



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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Professor T Mayekiso
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By email: thoko.mayekiso@ump.ac.za

Dear Professor Mayekiso

NEW UNIVERSITIES INFRASTRUCTURE FUNDING 2015/16 AND 2016/17

Further to the Minister's letter of 21 September 2015, I wish to confirm the 2015 infrastructure allocation to enable the University of Mpumalanga (UMP) to conclude contracts and package orders for projects which will commence this year and early in 2016 as part of the University of Witwatersrand (WITS) handover of responsibility for infrastructure. In this context, the Minister has approved a total of R100 million to enable commencement of the projects summarised in the table below, which shows the estimated 2015/16 expenditure by WITS on fees, the estimated 2015/16 expenditure by UMP, the estimated expenditure by UMP in 2016/17 and the total estimated project costs:

UMP projects to start in 2015/16 financial year & finish after 31 March 2016

	2015/16 Wits Fees (R m)	2015/16 UMP (R m)	2016/17 UMP (R m)	Total (R m)
Executive Offices	R4.0	R23.0	R10.7	R37.7
Library	R7.6	R16.4	R62.3	R86.3
IT Laboratories	R1.8	R5.6	R13.2	R20.6
Clinic and Wellness Centre	R6.2	R18.6	R46.7	R71.5
New Residence	R7.9	R19.1	R64.2	R91.2
Infrastructure Construction	R7.2	R11.8	R36.8	R55.8
Forward Planning	R0.0	R5.5	R0.0	R5.5
Total	R34.7	R100.0	R233.9	R368.6

The total 2015/16 infrastructure allocation of R100 million that will be transferred directly to your University will be augmented in the 2016/17 financial year with the outstanding estimated project amounts, totalling approximately R233.9 million as indicated in the above table. The 2015 allocation of R100 million is subject to the following conditions:

1. Based on existing framework contracts for professional services and construction, the University will be required to commence the projects summarised in the table above before the 31st March 2016, for completion by the start of 2017.
2. Further government funding for completion of these projects will be made in 2016/17 in funding tranches that will commence in April 2016. The 2016 funding will be based on a full submission to be made by UMP before the 31 January 2016 and the requirements for this submission are set out below.

The 2015 Infrastructure allocation of R100 million is further subject to the following conditions:

3. Because this allocation is not part of the Council-controlled discretionary funds, you must ring-fence it and disburse the funds only against the approved projects listed in the table above. The funds must be ring-fenced and any interest earned may be used for infrastructure purposes with prior Ministerial approval. The funds must not be used to support on-going operational expenses or any other University initiatives.
4. The University may not make any changes to the projects listed in the table above without prior approval from the Department.
5. The University must submit by 31 March 2016, a progress report on the implementation of these approved projects. This must include a narrative account of progress on each separate project, and in particular of whether it has kept to its implementation and cash flow time lines.
6. The progress report must include a written report on what funds were expended on the projects during 2015/16. This part of the progress report must include the documentation referred to in 7 below.
7. Because these funds represent significant government investments in the University, it is important that they be spent in responsible and accountable ways. This implies that the institution must use good practice in the acquisition processes, and in its accounting for all expenditures. These good practice requirements include the following :
 - 7.1. The progress reports must be supported by an audit certificate. The certificate must indicate that all expenditure was incurred and paid for following the University's formalised procedure and code of conduct.
 - 7.2. The audit certificate must include statements verifying:
 - (a) that the expenditures have been incurred in respect of the projects outlined in the table above; and
 - (b) that the sign-offs from architects and quantity surveyors and project managers have, as may be applicable, been received.

- 7.3. The certificate must also include a list of all invoices and other appropriate documents, which support the expenditure statement. This list must be compiled according to a template and guidelines, which will be provided by the Department. In addition to the Infrastructure Progress Report and submission of an audit certificate, the Department will provide a Presidential Infrastructure Coordinating Committee (PICC) template that would need to be updated on a regular basis and submitted to the Department on a quarter basis. This template would require universities to submit information in relation to the number of key priorities including jobs created and skills developed for each of the projects. Further details will be provided to the University by the Department.
- 7.4. Copies of invoices and other documents must not be attached to the progress report. Original invoices, and other applicable documentation, must be retained by the University in a manner that will facilitate easy access, should this be required by the Department's auditors.

8. 2016/17 Infrastructure Funding Allocation

As you are aware the DHET appointed New Universities Project Management Team (NUPMT) is geared to hand over full responsibility for infrastructure project delivery to your University by the 31st March 2016 and it is important that continuity is ensured in terms of the planning, delivery momentum and governance standards that have been established by the NUPMT. The NUPMT is available to assist your University with the requirements outlined below.

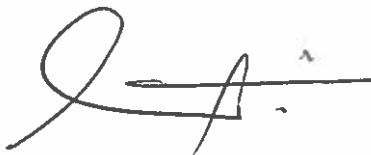
- 8.1. For 2016/17 a total combined infrastructure budget of R1.05b is anticipated for both the University of Mpumalanga and the Sol Plaatje University. Based on the current infrastructure project planning by the University, the DHET appointed Project Management Team and DHET, it is envisaged that your University's share of this funding tranche will be approximately R635m, subject to the submission of approved project plans by 31 January 2016.
- 8.2. In addition to providing plans for projects approved, the University must submit a comprehensive maintenance plan outlining how old and new infrastructure will be kept to the required minimum standard using operational budgets. These plans must be submitted to the Department before 31 March 2016.
- 8.3. The University must submit its medium term (3 – 5 years) and long term (10 -15 years) infrastructure plans in line with its academic growth trajectory before 31 January 2016. These plans will be used as the basis for the 2016/17 infrastructure funding cycle.
- 8.4. For the 2016/17 submission it is considered essential that the medium and long term plans are aligned with the Spatial Framework developed by the DHET appointed Project Management Team in consultation with the University, and approved by DHET.
- 8.5. For the 2016/17 submission and implementation it is considered essential for continuity that the University take over the role of "Employer" within the

current multi-year framework contracts (professional service providers and construction contractors) established by Wits University – and to do so it is recommended that the University adopts a construction procurement policy, processes and procedures, methods and delegations, which align with the Wits Construction Procurement Policy.

- 8.6. Similarly, for the 2016/17 submission and implementation, it is considered essential for continuity that the University takes over the framework contract with the appointed Project Managers, at least until 31 March 2017.
- 8.7. Ahead of 31 January 2016, the University must confirm that it has the necessary technical, financial and administrative capacity, including systems, to manage the envisaged infrastructure programme – and should identify shortcomings and any support that may be needed to ensure delivery of the envisaged infrastructure projects.
- 8.8. Following the confirmation of the Council of the conditions above, the University must submit to the Department, by 31 January 2016, details of its plans for the implementation of the projects. The implementation plans must include references to the expected start and completion dates for each project and to its expected cash flow requirements. Once the cash flow requirements have been provided, the Department will confirm your 2016/17 budget allocations.

I wish you well in your University's infrastructure programme and should you require further clarity, please contact Ms Brenda Swart, Director: Financial and Physical Planning.

Yours sincerely,



Mr GF Qonde
Director-General

Date: 05/10/2015