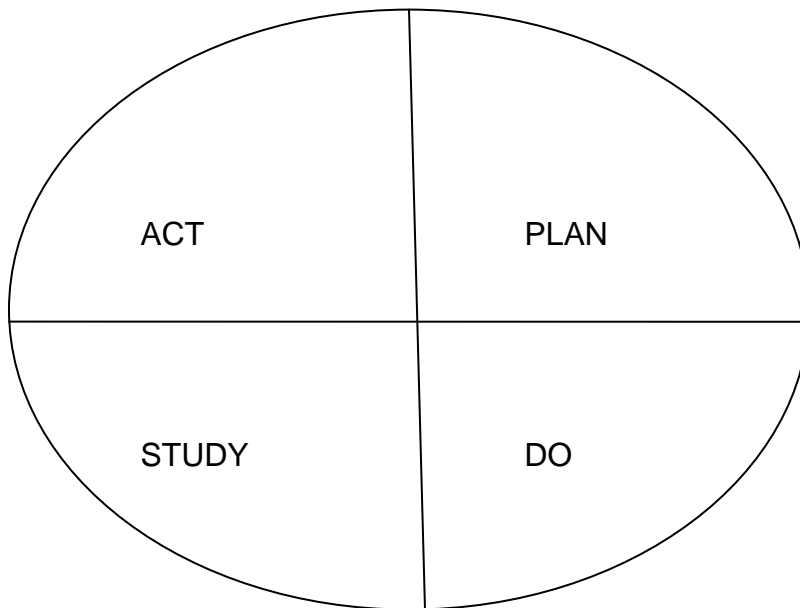
3. Understand the purpose of inspection. This is to improve processes and reduce costs, and mass inspection is managing for failure, and defect prevention is managing for success.
4. Stop awarding business based on price alone. Price has no meaning with the exclusion of quality. Material quality and management should be seen throughout the entire life cycle of the manufacturing process.
5. Improve the system constantly and forever. Management must continually take responsibility of finding and correcting problems to quality to reduce costs. Responsibilities should be assigned to teams to remove the causes of problems and improve processes.
6. Institute training. Resources should be allocated to train employees in the new philosophy which include statistical methods to monitor processes and costs.
7. Teach and institute leadership. Improving supervision is management's responsibility as well as ensuring clear communication from top to bottom.
8. Drive out fear, create trust and create a climate of innovation. Open teamwork must be encouraged and the fear of being powerless eradicated. When people are treated with dignity fear is eliminated and they will work for the general good of the organisation.
9. Optimise the efforts of teams, groups and staff areas. The barriers between units or departments within an organisation must be removed through constant communication, and focus on the organisational purpose, goals and operational methods.

10. Eliminate exhortations for the work force. Asking for increased productivity without providing specific improvement methods can handicap an organisation. They merely express management's desires without providing the tools.
- 11.a. Eliminate numerical quotas for the workforce. Quotas and work standards focus on quantity and not quality and encourage poor workmanship for the benefit of quotas or numbers.
- 11.b. Eliminate Management by Objective as internal goals without a method does not help.
12. Remove barriers that rob people of pride of workmanship. When workers are proud of their jobs, they will grow to the full extent of their jobs.
13. Encourage education and self-improvement for everyone. A long-term commitment to train and educate people must be made by management and everyone retrained to meet the changing demands of the organisation.
14. Take action to accomplish the transformation. Management is primarily responsible for improvement, and has to create the corporate structure to implement quality improvement on a continuous basis.

In 1951 the Japanese introduced the Deming Prize to award those companies that continually applied Company-Wide Quality Control (CWQC) based on statistical methods.

The basic Plan-Do-Study-Act (PDSA) cycle was first developed by Shewart and then modified by Deming as an effective improvement technique illustrated as follows:

**Figure 2.1: The PDSA Cycle**



Source: Adapted from Besterfield et al. 2003. *Total Quality Management*. New Jersey: Pearson Education Ltd, p.134.

1. Plan carefully what needs to be done.
2. Then do it.
3. Study the results against what was intended.
4. Act on the results by identifying work as planned and what did not work correctly. Then develop an improvement plan and repeat the cycle.

The Deming prize has several categories including individuals, factories and divisions or small companies. The process takes between three to five years with the managers having to convince the Deming Prize Committee that they are ready for a site evaluation. The Deming Prize Application Checklist is used to assess the ten major criteria namely:

- a) Policy and objectives.
- b) Organisation and operations.
- c) Education and dissemination.
- d) Assembly and dissemination of information.
- e) Analysis.
- f) Standardisation.
- g) Control.
- h) Quality assurance.
- i) Results.
- j) Future plans.

Top management has to score 70 points with each unit scoring at least 50 points to apply for the award. Reports from the American Productivity and Quality Centre (APQC) contain both positive and negative aspects of the operations.

In Strydom's (2006) dissertation, it is noted that there is a skewing of scores due to the administrative processes in a Higher Education environment, although it can be measured using the same proportions as the business model, with academic activities more difficult to quantify and evaluate; with even such fundamental business concepts as "customer and supplier" resisting clear definition in academic terms.



#### **2.4.4 MALCOLM BALDRIGE NATIONAL QUALITY AWARD**

According to Besterfield, et al. (2003:191) the Malcolm Baldrige National Quality Award (MBNQA) has an annual award prize to acknowledge United States (US) organisations for performance excellence. It was created by public law on 20 August 1987 and promotes the following:

- a) Understanding of the requirements for performance excellence and competitiveness improvement,
- b) Sharing of information on successful performance strategies, and
- c) The benefits derived from using these strategies.

Three awards may be given each year for each of the following categories namely:

- 1. Manufacturing.
- 2. Service.
- 3. Small business.
- 4. Health care.
- 5. Education.

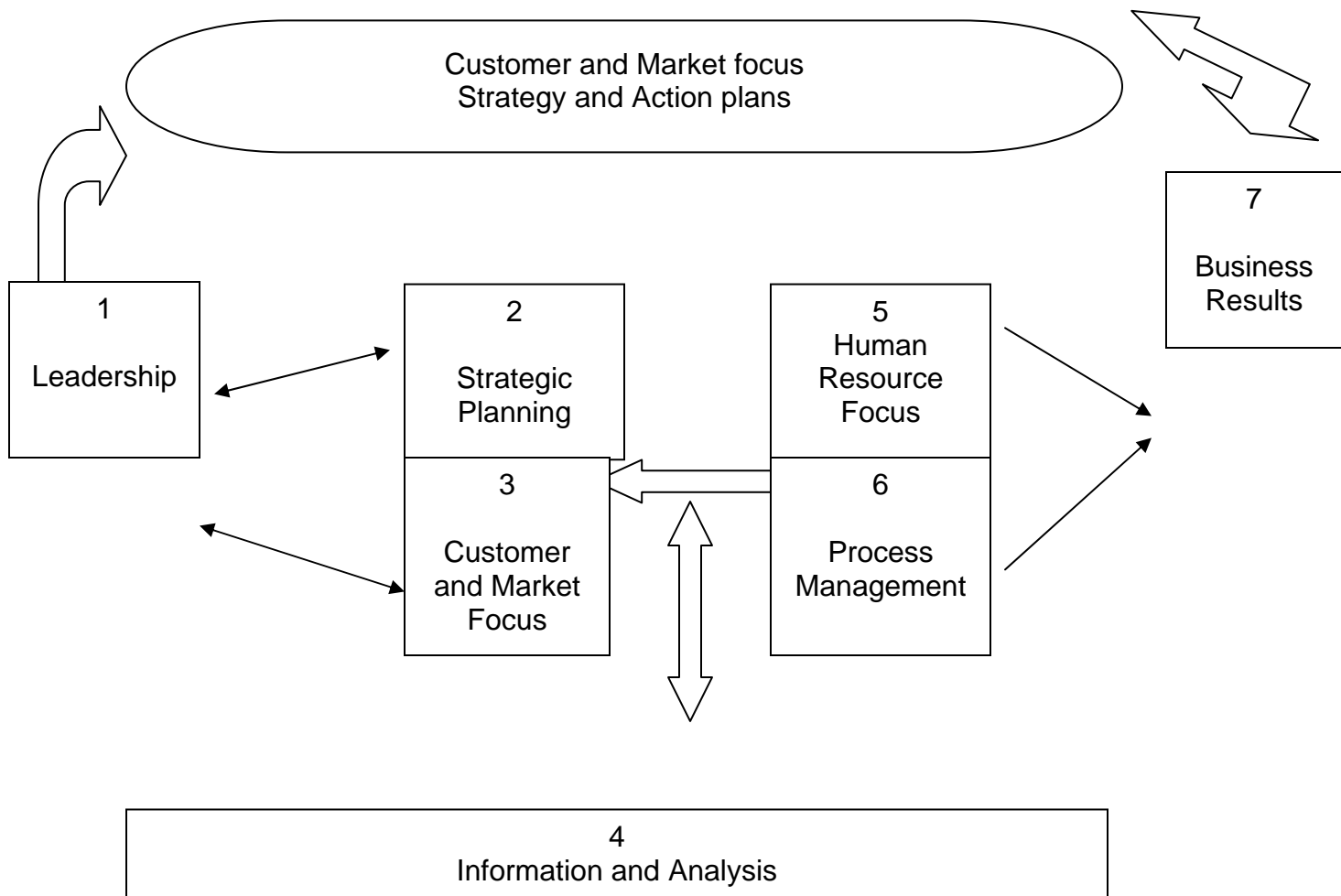
Although many companies do not participate for the awards, they nevertheless, use the techniques to measure their total quality management. The criteria are results directed and focus on the following seven key areas of business performance namely:

- 1. Customer satisfaction or retention.
- 2. Market share, new market development.
- 3. Product and service quality.
- 4. Productivity, operational effectiveness and responsiveness.
- 5. Human resource performance / development.

- 6. Supplier performance / development.
- 7. Public responsibility / corporate citizenship.

The criteria are not prescriptive as the focus is on results and not procedures or tools, as organisations are encouraged to be creative, and adapt with flexible approaches that work for them. The selection of the type of tools and techniques is dependent upon such factors as organisation size and type, the organisations' stage of development and employee capabilities, capacity and responsibilities.

**Figure 2.2: Baldrige Criteria for Performance Excellence Framework (A systems perspective)**



Source: Adapted from Besterfield et al. 2003. *Total Quality Management*. New Jersey: Pearson Education Ltd, p.192.

As indicated in figure 2.2; the seven award criteria for performance excellence using the Malcolm Baldrige model are explained as follows:

1. The leadership category examines the organisation's leadership system and senior management personal leadership that addresses values, organisational direction, performance expectations, customer focus, other stakeholders, and learning and innovation. Also included here is how the organisation views its social responsibility and provides support to key communities.
2. The Strategic Planning category examines how the organisation sets strategic goals and develops critical strategies and action plans to support the objectives or goals. Performance management is also addressed in this category.
3. The Customer and Market Focus element examines how the organisation determines requirements, expectations and preference of customers and markets, and also builds relationships with them and surveying their level of satisfaction.
4. The Information and Analysis category examines the selection, management and effectiveness of use of information and data to support key organisational processes, action plans and the organisational performance management system.

5. The Human Resource Focus category examines how the organisation enables employees to develop and reach their maximum potential thus aligning it with the organisation's objectives.
6. The Process Management category examines the key aspects of process management including customer-focussed design, product and service delivery, support and supplier partnering processes.
7. The Business Results category examines the organisation's performance and improvement in all business areas; customer satisfaction, financial and market performance, human resource results, supplier and partner performance and operational performance relative to that of the competitors.

**Table 2.2: Baldrige Award Categories and Item Listing with Point Values**

<b>AWARD CATEGORY</b>	<b>ITEM LISTING</b>	<b>POINT VALUE</b>	<b>TOTAL POINT VALUE</b>
1. Leadership	1.1 Leadership system	80	110
	1.2 Company responsibility and citizenship	30	
2. Strategic planning	2.1 Strategic development process	40	80
	2.2 Company Strategy	40	
3. Customer and Market focus	3.1 Customer and market knowledge	40	80
	3.2 Customer satisfaction and relationship enhancement	40	
4. Information and Analysis	4.1 Selection and use of information and data	25	80
	4.2 Selection and use of comparative information and data	15	
	4.3 Analysis and review of organisational performance	40	

5. Human Resource Focus	5.1 Work systems	40	100
	5.2 Employee education, training and development	30	
	5.3 Employee well-being and satisfaction	30	
6. Process Management	6.1 Management of product and service processes	60	100
	6.2 Management of support processes	20	
	6.3 Management of supplier and partnering processes	20	
7. Business results	7.1 Customer satisfaction results	125	450
	7.2 Financial and market results	125	
	7.3 Human resource results	50	
	7.4 Supplier partner results	25	
	7.5 Organisation-specific results	125	
		TOTAL	1000

Source: Adapted from Besterfield et al. 2003. *Total Quality Management*. New Jersey: Pearson Education Ltd, p.194.

### The Scoring System

The system to score organisations is based on three evaluative criteria namely, approach, deployment and results.

1. Approach: the following factors are used to evaluate this aspect, namely:
  - i. The applicability and appropriateness of the method to the requirements.
  - ii. The effective utilisation of the method.

- iii. The extent to which the approach is systematized, integrated and consistently applied and is based on reliable information and data.
  - iv. Proof or evidence of innovation and changes of approaches used in the type of business.
2. Deployment: this is the extent to which the applicant's approach is applied to all the requirements and the criteria used to assess deployment are:
- i. The use of the approach to address the business and item needs.
  - ii. The use of the approach by all the organisational units / departments / division.
3. Results: the following factors were used to assess this aspect:
- i. The current performance.
  - ii. Performance in relation to comparative organisations or benchmarks.
  - iii. The rate, extent and importance of performance improvements.
  - iv. The extent to which improvements are sustainable or show consistent high performance.
  - v. Linking of the results to performance measures identified in the business plans and in the approach and deployment aspects.

According to Besterfield et al. (2003:196) this scoring system requires significant training time and seems to better fit small and medium sized organisations.

## **2.4.5 EUROPEAN FOUNDATION FOR QUALITY MANAGEMENT AWARD**

According to Lamotte, G. Renaissance Worldwide & Carter, G. (1999:5) the European Foundation for Quality Management award (EFQM) was established in 1988, and has its origins in the Total Quality Management philosophy which inspired fourteen leading European organisations to form the European Foundation for Quality Management (EFQM). Their objectives were “to stimulate, and where necessary, assist management in adopting and applying the principles of Total Quality Management, and to improve the competitiveness of European industry.”

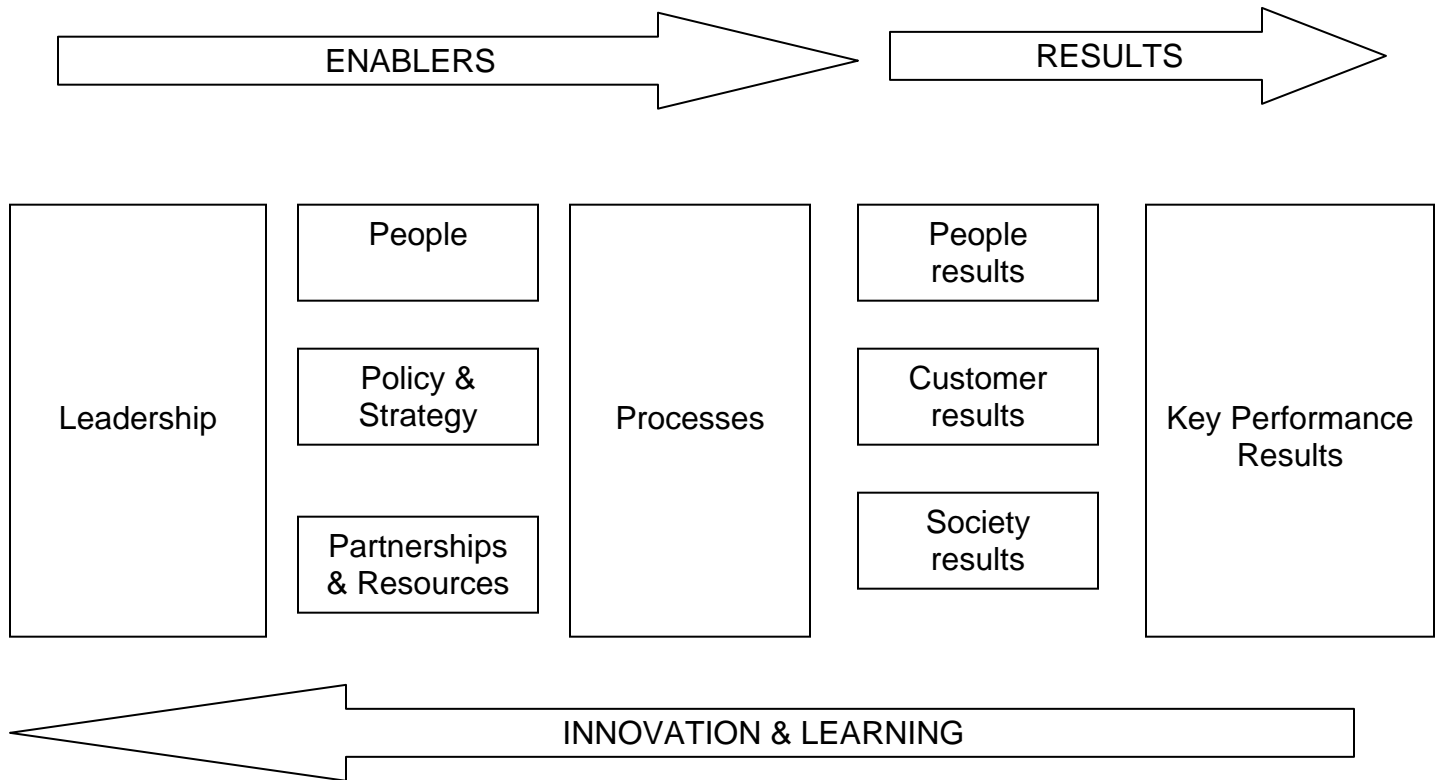
By 1991 the European Quality award was launched in order to identify “role models” of excellence and grant them recognition for showing that Europe could be competitive. A set of criteria was developed for evaluating applicants and to track how well applicants compared (benchmarked for “Best in Class”). This would give some form of recognition and assurance that their business / organisations could be maintained over a period of time.

The framework used was known as the EFQM Excellence Model ® which is a registered trademark. In its advertisement, the EFQM is quoted as stating that the model is used by organisations in various ways, namely:

- As a tool for self-assessment by measuring where they are on the path of excellence, helping them understand the gaps and then stimulating solutions,
- As a basis for a common vocabulary and way of thinking about the organisation which is shared across all functions,
- As a framework for positioning existing initiatives, thus removing duplication and identifying gaps, and

- As a structure for the organisation's management system.

**Figure 2.3: European Foundation for Quality Management Excellence Model**



Source: Adapted EFQM Excellence Model Leaflet. *Sine anno. EFQM Excellence Model* available for companies, Public and Voluntary sector and SME's.



The criteria are tabulated as follows:

**Table 2.3: EFQM Criteria**

<b>EFQM CRITERIA</b>	
<p><b>Leadership</b></p> <p>Excellent leaders develop, facilitate and ensure achievement of the vision and mission and develop organisational values and systems required for success. Leadership ensures consistency of purpose through changing times and give direction which inspires others.</p>	<p><b>Customer results</b></p> <p>Excellent organisations plan, achieve and measure good results with respect to their customers.</p>
<p><b>Policy &amp; Strategy</b></p> <p>Excellent organisations develop stakeholder focus strategy that take the market and sector into account and its policies, plans, objectives and processes are developed to deliver the strategy.</p>	<p><b>People Results</b></p> <p>Excellent organisations measure and achieve good results with respect to people.</p>
<p><b>People</b></p> <p>Excellent organisations manage, develop and release potential of their people and on individual, team and organisational level promote fairness and equality through caring and rewarding and recognising people.</p>	<p><b>Society Results</b></p> <p>Excellent organisations measure and achieve results with respect to society.</p>
<p><b>Partnerships and Resources</b></p> <p>Excellent organisations plan and manage external partnerships, suppliers and internal resources to</p>	<p><b>Key Performance Results</b></p> <p>Excellent organisations measure and achieve good results with respect to key elements of their policy and</p>

support policy and strategy and ensure optimal operations. Current and future needs are balanced.	strategy.
<b>Processes</b> Excellent organisations design, manage and improve processes to satisfy and generate increased value for customers and stakeholders.	

Source: Adapted from Lamotte, G. Renaissance Worldwide & Carter, G. 1999.

*Are the Renaissance Balanced Scorecard and the EFQM Excellence Model mutually exclusive or do they work together to bring added value to a company?* Final draft, pre-publication version. Appendix 2, p.22

The fundamental concepts of excellence are applicable to all organisations regardless of sector, industry or size and require total leadership commitment and acceptance.

## **2.4.6 SOUTH AFRICAN EXCELLENCE MODEL**

### **2.4.6.1 HISTORICAL BACKGROUND**

Current state of knowledge is very limited in so far as applying the South African Excellence Model (SAEM) to the education sector. However, previous research as indicated below, suggests that research has commenced, but that information and use of the excellence model is not widespread.

The South African Excellence Model was firstly the intellectual property of the South African Excellence Foundation: an association not-for-gain incorporated under section 21 of the South African Companies Act number 61 of 1973 with registration number 1998/015966/08. It was launched on 28 August 1997 at the South African Reserve Bank, and commenced business on 14 August 1998.

According to Bond (2003:1) the first meeting of organisations which later became known as the “Founding Champions” met on 17 January 1997 under the auspices of the South African Quality Institute (SAQI). A resolution was taken at the first meeting indicating “that group members are in agreement that the intellectual property resides with SAQI.”

This resolution later caused friction between SAQI and South African Bureau of Standards (SABS) and the Council for Scientific and Industrial Research (CSIR) and DaimlerChrysler South Africa (DCSA). CSIR and DCSA wanted the intellectual property to be handed to the newly formed South African Excellence Foundation (SAEF), although it had not yet been registered formally as a company. Upon later agreement it was handed over from SAQI to SAEF as formally registered on 14 August 1998.

Its main objectives were to:

- Provide a process framework and direction to create a culture of organisational excellence throughout South Africa to enhance overall competitiveness, and promote the well-being ( quality of life) of all its citizens, and
- Provide support to the rest of Africa to promote a culture of organisational performance excellence.

Bond (2003:2) further stated that prior to the development and creation of the South African Excellence Model, at a SAQI conference in November 1995, a Mercedes-Benz South Africa representative, told the audience that if SAQI did not develop an acceptable South African Quality Award, then DCSA would. On 20 May 1997 a Memorandum of Agreement was signed between the SAQI and the European Foundation for Quality Management (EFQM) to use the EFQM training material as a basis for the development of a SAQI Quality award. It is, however, important to note that no such negotiations were required for the use of the

Baldrige model as the model by design was in the public domain. The then Colonel in the South African Defence Force (SADF) went on a study tour to the United States of America (USA) in February 1997, and obtained valuable insights and documentation from the Baldrige office in Washington DC which was made available to SAQI.

In 1991 SAQI initiated a process to design a South African Quality Award by inviting several organisations to a “Think Tank.” Seven months after the first meeting of 17 January 1997, a South African Excellence Model was designed and officially launched on 28 August 1997. At this event the founding champions were given recognition, and the first SAEF Board of Directors selected.

The twelve founding champions which were recognised were:

- Armscor
- CSIR
- DCSA
- ESKOM
- Greater Pretoria Metropolitan Council
- Groman Consulting Group
- Honeywell Southern Africa
- IDEAS Management-Southern Africa
- SABS
- SAQI
- South African Society for Quality
- Standard Bank of South Africa

By 31 December 1999, three organisations namely Absa Bank, Post Office South Africa and Technikon South Africa joined and became founding members at a cost of about two hundred thousand rands each. This term of “Founding Members” was different to that of “Founding Champions.” This was decided as a

good way to raise capital to sustain the SAEF. It was also decided by SAQI as indicated by Bond (2003:3) that the founding champions would have dual membership and be recognised as SAEF founding members. Ingersoll-Rand South Africa joined the “think tank” a month prior to its launch on 28 August 1997, and was given the status of founding member without being required to pay the necessary funds as the other three organisations. There were, however, differing benefits for founding members and champions.

About 250 people were present at the first meeting to establish the first South African Excellence Foundation board of directors. The SAEF marketing brochure which was handed to all, gave an overview of the excellence model, the proposed management structure and identified four categories of membership with specific benefits. The first chairperson indicated that at least ten persons should be elected onto the board of directors. The first order of business was to compile a Memorandum and Articles of Association to have the SAEF registered as a section 21 Company.

Despite its vision of being recognised as the primary guiding force in the achievement of organisational excellence in Southern Africa, the SAEF terminated its business on 26 June 2006 and was liquidated. Ideas Management-Southern Africa (IMSA) was approached by the appointed liquidators (St Adens International) to inquire if IMSA would be interested to submit a bid for the SAEF intellectual property. According to Bond (2003:3) this was done on 27 May 2007 and the Master of the Pretoria High Court accepted the bid for the SAEF intellectual property. IMSA is now the sole/copyright holder of the South African Excellence Model intellectual property.

#### **2.4.6.2 SOUTH AFRICAN EXCELLENCE MODEL CRITERIA**

According to Ideas Management Southern Africa (1997) which holds the rights to the intellectual property, the South African Excellence Model is a home-grown adaptation ( by the Founding Champions-1997) of other international excellence or quality models through the merging of the two most frequently used models, namely the Malcolm Baldrige (USA) and the EFQM ( Europe) models into one.

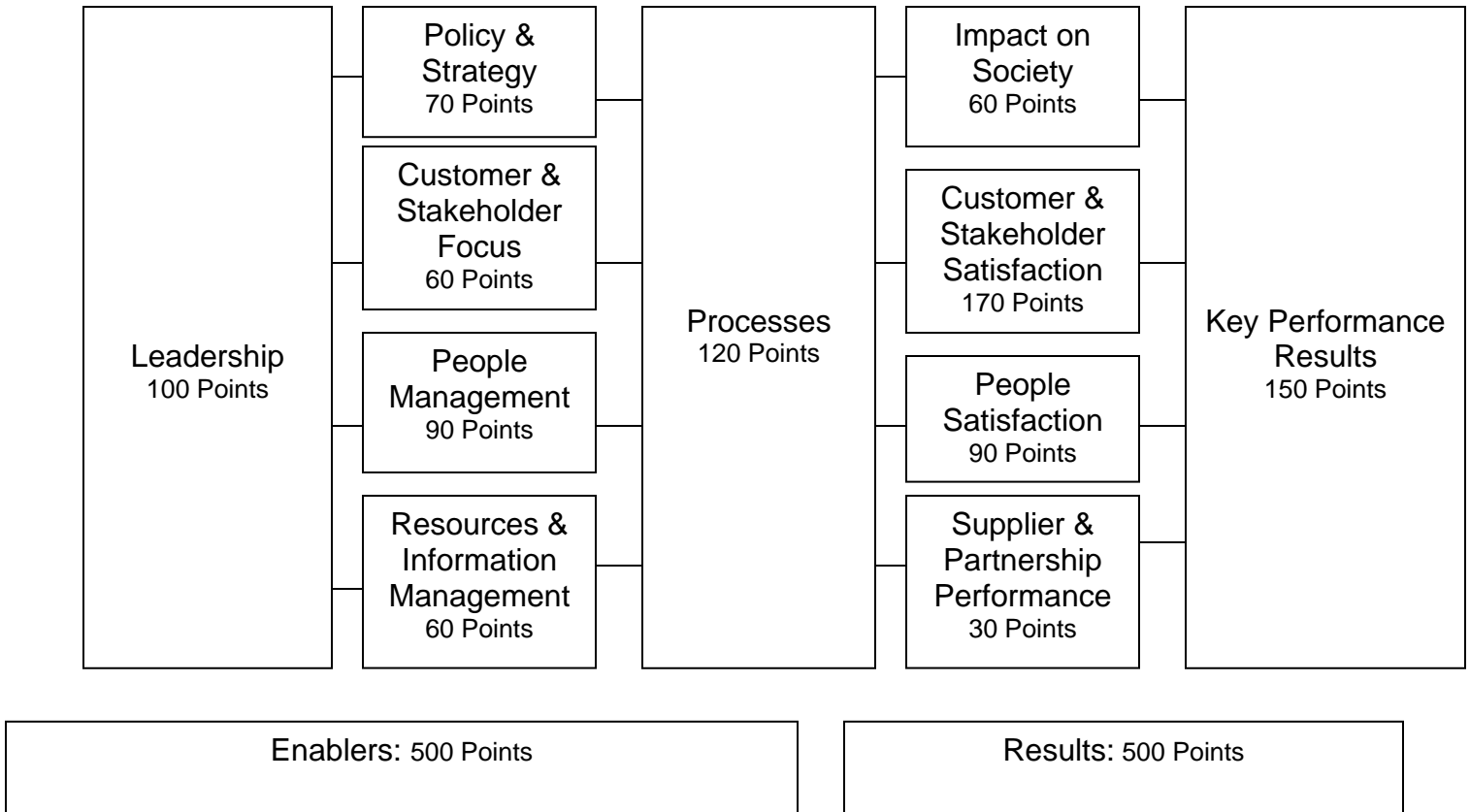
Ideas Management further indicates that the South African Excellence Model uniquely provides for three levels of excellence criteria which are not found in any other model. This, therefore, is the best reason for using the South African Excellence Model, as it is applicable to a developing economy, and at the same time provides for best-in-class benchmarking. The South African Excellence Model together with eight other international excellence models are the only models recognised by the Global Excellence Model Council. According to Ideas Management Southern Africa (1997:3) South Africa is a founding member of this unique professional body.

The South African Excellence Model has also been accepted within the Southern African Development Community (SADC) consisting of fourteen member states namely, Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Like all international models the South African Excellence Model has been adapted to suit the specific needs of various sectors in the economy like business (including small and medium enterprises) and the public sector at central, provincial and local government levels. The adaptations in South Africa which still need to be forged are for the Education and Healthcare sectors.

The weighted criteria of the South African Excellence Model are as follows:

**Figure 2.4: South African Excellence Model for the Public Sector**

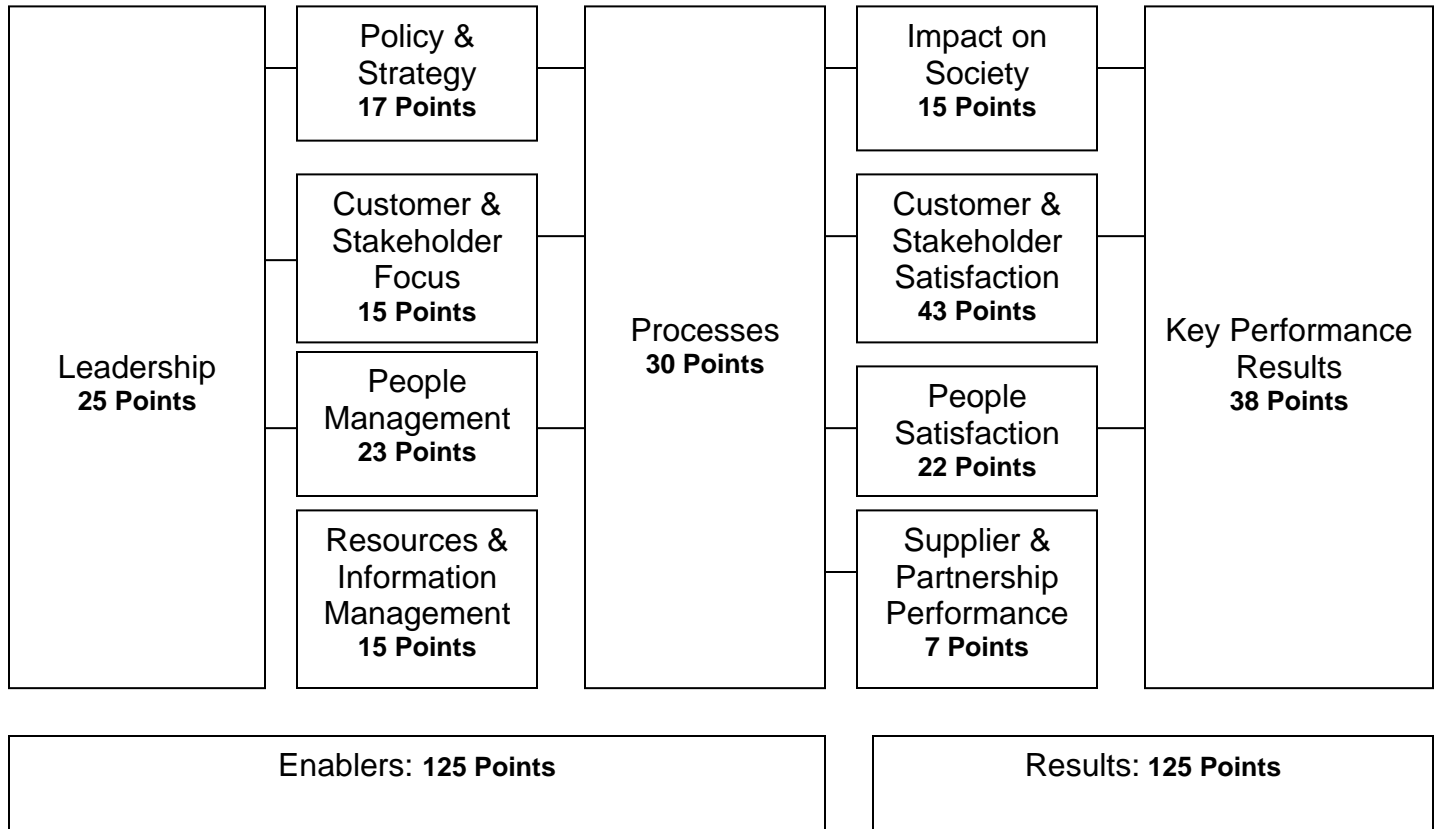


Source: Adapted from Ideas Management cc. 2006. *The South African Excellence Model*: Slide 13. Workshop Manual, p.6.

Each of the above eleven criteria are used to assess an organisation’s progress towards performance excellence. The term enabler (1-6) indicates how the results are being achieved, and indicates what employees “do” to achieve the objectives. The results (7-11) indicate what the organisation actually achieved. These two sets of criteria are linked by virtue of the cause and effect principle, or inputs versus outputs. In South Africa the weighted points for level 2 are 500 points and level 3 are 250 points.

In the Matrix model, the electronic version used to evaluate Umalusi, points are awarded on level 3 which totals 250 points. Therefore, the scoring model used for this research project is as follows:

**Figure 2.5: The South African Excellence Model for the Public Sector  
(250 Point Score)**



Source: Adapted from Ideas Management cc. 2006. *The South African Excellence Model*: Slide 13. Workshop Manual, p.6.

The questions for each criterion for the Matrix approach is shown in Annexure A: Performance Improvement Matrix Chart. The criteria are now further explained in the two sections, namely, Enabler Criteria and Results Criteria.



## **Enabler Criteria**

1. Leadership 25 points / 10 per cent: how the behaviour and actions of the executive team and all other leaders inspire, support and promote a culture of performance excellence.
2. Policy and Strategy 17 points / 7 per cent: how the organisation formulates, deploys, reviews and turns policy and strategy into plans and actions.
3. Customer and Stakeholder Focus 15 points / 6 per cent: how the organisation determines needs, requirements and expectations, enhances relationships and determines satisfaction of customers and stakeholders.
4. People Management 23 points / 9 per cent: how the organisation develops and realises the full potential of all its people to create a high performance organisation.
5. Resources and Information Management 15 points / 6 per cent: how the organisation manages and uses resources (including finances) and information effectively and efficiently.
6. Processes 30 points / 12 per cent: how the organisation identifies, manages, reviews and improves its activities.

## **Results Criteria**

7. Impact on Society 15 points / 7 per cent: what the organisation is achieving in satisfying the needs and expectations of the local, national and international community at large.

8. Customer and Stakeholder Satisfaction 43 points / 17 per cent: what the organisation is achieving in relation to the satisfaction of its external customers and stakeholders.
  
9. People Satisfaction 22 points / 9 per cent: what the organisation is achieving in relation to the satisfaction of its people.
  
10. Supplier and Partnership Performance 7 points / 3 per cent: what the organisation is achieving in relation to the management of supplier and partnering processes.
  
11. Organisation Results 38 points / 15 per cent: what the organisation is achieving in relation to its planned business objectives, and in satisfying the needs and expectations of everyone with a financial, or other stake in the organisation.

#### 2.4.6.3 SOUTH AFRICAN EXCELLENCE MODEL MATRIX APPROACH

The primary application of Excellence Models is to use it as a diagnostic tool, commonly referred to as institutional Self-Assessment. The outcome of such a Self-Assessment should result in a wide range of benefits to an organisation – the most frequently recorded benefits are quoted directly from Ideas Management Southern Africa (2006) below:

**Table 2.4: Benefits of using the SAEM**

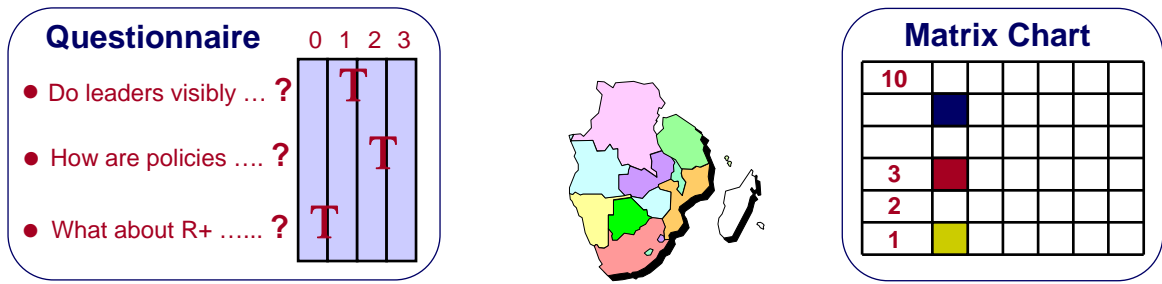
1. ... identify organisation <b>strengths</b> and <b>areas for improvement</b> based upon a set of <b>internationally recognised Criteria for Performance Excellence</b> .
2. ... provide organisation with a <b>rigorous</b> and <b>structured approach</b> to <b>continuous performance improvement</b> (based upon <i>facts</i> and not <i>individual perceptions</i> ).

3. ... <b>Educate</b> organisation employees at <b>all levels how to apply</b> , in a meaningful way, the <b>principles and practices of performance excellence</b> .
4. ... provide organisation with a means to achieve <b>consistency of direction</b> and <b>consensus</b> on <b>what needs to be done by everyone</b> in the organisation, sharing the <b>same conceptual base</b> .
5. ... provide organisation with a means to <b>create</b> and <b>promote enthusiasm</b> amongst all employees within the organisation, <b>involve</b> them in the <b>improvement process</b> and give <b>fresh impetus</b> to their pursuit of <b>performance excellence</b> .
6. ... identify and allow for the <b>sharing of good practices / ideas</b> throughout the organisation.
7. ... provide the organisation with a means to <b>measure progress</b> over time through <b>periodic Self-Assessment</b>
8. ... provide the organisation with a means to <b>benchmark internally</b> as well as against <b>other</b> organisations – using a <b>set of internationally recognised criteria</b> .
9. ... improve the development of an organisation <b>business plan and strategy</b> .
10. ... provide the organisation with a method for <b>continuous performance improvement</b> which can be <b>applied at all levels</b> – by <b>independent</b> organisation units and the organisation as a <b>whole</b> .
11. ... provide the organisation with <b>process induced improvement activities focused</b> where it is <b>most needed</b> .
12. ... provide the organisation with opportunities to <b>recognise both progress</b> and <b>outstanding levels of achievements</b> through <b>internal awards</b> .

Source: Adapted from Ideas Management cc. 2006. *Overview: SA Excellence Model & Related Initiatives*. Appendix A, p.1.

Organisations who want to do an organisational Self-Assessment have the option of four methods to select from. The two methods most commonly used in South Africa and a number of SADC countries are the Questionnaire and Matrix Approaches.

**Figure 2.6: Two commonly used SAEM Approaches**



Source: Adapted from Ideas Management cc. 2006. *Overview: SA Excellence Model & Related Initiatives*. Appendix A, p.7.

The other two methods of the South African Excellence Model are the Pro Forma and the Award Simulation approach.

The outcome of these assessments provides organisational insight into their “current reality” regarding performance excellence / effectiveness indicating an excellence score and an extensive set of strengths and areas for improvement.

The Matrix approach is less resource intensive and much quicker to use than the other approaches. Ideas Management Southern Africa cc market a computer disc (CD) product which is used to capture the responses from respondents and provide an analysis of these responses within the criteria explained in paragraph 2.4.6.2

It is further intended, according to Ideas Management Southern Africa (2006), that an organisation should integrate this approach to its other organisational monitoring and evaluation tools which would result in an adaptation of the model questions.

#### **2.4.6.3. a. MATRIX ADVANTAGES**

The matrix advantages are listed below. They provide an organisation with a snapshot of its effectiveness measured against the predetermined criteria with indicators that show the areas for improvement and areas of strength:

- a) It is simple to use and basic awareness training is required to start the process.
- b) All members of staff can be involved in the process.
- c) It has a very practical way of understanding the criteria.
- d) It gives teams a much quicker way of assessing their progress and performance in identifying gaps and indications of what to do next.
- e) It facilitates team discussion and team-building.
- f) Management teams can use this tool to develop their own matrix and improve organisational performance.
- g) It is cost effective in relation to the time spent using the other approaches and models.

#### **2.4.6.3. b. MATRIX DISADVANTAGES**

The disadvantages include the following:

- a) It does not provide an Award standard self-assessment.
- b) The scoring is less accurate.
- c) It does not allow for comparisons against other companies using this tool.

## **2.5 CHAPTER CONCLUSION**

This literature review chapter explains the basis for selecting the South African Excellence Model as the base tool to evaluate Umalusi. Therefore, based on the above, the Matrix approach was adopted for the Umalusi study as it could also assist in future evaluations, and form the basis for the annual strategic planning within the organisation.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

According to Welman and Kruger (2002:46) research design is critical to shed light on the tenability of the hypothesis, or answer the question whether to accept or reject the hypothesis. The research design for the purposes of this mini-dissertation applied a qualitative research method of case study type research and a quantitative method: a triangulation approach. Umalusi's information was broadly analysed to understand the uniqueness and idiosyncrasies in its complexity. This chapter will show the research methods used as well as the fieldwork procedures involved in collecting the data. It will indicate what was done to obtain the data. These methods are categorised under the following headings:

#### **3.1 Population**

#### **3.2 Sampling**

#### **3.3 Collection of data**

##### **3.3.1 Challenges encountered**

#### **3.4 Data analysis**

#### **3.5 Data measurement**

#### **3.6 Methods to ensure validity and reliability**

#### **3.7 Special ethical considerations**

#### **3.8 Chapter conclusion**

The initial research title; "Evaluating the effectiveness of Public Entities in the South African education regulatory system" was finalised. This meant comparing the three main public entities namely Umalusi, CHE and SAQA. The researcher thereafter prepared a Questionnaire (Annexure B), for each entity to complete, and interviewed the respective Chief Executive Officers. The results of the interviews were as follows:

- a) As these entities mandates were fundamentally specialised it would be difficult to make meaningful comparisons,
- b) These entities all have research units within their organisations and it would mean collaborative work with each of these units. This would increase both the time frames to conclude such an intensive study, and the cost for such a study,
- c) As the CHE had an acting CEO and would in due course appoint a new CEO, the new CEO's support for such a study could not be guaranteed.

Based on the above, an attempt to narrow the focus of the research study was made. The researcher then discussed the title with these CEOs and his supervisor and was able to base the research study on Umalusi. Robert Stake (1981) in discussing the countenance model approach, indicates that the two major activities for formal evaluation studies are description and judgement. It follows the rationale of comparing intended and actual outcomes of a programme. There has to be congruency in the antecedents espoused to that which was actually achieved.

Therefore, the researcher decided that Umalusi should be evaluated by its employees through the South African Excellence Model, senior management and high level education officials outside Umalusi by a Questionnaire and then its own Auditors' Reports in order to triangulate the results. The questionnaire in Annexure B was therefore not used in this study, but could be used in future similar research.

### **3.1 POPULATION**

According to Welman and Kruger (2002:46) a "population is the study object, which may be individuals, groups, organisations, human products and events, or the conditions to which they are exposed." A sample is usually taken because it



is impractical and sometimes uneconomical to involve all members of the population.

The population in this study consisted of the following:

- Staff and management of Umalusi were interviewed using the Matrix Approach of the South African Excellence Model. The data captured into the electronic version known as “Batlisisa,” was further used to analyse the data collected. About 38 staff members, out of a total population of 60, who made up a cross-section of all the organisational units within Umalusi, went through the South African Excellence Model self-assessment exercise. It took about three hours to go through all the questions (ten questions for each of the eleven categories equalled 110 questions) and collect responses. This does not include the time taken to analyse the data.
- Thereafter, the following study objects were included in the structured Questionnaire interviews. These were developed by the researcher from the content of Umalusi’s mandate, vision, mission, goals, strategic plans and budgets:
  - The Chief Executive Officer (1)
  - The Chief Operating Officer (1)
  - Senior Management (3)
  - The Department of Education, Director-General; the Chief Financial Officer and the Director of Financial Services for Public entities. Opinions were sought from the same sample.
  - The Chairperson of the Portfolio Committee on Education, was telephonically interviewed using the same questionnaire,
- The Auditor’s Reports were used to extrapolate the performance information of Umalusi as a public entity based on the requirements of the

Auditor-General's Office. (Both Internal and External Audit Reports for 2005/6 were used.)

### **3.2 SAMPLING**

The sampling procedure was a stratified purposeful sample of the senior management of Umalusi and the Department of Education as individuals at the lower levels may not be aware of the entities' creation, strategic drivers, funding and final outcomes. It also included the Chairperson of the Parliamentary Portfolio Committee on Education. However, a cross section was included in the performance measuring of the organisation as a whole, using the South African Excellence Model to evaluate organisational effectiveness.

### **3.3 COLLECTION OF DATA**

The following Umalusi documents of the 2005/6 financial year were analysed:

- Genfetqa Act
- Strategic plans
- Annual report
- Internal Audit report dated 2006.05.10.and the External Audit report for 2005/6.

This information was used to develop a Questionnaire (Annexure C) to collect the relevant data on Umalusi's performance as a means to triangulate the results of the South African Excellence Model exercise and the Auditor's Reports.

#### **3.3.1 CHALLENGES ENCOUNTERED**

The following comments were received from respondents whilst collecting data during the South African Excellence Model Self-Assessment:

- a) The understanding of management concepts by all staff was a concern to some respondents as they assumed there were staff who may have never heard of concepts like “total quality management”.
- b) Some respondents felt that the South African Excellence Model tool was not the right tool and this research would probably prove that the tool is incorrect to measure Umalusi’s effectiveness. This means that the tool answers a different research question.
- c) That the outcome of the South African Excellence Model exercise should be confirmed or disproved through another questionnaire that looks at Umalusi’s mandate as derived from the Act.
- d) That the length of service of staff should be factored into the response analysis, as this could skew the results of the assessment.
- e) It was further stated that as Umalusi was established through an Act of Parliament, evaluating the performance or effectiveness of the organisation with the South African Excellence Model would be incorrect. This is because Umalusi relies on public funds to carry out its mandate, thus, again suggesting the use of some other tool.
- f) Some respondents felt that the questions were open to interpretation, and therefore, the same things would not be compared. This could affect the reliability of the data.

The comments provided by respondents were welcomed.

The South African Excellence Model Matrix Approach is a perception based model. Whatever the perception of members of staff was in terms of the

organisations effectiveness, would probability not change, even if another tool was used. Therefore, it was essential for the researcher to validate and confirm the outcome of the South African Excellence Model assessment by triangulation using the results of the Questionnaire to senior education officials within and outside Umalusi, and the Auditors' Reports.

The Questionnaire posed no challenges as respondents could opt for a telephonic interview, face to face personal interview, emailed or faxed responses.

The Internal and External Audit reports also posed no challenges as these reports were historically factual as presented and accepted by the Audit committee of the Umalusi Council, in 2005/6.

### **3.4 DATA ANALYSIS**

According to Welman and Kruger (2002:29) researchers proceed inductively and “are inclined to study individual cases carefully (also known as ideographic research) rather than study the average tendencies of large groups (as in the case of nomothetic research.)” The data collected from the South African Excellence Model exercise, Questionnaire and Auditors’ Reports were analysed and presented in graphs and tables using statistical techniques using Microsoft Excel and Microsoft Word. Statistical methods like histograms, averages and percentages were used to compare the different variables.

### **3.5 DATA MEASUREMENT**

Narrative and financial data emerging from the documents was measured, as well as the South African Excellence Model assessment, Questionnaire and Auditors’ Reports.

### **3.6 METHODS TO ENSURE VALIDITY AND RELIABILITY**

The selection of participants ensures population validity so that the findings can be generalised to the total population to which the research question applies. Triangulation of document information, interviews and the South African Excellence model ensures internal coherence and reliability.

### **3.7 SPECIAL ETHICAL CONSIDERATIONS**

Anonymity should not pose a problem as Umalusi is a public entity which has its information publicly reported on annually in terms of the Public Finance Management Act, and the National Treasury regulations. Ethically it would be required to share the findings of the research with Umalusi. The organisation will also be allowed to comment on the draft documents before finalisation.

### **3.8 CHAPTER CONCLUSION**

The research methodology and design were discussed in this chapter. The reasons for using this design, method of data collection and the South African Excellence Model were also presented. The next chapter will provide summarised results and findings and the detailed results found in the Annexures that follow.

## CHAPTER 4

### RESULTS AND FINDINGS

This chapter provides the results and findings and an analysis of the data. The chapter is laid out as follows:

**4.1 South African Excellence Model Results per Criteria.** (With graph and table based on Annexure A as collected from respondents.) This analysis took the data provided from the respondents and placed it in line with the South African Excellence Model criteria scored for each criterion.

**4.2 South African Excellence Model Areas of Improvement and Strengths.** (Based on data collected from respondents in Annexure A). These tables reflect a direct analysis of the responses given, and provide insight into the organisational aspects that are working well, and those things that require attention and improvement.

**4.3 Summarised Questionnaire Responses.** (With graph and table and the actual responses found in Annexure D.) The questionnaire was designed to measure the perception of Umalusi's effectiveness looking at various aspects as required by its mandate, strategic plans and budgets.

#### **4.4 Analysis of Auditors' Reports.**

4.4.1 Internal Audit Approach

4.4.2 Internal Audit Opinion

4.4.3 External Audit Opinion

4.4.4 Income Statement: 31 March 2006

4.4.5 Summarised Aspects from Auditors

#### **4.5 Chapter conclusion**

#### 4.1 SOUTH AFRICAN EXCELLENCE MODEL RESULTS PER CRITERIA

**Table 4.1: SAEM Results per Criteria**

<b>Criteria Number</b>	<b>Name</b>	<b>Criteria Point</b>	<b>Criteria Total Point Scored</b>	<b>Difference</b>	<b>Focus Priority</b>	<b>Focus Priority (weighted)</b>
	<b>Criteria Group Enabler</b>					
1	Leadership	25	22	3	8	11
2	Policy & Strategy	17	12	5	6	9
3	Customer and Stakeholder focus	15	11	4	7	10
4	People Management	23	10	13	4	4
5	Resources & Information Management	15	9	6	5	7
6	Processes	30	16	14	3	5
	<b>Total for Enabler Criteria</b>	<b>125</b>	<b>80</b>	<b>45</b>	-	-

	<b>Criteria Group Results Points</b>					
7	Impact on Society	15	1	14	3	1
8	Customer Satisfaction	43	24	19	1	6
9	People Satisfaction	22	4	18	2	2
10	Supplier & Partnership Performance	7	3	4	7	3
11	Results	38	25	13	4	8
	<b>Total for Results Criteria</b>	<b>125</b>	<b>57</b>	<b>68</b>	-	-

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix B1.

Total score is 137 out of 250 equalling 54, 8 or 55 per cent.

The following is a summary of the South African Excellence Model results:

### **Enabler Results**

#### 1. Leadership:

All managers are proactive in sustaining continuous improvement. (75 per cent scored, means that substantial evidence was found across three quarters of the potential area.)



2. Policy and Strategy:

Mission and organisation policy statements cover the whole of the organisation and everyone understands them. (75 per cent scored, means that substantial evidence was found across three quarters of the potential area.)

3. Customer and Market Focus:

The organisation's people and operations are aligned to exceed customer and stakeholder requirements and expectations consistently. (50 per cent scored, means that good evidence was found across half of the potential area.)

4. People Management:

All actions are directed towards realising the full potential of all employees. (25 per cent scored, means that some evidence was found across a quarter of the potential area.)

5. Resources and Information Management:

The organisation's resources are deployed affectively to meet policy and strategy objectives. (75 per cent scored, means that substantial evidence was found across three quarters of the potential area.)

6. Processes:

Key value-added processes are understood, formally managed and continuously improved. (50 per cent scored, means that good evidence was found across half of the potential area.)

## Organisation Results:

### 7. Impact on Society:

Views of local society are proactively canvassed. Results are fed back into the organisation's policies. (25 per cent scored, means that some evidence was found across a quarter of the potential area.)

### 8. Customer Satisfaction:

There is a positive trend in customer and stakeholder satisfaction. Targets are being met. There are some benchmarking targets across the organisation. (75 per cent scored, means that substantial evidence was found across three quarters of the potential area.)

### 9. People Satisfaction:

Regular comparison with external organisations show employee satisfaction is comparable with the other organisations and has improving trends. (0 per cent scored, means that no or little evidence was found that anything was happening.)

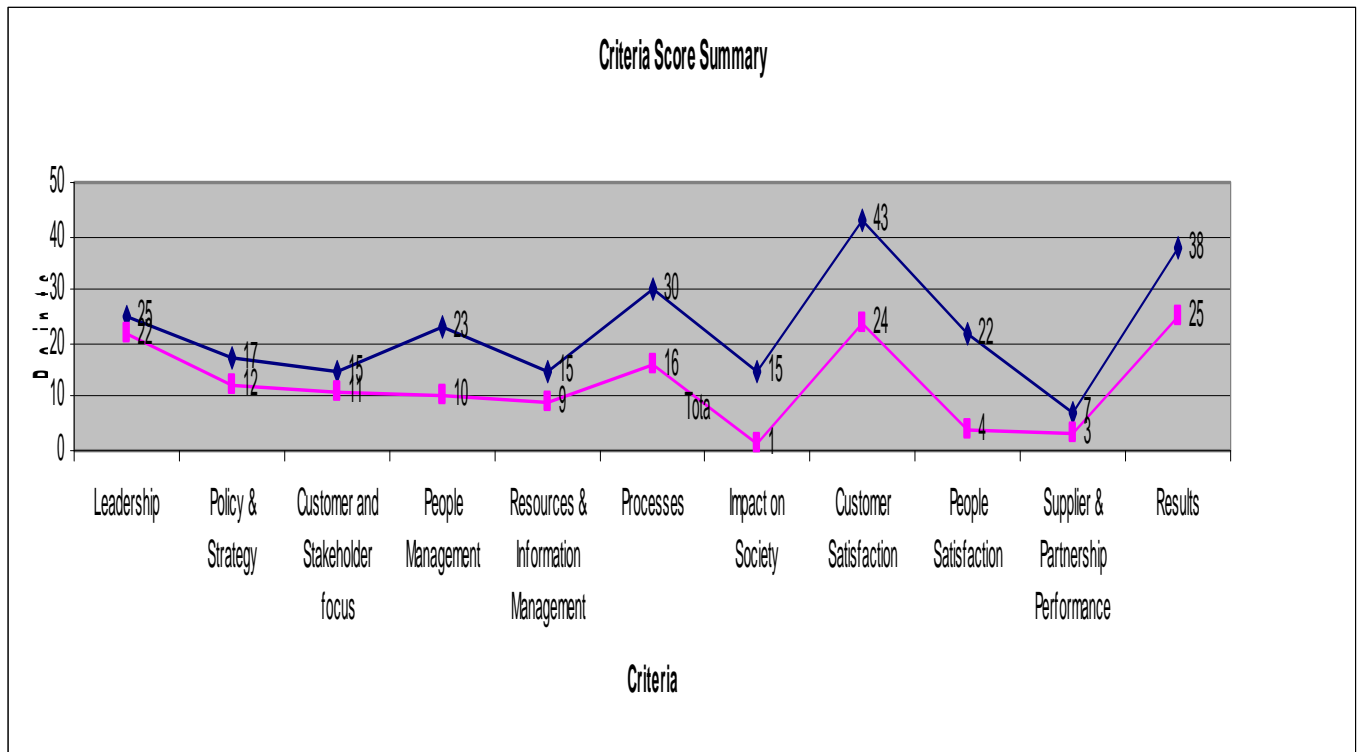
### 10. Supplier and Partnership Performance:

Performance targets are consistently met. Suppliers and partners have their own quality improvement processes in place. (50 per cent scored, means that good evidence was found across half of the potential area.)

### 11. Organisation Results:

There are consistent trends of improvement in 50 per cent of key result areas. Some results are clearly linked to approach. (75 per cent scored, means that substantial evidence was found across three quarters of the potential area.)

**Figure 4.1: Criteria Score Summary (Graph)**



Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix B1.

**Table 4.2: Total Points Scored**

Total Points	: <b>250</b>	UMALUSI : <b>137</b>	<b>54.8%</b>
Total Enabler Points	: <b>125</b>	UMALUSI: <b>80</b>	<b>64%</b>
Total Results Points	: <b>125</b>	UMALUSI: <b>57</b>	<b>45.6%</b>

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix E.

These scores are further shown from the highest to the lowest score per criteria:

**Table 4.3: Criteria Group Enabler Scores**

**Criteria Group Enabler**

Leadership	88%
Policy & Strategy	70.59%
Customer and Stakeholder Focus	73.33%
Resources & Information Management	60%
Processes	53.33%
People Management	43.48%

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix B1.

The Enabler scores show that the input provided by Umalusi to perform its mandate is of a relatively high level. Nevertheless, more effort is required in improving its processes and people management inputs. It obtained an overall Enabler score of 64 per cent as indicated in Table 4.2.

**Table 4.4: Criteria Group Results Scores**

**Criteria Group Results Points**

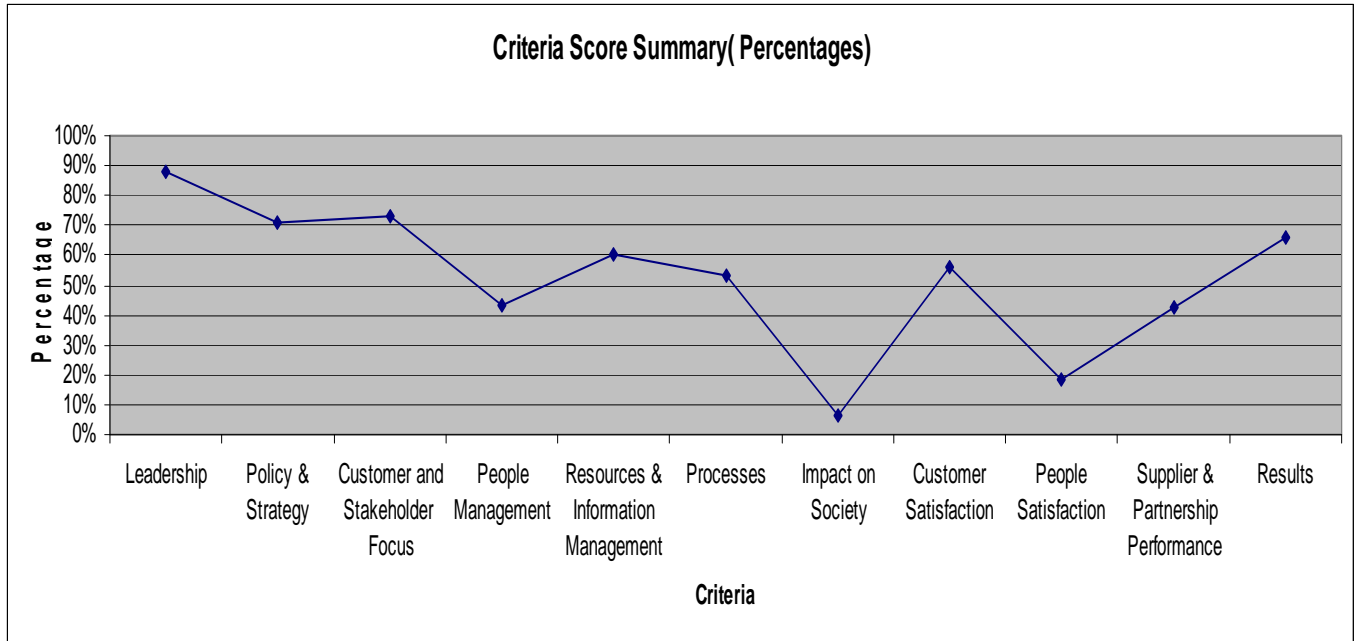
Results	65.79%
Customer Satisfaction	55.81%
Supplier & Partnership Performance	42.86%
People Satisfaction	18.18%
Impact on Society	6.67%

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix B1.

The Results scores show a relatively good organisation result and customer satisfaction score, but low supplier and partnership performance with very low

people satisfaction and impact on society with an overall average score of 37.86 per cent. However, the overall Organisation Result group score is 45.6 per cent as indicated in Table 4.2.

**Figure 4.2: Criteria Score Summary (Percentage Graph)**



Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Graphs Appendix B2.

This data was further used to identify areas of strength and areas of improvement based on the criteria scores per question to each criterion. The results are as follows:

## 4.2 SOUTH AFRICAN EXCELLENCE MODEL AREAS OF IMPROVEMENT AND STRENGTH

**Table 4.5: Umalusi Strengths and Areas of Improvement**

<b>LEADERSHIP</b>			
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	The management team have a process in place to develop their own awareness of the concepts of (i.e.) Total Quality Management.	3-Desirable	3- Fully Achieved
2	A process is in place to create and continually increase an open awareness of organisation issues throughout the unit.	3-Desirable	2-Good Progress
3	A process is in place to ensure mutual understanding of organisation issues through two-way communication both vertically and horizontally throughout the unit.	3-Desirable	2-Good Progress
4	A process is in place to ensure managers are visibly involved as role models in organisation improvement within the unit. The effectiveness of the process is reviewed.	2-Important	3- Fully Achieved
5	A process is in place to ensure managers are working with customers and suppliers, and that the effectiveness of this process can be assessed.	3-Desirable	2-Good Progress
6	Managers are visibly involved in the development and support of improvement teams and act as champions.	2- Important	3- Fully Achieved
7	The management team are proactive in valuing, recognising and rewarding all employees for continuous improvement.	2- Important	3- Fully Achieved
8	Managers have a consistent approach towards continuous improvement across the unit.	3-Desirable	3- Fully Achieved
9	Managers are able to demonstrate their external involvement in the promotion of Total Quality Management	2- Important	2-Good Progress

	as a business philosophy based on their own experience.		
10	All managers are proactive in sustaining continuous improvement.	1-Essential	3- Fully Achieved
<b>POLICY AND STRATEGY</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	The unit management team has developed a mission statement and critical success factors (csf).	3-Desirable	1 - Some Progress
2	A process is in place to collect relevant internal information to enable a review of csfs and organisation plans.	2- Important	2-Good Progress
3	A process in place to collect relevant external information to enable a review of csfs and organisation plans.	2- Important	2-Good Progress
8	The policy and strategy processes are benchmarked.	3-Desirable	3- Fully Achieved
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
4	A process exists, and is reviewed, which promotes a clear understanding of the organisation's mission, csf and policy statements, so everyone knows and understands.	2- Important	3- Fully Achieved
5	The unit has policy statements and strategies that cover the 11 Performance Improvement Matrix headings	2- Important	2-Good Progress
6	A process is in place to assess the continuing relevance of plans as a result of organisation and operational information.	2- Important	2-Good Progress
7	A process is in place to modify policy and strategy as a result of organisation and operational information.	2- Important	2-Good Progress
9	A process is in place to analyse best-in-class strategy and modify unit plans, in order to develop and sustain a service excellence organisation.	2- Important	2-Good Progress
10	Mission and organisation policy statements cover the whole of the organisation, and everyone understands.	1-Essential	3- Fully Achieved

<b>CUSTOMER AND STAKEHOLDER FOCUS</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
3	A process is in place to market key products effectively and service features to customers and stakeholders.	2- Important	3- Fully Achieved
4	A system is in place to communicate customer and stakeholder requirements to all employees.	2- Important	2-Good Progress
5	Customer and stakeholder survey mechanisms are in place to determine levels of satisfaction.	1-Essential	2-Good Progress
7	A process is in place to determine reliable information on best-in-class performance.	2- Important	1 - Some Progress
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	A process is in place to determine customer needs, requirements and expectations.	1-Essential	1 - Some Progress
2	The organisation's people are generally aware of the importance of customer care.	1-Essential	2-Good Progress
6	A process is in place to review customer and stakeholder requirements and adjust organisation operations accordingly.	1-Essential	2-Good Progress
8	A process is in place to communicate improvement actions to customers and stakeholders.	2- Important	3- Fully Achieved
9	A process is in place to manage customer and stakeholder contact performance effectively.	2- Important	3- Fully Achieved
10	The organisation's people and organisation operations are aligned to exceed customer and stakeholder requirements and expectations consistently.	1-Essential	2-Good Progress



<b>PEOPLE MANAGEMENT</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	A process is in place to canvas and track employee opinions.	2- Important	1 - Some Progress
2	A public commitment has been given to develop all employees to achieve organisation goals.	3-Desirable	2-Good Progress
4	An effective appraisal system is in place for all employees.	1-Essential	3- Fully Achieved
5	Training and development needs are regularly reviewed for all employees and teams. Skill gaps relevant to personal aspirations and organisation's needs are supported.	1-Essential	1 - Some Progress
6	Improvement teams have been established and are supported.	1-Essential	2-Good Progress
7	A process is in place to encourage creativity and innovation amongst all employees.	2- Important	0 - Not Started
8	The Human Resource Plan for the unit supports the organisation's policy and strategy for continuous improvement.	2- Important	1 - Some Progress
9	Employees are empowered to run their organisation's processes.	2- Important	1 - Some Progress
10	All actions are directed towards realising the full potential of all employees.	3-Desirable	1 - Some Progress
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
3	A process is in place for two-way communication of organisation information within the unit.	2- Important	1 - Some Progress

<b>RESOURCES AND INFORMATION MANAGEMENT</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	
1	A process is in place to identify what resources are available and how they are being deployed.	3-Desirable	1 - Some Progress
2	A process is in place to identify suppliers for key resources.	2- Important	1 - Some Progress
6	Systems are in place to track, monitor and review targeted areas to reduce all waste including time and rework.	2- Important	2-Good Progress
7	A process is in place for identifying, assessing and evaluating new technologies and their impact on the organisation.	2- Important	2-Good Progress
8	A system is in place to review and modify the allocation of resources based on changing organisation needs.	2- Important	2-Good Progress
9	A process is in place to identify additional resources which can be used to strengthen overall effectiveness and efficiency.	2- Important	2-Good Progress
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
3	Partnerships with suppliers are being developed to improve quality, service delivery and performance jointly.	2- Important	1 - Some Progress
4	A process is in place to manage the dissemination of relevant information to customers, stakeholders, suppliers and employees.	2- Important	2-Good Progress
5	Systems are in place to track, monitor and review targeted areas to reduce material waste.	2- Important	2-Good Progress
10	The organisation's resources are deployed effectively to meet policy and strategy objectives.	1-Essential	3- Fully Achieved

<b>PROCESSES</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
2	Key value-added processes are identified, flowcharted and / or documented. Ownership is established.	1-Essential	3- Fully Achieved
4	An improvement mechanism has been identified and targets for improvement have been set.	2- Important	1 - Some Progress
5	An improvement mechanism for key-value added processes has been implemented.	1-Essential	2-Good Progress
6	The process results are reviewed and fed back into the improvement cycle.	2- Important	1 - Some Progress
7	A mechanism is in place for developing and using appropriate measures which evaluate key processes.	2- Important	2-Good Progress
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	The main processes within the organisation units are identified.	2- Important	2-Good Progress
3	The effectiveness of existing key value-added processes is assessed.	2- Important	1 - Some Progress
8	Process performance is demonstrably linked to customer and stakeholder requirements.	2- Important	3- Fully Achieved
9	The existence of a formal Quality Management System can be demonstrated.	2- Important	2-Good Progress
10	Key value-added processes are understood, formally managed and continuously improved.	1-Essential	2-Good Progress

<b>IMPACT ON SOCIETY</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	Result areas have been identified.	2- Important	0 - Not Started
2	Trends are established, and a process is in place to track progress.	2- Important	0 - Not Started
3	Employee's awareness of relevant result areas is measured.	2- Important	0 - Not Started
4	Local community perceptions and needs are set for improvement.	3-Desirable	0 - Not Started
5	There are consistently improving trends in relevant result areas.	2- Important	0 - Not Started
6	There is an increased public awareness of policies.	3-Desirable	1 - Some Progress
7	Results are linked to environmental and social policy. Policy is reviewed.	3-Desirable	0 - Not Started
8	50% of impact on society targets are being met.	2- Important	0 - Not Started
9	Benchmarking has started for 25 % of impact on society targets.	2- Important	0 - Not Started
10	Views of local society are proactively canvassed. Results are fed back into the organisation's policies.	3-Desirable	1 - Some Progress
<b>CUSTOMER SATISFACTION</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	Customer complaints are logged, and reacted to on an ad hoc basis.	2- Important	0 - Not Started
5	Customer satisfaction levels within the organisation are compared. Results have positive trend and some are meeting targets.	1-Essential	3- Fully Achieved
6	The drivers of customer and stakeholder satisfaction have	2- Important	3- Fully

	been identified and are used to modify targets.		Achieved
7	All employees understand targets relating to customer and stakeholder satisfaction.	2- Important	3- Fully Achieved
8	50% of customer and stakeholder satisfaction targets are being met.	2- Important	1 - Some Progress
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
2	Data is used to plot trends of customer complaints.	2- Important	1 - Some Progress
3	Targets are set for improvement.	1-Essential	1 - Some Progress
4	The relevance of targets to customer and stakeholder satisfaction can be demonstrated.	2- Important	0 - Not Started
9	75% of customer and stakeholder satisfaction targets are being met.	2- Important	2-Good Progress
10	There is a positive trend in customer and stakeholder satisfaction. Targets are being met. There are some benchmarking targets across the organisation.	2- Important	3- Fully Achieved
<b>PEOPLE SATISFACTION</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	Employee grievances are reacted to on an ad hoc basis.	1-Essential	0 - Not Started
2	Key measures of employee satisfaction have been identified.	2- Important	1 - Some Progress
3	Data is used to plot trends for employee satisfaction.	2- Important	0 - Not Started
4	The effectiveness of two-way internal communications is measured.	2- Important	1 - Some Progress
5	Trends are established. Positive and negative trends are understood. Parameters measured are relevant to employees.	2- Important	1 - Some Progress
6	Targets are set in key improvement areas and are published.	1-Essential	1 - Some Progress

7	Results indicate that people can express their feelings confidently and open.	2- Important	1 - Some Progress
8	Results indicate that people feel valued for their contribution at work.	2- Important	1 - Some Progress
9	Results indicate that employees and their families feel integrated into the work environment.	3-Desirable	0 - Not Started
10	Regular comparison with external organisations show employee satisfaction is comparable with other organisations and has improving trends.	3-Desirable	0 - Not Started
<b>SUPPLIER AND PARTNERSHIP PERFORMANCE</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	Supplier grievances are reacted to on an ad-hoc basis.	2- Important	1 - Some Progress
2	Trends are established and processes in place to track improvement levels.	2- Important	2-Good Progress
3	Improvement trends are determined and agreed upon.	1-Essential	1 - Some Progress
4	Improvement trends are positive in 25% of identified areas.	2- Important	1 - Some Progress
5	Performance levels in all key measurement areas are met.	2- Important	1 - Some Progress
6	Improvement trends are positive in 25% of key measurement areas.	2- Important	1 - Some Progress
7	Improvement initiatives are directly linked to financial cost reductions.	1-Essential	2-Good Progress
8	50% of key performance targets are being met.	2- Important	1 - Some Progress
9	75% of supplier and partner improvement targets are met.	2- Important	1 - Some Progress
10	Performance targets are consistently met. Suppliers and partners have their own quality improvement processes in place.	3-Desirable	2-Good Progress

<b>BUSINESS RESULTS</b>			
<b>TYPE</b>	<b>AREAS OF IMPROVEMENT</b>	<b>PRIORITY</b>	<b>SCORE</b>
5	50% of internal targets have been met.	2- Important	3- Fully Achieved
7	Performance against other Public Sector organisations are compared and targets are reset.	3-Desirable	3- Fully Achieved
<b>TYPE</b>	<b>STRENGTHS</b>	<b>PRIORITY</b>	<b>SCORE</b>
1	The unit's key financial and non-financial objectives have been identified.	1-Essential	2-Good Progress
2	A system exists for measuring and monitoring key results areas.	1-Essential	3- Fully Achieved
3	Relevant results are communicated to all employees and key results are published regularly.	1-Essential	1 - Some Progress
4	Trends are compared against the unit's goal and financial objectives.	2- Important	3- Fully Achieved
6	Improving and adverse trends have been identified, understood and linked to Enablers.	2- Important	0 - Not Started
8	75% of targets have been achieved. The relevance of key results areas to the organisation can be demonstrated.	1-Essential	3- Fully Achieved
9	All targets are being met and show continuous improvement in 25% of trends.	1-Essential	2-Good Progress
10	There are consistent trends of improvement in 50% of key results areas. Some results are clearly linked to approach.	1-Essential	3- Fully Achieved

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix C.

**Table 4.6: South African Excellence Model Score /Priority Ratings**

Score	Area for Improvement		Strength	
	0 – Not Started	1 – Some Progress	2 – Good Progress	3 – Fully Achieved
Priority	1 – Essential		2 – Important	3 – Desirable

Source: Adapted from Ideas Management cc. 2007. *Batlisisa: Self-Assessment Suite*. Matrix Model CD. Appendix C.

The researcher allowed one senior management respondent to prioritise the responses to each criteria question. The criteria used above are explained as follows:

- 1- Essential: means to consider the need for improvement in the context of the organisation’s vision and strategic objectives. Improvement actions should be taken immediately. The impact of the improvement will be felt throughout the organisation; and most likely be addressed by top management (although not necessarily.)
- 2- Important: means the impact upon strategic objectives will be more indirect. The focus of improvement is directed at specific functions – namely line or support function.
- 3- Desirable: means it could be addressed on a “time-permitting / resource availability,” basis. A primary objective is to gain mass involvement of employees in improvement actions.

It is clear that the area of highest strength within the organisation is under the category of Leadership and Customer and Stakeholder Focus. The areas for most improvement, where the strengths are either extremely low or non-existent are, Impact on Society, People Satisfaction and Supplier and Partnership Performance.



### 4.3 SUMMARISED QUESTIONNAIRE RESPONSES

The findings of the Questionnaire to senior management officials within Umalusi and external to Umalusi as indicated in Annexure D are summarised as follows;

**Table 4.7: Questionnaire: Summary of Responses**

<b>Question Number</b>	<b>Total Respondents Agreed</b>	<b>Percentage Agreed</b>	<b>Answers agreed to</b>	<b>Differing/ Additional Comment</b>
1	8	88.89%	Umalusi is established to quality assure education and standards.	1 Abstained
2	6	66.67%	Umalusi is an independent or autonomous body distant from government.	To partner with government. 1 Abstained
3	8	88.89%	The Act empowers Umalusi.	Overlap of roles with DoE. Act requires review due to changes in education terrain. 1 Abstained.
4	6	66.67%	Umalusi is not adequately funded.	No-one is ever fully funded. Umalusi has reserve funds. One should be careful when organisations begin to grow.

5	7	77.78%	Dealing with schools and examinations -quality assurance of assessments	2 Abstained
6	7	77.78%	Its independence and quality assuring assessments and taking on new roles.	2 Abstained
7	7	77.78%	Quality assurance of public provision.	No failures. Lack of capacity and poor relations with the DoE. 2 Abstained
8	7	77.78%	No real threats but funding is inadequate.	2 Abstained
9	7	77.78%	2 said 6 out of ten 3 said 7 out of ten 2 said 8 out of ten	Mandate is extensive with little impact on private provisioning. Abstained
10	5	55.56%	Comments range from; Segregation of administrative duties, record all processes, collection of revenue, training of finance personnel and a culture of cost saving not too deep yet.	4 had no comment or problem with the financial management.
11	7	77.78%	Yes, Umalusi is an effective organisation.	Political, financial and human

				resource constraints hamper the organisation. 2 Abstained
12	7	77.78%	Comments range from: NQF misunderstanding, Clearer Act / mandate, clear standard-setting role, continued support from the DoE, HR training, adequate funding and review of the Act.	2 Abstained
13	6	66.67%	No further comments.	3 Abstained

Source: Adapted by the Researcher. 2007. *Questionnaire: Summary of Responses.*

The following aspects are emphasised from the above responses of the senior management officials within and outside Umalusi:

- 77.78 per cent agree that Umalusi was created to quality assure education and standards,
- 66.67 per cent agree that Umalusi should be independent, and should have some distance from government,
- 77.78 per cent agree that Umalusi is doing well in terms of its success rate as against its mandate, and
- 77.78 agree that Umalusi is an effective organisation.

## **4.4 ANALYSIS OF AUDITOR'S REPORTS**

The Internal Audit report which is included in Annexure E, shows the nature of the findings, a brief description of the problem and the comments from Management. These are summarised later in this chapter in paragraph 4.5.

### **4.4.1 INTERNAL AUDIT APPROACH**

The Internal Auditors approach was risk-driven and focussed on the following four control objectives:

- Effectiveness and efficiency of operations.
- Reliability of financial and management reporting.
- Compliance with the applicable laws and regulations.
- Adequacy of procedures to safeguard assets.

Audit evidence was obtained using procedures performed on a test basis and accordingly the findings reported did not necessarily disclose all of the deficiencies which may have existed, (Aurco: 2006). In this regard it was emphasised that it was the responsibility of management to implement and maintain a system of internal control which ensures attainment of the principal control objectives set out above as per the Public Finance Management Act (1999:59) Section 51(1) (a) (i).

### **4.4.2 INTERNAL AUDIT OPINION**

Aurco (2006) expressed that they believed that the implementation of the recommendations made in this report would lead to greater system efficiency and an improvement in the overall quality of control. Management was advised to take appropriate corrective action as a matter of priority.

The contents of this report were discussed with the relevant managers. The audit team also expressed their thanks to both management and staff involved for the courtesy and assistance afforded them during the audit.

The overall analysis shows that Umalusi was prepared to face its implementation challenges and work to eliminate or reduce risks wherever possible. This prevents an audit qualification report to the Auditor-General's office.

#### **4.4.3 EXTERNAL AUDIT OPINION**

The opinion expressed by Gobodo Incorporated, Chartered Accountants (SA) (2006) showed that the financial statements presented fairly, in all material respects, the financial position of the entity at 31 March 2006 and the results of its operations and cash flows for the year then ended. This was done in accordance with South African Statements of Generally Recognised Accounting Practice; and other reporting requirements as set out in the Public Finance Management Act (1999), as well as the Public Audit Act (2004).

#### 4.4.4 INCOME STATEMENT: 31 MARCH 2006

**Table 4.8: Income Statement: 31 March 2006**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>Gross revenue</b>	26,717,194	22,555,501
Certification, verification and accreditation fees	18,431,819	7,171,290
Income USAID	595,375	2,515,211
Allocation: Department of Education	7,690,000	12,869,000
<b>Other income</b>	1,886,785	992,125
Interest received	1,307,700	936,169
Other income	150,085	55,956
Bad debts recovered	429,000	-
<b>Total income</b>	<b>28,603,979</b>	<b>23,547,626</b>
<b>Total expenditure</b>	<b>(21,329,502)</b>	<b>(18,391,033)</b>
<b>Surplus</b>	<b>7,274,477</b>	<b>5,156,593</b>
Retained surplus at beginning of year	16,704,508	11,547,915
Retained surplus at end of year	23,978,985	16,704,508

Source: Adapted from Gobodo Incorporated, Chartered Accountants (SA). 2006.  
 External Auditors insertion into Umalusi Annual Report 2005/2006.  
*Detailed Income Statement*. Pretoria, South Africa. Umalusi, p.37

According to the Department of Public Service and Administration (2007) the following table shows the External Audit compliance rate within government:

**Table 4.9: Percentage of Departments/ Municipalities that received Qualified Audits**

<b>PERCENTAGE OF NATIONAL GOVERNMENT DEPARTMENTS THAT RECEIVED QUALIFIED AUDITS</b>					
<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>
19%	22.2%	22.2%	32.4%	20.6%	32.4%
<b>PERCENTAGE OF MUNICIPALITIES THAT RECEIVED QUALIFIED AUDITS</b>					
<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>
76.2%	74.9%	60.2%	31.1%	57.1%	Not yet available

Source: Adapted Department of Public Service and Administration. 2007. 2<sup>nd</sup>

*Annual Research Colloquium: Shaping the Public Service Research Agenda: Governance: Audit Compliance.* Pretoria, South Africa.

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The above is based on the Auditor-General's Annual Reports according to the Department of Public Service and Administration (2007). It is further stated that the increasing standards in auditing requirements lead to a higher number of National Departments receiving audit qualifications with Municipal audit results improving. The information for public entities could not be obtained, but the above gives an idea of the rate of non-compliance in government overall.

#### 4.4.5 SUMMARISED ASPECTS FROM AUDITORS

The management letter from Gobodo Incorporated, Chartered Accountants (SA). (2006), the External Auditors which showed the Area of Improvement with Management comments is listed in Annexure F. However, the aspects from both the Internal and External Audit reports were summarised below.

**Table 4.10: Summarised Aspects from Auditors**

INTERNAL AUDITORS	EXTERNAL AUDITORS
<p><b>Accreditation income</b></p> <ul style="list-style-type: none"> <li>• Ineffective controls</li> <li>• MIS system</li> </ul>	<ul style="list-style-type: none"> <li>• Ineffective control</li> <li>• Not captured on MIS</li> </ul>
<p><b>Debtors</b></p> <ul style="list-style-type: none"> <li>• Incorrect balances</li> <li>• Long outstanding</li> </ul>	<ul style="list-style-type: none"> <li>• Unallocated debtor payments</li> <li>• Long outstanding debtors</li> <li>• Debtors with credit balances</li> </ul>
<p><b>Verification Income</b> Inadequate controls</p>	<p>No comment</p>
<p><b>Assets</b> Ineffective controls</p>	<p>Depreciation rates to be reviewed</p>
<p><b>Information Technology Systems</b> No disaster recovery plan</p>	<p>No comment</p>
<p><b>Human Resource and Payroll</b></p> <ul style="list-style-type: none"> <li>• Ineffective control over leave</li> <li>• Attendance not monitored</li> <li>• Safeguarding of personnel files</li> <li>• Insufficient documents of personnel files</li> <li>• Overtime worked not monitored</li> </ul>	<p>No comment</p>



<b>Income</b> Bank reconciliations not signed	<ul style="list-style-type: none"> <li>• Unauthorised credit notes</li> <li>• Missing invoices</li> </ul>
	<b>Accounts payable</b> Accounts long outstanding

Source: Adapted by the Researcher. 2007. *Summarised Aspects from Auditors*.

These findings show a correlation between comments made by the Internal and External Auditors. The findings confirmed that there were internal control aspects that needed to be improved and implemented, despite the difference in focus between the two types of audits.

#### **4.5 CHAPTER CONCLUSION**

The detail of this results and findings chapter can be found in the Annexures. This chapter summarised the findings, and concludes that Umalusi certainly is an effective public entity as perceived by the staff, senior officials within the government structures and outside auditing firms providing Internal and External audit services. Umalusi complied with the legislative requirements and was able to identify the control weaknesses in its financial systems based on its internal and external audit reports. Furthermore, Umalusi did not obtain an audit qualification to date, and has shown by way of its management comments that it endeavours to improve internal controls including the new work that it progressively takes on, thus reducing risks.

## **CHAPTER 5**

### **CONCLUSIONS AND RECOMMENDATIONS**

According to Welman and Kruger (2002:228), a chapter on conclusions and recommendations should not merely repeat the results in the preceding section, but explain their meaning and implication in the light of the purpose for which the research was undertaken.

The purpose of this chapter is, therefore, to summarise and draw conclusions regarding the elemental findings of this study. Recommendations for improvement are included and this chapter is set out as follows:

**5.1 Triangulation of conclusions with recommendations** (South African Excellence Model self- assessment, Questionnaire to senior officials within and outside Umalusi and Auditors' Reports)

**5.2 Limitations and shortcomings of the research**

**5.3 Suggested further research**

**5.4 Bibliography**

**5.5 Annexures**

## 5.1 TRIANGULATION OF CONCLUSIONS WITH RECOMMENDATIONS

According to Stake (1995:134), triangulation is used to minimise misperception and the invalidity of conclusions. Herewith the summarised conclusions triangulated under the criteria used in the South African Excellence Model.

**Table 5.1: Summarised Conclusions**

<b>CONCLUSIONS</b>		
<b>SAEM EXERCISE</b>	<b>QUESTIONNAIRE</b>	<b>INTERNAL /EXTERNAL AUDIT REPORTS</b>
<b>Leadership:</b> Promotion of a culture of excellence is high (88%)	Respondents rated leadership, senior management and inherent competencies very high.	Need for improved internal controls but management is taking responsibility for organisational mandate.
<b>Policy &amp; Strategy:</b> Turning policy and strategy into plans rates high, but there is a need to review the critical success factors. (70.59%)	Comments around the overlapping of roles and responsibilities with other organisations were a concern, but Umalusi is fulfilling its mandate effectively.	Policy needed around new processes should be established.
<b>Customer &amp; Stakeholder Focus:</b> There is a positive trend and targets are set for improvement, but key products should be marketed effectively (73.33%)	Comments around the overlapping of roles and responsibilities with other organisations were a concern, but Umalusi is fulfilling its mandate effectively.	Management of risks and improved collection of revenue was required.

<p><b>People Management:</b> A process is in place for two way communication, but staff development and improvement in the appraisal system is required. (43.48%)</p>	<p>Comments related to human resource capacity problems, and training of finance personnel in dealing with outstanding debts.</p>	<p>Segregation of duties is required.</p>
<p><b>Resources &amp; Information Management:</b> There is success in the dissemination of information to stakeholders, but a process to improve effectiveness and efficiencies is required. (60%)</p>	<p>Comments around the effectiveness of the Management Information System are critical to expanding Umalusi's role.</p>	<p>Units within Umalusi should meet to determine roles and responsibilities in collection of revenue. (E.g. Evaluation &amp; Accreditation and Finance units.)</p>
<p><b>Processes:</b> The existence of a formal Quality management system is evident, but an improvement mechanism should be in place. (53.33%)</p>	<p>Comments related to the recording of all processes required to check for integration and financial implications.</p>	<p>Systems need to be checked through regular authorisation of documents.</p>
<p><b>Impact on Society:</b> Results, trends, employee awareness and measurement has to be established to ensure impact. (6.67%)</p>	<p>No comment.</p>	<p>No comment.</p>

<p><b>Customer Satisfaction:</b> Targets are set for improvement, but the drivers have to be identified and used to modify targets. (55.81%)</p>	<p>Comments related to the need to review the Act.</p>	<p>There is a need to interact with debtors more regularly.</p>
<p><b>People Satisfaction:</b> Key measures relating to regular comparisons with other organisations have to be identified. (18.18%)</p>	<p>Comments relating to the need for human resource training and development and capacitating of employees.</p>	<p>Overtime was not adequately monitored.</p>
<p><b>Supplier &amp; Partnership Performance:</b> Improvement trends must be determined and agreed upon. (42.86%)</p>	<p>No comment.</p>	<p>Improvement in outstanding debt collection is required.</p>
<p><b>Results:</b> A system for measuring key result areas exists, but performance should be measured against other public sector organisations. (65.79%)</p>	<p>Comments relating to Umalusi being effective in meeting its intended purpose.</p>	<p>Auditors' opinion expressed that fairly present the financial performance and financial position of Umalusi. No audit qualifications to date.</p>

Source: Adapted by the Researcher. 2007. *Summarised Conclusions*.

The summary of the South African Excellence Model assessment showed that Umalusi places much emphasis on its input or Enabling strategies (64 per cent), but achieves low impact on society and very low people satisfaction within the organisation (46 per cent). Umalusi, thus, has to focus its attention on the following areas of improvement: supplier and partnership performance, people

satisfaction, and impact on society, and continually maintain its areas of strength, namely leadership, policy and strategies, customer and stakeholder focus, resource and information management and processes as identified in Table 4.5

In terms of the Questionnaire, senior officials within Umalusi and outside of Umalusi believe that Umalusi is effective in meeting its mandate as specified by the Genfetqa Act; and that Umalusi does not have tremendous challenges facing its sustainability and future existence. It does, however, indicate that in order to improve its performance as a public entity, there would have to be a clearer definition of roles, elimination of the misunderstandings concerning the National Qualifications Framework. In addition, there would have to be a clearer identification of mandate and provision of adequate funding to Umalusi, and a review of its governing Act.

The summary of the Internal and External Audit reports point to the fact that Umalusi is meeting its compliance requirements in terms of the governing legislation, but will have to improve its internal controls in order to reduce risks and improve performance.

In triangulating the above conclusions, it is clear that Umalusi as a public entity is adequately meeting its intended purpose. This is confirmed in its annual reporting on its activities to the relevant stakeholders like the Department of Education, Minister of Education, and Parliamentary Portfolio Committee on Education. Having received unqualified external audit reports since its inception means it complies in terms of the PFMA and National Treasury Regulations.

The results of the South African Excellence Model Self-Assessment, the Questionnaire and the Auditors' Reports confirm that Umalusi is an effective organisation meeting the purposes for which it was created. This certainly supports the notion that public entities like Umalusi are effective in providing

services on behalf of government departments, on condition that the following is taken into account to improve effectiveness:

- a) That the Areas of Improvement identified in the South African Excellence Model assessment are implemented, and then Umalusi is re-evaluated for continuous improvement at six monthly intervals.
- b) Umalusi as a public entity be adequately funded to meet its mandate and that an appropriate, open and transparent funding formula is developed to enhance planning, monitoring and review, (see comments around funding from the Questionnaire) According to The Public Service Commission (2006:11) “a greater concern with value for money is needed and departments should take more care in planning their programmes and in aligning objectives to strategic priorities.”
- c) Legislation within its domain should be streamlined to ensure clarity of purpose to limit or eliminate contestation/s from other public entities like the Education and Training Quality Assurance bodies (ETQAs). (Note comments from the Questionnaire).
- d) Umalusi should be seen as a learning organisation that informs its approaches and models through research and development, and therefore, grows its mandate systematically through incremental maturing. (See comments from the Questionnaire).
- e) Umalusi be given more autonomy in terms of creating its own operational directives to enforce certain requirements within or from its sector, as it must be seen to be a “watchdog” of quality standards. (See comments from the Questionnaire).

- f) That a way be found for public entities to ensure that there is correlation between organisational performance and the system for rewarding individual performance as well as adequate incentives to retain competent staff. It could further be extended to include the design of a performance management system to evaluate the controlling boards or councils of public entities like Umalusi. According to Nel (2006:107) in the journal Service Delivery Review of the Department of Public Service and Administration, volume 5, number 2 of 2006, there are two dimensions for service delivery improvement, namely, institutional performance and secondly individual performance.
  
- g) That the budgetary system allows for contingencies in order to grow organisational competencies internally or externally as the specificity of the Medium Term Expenditure Framework (MTEF) is seemingly too prescriptive for public entities,
  
- h) That Umalusi is not seen as an extension of the Department of Education, otherwise its role would get confused which leads to mission drift or mission confusion. According to the National Treasury Draft Interim Guide for Creating Public Entities at the National sphere of Government (2002:1), the rationale for creating public entities is to improve the quality and cost of services to citizens in order to “do more with less”; and also create them semi-autonomous at arm’s length from their parent Ministries.

## **5.2 LIMITATIONS AND SHORTCOMINGS OF THE RESEARCH**

The limitations and shortcoming of this study in terms of the South African Excellence Model, is that this tool was not specifically designed for education related institutions. This, however, does not mean that the criteria used could not be applied to an education related institution, although this model was adapted for use by the public sector.



Furthermore, the terms used in the model were not synonymous with an education related institution. Thus some explanation of concepts like “customer” and “market” which are not used in the sector is required.

One limiting factor was also the fact that employees who recently joined the organisation were not aware of the organisation’s creation, key drivers, changes in the environment, etcetera and felt they were not fully equipped to answer some of the questions posed in the model.

Despite the above, the triangulation of results from the South African Excellence Model, Questionnaire and Auditors’ Reports supports the notion that Umalusi is effective in meeting its intended purpose with recommendations for improvement.

### **5.3 SUGGESTED FURTHER RESEARCH**

The following research is suggested:

- a) The idea of using a tool to measure organisational effectiveness and individual performance possibly needs to be investigated with the company: “Ideas Management” which now owns the South African Excellence Model rights. The correlation between organisational performance and individual performance through the development of an instrument is suggested.
- b) The comment that the landscape within education has an overlapping of mandates by Education and Training bodies needs thorough research and rectification, as a conflict in purpose, roles and responsibilities between ETQAs will perpetuate the already existing confusion in the sector.
- c) Public entities need to develop a funding formula in order to plan more effectively within or outside of the MTEF regulatory framework.

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**ANNEXURE A**

**Performance Improvement Matrix Chart**

**Performance Improvement Matrix: Enablers**

<b>Step</b>	<b>Leadership</b>	<b>Policy and Strategy</b>	<b>Customer &amp; Market Focus</b>	<b>People Management</b>	<b>Resources and Information Management</b>	<b>Processes</b>
<b>10</b>	All managers are proactive in sustaining continuous improvement. <b>75%</b>	Mission and organisation policies cover the whole of the organisation, and everyone understands them. <b>75%</b>	The organisation's people and organisation operations are aligned to consistently exceed customer and market requirements and expectations. <b>50%</b>	All actions are directed towards realising the full potential of all employees. <b>25%</b>	The organisation's resources are deployed effectively to meet policy and strategy objectives. <b>75%</b>	Key value-adding processes are understood, formally managed and continuously improved. <b>50%</b>
<b>9</b>	Managers are able to demonstrate their external involvement in the promotion of Quality Management as a business philosophy based on their own experience. <b>50%</b>	A process is in place to analyse "best-in-class" strategy and modify structures plans as a result, in order to develop and sustain a service excellence organisation. <b>50%</b>	A process is in place to effectively manage customer contact performance. <b>75%</b>	Members are empowered to run their organisation processes. <b>25%</b>	A process is in place to identify additional resources which can be used to strengthen overall effectiveness and efficiency. <b>50%</b>	The existence of a formal Quality Management System can be demonstrated. <b>50%</b>
<b>8</b>	Managers have a consistent approach towards continuous improvement across the structures. <b>75%</b>	The policy and strategy processes are benchmarked. <b>50%</b>	A process is in place to communicate improvement actions to customers. <b>75%</b>	The Human Resource Plan for the structure supports the organisation's policy and strategy for continuous improvement. <b>25%</b>	A system is in place to review and modify the allocation of resources based on changing organisation needs. <b>50%</b>	Process performance is demonstrably linked to client requirements. <b>75%</b>
<b>7</b>	The management team are proactive in valuing, recognising and rewarding all members for continuous improvement. <b>75%</b>	A process is in place to modify policy and strategy as a result of organisation and operational information. <b>50%</b>	A process is in place to determine reliable information on "best-in-class" performance. <b>50%</b>	A process is in place to encourage creativity and innovation amongst all employees. <b>25%</b>	A process is in place for identifying, assessing and evaluating new technologies and their impact on the organisation. <b>25%</b>	A mechanism is in place for developing and using appropriate measures which evaluate key processes. <b>25%</b>
<b>6</b>	Managers are visibly involved in the development and support of improvement teams and act as champions. <b>75%</b>	A process is in place to assess the continuing relevance of plans as a result of organisation and operational information. <b>50%</b>	A process is in place to review customer requirements and adjust organisation operations accordingly. <b>50%</b>	Improvement teams have been established and are supported. <b>0%</b>	Systems are in place to track, monitor and review targeted areas to reduce all other waste including time and rework. <b>50%</b>	The process results are reviewed and fed back into the improvement cycle. <b>50%</b>





<b>5</b>	A process is in place to ensure managers are working with clients and suppliers, and that the effectiveness of this process can be assessed. <b>50%</b>	The unit has policy statements and strategy that cover the 11 Performance Improvement Matrix headings. <b>75%</b>	Customer & market survey mechanisms are in place to determine levels of satisfaction. <b>25%</b>	Training and development needs are regularly reviewed for all members and teams. Skill gaps relevant to personal aspirations and organisations needs are supported. <b>50%</b>	Systems are in place to track, monitor and review targeted areas to reduce physical waste. <b>50%</b>	An improvement mechanism for key-business processes has been implemented. <b>50%</b>
<b>4</b>	A process is in place to ensure managers are visibly involved as role models in organisation improvement within structures. The effectiveness of the process is reviewed. <b>75%</b>	A process exists, and is reviewed, which promotes a clear understanding of the organisation's and structures mission, csf and policy statements, so each member knows and understands. <b>75%</b>	A system is in place to communicate client and requirements to all employees. <b>25%</b>	An effective appraisal system is in place for all employees. <b>25%</b>	A process is in place to manage the dissemination of relevant information to customers, stakeholders, suppliers and employees. <b>50%</b>	An improvement mechanism has been identified and targets for improvement have been set. <b>25%</b>
<b>3</b>	A process is in place to ensure mutual understanding of organisation issues through two-way communication both vertically and horizontally throughout the unit. <b>50%</b>	A process in place to collect relevant external information to enable a review of csf's and organisation plans. <b>50%</b>	A process is in place to effectively market key products and service features to customers. <b>50%</b>	A process is in place for two-way communication of organisation information within the structure. <b>75%</b>	Partnerships with other institutions are being developed to jointly improve quality, service delivery and performance. <b>50%</b>	The effectiveness of existing key value-adding processes is assessed. <b>50%</b>
<b>2</b>	A process is in place to create and continually increase an open awareness of organisation issues throughout the unit. <b>50%</b>	A process is in place to collect relevant internal information to enable a review of csfs and organisation plans. <b>50%</b>	The organisation's people are generally aware of the importance of customer care. <b>50%</b>	A public commitment has been given to develop all members to achieve organisation goals. <b>50%</b>	A process is in place to identify other suppliers for key resources. <b>25%</b>	Key value-added processes are identified, flowcharted and / or documented. Ownership is established. <b>25%</b>
<b>1</b>	The management team have a process in place to develop their own awareness of the concepts of (i.e.) Total Quality Management. <b>75%</b>	The unit management team has developed a mission statement and critical success factors - csf. <b>25%</b>	A process is in place to determine customer needs, requirements and expectations. <b>75%</b>	A process is in place to canvas and track employees opinions. <b>25%</b>	A process is in place to identify what re-resources are available and how they are being deployed. <b>25%</b>	The main processes within the different organisational structures are identified. <b>100%</b>

## Performance Improvement Matrix: Results

Step	Impact on Society	Customer Satisfaction	People Satisfaction	Supplier and Partnership Performance	Organisation Results
10	Views of local society are proactively canvassed. Results are fed back into the organisation's policies. <b>25%</b>	There is a positive trend in customer satisfaction. Targets are being met. There are some benchmarking targets across the organisation. <b>75%</b>	Regular comparison with external organisations show that the satisfaction of employees' is comparable with other organisations and has improving trends. <b>0%</b>	Performance targets are consistently met. Suppliers and partners have own quality improvement processes in place. <b>50%</b>	There are consistent trends of improvement in 50% of key performance areas. Some results are clearly linked to approach. <b>75%</b>
9	Benchmarking has started for 25 % of impact on society targets. <b>0%</b>	75% of the customer satisfaction targets are being met. <b>50%</b>	Results indicate that employees' and their families feel integrated into the work environment. <b>0%</b>	75% of supplier and partner improvement targets are met. <b>25%</b>	All targets are being met and show continuous improvement in 25% of targets. <b>50%</b>
8	50% of impact on society targets are being met. <b>0%</b>	50% of customer satisfaction targets are being met. <b>0%</b>	Results indicate that employees feel valued for their contribution at work. <b>25%</b>	50% of key performance targets are being met. <b>25%</b>	75% of targets have been achieved. Able to demonstrate relevance of key performance areas to organisation. <b>75%</b>
7	Results are linked to environmental and social policy. Policy is reviewed. <b>0%</b>	All members understand targets relating to customer satisfaction. <b>25%</b>	Results indicate that employees can express their feelings confidently and open. <b>25%</b>	Improvement initiatives are directly linked to financial cost reductions. <b>50%</b>	Performance against other competitor organisations are compared and targets are reset. <b>0%</b>
6	There is an increased public awareness of policies. <b>25%</b>	The drivers of customer satisfaction have been identified and are used to modify targets. <b>25%</b>	Targets are set in key improvement areas and are published. <b>25%</b>	Improvement trends are positive in 25% of key measurement areas. <b>25%</b>	Improving and adverse trends have been identified, understood and linked to Enablers. <b>75%</b>
5	There are consistently improving trends in relevant result areas. <b>0%</b>	Customer satisfaction levels within organisation are compared. Results have positive trend and some are meeting targets. <b>25%</b>	Trends are established. Positive and negative trends are understood. Parameters measured are relevant to all employees. <b>25%</b>	Performance levels in all key measurement areas are met. <b>25%</b>	50% of internal targets have been met. <b>25%</b>
4	Local community perceptions and needs are set for improvement. <b>0%</b>	The relevance of targets to customer satisfaction can be demonstrated. <b>75%</b>	The effectiveness of two-way internal communications is measured. <b>25%</b>	Improvement trends are positive in 25% of identified areas. <b>25%</b>	Trends are compared against every structures goal and financial objectives. <b>75%</b>



<b>3</b>	Employees' awareness of relevant result areas are measured. <b>0%</b>	Targets are set for improvement. <b>75%</b>	Data is used to plot trends for employee's satisfaction. <b>0%</b>	Improvement trends are determined and agreed upon. <b>25%</b>	Relevant results are communicated to all employees and key performances are published regularly. <b>50%</b>
<b>2</b>	Trends are established, and a process is in place to track progress. <b>0%</b>	Data is used to plot trends of customer satisfaction. <b>75%</b>	Key measures of employee satisfaction have been identified. <b>25%</b>	Trends are established and processes in place to track improvement levels. <b>50%</b>	A system exists for measuring and monitoring key results areas. <b>100%</b>
<b>1</b>	Result areas have been identified. <b>0%</b>	Customer complaints are logged, and reacted to on an ad hoc basis. <b>0%</b>	Grievances of employees are reacted to on an ad hoc basis. <b>0%</b>	Supplier grievances are reacted to on an ad-hoc basis. <b>25%</b>	The unit's key financial and non-financial objectives have been identified. <b>75%</b>

Standard Method	Scoring Options		Scoring Descriptions
	Levels	%	
( Blank )	<b>0</b>	<b>0%</b>	No or little evidence that anything is happening
	<b>1</b>	<b>25%</b>	Some evidence across about a ¼ of potential implementation area
	<b>2</b>	<b>50%</b>	Good evidence across about a ½ of potential implementation area
	<b>3</b>	<b>75%</b>	Substantial evidence across about 3 quarters of potential implementation area
	<b>4</b>	<b>100%</b>	Fully achieved.

Reference ( WP ) : bat.m1

## PROFILING OF PUBLIC ENTITY QUESTIONNAIRE

Date: .....

Public Entity Name:.....

### PURPOSE OF THE SURVEY AND HOW THE QUESTIONNAIRE IS CONSTITUTED

The purpose of the survey is to profile the public entity and consists of nine pages of thirty questions that address the organisations' strategies, creation and enabling legislation, intended purpose financial, human and other resources, capabilities and internal resources, successes, failures, challenges, audits, staff and demographic profiles.

Kindly note that the information provided will be treated confidentially despite knowing that certain public entity information is made public knowledge.

### INSTRUCTION ON COMPLETING THE QUESTIONNAIRE

It is requested that the most senior person in the organisation complete this questionnaire and mark "X" where appropriate.

All questions must be answered and your accurate responses will greatly enhance the credibility and value to this research project.

You may contact the Research Project Leader, Mr Jeremy Thomas at Umalusi on 012-349 1510 extension 209 or call 084 504 0737.

Email: [jeremy@umalusi.org.za](mailto:jeremy@umalusi.org.za)

**SECTION A: RESPONDENT PROFILE**

Question 1            Indicate the position you hold in the organisation?

Chief Executive Officer	1
Chief Operations Officer	2
Chief Financial Officer	3
Other	4

If other please specify.....

Question 2            How long have you been in the above position?

1 year or less	1
2-4 years	2
5-7 years	3
8-10 years	4
11 or more	5

Question 3            Please indicate by ranking the main thrust of your leadership role. **1 indicates most important** and **6 least important**, etc.

<b>Leadership role</b>	<b>Rank</b>
Strategic positioning of the organisation	
Building potential leaders	
Knowing and understanding the business	
Valuing your people	

External thrust in Education sector	
Internal competence of organisation	
Other(s) (please specify)	

**SECTION B: ORGANISATION PROFILE**

Question 4                      Which Act mandates the organisation’s activities?

.....

Question 5                      Which other Acts enforce / support the role of the organisation?

.....

Question 6                      Describe the overall intended purpose of the establishment of the organisation?

.....

Question 7                      Indicate the funding received for the 2005/6 financial year?

<b>Funding Source</b>	Amount R ‘000’
Government grant	
RSA donor funding	
International donor funding	
Self-generated income	

Other	
-------	--

If other please specify.....

Question 8

What is the total asset value **excluding** property?

Less than R 100 000	1
R 100 000 - R 500 000	2
R 500 001 - R 999 999	3
R 1 m – R2.9 m	4
R 3 m - R 5 m	5
More than R5 m	6

Question 9

Indicate whether the organisation has ever obtained a qualified audit by the Auditor-General's Office and when?

Year	No	Yes
2006		
2005		
2004		
2003		
2002		
2001		
2000		

Question 10

How successful was the organisation in achieving its objectives as indicated in the business plans for the 2005/6 financial year? Indicate percentage?

Question 11

What percentage of the organisation's work is outsourced to consultants and at what cost for 2005/6?

Percentage	
Cost	

Question 12                      Briefly describe the external environment within which the organisation currently operates, e.g. overlapping of policy with other institutions, insufficient voted funds, etc.

.....

Question 13                      List the things the organisation has to do in order to fulfil its mandate.

.....

Question 14                      How well has the organisation done the things in 13 above and what can be done to improve them?

.....

Question 15                      What is the number of full-time and part-time staff (contracted staff) in the organisation?

Full-Time	Part-Time

Question 16                      What is the highest educational qualification of the staff mentioned above?

Educational Level	Number of staff
Doctorate	
Masters	
Honours	

First degree	
Grade 12/N3	
Grade 8-11 ( N1-2)	
Grade 1-7	
Adult basic education ( Abet)	
General education and training	
No qualification	

Question 17

What is the gender composition of the staff that will participate in the self –assessment of the organisation? (Can be completed on the day of assessment)

Male	
Female	

Question 18

What is the racial composition of the staff participating in the self –assessment?

African /Black	
Asian	
Coloured	
White	
Other	

Question 19

Do you measure individual and management performance in the organisation?

Individual	Yes	1
Individual	No	2

Management	Yes	1
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Management	No	2
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Question 19.1 If **Yes** in question 19, how often is it measured?

Individual

Quarterly	1
Half-yearly	2
Annually	3
Other	4

Management

Quarterly	1
Half-yearly	2
Annually	3
Other	4

Question 20 Do you measure performance of the Board / Council members?

Yes	1
No	2

Question 20.1 If **Yes** in question 20, how often is it measured?

Quarterly	1
Half-yearly	2
Annually	3
Other	4

Question 21 Do you have a source of information that is used to measure management / individual performance?



Individual	Yes	1
Individual	No	2

Management	Yes	1
Management	No	2

Question 22.1 If the answer is “Yes” above, what is that source/s of information? (You may X more than one)

	Yes	No
Personal observation	1	2
Statistical reports	1	2
Verbal reports	1	2
Written reports	1	2
Other	1	2

If other please specify.....

Question 23 Which of the following measuring instrument /s do you use to measure organisational performance?

	Yes	No
Balance score card	1	2
ISO 9000	1	2
Quality management	1	2
Value Chain management	1	2
SA Excellence model	1	2
Financial statements	1	2

Other	1	2
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If other please specify.....

Question 24

What is the age grouping of staff?

Age	No.
Under 20 years	
20-29 years	
30-39 years	
40-49 years	
50-59 years	
60 years plus	

Question 25

How often do you and your staff attend training courses?

Monthly	1
Bi-monthly	2
Quarterly	3
Half-annually	4
Annually	5
Occasionally	6
Don't attend at all	7
Other	8

If other please specify.....

Question 26                      What amount was spent on training during the 2005/6 financial year?

.....

Question 27                      What are the major successes achieved by the organisation since its establishment?

.....

Question 28                      What are the failures of the organisation since inception?

.....

Question 29                      Does the organisation have a risk management strategy and can the top five risks be listed below?

.....

Question 30                      What are the challenges facing the organisation's existence and its sustainability?

.....

**THANK YOU FOR YOUR PARTICIPATION AND COMPLETION OF THIS QUESTIONNAIRE**

Developed by Jeremy Thomas  
March 2007

**QUESTIONS TO LEAD STRUCTURED INTERVIEW OF RESPONDENTS**

**Name of respondent:.....Date:.....**

**Venue:.....Telephonic interview (Yes/No):.....**

**Introduction:**

<b><u>ASPECTS</u></b>	<b><u>TICK WHEN COMPLETED</u></b>
<p>The title of the research project is “Evaluating the effectiveness of Umalusi Council for quality assurance in general and further education and training as a Public Entity in the South African Education regulatory system.”</p>	
<p>The problem statement focuses on whether Umalusi as a public entity is effective in achieving its goals as mandated by its Act, and whether it meets its intended purpose as a watchdog or custodian in relation to the input funding and support provided by government?</p>	
<p>The aim of this research is to study the effectiveness and other related questions of Umalusi as a public entity in the South African Education system, and make recommendations to improve organisational effectiveness.</p>	

<p>The objectives of the study are to:</p> <ul style="list-style-type: none"> <li>a) Confirm why Umalusi was established,</li> <li>b) Explore Umalusi's effectiveness using the South African Excellence model,</li> <li>c) Analyse the available data, and</li> <li>d) Make recommendations for improvements that can be used by Umalusi or any other public entity.</li> </ul>	
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### QUESTIONS

1. What in your opinion was the purpose of creating Umalusi?	
2. Why was it created as a schedule 3 A public entity, and not as any other type of organ of state?	
3. Does the Act which governs Umalusi adequately empower Umalusi to perform its functions?	
4. Is Umalusi adequately resourced to perform its functions? ( finance, human, etc)	
5. What in your opinion is Umalusi's inherent competence and strength?	
6. What are the major successes achieved by Umalusi since its inception?	

7. What are the failures of Umalusi since its inception?	
8. What do you think are the challenges facing Umalusi's existence and its sustainability?	
9. On a scale of 1-10 what in your opinion is Umalusi's success rate in executing its mandate and why?	
10. Although Umalusi has never obtained a qualified audit, what aspects in its financial management do you think needs to be concentrated upon?	
11. Do you think Umalusi is an effective organisation in meeting its intended purpose and why?	
12. What do you recommend will assist Umalusi in improving its performance as a public entity in the education sector?	
13. Any other comment that you would like to make?	

## Conclusion

Thank respondent for his/her participation	
Offer a copy of the final recommendations of the research project	

Developed by Jeremy Thomas  
November 2007

**QUESTIONNAIRE RESPONSES**

The following is a list of the respondents:

RESPONDENT 1 –Parliamentary Chairperson of the Portfolio Committee  
on Education- Telephonic Interview

RESPONDENT 2 –Chief Financial Officer: National Department of Education  
- email response

RESPONDENT 3- Research Director: Umalusi- email response

RESPONDENT 4- Chief Operating Officer: Umalusi- email response

RESPONDENT 5- Director of Public Entities: Department of Education  
- email response

RESPONDENT 6- Director General: Department of Education  
- email response

RESPONDENT 7- Senior Manager Quality Assurance of Assessment: Umalusi  
- email response

RESPONDENT 8- Chief Executive Officer: Umalusi- email response

RESPONDENT 9- Senior Manager Evaluation and Accreditation: Umalusi  
- email response

## RESPONSES

1. What in your opinion was the purpose of creating Umalusi?	
Respondent 1	Quality watchdog for the government as the Department of Education is responsible for schools in the Provinces.
Respondent 2	-
Respondent 3	To conduct quality assurance in general and further education and training, specifically through maintaining the standard of exit level examinations and monitoring educational institutions.
Respondent 4	The purpose was to establish an independent body that would ensure that the standards of education and training in general and further education were maintained through various quality assurance processes
Respondent 5	I think it was established to ensure that qualifications that are issued are of high quality, quality assure examinations, monitoring of examinations, certification, etc.
Respondent 6	To replace SAFCERT as the quality assurance body for examinations.
Respondent 7	The implementation of the NQF required a structure to quality assure the general and further education and training bands. The mandate of SAFCERT (initially only certification) was then extended to include other quality assurance initiatives in the bands (NQF 1-4). Umalusi was created to quality assure all education and training at institutions registered in terms of the Schools Act, The FET Act and the ABET Act.
Respondent 8	Umalusi was created to regulate and maintain standards in the general and further education and training sector. There has always been a need for an independent body that will arbitrate on the quality of education in SA. This need stems from the suspicions, lack of trust and contestations we had inherited from SA's unequal education systems. Also, in the new



	dispensation, the concept of standards in education was becoming prominent and this was the government's way to respond to this growing need.
Respondent 9	To take responsibility for the quality assurance of education in respect of schools, colleges, adult centres and assessment bodies (public and private). Quality assurance entails the delivery of education, i.e. the provisioning of education, as well as the assessment of learning against nationally agreed curricula. The delivery of education is quality assured through the evaluation and monitoring of education and training institutions against Umalusi's accreditation criteria, while assessment of learning is quality assured through the evaluation of curricula (not yet undertaken in any great degree), and the moderation of question papers, monitoring of the conduct of examinations and, moderation of marking.
2. Why was it created as a schedule 3 A public entity and not any other type of organ of state?	
Respondent 1	In essence to have an element of independence not being attached to the Department of education.
Respondent 2	-
Respondent 3	Not really sure what the implications of different types of organs of state are. Perhaps to ensure a degree of autonomy?
Respondent 4	Because it needed to be independent from the Department of Education and other government structures
Respondent 5	Not sure, but I think it was to ensure that there is partnership between the entity and Government since its mandate is directly linked to Government responsibility of providing better and quality education.

Respondent 6	Most appropriate form-at a distance from government but still connected.
Respondent 7	Not sure. The mandate of Umalusi requires that the organization enjoy a degree of autonomy. Thus, Umalusi is governed by a Council. Also allows Umalusi to generate its own funds, as well as to retain any surpluses.
Respondent 8	Logistically, it was more efficient to create Umalusi at the back of an already existing statutory body, like SAFCERT. The two bodies could not co-exist, and therefore it was prudent to expand the functions of SAFCERT. Umalusi's functions are of a public nature and require a measured distance from government but not entirely private and commercialized. Public entities are designed to cater for this distance so that the public could 'own' these entities whilst the government keeps a close eye without interfering.
Respondent 9	Don't know.

3. Does the Act which governs Umalusi adequately empower Umalusi to perform its functions?

Respondent 1	Best answered by Umalusi- do not remember any problems in this regard.
Respondent 2	-
Respondent 3	Yes and no. Yes, it gives a reasonably clear mandate, and enables Umalusi to monitor standards of exams and curricula. However, with regard to institutions, the act is too different with regard to the private and public sector, which makes it difficult for Umalusi to act.
Respondent 4	Yes it does although its "space" is quite contested as other quality assurance bodies are also mandated to carry out similar functions – the overlapping mandates have resulted in a certain paralysis in the quality

	assurance processes and system. The roles of the DoE and Umalusi have also overlapped and consequently Umalusi has not been able to monitor the provincial departments of education as it is required to by the GENFETQA Act.
Respondent 5	Yes
Respondent 6	I believe so- although it overlaps with other legislation in parts. This will be cleaned up in the new legislation.
Respondent 7	In the main the Act does empower Umalusi to perform its functions. However, the existing conflicts between various pieces of legislation make it difficult for Umalusi to execute its functions without becoming involved in “turf wars” with other stakeholders. Although the Act empowers Umalusi to perform its functions, the fact that Umalusi funding is obtained via the DoE is problematic. Umalusi’s funding should be appropriated via a parliamentary grant.
Respondent 8	In many ways, the spirit of the Act does empower Umalusi, but what disempowers Umalusi is not what is or not in the ACT. First of all the education terrain has changed so much since the promulgation of the ACT, that some of the functions and expectation really need a review. What tends to handicap Umalusi more are three things: the resources allocated for carrying out the functions; attempts to work with government to carry out the stated function are often contested; and the complexity of the role players in the field which makes it very cumbersome to move faster.
Respondent 9	Yes and no. I believe that in terms of private provisioning, Umalusi is empowered to establish and maintain a quality assurance system, but in respect of public provisioning, the Act does not provide sufficient clarity of roles and responsibilities. The result is that there are many overlaps with the National Department of Education, which leads to contestation and

	unnecessary tension. It also makes it impossible for Umalusi to have the same kind of impact on the public system as it has been able to do in the private system.
4. Is Umalusi adequately resourced to perform its functions? (finance, human, etc)	
Respondent 1	Relative question- no-one is ever. Depends on what areas need to be covered. Problem with the DoE i.t.o. what Umalusi must do in public education. These questions will be resolved soon.
Respondent 2	The definition of adequate resourcing is always a contentious point. Within the definition of economy it is clear that needs always exceed means. Umalusi could until now always fulfil its functions within existing resources and it can therefore be assumed that it had adequate resources. There is however always the danger that a growing organisation in terms of its functions, does not allow for comparative growth in its administration, which could have detrimental effects on its functioning.
Respondent 3	Certainly Umalusi needs more finances. This would enable it to hire a larger component of highly skilled professionals, which would improve its ability to do its work.
Respondent 4	Resources are limited and Umalusi has had to be very selective in the functions it has taken on – this is allowed for in the GENFETQA Act which indicates that Umalusi may take on its functions progressively depending on capacity – further, resources as provided by the DoE have been unpredictable and this has made carrying out the mandate precarious.
Respondent 5	This is difficult to say since I am not directly involved with the budgeting process of Umalusi or evaluating the strategic plan
Respondent 6	I believe so- it still has significant reserves if not.
Respondent 7	As indicated above, Umalusi should be funded directly through parliament (accountable to the Minister of Education). The funding is not adequate.

	Quality Assurance processes have to be designed within the financial constraints. Quality Assurance processes are therefore dependent on available financial resources. Human resource capacity must be reviewed. Post levels and responsibilities are not consummate with the public sector.
Respondent 8	For many years Umalusi's resources have never matched the requirements of the ACT. This can be attributed to the government's misconceived interpretations of what Umalusi is supposed to do, which is basically limited to SAFCERT's work.
Respondent 9	I don't believe it is. An accreditation system is expensive and resource intensive. The Evaluation and Accreditation unit, for example, is fully stretched in relation to its responsibility to monitor all its independent schools, private colleges, adult centres and assessment bodies – without even considering possible interventions in the public system. In addition, the administrative workload in respect of each provider is enormous and quite cumbersome. So, Umalusi is not only inadequately resourced in terms of funding and human resources, but also infra-structurally in respect of electronic forms of evaluation, monitoring and communication. Umalusi therefore makes extensive use of peer evaluators, monitors, consultants, etc, which comes with a set of problems of its own: possible bias and an inadequate understanding of the requirements of the task.

5. What in your opinion is Umalusi's inherent competence and strength?

Respondent 1	Its independence in dealing with schools and independent schools.
Respondent 2	-
Respondent 3	Very good knowledge of the examination system, and good systems to deal with it. Good committed staff, a willingness to think creatively and innovatively, and good leadership.
Respondent 4	It has a growing and solid reputation as a watchdog in the system. It is seen as an organization with integrity that is informed by considered inputs and research.

Respondent 5	-
Respondent 6	The quality assurance of matriculation examinations and assessment processes.
Respondent 7	The fact that Umalusi is able to execute its responsibilities despite the resource limitations and the high turnover of staff. The commitment of all staff is highly visible – staff are immensely aware that the work of Umalusi is of national interest.
Respondent 8	Because of the inherited functions from SAFCERT, Umalusi has maintained and improved on the functions of quality assuring assessments. Further, its research capacity has proven to be an effective and strong voice on matters of quality. As other functions unfold, they also will be added to this growing portfolio. Lastly, Umalusi’s overall competence lies in its ability to see the regulation and maintenance of standards function as the general theme, not the discrete functions prescribed by the Act, and this gives it an ability to drive a coherent program.
Respondent 9	Umalusi’s work is founded in a strong principled approach – in a sense, the organization exemplifies ‘doing the right thing’ because it is important, and not because it is the easiest way to do things. The fact that most of its decisions are based on research is, in my opinion, another important competence and strength. In addition, the credibility of its quality assurance processes is an important strength, but also one of its most important successes (see question 6).

6. What are the major successes achieved by Umalusi since its inception?

Respondent 1	Shown its independence in its position to liaise with international structures through holding conferences in its comparison to others.
Respondent 2	-
Respondent 3	Maintaining stability in the education system, gradually bringing up the standard of examinations, providing clear policy direction in a very muddled policy environment, establishing systems for evaluating curricula.
Respondent 4	The assumption of additional functions such as the accreditation of providers and assessment bodies; the revision of standardization processes for the new NSC and NCV qualifications; the establishment of a strong research capacity; the establishment of a qualifications and certification unit that has begun to evaluate curriculum.
Respondent 5	-
Respondent 6	Building public trust and confidence in matriculation examinations.
Respondent 7	One of the successes is the quality assurance of assessments. Admittedly this is inherited from SAFCERT, but great improvements have been made to the processes. Umalusi has also positioned itself as a major role-player in the Quality Assurance arena.
Respondent 8	<ul style="list-style-type: none"> <li>• Gaining the status of an independent arbitrator on high stakes examinations in the country.</li> <li>• Gaining respectability in education for its high intellectual scrutiny and research on issues that matter in education</li> <li>• Running a successful organization that utilizes its resources effectively</li> <li>• Building a coherent program that is logical and will be able to carry out its mandate, now and in the future.</li> </ul>

Respondent 9	The maintenance of the credibility of the quality assurance of assessment and the establishment of an accreditation system.
7. What are the failures of Umalusi since its inception?	
Respondent 1	No failures so far- have done what it is supposed to do.
Respondent 2	-
Respondent 3	I guess the main one would be failing to quality assure public provision, through the provincial departments of education.
Respondent 4	The inability to negotiate the monitoring of public provision through the provincial departments of education – this has been a political issue.
Respondent 5	-
Respondent 6	None.
Respondent 7	The failure of Umalusi lies in the quality assurance of providers. Admittedly the quality assurance of public provision has been hampered due to political interference. Although much has been done in terms of private provision, I am not convinced that we have impacted majorly on this sector. The initial focus ought to have been on the qualifications being offered and not on institutional accreditation.
Respondent 8	<ul style="list-style-type: none"> <li>• Have not been able to move faster on some of its functions because of the contestations with government as well as lack of resources to expand quicker</li> <li>• Staff turnover has also been problematic for Umalusi, in an environment where Umalusi spends a lot of time and money to train</li> </ul>



	individuals first.
Respondent 9	Its poor relationships with its partners in education and training – in particular in terms of SAQA, the DoE and the SETA ETQAs. In order to take the lead in the education and training terrain, Umalusi must deliberately build good relationships with those bodies and institutions which will impact on a large number of learners in the system. I don't believe it is helpful to denigrate other schools of thought – all it achieves is alienation and this will not serve the learners to whom we are ultimately accountable for meaningful learning that will enable them to progress in life – not be frustrated around every corner through lack of articulation, credit recognition and transfer, etc.

8. What do you think are the challenges facing Umalusi's existence and its sustainability?

Respondent 1	No treacherous challenges. Umalusi is deep rooted in its existence and not competing with others.
Respondent 2	-
Respondent 3	Finances. Its relationship with the DoE—unclear lines of accountability. Umalusi could find that it lacks teeth. Unclear policy environment—how the DoE interprets our mandate may not be how we interpret it.
Respondent 4	Continued funding from the Department of Education in a predictable and sustainable manner; finding the HR and other capacity to take on the new functions of standard setting as described in the newly released Joint Policy Statement.
Respondent 5	-

Respondent 6	New legislation may affect functions-but no threats to existence or sustainability.
Respondent 7	I do not think that there any challenges facing Umalusi's existence. In fact with the joint NQF policy statement, Umalusi will be entrenched as a Quality Council.
Respondent 8	<ul style="list-style-type: none"> <li>• Its sustainability depends primarily on how well the entity is funded by the government.</li> <li>• The lack of understanding or a remit between the government and its entities, upfront, always expose the entity to some measure of vulnerability as the turf is always contested.</li> </ul>
Respondent 9	Inadequate funding to undertake the tasks that are required. Lack of clear demarcation of roles and responsibilities – particularly in relation to the National DoE. Poor relationships with partners in education and training.

9. On a scale of 1-10 what in your opinion is Umalusi's success rate in executing its mandate and why?

Respondent 1	8/10 Comfortable with what Umalusi does although some grey areas as stated by the Director –General which once solved Umalusi could get ten of ten.
Respondent 2	-
Respondent 3	8, see question 6.
Respondent 4	I would estimate about 60% of its mandate is currently being carried out -

	<p>This includes:</p> <ul style="list-style-type: none"> <li>• Quality assurance of assessment at exit points and certification of learner attainments for the SC; National technical certificates; GETC: For Adults;</li> <li>• Accreditation of private providers (private schools; FET colleges and AET centres) and assessment bodies; monitoring of public assessment bodies;</li> <li>• Monitoring qualifications and standards – to a limited degree as it is restricted to evaluating curriculum</li> </ul> <p>What is not being done is the quality assurance of public provision through the monitoring of provincial departments of education – this is in fact the bulk of the education and training system as it has the largest numbers.</p>
Respondent 5	-
Respondent 6	Seven out of ten-extensive mandate not yet fully clarified and therefore not implemented.
Respondent 7	6 out of ten Umalusi has not been able to clean up the private education sector. Admittedly, this is also due to the DoE not moving on its registration processes.
Respondent 8	Maybe a 7. Umalusi is carrying out its functions; where it can, but the slow progress in coverage of all if not most functions should be a source of concern.
Respondent 9	<p><i>Object 1: Quality of delivery and outcomes in GET and FET band</i></p> <p>This object of the Act actually addresses two different aspects. My rating is therefore according to those different aspects.</p> <p><u>Delivery</u> – 2/10 – Umalusi is only able to impact on private provisioning through its provisional accreditation process – generally a well-resourced sector - but has limited inputs into the public system where the bulk of the learners are situated.</p> <p><u>Outcomes</u> – 7/10 – assessment of learning</p>

	<p><i>Object 2: Developing a quality assurance framework for the band</i> 7/10 – the framework has been established, but many implementation difficulties only emerge once the requirements come into effect</p> <p><i>Object 3: Relationship regulation in the band</i> 2/10 – relationships, in my opinion, are still tenuously amiable</p>
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10. Although Umalusi has never obtained a qualified audit, what aspects in its financial management do you think needs to be concentrated upon?

Respondent 1	So far so good- no qualified reports.
Respondent 2	For a small organisation such as Umalusi the segregation of administrative powers and duties always remain a challenge. Special attention should constantly be given to this aspect. Internal controls could assist to manage the risk.
Respondent 3	Not really in a position to answer this.
Respondent 4	Managing cross unit processes that impact on the financial processes and record keeping – processes need to be documented across units and followed. Records need to be reliable in place for all processes with a financial implication.
Respondent 5	Collection of revenue from colleges/provinces. There has to be a strategy in dealing with this aspect. Regular training of finance personnel to ensure that they are up to date with the developments in the finance field.
Respondent 6	None that I am aware of.
Respondent 7	Financial reports must clearly reflect expenditure for the various processes

	– this will aid in better planning. The organization needs to allow for a degree of flexibility without compromising financial prudence.
Respondent 8	The units are taking less responsibility for their finances and should be more vigilant and responsible. The culture of cost savings in the organization is not very deep yet.
Respondent 9	Sorry, I really don't know

11. Do you think Umalusi is an effective organisation in meeting its intended purpose and why?

Respondent 1	Comfortable with what Umalusi does.
Respondent 2	-
Respondent 3	Yes, see question 6.
Respondent 4	Yes within various constraints which are primarily financial and HR capacity.
Respondent 5	-
Respondent 6	Yes. The credibility of matriculation exams is critical in any country and this has been achieved.
Respondent 7	Umalusi is an effective organization- Senior Certificate results only released once Umalusi has approved etc.
Respondent 8	Yes, it is as the organization has proved its worth over the past years. The SA education system could never do without an organization like Umalusi.
Respondent 9	Umalusi will be more effective if there were less political constraints on its

	mandate, particularly in relation to public education. However, in my opinion, Umalusi is an effective organization. From an accreditation point of view, the organization has done remarkable work in turning around the private education sector; and in adding value, through its quality assurance of delivery and assessment, to the quality of teaching and learning in private education.
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12. What do you recommend will assist Umalusi in improving its performance as a public entity in the education sector?

Respondent 1	Only problem so far is the misunderstanding of the NQF and the Department of education. As soon as this is cleared there is no problem with Umalusi.
Respondent 2	-
Respondent 3	Clearer Act which gives a clearer mandate. Find way to clarify relationship with department.
Respondent 4	Negotiating and finalizing quality assurance and standard setting roles within the sector it services by clarifying its scope in respect of the DoE and other quality assurance agencies.
Respondent 5	-
Respondent 6	Continued assurance and support to the Department.
Respondent 7	<ul style="list-style-type: none"> <li>• Improved human resource strategy – post grading and post establishments.</li> <li>• Appropriate training programmes</li> </ul>

Respondent 8	<ul style="list-style-type: none"> <li>• Must be funded adequately</li> <li>• Must have a clearer understanding of its remit with the government</li> <li>• The complexities that have developed in the education sector must be simplified</li> <li>• Its Act is due for revision.</li> </ul>
Respondent 9	<p>Appropriate and sufficient funding</p> <p>Appropriate and sufficient human resources</p> <p>A strong culture of human resource development – Umalusi’s work, as in many other parts of the system, is groundbreaking work – its staff needs the security that we are on the learning curve together.</p>

13. Any other comment that you would like to make.

Respondent 1	As Chairperson of the Portfolio committee – comfortable with what Umalusi does.
Respondent 2	-
Respondent 3	Not now.
Respondent 4	None
Respondent 5	-
Respondent 6	No.
Respondent 7	-
Respondent 8	Not really.
Respondent 9	<p>Good luck with the thesis – hope this helped.</p> <p>Regards</p> <p>Ronel Blom</p>

**ANNEXURE E**

**INTERNAL AUDIT REPORT WITH COMMENTS**

<b>NATURE OF FINDING</b>	<b>BRIEF DESCRIPTION</b>	<b>Management Comments</b>
<p><b>Critical Finding</b></p>	<p><b>Accreditation Income</b></p> <p>1. Ineffective control over accreditations.</p>	<ul style="list-style-type: none"> <li>• Inter-unit communication has been established between Finance and Evaluation &amp; Accreditation units and planned for the rest of the financial year.</li> <li>• Changes/modifications have been effected to the MIS system which should address the risks as outlined above. The system should be improved further as the MIS development continues.</li> <li>• Regular reconciliations will be implemented, and</li> <li>• Accreditation guidelines for providers have been changed to facilitate correct payment procedures.</li> </ul>
	<p>2. Information is not captured timeously on the Management Information System.</p>	<ul style="list-style-type: none"> <li>• All payments effected directly into the bank account for Umalusi, will be processed and accounted for immediately, irrespective of whether sufficient information is available to raise an invoice or not.</li> <li>• Procedures will be implemented to ensure the timeous receipt of</li> </ul>



		<p>sufficient information to enable the Finance unit to open a debtor's account and raise the required invoice.</p>
	<p><b>Debtors</b></p> <p>3. Debtor account balances are incorrect.</p>	<ul style="list-style-type: none"> <li>• Invoices will be checked and authorised by the accountant.</li> <li>• Predetermined pricing structure is w.e.f. 1 April 2006, which will be loaded onto the accounting system.</li> <li>• The debtors clerk will not be able to modify unit prices, and</li> <li>• The problem around Colleges/students paying for certificates has been presented to our Executive Authority, the DoE, and Umalusi awaits their response.</li> </ul>
	<p><b>Verification Income</b></p> <p>4. Inadequate control over verifications.</p>	<p>The necessary steps will be implemented to ensure that all requests for verification are recorded, charged and payment received.</p>
<p><b>Significant Finding</b></p>	<p><b>Assets</b></p> <p>1. Ineffective control over assets.</p>	<ul style="list-style-type: none"> <li>• An informal reconciliation exists,</li> <li>• Asset register software with live data was received in November 2005, and capturing errors are being rectified before new assets for the current year can be added to the register,</li> </ul>

		<ul style="list-style-type: none"> <li>• The Asset register will balance with the Nominal ledger at financial year end,</li> <li>• The variance arose on the one hand, due to an accrual in the financial statements at 2005 year-end, for which no asset could be entered onto the asset register. On the other hand computer equipment was entered onto the asset register at a value higher than what was provided for at year-end. These variances could not be rectified until the capturing errors were rectified, and</li> <li>• Monthly reconciliations will be effected once the capturing errors have been rectified, and all new assets have been entered onto the asset register.</li> </ul>
	<p><b>Information Technology Systems</b></p> <p>2. No disaster recovery plan for internal systems exists.</p>	<p>Although we do not have a Disaster Recovery plan on paper we have the following measures in place to safeguard against such disaster:</p> <ul style="list-style-type: none"> <li>• We make full backups of all the data on the servers on a daily basis and the old backup cassettes are kept in the safe at the Finance unit,</li> </ul>

		<ul style="list-style-type: none"><li>• We use the disaster recovery option of Backup Exec where we write a CD for every server. This CD contains the information which is necessary to rebuild a server to look exactly as the damaged server in a very short period of time. After building the server it can be restored onto the backup tape and the server is back live again. Copies of these CD's are kept at our Outside contractor.</li><li>• We have six servers on site of which four are used as application servers, and therefore, can all be used for exactly the same work (MIS and web server) should it be required (if one server breaks down).</li><li>• We have an Uninterrupted Power Supply in place for all the servers which will protect Umalusi from power problems over a short period of time, and</li><li>• The e-mail is on Sita's mail relay, and therefore, if we cannot download it to our mail server, it will just wait there until</li></ul>
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		<p>it can eventually be downloaded.</p> <p>It is agreed that it is necessary to have a Disaster Recovery plan in place, but do not consider it a critical finding because we have all the above in place and are currently engaging Sita and other providers on this very issue.</p>
	<p><b>Human resources and Payroll</b></p> <p>3. Ineffective control over leave.</p>	<ul style="list-style-type: none"> <li>• It is the responsibility of managers to ensure that leave forms are submitted to the HR unit before the staff members go on leave.</li> <li>• Managers will be reminded of this again, and</li> <li>• An audit will be done on the leave files to rectify these matters.</li> </ul>
	<p>4. Attendance is not monitored.</p>	<ul style="list-style-type: none"> <li>• Our policy does not require staff to sign an attendance register.</li> <li>• All staff have an access tag that electronically registers all incoming and outgoing staff. This information is available 24 hours a day, and</li> <li>• Umalusi will decide whether it wishes to use this record. We see this as a housekeeping matter, as the organisation will have to review policy in this regard.</li> </ul>

<b>Housekeeping Finding</b>	<p><b>Income</b></p> <p>1. Bank reconciliations are not signed as evidence of being reviewed.</p>	<p>Management will ensure that bank reconciliations are signed on a regular basis.</p>
	<p><b>Debtors</b></p> <p>2. Debtor accounts are long outstanding.</p>	<ul style="list-style-type: none"> <li>• Despite the age analysis indicating 30.79% outstanding for longer than 120 days at 28/02/2006, this figure for 31/03/2006 is now 6.94%. The February figure presumably was the result of an incorrect ageing allocation of a debtor's payment,</li> <li>• The debtor's clerk follows up regularly on outstanding debts.</li> <li>• There is no way to recover outstanding amounts from colleges that were merged, and where campuses have closed down, and</li> <li>• The DoE still utilises the original college reference when requesting certificates for candidates.</li> </ul>
	<p><b>Human Resources</b></p> <p>3. Safeguarding of personnel files.</p>	<p>As a housekeeping matter, it will be dealt with through locking all cabinets after hours. However, it has never proven to be a problem in the past and is also not a requirement in our</p>

		policies.
	4. Insufficient documentation in personnel files.	<ul style="list-style-type: none"> <li>• This is an oversight and will be rectified,</li> <li>• The CVs were found to be attached to the qualifications that are filed on the Development file, and</li> <li>• Mechanisms will be put in place to ensure that this will not recur.</li> </ul>
	5. Overtime hours worked is not monitored.	<ul style="list-style-type: none"> <li>• All overtime worked is managed by the relevant unit manager and only in special circumstances is it approved by the CEO, that time off in lieu of overtime worked is allowed, and</li> <li>• This is monitored on a unit basis and because it does not affect payment. Managers and subordinates keep own records for performance assessment purposes.</li> </ul>

Source: Adapted from Aurco Group (pty) Ltd., Internal Auditors of Umalusi.  
2006. *Umalusi Internal Audit Report with Comments 2005/6.*

**ANNEXURE F**

**EXTERNAL AUDITOR MANAGEMENT LETTER WITH COMMENTS**

<b>AREA FOR IMPROVEMENT</b>	<b>MANAGEMENT COMMENT</b>
<p><b><u>Fixed Assets:</u></b> A review of the depreciation rates according to the useful life of the assets and residual values of the different categories of assets was not done and documented by management. IAS16 now requires that an organisation should review the useful lives and residual values of assets at least annually.</p>	<p><b><u>Residual value:</u></b> The residual value of assets that were written off to a nil value was considered to be sufficiently insignificant, especially when the cost of disposal is brought into the equation. The types of assets consisting predominantly of office furniture and computer equipment. Computer equipment especially is notorious for not having much of a resale value due to technological advances.</p> <p><b><u>Depreciation of different components:</u></b> There is no property, plant or equipment in Umalusi's possession that requires treatment in this fashion. Assets are predominantly of a general office nature, i.e. furniture, computers and very little other equipment. Assets are delivered as complete units.</p> <p><b><u>Starting date of depreciation:</u></b> Invariably the date of invoice coincides with the date of delivery, and assets are depreciated from such date of invoice.</p> <p>The requirements of IAS 16 are noted. Due to the nature of Umalusi's business, the chances of a material misstatement of asset values are considered to be minimal.</p>

**Income:**

- The accreditation unit has a backlog and therefore not all the institutions who requested to be accredited are captured on the MIS system. No invoice can be created on Pastel without a reference number from the accreditation unit and therefore the deposits received are unallocated. At year end the unallocated deposits are recognised as income. It may be that institutions that already made payment have been processed to the suspense account which is used for unallocated deposits.

The possibility exists that invoices may be processed for income that has been acknowledged in previous years.

- During the audit it was evident that there is no communication between the accreditation unit and the finance unit. The recording of accreditation fees is not performed in a consistent manner. Accreditation fees are either posted to a specific debtor, sundry debtor

- Management is aware of the shortcomings of the system, and has in fact instituted several measures to minimise the risk. The finance unit now obtains identification from the Evaluation and Accreditation unit in order to alleviate the problem of unidentified deposits. Closer collaboration between the units has led to great improvement in the system, although it still is not flawless. Management is treating the solution to this problem as a priority.

- Comments above apply



<p>or suspense account which is used for unallocated deposits. It would be impractical for us to extend our examination beyond the receipts and invoices raised</p> <ul style="list-style-type: none"> <li>• It was noted that all credit notes were not authorised by an appropriate individual.</li> <li>• It was noted that invoices were missing from the numerical sequence of sales invoices on Pastel. Invoice numbers IN104067- IN104070 were missing in the numerical invoice list.</li> </ul>	<ul style="list-style-type: none"> <li>• No credit notes may be issued without prior approval. Only the Manager: Finance and the Financial Accountant may authorise credit notes. There is however no goods/services that can ever be returned to Umalusi for credit.</li> <li>• This problem arose at year-end roll-over, when the 2005-06 set of accounts had to be kept “open”, whilst invoicing for the New Year had to be carried out. This is an intricacy of the Pastel accounting system which was rectified and will in future be monitored closely.</li> </ul>
<p><b><u>Accounts payable</u></b></p> <p>During the audit, it was noted that there were long outstanding purchase orders accrued for that had no supporting documentation. Management wrote back all the purchase orders that did not have any such supporting documentation and only those with</p>	<p>Purchase orders will be scrutinised more regularly and reported to senior management on a quarterly basis, in order to identify old expired orders.</p>

<p>supporting documentation subsequent to the financial year were provided for.</p>	
<p><b><u>Accounts receivable</u></b></p> <ul style="list-style-type: none"> <li>• It was noted that debtor payments received on 31 March 2006 amounting to R 74 669.54, were not allocated to the respective debtors accounts. The amount was realised as revenue.</li> </ul>	<ul style="list-style-type: none"> <li>• Colleges instruct students to deposit amounts of R 20 / R 22 into the Umalusi account, in lieu of their certificates. There are no identifiers as to whom these students are, and the cost of tracing the identity of such depositors is R50 per enquiry. Umalusi approached the DoE to resolve the problem with college payments.</li> <li>• Providers deposit monies into Umalusi's bank account, with no identification as to whom the depositor is, and as to what the deposit is for. Management is working on eliminating this problem</li> </ul>

- It was noted that the debtors outstanding for more than 120 days as a percentage of total debtors outstanding are as follow:

Year	120+ days	Total per age analysis	%
2006	361 049.99	168208317.94 ????	5.23 %

It was noted that debtors' age analysis includes a significant amount of debtors with credit balances (R170 346), hence the amount was correctly allocated to accounts payable for disclosure purposes in the annual financial statements. Concern should however be raised regarding the nature of these balances. As confirmed with council officials, the majority of these balances are due to the fact that the respective debtors overpaid their accounts.

- Umalusi has no discretion in accepting colleges or Provincial departments as customers, due to the relevant Acts that ensure the issuing of certificates. Umalusi endeavours to ascertain that address detail is correct, but datasets are received regularly for candidates that were enrolled at colleges that have subsequently merged, and the "original" college does not exist any more. The detail from the dataset however demands that invoices are raised to the merged (non-existing) colleges. Umalusi is in discussion with the DoE in order to alleviate the problem with colleges.

In conjunction with the audit comment above, current colleges invariably pay for certificates of candidates of pre-merged colleges. Umalusi has no way of identifying such payments as being for colleges that have merged. Accounts will however be monitored more closely, and where legitimate overpayments are made, such monies will be returned to customers.

Source: Adapted from Gobodo Incorporated, Chartered Accountants (SA).

External Auditors. *Umalusi Management Letter with Comments*. Pretoria: South Africa. Umalusi.