



Audited Financial Statements and Statement of Service Performance

1 July 2020 –
30 June 2021

*Te Pokapū Kōwhiri Mātauranga
mō ngā Whare Wānanga o Aotearoa*

August 2021

AQA

Academic
QualityAgency
For New Zealand Universities

Report from the Chair of the AQA Board

As with many other organisations, the 2020-21 year for AQA was significantly impacted by COVID-19. AQA started the year working remotely and returned to remote working throughout the year when COVID-19 Alert levels were raised. Despite this, AQA continued to function normally and transferred a number of activities including Board meetings and events to online events.

The release of the External Review of AQA was a major event for AQA this year. The External Review Panel, chaired by Emeritus Professor Gareth Jones with Professor Rawinia Higgins, Isabella Lenihan-Ikin and Pauline Tang made nine commendations (including the development of the enhancement theme component of Cycle 6), four affirmations and eleven recommendations. The recommendations address matters of strategic emphasis for AQA, engagement with specific groups – Māori, Pacific Peoples and students, resourcing and a series of specific issues. The full reports, including AQA's self-review report, are available on the AQA website.

Recognition that AQA is fully aligned with the International Network of Quality Agencies in Higher Education (INQAAHE) Guidelines of Good Practice was a further very pleasing outcome of the External Review. AQA is one of only 11 external quality assurance agencies in the world currently recognised as being aligned with the Guidelines of Good Practice and the only agency in the Asia Pacific region to have maintained recognition of alignment since 2012.

AQA greatly appreciates the work of the External Review Panel in providing a thoughtful and constructive review report that will provide guidance for the redevelopment of AQA's strategic framework. AQA has begun work on responding to the recommendations in the report and will provide a one-year follow-up report on progress.

A second major undertaking for AQA in 2020-21 was the development of a report on universities experiences of the rapid and large-scale transition to online teaching and learning during the COVID-19 pandemic. Universities recognised that a great deal would be learnt from their responses to the pandemic and agreed a scope for a '*Good Practice Assessment*' to help capture practices and collectively develop lessons for the future. The *Good Practice Assessment* examined:

- What universities did to move from face-to-face/on campus to online delivery
- How academic quality was and has been maintained for online delivery
- Key success factors and challenges.

The assessment found that universities had plans and frameworks in place that enabled them to respond to the COVID-19 pandemic and they drew on considerable expertise within universities to form cross-functional response teams. Overall, universities remain confident that graduate profiles could still be achieved and that grades awarded fairly reflect both mitigation of impact and academic achievement. However, the COVID-19 Alert Levels and the transition to online teaching and learning and support activities exacerbated inequities among students. The full report is available on the AQA website.

AQA's Quality Forum was held online in November 2020 and AQA also co-facilitated an online Pacific Quality Forum in conjunction with the Educational Quality and Assessment Programme of the Pacific Community in October 2020. The 5th Annual Student Voice Summit – with the New Zealand Union of Students' Associations, Te Mana Ākonga, Tauira Pasifika and the New Zealand International Students' Association - was able to be held in person in November in Wellington and was hosted by the Ministry of Education.

This is my second final report as the Chair of the AQA Board as my term was extended by 6 months to allow Emeritus Professor John Morrow to complete his term at The University of Auckland before taking up the Chair of the AQA Board. The AQA Board also welcomed Professor Cheryl de la Rey and Dr John Egan to the Board. Their terms commenced on 1 January 2021 and replaced Professors Neil Quigley and Jack Heinemann whose terms ended on 1 January 2021. I would like to thank them and the other members of the AQA Board for their support and their contribution in guiding AQA through another year.

As I step down as Chair of the Academic Quality Agency after more than 6 years in the role, I am able to reflect on having had a unique vantage point. I have been able to observe a mature quality assurance system which should give everyone confidence in the quality of the academic processes at all of New Zealand's universities. When I began as Chair in January 2015 the Cycle 5 audit process was well under way and was completed in 2016. The most important conclusion from Cycle 5 was that there were no systemic issues of concern at our universities. Now, 5 years later, we are well into preparations for Cycle 6 audits which will begin next year.

After 6 years, there are many people to thank. I would like to thank the Vice-Chancellors and Chris Whelan and Jackie Bailey at UNZ for their support for AQA, auditors who serve on audit panels and the staff at universities who enable the audits to be conducted efficiently and effectively. I would like to thank my fellow Board members for their commitment to the principles which drive AQA, their diligent attention to their fiduciary responsibilities and their generosity of spirit, all of which ensure that Board discussion is informed and strategic and always collegial. AQA is a small organisation which has always been exceptionally well served by its staff, and especially by its two Executive Directors, Jan Cameron and Sheelagh Matear. Their deep understanding of quality assurance and their commitment to excellence have positioned AQA well to meet the inevitable challenges that lie ahead. I also thank Tiana Mihaere, Sam Smith and Rebecca Meinders-Sykes as AQA staff who have provided support and contributed valuable perspectives to AQA this year. It has been a privilege and a pleasure to chair AQA and I wish it and everyone associated with its mission all the very best for the future.



Emeritus Professor Pat Walsh

Chair

Academic Quality Agency for New Zealand Universities

Note: some of the content of this report was first published in the June 2021 AQA Newsletter.



ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

CONTENTS

BACKGROUND	3
STATEMENT OF RESPONSIBILITY	4
AUDITORS' REPORT	5
STATEMENT OF OBJECTIVES	8
STATEMENT OF PERFORMANCE	9
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF FINANCIAL POSITION	17
STATEMENT OF CASHFLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20



ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES FOR THE YEAR ENDED 30 JUNE 2021

BACKGROUND

Establishment of AQA

The Academic Quality Agency for New Zealand Universities (AQA) was established in 1993 (as the New Zealand Universities Academic Audit Unit) by the New Zealand universities acting jointly through the New Zealand Vice Chancellors' Committee (NZVCC) and began operations in 1994.

AQA is a subsidiary of NZVCC for financial reporting purposes. This in no way compromises the operational independence of the AQA in carrying out its activities. It is funded by the universities and its Board is appointed by the NZVCC. However, its operations, including academic audits, are independent of the NZVCC and of the individual universities.

Sources of Funds

An annual operating grant of \$350,000 from the universities was the main source of funding received by AQA.

Interest earned supplements this revenue.

Further Information about Academic Quality Agency for New Zealand Universities (AQA)

The AQA website, www.aqa.ac.nz provides a wide range of information and publications.

The AQA offices are located at Level 9, 142 Lambton Quay, Wellington.

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF RESPONSIBILITY

We acknowledge that:

- (a) The preparation of financial statements of the Academic Quality Agency for New Zealand Universities and judgements used herein are our responsibility.
- (b) The establishment and maintenance of an internal control system designed to give reasonable assurance as to the integrity and reliability of the financial and non-financial reports for the year ended 30 June 2021 are our responsibility; and

In our opinion, the financial statements for the year under review fairly reflect the financial position and operations of the Academic Quality Agency for New Zealand Universities.

For and on behalf of the board



Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities



Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand Universities

Date: 19 August 2021

Date: 19 August 2021

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Academic Quality Agency for New Zealand Universities (AQA). The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and statement of service performance of AQA on his behalf.

Opinion

We have audited:

- the financial statements of AQA on pages 15 to 27, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of AQA is on pages 9 to 14.

In our opinion:

- the financial statements of AQA on pages 15 to 27:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance of AQA on pages 9 to 14 presents fairly, in all material respects, AQA's service performance achievements measured against the proposed outcomes for the year ended 30 June 2021.

Our audit was completed on 19 August 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the financial statements and the statement of service performance

The Council is responsible on behalf of AQA for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of AQA for preparing a statement of service performance that is fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of AQA for assessing AQA's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate AQA or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Crown Entities Act 2004 and the Education and Training Act 2020.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to AQA's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AQA's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AQA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AQA to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 3, 4 and 7, but does not include the financial statements or the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of AQA in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in AQA.

A handwritten signature in black ink, appearing to read 'Henry McClintock', with a horizontal line extending to the right.

Henry McClintock
BDO WELLINGTON AUDIT LIMITED
On behalf of the Auditor-General
Wellington, New Zealand

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF OBJECTIVES

Purpose

The purpose of the Academic Quality Agency for New Zealand Universities is to contribute to the advancement of New Zealand university education by:

- engaging as a leader and advocate in the development of academic quality,
- applying quality assurance and quality enhancement processes that assist universities in improving student engagement, academic experience and learning outcomes, and
- supporting confidence in the academic quality of New Zealand universities.

Terms of Reference

AQA will:

- acknowledge the principles of Te Tiriti o Waitangi.
- maintain consistency with international expectations, standards and developments in external quality assurance;
- advise the New Zealand Vice-Chancellors' Committee and Universities New Zealand on quality assurance matters;
- reflect areas of importance to universities with respect to their teaching, learning, student experience and student outcomes activities;
- undertake quality assurance reviews (currently in the form of an academic audit) that are robust, fair and perceptive and that assist universities and their students;
- acknowledge and respect the individual contexts of universities in undertaking quality assurance reviews;
- make provision for appeals regarding the content of a quality assurance review;
- publish quality assurance reviews of universities;
- identify and promote good practice in quality assurance and enhancement;
- support the contribution of an effective student voice in quality assurance and enhancement;
- recognise other accountabilities and responsibilities of universities;
- maintain a constructive relationship with the Committee on University Academic Programmes (CUAP) that recognises the responsibilities of CUAP and AQA;
- contribute to the development of quality assurance in New Zealand and internationally;
- undertake contract work as is compatible with its purpose and terms of reference.

**ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF PERFORMANCE

Contextual Information

The Academic Quality Assurance Agency for New Zealand Universities (AQA) was established by the New Zealand Vice-Chancellors' Committee (NZVCC) in 1993 as an operationally independent body to carry out institutional quality assurance and promote quality enhancement for the universities.¹

The Purpose of AQA is to contribute to the advancement of New Zealand university education by:

- engaging as a leader and advocate in the development of universities based on high quality, internationally acceptable, academic practices;
- providing quality assurance and quality enhancement services which assist universities in facilitating excellent student experience and learning outcomes; and
- supporting confidence in the academic quality of New Zealand universities.²

It achieves its purpose through two strategic goals:

G1 Quality Assurance: AQA's audits are robust, independent, fair and perceptive, reflect international best practice, assist universities and their students and give national and international confidence in the academic quality of New Zealand universities.

G2 Quality Enhancement: AQA facilitates and supports an enhancement orientation to quality assurance in New Zealand universities and in its own activities.

These goals are in turn pursued through seven strategies.

The 2020/21 period was characterised by the deferral of the audit phase of the Cycle, ongoing preparation for the audit phase of the Cycle, undertaking a *Good Practice Assessment of Online Teaching in Universities in Aotearoa New Zealand during the COVID-19 Pandemic and Lessons for the Future* and developing responses to recommendations made in the five-yearly external review of AQA.

¹ Originally established as the New Zealand Universities Academic Audit Unit.

² AQA (2018). Constitution. Retrieved from
https://www.aqa.ac.nz/sites/all/files/AQA%20Constitution%20Approved%20April%202018_0.pdf

Objective 1: Quality Assurance

Quality assurance activities are timely and produce reports which are authoritative, fair and perceptive, are of assistance to universities, and support confidence in the academic quality of New Zealand universities.

Description: AQA undertakes regular academic audits of all New Zealand universities using a framework developed by AQA in consultation with the sector and other stakeholders. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. From time to time, AQA may be contracted to undertake other forms of audit or review including academic audits of international universities. The quality and timeliness of the work of AQA are overseen by a Board, comprised of a Vice-Chancellor and academic, student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

The emphasis in 2020/21 is the commencement of the audit phase of Cycle 6. The first two universities in the cycle are due to have submitted their self-review portfolios in the period of this SPE and the site visit for the first university in the cycle is scheduled for the last week in June 2021. Auditor recruitment and training will be also be a priority over this period.

Measure	2020/21 Delivered	2020/21 Planned	2019/20 Delivered	2019/20 Planned
1.1 Receive mid-cycle reports as per indicative timeline	2 (Otago, AUT)	1 (AUT)	1 (Lincoln, Otago delayed due to COVID-19)	2 (Lincoln, Otago)
1.2 Recruit auditors for Cycle 6	46 auditors appointed; 4 Māori auditors; 5 student auditors	40 auditors, including at least 8 Māori auditors and 8 student auditors recruited	37 auditors appointed to the Cycle 6 Register	20 auditors recruited
1.3 Pilot auditor training and develop online materials (deferred from 2019-20)	Deferred to 2021-22	1 pilot plus 1 workshop delivered, online materials developed	Defer to 2020- 21 (was 1.5)	1 pilot plus 1 workshop delivered, online materials developed
1.4 Audit operations manual redeveloped	0 Defer to Q1 (2021-22)	1	New measure in 2020-2021	
1.5 Student Voice Summit held	1 (19 November 2020)	1	1 (14 November 2019)	1

Objective 2: Quality Enhancement - Universities

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement of New Zealand universities.

Description: AQA's mission includes assisting universities to facilitate excellent student experience and learning outcomes. AQA undertakes this quality enhancement role in a variety of ways, including by identifying and disseminating national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue on quality enhancement initiatives.

Measure	2020/21 Delivered	2020/21 Planned	2019/20 Delivered	2019/20 Planned
2.1 Publication of AQA newsletter	4	4	4	4
2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	1 (Quality Forum 20 November 2020 – online)	1	1 (Quality Forum held 31 October 2019)	1
2.3 Produce 'Good practice assessment' report identifying good practice in universities' online teaching in response to Covid-19	1 submitted to DVCsA 26 May 2021; published on AQA website June 2021	1	New measure in 2020-2021	

Objective 3: Quality Enhancement - AQA

To improve the quality of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally, and by seeking feedback and reflecting on its own practices.

Description: AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in September 2020) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (recognition of alignment current to 23 November 2025). Interaction and engagement with national and international peer agencies are important components of AQA's continued commitment to its own development and to the professional development of its staff and activities.

Response to recommendations in the 2020 external review of AQA will commence in the period this SPE covers and AQA's strategic framework will be reviewed and renewed.

Measure	2020/21 Delivered	2020/21 Planned	2019/20 Delivered	2019/20 Planned
3.1 Membership of related national boards, committees and working groups	3 (JCG, NZQF Review Advisory Group University of Waikato External Advisory Group)	2	2 (JCG, NZQF Review Advisory and Expert Working groups)	2 (JCG, NZQF Review Advisory Group, NZQF Expert Group)
3.2 Gain or add value from international engagement, demonstrated through practice change, invitations to undertake work internationally, provide advice or contribute to conferences.	3 (Pacific Quality Forum 28 October 2020; International Enhancement Conference 4 November 2020; paper review for Journal of Higher Education and Policy Management)	2	3 (TEQSA workshops, FNU Review, Student Voice Australia 11 October 2019)	2
3.3 Biennial QE/communications survey of stakeholders	1	1	Biennial	Biennial
3.4 Complete enhancement initiatives from Self-review report	0 (to be aligned with recommendations made in the 2020 external review of AQA; deferred pending VCs' response to proposed response to recommendations)	4 (EI 1 Review publication formats and channels; EI 5 Consider publishing AQA Board agendas and minutes; EI 7 Review mechanisms for improving public understanding; EI 8 Give effect to acknowledgement of Te Tiriti o Waitangi).	Changed measure for 2020-21	
3.5 Respond to recommendations in 2020 external review of AQA	1 (The AQA Board has recommended proposed responses to recommendations to the VCs)	1	New measure in 2020 - 21	
3.6 Review AQA's Strategic Framework	0 (defer to 2021-22)	1	New measure in 2020 - 21	

Objective 4: Quality Support

To ensure effective processes and adequate resourcing to achieve the above objectives at a high level of satisfaction for universities and other stakeholders.

Description: AQA's annual operating grant is funded by the universities collectively. The Board of AQA prepares and recommends a budget to the NZVCC prior to the commencement of each financial year. In doing so, the Board seeks to ensure that the annual grant provides for an adequate level of resources to enable the organisation to achieve its stated objectives for that year, and that the organisation's net asset levels and cash flow are sufficient to sustain its continued operation.

Measure	2020/21 Delivered	2020/21 Planned	2019/20 Delivered	2019/20 Planned
4.1 Review of annual service lease agreement with Universities New Zealand	Not complete	Review completed and lease re-signed	Review completed and lease re-signed 26 June 2020	Review completed and lease re-signed
4.2 Review of budget and staffing requirements alongside ongoing monitoring of AQA Strategic Plan	Review undertaken	Review undertaken	Review undertaken	Review undertaken
4.3 Approval of requested annual grant by Vice-Chancellors	Annual grant approved	Annual grant approved	Annual grant approved	Annual grant to ensure financial sustainability of AQA approved as sought

Total cost of service:

	2020/21 Actual \$	2020/21 Estimate \$	2019/20 Actual \$
Total revenue	353,161	352,504	469,140
Total expense	350,874	359,941	431,679
Surplus/(deficit)	2,287	(7,437)	37,461

For and on behalf of the board



Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities

Date: 19 August 2021



Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand Universities

Date: 19 August 2021

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

		AQA Actual 2021 \$	AQA Budget 2021 \$	AQA Actual 2020 \$
	Note			
Revenue				
Annual Grant from Universities		350,000	350,004	410,000
Audit Fees		-	-	34,500
Interest Revenue		3,161	2,500	6,983
Consultancy & Sundry Revenue		-	-	17,657
Total Revenue		353,161	352,504	469,140
Less Expenditure	7	350,874	359,941	431,679
Surplus/(Deficit) for the year		\$2,287	\$(7,437)	\$37,461
Other Comprehensive Revenue and Expense		-	-	-
Total Comprehensive Revenue and Expense for the year		\$2,287	\$(7,437)	\$37,461
Surplus/(deficit) attributable to:				
Owners of the controlling entity		\$2,287	\$(7,437)	\$37,461
Minority interest		-	-	-
		\$2,287	\$(7,437)	\$37,461
Total comprehensive revenue and expense attributable to:				
Owners of the controlling entity		\$2,287	\$(7,437)	\$37,461
Minority interest		-	-	-
		\$2,287	\$(7,437)	\$37,461

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF CHANGES IN EQUITY

	AQA Actual 2021 \$	AQA Budget 2021 \$	AQA Actual 2020 \$
Equity at start of the year	340,050	340,050	302,589
Total Comprehensive Revenue and Expense for the year	2,287	(7,437)	37,461
Equity at end of the year	\$342,337	\$332,613	\$340,050

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2021**

	Note	AQA Actual 2021 \$	AQA Budget 2021 \$	AQA Actual 2020 \$
Assets				
Current Assets				
Cash and cash equivalents	8	369,531	366,782	370,393
GST Refund		3,418	-	3,003
Receivables (from exchange transactions)	9	1,826	2,000	3,655
Recoverable (from non-exchange transactions)		-	-	-
		374,775	368,782	377,051
Non-Current Assets				
Intangible Assets	10	725	725	1,450
Total Assets		\$375,500	\$369,507	\$378,501
Liabilities				
Current Liabilities				
Payables (from exchange transactions)	11	28,813	30,000	21,669
GST		-	1,894	-
Non-exchange liabilities		-	-	-
Employee benefit liability	12	4,350	5,000	16,782
Revenue received in advance		-	-	-
		33,163	36,894	38,451
Non-Current Liabilities				
Employee benefit liability		-	-	-
Non-exchange liabilities		-	-	-
		-	-	-
Total Liabilities		\$33,163	\$36,894	\$38,451
Net Assets		\$342,337	\$332,613	\$340,050

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

**STATEMENT OF FINANCIAL POSITION (cont.)
AS AT 30 June 2021**

	AQA Actual 2021 \$	AQA Budget 2021 \$	AQA Actual 2020 \$
Note			
Net Assets/Equity			
Accumulated revenue and expense	342,337	332,613	340,050
Net assets/equity attributable to the owners of the controlling entity	342,337	332,613	340,050
Minority interests			-
Total Net Assets/Equity	\$342,337	\$332,613	\$340,050
Total Net Assets/Equity and Liabilities	\$342,337	\$332,613	\$340,050

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

STATEMENT OF CASHFLOWS

Note	AQA ACTUAL 2021 \$	AQA BUDGET 2021 \$	AQA ACTUAL 2020 \$
Cash Flows from Operating Activities			
Proceeds from:			
Interest Received	3,457	2,469	7,469
Annual Grants from Universities	350,000	350,004	410,000
Audit Fees	-	-	34,500
Other Receipts	-	-	17,657
Goods and Services Tax	286	4,988	1,271
Payments to Suppliers	(110,923)	(121,823)	(193,311)
Payments to Employees	(243,683)	(239,250)	(228,783)
Net Cash Flows from Operating Activities	(862)	(3,612)	48,803
Cash Flows from Investing Activities			
(Increase)/ Decrease in Term Deposits & Portfolio	(3,398)	-	(7,310)
(Purchase)/Proceeds from Intangible Assets	-	-	-
Net Inflow/(outflow) from Investing Activities	(3,398)	-	(7,310)
Net Increase (Decrease) In cash and cash equivalents	(4,261)	(3,612)	41,494
Opening Cash at Beginning of Year	130,961	130,961	89,467
Closing Cash at 30 June	\$126,700	\$127,349	\$130,961
Represented by:			
Petty Cash	176	-	195
BNZ Bank Accounts (Excluding term Deposits)	126,525	127,349	130,766
	\$126,700	\$127,349	\$130,961

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The reporting entity AQA is a financial subsidiary of the New Zealand Vice-Chancellor's Committee (NZVCC), which is a public benefit entity and was established under the Education Act 1989. As a subsidiary of NZVCC, AQA is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

The consolidated financial statements for the year ended 30 June 2021 are published (separately) by NZVCC and comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements of AQA have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAPP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for Tier 2 Public Sector Public Benefit Entity (PBE) Standards, for which all reduced disclosure regime exemptions have been adopted.

AQA has elected to report in accordance with Tier 2 Public Sector PBE Standards to align with the parent entity, NZVCC.

These financial statements were authorised for issue by Emeritus Professor Pat Walsh, Chair of the Board of AQA and Emeritus Professor Sheelagh Matear, Executive Director of AQA, on 19 August 2021.

(b) Measurement Basis

The consolidated financial statements have been prepared on the historical cost basis except, as indicated below:

- Financial instruments
- Property, Plant & Equipment
- Long-term employee benefits.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

There has been no change in the functional currency of AQA or any significant foreign operations of AQA during the year.

3 Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the AQA financial statements include the following:

- Revenue recognition – non-exchange revenue (conditions vs restrictions).

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2021 include the following:

- Key assumptions underlying determining the recoverable amounts for impairment testing.
- Useful life, recoverable amount, depreciation method and rate.

(c) Changes in accounting estimates

There have been no changes in accounting estimates during the period.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the AQA.

(a) Foreign Currency

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date, foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

(b) Revenue

Revenue from Exchange Transactions

Revenue from exchange transactions are those where AQA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity.

Revenue from exchange transactions is recognised when the amount of revenue is earned and is reported in the financial period to which it relates.

Grant Revenue

Grant revenue is received from the eight universities on a six-monthly basis and is applied on a straight-line basis over the financial year in which it relates.

Rendering of Services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date.

Revenue from Non-Exchange Transactions

Non-exchange transactions are those where AQA receives an inflow of resources but provides no (or nominal) direct consideration in return.

(c) Employee Benefits

Short-term Employee benefits

Short-term employee benefit liabilities, wages and salaries, including non-monetary benefits and annual leave are recognised when AQA has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

(d) Finance income

Interest revenue is recognised using the effective interest method as it accrues.

(e) Financial Instruments

All assets and liabilities of AQA, with the exception of Property, Plant & Equipment and intangible assets are financial instruments and are recognised in the Statement of Financial Position. No other financial instruments exist other than those recognised in the Statement of Financial Position. Revenues and expenses in relation to these financial instruments are recognised in the Statement of Comprehensive Revenue and Expenditure.

Financial instruments are measured in accordance with the accounting policies disclosed in relation to each type of asset and liability. Unless stated, the carrying amounts reflected in the financial statements equate to the estimated fair value of AQAs assets and liabilities at 30 June 2021 for each financial instrument.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method

Trade and Other Receivables

Trade and Other Receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and Cash Equivalents

Cash includes cash on hand and funds on deposit with banks (with maturities or able to be matured within 180 days) and is measured at its face value.

(f) Impairment of Non-Derivative Financial Assets

AQA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

(g) Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are initially recognised at cost. Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computers and Printers	48%SL
Office equipment, furniture and fittings	16.2%SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

(h) Intangible Asset

Recognition and Measurement

Intangible Assets are initially recognised at cost. The Intangible Asset-Website Upgrade is recorded at cost less accumulated amortisation. Subsequent costs are added to the carrying amount of the website upgrade, when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Amortisation

Amortisation is provided on website upgrade as the practice of reducing the value of assets to reflect their reduced economic worth over time. It is provided at the following rates:

Website Upgrade	50% DV
-----------------	--------

(i) Budget

The budget figures for AQA are those approved by the AQA Board at their March 2020 meeting and revised by email circulation in April 2020, including the Annual Grant figure approved by the Vice-Chancellors at their 17 April 2020 meeting.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by AQA for the preparation of the financial statements.

(j) Goods and Services Tax

The financial statements are exclusive of GST except for Trade Payables and Trade Receivables which are GST inclusive.

(k) Taxation

AQA is a subsidiary of NZVCC which is a statutory body and registered with the Charities Services under the Charities Act 2005. AQA has been established with the same purposes as NZVCC. AQA's purpose is to manage its finances and conduct its activities for the benefit of NZVCC, which has charitable status, and AQA are therefore exempt from income tax.

(l) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach method.

Cash includes cash on hand and deposits held at call with banks.

Operating activities includes cash received from all revenue sources of AQA including annual university grants, cost-recovery of New Zealand university academic audit costs, audits and reviews of non-New Zealand institutions, consultancy, conference fees and interest earned.

5 Adjustments arising on transition to the new PBE accounting standards

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

6 Revenue

All AQA revenue for the year ended 30 June 2021 was earned from Grants, Rendering of Services, Interest and exchange transactions.

7 Expenses

	AQA Actual 2021 \$	AQA Budget 2021 \$	AQA Actual 2020 \$
ACC Levy	311	650	191
Accountancy	8,300	12,000	9,025
Advertising and marketing	-	-	-
Amortisation of Intangibles	725	725	1,450
Audit Fee (Financial audit)	10,190	9,765	10,093
AQA Chairman & Board Honoraria	32,703	34,306	32,652
Bank Fees	168	348	423
Computer Maintenance and Training	17,091	17,004	16,136
Conference Fees	443	1,500	917
Consultancy/Other Honoraria	950	4,000	29,421
Insurance	4,464	6,300	5,563
Interest expenses	2	-	69
IRD Penalties	32	-	3
Koha/Gifts	499	1,000	946
Meeting Costs	435	-	12,541
NZVCC Staff Services	7,731	7,716	7,731
Occupancy Rent	18,488	18,240	18,488
Office Expenses, Administration and General	7,309	7,199	9,100
Recruitment Costs	150	4,000	113
Salaries	226,107	221,928	230,494
Staff Development (exc. travel)	217	-	-
Subscriptions	2,523	2,500	3,345
Superannuation Contributions (including KiwiSaver)	8,855	8,880	9,155
Telephone and Tolls	399	480	399
Travel and Accommodation:			
- New Zealand Travel	164	1,400	5,654
- International Travel	-	-	19,453
- Board Travel	2,618	-	5,258
- Audit Travel	-	-	-
- Accommodation and meals	-	-	3,059
	350,874	359,941	431,679

8 Cash and Cash Equivalents

	AQA 2021 \$	AQA 2020 \$
Bank of New Zealand		
Current Account (0.05%)	26,836	15,415
Call Account (0.05%)	99,689	115,351
	126,525	130,766
Petty Cash	175	195
	126,700	130,961
BNZ Short-term Deposits (0.80% to 2.45%)	242,831	239,432
	369,531	370,393

9 Receivables – Exchange Transactions

	AQA 2021 \$	AQA 2020 \$
Sundry Debtors	298	1,582
Prepaid Expenses	1,355	1,604
Accrued Interest	173	469
	1,826	3,655

10 Intangible Assets

	Total \$
Cost or valuation	
Balance at 1 July 2019	13,920
Additions	0
Disposals	0
Balance at 30 June 2020	13,920
Balance at 1 July 2020	13,920
Additions	0
Disposals	0
Balance at 30 June 2021	13,920
Accumulated Amortisation and Impairment Losses	
Balance at 1 July 2019	11,020
Amortisation expense	1,450
Elimination on disposal	0
Balance at 30 June 2020	12,470
Balance at 1 July 2020	12,470
Amortisation Expense	725
Elimination on disposal	0
Balance at 30 June 2021	13,195
Carrying amounts	
At 1 July 2019	2,900
At 1 July 2020	1,450
At 30 June 2021/1 July 2021	725

The related amortisation expense has been disclosed separately in Note 4h.

11 Payables – Exchange Transactions

	AQA 2021	AQA 2020
	\$	\$
Accounts Payable	16,219	8,259
Accruals	12,545	13,410
BNZ Credit Card	49	-
Income in Advance	-	-
	\$28,813	\$21,669

12 Employee Benefit Liability

	AQA 2021	AQA 2020
	\$	\$
Short term Employee Entitlements	-	-
Salary Accrual	2,282	10,243
Employer Superannuation Contribution on Salary Accrual	91	410
Annual Leave	1,901	5,894
Employer Superannuation Contribution on Annual Leave	76	235
Total short-term Employee Entitlements	4,350	16,782
Total long-term Employee Entitlements	-	-
Total Employee Entitlements	\$4,350	\$16,782

13 Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	AQA 2021	AQA 2020
	\$	\$
Loans and Receivables		
Cash and cash equivalents	369,531	370,393
Trade and Other receivables	1,826	2,073
Financial liabilities measured at amortised cost		
Trade and Other payables	28,813	21,669

Credit Risk

Financial instruments which potentially subject AQA up to credit risk principally consist of Cash and Cash Equivalents and Trade and Other Receivables.

The maximum exposures to credit risk at balance date were:

	AQA 2021	AQA 2020
	\$	\$
Cash on Hand	176	195
Bank Balances	126,525	130,766
Accounts Receivable	1,355	2,073
Bank Term Deposits	242,831	239,432
BNZ Credit Cards (credit limit as at 30 June)	8,000	8,000

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

AQA is not exposed to any concentration of credit risk.

Interest Rate Risk

AQA is primarily a short-term investor in on-call funds and term deposits not exceeding 180 days. The interest rate risk exposure on deposits pertains to fluctuations in market rates of interest.

Foreign Exchange Risk

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date, foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

14 Related Party Transactions

NZVCC is a related party by virtue of the fact that the NZVCC has the capacity to appoint all members of the governing body of AQA.

During the year NZVCC applied for and received \$350,000 (2020: \$410,000) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and was paid \$44,580 (2020: \$44,747) for those services.

AQA's Board includes and pays an honorarium to a member of the Vice-Chancellors' Committee (see note 15) or their employing university.

15 Employee and Board Remuneration

The Executive Director's remuneration and benefits is in the \$190,000-\$200,000 band (2020: \$190,000-\$200,000). There were no other employees who received remuneration greater than \$100,000.

The following members of the Board were paid honoraria during the year ended 30 June 2021.

Name	Term	2021 \$	2020 \$
Emeritus Professor Pat Walsh	Chair 1/7/2020 – 30/6/2021	16,560	14,904
Deborah Willis	Deputy Chair 1/7/2020 – 30/6/2021	3,548	3,548
James Heath (paid to NZUSA)	Member 1/7/2020 – 31/12/2020	1,420	2,840
Professor Jack Heinemann	Member 1/7/2020 – 31/12/2020	1,235	2,840
Kaye McAulay	Member 1/7/2020 – 30/6/2021	2,840	2,840
Professor Neil Quigley	Member 1/7/2020 – 31/12/2020	1,420	2,840
D Haines (paid to NKU)	Member 1/7/2020 – 30/6/2021	2,840	2,840
Professor Cheryl de la Rey	Member 1/1/2021 – 30/6/2021	1,420	-
Dr John Egan	Member 1/1/2021 – 30/6/2021	1,420	-
		\$32,703	\$32,652

16 Commitments and contingencies

There were no contingent liabilities at 30 June 2021. (2020: Nil)

There were no operating, finance or capital commitments as at 30 June 2021. (2020: Nil)

17 Events after reporting date

No material events occurred after 30 June 2021.

18 Auditors' Remuneration

The auditor of AQA is BDO Wellington on behalf of the Auditor-General.

	AQA 2021	AQA 2020
	\$	\$
Audit of the Financial Statements	9,565	9,410
Maximum Disbursements	125	125
Office Audit General overhead charge	500	500
Total	\$10,190	\$10,035

19 Covid-19 impact

The COVID-19 pandemic has had a significant impact on AQA activities and funding for the 2020-21 year. As foreshadowed in last year's report, the impacts have been:

- A change to the planned pattern of activities with the start of the audit phase of Cycle 6 being deferred for 12 months and AQA undertaking a *Good Practice Assessment* of the lessons learnt from the universities' shifts to online teaching and learning. No international travel was undertaken.
- A 15% reduction in the annual grant from NZVCC. This reduced funding will continue into 2021-22 and AQA will utilise retained surpluses to progress its workplan and respond to recommendations made in the 2020 External Review of AQA. Nonetheless the Board have assessed that the going concern principle still holds, given current reserves and the importance of the work AQA does in the Tertiary Education sector.



AQA | Academic
QualityAgency
For New Zealand Universities

Level 9, 142 Lambton Quay
PO Box 5787, Wellington 6145, New Zealand
p +64 4 801 7924 | **e** admin@aqac.ac.nz | **w** www.aqac.ac.nz