



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

PO Box 5787, Lambton Quay, Wellington 6145, New Zealand
Level 9, 142 Lambton Quay, Wellington 6011, New Zealand
Tel: + 64 4 801 7924, Fax: + 64 4 381 8501, Email: admin@nzuaau.ac.nz

External Review of NZUAAU August 2009

Report on Recommendations November 2010

The external review of NZUAAU in August 2009 made a number of recommendations. The following report summarizes the responses to the recommendations which were considered by the Board of NZUAAU at its 10 November 2010 meeting.

1. Role of the Audit Unit

(a) Independence

R1. The Panel recommends that the Board and then NZVCC discuss ways to strengthen the real and perceived independence of the NZUAAU and consider how this can best be ensured for the future (Review Report, p8).

This recommendation from the review of NZUAAU touches on a range of aspects of the relationship between NZUAAU and Universities New Zealand (formerly NZVCC), namely funding, governance and operation.

The Board has considered the mode of appointment of its Chair and its members; the role of Universities New Zealand in providing funding and confirming the NZUAAU Constitution; the determination of audit themes and audit methodology; the operation of audits and the finalisation of audit reports.

Because it does retain a high degree of autonomy in its audit and other functions, the Board found no reason to amend its current arrangements with Universities NZ. However it did decide to include in the NZUAAU Constitution a section defining the powers and the limits of action by Universities NZ and by the Vice-Chancellors (collectively or individually). Section 1 of the NZUAAU Constitution is now titled “Independence, Intention and Integrity” and includes purpose, participation, independence and funding.

The Board also considered it to be worth reiterating recent INQAAHE¹ arguments that the critical aspect of independence of a quality assurance agency is with respect to audit methodology and focus. Under current arrangements neither Universities New Zealand nor the Vice-Chancellors can direct or intrude on audit methodology or the conclusions reached by audit.

The external review of NZUAAU found that although most key stakeholders did perceive the NZUAAU as being independent of the NZVCC, this perception was not so obvious in the public profile of NZUAAU (Review Report pp7-8). The Board considered that key stakeholders (namely the universities, government agencies and related quality assurance bodies) do understand the relationship; if this is not clear to some stakeholders then it is a communication issue, not a constitutional matter.

(b) Environmental Scan

The Review Report stated that NZVCC should consider undertaking an environmental scan in relation to the structures used to fulfil its quality assurance responsibilities. Such a scan should consider whether the current structures, including the relationship between NZVCC and NZUAAU, and between NZVCC and CUAP “are appropriate for both the longer term and the continued fulfilment of the NZVCC’s legal obligations” (Review Report p7).

The environmental scan should also pay attention to how the relationship between NZUAAU and CUAP is clarified and strengthened. Reference is made to their mutual interests and “joint type of responsibilities” (Review Report p28).

After discussion with Universities NZ, NZUAAU completed an Environmental Scan, which has been considered by CUAP and by the Vice-Chancellors. The scan covered the legislative responsibilities with respect to quality assurance in universities of NZVCC², NZQA (University Entrance), the Tertiary Education Commission and Ako Aotearoa³.

Section 159AD of the Education Act states:

“The qualifications authority (or, in the case of the universities, the New Zealand Vice-Chancellors’ Committee) is the body primarily responsible for quality assurance matters in the tertiary education sector.”

The NZVCC (now Universities New Zealand) meets this requirement through the Committee on University Academic Programmes (CUAP), and via the NZ Universities Academic Audit Unit (NZUAAU) which was established by the then NZVCC. Both CUAP and NZUAAU audit operate by a process of peer review augmented by appropriate external academic and/or professional assessment. The bodies differ in that CUAP reports directly to Universities NZ whereas the NZUAAU reports to its own Board which operates independently but includes a Universities NZ “presence” in the form of a Vice-Chancellor appointed by Universities NZ.

¹ International Network of Quality Assurance Agencies in Higher Education – Workshop at Windhoek, Namibia May 2010.

² While New Zealand Vice-Chancellors’ Committee, NZVCC, is the legislative term, the organisation is now known as Universities New Zealand.

³ National Centre for Tertiary Teaching Excellence

The scan does identify the arrangement of separating programme approval and accreditation (done by CUAP) from other academic quality assurance (overseen by NZUAAU) as being atypical in an international sense. This arrangement also differs from that adopted by the rest of the tertiary sector in New Zealand, where the NZ Qualifications Authority has overall responsibility. However the dual arrangement for the universities has a long history and is fit for purpose within the university sector. It is noted that both CUAP and NZUAAU undergo regular external audit of their activities and that such audits would normally examine the integrity of their respective processes.

The environmental scan identified some areas which are the responsibilities of the individual universities but which currently have no national oversight. These might be the subject of future academic audit focus.

2. Strategic Direction

R2. The Panel recommends that the Board urgently discuss with NZVCC the need for additional resources to allow the unit to meet its terms of reference, to strengthen its profile as the universities' external quality assurance agency, and enable it to develop into an effective resource centre for quality assurance. (Review Report, p13).

R3. The Panel recommends that the Board use the follow-up to this review as an opportunity to develop a long-term strategic plan for the Unit, focussing on setting the direction for the Unit, considering the balance in the enhancement and accountability roles of the Unit and the resources required to implement the plan effectively. (Review Report p14).

R4. The Panel recommends that discussions on the Unit's future role be held before the new director is appointed, as this would give the Board the opportunity to develop an appropriate profile for the position, to outline the Unit's policy directions and operational conditions to the applicants, and thus enable a more authoritative approach to the role of director. (Review Report p14).

R14. The Panel endorses the recommendation made in 2001 and recommends that the Board develop a communications strategy. (Review Report p29).

R15. The Panel recommends that the Board include in its discussions on strategic direction and structures how international networking, for example, through research work, conference participation and participation in the activities of international networks, could be undertaken effectively, and what staffing and financial resources would be required to undertake this at an appropriate level. (Review Report p29).

The new Director was appointed in February 2010. In the period March-September 2010 there has been widespread consultation within the university sector, and with colleagues in overseas agencies, as to the form and focus of future audit and regarding quality enhancement activities which would benefit the universities. The Director also carried out a needs analysis focussed on office support (see Section 4, Staffing). The findings of these activities might be summarised as identifying widespread support for:

- A shift from institution to theme audits, which might be more frequent than the current five-yearly cycle;

- A desire for more proactive involvement of NZUAAU in analysis, synthesis and dissemination of good practice, including international good practice;
- A suggestion that auditors might share their expertise and knowledge more widely (see Section 5, Auditors);
- A need for better communication, including a more effective website;
- A shift from “audit” being the main profile and a desire for the inclusion of the word “quality” in the organisation’s title.

During 2010 the Board has supported the Director’s involvement in international activity, including participation in cross-sector projects. The Board has also supported re-development of the website and a review of the role and future focus of NZUAAU’s annual Quality Enhancement Meeting, QEM.

The Board approved a Strategic Plan for 2011-2014 at its November 2010 meeting. This includes provision for international activities to inform New Zealand quality enhancement and also to contribute to international developments. The Strategic Plan also includes a communications strategy. It is clear that additional professional staff will be necessary to give full effect to the plan.

3. Role of the Board

R5. The Panel recommends that the Board consider its own composition as part of its strategic review. (Review Report p14).

The report advised that “given the smallness of the unit, the current environment of change, and the need to emphasize the independence of the unit, the Panel believes that it would be of benefit to the unit to have a board whose members are appointed on the basis of their appropriate skills, rather than being based on organisational representation. ... Such skills... could include a sound understanding of the education system, experience with quality assurance in tertiary education, international quality assurance experience, and understanding of students’ needs. A skills-based Board may also render the appointment process more independent in nature.” (p14)

The composition of the Board is related to the mode of appointment of the Board (see Section 1a, Independence). In theory a skills-based approach to appointment is not incompatible with an organisational approach – organisations could be asked to nominate to meet particular skill-sets determined by the Board.

The Board agreed to develop a skills matrix which can be provided to nominating organisations and to Universities NZ when it is confirming appointments to the Board.

The Board has also considered the governance arrangements for comparable international agencies. It found no indication that the current composition of the NZUAAU Board is inappropriate.

R6. The Panel recommend that the Board assure a more pro-active governance role by taking on some of the responsibilities that currently fall under the operational remit

of the Director but which are related to the overall governance of the Unit. (Review Report p15)

The panel also noted that the activity of the Chair of the Board to “oversee, mentor and provide advice and support to the Director” poses “a consequential risk of undermining the governance role of the chair and the relationship between governance and management”. (Review Report p15)

Having reviewed the Constitution and the duties of the Director it remains unclear to the Board what activities undertaken by the Director are properly governance activities, and what activities undertaken by the Board are management.

Given that the Chair acts on behalf of the Board as the employer of the Director, neither the Board nor the Director considers it inappropriate for the Chair to act as any employer might, namely to “oversee, mentor, provide advice and support” to the Director.

4. Staffing

R16. The Panel recommends that the Board urgently discuss with the NZVCC the need for additional resources to allow the Unit to meet its terms of reference, to strengthen its profile as the universities’ external quality assurance agency, and enable it to develop into an effective resource centre for quality assurance. (Review Report p13)

The panel reiterated the need for the Board to pay more systematic attention to the risks related to limited staffing and to risks that could potentially affect the Unit more broadly and long-term. These risks included not only a failure to deliver on terms of reference but also risks related to lack of succession planning, inability to cover in the event of prolonged absence of the Director and an intellectual isolation of the Unit staff. (Review Report p12)

Relocation of the NZUAAU office to share premises occupied by Universities NZ in April 2010 has done much to address the intellectual isolation of staff. The Director has frequent professional contacts with staff of other New Zealand quality assurance agencies (*viz* NZQA and ITPQ). The Director has also been warmly welcomed internationally and has to date been involved in two international projects with overseas quality assurance agencies.

The Board recognises that currently the Director is both the chief operating officer of the Audit Unit (the agency) and also the manager (Director) of audits. The part-time staff member designated “Office Manager” provides some administrative support. However a proportion of the Director’s time is spent on what is actually office management. The dual roles of the Director inhibit engagement in quality enhancement and communications activities

The August-September 2010 review of office support identified several unmet needs in the organisation. This review also indicated that the provision of office support across only three days of the week is inadequate, resulting in the office at times being unattended and at other times being “staffed” by the Director. These weaknesses compromise the organisation’s reputation and generate inefficiencies which divert the Director’s time and NZUAAU funds

away from its core purpose, thereby reducing the Director's ability "to fulfil effectively all aspects of [the Audit Unit's] terms of reference and the supporting objectives" (Review Report p12)

The Board has discussed strategies for addressing the issues raised in the review, and those raised in the needs analysis. A proposal for additional professional staffing is included as part of the Strategic Plan.

5. Auditors

R9. The Panel recommends that the process for selection and appointment of auditors be formalised with the decision on (re)-appointment resting with the Board so as to strengthen the rigour and the impartiality of the appointment process. (Review Report p23).

It is not clear from the external review report where the risks have been in the current process of auditor appointment, since this is in fact a Board responsibility. The Board agrees that quality managers and people with similar experience might be included on the Register of Auditors – though they are not currently specifically excluded.

The panel recognized the tension between having a sufficiently large pool of auditors available with the somewhat limited opportunity to serve on panels but suggested that the Board consider widening the profile of potential auditors, in particular to include quality managers (Review Report p24). It was also suggested that the Board consider how it might relate to its auditors between audits (Review Report p25).

The formal "Register of Auditors" establishes the "third prong" of NZUAAU (see Constitution clause 3.1), and establishes a visible resource which might be drawn on for other activities – see below. The Director is considering several strategies to resolve the possible tension between having a sufficient pool of expertise and providing opportunity to serve – for example by being more selective about nominating auditors for particular panels and having training focused on those panels. To some extent strategies will be influenced by the future form of audit.

R10. The Panel recommend that the Board introduce a more formalized training of auditors with more focus on the auditor role and less on information about the approach to audit from cycle to cycle. (Review Report p24).

During 2010 the Director met with almost all auditors, some individually and some as a group. There is significant support for a revision of formal auditor training and for less formal refreshment opportunities, including skills update for individual panels prior to the site visit to a particular university. An initial auditor meeting in September 2010, drawing on the experience of recent audit panel members, received positive feedback. The review and redevelopment of auditor training is a major strand in the Strategic Plan adopted by the Board in November 2010.

R11. The Panel recommends that the Board consider the special needs of Chairs of audit panels and either include these needs in the training of auditors or provide tailor-made and focused briefing material for this group of auditors. (Review Report p25).

During 2010 the Director has met with all recent panel Chairs and discussed the support which they need to fulfil their role. Strategies for addressing this are being considered within the Strategic Plan; they include, for example, appointment of experienced Chairs as mentors for new Chairs and the seeking out of opportunities to experience audit management in other jurisdictions. Current auditors found the presentation by experienced Chairs at the September 2010 auditor meeting to be very helpful in clarifying issues dealt with by Chairs, and strategies for doing so. It is also noted that among Chairs there are divergent views as to the role of the Director during an audit, in particular around responsibility for the conduct of the site visit. The Board is considering different models of Director involvement.

The Panel suggested that the Board consider how it might relate to its auditors between audits (Review Report p25).

The Board agrees that recognition of the expertise and commitment of auditors between audits is an issue – especially if an auditor has not actually been called on to serve on an audit panel. Potential solutions which are being considered include

- inviting auditors to be available for a universities Register of Programme Reviewers, which could be made available to all universities;
- encouraging involvement with NZQA external evaluation and review;
- involvement in local/regional quality networks with (eg) academic managers and DVC/AVC(A)s.

Such activity would be an auditor's choice. These possibilities relate also to R18 regarding ongoing quality assurance in universities, and R15 regarding the NZUAAU becoming "an effective resource centre for quality assurance" – one of our most useful untapped resources is our auditors.

6. Audit Processes

R7. The Panel recommends that the unit discuss with the Universities the relationship between effective ongoing self-assessment and quality audit, how the quality audit could be better integrated with the work of the universities, and how the burden of self-assessment in some universities might be addressed. (Review Report p18).

Universities identify the self-assessment activity as the main value-adding activity of audit, but some universities see this as overly onerous and time-consuming. The degree to which an audit is "onerous" might well reflect the degree to which quality assurance processes are or are not already embedded as normal activity.

The panel saw the need to explore how audits might be better integrated with the ongoing work of universities as requiring "urgent attention". Timeliness has also been identified by university staff as an issue with current five-yearly audits. It has been suggested that introduction of "theme audits" which address issues of common concern would be likely to make a much more useful direct contribution to academic quality in universities, *provided*

that such audits are followed up by effective communication and discussion of good practice. These possibilities are explored within the context of the Strategic Plan.

R8. The Panel recommends that the Board request each university to include in its self-assessment portfolio a summary of progress in implementation of recommendations since the last audit/follow-up report. (Review Report p22).

This is a reasonable expectation which most universities already adhere to. The requirement should be included in the Audit Manual guidelines for preparation of the self-assessment portfolio. The Manual will be edited accordingly.

R12. The Panel recommends that the Board review the report-writing procedures. (Review Report p26).

The review recommended that the Director should *not* write the audit reports. Auditors have mixed opinions about this. While audit reports are reports of the panel, not of the report writer, it is clear that auditors themselves do not wish to write the reports (though they wish to determine what is written).

The option of contracting out the report-writing is likely to present more difficulties than it would solve. Until such time as there is an additional professional staff member the Director must continue to be the author of audit reports. However when an additional staff member is appointed it might be appropriate for that person to take responsibility for attending some audits and undertaking the report-writing.

R13. The Panel recommends that the Board develop a process whereby appeals can be heard and adjudicated by an independent external person appointed by the Board. (Review Report p27).

It is note that the INQAAHE Guidelines for Good Practice recommend that any external quality assurance agency has grievance and appeals procedures.

The Board has reviewed appeal mechanisms in other agencies and has drafted processes which it believes are appropriate for New Zealand universities and NZUAAU (see Constitution new Clause 7 and accompanying Appeals process – November 2010).

Dr Jan Cameron
Director
11 November 2010.