

The Te Kaitiaki logo is a stylized white graphic of a tree with many branches, resembling a fern frond, positioned behind the red title box.

Audited Financial Statements and Statement of Service Performance

1 July 2012 –
30 June 2013

November 2013

AQA

Academic
QualityAgency
For New Zealand Universities

Reflections from the Chair

The 2012-2013 year was one of much change for AQA, most notably with the adoption of a new name from 1 January 2013, the completion of the last academic audit for Cycle 4, and the development and approval of a new framework of audit now in place for Cycle 5.

The new name and accompanying new visual identity has refreshed the corporate image of AQA and provides a renewed statement of the organisation's focus and role within the sector. The changes have been well received and, I believe, generated increased national recognition of the work of AQA as well as greater alignment with international nomenclature.

The second half of 2012 saw the last of the Cycle 4 academic audits with the completion of the audit of Lincoln University. In April 2013, AQA published a review of audit findings across Cycle 4 providing a useful look back over five years of audits, a period during which both the individual universities and quality assurance across the sector generally made great strides.

Planning for the Cycle 5 audits continued throughout 2012 culminating in the approval of a new framework in December 2012. This has been a highly consultative process and the result is a framework that I believe will serve AQA and the universities well in this next phase. The consultation process itself was a positive one leading to an internationally comparable framework that has a sense of strong buy-in from the universities. That consultative process along with other AQA activities including regular newsletters and website developments contributed to AQA receiving the inaugural Asia-Pacific Quality Network Award for Stakeholder Engagement.

AQA's national and international engagement continues to expand, in line with its objectives and on-going commitment to good practice. It was pleasing to see representatives from four Pacific Island nations at the inaugural *AQA Support for Quality* Conference in Auckland in May 2013, and AQA continues to build productive relationships with a number of peer agencies across the Pacific, Asia and Europe.

Three Board members retired at the end of 2012 (Jeremy Baker, Heather Baigent and Ralph Springett) and I thank them all for the significant contributions each has made during a period of substantial development for AQA. We welcomed three new members in 2013 (Pania Gray, Michèle Stanton and Kent Lloyd) and I am pleased that AQA is able to benefit from the skills and experience all three bring to the Board.

On behalf of the Board I thank Dr Jan Cameron, her staff and AQA auditors for their continued commitment to the work of AQA and to the quality of New Zealand university teaching, learning and student support.



Emeritus Professor David Mackay
Chair of the Board

Note about AQA financial statements and operations

The following audited financial statements and statement of service performance were prepared to meet AQA's financial and service reporting requirements for the year ended 30 June 2013. For financial reporting purposes, AQA is a subsidiary of the New Zealand Vice-Chancellors' Committee.

The operations of AQA, including academic audits, are independent of the New Zealand Vice-Chancellors' Committee and of the individual universities. The consolidation of AQA and NZVCC's financial accounts in no way compromises the operational independence of AQA in carrying out its activities.

INDEPENDENT AUDITOR'S REPORT**To the readers of Academic Quality Agency for New Zealand Universities
Financial Statements and Statement of Service Performance
for the year ended 30 June 2013**

The Auditor-General is the auditor of the Academic Quality Agency for New Zealand Universities. The Auditor-General has appointed me, Michael Rania, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and statement of service performance of the Academic Quality Agency for New Zealand Universities on her behalf.

We have audited:

- the attached financial statements of the Academic Quality Agency For New Zealand Universities, that comprise the statement of financial position as at 30 June 2013, the statement of financial performance and statement of movements in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Academic Quality Agency For New Zealand Universities.

Opinion

In our opinion:

- the attached financial statements of the Academic Quality Agency For New Zealand Universities:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Academic Quality Agency For New Zealand Universities:
 - financial position as at 30 June 2013; and
 - financial performance for the year ended on that date
- the attached Statement of Service Performance of the Academic Quality Agency For New Zealand Universities:
 - fairly reflects the Committee's service performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Our audit was completed on 16 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statements of service performance, whether due to fraud or error. In making those risk assessments; we



Academic
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BDO WELLINGTON

AUDIT REPORT CONTINUED

consider internal control relevant to the Academic Quality Agency For New Zealand Universities preparation of the financial statements and the statement of service performance that fairly reflect the matters to

which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Academic Quality Agency For New Zealand Universities internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and the statement of service performance; and
- the overall presentation of the financial statements and the statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Academic Quality Agency For New Zealand Universities financial position and financial performance.

In addition, the Board are responsible for preparing a statement of service performance that fairly reflects the service performance achievements measured against the performance targets adopted for the year.

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

The Board's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Academic Quality Agency For New Zealand Universities.

Michael Rania
BDO Wellington
On behalf of the Auditor-General
Wellington, New Zealand

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

	<u>Note</u>	Actual <u>2013</u>	Actual <u>2012</u>
<u>Income</u>		\$	\$
University Annual Grants	7	379,155	367,700
Audit fees		35,909	72,091
Interest Income		6,041	4,818
Consultancy & Sundry Income		18,675	5,610
Share of INQAAHE Trust Fund dissolution		-	7,812
		<u>439,780</u>	<u>458,031</u>
<u>Less Expenditure</u>			
ACC Levy		618	749
Advertising/brand services		14,206	-
Audit of Financial Statements		8,375	7,144
Accountancy Fees		3,041	6,731
Bank Fees		231	394
Computer & Website Expenses		18,471	9,930
Chairman's & Board Honoraria	6	17,464	15,795
Consultancy and Honoraria		18,702	42,965
Depreciation Computer Equipment		342	408
Depreciation Office Equipment and Furniture		432	432
General Expenses		1,739	1,000
Insurance		4,708	2,491
Interest		220	697
Legal Fees		302	214
Meeting Expenses		3,336	2,618
Occupancy Costs		30,122	29,762
Office Expenses and Administration		13,894	6,601
Recruitment Costs		2,017	-
Salaries	5	211,332	201,798
Seminars & Conferences		12,608	2,466

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

	<u>Note</u>	Actual <u>2013</u>	Actual <u>2012</u>
Subscriptions		1,526	1,589
Superannuation		8,411	8,350
Telephone, Tolls and Fax		2,321	3,825
Travel and Accommodation			
- New Zealand Travel		5,225	9,438
- International Travel		13,125	4,450
- Board Travel		4,145	3,600
- Audit Travel		7,480	17,471
- Accommodation/meals		9,604	15,826
NZVCC Staff Services		8,832	9,810
		<u>422,829</u>	<u>406,554</u>
Net Surplus/ (Deficit) for the Year		\$16,951 =====	\$51,477 =====

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kounga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Actual <u>2013</u> \$	Actual <u>2012</u> \$
Equity at Start of the Year	114,357	62,880
Net Surplus/ (Deficit) for the Year	<u>16,951</u>	<u>51,477</u>
Equity at End of the Year	131,308 =====	114,357 =====

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

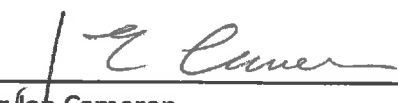
	<u>Note</u>	Actual <u>2013</u> \$	Actual <u>2012</u> \$
<u>EQUITY</u>			
Accumulated Funds		131,308 =====	\$114,357 =====
<u>Represented by:</u>			
<u>Current Assets</u>			
Bank Accounts	2	126,613	132,949
Accounts Receivable		10,576	20,923
Petty Cash		53	53
Prepaid Expenses		24,646	7,720
GST Receivable		554	5,924
Accrued Interest		1,116 -----	889 -----
		163,558	168,458
<u>Non-Current Assets</u>			
Fixed Assets as per Schedule	4	1,266 -----	2,040 -----
<u>Total Assets</u>		164,824 -----	170,498 -----
<u>Current Liabilities</u>			
Accounts Payable		13,483	12,195
Accruals	3	11,375	19,007
Income received in Advance		-	12,111
Annual Leave, Wages & Employer Superannuation		8,462	8,836
BNZ Credit Card		196	140
Finance Lease Liability		- -----	3,852 -----
		33,516	56,141

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2013

<u>Note</u>	Actual <u>2013</u> \$	Actual <u>2012</u> \$
	-----	-----
<u>Total Liabilities</u>	33,516	56,141
	-----	-----
Net Assets	\$131,308	\$114,357
	=====	=====



Dr Ian Cameron
Director
Academic Quality Agency for
New Zealand Universities



Professor David Mackay
Chair
Academic Quality Agency for
New Zealand Universities

DATE 16/9/13

DATE 16 September 2013

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.



Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2013

There were no contingent liabilities as at 30 June 2013. (2012 nil)

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.



Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF COMMITMENTS
FOR THE YEAR ENDED 30 JUNE 2013

There were no operating, finance or capital commitments as at 30 June 2013. (2012 \$3,852)

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of the Academic Quality Agency for New Zealand Universities. ("AQA"). Until 1 January 2013, AQA was previously known as the New Zealand Universities Academic Audit Unit.

AQA was established in 1993 (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.

Basis of Preparation

The financial statements have been prepared on the historical cost basis. These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand.

Accounting Policies

Revenue Recognition

University annual grants are recognised as revenue linearly over the financial year to which they relate. Non-grant revenue is recognised when earned and is reported in the financial period to which it relates.

Depreciation

Depreciation has been charged in the Statement of Financial Performance using the following rates:

Computer Equipment	48.0% SL
Office Equipment and Furniture	16.2% SL

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation.

Accounts Receivable

Accounts receivable are recorded at net realisable value.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

Goods & Services Tax (GST)

The financial statements have been prepared stating all income and expenditure items exclusive of GST, with the exception of accounts receivable and accounts payable which are stated with GST. GST owed or owing at year-end is included in the Statement of Financial Position.

Income Tax

AQA, as a subsidiary of NZVCC, is exempt from Income Tax.

Differential Reporting

AQA is a qualifying entity in terms of the New Zealand Institute of Chartered Accountants framework of differential reporting as:

- i) It has no public accountability for the reporting period; and
- ii) It is not large.

All available exemptions have been adopted.

Adoption of International Financial Reporting Standards

In December 2002, the New Zealand Government announced that New Zealand International Financial Reporting Standards ("NZ IFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. In September 2007, the Accounting Standards Review Board (now External Reporting Board) announced that small to medium-size businesses which satisfy certain criteria, would not be required to apply NZ IFRS until further notice.

AQA satisfies these criteria.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

Leases

AQA leases certain plant and equipment.

Finance leases, which effectively transfer to AQA substantially all of the risks and benefits incident to ownership of the leased item, are shown as the total of the minimum lease payments with future finance charges deducted. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period AQA is expected to benefit from their use.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on bases consistent with those of the previous year.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

	Actual <u>2013</u> \$	Actual <u>2012</u> \$
<u>2</u> <u>BANK ACCOUNTS</u>		
Bank of New Zealand		
- Current Account	16,340	11,705
- Auto Call Account	26,476	40,446
- Short Term Deposits	83,797	80,799
	-----	-----
	126,613	132,949
	=====	=====

	<u>2013</u> \$	<u>2012</u> \$
<u>3</u> <u>ACCRUALS</u>		
Honoraria	-	8,863
Accrued expenses	11,375	10,144
	-----	-----
	11,375	19,007
	=====	=====

4 FIXED ASSETS

<u>Asset Category</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Loss on Disposal</u>	<u>Net Book Value 30/06/13</u>	<u>Net Book Value 30/06/12</u>
Computer Equipment	852	852	-	-	342
Office Equipment & Furniture	2,670	1,404	-	1,266	1,698
	-----	-----	-----	-----	-----
	\$3,522	\$2,256	\$-	\$1,266	\$2,040
	=====	=====	=====	=====	=====

Academic Quality Agency for New Zealand Universities
Te Pokapū Kōunga Mātauranga mō ngā Whare Wānanga o Aotearoa

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013

5 EMPLOYEE REMUNERATION

The Director's remuneration and benefits is in the \$130,000 - \$140,000 band (2012 \$120,000 - \$130,000). There were no other employees who received remuneration benefits greater than \$100,000.

6 CHAIRMAN'S AND BOARD HONORARIA

The following members of the Board were paid Honoraria:

Name	Term	Amount
Ms Heather Baigent	01/07/2012 – 31/12/2012	\$634.00
Mr Jeremy Baker (Deputy Chair to 31/12/2012)	01/07/2012 – 31/12/2012	\$1,304.50
Ms Pania Gray	01/01/2013 – 30/06/2013	\$633.50
Mr Kent Lloyd	01/01/2013 – 30/06/2013	\$633.50
Professor David Mackay (Chair)	01/07/2011 – 30/06/2012	\$9,786.00
Assoc. Professor Maureen Montgomery	01/01/2012 – 30/06/2012	\$1,267.00
Mr John Sinclair (Deputy Chair from 01/01/2013)	01/07/2011 – 30/06/2012	\$1,938.00
Mr Ralph Springett	01/07/2012 – 31/12/2012	\$634.00
Ms Michèle Stanton	01/01/2013 – 30/06/2013	\$633.50
TOTAL		\$17,464.00

7 RELATED PARTY TRANSACTIONS

New Zealand Vice-Chancellors' Committee (NZVCC) is the parent body of AQA.

During the year AQA applied for and received \$379,155 in University Annual Grants from the universities, collected by NZVCC. AQA has an annual service lease agreement with NZVCC covering rent, computers, website maintenance, and agreed administrative support. In 2012/13 payments made under this lease totalled \$48,836. One NZVCC staff member attended an AQA conference in May 2013 paying \$261 to AQA in attendance fees.

Academic Quality Agency for New Zealand Universities
Te Pokapū Kounga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 June 2013

Academic Quality Assurance

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

Service Provided¹

The Mission of AQA is to contribute to high quality 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.

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. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in 2009) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (in 2013).

(a) Objective²

Quality Assurance

To ensure academic audits are timely and produce audit reports which are of assistance to universities, are authoritative, fair and perceptive.

Achievement

- Quality of academic audit processes has been assured by Board oversight and approval and by consultation with both NZVCC and the universities individually.
- Audit of Lincoln University completed as scheduled; report accepted by the University in October 2012; audit report published (October 2012).

¹ Extracted from AQA Constitution, Appendix

² Objectives extracted from AQA Constitution, Appendix

- Follow-up audit reports received from AUT University and the University of Otago as scheduled (February 2013; June 2013).
- Development of Cycle 5 academic audit framework, incorporating consultation with universities, auditors and other stakeholders with respect to acceptability, feasibility, utility and timeliness.
- Board approval and publication of Cycle 5 academic audit framework and schedule of audits (January 2013).
- Publication of Cycle 5 Academic Audit Handbook for Universities (May 2013).

(b) Objective

Quality Enhancement

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement in education, both nationally and internationally.

Achievement

- Publication of four newsletters (September, December, March and June); continuation consistent with feedback from 2011 communications survey³.
- Addition of new quality enhancement resources to the AQA website.
- Two workshops for universities on Cycle 5 methodology including self-review (September 2012 and April 2013).
- Publication of report on Cycle 4 academic audit findings (April 2013).
- "Support for Quality" conference for universities (May 2013) included participation by international colleagues. Participant feedback endorsed quality, timing, location and relevance.

(c) Objective

Quality Enhancement

To improve the quality of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally.

Achievement

- Invited member of both ongoing and ad hoc national and international board, working parties and consultative groups.
- AQA's work is benchmarked internationally. The agency is independently audited every five years (last audited in 2009) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (in 2013).

³ Surveys conducted biennially.

- Consultancy and contracts undertaken in Hong Kong and the Pacific.
- Receipt of Asia Pacific Quality Network Quality Award 2013 for Stakeholder Engagement.

(d) Objective

Quality Support

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

Achievement

- Office administration is underpinned by serviced lease arrangement with Universities New Zealand, facilitating appropriate quality and timeliness of delivery. Agreement is reviewed annually.
- Independent review of adherence with INQAAHE Guidelines of Good Practice in Quality Assurance in response to recommendations from 2009 audit of [then] NZUAAU. AQA's compliance confirmed by INQAAHE and published on INQAAHE website (October 2012).
- Change of name and new branding image to better reflect the professional nature of the organisation and the full spectrum of AQA's objectives, and to align with international terminology.
- Annual review of budget and staffing requirements; all subject to on-going monitoring by the Director and Board and budget approval by the NZVCC (Strategic Plan submitted to NZVCC in support of the budget, for information).



AQA | Academic
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