



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**STANDARD OPERATING PROCEDURES FOR THE IMPLEMENTATION AND  
MANAGEMENT OF THE UNIVERSITY CAPACITY DEVELOPMENT  
PROGRAMME AND THE UNIVERSITY CAPACITY DEVELOPMENT GRANT**

**2018-2020**

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**a. Background**

1. The purpose of this document is to describe the standard operating procedures for implementing and managing the University Capacity Development Programme (UCDP) and the University Capacity Development Grant (UCDG) that will be followed by the Department of Higher Education and Training and universities for the first three years of implementation.
2. This document should be read in conjunction with the Ministerial Statement on the Implementation of the University Capacity Development Programme through Effective Management and Utilisation of the University Capacity Development Grant 2018 – 2020 (DHET, 2017). The Ministerial Statement describes the nature of the UCDP and the UCDG and provides the policy framework for their implementation. This document focuses on the operations.
3. The UCDP will be implemented in three-year cycles, accompanied by the yearly allocation of a UCDG.

4. The UCDP will be introduced at the beginning of the 2018 academic year, with the first three year cycle ending in 2020.

**b. State allocations for the University Capacity Development Grant**

5. The total amount available for the UCDG amounts to R900,000,000 in 2018, R933,750,000 in 2019 and a projected R961,762,500 in 2020.
6. The table below shows how the yearly amount will be allocated for various aspects of the UCDP:

**Table 1:** Yearly allocations for each aspect of the University Capacity Development Programme

		<b>2018</b>	<b>2019</b>	<b>2020<sup>1</sup></b>
<b>Nationally –led programmes (30%)</b>	New Generation of Academics Programme (83% of 30%)	R224,100,000	R232,503,750	R239,478,863
	Higher Education leadership and Management Programme (3% of 30%)	R8,100,000	R8,403,750	R8,655,862
	Collaborations and Partnerships (14% of 30%)	R37,800,000	R39,217,500	R40,394,025
<b>University –led programmes (70%)</b>	University allocations	R630,000,000	R653,625,000	R673,233,750
<b>TOTAL</b>		<b>R900,000,000</b>	<b>R933,750,000</b>	<b>R961,762,500</b>

**c. Allocating a University Capacity Development Grant to each university**

7. Table 1 shows that the amounts available for disbursement to universities for the next three years are as follows: R630, 000,000 in 2018; R653, 625,000 in 2019 and R673, 233,750 (projected) in 2020.
8. The University of South Africa will be allocated 15% of the yearly total for each year, and the remaining 85% will be distributed to 23 universities, since Sol Plaatje University and the University of Mpumalanga are allocated funds from the DHET through a separate process and are expected to fund their UCDP activities from the separate allocation. All 26 universities will thus participate in the UCDP.
9. The UCDG allocation to the 23 universities is based on a share allocation model which takes two variables that are aligned to the transformation goals of the UCDP into account:
  - The number of permanent instructional/research staff at the institution that need to obtain a doctorate to achieve a specific target, expressed as a ratio of the national figure across all universities. This variable represents the research development component of the UCDP, and is allocated a weighting of 25%.

<sup>1</sup> Please note that the 2020 Rand values are indicative. The amount available for UCDG will still be confirmed in Ministerial Statements on University Funding for that year. The 2020 values projected here have were calculated by applying a 3% increase to the total amount available for 2019.

- The number of African and Coloured enrolled FTEs at the institution expressed as a ratio of the national total. This variable represents both the student development and teaching development components of the UCDP, and is allocated a weighting of 75%.

10. When the ratios generated above are combined for each university, the share ratios were listed in the 2020 column of Table 1 below were generated.

11. An analysis of spending patterns for the Teaching Development Grant (TDG) and the Research Development Grant (RDG) for the previous three years indicates that there are significant challenges across a range of universities regarding effective and efficient use of the funds. In the move to introduce the University Capacity Development Grant and Programme, it does not make sense to allocate greater amounts of funds to institutions where historical spending patterns have been poor.

12. There will therefore be a migration period to the new shares to enable institutions to address the issues that impacted on under-utilisation of funds, as well as to enable those institutions who will receive a smaller proportion of the funds as a result of the new model to plan for the reduction.

13. The share ratios for 2018 and 2019, leading up to full implementation of the new share model in 2020 are shown in Table 1 below. 2018 shares have been calculated taking underspending patterns into account and represent a transition from the former share allocation models for the TDG and RDG to the new share allocation model for the UCDG. The table also shows the monetary values associated with the share ratio in each year.

**Table 2: University share allocations for the UCDG 2018-2020**

University	2018 share (%)	2018 share (Rm)	2019 share (%)	2019 share (Rm)	2020 share (%)	2020 share (Rm)
Cape Peninsula University of Technology	0.0434	23,240,700	0.0508	28,223,528	0.0582	33,304,874
University of Cape Town	0.0233	12,477,150	0.0214	11,889,439	0.0195	11,158,849
Central University of Technology	0.0238	12,744,900	0.0238	13,222,834	0.0238	13,619,519
Durban University of Technology	0.0469	25,114,950	0.0463	25,723,412	0.0469	26,838,463
University of Fort Hare	0.025	13,387,500	0.0269	14,945,136	0.0287	16,423,537
University of the Free State	0.0619	33,147,450	0.0518	28,779,109	0.0417	23,862,770
University of Johannesburg	0.0924	49,480,200	0.0908	50,446,778	0.0891	50,987,358
University of KwaZulu-Natal	0.0726	38,877,300	0.0709	39,390,711	0.0692	39,599,609
University of Limpopo	0.0276	14,779,800	0.0405	22,501,041	0.0533	30,500,855
Nelson Mandela Metropolitan University	0.049	26,239,500	0.0457	25,390,063	0.0423	24,206,120
North West University	0.0564	30,202,200	0.0548	30,445,853	0.0531	30,386,405
University of Pretoria	0.0519	27,792,450	0.0455	25,278,947	0.039	22,317,699
Rhodes University	0.0144	7,711,200	0.0122	6,778,091	0.01	5,722,487
University of Stellenbosch	0.0214	11,459,700	0.0214	11,889,439	0.0214	12,246,122
Tshwane University of Technology	0.1004	53,764,200	0.1004	55,780,358	0.1002	57,339,319

University of Venda	0.0265	14,190,750	0.0311	17,278,577	0.0356	20,372,053
Vaal University of Technology	0.0319	17,082,450	0.0319	17,723,042	0.0319	18,254,733
Walter Sisulu University of Technology	0.071	38,020,500	0.071	39,446,269	0.071	40,629,657
University of the Western Cape	0.0385	20,616,750	0.0369	20,500,948	0.0352	20,143,154
University of the Witwatersrand	0.0399	21,366,450	0.0399	22,167,692	0.0399	22,832,723
University of Zululand	0.0305	16,332,750	0.0363	20,167,599	0.042	24,034,445
Mangosuthu University of Technology	0.0218	11,673,900	0.0218	12,111,671	0.0218	12,475,021
Sefako Mokgato Health Sciences University	0.0295	15,797,250	0.0279	15,500,717	0.0262	14,992,916
University of South Africa		94,500,000		98,043,750		100,985,062
<b>Total disbursed</b>		<b>630,000,000</b>		<b>653,625,000</b>		<b>673,233,750</b>

#### d. Development, submission and approval of University Capacity Development Plans

14. Each university is expected to develop a University Capacity Development Plan that describes the projects and activities that it will implement as part of the UCDP, using its UCDG allocation.
15. The Plan must include detailed activity budgets.
16. The Plan must be submitted using the standard template provided by the DHET.
17. The Plan must be aligned to the university academic year.
18. The Plan must be signed off by the Vice-Chancellor before submission to the DHET.
19. The Plan must be submitted by the 31<sup>st</sup> August 2017 by email to ucdg@dhet.gov.za. A follow-up should be made if receipt is not acknowledged.
20. The Plan must adhere to the allocation model shown in Table 3 below, to allocate funds to different aspects of the Plan:

**Table 3:** The fund allocation model for the 70% allocated for university-managed UCDP activities

Activity Focus	% Allocation
<b>Student Development</b>	<b>20% - 50%</b>
<b>Staff Development</b>	<b>20% - 70%</b>
• Nurturing Emerging Scholars Programme (NESP)	≤5%
• Existing Staff Capacity Enhancement Programme (ESCEP)	
✓ Teaching Development	20% - 50%
✓ Research Development	20% - 50%
• Supplementary Staff Employment Programme (SSEP)	≤5%
<b>Curriculum Transformation</b>	<b>≤5%</b>
<b>Management of the UCDG/P<sup>2</sup></b>	<b>≤5%</b>

<sup>2</sup> Good management capacity is needed to manage the UCDG/P. A maximum of 5% of UCDG funds allocated to universities can be used to cover some of the costs associated with managing the grant and programme.

21. The Plan will be reviewed by the DHET. The DHET may recruit advisors from the higher education sector to assist with the review of the Plans.
22. Plans will be reviewed using a range of criteria, including the following:
- The Plan must be coherent and clearly linked to the University's overarching Strategic Plan.
  - The Plan must provide university targets for the range of national transformation indicators described in the Ministerial Statement on the Implementation of the University Capacity Development Programme through Effective Management and Utilisation of the University Capacity Development Grant 2018 – 2020 (DHET, 2017).
  - The Plan must be developed using an evidence-based approach. Justification for the inclusion of projects and activities must be included and must be based on accurate institutional data.
  - Clear and specific targets must be set for each project activity contained in the Plan.
  - The Plan must be cost-effective, efficient and must be supported by detailed, itemised activity budgets.
  - The Plan must indicate what structures (staff, physical resources, systems, and processes) have been put in place at the university to enable successful implementation of the Plan, and where additional support is needed and will be put in place.
23. Plans that meet all the requirements will be submitted to the Director-General for approval.
24. It is expected that approved Plans for all the universities will be in place by 31 November 2017.
25. Once approved by the Director-General, the Plans become public documents that are shareable across the system.

**e. Fund Transfers, Fund Management and Reporting Requirements**

26. As soon as possible after an approved Plan is in place, 25% of the funds available to the university for 2018 will be transferred to the university.
27. UCDG funds must be ring-fenced in a separate cost-centre and managed from this cost centre. The university must have the ability to track and report on expenditure per project and per activity.
28. UCDG funds must be placed in an interest-bearing account, and all interest earned from the funds must be recorded in the cost centre.
29. A request must be made to the DHET to use the accumulated interest. The interest can be used for purposes such as to:

- Cover or top-up management costs related to implementing the UCDP at the university;
- Cover the costs of the mandatory monitoring and evaluation programme that must accompany the implementation of the university's 3 year Plan so that its impact can be assessed over the duration of the programme, and reported on at the end of the three years of implementation;
- Cover expenses related to the university's participation in national meetings and events related to the UCDP;
- Be directed towards activities aligned to the university's approved Plan.

30. Universities must report on how the interest was used each year.

31. Annual progress reports must be submitted by the University to the DHET by the 28 February each year. Late submission of progress reports will delay the transfer of the next tranche of UCDG funds to the university.

32. Reports must be submitted using the reporting template provided by the DHET.

33. Annual reports will be reviewed by the DHET, and once accepted and approved by the Director-General, the remainder of funds available for the year will be transferred to the university. This transfer will take place in April.

34. An annual monitoring meeting will take place with each university to review on-site implementation of programmes, to monitor progress, and to deal with any issues that the DHET or the institution would like to be addressed. The agenda for the meetings will be constructed jointly by the DHET and the institution. The meetings will take place in August and September of each year, with the first round of UCDP monitoring meetings to take place in August and September 2018.

35. The DHET will use the annual reports from universities, and the information gained from the monitoring meetings to develop an annual consolidated national report on the implementation of the University Capacity Development Programme for submission to the Director-General. Once the annual report is signed off by the Director-General, it also becomes a public document that will be shared across the system.

#### **f. External audit requirements**

36. The annual progress report must be accompanied by an external audit certificate which confirms that an external audit of expenditure for the year has been conducted.

37. External audits must be conducted in compliance with the following requirements:

- An external audit of the grant must be conducted at the end of each implementation year.

- The audit must also confirm the expenditure for the year, commitments<sup>3</sup> incurred in the year that still need to be honoured, and unspent funds that remain after all expenditure and commitments have been accounted for.
  - The report from the university's external auditors must indicate whether all expenditure was incurred and paid for following the university's formalised procedures and code of conduct.
  - The report must also indicate whether all expenditure and commitments are consistent with the final University Capacity Development Plan and the budget for the Plan that was approved by the Department.
  - An audit sampling methodology of not less than 60% of expenditure incurred must be used for the external audit. The 60% refers to the requirement that 60% of the expenditure for each project in the approved Plan must be audited. The university must adhere to the Standards on Auditing (SA 530: Audit Sampling in this regard).
38. The external auditors must take note of the information contained in section h of this document and report on compliance with these requirements.
39. The external audit report must confirm the accuracy of the amount declared as interest and whether accumulated interest on the UCDG was used as per the approval granted by the DHET.
40. This means that the narrative annual progress report, the expenditure report and the external audit report for the year must correspond in terms of expenditure reporting.

**g. Addressing under-expenditure and non-compliant expenditure**

41. No requests for rollovers will be considered.
42. Any under expenditure in a specific year will impact negatively on the amount that is transferred the next year. Funds that were not spent by the university in the previous year will be deducted from the amount to be transferred the next year.
43. Likewise, when external audits show that funds were irregularly spent outside of the approved Plan and university policy, the amount spent irregularly will be withheld from the next year's payment by the DHET. Universities will still be expected to implement the full range of activities in their approved Plan and will thus be required to reimburse the cost centre with the irregularly spent amount.

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<sup>3</sup> For the UCDP and the UCDG, Commitments are unambiguously defined as expenses for services that have already been rendered, but for which payment must still be made. Proof that the service has been rendered must be submitted (invoice or contract).

44. All underspent or irregularly spent funds withheld by the DHET will be redirected to other national university capacity development priorities.

#### **h. What the UCDG cannot fund**

45. The UCDG cannot be used to fund:

- Normal costs of programme and course design and delivery.
- General infrastructure and equipment.
- Scholarships for students.
- Appointment of regular teaching, administration and technical staff, except in the case of contract staff<sup>4</sup> to support teaching, learning and research development activities, and in the case of appointment of tutors and mentors. Plans should be put in place to employ people contracted in this way permanently on the university establishment, using university funds as these become available.<sup>5</sup> Funds used for employment of staff must be carefully balanced against overall UCDG funds available to the institution and must be essential to, rather than compromise the range of activities that should be implemented. Universities will be expected to provide a motivation in this regard. Not more than 50% of the university's UCDG allocation can be used for employment of staff.
- General research projects outside of projects that focus on the scholarship of teaching and learning and outside of providing seed funds for academics who have newly acquired a PhD to assist them to progress further along a research development trajectory.
- Payment for researchers employed/paid to do research to boost the research profile of the university or appointment of post-doctoral fellows.
- Any activities that should be funded as part of the university's core business costs.
- Monetary incentives to students and staff for participation in the projects.

46. Payments for any administrative levies, audit fees or operational costs not included in the University's approved plans are not permitted.

47. The university must limit the use of the UCDG funds on entertainment and refreshments.

48. Participation in commercial conferences and workshops using TDG funds is permissible only in exceptional circumstances, and after specific motivation to the Department.

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<sup>4</sup> UCDP plans work in three-year cycles, thus contracts would be a maximum of three years. Effort must be made to create permanent employment opportunities for the professionals working in this important area.

<sup>5</sup> The DHET can only commit to three-year funding cycles. The university carries the risk if longer contract terms are put in place, or if people are employed permanently using UCDG funds.



**i. Change Management**

49. Once the Director-General has approved the university’s Plan, any changes to the Plan and to the budget must be made through a formal letter to the Director-General from the Vice-Chancellor or designated authority.

50. Changes can only be implemented once approval from the Director-General or the Deputy Director General: University Education has been received.

**j. Approval of Standard Operating Procedures**

**These standard operating procedures for the implementation of the first cycle of the University Capacity Development Programme from 2018 to 2020<sup>6</sup> are approved.**

[to be signed once finalised]

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Dr D Parker  
Deputy Director-General: University Education

Date:

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<sup>6</sup> It is likely that the experience of implementing the UCDP and the UCDG in the first, second and third years of implementation will highlight issues that need to be taken into account in the standard operating procedures for the programme, and may lead to a modification of these SOP for the next year of implementation.