

Annual report for the year 2011

a report on the activities of the
New Zealand Universities
Academic Audit Unit - Te Wāhanga Tātari

New Zealand Universities Academic Audit Unit
Te Wāhanga Tātari

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New Zealand Universities
Academic Audit Unit - *Te Wāhanga Tātari*

*as adopted by the Board and incorporating financial statements
for the period 1 July 2010 – 30 June 2011*

Membership of the Board for 2011

<i>Chair</i>	Emeritus Professor David Mackay	term expires 30 January 2015
<i>Deputy Chair</i>	Mr Jeremy Baker Learning State Ltd. (formerly of Industry Training Federation)	term expires 31 December 2012
<i>Nominated by Business New Zealand</i>	Hon Steve Maharey Massey University	term expires 30 June 2014
<i>Member of the New Zealand Vice- Chancellors' Committee</i>	Dr Alison Kuiper University of Sydney (formerly of Lincoln University)	term expired 31 December 2011
<i>Nominated by the Association of University Staff of New Zealand</i>	Mr Max Hardy New Zealand Union of Students' Associations	term expired 31 December 2011
<i>Nominated by the New Zealand Union of Students' Associations</i>	Mr John Sinclair NZ Institute of Architects	term expires 31 December 2012
<i>Nominated by the Professions</i>	Ms Heather Baigent Interact Consulting Ltd	term expires 31 December 2012
<i>Member of the community with expertise in quality assurance</i>	Dr Jan Cameron	

New Zealand Universities Academic Audit Unit

Mission

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.

Terms of Reference

- to consider and review the universities' mechanisms for monitoring and enhancing the ongoing academic quality of academic programmes, their delivery and their learning outcomes, and the extent to which the universities are achieving their stated aims and objectives in these areas;
- to comment on the extent to which procedures in place in individual universities are applied effectively;
- to comment on the extent to which procedures in place in individual universities reflect good practice in maintaining quality;
- to identify and commend to universities national and international good practice in regard to academic quality assurance and quality enhancement;
- to assist the university sector to improve its educational quality;
- to advise the New Zealand Vice-Chancellors' Committee on quality assurance matters;
- to carry out such contract work as is compatible with its audit role.

NZUAAU began operations in 1994 and completed two pilot audits and Cycle 1 whole-of-institution academic audits of all universities between 1995 and 1998. Cycle 2 academic audits – on the national theme of research policy, management and performance, support for postgraduate research students, and the research-teaching link, as well as institutional themes nominated by the universities and agreed to by NZUAAU – were conducted during 2000 and 2001. Cycle 3 academic audits – on teaching quality, programme delivery and the achievement of learning outcomes – were conducted during 2003-2006.

Cycle 4 academic audits – fully institutional audits – are being administered between 2008 and 2012. The New Zealand Universities Academic Audit Unit acts as a fully independent body in the conduct of its audit activities.

Report from the Chair of the Board



Management Report and Audit

The Management Report and opinion on financial statements for the year ended 30 June 2011 has been received from the auditors BDO. Once again the auditors issued an unqualified report, noting a small number of audit adjustments with no identified material weaknesses in the internal controls of NZUAAU. During the year the decision was made to end the relationship with accountancy firm Miller Dean and move some processes in-house while sharing some others with Universities New Zealand- *Te Pōkai Tara*.

Progress on University Audits

The audits of AUT University and the University of Otago were successfully completed in 2011. The preparation and site visits for these audits proceeded smoothly. The draft Otago report was sent to the University for factual checking shortly before Christmas 2011 with the final report due to be finalised in the New Year.

At its meeting in September the Board of the NZUAAU noted with sadness the death of Sir Paul Reeves, Chancellor of AUT University. Sir Paul had appeared before the audit panel a month before his death.

The selection of the audit panels has been challenging at times, and once again raised the issue of the size of the Register of Auditors. If the Register is too large then with two audits a year on average a problem arises in terms of giving individual auditors adequate experience. On the other hand, given the need for a good mix of auditors in terms of experience, disciplinary area, gender and ethnicity getting the appropriate balance can sometimes pose challenges if the Register is too small. Notwithstanding these characteristics, the overriding imperative remains the experience and skill of auditors. All audit panels also include an international member.

Future Direction of University Audits

As indicated in my last annual report, the year 2011 was scheduled as an opportunity to discuss the future shape of university audits as Cycle 4 comes to an end. Following discussions with university staff at the 2010 Quality Enhancement Meeting the initial proposal was for a reduced number of whole of institutional audits and the substitution of theme audits at both sector and university level.

A discussion paper seeking feedback was distributed to the universities. Although no unanimous view emerged it became clear that while there was support for some thematic audits the move away from regular whole-of-institution audits was not supported. Accordingly a revised paper capturing these views was referred to the Vice-Chancellors at a Universities New Zealand- *Te Pōkai Tara* meeting in December and was broadly supported. The Board of NZUAAU subsequently approved a fifth cycle of academic audits commencing in 2013.

Australian Universities Audit Changes

In August the Australian Universities Quality Agency (AUQA) was disestablished and its functions transferred to TEQSA – the Tertiary Education Quality and Standards Agency. When it was first established AUQA was modelled on our unit and its first Director, David Woodhouse, had been a Director of the NZUAAU. This linkage has now been profoundly broken with Australia moving in a different direction in both structure and process.

On 17 November TEQSA announced that the university audits scheduled at that point would not proceed and a new set of arrangements would be adopted including an initial scan of providers, a re-registration process, annual reports, data collection and various other reporting requirements. These changes have implications for the NZUAAU both at an operational and philosophical level. We have drawn on the Australian Register of Auditors for external representation on our own audits and it is unclear at this stage what the status of the Australian register now is. We have also been included in the AUQA Good Practice Database and our status here is unclear in the future.

The change in direction in Australia may also raise questions about our own current practice. However it is important to note that both the structure and scope of the Australian tertiary quality regime is very different from that in New Zealand. TEQSA covers all higher education institutions outside the TAFE sector and therefore embraces a much wider range of organisations. Additionally, the standards regime adopted in Australia is very fine-grained and on the academic side is broken down to disciplinary level. Such a procedure would be very exacting and heavy handed for an eight university structure such as our own. Nevertheless the NZUAAU has seen merit in developing some aspects of a standards regime and these are incorporated in the “expectations” set out in the Cycle 5 discussion paper that went to the Vice-Chancellors in December.

Other Matters

The merits of appointing an additional management resource in the Unit have been fully realised in 2011. The intention had been to augment the analytical and quality enhancement functions of the Unit. While taking over some of the burdens of the Director the Quality Enhancement and Communications Manager has been able to continue revision of the website and production of a regular newsletter, and has produced a substantial report in the form of a Thematic Overview of Institutional Audit 2000-2010 as well as other reports. During the year there have been further efficiency gains in the operations of the NZUAAU as a result of the merging of some services with Universities New Zealand - *Te Pōkai Tara*. This has been managed in a way to ensure the functional autonomy of the Unit.

On behalf of Universities New Zealand the NZUAAU conducted an audit of CUAP, the Committee on University Academic Programmes in September. Because of the Director’s previous long association with CUAP, the Quality Enhancement and Communications Manager of the NZUAAU provided secretariat support for the review that was completed in November.

At the final NZUAAU Board on 12 December I noted the retirement from the Board of Dr Alison Kuiper and Mr Max Hardy and I thanked them for their constructive contributions to the Board. More generally I wish to thank all members of the Board for their work and

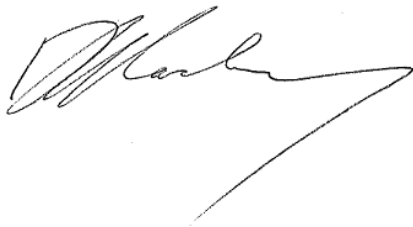
commitment during 2011 and particularly the Deputy Chair, Jeremy Baker who has taken on additional burdens during my absences.

During the year I have visited the NZUAAU office on a regular basis to meet with the Director and provide support and assistance.

Personal comments

While not able to serve on audit panels of New Zealand Universities both the Chair and the Director remain registered auditors. In this capacity I chaired a pilot audit of the Polytechnic of Namibia in Windhoek at the end of July. The NZUAAU had established a relationship with the Namibian National Council of Higher Education in 2010.

At its meeting on 14 October 2011 Universities New Zealand- *Te Pōkai Tara* reappointed me as Chair of the NZUAAU Board for a further three year term from 1 February 2012 to 30 January 2015.

A handwritten signature in black ink, appearing to read 'D Mackay', with a long, sweeping underline that extends to the right.

David Mackay
Chair of the Board

Report from the Director



Finance

The following financial statements and Statement of Service Performance cover the financial year 1 July 2010 – 30 June 2011. The expenditure for the year ended 30 June 2011 resulted in an operating deficit of \$9,848, compared to a surplus of \$9,683 for the year ended 30 June 2010.

Expenditure for the year ended 30 June 2011 included costs associated with the development of a new website and with office restructuring which were not budgeted for. Some office administration functions have now shifted to Universities New Zealand - *Te Pōkai Tara* with an expected consequential increase in cost of the serviced lease but reduced overall expenditure on office administration. The full effect of these changes is expected to become evident during the 2011-2012 financial year.

NZUAAU was one of the four trustees of the INQAAHE Conference Fund, established after the 2005 INQAAHE conference. During 2010 one of the trustees, ITP Quality, ceased to exist. The remaining trustees, namely NZUAAU, NZQA and Universities New Zealand decided that in light of the limited funds remaining, the fund should be wound up and the assets of \$32,412 disbursed as one-third to each trustee, less outstanding expenses, to be used in accordance with the original terms of the trust.

Staffing

In addition to the routine activity of the Unit in conducting academic audits, in the second half of 2011 (which does not fall within the accompanying Statement of Service Performance) attention is drawn to the new activities that have been facilitated by the establishment of the position of Quality Enhancement and Communications Manager. An internal evaluation of the Unit's communication activities has endorsed progress made in the past 12 months and also provided a clearer direction for the quality enhancement and communication activities of the Unit in the future.

Academic Audits

The second half of 2011 has also seen NZUAAU devote much of its energies to the determination of the forthcoming cycle of audits. Initial development work has included consultation with the sector as well as exploration of recent international shifts in academic quality assurance practice.

International

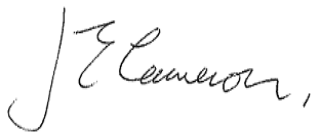
As a member of the Board of the Asia-Pacific Quality Network (APQN), I have had continued involvement in network activities with a key focus on management of the Mutual Recognition project.

With the disestablishment of AUQA, the staff of NZUAAU are exploring potential for new relationships with its successor, TEQSA, and with other international quality agencies, in particular, the QAA Scotland.

In May 2011 I was a member of a panel appointed by the Oman Academic Accreditation Authority to audit the Oman Tourism College in Muscat.

Personal

I would like to express my appreciation to the Chair and Deputy Chair of the NZUAAU Board, and to the Executive Director and staff of Universities New Zealand - *Te Pōkai Tara*, for their on-going advice and support.

A handwritten signature in black ink, appearing to read 'J Cameron', with a stylized flourish at the end.

Dr Jan Cameron
Director

Financial Summary

New Zealand Universities Academic Audit Unit

Statement of Financial Performance for the year ended 30 June 2011 (summary)

	2011	2010
	\$	\$
Income		
University Annual Grants	367,700	380,030
Academic Audit Fees	59,489	59,587
Interest Income	4,713	3,455
Consultancy and Sundry Income	10,720	2,354
Total Income	442,622	445,426
Expenditure		
Administration and Office expenses:		
- Occupancy costs	34,905	18,139
- Computer and Website expenses	17,469	-
- Accounting and Financial Audit	25,144	30,557
- Printing, insurance and other general expenses	22,009	36,792
- UNZ Staff Services	<u>5,394</u>	<u>-</u>
Total: Administration and Office expenses	104,921	85,488
Salaries, Wages and ACC Levies	180,085	168,403
Recruitment, Training and Development	6,297	17,649
Meetings, Consultancy, and Honoraria	96,696	95,558
Travel and Accommodation	62,735	60,434
Interest (finance lease)	1,202	1,728
Depreciation	534	6,483
Total Expenditure	452,470	435,743
Net (Deficit)/Surplus for the Year	(\$9,848) *	\$9,683 **

* See page 6.

** Amended upwards during audit from previously stated 2010 Annual Report net surplus figure of \$5,130. NZUAAU Board calendar year honoraria payments for July – December 2010 were erroneously included in the 2009/10 financial year.

New Zealand Universities Academic Audit Unit

Statement of Financial Position as at 30 June 2011 (summary)

	2011	2010
	\$	\$
Assets:		
Current Assets	144,962	119,777
Fixed Assets	2,879	5,605
Total Assets	147,841	125,382
Current Liabilities:		
Accounts Payable	25,632	19,347
Annual Leave, Wages & Employer Superannuation	11,140	6,497
Accruals	40,441	13,274
BNZ Credit Card	152	2,878
Current Portion Lease Liability	<u>3,744</u>	<u>3,196</u>
	81,109	45,192
Non-Current Liability:		
Lease Liability	3,852	7,461
Total Liabilities	84,961	52,653
Net Assets	\$62,880	\$72,729 *

* Amended upwards during audit from previously stated 2010 Annual Report net assets figure of \$68,229. NZUAAU Board calendar year honoraria payments for July – December 2010 were erroneously included in the 2009/10 financial year.

Statement of Service Performance

Statement of service performance against the objectives of the New Zealand Universities Academic Audit Unit for the period 1 July 2010 to 30 June 2011

Objective 1 Quality Assurance

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

New Zealand University Academic Audits

Cycle 4 academic audits were completed for the University of Canterbury (August 2010) and the University of Waikato (November 2010).

The University of Canterbury assessment was conducted in March (preliminary assessment of the audit portfolio submitted at the end of March) – June (site visit) 2010. The report was finalised in August 2010. Because the Director of NZUAAU had previously been a member of staff at the University of Canterbury and had managed the University's self-review process, it was agreed with the University that the previous director, Mr Jennings, would be the secretariat for the audit. The present Director played no part in the administration of the audit, received no documentation pertaining to the audit, played no part in the evaluation process, and was not party to any panel discussion or to the report writing.

The audit produced 12 Recommendations, 5 Affirmations and 6 Commendations. The audit panel Chair and the present Director of NZUAAU visited the University on 22 November 2010 for discussion of audit recommendations and to receive feedback on audit process. The University expressed overall satisfaction with the audit process and was making progress towards meeting the recommendations.

The University of Canterbury requested, and was granted, a deferral of its one-year follow-up on the recommendations due to the impact of the February 2011 earthquake, which severely affected the campus and staff work priorities. This has now been rescheduled for the first half of 2012.

The University of Waikato assessment was conducted in June (preliminary meeting) -August (site visit) 2010. The audit produced 11 Recommendations, 8 Affirmations and 18 Commendations. The audit panel Chair and the Director held a teleconference with key staff at the University of Waikato on 4 May 2011. The University gave very favourable feedback on both the audit process and the audit outcome. It was also agreed that the teleconference format for informal follow-up worked very well and avoided a full day of travel for two people.

During 2010-11 the Director met with staff at AUT University (23 July 2010) and at the University of Otago (on 3 December 2010 and 25 March 2011) regarding their audits in 2011.

Planning and assessment for the academic audit of AUT University occurred over the first half of 2011. Preliminary meetings of the panel were held on 28 March and 16 May; the site visit occurred 14-17 June 2011. The site visit was observed by Dr Shyamasundar (NAAC, India).

In April 2011, Victoria University of Wellington submitted a detailed follow-up report on the recommendations from their 2009 audit.

Other Audits

In May 2011 NZUAAU was approached by Universities New Zealand requesting that NZUAAU carry out the five-yearly audit of the Committee on University Academic Programmes (CUAP) scheduled for the end of 2011.

The Director served as an auditor for the Oman Academic Accreditation Authority. The Chair of the Board chaired an audit panel for the National Council for Higher Education in Namibia.

Future New Zealand University Audit

At a meeting with the Vice-Chancellors on 11 February 2011 the Chair and the Director discussed the possible format for audits after Cycle 4 has finished. In June 2011 the Board approved a discussion paper on future audits. This was circulated to universities, the Vice-Chancellors' Committee and to auditors for consultation in June.

Auditor Training

An all-day auditor training meeting was held in Wellington on 22 September 2010.

Objective 2 Quality Enhancement

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

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

National activities

NZUAAU sponsored and facilitated a Quality Enhancement Meeting (QEM15) in Wellington (hosted by Massey University) on 23 September 2010.

The Director attended the Australasian Higher Education Evaluation Conference at Lincoln University in November 2010 and discussed auditor training with Jane Davidson (RealEvaluation).

The Director was a member of the steering group for a tertiary sector conference on self-assessment, hosted by Otago Polytechnic, in December 2010.

In July 2010 the Director was a member of an NZQA Working party to develop descriptors for the new NZ Qualifications framework; on 30 September 2010 she attended an NZQA workshop on degree definitions, on behalf of CUAP. The Director meets from time to time with other New Zealand education staff, including university staff, the Secretary for Education, the Chief Reviewer of the Education Review Office, staff of NZQA, staff of AKO Aotearoa, and staff of Universities NZ (and former staff of ITPQ).

In August 2010, NZUAAU produced its first newsletter summarising NZUAAU activities and featuring recent reports, conferences and other news related to higher education quality in New Zealand and overseas. The Newsletter has been produced every three months since and has been well received by the sector.

The NZUAAU website underwent a major review in late-2010 and was relaunched with improved functionality and content in December 2010.

In the first half of 2011, the NZUAAU and Universities New Zealand worked on a joint publication describing the legal and operating basis of NZUAAU and CUAP (the Committee on University Academic Programmes). “Academic Quality Assurance of New Zealand Universities” was published on the NZUAAU website and in hardcopy in July 2011. This booklet has been designed primarily for individuals and organisations outside of the New Zealand university sector and provides an introduction to the quality assurance context of New Zealand universities.

A major undertaking in the first half of 2011 was a thematic analysis of audit report recommendations, commendations and affirmations since 2000, leading to the release of “Series on Quality No. 11: A thematic overview of institutional audit 2000 – 2010”. This was the first volume of this series to be produced since 2006.

The NZUAAU facilitated the selection and independent review of good practices from recent audits of three New Zealand universities, leading to their inclusion in the Australian Universities Quality Agency (AUQA) Good Practice Database. These were the first New Zealand practices to be included since 2007.

International activities

The Director attended the Asia-Pacific Quality Network (APQN) meeting in Bangalore, India in March 2011 and the meeting of the International Network of Quality Assurance Agencies in Higher Education in Madrid, Spain in April. Overview comments from these meetings were shared with the NZUAAU Board and with universities both formally and informally. The Director visited the Irish Universities Quality Board in Dublin, and QAA Scotland in Glasgow in April, exploring a range of quality assurance and quality enhancement practices and the possibility of closer interaction with QAA Scotland, in particular.

At the 2011 APQN meeting the Director facilitated a workshop on mutual recognition of quality assurance agencies. At the 2011 INQAAHE meeting the Director participated in workshops on “Managing external quality assurance agencies” and “Effective site visits”.

The Chair, Director and the Quality Enhancement and Communications Manager attended the Australian Universities Quality Forum in Melbourne in June 2011. Both the Director and the Quality Enhancement and Communications Manager have had discussions with

Australian Universities Quality Agency colleagues, both in person and by email, and have explored best practice in auditor training and in communication of good practice.

The Director was appointed to the Board of the Asia-Pacific Quality Network, APQN, in April 2011, through which she has input to initiatives planned in several developing countries. The Director is convenor of an APQN four-country project to develop a methodology for assessing quality assurance processes as part of an evaluation towards mutual recognition of institutional quality assurance. Participants are NZUAAU, AUQA (now TEQSA), Malaysia QA and NAAC (India). A document-based assessment of the four agencies has been completed; two audits have been observed by participants, including the NAAC observation of the audit of AUT University in June. A scheduled meeting of the group in Auckland in June was cancelled because of the ash cloud affecting travel.

NZUAAU hosted an intern from the Samoa Qualifications Authority, sponsored by APQN, 9-23 July 2010. Other International visitors hosted include quality assurance practitioners from Ghana (20 July 2010), Belgium (18 August 2010), Iraq-Kurdistan (19 August 2010), China (3 September 2010), Namibia (13 October 2010), India (9-10 June 2011).

Objective 3 Quality Support

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

NZUAAU response to the recommendations from the 2009 external audit of NZUAAU were submitted to the Vice-Chancellors' Committee in March 2011.

The Chair of the Board and the Director met with the Vice-Chancellors' Committee to discuss the NZUAAU Strategic Plan in February 2011. A budget based on the plan was submitted to the Vice-Chancellors in May, and approved, in June.

During the latter half of 2010 the Director undertook a staffing and activity review of NZUAAU support needs. An independent needs analysis was conducted with input from key stakeholders. As a result the office staffing was restructured. The Office Manager position was disestablished and a new professional role, Quality Enhancement and Communications Manager, created, the latter reflecting not only the needs gap identified by stakeholders but also the direction recommended by the 2009 audit of NZUAAU.

In order to ensure ongoing high quality office support, NZUAAU negotiated with Universities NZ to provide this as part of an extended "serviced lease" arrangement. This involves office support (e.g., filing; arranging catering; stationery ordering) as well as access to support for computing, publications, web design etc. As a result, NZUAAU now has very few independent arrangements with outside service providers. Efficiency has been achieved along with the higher level of professionalism provided by Universities NZ staff.

The Quality Enhancement and Communications Manager was appointed in February 2011 to a 0.6 FTE position, significantly improving the professional service provided to universities by NZUAAU.

All policies and administrative procedures of NZUAAU were reviewed during the latter half of 2010 and revisions approved by the Board in March 2011. The Operations Manual for

NZUAAU was reviewed and revised in June 2011. As a risk management strategy copies are held by the Board Chair and Deputy Chair (in Wellington), and one copy is held in the office of the Universities New Zealand Board member, at Massey University.

For the audit of AUT University the Quality Enhancement and Communications Manager attended as part of the secretariat. Previously NZUAAU had engaged a person from a commercial organisation as note-taker. However experience had shown that externally appointed secretarial staff had little understanding of university processes. Involvement of the Quality Enhancement and Communications Manager in this role ensures a high standard of audit panel support. This experience also ensures sufficient familiarity with audit process as to provide a contingency against any possible absence of the Director in the future.

Miller Dean Chartered Accountants continued to provide accountancy services for all accounting activity until the end of the 2010-2011 financial year. Orbit Travel have been engaged to manage international travel not booked with Air New Zealand. Universities New Zealand provides Health and Safety oversight, including emergency preparedness.

