



Audited Financial Statements and Statement of Service Performance

1 July 2022 –
30 June 2023

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

December 2023

AQA

Academic
QualityAgency
For New Zealand Universities

Report from the Chair of the AQA Board 2022 - 2023

The 2022-2023 year has been a productive year for AQA. The two foci of the year have been progressing the audit phase of Cycle 6 Academic Audit and adopting a Tiriti o Waitangi Action Plan and policy.

Reports of the Cycle 6 academic audits for three universities have been published and audit engagement commenced with a further three universities. COVID-19 has played less of a role in audit activities although online options for some steps in the audit process have been retained. The first meeting of the audit panel is now an online meeting and site visit preparation meeting has been introduced. These have proved valuable in what is a shortened site visit from the previous audit cycle. In addition to the audit reports themselves, AQA has developed summaries that are intended to be accessible to a wider audience. It has also redeveloped and enhanced processes for seeking feedback on experiences of academic audit. Feedback processes now include semi-structured interviews with Māori and student members of audit panels and a survey to seek feedback from staff and students the panel meets with in the course of its site visit. Finally, AQA undertook an initial review of Cycle 6 to confirm that the audit processes and framework were operating as intended.

The ability to undertake successful audits is dependent on the quality and commitment of members of audits panels. The AQA Register of auditors and reviewers now has 77 members, including thirteen members who are Māori, six Pacific members, nine student members and eighteen international members. All members of the Register appointed to panels have completed auditor training and AQA has undertaken training for 31 members of the Register.

AQA's Te Tiriti Action plan been driven by AQA's Deputy Director, Hana Meinders-Sykes, who has been supported and guided by Māori members of the Board in this work. The Tiriti o Waitangi Action Plan is based on Goal 1 of AQA's Strategic Framework (2022-2027) and provides direction for AQA in its work to become a Te Tiriti responsive organisation and honour our obligations and responsibilities as a good Tiriti partner. Actions in the Plan are intended to be undertaken in short, medium and longer time frames. Actions in the short-term will establish processes to embed Te Tiriti. Actions in the medium-term timeframe aim to assess the established processes and build on them. Actions in the long-term timeframe aim to ensure that AQA is set up to be a Te Tiriti o Waitangi responsive organisation and good Tiriti partner.

AQA has also continued to undertake and support quality enhancement activities. Four issues of the AQA newsletter and an analysis of Pacific themes in Cycle 5 academic audit reports were published, and the biennial communications survey indicated that AQA communications remain useful in keeping readers up to date. Both the Student Voice Summit and the Quality Forum were able to return to face-to-face meetings this year. International engagement also returned to in-person formats this year with AQA hosting colleagues from Australia and Fiji and attending the TEQSA conference in Australia.

AQA's progress has been made possible through having a full staffing complement for the year. AQA is intentionally funding part of its capacity of having two full-time professional staff through drawing on previously retained operating surpluses. It had therefore budgeted for an operating deficit. The final financial result is slightly worse than budget, mainly due to year-end adjustments in staffing costs.

AQA has also benefitted from stable Board membership. Professor Cheryl de la Rey stood down from the Board and was replaced by Professor David Murdoch. Rosa Hibbert-Schooner joined the Board

as the nominee from Te Mana Ākonga. The AQA Board undertook two training workshops this year. The first was facilitated by Ako Aotearoa and addressed Te Tiriti o Waitangi and the AQA Board. The second was facilitated by the Executive Director and student members of the AQA Board and explored how AQA could better support the contribution of students in academic quality.

I would like to thank the AQA Board and staff for their continued support and contributions.

Further detail on AQA's activities in 2022-2023 and its financial performance is contained in the Statement of performance and Financial Statements included in this report.

A handwritten signature in black ink, appearing to read 'John Morrow', with a horizontal line underneath.

Emeritus Professor John Morrow

Chair of the AQA Board



ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

These AQA financial statements are included in the consolidated financial statements of NZVCC which have been audited. AQA has not been audited separately. NZVCC financial statements can be found at <https://www.universitiesnz.ac.nz/latest-news-and-publications/new-zealand-vice-chancellors-committee-financial-statements-2023>

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

CONTENTS

BACKGROUND	3
STATEMENT OF RESPONSIBILITY	4
STATEMENT OF OBJECTIVES	5
STATEMENT OF PERFORMANCE	6
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	17
STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF FINANCIAL POSITION	19
STATEMENT OF CASHFLOWS	21
NOTES TO THE FINANCIAL STATEMENTS	22

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FOR THE YEAR ENDED 30 JUNE 2023**

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 \$410,000 from the universities was the main source of funding received by AQA.

Undertaking reviews, revenue from Cycle 6 Audits and interest earned supplements this funding.

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 2023**

STATEMENT OF RESPONSIBILITY

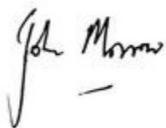
We acknowledge that:

- (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 2022 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 John Morrow
Chair of the Board
Academic Quality Agency for New Zealand
Universities



Date: 10 October 2023

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



Date: 10 October 2023

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023**

STATEMENT OF PERFORMANCE

Contextual Information

The Academic Quality 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

AQA achieves its purpose through six strategic goals:

1. Be a Te Tiriti o Waitangi responsive organisation and good Te Tiriti o Waitangi partner
2. Be recognised as a leader and authoritative voice in academic quality
3. Deliver value to universities and students in (Cycle 6) academic audit
4. Support quality enhancement in universities
5. Contribute to confidence in the academic quality of New Zealand universities
6. Continue to be a well-performing quality assurance agency

These goals are pursued through five strategic action areas:

1. Te Tiriti o Waitangi (TT)
2. Best practice (BP)
3. Communications and engagement (CE)
4. Partnerships and relationships (PR)
5. Resourcing and capability (RC)

This statement of performance expectations sets out objectives and measures AQA plans to achieve in the July 2022 to June 2023 period to progress towards its goals.

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%20Dec%202021.pdf>

As this statement of performance expectations is derived from a new strategic framework, it is not always possible to make comparisons with the previous year.

The 2022-23 period is characterised by high levels of academic audit activity.

Total cost of service:

	2022/23 Delivered	2022/23 Planned	2021/22 Delivered	2021/22 Planned
Total income	\$544,356	\$538,000	\$397,393	\$394,200
Total expenditure	\$624,369	\$611,986	\$388,404	\$433,308
Surplus/deficit	\$-(80,014)	\$-(73,986)	\$8,989	\$-(39,108)

Goal 1: Be a Te Tiriti o Waitangi responsive organisation and good Te Tiriti o Waitangi partner

Description: AQA recognises that its activities and practices should be informed by Te Tiriti o Waitangi and contribute to honouring Te Tiriti through supporting participation in quality assurance and enhancement, protection of te reo Māori through use in AQA communications and working in partnership with Māori.

The emphasis in 2022/23 is building capability and planning to inform future activities.

As this is new Goal, indicators from previous years are not available.

Measure	2022/23 Projected and current status	2022/23 Planned	2021/22 Delivered	2021/22 Planned
1.1 Te Tiriti o Waitangi Plan (TT)	approved Feb 23 meeting; Te Tiriti workshop held Feb 23 meeting	Plan in place by Q1 2023	New measures 2022/23	
1.2 Academic quality material available in te reo Māori (CE)	Deferred	Website redevelopment incorporates te reo Māori		
1.3 Interim review of Cycle 6 includes analysis of Māori comments in audit reports and Māori experiences of academic audit (BP)	Report accepted by AQA Board May 2023 Analysis of Māori panel members feedback completed Analysis of Māori interviewee feedback completed Critical Te Tiriti Analysis of 2 C6	Report completed		

Measure	2022/23 Projected and current status	2022/23 Planned	2021/22 Delivered	2021/22 Planned
	audit reports completed See also Measure 3.9			
1.4 Board membership (TT, RC)	in place	At least 3 members of the AQA Board whakapapa Māori, including a member nominated by Te Mana Ākonga		
1.5 AQA capability – audit Panels (TT, RC)	5 Panels appointed to date have at least one member who is Māori	All audit Panels appointed have at least one member who is Māori		
1.6 Auditor training (TT, RC)	100% non-Māori auditors appointed for first 5 panels participated in Te Tiriti o Waitangi training.	100% audit Panel members who are not Māori have participated in Te Tiriti o Waitangi training or have equivalent experience		

Goal 2: Be recognised as a leader and authoritative voice in academic quality

Description: AQA has a leadership role in the development of good quality assurance practice. It draws from developments internationally and nationally to inform future practice. Developments in practice include working in partnership, providing advice and contributing to national and international discussions.

The emphasis in 2022-23 will be on providing advice on working in partnership and re-engaging with international developments in academic quality.

Measure	2022/23 Projected and current status	2022/23 Planned	2021/22 Delivered	2021/22 Planned
2.1 Activities in partnership agreement with NZUSA achieved (PR)	AQA and NZUSA meet at least quarterly, NZUSA facilitates the contribution of a Student Voice column to AQA	Partnership report	New measure 2022/23	

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Planned</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
	<p>newsletters, AQA and NZUSA (and TMA) have agreed priorities for future work, AQA and NZUSA collaborate on an annual Student Voice Summit.</p> <p>Meeting with new executive for NDSA 15 February 2023</p> <p>Meeting with President NZISA 21 June 2023</p>			
2.2 Presentations or papers on academic quality (BP)	<p>5</p> <p>presentations to:</p> <p>ATEM on hot topics in Quality Assurance and Regulation (Panel member) on 29 August 2022</p> <p>National Accreditation Council of India International Webinar Series 8 September 2022</p> <p>Student Voice Summit on 19 November 2022</p> <p>Bangladesh Accreditation Council on 24 January 2023</p>	2	New measure 2022/23	

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Planned</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
	<i>Te Mana Ākonga om 8 April 2023</i>			
<i>2.3 Membership of academic quality related national bodies, committees or working groups (PR)</i>	<i>2</i> <i>JCG</i> <i>NZQA Quality and Quality Assurance Sector Advisory Group – to consider a revised quality assurance approach following changes in the non- university sector and especially the establishment of Te Pūkenga and the Workforce Development Councils (WDCs)</i>	<i>2</i>	<i>2</i>	<i>2</i>
<i>2.4 Advice or submissions on matters of academic quality (PR, CE)</i>	<i>1</i> <i>Advice provided</i>	<i>2</i>	<i>New measure 2022/23</i>	

Goal 3: Deliver value to universities and students in (Cycle 6) academic audit

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 2022-23 is the delivery of academic audits for the first three universities in the cycle. Auditor recruitment, training and feedback on experience will also be areas of focus.

Measure	2022/23 Projected and current status	2022/23 Planned	2021/22 Delivered	2021/22 Planned
3.1 Recruit auditors for Cycle 6 (BP)	5 student auditors have been appointed to Panels and another 4 are on the Register. However, more monitoring of currency and ongoing engagement is required.	At least 8 student auditors are recruited	46 auditors appointed; 4 Māori auditors; 5 student auditors	40 auditors, including at least 8 Māori auditors and 8 student auditors recruited
3.2 Deliver auditor training workshops (BP)	All auditors appointed to panels have been trained Auditor training sessions held: Module 2 - 21 October 2022, 28 October 2022, 24 March 2023, 5 May 2023 plus 2 individual sessions; Module 3 – 7 February 2023, 30 June 2023	All auditors appointed to panels have completed auditor training	Deferred	All auditors appointed to panels have completed auditor training
3.3 Audit engagement initiated (BP)	3 As scheduled	3 UC – September Waikato – December Lincoln - May	New measure 2022/23	
3.4 Audit Panels appointed (BP)	3 As scheduled	3 Massey – October UC – February Waikato - May	2	2
3.5 University Self-reviews submitted (BP)	3 As scheduled	3 Massey – November UC – March Waikato - May	2	2
3.6 Audit Site visits undertaken (BP)	3 As scheduled	3 Auckland – July		

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Planned</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
		VUW – September Massey - March	New measures 2022/23	
3.7 Audit reports published (BP)	3 Auckland – November VUW – March Massey - June	3 Auckland – October VUW – December Massey - June		
3.8 Feedback on experience of audit sought (BP)	2 feedback has been provided from the university and panels members for the first two universities in the cycle and sought from the third.	3 Auckland – November VUW – January Massey - June		
3.9 Interim review of Cycle 6 audits (BP)	1 considered by AQA Board meeting May 2023	1 February		
3.10 One-year follow-up report of CUAP (BP)	Received May 2023	1 April		

Goal 4: Support quality enhancement in 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.

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Projected</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
4.1 Deliver AQA events that support enhancement (CE)	3 Quality Forum held 8 December. “Preparing for self-review” workshops held 9 and 10 February	1	1	1

Measure	2022/23 Projected and current status	2022/23 Projected	2021/22 Delivered	2021/22 Planned
	<i>in Dunedin and Auckland.</i>			
4.2 AQA Newsletters (CE)	4 (September, December, March, June)	4	4	4
4.3 Good practice guides (CE, BP)	1 (Pasifika themes in Cycle 5 published September 2022)	1	3	New measure 21/22
4.4 Gain or add value from international engagement, demonstrated through practice change, invitations to undertake work internationally, provide advice or contribute to conferences. (PR)	5 (ongoing discussions with Ontario including a request to participate in a best practices discussion) (attended TEQSA conference, November 2022) (hosted a TEQSA delegation to make 2 presentations to Universities, 1 March 2023) invited to participate in INQAAHE Global Study visit from FHEC 4 May 2023 and 27 June	2	3	3

Goal 5: Contribute to confidence in the academic quality of universities in Aotearoa New Zealand

Description: Contributing to confidence in the academic quality of universities in Aotearoa New Zealand is part of AQA's purpose. It does this by undertaking academic audits which are fair and robust and communicating the outcomes of those audits in a manner that is accessible to non-specialist audiences. AQA also makes public comment based on evidence when required to do so, or contributes to other comments.

Measure	2022/23 Projected and current status	2022/23 Planned	2021/22 Delivered	2021/22 Planned
5.1 Reports on academic audits reports accessible to a non-specialist audience (CE)	3 WTR, UoA THW—VUW Massey	3	New measures 2022/23	
5.2 Public comment on matters of academic quality (CE)	media interview on matters related to generative AI tools and academic integrity on 2 February 2023	As required		
5.3 Engagement with tertiary sector bodies (other than universities) (PR)	2 meetings with: Muka Tangata 7 September 2022 and 31 March 2023 Asked to provide support for Ministry of Education Submission to Public Service Awards	2 invitations to contribute/participate	2 (revised measure)	2

Goal 6: Continue to be a well-performing quality assurance agency

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.

AQA is recognised as being fully aligned with the INQAAHE Guidelines of Good Practice. To maintain alignment it will respond to recommendations and suggestions in its 2020 external review and continue to seek and respond to feedback.

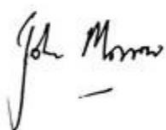
Measure	2022/23 Projected and current status	2022/23 Projected	2021/22 Delivered	2021/22 Planned
6.1 Response to recommendations and	report accepted at the November	2-year follow-up report	Revised measure	

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Projected</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
<i>suggestions in 2020 External Review (BP)</i>	<i>2022 meeting of the AQA Board.</i>			
<i>6.2 Response to feedback (BP)</i>	<p><i>Introduction of the site visit preparation meeting into the audit schedule</i></p> <p><i>Changes to the C6 feedback processes from suggestions made in AQA's 'Process Review of Cycle 5 Academic Audit' report and a paper on developed by the DD, including:</i></p> <ul style="list-style-type: none"> <i>- Closing the feedback loop with Panel members and universities</i> <i>- Introducing multiple feedback points within the audit process</i> <i>- Establishing a survey for site visit interviewees</i> <i>- Establishing a process to kōrero with Māori Panel members and student Panel</i> 	<i>Changes in response to feedback documented</i>	<i>New measure 2022/23</i>	

<i>Measure</i>	<i>2022/23 Projected and current status</i>	<i>2022/23 Projected</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>
	<i>members about their experience on an AQA Panel</i>			
<i>6.3 Biennial communications survey (CE)</i>	<i>1 reported in AQA newsletter June 2023</i>	<i>1</i>	<i>Biennial</i>	<i>1</i>
<i>6.4 SLA with Universities New Zealand reviewed and renewed (RC)</i>	<i>Signed 12 May 2023</i>	<i>Review completed and lease re-signed</i>	<i>Signed 4 May 2022</i>	<i>Review completed and lease re-signed</i>
<i>6.5 Annual grant approved (RC)</i>	<i>Annual grant approved at NZVCC meeting 22-23 June</i>	<i>Annual grant approved</i>	<i>Annual grant approved</i>	<i>Annual grant approved</i>
<i>6.6 Staffing and resourcing levels reviewed (RC)</i>	<i>reviewed as part of budget setting</i>	<i>Review undertaken</i>	<i>Review undertaken</i>	<i>Review undertaken</i>
<i>6.7 Budget achieved (RC)</i>	<i>not achieved – overspent by \$6,028</i>	<i>Achieved</i>	<i>New measures 2022/23</i>	

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting. The Board believes that the statements contained in this report accurately reflect the overall performance of AQA for the year ended 30 June 2023.

For and on behalf of the board



Emeritus Professor John Morrow
 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: 10 October 2023

Date: 10 October 2023

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Notes	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2021/2022
Revenue				
Annual Grant from Universities		410,000	410,000	350,000
Audit Fees		123,620	125,500	35,305
Interest Revenue		10,735	2,500	3,835
Consultancy & Sundry Revenue		0	0	8,253
Total Revenue		544,355	538,000	397,393
Less Expenditure	7	624,369	611,986	388,404
Surplus/(Deficit) for the year		-80,014	-73,986	8,989
Other Comprehensive Revenue and Expense		0	0	0
Total Comprehensive Revenue and Expense for the year		-\$80,014	-\$73,986	\$8,989
Surplus/(deficit) attributable to:				
Owners of the controlling entity		-80,014	-73,986	8,989
Minority interest		0	0	0
		-\$80,014	-\$73,986	\$8,989
Total comprehensive revenue and expense attributable to:				
Owners of the controlling entity		-80,014	-73,986	8,989
Minority Interest		0	0	0
		-\$80,014	-\$73,986	\$8,989

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

STATEMENT OF CHANGES IN EQUITY

	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2020/2021
Equity at start of the year	351,326	351,326	342,337
Total Comprehensive Revenue and Expense for the year	-80,014	-73,986	8,989
Equity at end of the year	\$271,312	\$277,340	\$351,326

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023**

	Notes	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2021/2022
Assets				
Current Assets				
Cash and cash equivalents	8	316,980	268,514	397,785
GST Refund		3,496	645	346
Receivables (from exchange transactions)	9	53,493	53,000	21,003
Recoverable (from non-exchange transactions)		0		0
		373,969	322,159	419,134
Non-Current Assets				
Intangible Assets	10	181	181	362
Total Assets		\$374,150	\$322,340	\$419,496
Liabilities				
Current Liabilities				
Payables (from exchange transactions)	11	85,736	30,000	54,401
GST		0	0	0
Non-exchange liability		0	0	0
Employee benefit liability	12	17,102	15,000	13,769
Revenue received in advance		0		0
		102,838	45,000	68,170
Non-Current Liabilities				
Employee benefit liability		0	0	0
Non-exchange liabilities		0	0	0
		0	0	0
Total Liabilities		102,838	45,000	68,170
Net Assets		\$271,312	\$277,340	\$351,326

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

STATEMENT OF FINANCIAL POSITION (cont.)
AS AT 30 June 2023

	Notes	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2021/2022
Net Assets/Equity				
Accumulated revenue and expense		271,312	277,340	351,326
Net assets/equity attributable to the owners of the controlling entity		271,312	277,340	351,326
Minority interest		0	0	0
Total Net Assets/Equity		271,312	277,340	351,326
Total Net Assets/Equity and Liabilities		\$271,312	\$277,340	\$351,326

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

STATEMENT OF CASHFLOWS

	Notes	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2021/2022
Cash Flows from Operating Activities				
Proceeds from:				
Interest Received		9,165	2,354	2,654
Annual Grants from Universities		410,000	410,000	350,000
Audit Fees		95,342	86,500	24,306
Other Receipts		0	0	8,253
Goods and Services Tax		-1,007	-22	2,185
Payments to Suppliers		-243,450	-296,353	-139,305
Payments to Employees		-350,855	-331,750	-219,839
Net Cash Flows from Operating Activities		-80,805	-129,271	28,254
Cash Flows from Investing Activities				
(Increase)/Decrease in Term Deposits & Portfolio		130,000	100,000	-57,169
(Purchase)/Proceeds from Intangible Assets		0	0	0
Net Inflow/(outflow) from Investing Activities		130,000	100,000	-57,169
Net Increase (Decrease) In cash and cash equivalent				
		49,195	-29,271	-28,915
Opening Cash at Beginning of Year		97,785	97,785	126,700
Closing Cash at 30 June		\$146,980	\$68,514	\$97,785
Represented by:				
Petty Cash		191	0	186
BNZ Bank Accounts (Excluding Term Deposits)		146,789	68,514	97,599
		\$146,980	\$68,514	\$97,785

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023 are published 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 John Morrow, Chair of the Board of AQA and Emeritus Professor Sheelagh Matear, Executive Director of AQA, on 10 October 2023.

(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 2023 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

Changes in accounting policy due to the initial application of a new, revised, and amended PBE Standards

i. PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted on 1 July 2022. PBE IPSAS 41 has not had a material impact on the AQA's measurement and recognition of financial instruments.

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, through NZVCC, 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

Financial assets and financial liabilities are recognised when AQA becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that AQA commits to purchase or sell the asset.

The AQA derecognises a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the AQA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- i. The AQA has transferred substantially all the risks and rewards of the asset; or
- ii. The AQA has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Classification and subsequent measurement

Financial assets

Financial assets within the scope of NFP PBE IPSAS 41 Financial Instruments. The classifications of the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive revenue and expense (FVOCRE) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The AQA's financial assets are classified as either financial assets at fair value through surplus or deficit or amortised cost. Financial assets include: cash and cash equivalents, trade debtors and other receivables and term deposits.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date.

A debt investment is measured at FVOCRE if it meets both of the following conditions and is not designated as at FVTSD:

- iii. it is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- iv. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. This includes all derivative financial assets. On initial recognition, the AQA may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCRE as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

The AQA's financial liabilities include trade and other payables (excluding GST, PAYE and employee entitlements).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit). They are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit in the Statement of Comprehensive Revenue and Expense. Financial liabilities are derecognised if AQA's obligations specified in the contract expire or are discharged or cancelled.

(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
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(i) Budget

The budget figures for AQA are those approved by the AQA Board at their 29 March 2022 meeting, including the Annual Grant figure approved by the Vice-Chancellors at their 7-8 April 2022 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 is 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 2023 was earned from Grants, Rendering of Services, Interest and exchange transactions.

7 Expenses

	AQA Actual 2022/2023	AQA Budget 2022/2023	AQA Actual 2021/2022
ACC Levy	264	650	321
Accountancy	4,250	3,250	3,250
Amortisation of Intangibles	181	181	363
Audit Fee (Financial Audit)	11,088	10,210	9,795
Bank Fee	206	350	144
Computer Maintenance and Training	15,629	16,678	17,999
Conference Fees	3,060	4,000	442
Consultancy/Other Honoraria	8,132	7,000	7,970
Honoraria - AQA Chairman & Board	35,913	37,161	34,308
Honoraria - Audit	95,200	102,000	25,900
Insurance	5,082	6,500	4,215
Interest expenses	0	0	0
IRD Penalties	0	0	0
Koha/Gifts	400	1,000	0
Meeting Costs	1,266	0	253
NZVCC Staff Services	6,044	7,713	5,165
Occupancy Rent	18,200	18,685	18,669
Office Expenses, Administration and General	10,470	10,500	5,828
Recruitment Costs	0	1,000	2,378
Staff Development (exc. Travel)	5,017	0	2,835
Salaries	338,713	312,724	227,584
Superannuation Contributions (Including KiwiSaver)	13,531	12,509	9,050
Temporary Staff costs	0	0	5,971
Subscriptions	2,720	3,000	2,232
Telephone and Tolls	336	475	376
Travel and Accommodation			
- New Zealand Travel	3,891	3,000	637
- International Travel	3,364	6,000	0
- Board Travel	6,379	3,500	2,082
- Audit Travel	16,680	14,500	637
- Accommodation and meals	18,353	29,400	0
	\$624,369	\$611,986	\$388,404

8 Cash and Cash Equivalents

	AQA 2023 \$	AQA 2022 \$
Bank of New Zealand		
Current Account (0.0275%)	37,653	20,282
Call Account (0.0275%)	109,136	77,317
	146,789	97,599
Petty Cash	191	186
	146,980	97,785
BNZ Short-term Deposits (4.7% to 5.3%)	170,000	300,000
	316,980	397,785

9 Receivables – Exchange Transactions

	AQA 2023 \$	AQA 2022 \$
Sundry Debtors	39,280	12,650
Prepaid Expenses	11,289	6,999
Accrued Interest	2,924	1,354
	53,493	21,003

10 Intangible Assets

	AQA Total \$
Cost of valuation Balance at 1 July 2021	13,920
Additions	0
Disposals	0
Balance at 30 June 2022	13,920
Balance at 1 July 2022	13,920
Additions	0
Disposals	0
Balance at 30 June 2023	13,920
Accumulated Amortisation and Impairment Losses	
Balance at 1 July 2021	13,195
Amortisation expense	363
Elimination on disposal	0
Balance at 30 June 2022	13,558
Balance at 1 July 2022	13,558
Amortisation expense	181
elimination on disposal	0
Balance at 30 June 2023	13,739
Carrying amounts	
At 1 July 2021	725
At 1 July 2022	362
At 30 June 2023/1 July 2023	181

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

11 Payables – Exchange Transactions

	AQA 2023 \$	AQA 2022 \$
Accounts Payable	31,249	29,458
Accruals	53,455	22,727
BNZ Credit Card	1,032	2,216
Income in Advance	0	0
	85,736	54,401

12 Employee Benefit Liability

	AQA 2023 \$	AQA 2022 \$
Short term Employee Entitlements		
Salary Accrual	6,687	5,187
Employer Superannuation Contribution on Salary Accrual	268	206
Annual Leave	9,757	8,054
Employer Superannuation Contribution on Annual Leave	390	322
Total short-term Employee Entitlements	17,102	13,769
Total long-term Employee Entitlements		0
Total Employee Entitlements	17,102	13,769

13 Financial Instruments

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

	AQA 2023 \$	AQA 2022 \$
Loans and Receivables		
Cash and cash equivalents	316,980	397,785
Trade and Other receivables	53,493	21,003
Financial liabilities measured at amortised cost		
Trade and Other payables	85,736	54,401

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 2023 \$	AQA 2022 \$
Cash on Hand	191	186
Bank Balances	146,789	97,599
Accounts Receivable	53,493	21,003
Bank Term Deposits	170,000	300,000
BNZ Credit Cards (Credit limit as at 30 June)	16,000	8,000
	386,473	426,788

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 \$410,000 (2022: \$350,000) 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 \$38,439 (2022: \$39,918) 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 \$220,000-\$230,000 band (2022: \$210,000-\$220,000). There was one other employee who received remuneration greater than \$100,000.

The following members of the Board were paid honoraria during the year ended 30 June 2023.

		AQA 2023 \$	AQA 2022 \$
Emeritus Professor John Morrow	Chair 1.7.2021-30.6.2023	16,560	16,560
D Haines (paid to NKU)	Deputy Chair 1.1.2022-30.6.2023,		
	Member 1.7.2020-31.12.2021	3,548	3,194
Deborah Willis	Deputy Chair 1.7.2020-31.12.2021,		
	Member 1.1.2022-30.6.2023	2,840	3,194
Professor Jack Heinemann (correction to GST treatment 2020)	Member 1.7.2020-31.12.2020	185	1,235
Kaye McAulay	Member 1.7.2020-31.12.2021	0	1,420
Professor Cheryl de la Rey	Member 1.1.2021-31.12.2022	1,420	2,840
Dr John Egan	Member 1.1.2021-30.6.2023	2,840	2,840
Dr Sharon Toi	Member 1.1.2022-30.6.2023	2,840	1,420
Ellen Dixon (paid to NZUSA)	Member 1.7.2021-30.6.2023	2,840	2,840
Rosa Hibbert-Schooner	Member 1.7.2022-30.6.2023	2,840	0
		35,913	35,543

16 Commitments and contingencies

There were no contingent liabilities as at 30 June 2023. (2022: Nil)

There were no operating, finance or capital commitments as at 30 June 2023. (2022: Nil)

17 Events after reporting date

No material events occurred after 30 June 2023.

18 Auditors' Remuneration

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

	AQA 2023 \$	AQA 2022 \$
Audit of the Financial Statements	9,940	9,050
Maximum Disbursements	84	84
Office Audit General overhead charged	1,064	661
	11,088	9,795

19 Covid 19 impact

COVID-19 impacts have reduced to minimal impact on normal operations. Some changes in practice have been retained as business as usual as follows:

- A hybrid model has been adopted for academic audits in which the first Panel meeting is held online. An online site visit preparation meeting has been introduced. Further information is available at <https://www.aqa.ac.nz/sites/all/files/Academic%20Audit%20and%20the%20ongoing%20impacts%20of%20Covid-19.pdf>.
- Contingencies are in place for the in person components of the audit process, including the ability to use blended meetings.
- National and international travel has resumed but is at a lower level than pre-COVID-19.
- Ongoing use is being made of flexible working.



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