

REPORT OF A REVIEW OF

NEW ZEALAND UNIVERSITIES

ACADEMIC AUDIT UNIT

**TE WAHANGA TATARI
KAUTETOHUNGATANGA O NGA WHARE
WANANGA O AOTEAROA**

OCTOBER 2001

Preface

The Board of the New Zealand Universities Academic Audit Unit (AAU) decided in 2000 that the AAU should be subject to review in 2001. This was the second such review, the first having taken place in 1997.

The terms of reference for the review were set as follows:

1. Investigate and report on whether the AAU has successfully met the Terms of Reference set by the NZVCC, and the Critical Success Factors identified by the AAU Board.
2. Investigate and report on the AAU's effect on the universities.
3. Investigate and report on the AAU's effects more generally.
4. Recommend any changes or improvements in the audit process.
5. Provide comment on the Terms of Reference of the AAU and the composition of the Board of the AAU, including comment on possible future activities, structures or goals for the AAU.

The Panel appointed to conduct the review was as follows:

Professor John Burrows, Professor of Law, University of Canterbury (Panel Chair).

Professor Alan Robson, Deputy Vice-Chancellor, The University of Western Australia.

Professor Graham Smith, Pro Vice-Chancellor (Maori) & Professor of Education, University of Auckland.

Ms Sue Wright, Chief Executive, New Zealand Business Excellence Foundation.

Administrative support was provided by Mrs Francine Barnes, formerly Academic Assistant Registrar, University of Canterbury.

In May the Panel received a self-review portfolio prepared by the AAU. The Panel then invited submissions from 109 individuals and organisations. 30 submissions were received. Those making them are listed in Appendix B. The Panel also devised a "value" survey which it sent to all universities. The Panel held a preliminary meeting in Wellington on 22 June, and a two-day meeting in Wellington on 13-14 August. At the second meeting some key persons were interviewed. The timetable of interviews is set out in Appendix C.

After deliberation, the panel produced a draft report which was sent to the Chair of the AAU Board, and the former Director and present Acting Director of the AAU for comment on accuracy. This final report was then prepared.

List of Recommendations

Recommendation 1 That the AAU continue to work cooperatively and share good practice with other quality assurance agencies in the tertiary education system, and indeed beyond it.

Recommendation 2 That the AAU and NZVCC continue to meet with other agencies which monitor the universities with a view to promoting mutual cooperation and the minimisation of duplication and overlap.

Recommendation 3 That the AAU consult with the NZVCC as to the possibility of a representative of the Ministry of Education or TEC being invited to attend audits of universities as either a panel member or an observer.

Recommendation 4 That there continue to be regular meetings of representatives of AAU and CUAP to ensure that there is understanding and accord as to their respective spheres of activity.

Recommendation 5 That links be strengthened between the Australian and New Zealand university quality audit agencies.

Recommendation 6 That each university should undertake a comprehensive whole-of-institution audit once every 4 or 5 years.

Recommendation 7 That between the comprehensive audits each university should undertake continuous improvement and self-reviews on selected themes and send the resulting reports to the AAU for information, comment, advice, and monitoring.

Recommendation 8 That the AAU expand and enhance its development role in relation to both individual universities and the university system as a whole.

Recommendation 9 That the focus of audit be expanded to include some attention to outcomes as well as systems; and that to this end the AAU, after consultation with stakeholders, negotiate with the NZVCC some key performance indicators.

Recommendation 10 That in exceptional cases where a university is, without good reason, unable or unwilling to correct deficiencies identified by the AAU, the Chair of the AAU Board should raise the matter with the NZVCC.

Recommendation 11 That the AAU Board discuss with the NZVCC how a strategy might be developed to raise public awareness of the work of the AAU and the quality of the university system generally.

Recommendation 12 That the existing AAU Board be replaced by 2 bodies, an advisory committee with a constitution similar to that of present Board, and a governing board comprised of persons with skill and experience in universities and quality assurance.

Recommendation 13 That a Maori student representative be included on the Advisory Committee; and that auditors be eligible for appointment to both the Advisory Committee and the Board.

Recommendation 14 That the audit manual be revised with a view to attaining greater readability, simplicity, and elimination of unnecessary detail, and to providing clearer guidance on the preparation of a university's audit portfolio.

Recommendation 15 That the audit reports omit second-order detail, and ensure that recommendations are not unduly prescriptive.

Recommendation 16 That the AAU note the concerns expressed in D3 and 4 of this report.

Recommendation 17 That the AAU devise ways in which it can convey feedback to a university on its portfolio, and to the staff of the university on the audit generally.

Recommendation 18 That transnational education and electronic learning be added to the topics subject to audit.

A. Achievements

The NZ Universities Academic Audit Unit was set up in 1993. In 1995 it began its audits of the universities. Now, with the exception of AUT, the most recently established university, all universities have experienced two intensive audits, one a whole-of-institution audit and the other a theme audit. Two universities also participated in a pilot audit as the Unit was establishing its activity. AUT has recently undergone its first whole of institution audit. All audits have involved the universities in intensive self-review to produce a portfolio, a three day visit by an audit panel, and a detailed report prepared by the panel and made public after approval by the Board of the Unit. The Unit has required progress reports on implementation of the recommendations in the audit reports.

In addition the Unit has successfully engaged in dissemination of good practice. It produces a quarterly Good Practice Digest (published on its website) and has introduced a monograph series entitled 'AAU Series on Quality'. The Unit also jointly organises annual Quality Enhancement Meetings with the universities and presents an average of 3-4 workshops per year.

The Unit has also worked with other quality assurance and educational bodies in New Zealand and has actively involved and assisted educational institutions in the wider higher education sector. It has been contracted to provide quality assurance services nationally and internationally.

The Review Panel commends the AAU on the success of its work since its inception. That success is the more remarkable given the Unit's small size. In all universities quality systems have been developed which greatly exceed those which were in existence in the early 1990's. The quality culture which now exists is in large part attributable to the activities of the Unit. The influence of an external auditor has been demonstrably beneficial. The Panel is also impressed by the independence exhibited by the Unit, both in practice and in perception.

In their submissions to the Review Panel the universities acknowledged the contributions of the Unit. The following statements are typical. One university said:

“..... there can be little doubt that there has been overall benefit. The major benefit which was undoubtedly an objective of AAU was to improve internal University

approaches and to use the power of self review as a means of seeking ongoing improvement. The fact that such approaches were stimulated and enhanced by the AAU activities is significant and of overall benefit to New Zealand universities amid wider claims for improved performance and accountability.”

Another said:

“The AAU has acted as a stimulus and catalyst for this university to build its now robust quality systems. For example it motivated our university to codify its existing processes and practices and highlighted areas which would benefit from improvement.”

We received similar comment from professional organisations which spoke of their high regard for the AAU’s work. One governmental organisation said:

“The New Zealand Universities Academic Audit Unit (AAU) has led the way in the important shift to a focus on independent external audit in the New Zealand tertiary education quality assurance system. This shift has significantly strengthened the quality of university education to the benefit of all New Zealanders.”

The Panel acknowledges the very significant contributions of Dr David Woodhouse, the first Director, and more recently of Ms Robyn Harris, currently the Acting Director.

The Review Panel notes the advances that have been made. It considers that the universities and the AAU are now ready to move to the next stage of continuous improvement, where the emphasis is on more self-review by the individual universities, with the AAU validating the universities’ systems and having an extended developmental role.

B. Context

Legal

Central to any consideration of quality in the University system is the definition of “university” in the Education Act 1989. Section 162 (4) provides:

A university is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates, and assists the application of knowledge, develops intellectual independence, and promotes community learning.

The section also provides that universities have all the following characteristics

- i They are primarily concerned with more advanced learning, the principal aim being to develop intellectual independence;
- ii Their research and teaching is closely interdependent and most of their teaching is done by people who are active in advancing knowledge;
- iii They meet international standards of research and teaching;
- iv They are a repository of knowledge and expertise;
- v They accept the role of critic and conscience of society.

Section 161 of the Act declares it to be the intention of parliament “that academic freedom and the autonomy of institutions are to be preserved and enhanced.” The purpose and functions of the AAU must ultimately relate back to and reinforce these fundamental statements.

Responsibility

Several agencies are concerned with aspects of quality in the university system. The Panel will have more to say later about the relationship between them. Suffice to say at this point that the pattern is one of some complexity. The Office of the Auditor General is concerned with financial reports. The Minister of Education (acting on the advice of the Ministry and its Tertiary Advisory Monitoring Unit (TAMU)) negotiates charters with each University, receives annual statements of objectives and reports, influences governance by making appointments to university councils, and allocates funding; in exceptional cases the Minister can recommend disestablishment of a university and direct a university council not to offer a course which would not be in the national interest. The New Zealand Vice-Chancellors’ Committee (NZVCC) through its sub committee the Committee on University Academic Programmes (CUAP) accredits and approves new courses and programmes. The New Zealand Qualifications Authority (NZQA) also has a role in setting the criteria which must be applied by CUAP, and in setting university entrance standards. Further, at the time of writing this report, the system is about to witness the emergence of a significant new organisation, the Tertiary Education Commission, whose functions as recommended in the reports of the

Tertiary Education Advisory Committee (TEAC) will include allocation of funding within agreed policy parameters and the monitoring of institutions' performance. It will be a major player in the system. In this respect this review of the AAU is taking place in a climate of change and some uncertainty.

The Review Panel is very clear that the AAU will continue to play an essential role in the new structure. Its expertise, and the confidence it has engendered both within and outside the university system, render its continuing existence essential. Its work will not only continue to enhance quality in the university system, but will inform and assist the other bodies in the exercise of their functions.

The Panel notes that nothing in the TEAC reports to date suggests otherwise. The Commission's reports note that the funding body will not be that which assesses quality, and they acknowledge the desirability of self regulation and the importance of institutional autonomy.

The role of the AAU

In this complex context, this report proceeds on the assumption that the two university bodies most concerned with quality, CUAP and the AAU, will continue to have complementary roles in assuring that the core characteristics of universities provided for in the legislation are maintained and enhanced. The panel regards university characteristic (iii) as of critical importance; i.e. the need to meet international standards of research and teaching. The panel believes therefore that what the university system requires of an academic audit unit is that through its independent operation it contributes to ensuring:

- i the international credibility of New Zealand universities;
- ii the attainment of standards of quality befitting a university system and;
- iii the continuous improvement of that quality.

The AAU's reports should not simply assist the universities, but also have an important role to play in informing the public, the government, and (in future) the Tertiary Education Commission of these matters.

Resources

The Panel wish to preface their recommendations by making the obvious point that the maintenance of true international standards is dependent on proper resourcing. It hopes that the directions charted by TEAC will improve the situation of the universities in this regard.

C. Key Issues For The AAU

The Panel now comments and makes recommendations on future directions for the AAU.

1. An overarching quality body?

There are a number of quality assurance bodies currently operating in the tertiary sector. NZQA has jurisdiction over private providers; the Polytechnic Programmes Committee (under delegation from NZQA) is responsible for the polytechnic sector; the colleges of education are forming their own unit, also under delegation, as, we believe, are the wananga; the AAU set up by the NZVCC works in the university sector. From time to time there have been suggestions that there should be a single overarching quality body for the whole tertiary sector. The last of these appeared in the White Paper issued by the last government.

The Panel disagrees. It believes that the AAU should continue as a separate body to audit quality in the university sector. The separate definition of universities in the Education Act recognises their different and special character; the inter-relationship between teaching and research, and the international dimension, are particularly important. These unique characteristics of the universities are better developed by a body whose sole concern is with the university sector. That sector is a relatively homogenous group with a common mission. Moreover given that the panel will be recommending an increased developmental role for the AAU, the universities will require confidence that those working alongside them have a dedicated focus on the needs of a university.

The Panel acknowledges that it is important for the reputation of New Zealand tertiary education that the degrees offered in all New Zealand tertiary institutions should be of strong and consistent quality, but does not believe that a single overarching quality

body is the answer at this point of time. Nevertheless it is strongly of the view that the AAU should continue to work cooperatively with the other bodies and share good practice with the purpose of facilitating growth throughout the system.

Recommendation 1 That the AAU continue to work cooperatively and share good practice with other quality assurance agencies in the tertiary education system, and indeed beyond it.

2. The independence of the AAU

The AAU was established by the NZVCC as an independent body. The relationship between the two may be thus summarised. The NZVCC establishes the terms of reference of the AAU and is consulted on any change in those terms. The NZVCC appoints the AAU Board on the recommendation of the AAU, and also appoints the chairperson. It appoints a Vice Chancellor to the Board. It approves the budget of the AAU, arranges payment of the university subscriptions and provides accounting services. The Chair of NZVCC and the Vice-Chancellor on the AAU Board meet on a regular basis with the Chair of the AAU Board and the Director of the Unit.

There have been suggestions that more should be done to ensure the independence of the AAU, some believing that it should be accorded independent legal status.

The panel does not consider that there needs to be change in this respect. The only possible new legal forms might be incorporation as a charitable trust, or as an incorporated society. Both of those options have complications. Moreover changed legal status on its own would achieve very little. It would not enhance the perception of independence to outside observers, who would normally not inquire into the legal form of the unit in any event.

The AAU, given its links with the NZVCC, can best be regarded as a type of self-regulation. Self-regulation is a common and perfectly respectable activity; most professions (for example law and medicine) exercise it. It is particularly appropriate in a system where the institutions have statutory autonomy. What matters in the end is the quality, strength and independence of the AAU's reports (and of that there can be

no possible doubt to date); the transparency of its processes; and the effectiveness of the follow-up of its recommendations.

It is the Panel's conclusion that there need be no change in the formal status of the AAU. The Panel has no doubt that the AAU operates now as an independent entity.

3. Relationship with other bodies

Under B above the Panel outlined the several bodies which currently monitor different aspects of the New Zealand university system and to whom reports and submissions are currently made. The complexity of this arrangement is fraught with danger of overlap, duplication, and even at times inconsistency of requirements. Ideally one could wish that each part of the system had a separate and distinct function the boundaries of which were clearly defined. However given the government's role in funding and its consequent interest in all aspects of the system, it is inevitable and proper that it will continue to exercise an overall scrutiny. It is nonetheless important that there be cooperation and collaboration between the different agencies to ensure that each understands the work of the others, and that each agrees to accept the findings of the others in their areas of competence.

There has already been progress towards this end in a document entitled "Statement on Mutual Acceptability of Audit Evidence" which resulted from initiatives begun by the AAU as early as 1994. A meeting between the various bodies early in 2001 arrived at the following conclusion:

"Each of the agencies will rely on the expert attestation contained in or produced for the reports of the other monitoring and audit agencies, where these provide sufficient evidence to meet the professional standards that apply to the obtaining of audit evidence."

More work needs to be done on this, and there will doubtless need to be a revision of this understanding when the Tertiary Education Commission has been set up. The panel anticipates that the AAU and the NZVCC will do their best to ensure the continuation of this forum and to progress the mutual cooperation of the various agencies with a view to minimising duplication and eliminating conflicting

requirements. The Panel believes that the NZVCC should itself be represented at any future meetings.

The Panel also considers that to facilitate understanding and acceptance of the work of the AAU and to maintain confidence in it, it might be desirable in future for a representative of the Ministry of Education (say from TAMU), or of TEC, to be invited to be present at, or even a member of, the panels during university audits.

Also of critical importance is the relationship between AAU and CUAP, the two quality arms of the University system. CUAP is concerned principally with the quality assurance of new programmes and courses and with monitoring their implementation. This is a critically important role to ensure minimum standards in the system. The AAU's concern with quality brings it into close contact with CUAP, and indeed it conducts periodic audits of it. The Panel acknowledges that the boundaries of activity of these two bodies may be slightly unclear in places. It recommends the continuance of regular meetings between representatives of CUAP and the AAU to ensure that there is understanding and accord as to the respective spheres of activity of the two bodies.

Recommendation 2 That the AAU and NZVCC continue to meet with other agencies which monitor the universities with a view to promoting mutual cooperation and the minimisation of duplication and overlap.

Recommendation 3 That the AAU consult with the NZVCC as to the possibility of a representative of the Ministry of Education or TEC being invited to attend audits of universities as either a panel member or an observer.

Recommendation 4 That there continue to be regular meetings of representatives of AAU and CUAP to ensure that there is understanding and accord as to their respective spheres of activity.

4. International dimension

Universities are by legal definition and common understanding international creations. The international competitiveness of our New Zealand qualifications depends on their

portability, and their acceptance by top quality international universities. It is thus important that our universities be benchmarked internationally. One step towards the attainment of this ideal is cooperation between the audit bodies of the Australian and New Zealand universities. Significant steps have already been made in this direction. The external members of New Zealand audit panels are normally drawn from Australia. New Zealand academics are being appointed to the Australian audit panels. A senior academic nominated by the Australian Vice-Chancellors Committee is a member of the NZAAU board. The appointment of Dr Woodhouse (the former AAU Director) as Director of the Australian Universities Quality Agency will also have the practical consequence of facilitating the links between the two countries.

The Panel strongly supports the enhancement of the links between Australia and New Zealand. It believes that steps should progressively be taken to that end; perhaps in the future the prospect of a joint enterprise could be entertained. Some useful steps might be:

- To work together on publications disseminating good practice;
- To compile a joint register of auditors comprising members from both countries;
- To hold joint conferences and quality meetings;
- To encourage individual universities to engage academic staff from Australian universities in their own institutional review processes.

The Panel warmly encourages progress in this regard.

Recommendation 5 That links be strengthened between the Australian and New Zealand university quality audit agencies.

5. Type of audit

The present modus operandi of the AAU is that each university is subjected to periodic comprehensive audit, with two theme audits between those major audits. For each of the theme audits there is one nationwide theme and another chosen by the individual university. All audits, comprehensive and theme, involve the preparation by the university of a thorough portfolio, an audit visit, and a report with follow up. The Plan

of the AAU shows that theme audits have taken place, or are planned, for 1999 – 2000 and 2001 – 2002, with a comprehensive audit to follow in 2003 – 2006.

There was virtually unanimous agreement in the written submissions of the individual universities that this format is placing considerable burdens on the universities. This was reasserted in oral statements before the Panel. The theme audits have been found to be as demanding as the comprehensive audits. One submission spoke of “audit fatigue” as the follow up to one audit merges into preparation for the next. Another said:

“We are firmly of the view that the opportunities to benefit from the audits are being adversely affected by the frequency of the audits. The post audit implementation can be quite protracted. This can result in overlap with self review and preparation for the next audit. attention must be given to how the self review / audit continuum could be better phased.”

The point was made by another that the demands of continual audit can actually conflict with a university’s own priorities for development.

These comments on the frequency of audit were coupled with a strong view that the principal benefits of audit to date have been the self examination undertaken by the universities in preparation for the audit. In a “value” survey, prepared and undertaken by the Panel, all universities rated the value of that self- review as exceeding that of the audit visit and ensuing report.

The Panel is persuaded by these opinions. While no doubt two rounds of thorough and detailed external audit were necessary to establish the system and get the universities up to speed, it is now time for a shift along the continuum between external audit and internal audit. The Panel recommends that each institution should undertake a comprehensive whole-institution audit not more frequently than once every four years. That audit would, as now, involve preparation of a portfolio and an audit visit and report. The AAU might undertake those audits over a four year period at the rate of two institutions a year. In between these full audits however there must be continuing activity within the universities; otherwise momentum might be lost, and the crucial

objective of continuous improvement would not be achieved. The Panel recommends therefore that in between full audits each university should undertake continuous improvement along with internal self-reviews on selected themes. These self-reviews would not involve the AAU in an institutional visit unless the university requested it. The universities would establish improvement programmes based on the recommendations of the full audit and their own self-reviews, and report the results to the AAU for information, comment, advice and monitoring of progress. This envisages a change in the balance of the partnership between auditor and auditee.

The themes of the self-reviews should be largely generated by the universities to accord with their own priorities, although from time to time the AAU might negotiate with the NZVCC that there should be a self-review of a common theme of importance to the whole sector. The interrelation between teaching and research examined in the last theme audit is a good example of a theme which deserves such sector-wide attention.

Recommendation 6 That each university should undertake a comprehensive whole-of-institution audit once every 4 or 5 years.

Recommendation 7 That between the comprehensive audits each university should undertake continuous improvement and self-reviews on selected themes and send the resulting reports to the AAU for information, comment, advice, and monitoring.

6. Development

The shift in focus and emphasis recommended under 5 above involves the consequence that the AAU will need to expand the developmental side of its activities. There are two aspects to this.

First, the AAU should play a greater role in assisting individual universities to improve their processes. This might be done at the request of the university or might be suggested by the AAU as a consequence of an audit or a report received from the university. The panel had some discussion of whether such a developmental role is compatible with an audit role vested in the same body. But dual roles have co-existed to some extent over the past six years and the Panel does not detect any difficulty. In

many contexts the same person wears different hats. If that were ever perceived to be a problem a solution might be that the two officers of the AAU could divide the functions between them, each perhaps assuming the audit role in respect of four universities and the developmental role in respect of the other four. Secondly, the Panel feels that while the current disseminations of good practice by the unit are a very good start – for example the monograph produced after the first cycle of audits - more could be done to ensure that the learning from the audit process is fed into the university system as a whole. For example the last round must have produced some very important findings about the teaching / research nexus which could enrich the university system as a whole. The Panel believes that when these findings are written up they should be strongly commended to the attention of the universities, the NZVCC, and indeed concerned parties outside the university system. The development and communication of good practice is already a crucial aspect of the AAU's functions. Although publications such as the Good Practice Digest are helpful there is room to build substantially on this foundation.

The Panel notes that already the AAU's terms of reference contain terms which require this developmental role. They are as follows:

- iv Identify devise disseminate and commend to universities good practice in regard to the maintenance and enhancement of academic standards at national level;
- v Assist the university sector to improve its educational quality;
- vi Advise the NZVCC on quality assurance matters.

The Panel is thus recommending nothing new, merely a shift in the balance between the audit and developmental roles.

Recommendation 8 That the AAU expand and enhance its development role in relation to both individual universities and the university system as a whole.

7. Systems and outcomes

Currently the AAU's function is normally perceived as being to audit systems or processes. Its first term of reference emphasises that:

- i Review institutional systems for monitoring and enhancing academic quality and standards to ensure they are appropriate for achieving their stated claims and objectives.”

Yet even in an audit of systems it is not possible entirely to divorce systems from the results produced by those systems. The AAU's second term of reference recognises that:

- ii Comment on the extent to which procedures in place in individual institutions are applied *effectively*.

Unless one has regard to some extent to the outcomes resulting from the systems it is not possible sensibly to comment on their effectiveness. So in the existing reports of the AAU there has inevitably been some reference to results and outcomes. The Panel believes that it is inevitable that the AAU should pay increasing attention to outcomes and thus to engage to some extent in quality assessment as well as audit. In other words, in the continuum between systems at one end and outcomes at the other the AAU currently operates close to, but not precisely at, the systems end. The Panel thinks it may need to move a few steps closer to the outcomes end. This is so for a number of reasons.

- One of the objectives of the university system should be continuous improvement: an upward trend in the core activities of teaching, learning and research. There should be some assurance that the systems the university has in place are appropriate to achieve that. That will be difficult to do if the focus of audit never goes beyond the systems.
- An exclusive focus on systems can never tell the whole story. It is possible for an institution to have apparently excellent systems in line with best practice, yet still produce less than excellent results. In other words systems which appear on paper

to be sound may not necessarily correlate with the actual performance of the institution.

- So long as the AAU ostensibly concentrates solely on systems, it will be communicating solely with the universities. What the professions, the government, and overseas institutions want to know is the real quality of our universities.
- Perhaps most significantly, the TEAC reports indicate that in future quality of performance will come under increasing scrutiny. (See Recommendation 3 of its report “Shaping the Strategy”.) A government wishing such scrutiny may be less than fully satisfied by an assurance that a university’s paper trails are in order. Indeed as we understand the current proposals for the allocation of research funding, performance measurement of research will soon be upon us. The ‘quality’ claims made in charters and the impending profiles are also likely to lead to pressure for demonstration of those claims.
- In other countries where the university system is similar to our own institutions do report their outcomes.
- Even now it is not true to say that outcomes are not reported in this country. While the annual reports of the universities to the Minister do not follow any uniform format, some universities already do report on outcomes. Some, for example, refer to their teaching satisfaction surveys and their research performance. Again, in most universities the reports of departmental reviews are public documents presented to Council and available to the Press. Indeed since universities are under the Official Information Act it is difficult to see how they could resist requests to make this kind of information available in any event.

The Panel thus believes that a move towards reporting on and checking outcomes is inevitable. That is particularly so in the new atmosphere of accountability and monitoring to which the system is increasingly subject.

The Panel thus believes that in addition to their reports on internal audits which the universities will forward to the AAU, universities should also forward to the AAU each year:

- The reports of any departmental or faculty reviews undertaken during that year;
and

- A report of their performance against some basic key performance indicators.

The Panel emphasises that the purpose of this recommendation is to encourage continuous improvement; to confirm the link between good systems and their results; and to stimulate the sharing of innovative practices which have been demonstrated to work. It is not intended to generate a ranking system, and the panel would strongly oppose any such move (although, whatever happens, we suspect that there will be some who advocate a move to “league tables”.)

Our recommended move will obviously require the AAU to negotiate with the NZVCC some basic key performance indicators and international benchmarks. It is not envisaged that these would initially be numerous or detailed. They might include such things as teaching satisfaction surveys; graduate destinations; research measures; and acceptance of graduates into postgraduate programmes overseas. It is fully acknowledged that even in the international university community much work still remains to be done to develop effective indicators of teaching and learning, so progress cannot be expected to be immediate. The Panel acknowledges also that in some areas performance indicators may turn out to be impossible of exact formulation. In that case there would be no point in persisting: one cannot measure the immeasurable.

The Panel believes that efforts need to be made in this direction, and that performance indicators developed by the universities themselves are likely to be more effective and realistic than any which may be imposed on them from outside.

Recommendation 9 That the focus of audit be expanded to include some attention to outcomes as well as systems; and that to this end the AAU, after consultation with stakeholders, negotiate with the NZVCC some key performance indicators.

8. Compliance

If an AAU audit reveals a deficiency in some aspects of a university’s quality system and recommendations for improvement are made, it is important to ensure that improvement is in fact effected. There was some concern after the first round of audits that some universities may have been slower than others to respond to the recommendations of the AAU, although the evidence is that by the second round that

mind-set had changed significantly. The Panel does not doubt that there is now impetus to improvement among all members of the system. So the Panel does not currently perceive any serious problem. Nevertheless it is important to be confident that there is an adequate follow up process. The present system of requiring action plans, or “year-on” reports by the universities must be maintained, and the panel would like to see more clear definition of the steps in this process. If, in the course of its follow-up processes, the AAU considers that a university is, without good reason, either unable or unwilling to make necessary improvements, the Panel recommends that the Chair of the AAU Board should raise the matter with the NZVCC. There is only so far that the AAU can or should go in an enforcement role; it is not meant to be a policeman, and its developmental role would be seriously compromised if it were to be perceived as one. The NZVCC is better placed to exert necessary peer pressure on a recalcitrant university. The Panel heard a suggestion that in such a case it might be appropriate for the NZVCC to ask CUAP to monitor progress. The AAU Board might expect a report back from the NZVCC on the action taken.

The Panel reiterates that it believes it will very seldom be necessary to activate such an interventionist approach but it is important to be seen to have processes in place in case.

Recommendation 10 That in exceptional cases where a university is, without good reason, unable or unwilling to correct deficiencies identified by the AAU, the Chair of the AAU Board should raise the matter with the NZVCC.

9. Raising the profile

The AAU’s work has been instrumental in the development of a strong quality culture in the New Zealand university sector. Yet it is fair to say that while its work is well known in the universities and to some organisations outside the university sector, the general public, some of the professions, and even some government organisations, have an incomplete idea and understanding of its work. The Panel heard submissions that the AAU has a low profile, even in Wellington. That is so despite efforts already made by the AAU to improve the situation, for example by holding meetings with the professions, and setting up an ad hoc working group on communication.

It is increasingly important, given the imminent reforms in tertiary education, that the achievements of the university sector and of its quality control apparatus be known and understood by a wider public. There is a danger otherwise that the AAU will be overlooked or underestimated in reforms of the sector. It does an essential job, and that needs to be proclaimed and recognised. The Panel believes this is something which the AAU Board and the NZVCC need to recognise and jointly attempt to remedy. There is much ignorance and misunderstanding of the universities among the general public. What they learn is gained from the media, whose summaries of audit reports and other university activity are brief and sometimes somewhat negatively presented. The panel recommends that the AAU Board and the NZVCC discuss how a communication strategy might be developed and whether a communications officer might be shared by the two organisations.

Recommendation 11 That the AAU Board discuss with the NZVCC how a strategy might be developed to raise public awareness of the work of the AAU and the quality of the university system generally.

10. The AAU Board

The AAU Board began its life as an advisory body, but the word “advisory” was dropped from its title at an early stage. Currently its terms of reference combine elements of both advice and governance. The terms of reference read:

- “i advise the NZVCC on the terms of reference of the AAU and on its operation;
- ii determine the policy of the AAU, within the parameters set by this document, and monitor its implementation;
- iii appoint the Director of the AAU;
- iv approve the operating procedures of the AAU, and confirm that they are carried out;
- v approve the budget of the AAU for recommendation of the NZVCC;
- vi approve and submit an annual report of the AAU to the NZVCC.”

The present constitution of the Board is as follows:

- “i one student member representative nominated by the NZUSA;
- ii one member nominated by the national employers’ body;
- iii one member nominated by the national trade union body;
- iv two members drawn from those professions for which the universities provide a specific educational preparation, in respect of which nominations will be sought from the various relevant professional bodies;
- v two members drawn from the community, as a result of public notice;
- vi two senior academics, one nominated by the Australian Vice-Chancellors’ Committee, preferably being a member of the Australian Quality Committee or its equivalent, and one nominated by AUSNZ;
- vii one member of the NZVCC;
- viii the Director of the AAU;
- ix a chairperson appointed by the NZVCC either in addition to or from within the above members.”

In the Panel’s view this representative constitution well fits the original nature of the Board, that is to say an advisory group. It is not so convinced that it is a good constitution for a governance board, one of whose functions is to determine AAU policy.

The Panel recommends that the AAU Board and the NZVCC discuss a new structure whereby there might be two entities:

- i An advisory committee with a membership similar to the present Board to ensure that there is proper input from sectorial groups;
- ii A Board to exercise a governance and policy role whose membership would comprise persons experienced and skilled in universities and quality assurance.

It is envisaged that the Board would have a smaller membership than the advisory committee. Under such a structure the Board would on the one hand provide support for the Director to ensure that he or she is not isolated in the university environment,

and on the other provide the checks and balances which are desirable in any business enterprise.

The Panel noted a suggestion in one of the submissions that a representative of the Maori students should be on the Board. The Panel agrees with this sentiment although it may be that the Advisory Committee would be a better locus for such a person. The Panel also records its belief that there is no reason why a person actively involved as an auditor for the Audit Unit should not also be on the Board. The experience of such a person at the coalface, as it were, could make a valuable contribution.

Recommendation 12 That the existing AAU Board be replaced by 2 bodies, an advisory committee with a constitution similar to that of present Board, and a governing board comprised of persons with skill and experience in universities and quality assurance.

Recommendation 13 That a Maori student representative be included on the Advisory Committee; and that auditors be eligible for appointment to both the Advisory Committee and the Board.

D. The Framework And Mechanics Of Audit

The universities have undoubtedly learned from the audits already undertaken. They benefited from their very detailed nature, and received the detailed guidance that was needed at that time. The Panel has considered how the audit process might be modified to take account of the learning and development which has already taken place.

The core function of audit should be to determine how the university under audit is going about its goals of achieving excellence in its core functions of teaching, learning and research. The University needs to describe how it goes about that task, and demonstrate that its methods work. It is important to acknowledge that not all universities need to accomplish these ends in the same way; very different structures and processes may lead to equally excellent results. The audit processes should enable examples of innovative and effective practice to be disseminated to universities

generally so that they can substitute practices known to be effective for others that have proved to be less so. In other words the goal, as the Panel has stated previously, must be continuous improvement. The Panel commends the following matters to the attention of the AAU. It is acknowledged that the AAU has already indicated an intention to address some of them itself.

1. The manual

A number of universities commented in their submissions that even after modifications already made the audit manual “is not user friendly”. It is still hard to find one’s way around and needs an index. A further comment is more fundamental. The manual, having fulfilled a useful purpose in the early stages of development, can now be regarded as more detailed than necessary. Detail can lead to prescription, and it should not be the aim of audit to be prescriptive. The Panel believes that the manual can be much abbreviated and simplified to ensure that the main systems and results that are to be reviewed during the audit are not obscured by excessive detail. By describing these in general terms the universities and the auditors will still have a structure for collation and review of the institution, but the unique characteristics of each university’s approach and implementation will be able to be demonstrated. Several submissions to the panel agreed that it was now time to reduce the amount of fine detail.

Several submissions also felt that the manual does not currently contain clear guidance on the preparation of a university’s audit portfolio.

Recommendation 14 That the audit manual be revised with a view to attaining greater readability, simplicity, and elimination of unnecessary detail, and to providing clearer guidance on the preparation of a university’s audit portfolio.

2. The reports

The Panel accepts that the earlier reports of the AAU needed to descend into considerable detail, but it is suggested that in future much second-order detail could be eliminated. Rather the reports should identify and commend good practice, and identify other areas where improvement is desirable. The recommendations made should not be too directive, but more in the form of

guidelines: rather there are developmental advantages in allowing the university to address its shortcomings in its own way, calling on the advice and accumulated wisdom of the AAU to assist it.

Recommendation 15 That the audit reports omit second-order detail, and ensure that recommendations are not unduly prescriptive.

3. The panels

The universities' comments about the audit panels were overall favourable, although there was occasional comment about variability. The Panel has no doubt that selection of panel members is carefully considered and it is clear that there is a good system of auditor training; a number of the auditors who made submissions commented on the usefulness of that training. The panel records, however, two matters which were raised as concerns by more than one university.

First, some commented that they felt one strong panel member with fixed views could exercise disproportionate influence on the process. Secondly, there was occasional reference to a few panel members who did not make the audit their sole priority, but were absent for part of the process. The latter of these two problems is readily correctable and should be corrected. The first, to the extent that it exists, is more difficult because it involves the vagaries of individual personalities. Moreover the Panel is unable to gauge accurately the correctness of the perceptions conveyed in the universities' submissions. The Panel asks the AAU to note that concerns have been expressed about these matters.

4. The panel visit

Overall the panel visits and the interviews which form part of them are agreed by the universities to have been well conducted, and not many complaints were received about them. But a view which surfaced in a few submissions was that sometimes one persuasive individual appearing before the panel might have had disproportionate influence on the panel. Again it is difficult for the Review Panel to judge the accuracy and strength of this concern but the AAU is asked

to note it, and to ensure that the preparation of the audit panel and the triangulation process are effective in minimising it.

Recommendation 16 That the AAU note the concerns expressed in D3 and 4 of this report.

5. Feedback

A number of universities commented that they would have appreciated more feedback after the completion of the audit process. This, it was said, has two facets. First, some universities would have liked more comment on their own portfolio, that portfolio being the result of a self-review which they felt to be the most valuable part of the process. They said they would have benefited from comments specifically directed to it. Secondly, some staff in the universities who were closely involved in the process, whether in preparing the portfolio or in appearing before the audit panel, felt that they had not been sufficiently informed of the panel's impressions and conclusions. The review panel agree that feedback of this kind would be most beneficial, particularly now that it is suggested the AAU moves into a more developmental phase. The AAU should consider whether, particularly after the release of its audit report, the Director and / or another panel member might visit the university to speak to groups of staff, or a staff forum, to explain its report and to comment and answer questions on the audits panel's impressions. The Review Panel asks the AAU to give consideration to this matter.

Recommendation 17 That the AAU devise ways in which it can convey feedback to a university on its portfolio, and to the staff of the university on the audit generally.

6. Further subjects for audit

The Panel feels that it is time for the scope of audit to extend to two relatively new activities in which universities are becoming engaged. Both clearly raise quality issues. One is transnational education, whether by means of a New Zealand university offering an overseas institution's programmes, or offering its own programmes overseas. Unless rigorously controlled and monitored these activities have the potential to damage the international reputation of New

Zealand universities. The other is electronic learning, including distance education, which raises considerations additional to those which pertain in the more traditional modes of teaching and learning. The Panel believes that these topics should be added to those which are audited.

Recommendation 18 That transnational education and electronic learning be added to the topics subject to audit.

8 October 2001

Terms of Reference of AAU

To achieve its mission and goals, the AAU will:

- i review institutional systems for monitoring and enhancing academic quality and standards to ensure that they are appropriate for achieving their stated aims and objectives;
- ii comment on the extent to which procedures in place in individual institutions are applied effectively;
- iii comment on the extent to which procedures in place in individual institutions reflect good practice in maintaining quality;
- iv identify, devise, disseminate, and commend to universities good practice in regard to the maintenance and enhancement of academic standards at national level;
- v assist the university sector to improve its educational quality;
- vi advise the NZVCC on quality assurance matters;
- vii interact with other national and international agencies and organisations in relation to matters of quality assurance in education;
- viii carry out such contract work as is compatible with its audit role.

Critical Success Factors

To ensure continuing development and success of the AAU and its clients, the AAU will:

- i produce audit reports which are widely acknowledged to be authoritative, rigorous, fair and perceptive;
- ii contribute to the improvement of quality in NZ universities and other HEIs;
- iii liaise with relevant NZ organisations in relation to ensuring and demonstrating the academic quality of universities and, as appropriate, other HEIs;
- iv maintain sufficient international contact to give international credibility to its audit reports and other activities; and
- v contribute to the development of policies and practice in quality assurance, nationally and internationally.

Appendix B

Those from whom written submissions were received:

Association of University Staff of New Zealand

Ms Diane Baguley (auditor)

Professor Peter Holland (auditor)

Institute of Chartered Accountants of New Zealand

Professor D Gareth Jones (auditor)

Lincoln University

Lincoln University Branch of AUS

Dr Wilf Malcolm (Chair of AAU Board)

Massey University

Mr Graeme McNally (auditor)

Medical Council of New Zealand

Ministry of Education

Ministry of Women's Affairs

New Zealand Institute of Architects

New Zealand Qualifications Authority

New Zealand University Students' Association (Inc)

New Zealand Vice-Chancellors' Committee

New Zealand Vice-Chancellors' Committee Committee on University Academic Programmes

Otago University Students' Association (Inc)

Professor Brian Robinson (auditor)

Te Puni Kokiri

Dr Margriet Theron (auditor)

University of Auckland

University of Canterbury

University of Canterbury Students' Association

University of Otago

University of Waikato

Victoria University of Wellington

Mr Basil Wakelin (Deputy Chair of AAU Board)

Dr David Woodhouse (former Director AAU)

Appendix C

Interviews

Monday 13 August

- 9.00 - 10.00 AAU Board - Dr Wilf Malcolm (Chair), Mr Paul Goulter,
Mr Sam Huggard, Mr Basil Wakelin
- 10.00 - 11.00 NZVCC - Dr James McWha (Chair), Professor Daryl Le Grew,
Mr Lindsay Taiaroa
- 11.00 - 11.45 CUAP - Professor Graeme Fraser (Chair), Professor Roger Field,
Dr Phil Meade
- 11.45 - 12.30 NZUSA - Mr Andrew Campbell, Mr Chris Hipkins
- 1.00 - 1.45 AUS - Mr Neville Blampied (President), Ms Margaret Ledgerton,
Dr Karen Rhodes
- 1.45 - 2.30 Quality Managers - Canterbury – Mr John Jennings; VUW - Mr Martin Carroll,
Ms Jacquie Harper; Waikato - Dr Neville Withers
- 2.30 - 3.15 Ministry of Education – Ms Jane von Dadelszen
- 3.15 - 4.00 TEAC - Hon. Russell Marshall (Chair), Professor Jonathan Boston
- 4.00 - 4.45 Dr David Woodhouse, former Director AAU (teleconference)
- 4.45 - 5.15 Ms Robyn Harris, Acting Director AAU