

**External review
of the
New Zealand Universities
Academic Audit Unit -
Te Wāhanga Tātari**

August 2009

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CONTENTS

PREFACE	v
Acronyms	
Structure of the report	
1 EXECUTIVE SUMMARY	1
2 THE CONTEXT OF TERTIARY EDUCATION IN NEW ZEALAND	5
2.1 Legislative responsibilities	
2.2 The current tertiary education reforms in New Zealand	
3 THE RELATIONSHIP BETWEEN NZUAAU AND THE NZVCC	7
3.1 NZUAAU and the legal obligations of the NZVCC	
3.2 The Unit's independence	
4 PURPOSE, RESOURCES, STRATEGIC DIRECTION AND GOVERNANCE	9
4.1 Purpose and role of the Unit	
4.2 Adequacy of resources to sustain the purpose of the Unit	
4.3 Strategic direction	
4.4 Governance	
5 OBJECTIVES AND SERVICES	17
5.1 Quality audits	
5.2 Quality networking	
5.3 Quality practices	
5.4 Quality processes	
6 INQAAHE GUIDELINES OF GOOD PRACTICE	33
Appendix I External review of the New Zealand Universities Academic Audit Unit, June 2009	37
Appendix II Interviews conducted during the external review	39

PREFACE

The Board of the New Zealand Universities Academic Audit Unit – Te Wāhanga Tātari (the Unit or NZUAAU) decided in 2008 that the Unit should be subject to external review in 2009. This was the third such review, the first two having taken place in 1997 and 2001.

A review scheduled for 2006 was postponed by the Board in December 2005 because it was considered to be premature following changes to the Terms of Reference for the NZUAAU. There were also proposals to develop a new ‘process audit’ methodology. The review proposed for late 2008 was deferred to mid-2009 at the request of the New Zealand Vice-Chancellors’ Committee (NZVCC) to allow the quality assurance component of the Government’s tertiary¹ education reforms to be further advanced and to give the new Chair of the NZUAAU Board the opportunity to lead the Board through the review.

The Board determined the Terms of Reference for this review. The Panel was asked to evaluate the effectiveness of the Unit in:

- achieving its objectives;
- fulfilling the NZVCC’s legislative requirements with respect to auditing the maintenance and enhancement of university quality processes associated with quality teaching and learning in a research environment;
- administering audit activities in accordance with the good practice guidelines of the International Network of Quality Assurance Agencies in Higher Education (INQAAHE);
- providing an effective service to the university sector and being accountable to the sector; and
- being perceived as a credible quality assurance agency to other education quality assurance agencies in New Zealand and internationally.

In addition, the Panel was asked to:

- consider the appropriateness of the Constitution of the NZUAAU in enabling the Unit to act effectively to the benefit of the New Zealand university sector;
- consider the adequacy and appropriateness of the Unit’s resources to undertake its functions; and

¹ This report uses the New Zealand term ‘tertiary education’ rather than ‘higher education’.

- recommend any changes or improvements to the work practices and activities of the Unit.

The Panel was asked to report to the Board, who would forward the Report with comments to the NZVCC. Under the Terms of Reference, the report would be made a public document and posted on the Unit's website.

The Panel appointed to conduct the review comprised:

- Ms Dorte Kristoffersen, Deputy Executive Director of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications;
- Ms Pauline Kumeroa Kingi CNZM, Tāmaki Makaurau Regional Director for Te Puni Kokiri;
- Professor Emeritus Barrie Macdonald, former Pro Vice-Chancellor of the College of Humanities and Social Sciences at Massey University;
- Dr Anne Martin, former Deputy Vice-Chancellor and Vice-President (Academic) at Deakin University, Victoria.

Administrative support for the review was provided by Michael Steer of Exmoor Associates Ltd.

In April 2009, the Panel received the self-assessment portfolio prepared by the Unit and approved by its Board. Subsequently, and on behalf of the Panel, the Secretariat invited public submissions by means of a notice in regional and educational media. A memorandum concerning the review was also sent to 237 individuals and organisations; Appendix I is a copy of the memorandum.

Eleven submissions were received from seven universities, three agencies/organisations and one individual. A letter from the Minister of Education, Hon Anne Tolley, responding to issues raised by the Panel, was also received.

The Panel held a preliminary meeting in Wellington on 25 May and a three-day site visit in Wellington on 17-19 June. At the site visit, the Panel interviewed a range of key people. The list of people interviewed is set out in Appendix II.

The Panel made a number of attempts to arrange an interview with students from selected universities to explore their views on the value of quality audits and the Unit's work more broadly. It regrets that these efforts were unsuccessful.

Following the site visit, the Panel's draft report was sent to the NZUAAU and the Chair of the Board for comment on factual accuracy. This final report was then completed by the Panel and forwarded to the Board.

The Panel wishes to thank the Unit for preparing a thorough and concise portfolio,

which constituted the platform for the Panel's work, and to acknowledge the assistance it received from the staff of the NZUAAU, and from the NZVCC whose offices were used for the meetings. The practical support of the NZVCC staff was particularly appreciated. The Panel is grateful, too, to those people who made submissions and gave time to be interviewed in order to inform the review.

The Panel also wishes to note that, in seeking the third external review of the Unit in 16 years, the Board of the NZUAAU is setting a sound example for international good practice in quality assurance of an external quality assurance agency.

Dorte Kristoffersen
Chair of the Review Panel

STRUCTURE OF THE REPORT

Throughout this report, the Panel has formulated commendations, recommendations and suggestions for improvement; these are intended for the NZUAAU Board's consideration. However, the accompanying commentary and analysis are equally important.

The Executive Summary (Chapter 1 of the report) provides an overview of the main views expressed in the report, but is not a systematic listing of all the Panel's conclusions. Chapter 2 sets the legal scene for quality assurance of the universities in New Zealand and provides the context for aspects of the current tertiary education reforms, which include the quality assurance environment of the universities. Chapter 3 covers the NZVCC's legal responsibilities with respect to the maintenance and enhancement of university quality assurance processes. Chapter 4 focuses on governance and management practice, including management of resources, as laid out in the Unit's Constitution, and considers the reputation of the Unit as a credible and effective quality assurance agency. Chapter 5 discusses the Unit's achievement of its objectives, and Chapter 6 summarises the Unit's administration of its audit activities against the INQAAHE *Guidelines of Good Practice in Quality Assurance*.

ACRONYMS

APQN	The Asia Pacific Quality Network
AUQA	The Australian Universities Quality Agency
CUAP	The Committee on University Academic Programmes
INQAAHE	The International Network of Quality Assurance Agencies in Higher Education
NZQA	The New Zealand Qualifications Authority
NZUAAU	The New Zealand Universities Academic Audit Unit
NZVCC	The New Zealand Vice-Chancellors' Committee
TEC	The Tertiary Education Commission
TEQSA	The Tertiary Education Quality and Standards Agency (Australia)

1 EXECUTIVE SUMMARY

This external review of the NZUAAU (the Unit), the third since it was established, has been informed by the Unit's self-assessment portfolio and supporting documentation, eleven submissions, and interviews with 38 people from the Unit, the Board, the universities and education agencies. The Panel's analysis of the Unit has been guided by the Terms of Reference for the review. This report contains commendations of existing practices and recommendations for the Board's consideration and action. The Panel considers, however, that its analysis and commentary are just as important as the commendations and recommendations it has made. It trusts that the review and the report will be a valuable contribution to discussions of, and decisions on, the Unit's future.

The Panel concluded that, overall, the Unit is fulfilling its Terms of Reference concerning its conduct of quality audits and its contribution to the enhancement of the universities' quality assurance arrangements. The Panel has also found that, in its approach to audit, the Unit could have a more equal balance between enhancement and quality monitoring - that is, it could have a stronger accountability role. The Unit has two distinct roles: the organisation of audits that provide an external assessment with requirements for action and follow-up; and input into the enhancement of the universities' internal quality assurance processes. Each is important and must be pursued rigorously and effectively.

Throughout the review, the work and efforts of the current Director have been widely acknowledged by stakeholders. As the sole professional staff member, he has managed one full audit cycle, three focused audits and has begun a second full audit cycle. The Director has also built strong relationships with the universities and education agencies. The Panel commends the Director for his commitment and diligence.

The Unit was established by the NZVCC in 1993 in light of its legislative responsibilities under the Education Act 1989. The Panel has concluded that the Unit is currently contributing to the NZVCC's fulfilment of these responsibilities. However, the Panel notes that the basic structures for external quality assurance of the universities have not been reviewed previously, and that significant changes are occurring in New Zealand through the tertiary education reforms and the increasingly global university environment. Therefore, it may be timely for the NZVCC to conduct an environmental scan to ensure that its current quality assurance arrangements remain appropriate for the future.

As its owner, the NZVCC does not interfere with the operations of the Unit. However, due to its role vis-à-vis the Unit - for example, in appointing the members of the Board and approving the Unit's budget - it is possible for the NZVCC to exercise influence on the broad direction of the Unit. This is a matter of some

concern. There is, therefore, a need for the Unit and NZVCC to discuss ways whereby the real and perceived independence of the NZUAAU can be strengthened.

Throughout the review, there were frequent comments to the effect that the Unit is currently not resourced or staffed sufficiently to fulfil effectively all aspects of its Terms of Reference and supporting objectives. This was stated to be particularly so in regard to networking, the provision of advice on quality practices and aspects of the audit process. The Panel has reached a similar conclusion and considers that a significant increase in funding is required if the Unit is to continue to achieve its objectives and enable the NZVCC to meet its statutory obligations in regard to quality assurance.

In the light of its analysis, the Panel recommends that the Board develop a long-term strategic plan focused on setting the direction for the Unit, considering the appropriate balance between its enhancement and accountability roles, and the resources - human and financial - required to effectively implement the plan. This is necessary to ensure that the Unit remains fit for purpose and provides services which are in accordance with international best practice and add value to the universities. The Board will be able to draw on the Unit's extensive experience in external quality assurance since 1993.

The NZUAAU has four objectives: Quality Audits, Quality Networking, Quality Practices and Quality Processes. It is demonstrating some true strengths in meeting its stated objectives, but some areas require attention if the Unit is to fully capitalise on these strengths.

The academic audits and the processes underpinning the audits, as presented in the *Audit Manual*, are well organised and are generally conducted to a high standard. Nevertheless, this report makes some recommendations and suggestions for improvement in aspects of the audit process, including the approach to audit cycles, follow-up procedures, training of auditors and audit panel Chairs, and the development of a grievance/appeals policy. Although the requirement to participate in independent external review through the audit process is accepted and appreciated by the universities overall, institutional self-assessment is still considered to be the key and most valued component in the process. Furthermore, university representatives shared their perception that the audit process has diminished in value over the cycles. This view is important for the Board when it considers the balance in the Unit's role. The Panel is of the view that the organisation of institutional self-assessment, which sits at the core of the external quality assurance process, requires serious discussion.

The Panel has found the Unit to be active and effective in liaising and cooperating with the relevant stakeholders in New Zealand and thus making a positive contribution to local discussions on tertiary education quality and quality assurance. It is important that the Unit's work is also informed by current international trends in quality assurance. If it is well-connected internationally, the Unit could function

as an effective resource centre in quality assurance matters. Therefore, its international networking should be given a higher priority.

The Unit aims to make a contribution to the development and implementation of policies and practices in quality assurance through a range of activities, including Quality Enhancement Meetings, the 'AAU Series on Quality' and arrangements with the Australian Universities Quality Agency (AUQA) for the publication of good practice in the New Zealand universities. These endeavours are valuable individually but, as a whole, they appear to be *ad hoc* in nature. More attention needs to be given to this aspect of the Unit's work in order to secure maximum benefit from them.

The Panel commends the Unit for the quality of its office procedures and for its systematic approach to the documentation which supports its tasks. An example of the Unit's aim of continuous improvement is its practice of seeking feedback from participants in its quality assurance activities. Consideration should be given to providing information on the follow-up actions after receiving the feedback.

Overall, the NZUAAU is working in alignment with the INQAAHE *Guidelines of Good Practice in Quality Assurance*. However, there is a need to consider the resource allocation to the Unit, to develop a grievance/appeals process, to give higher priority to international cooperation, and to develop a policy on transnational/cross-border education. The Unit acknowledged all of these requirements in its self-assessment portfolio.

All in all, the Panel considers the Unit has a strong platform for performing its role as the external quality assurance agency for the universities in New Zealand, but there are a number of issues that require attention. These relate particularly to the Unit's future purpose and role, the interpretation of this role, and the resourcing of the Unit. If these issues are not considered urgently, the Unit's ability to make an appropriate impact on the quality assurance of the university sector may be at risk.

2 THE CONTEXT OF TERTIARY EDUCATION IN NEW ZEALAND

2.1 Legislative responsibilities

The New Zealand Vice-Chancellors' Committee (NZVCC) established the New Zealand Universities Academic Audit Unit (NZUAAU) in 1993 so that a regular cycle of quality audits of the universities would be conducted by external panels. The NZUAAU's work would complement the quality assurance activities of accreditation, approval and moderation undertaken by the NZVCC's Committee on University Academic Programmes (CUAP) under section 260 of the Education Act 1989 and quality assurance protocols within the universities themselves.

As part of the New Zealand government's Education (Tertiary Reforms) Amendment Act 2002, a new section was inserted into the Education Act. Section 159AD stated that 'The Qualifications Authority (or, in the case of the universities, the New Zealand Vice-Chancellors' Committee) is the body² primarily responsible for quality assurance matters in the tertiary education sector'. The amendment implied a broader legislative responsibility for the NZVCC with respect to quality assurance than its original programme approval and moderation authority under Section 260 of the Education Act.

Thus, between them, the NZUAAU and CUAP carry out the NZVCC's legislative responsibility for the quality assurance of New Zealand universities. This responsibility sits over the quality assurance mechanisms and processes of the individual universities.

2.2 The current tertiary education reforms in New Zealand

In 2006, the New Zealand government commenced a substantial programme of reforms in relation to the tertiary education sector, including changes in the approach to quality assurance. The changes involve the use of an evaluative approach to provide the required focus on accountability for, and continuous improvement of, educational outcomes and the key contributing processes, such as learning, teaching, governance and management. The new quality assurance framework has two key components: continuous self-assessment by the individual tertiary education provider and periodic external evaluation and review of tertiary education providers by an appropriate independent external quality assurance agency. The evaluative approach thus balances support for internal quality enhancement and improved outcomes for learners with the requirement for accountability of providers to their various stakeholders.

² For ease of reference, this report uses the term 'quality assurance agency' rather than the usual New Zealand term 'quality assurance body'. The INQAAHE *Guidelines of Good Practice*, which are often referred to in this report, use the term 'quality assurance agency'.

The policy framework underpinning the quality assurance arrangements recognises the distinctive contributions of the various education providers in the tertiary sector, including the universities. Therefore, the framework allows some differences in how the new approach to quality assurance is implemented across the sector.

As part of the arrangements for the development of the tertiary education reforms, the Tertiary Education Commission (TEC), the funding agency for tertiary education, commissioned the New Zealand Qualifications Authority (NZQA) in 2007 to design a new quality assurance framework. NZQA is the agency responsible for the quality assurance of the tertiary education sector, with the exception of the universities. The NZVCC and the TEC developed a memorandum on quality assurance in 2007 and, under the memorandum, the Unit has proceeded to develop distinctive arrangements for the external quality assurance of the universities.

3 THE RELATIONSHIP BETWEEN NZUAAU AND THE NZVCC

3.1 NZUAAU and the legal obligations of the NZVCC

The NZVCC established the New Zealand Universities Academic Audit Unit in 1993 to carry out quality audits of New Zealand universities and to offer the universities advice on quality assurance matters.

Having reviewed the documentation and discussed the work and role of the NZUAAU with the Board, the NZVCC and other interested parties, the Panel has concluded that the Unit is currently enabling the NZVCC to fulfil those aspects of its legislative responsibilities which pertain to the mission of the Unit.

The Panel wishes to comment that, although the Unit has existed for fifteen years and two external reviews have been previously conducted, the basic structure for quality assurance of the universities has not hitherto been reviewed. Given the passage of time, the current quality assurance reforms in New Zealand, and the aspirations of the New Zealand universities for their quality assurance arrangements to be in line with international good practice, it may be timely for the NZVCC to consider undertaking an environmental scan in relation to the structures used to fulfil its quality assurance responsibilities. Such an environmental scan could build on this review and determine whether, in the increasingly global educational environment of 2009, the current structures, including the relationship between the Unit and the NZVCC, and that between CUAP and the NZVCC, are appropriate for both the longer term and the continued fulfilment of the NZVCC's legal obligations.

In the following sections of this report, the Panel provides the Board of the NZUAAU with an analysis which it could use in its consideration of its own future direction and that of the Unit. These reflections may also be of value to the NZVCC as it considers its future approach to quality assurance.

3.2 The Unit's independence

The NZVCC is the owner of the NZUAAU. It appoints the members of the Board, approves the Unit's annual budget, and provides most of its funding. At the time of the Panel's site visit, discussions were being held between the NZVCC and the Unit over co-location when the NZVCC moves to new accommodation later in 2009.

Independence of the Unit from its owner, whose members are, albeit indirectly, the subject of the Unit's audits, is important, not only in terms of the NZVCC's compliance with its legal requirements, but also for the Unit's credibility. The Panel has no doubt that the need for independence is well understood by the Unit's main stakeholders. However, it must be noted that the Panel heard some concerns

expressed about the Unit's public profile in this regard. The need for independence of an external quality assurance agency's decision-making process is also emphasised in the INQAAHE *Guidelines of Good Practice* (see Chapter 6).

In discussions about the importance of a quality assurance agency having independence in the conduct of its operations, it is not unusual for there to be a tension between perceptions and true levels of independence. The Panel has formed the view that the NZUAAU does operate as an independent arm of the NZVCC; the NZVCC is not directly involved in any way in the Unit's operations or the conduct of quality audits.

There are instances, however, where the NZVCC has exercised influence on the broad direction of the Unit, for example in the decision not to proceed with process audits as proposed by the Unit in 2007. Furthermore, because it is the authority that approves the Board's membership and provides most of its operating budget, the NZVCC does have some influence on the direction and scope of the Unit's activities. This is a matter of concern.

Therefore, given the acceptance of the importance of the independent nature of the Unit, ***the Panel recommends that the Board and the NZVCC discuss ways to strengthen the real and perceived independence of the NZUAAU and consider how this can best be ensured for the future.*** It is important for the NZVCC and the Unit to reinforce this independence by identifying and addressing matters which could create a perception that the Unit is not fully independent or is of lesser status than CUAP. For example, the development of a formal protocol, identifying the roles and responsibilities of the Unit and CUAP and the areas that intersect, has been considered in the past, but the proposals have not been developed or implemented. The Panel will refrain from recommending how the independence of the Unit can be reinforced, but would emphasise that, for the longer term, formal statutory recognition may provide the Unit with an appropriately formal status and thus a strengthening of its role and profile.

Some of the recommendations in the following chapter also relate to the issue of the independence of the Unit.

4 PURPOSE, RESOURCES, STRATEGIC DIRECTION AND GOVERNANCE

4.1 Purpose and role of the Unit

Purpose of the Unit

The purpose of the Unit is described in a number of statements. The NZUAAU's current vision serves as a statement of the Unit's goal for university education, namely, 'Quality New Zealand university education serving students' futures'.

The Unit's mission, that is, the contribution the Unit can make to achieve its vision, is 'to contribute to quality New Zealand university education by engaging as leader and advocate in the development of quality cultures, and applying quality assurance and quality enhancement processes that enable improvement in student engagement, experience and learning outcomes'.

The vision and mission are further elaborated in four objectives which are discussed in Chapter 5 of this report.

In addition to the above, the governance structure, the Terms of Reference and the major principles of the work of the Unit are laid out in its Constitution.

The Unit's Terms of Reference are found in section 2.1 of its Constitution. They are:

- 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.

The submissions received, and the discussions with university representatives in particular, convinced the Panel that the Unit is, overall, fulfilling its Terms of Reference concerning its conduct of quality audits and its contribution to the enhancement of the universities' quality assurance work. This is being achieved largely through the regular audit cycles and the commentaries and recommendations in the audit reports. However, while the audit cycles and reports enable the Unit to work actively towards fulfilling its vision and mission, there is a need to have a stronger focus on the activities which provide information and advice on quality matters to the universities, and the tertiary education sector more generally (see 5.2 Quality networking and 5.3 Quality practices).

The review also raised questions about the extent to which the Unit is fully and effectively performing its quality monitoring functions as described in the first of its Terms of Reference.

The balance between its enhancement and accountability roles is a classic tension for an external quality assurance agency, and the appropriate balance depends to a large extent on the context in which the external quality agency works. The Panel is of the view that the Unit's Terms of Reference are still relevant in the context of the tertiary education environment. As with other developed economies with ambitions for their universities to be internationally competitive, New Zealand needs to have an effective quality assurance system that not only provides input into the universities' ongoing self-improvement but also, and equally importantly, provides the government and the public at large with confidence in the quality of the universities.

The Panel is convinced that the Unit would have a stronger platform on which to base its activities, and to add value to the work of the universities, if it had better balance between its purposes of enhancement and accountability. There is, therefore, a need for the Board to consider how its quality-monitoring role can be more explicitly and effectively undertaken for the benefit of stakeholders.

The Unit's vision

Issues relating to the relevance of the Unit's vision were raised both in the submissions and in discussions. The general view expressed was that quality audits do not improve the student experience *per se*, but they can add significant value by having an impact on educational activities and processes. External audit can help a university consider how it can improve the student experience and the quality of support it provides for learning and teaching, and general student support and welfare. The impact of quality audits on the student experience may also be strengthened with the greater emphasis on learning outcomes introduced in Cycle 4.

At the time of the review, with only two audits conducted in Cycle 4, it is unclear whether the quality audits conducted by the Unit are having a positive effect on the student experience or whether this visionary goal should be further developed. The

Panel would encourage the Board to consider this question and monitor whether the Cycle 4 audits are enabling the Unit's work to support its vision.

Role of the Unit

Since 2002, the Unit has put the main part of its resources and efforts into performing its enhancement role. The Unit has also emphasised in its self-assessment portfolio, and in discussions, that its ambition is to form partnerships with the universities. This ambition has been underpinned by an offer to provide advice to the universities and to initiate activities aimed at providing input and services to the universities in relation to their quality assurance processes.

The Unit's main contact through the Director has been with the universities' Quality Managers. All of the submissions to the review expressed appreciation for the current Director's high level of responsiveness, his dedication to the work of the Unit and the support provided to the universities in the audit process.

At the same time, the majority view voiced by the universities was that the Unit cannot and should not be speaking on behalf of the universities. The Unit and the universities' internal quality functions perform different roles in the quality assurance environment and the system of checks and balances should be maintained. The Panel holds the view that the policy of the Unit, that its audits should contribute to the enhancement of the quality of the academic activities of the universities, should be integrated into the applied audit approach. It should not be mixed with a role where the Unit provides direct advice on the development of internal quality assurance processes of the individual universities.

The Panel has commented previously on the balance between the Unit's enhancement and accountability roles. The Unit would strengthen its profile if it kept a clearer distinction between its two roles. On the one hand, it should perform effectively and rigorously its distinctive role as the agency responsible for the quality assurance of the universities through the conduct of audits which provide an external assessment together with requirements for action and follow-up. At the same time, the Unit could contribute through its non-audit activities to the enhancement of the universities' internal quality assurance processes and culture. This profile could also be further emphasised by the Board and the Director engaging more directly and strategically with the relevant senior managers in the universities - that is, the Vice-Chancellors and Deputy Vice-Chancellors (Academic) and/or (Teaching & Learning).

4.2 Adequacy of resources to sustain the purpose of the Unit

The NZVCC provides the Unit's annual budget which, over the last seven financial years, amounted to 82 percent of the funding for the Unit's operations. In some years, the Unit has secured extra funds by performing consulting tasks. There is no formal process for discussion of the budget, which appears to be historically, rather

than strategically, based and the proposed budget has always been approved by the NZVCC. The Unit currently comprises one professional staff member (the Director of the Unit) and a part-time administrative staff member.

A common theme throughout the review was that the Unit is currently not resourced and staffed sufficiently for it to fulfil effectively all aspects of its Terms of Reference and the supporting objectives. This is particularly the case with those objectives concerning networking, and the provision of advice on quality practices (see 5.2, Quality networking and 5.3, Quality practices).

The submissions and discussions also referred to a risk in the Unit being overly dependent on a single individual, a risk of narrow leadership, and the need for the Unit to have a higher profile and greater involvement in international quality assurance.

A related theme, again frequently expressed and with which the Panel concurs, was that there is an 'intellectual isolation' in the Unit which is hard to avoid with only one professional staff member. This situation is inhibiting the Unit from taking a leading role in the discussions and provision of good practices in quality assurance. The Unit could have a stronger role in supporting the universities through the provision of a diverse range of activities, as well as through the conduct of quality audits.

The evidence provided to the Panel also suggests that, to more adequately meet its objectives, the Unit requires a significant increase in funding in proportional terms, even though the additional funds required would be modest. Appropriately resourced and staffed, the Unit would be able to engage more actively and effectively in discussions about the tertiary quality assurance reforms, and lead in the debate on quality assurance in general, rather than being merely a participant invited to contribute as and when it is able.

In addition to the NZUAAU's insufficient resources, the Panel was concerned about an apparent lack of a Unit risk management framework or effective succession plan. Although the Board commented that there are arrangements in place should the Director be unexpectedly absent for a significant period of time, it appears to the Panel that much corporate knowledge, history and intellectual property of the Unit will be lost in the near future when the current Director retires.

In summary, the Panel is convinced that the current resourcing situation is not sufficient for the Unit to fulfil its intended functions, to continue to add value to New Zealand's universities, and to retain national and international credibility. The Board should, therefore, seek to negotiate with the NZVCC the conditions for appropriate, multiple-year funding based on a well-argued, long-term strategic plan that meets both statutory requirements and the needs of the sector.

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.

It is important that this discussion on resources is set in the context of the Board's short-term and long-term strategic direction for the Unit, as discussed below.

4.3 Strategic direction

The Board considers an operational plan prepared annually by the Director, which becomes the working plan for the Unit and the plan against which the performance of the Director is assessed. The Constitution has been developed and expanded since 2002. A vision, mission and objectives were first developed and approved in 2002 and were substantially revised in 2007. These have been the starting point for the development of the annual plan.

While recognising that the Board does have an annual plan, the Panel did not see evidence that the plan clearly defines long-term direction or serves the purpose of actively guiding or steering the priorities and the work of the Unit. This observation, in conjunction with the earlier analysis concerning the fulfilment of the Unit's Terms of Reference, has convinced the Panel that the development and active implementation of a clearly articulated, long-term strategic plan is urgently required. The plan should reflect the Board's ambitions for the Unit and be supported by strategic objectives and operational plans. The strategic plan is needed to ensure that the Unit remains fit for purpose and provides services which add value to the universities and the tertiary education sector more generally. Furthermore, the Panel considers that a strong and long-term statement about the role of the Unit is essential in order to address the view voiced by some universities that there has been a diminishing value from the audits over successive cycles (see 5.1, Quality audits).

The Panel is firmly of the view that the Unit will be able to strengthen its profile and more effectively fulfil its Terms of Reference if it defines a clear role for itself as an independent agency primarily charged with the responsibility for providing external quality assurance of the New Zealand universities, for organising developmental activities, and providing information and resources related to quality assurance through its support work. A strengthened role also requires the Board to take the necessary steps to ensure that the Unit is appropriately resourced to effectively carry out this role.

The Panel trusts that this external review of June 2009 could be an important first step in the Board's consideration of the Unit's future direction.

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, focusing 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.

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.

4.4 Governance

Board composition

In terms of the Board's structure, the Panel understands that, following discussions with the NZVCC in 2004-2005, the size of the Board was reduced from twelve members to eight. Currently, the NZVCC appoints the Chair, nominates a Vice-Chancellor to the Board, and confirms (or potentially declines) other nominations for Board membership from the New Zealand Union of Students' Associations, the Tertiary Education Union, relevant professional and employer bodies, and from the wider community. The Director, the eighth member, is appointed by the Board. The Panel noted that, as a result of the down-sizing of the Board, international and externally-nominated membership has been largely lost.

There is constant debate over the size and structures of boards, and the extent to which appointments should be based on the principles of representation or individual skills and merit. The Panel recognises the various tensions in such structures and understands that compromises always have to be made. However, given the smallness of the Unit, the current environment of change, and the need to emphasise 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 (see 4.2, The Unit's independence). ***The Panel therefore recommends that the Board consider its own composition as part of its strategic review, should it accept the Panel's recommendations in that regard.***

Such skills, as mentioned above, could include 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.

Student representation on the Board

The comments above notwithstanding, and in light of the Unit's vision statement, the Panel supports the concept of the presence on the Board of either a current student or a recent graduate. It emerged during the visit that it is not always easy to engage students in quality assurance processes: in fact, the Panel itself was not able to set up interviews with student groups or representatives. The fact that a student representative can only be a Board member for a limited period of time was raised as an operational matter that impacts on the student contribution, and the consistency of that contribution, to the Unit. In order for the Board to have a student's perspective more thoroughly and consistently covered, it could consider including a recent graduate on the Board rather than a current student.

The role of the Board Chair and the Board

The roles and responsibilities of the Chair of the Board (section 4.7 of the Constitution) state *inter alia* that the Chair is to 'oversee, mentor and provide advice and support to the Director'. The Panel understands that the Chair plays a quasi-operational role between meetings of the Board by approving some matters on behalf of the Board and being available for consultation with the Director.

The Panel acknowledges that, while this may help to overcome resourcing issues within the Unit, there is a consequential risk of undermining the governance role of the Chair and the relationship between governance and management.

Furthermore, the Panel gained the impression that the work of the Board does not always build on a collective approach, actively guided by an agreed strategic perspective; rather, it tends to rely on a coalescence of individual views which, while well-intentioned, can pull in different directions. This view is underpinned by the fact that the Board only meets three times a year and several key issues, such as approval of audit reports, are handled by circulation.

In order to strengthen the effectiveness and the professional reputation of the Unit, ***the Panel recommends 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.*** Examples of areas that could fall under the remit of the Board are the development and monitoring of strategic direction; development of budget proposals to be discussed with the NZVCC; approval of appointments to the register of auditors; approval of the policy and framework for each audit cycle and any changes to it between cycles; the receiving and commenting on audit and follow-up reports, and the issuing, when appropriate, of any related official commentary on these; and the development and oversight of the Unit's risk management arrangements.

The effectiveness of the Unit would also benefit from the formulation of a clear division of labour between the Board and its Chair on the one hand and the Director

of the Unit and the Chair on the other hand, to ensure a clear delineation between the governance and management functions of the Unit.

5 OBJECTIVES AND SERVICES

The NZUAAU has four objectives related to the following: 'Quality audits', 'Quality networking', 'Quality practices' and 'Quality processes'. The Panel has concluded that the Unit is demonstrating some true strengths in meeting its objectives, but there are areas that require attention if the Unit is to fully capitalise on these strengths.

The Unit's objectives are somewhat limited and operational in nature and are not explicitly aligned to the Unit's Terms of Reference as set out in its Constitution. The work associated with 'Quality networking' needs special attention for the Unit to continue to meet this objective. As mentioned earlier, several interviewees referred to the fact that the Unit is too small and too isolated to be a truly effective resource for the universities on quality assurance matters. The Panel agrees with this comment and takes the view that the NZUAAU and the universities would benefit from the Unit being more actively engaged with international networks and agencies. Due to the size of the university sector in New Zealand, and the aspirations of the universities to provide quality education and research at internationally comparable levels, it is important that the Unit is well-connected to international developments in quality assurance.

At the same time, the auditors and the staff in all of the universities and education agencies warmly acknowledged the contribution that the current Director has made to the work of the Unit and to the development of quality assurance in New Zealand. ***The Panel commends the Director for his commitment and diligence, and for having managed one full audit cycle and three focused audits since he joined the Unit in 2002.*** The Director has, furthermore, built a strong relationship with the Unit's stakeholders and his widely-acknowledged responsiveness and accessibility have facilitated the Unit's work.

5.1 Quality audits

- **Objective:** *Timely completion of academic audits producing audit reports acknowledged as authoritative, fair and perceptive, and of assistance to universities*

Audit Manual

The audit process used by the Unit is presented in the *Audit Manual* and builds on the principles promulgated in the *INQAAHE Guidelines of Good Practice*. The manual is written to address the needs of both universities and auditors and provides an easy overview of the purpose of the quality audits, the self-assessment process, and the features of external audit.

The Panel commends the Unit for having a comprehensive, well-structured and publicly accessible manual that applies to all the parties involved in the audit process.

Self-assessment and external quality audit

The documentation and the interviews indicated strong support from the universities for an enhancement-led audit approach, with its focus on self-assessment as an important means for continuous enhancement, and the need to link this with the external audit function. University representatives at all levels identified the self-assessment process within the universities as the main value-adding part of the audit process. The preparation of the portfolio is seen as a very useful exercise as it requires a university to consider its quality processes, strengths and weaknesses, and to review overall progress in light of its objectives.

The overall view was that, after three cycles, external quality audit continues to add value to the universities in terms of its leverage function: 'it stops us from being complacent, makes us focus on important matters and involves staff across the university'; and 'it is important for the university to be independently and externally reviewed from time to time'.

Comments were also made, however, that the external audit process has diminished in value over successive cycles. Some university representatives expressed the view that preparation for external audit through self-assessment is an onerous and time-consuming process, in particular with respect to the need for preparation of evidence to support the self-assessment portfolio. These views were interesting to the Panel, as it would have expected that, in a system with three full cycles of external audit experience, a strong internal quality assurance culture would have developed within the universities. It might be expected that appropriate documentation would already exist naturally, separate from the audit process, and there would not be a substantial need to generate 'new' evidence or documentation for a specific audit. Ideally, the portfolio should bring together the ongoing work and reporting protocols for the information of the external audit panel.

In this context, comments were made to the Panel that, while in disciplines and departments there is a concern with quality and external benchmarking, the institutional external audit process of the NZUAAU is not always understood or appreciated among staff not directly involved.

In the Panel's view, self-assessment is an issue that requires urgent attention, as it relates to the core of the value of the external quality audit process. ***The Panel recommends that the Unit discuss with the universities the relationship between effective ongoing self-assessment and quality audit, how the quality audits could be better integrated with the work of the universities, and how the apparent burden of self-assessment in some universities might be addressed.***

The student experience and quality audit

Comments were made during several of the interview sessions that quality audits do not improve the student experience *per se*, but they can add significant value by having an impact on educational activity. They can assist a university to consider how it can improve the student experience and the quality of support it provides for learning and teaching and general student support and welfare. Comment was also made that students have benefited by being involved in the development of the self-assessment portfolio and having the opportunity to express their views during the conduct of the external audit.

The Panel realises that there are significant challenges in seeking to increase student involvement in the universities' internal quality assurance processes; this takes time and resources, and students need to want to be involved and believe that their voice will be heard.

However, in light of the Unit's vision, the Panel wishes to encourage the NZUAAU to continue its efforts to work with the universities to strengthen the role students play in all of their activities.

The cyclical approach to audit

Since its establishment, the NZUAAU has administered three complete cycles of audits and has commenced Cycle 4. Cycle 1 audits were full institutional audits conducted from 1995-1998. Cycle 2, from 2000-2001, focused on research policy and management, the research-teaching nexus and the support of postgraduate students, as well as a theme specific to each university. Cycle 3 was conducted from 2003-2008 and focused on teaching quality, programme delivery and the achievement of learning outcomes. Cycle 4 again involves full institutional audits and will be completed in 2012. At the time of the review, one Cycle 4 audit had been completed, a second audit was in progress and preliminary work was well under way for a third.

The nature of Cycle 4 was determined by the Unit after consideration of feedback on Cycle 3 and consultation with a small reference group comprising quality managers from three universities. This led to a statement on Cycle 4 prepared by the Board and published in July 2007. The submissions, and discussions with the universities, indicated strong support for a cyclic approach to external audit, and for the move back to full institution audit in Cycle 4. As this work was progressing, and in light of the Government's tertiary education reforms, the NZVCC and the TEC developed a memorandum which acknowledged that Cycle 4 would begin in 2008 and end in 2012, and that the Cycle would follow the process as set out in the *Audit Manual*.

The Panel commends the Unit for its consultative approach to developing Cycle 4 and for the reference taken to the reform work led by the TEC.

This approach reflected the quality assurance reforms under way and the needs of the universities, and built on the work previously undertaken by the Unit.

During the period 2007-2008, education agencies in New Zealand were developing the details of the tertiary education reforms. In response to this developmental work in the non-university sector, the NZVCC and the TEC established a joint working group and, as a result of discussions with the TEC, the Unit in September 2008 established a reference group drawn from the university sector to assist the Unit in developing academic audit evaluation questions. The evaluation questions were considered and amended by the Board in November 2008, discussed at a meeting of auditors in February 2009 and were reconsidered and further amended by the Board in March 2009. The questions were then distributed to the universities for comment back to the Board.

In the interviews with the Panel, some university staff commented on the usefulness of the approach, including the emphasis on evaluation questions and their usefulness in the self-assessment process; others also raised some concerns. Comment was made on the difficulties some had experienced in interpreting the evaluation questions being used for Cycle 4 and the concern was expressed that changes were made and clarification needed when Cycle 4 was already under way. This was interpreted by the Panel as an expression that the preparations of the evaluation questions were rushed and the approach was not fully understood. 'Recent experience of consecutive iterations of evaluation questions for Cycle 4 audit have, in our view, frustrated universities and probably been counter-productive.... (The Unit should) determine the 'rules' for the cycle before starting. Coupled with the implementation of 'prescribed audit frameworks', 'the potential for inequity in the inputs, process and outcomes related to audit is enhanced.'

The Panel understands that the Unit added the evaluation questions to the Cycle 4 approach to reflect the intent of the tertiary education reforms, as represented in the policy framework for self-assessment and external evaluation and review developed by NZQA during 2007-2008. It is also understood that this initiative could only be taken after Cycle 4 had started.

However, while appreciating the willingness of the Unit to accommodate the new developments, the Panel has identified the need to retain a consistent approach in relation to the basic principles of an audit cycle. Therefore, the Panel is of the view that it is essential that the Board ensures that, throughout Cycle 4, all universities are treated equitably and given sufficient time to take expectations and requirements into consideration in their planning.

Site visits

The site visit is critical as a means for an audit panel to discuss the self-assessment portfolio with the university community and its stakeholders, thus triangulating the information. In the course of Cycle 3, the Unit received feedback on the conduct of the site visit from the universities. The main points made related to the effectiveness of interviewing a large number of people (that is, on average 170 per visit), the amount of evidence requested by audit panels, a tendency for some

universities to describe activities rather than provide evidence, and a lack of understanding by some interviewees of the issues raised in their particular interviews.

It is clear from the evidence provided to the Panel that the Unit has considered the feedback and taken it into account in the approach in Cycle 4. Examples of changes in the approach have been fewer requests for additional documentation, a reduction in the number of people interviewed, and the submission of key topics for discussion prior to the audit visit. These measures have given the audit panel more time to study and reflect on the evidence prior to the interviews and prior to delivering the oral report at the conclusion of the site visit.

It is important that the Unit continues to monitor the effectiveness of site visits because of their importance in the audit process.

Audit reports

The NZUAAU audit reports commend good practice and make recommendations intended to assist the universities in their continuous improvement. When finished and approved, the audit reports are distributed in hardcopy to all universities, key national educational and national quality agencies and are published on the Unit's website. Thus, there are three main groups of readers, the universities, educational and quality agencies and the public.

Overall, the universities have appreciated the content and the conclusions of the reports, in the form of commendations and recommendations, as they enable staff to focus on areas which need attention and improvement.

The public face of the reports, and their suitability as a means of public accountability, was discussed during the site visit. The education agencies interviewed particularly stressed the need for quality information from audit reports and, in that regard, welcomed the tenor of the first report from Cycle 4. The agencies wish to see this trend continued and strengthened through the cycle. However, they also pointed out that the structure and vocabulary of the reports might not be easily understood by the public. It is the Panel's view that, due to the Unit's dual role of enhancement and monitoring of quality, the reports need to be written for public and university audiences. While they are appreciated by the universities, the reports could be made more accessible to the public if the executive summary of an audit report describes clearly the level of confidence the audit panel has in the quality of a university's systems and processes, while continuing to identify both institutional strengths and areas needing attention. The body of the report would amplify these matters, using the evidence discussed during the audit.

Some questions were raised over the 'ownership' of audit reports. The Unit's *Audit Manual* states that 'the first draft of the report is prepared by the Unit. The draft is refined in consultation with the panel.... The Unit will send the final report to the Board for its consideration and approval'. In the course of the review, it was

confirmed that the audit panel 'owns' the report. The Board only exercises its authority to comment on process and react if proper process has not been followed. It does not comment on, or make changes to, the findings and conclusions of an audit panel and, therefore, does not compromise the independence of the panel. It should be noted that the Panel has recommended changes to the Board's governance functions, and comment on audit reports is included in Chapter 4.

Follow-up procedures

About three-to-four months after publication of the audit report, there is an informal follow-up visit by the panel Chair and the Director to discuss initial progress with the recommendations in the report. There is a further formal follow-up by the Unit 18 months after the publication of the report, at which time the university is required to submit a progress report to the Unit.

Most universities appreciate the informal follow-up by the Unit, and most support the requirement for a formal 18-month follow-up report. This is the 'least intrusive' but necessary way for the Unit to ascertain how the university is progressing on the recommendations in the report. This requirement also 'fits naturally into all the other work we (the university staff) are undertaking in terms of our quality enhancement'.

The Panel considers it a strength that the current process for follow-up is clearly articulated. It is, however, of the view that the perception of some that the value of audit has been diminishing over the audit cycles could be attributed to the change in focus between audit cycles. This could also be related to the lack of a formal request for the university to reflect in the self-assessment portfolio on progress made on the recommendations contained in the previous audit report.

Given the time between the 18-month follow-up and the next audit, ***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 previous audit.*** The reflection by the universities should naturally take into account the lapse of time between audits, for example by explaining why some recommendations may no longer be relevant, as it is inevitable that policies and situations can change. This would also provide an opportunity for the university to indicate if it had not accepted any recommendations and the reasons for this.

International practice gives quality assurance agencies a role in follow-up. The development of a policy on follow-up between audits would better ensure that momentum between the audit cycles is kept, would assist in continuous improvement, and would strengthen the accountability role of the Unit.

An outcomes focus

As mentioned previously, New Zealand has embarked on significant reforms in the tertiary education sector, including a change in the approach to quality assurance

which focuses on accountability for, and continuous improvement of, educational outcomes and the key processes that contribute to them.

The Panel formed the view that, in terms of the focus of Cycle 4, the Unit has addressed not only national but also international trends with a stronger focus on educational outcomes and has built on the developments initiated in Cycle 3. The Panel concurs with the views expressed by some interviewees that the audits should focus on the quality of the approaches and policies a university has adopted to monitor and enhance educational outcomes and the evidence for improvement, rather than on assessing the quality of the educational outcomes *per se*.

Given that only one Cycle 4 audit had been completed and therefore only one report published at the time of the review, it is too early to comment further on the effects of the increased focus on outcomes.

Auditors

The auditors are an important resource in the core service of the Unit - the conduct of quality audits.

In 2007, the Unit recruited new academic auditors for Cycle 4 from among New Zealand academics who had recently joined middle and senior management. In 2008, it strengthened its pool of non-academic auditors by recruiting members of the New Zealand Organisation for Quality. The Unit also decided that the register of auditors would comprise New Zealand members only, with an addendum stating that the practice of including one non-New Zealand member on each panel, and drawing on the auditors on the AUQA register for that purpose, would continue.

The Panel endorses the policy of involving at least one overseas auditor in each audit panel. This is particularly important in a system with relatively few universities and thus potential auditors to draw on, is in line with international good practice, and emphasises externality in the audit process.

The Unit has no formal rules for reappointment of auditors to the register. Currently, the Director makes the decisions on re-appointments and new appointments, based on the need to have a range of profiles on the register. Decisions are made in terms of audit experience, university affiliation, discipline areas and the auditors' performance in previous audits. In all cases, prospective auditors supply a curriculum vitae and a statement about their experience in tertiary education and academic audit, and two referees' reports are required.

The Panel recommends that the process for selection and appointment of auditors be formalised with the decision on (re)-appointment resting with the Board in order to strengthen the rigour and the impartiality of the appointment process.

The need to enlarge the pool of local auditors was discussed during the site visit and a number of suggestions were included in the submissions. As the quality assurance functions of the universities mature, so the group of staff with experience in quality assurance increases. Therefore, the Panel would encourage the Unit to consider widening the profile of potential auditors and possibly include some Quality Managers. This suggestion is appropriate because the focus of the academic audits is on the quality assurance arrangements and not academic quality *per se*. This action would broaden the scope of the pool of potential auditors.

Overall, the universities generally expressed satisfaction with the composition and performance of the audit panels. There was one situation which was brought to the Panel's attention, where aspects of the audit panel's performance caused concern and the Unit had to take steps to address the issues that arose. In addition, reference was also made to 'the audit panel not being up to date with the university', 'the quality of the auditors (being) highly variable', and the need for the Unit to review 'how the auditors are trained, the auditors' questioning techniques, their level of analysis and how they go about their business'. The need for training in some of the areas mentioned was echoed by the auditors themselves.

It is important that the individual auditors, and the audit panels as a group, are considered to have appropriate qualifications and experience by the universities. If that is not the case, there is a risk that the outcomes from the audit will not be respected by the universities. The Panel acknowledges that there are challenges associated with identifying auditors in a small university system, with the opportunities to act as an auditor on a panel of five people, including an overseas auditor, occurring only twice each year. There are also tensions between having a register of auditors and actually using all those who are on the list. Further, while the Panel recognises that it is inevitable that a problem may arise from time to time, training processes are critical to reducing the chances of such problems occurring, and it is essential that strategies and systems exist to resolve problems when they occur.

New auditors undertook training in a two-day meeting in April 2008, and a two-day meeting for experienced auditors and the new non-academic auditors was held in February 2009. The two groups were deliberately brought together in an attempt to look to the future, to have new auditors work alongside more experienced colleagues, and to build a new platform of expertise for future audits. The Panel noted that the focus of the current training appears to be more on briefing auditors than on issues relating to the audit approach and the skills required for the conduct of an audit process, and for the site visit in particular.

The Panel recommends that the Board introduce more formalised training of auditors with a stronger focus on the auditor role and less on information about the approach to audit from cycle to cycle. Topics to be covered in the training should include team dynamics and questioning techniques, particularly in the use of

more open evaluation questions; training might also include role-plays to rehearse possible audit situations.

It is inevitable that, with only two audits each year, most auditors are not used very often. From that perspective, and resources permitting, it may be more effective to train an audit panel prior to the site visit to a particular university. The Board could also consider how it might use and relate to its auditors in between audits as a means of keeping them up to date on the work of the Unit. For example, the Unit could facilitate seminars/discussions on quality assurance topics with the universities, and experienced auditors could run some of the sessions. There could be regular briefings of auditors, for example, by means of annual meetings or newsletters.

The Panel is aware that attending training is a significant time commitment for very busy people, so a balance needs to be struck in terms of how often training sessions are held. However, this is a crucial matter and, in the view of the Panel, training and refresher sessions on the role, duties and skills of an auditor are needed.

Chairs of audit panels

It is Unit practice that the Chair of the Board, acting on behalf of the Board, appoints the Chair of the audit panel. Then the Chair of the Board, the Chair of the panel and the Director identify the other members of the panel, and the Chair of the Board appoints the panel on behalf of the Board. In the spirit of peer review, the Chair of the audit panel is responsible for leading the audit process and for the report arising from the process.

The Panel and the auditors agree that the Chair of the audit panel is thus a crucial appointment and that the appointee has a demanding role. Given the infrequent use of some Chairs, the auditors stressed the importance of being properly prepared for this role. Some of the needs identified in relation to the role of the Chair were the skills to manage a diverse group of auditors, to handle group dynamics, and to manage any adverse reactions from panelists or auditees. A Chair should preferably have previous experience of academic audit prior to taking on the role and should be given special attention by the Unit.

The Panel recommends that the Board consider the particular requirements of Chairs of audit panels and either include these needs in the training of auditors or provide tailor-made and focused briefing material for audit panel Chairs.

In terms of international practice, the Chair of an NZUAAU audit panel has more responsibility in the audit process than is common elsewhere; for example, it is not usual for the Chair to be involved in identifying other panel members. In the Panel's view, the Unit's audit procedures would be strengthened if the Board was to be responsible for the decision-making process related to the establishment of audit panels (see Chapter 4).

Staff support to the audit panel

The audit panel's role is to analyse the self-assessment portfolio submitted by the university, to conduct the audit visit and to contribute to the audit report.

The Director of the Unit is in attendance at the site visit, but is not a member of the panel. The Director acts as the secretary for the audit panel, does not normally participate in interviews, but does actively participate in the deliberations of the panel.

During the review, the auditors confirmed that the Board respects the independence of the panel and does not interfere with the findings of the report. The Panel has no doubt about the good intentions of all concerned to produce an independent, accurate report, free from bias, using an appropriate tone, all with the aim of adding value for the university concerned. However, it is current Unit practice for the Director to either draft or oversee the early drafting of the report. Consequently, it is possible that panel members, including the Chair, might feel uncomfortable with changes made to the draft by the Director, doubtless from experience and with sound professional intentions.

There are typically three approaches quality assurance agencies take in relation to the writing of audit reports. The most widely used approach is for an agency staff member, but very rarely the Director, to provide secretariat support to the panel, including writing the report. In a small group of countries, a staff member provides support to the panel and is also a full member of the panel. In some cases, the agency provides administrative support, but appoints a panel member, sometimes the Chair, to write the report.

The Panel recommends that the Board review the audit report writing procedures. Depending on the future structure and staffing of the Unit, there may be a number of solutions the Board could consider. A priority for additional funding should be a second professional member of the Unit staff who could support audit panels and draft the reports, with the Director overseeing the process at a higher level.

A grievance/appeals process

The Panel noted that the Unit does not have a formal grievance or appeals policy. The INQAAHE *Guidelines of Good Practice in Quality Assurance* recommend that an external quality assurance agency has such a policy.

The Unit's self-assessment portfolio stated that 'because the Unit is not making formal audit decisions, there has been no need for an appeals policy'. The observation was made that the system has worked overall, with any problems raised during or as a result of an audit being referred to the panel. The report is finally published when it is agreed. The evidence made available to the Panel identified examples of difficulties relating to draft reports. These concerned the

process to be followed in resolving disagreements over matters of fact and interpretation in the draft.

The Panel is concerned that the lack of an appeals mechanism could place undue pressure on a panel Chair and/or the Director to put things 'right'. The independence of the audit process could, therefore, be compromised if the panel Chair, the Director or the Board were, in effect, to handle an appeal.

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.

Contract audits

The Unit has recently undertaken three mini or contract audits of the universities in relation to Adult and Community Education (ACE) for the Tertiary Education Commission, and PhD monitoring and the *Code of Practice for the Pastoral Care of International Students* for the Ministry of Education. This work is in accordance with the Term of Reference in the Unit's Constitution allowing it to undertake contract work.

Two of these contract audits provided the Unit with a means to gain additional income, although nearly all income went into meeting costs. All three audits were considered by the universities, the Board, the Director and the agencies contracting the audits to have added value because they were well-conducted, focused, ad hoc reviews, separate from the cyclic whole-of-institution audits, thereby giving the universities valued input into aspects of their work. The Unit was considered the appropriate agency with the expertise to undertake these mini audits.

The Panel commends the Unit for its initiative to conduct contract audits as they have added supplementary dimensions to the work already undertaken by the Unit. It is necessary to add a rider that the resource requirements need to be considered for such work. Contract audits should not add unduly to the workload of the Unit or divert the staff from meeting other key objectives and the income thus generated should be used to add resources to the Unit.

5.2 Quality networking

- ***Objective:*** *Improved quality of the Unit's activities through enhanced networking links with government, education and academic audit agencies involved in tertiary education*

Local Networking

It is evident to the Panel that the Unit is active and effective in its local networking. For example, NZQA values the contributions of the Unit in the meetings of the Inter-Institutional Quality Assurance Bodies Networking Group (IIQABCG) convened by NZQA. The Tertiary Education Commission, the NZQA, Ako Aotearoa and the

university Quality Managers all expressed their appreciation for the contacts they have with the Unit and considered that the current form and level of contact was fit for purpose. The universities recognised the efforts of the current Director to maintain strong communications with them, particularly through annual visits. 'I appreciate the personal touch of the Director. He is always available.' The Panel would observe, however, that this emphasis on personalised and often informal communication adds significantly to the Director's workload and may not be sustainable in future if staffing levels in the Unit are not increased.

The Panel formed the view that, at a time of change and in a university sector the size of New Zealand's, such networking is essential and should be maintained as the sharing of experiences, ideas and good practice is of benefit to all.

Relationship with CUAP

The Panel is aware that, in previous reviews, the relationship between the NZVCC's two quality assurance arms, the Unit and CUAP, had been considered an issue, and noted during the interview sessions that the relationship is now on a sounder footing. The Panel notes that section 2.3 of the Unit's Constitution states that 'the Unit and CUAP recognise the importance of effective communication on the one hand, and the maintenance of clear and separate responsibilities and jurisdictions on the other. To give effect to regular communication, the Director of the Unit and the Chair of CUAP agree to hold regular meetings to discuss matters of mutual interest.' The Panel wishes to emphasise the importance of this part of the Constitution being fulfilled and suggests that means to develop the mutual relationships and capitalise on the joint type of responsibilities of the Unit and CUAP could form part of the possible NZVCC environmental scan to which the Panel referred earlier (see Chapter 2).

Communications Strategy

The Panel has noted that the review of the NZUAAU conducted in 2001 included as recommendation 11: That the AAU (sic) 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. The Unit reported in its 2009 portfolio that in 2002 the Board supported recommendation 11, but noted in its 2005 follow-up on the recommendations that the Unit had found it hard to know how to progress the recommendation. Due to the wide variety of stakeholders with whom the Unit potentially has to communicate, such a recommendation is still relevant.

A communications strategy could facilitate an increase in the understanding of the Unit's work by the universities and, in particular, the Quality Managers. It could also increase public understanding and appreciation of the quality assurance work undertaken by the Unit through its quality audits, enhancement meetings, seminars and publications. The Unit could be more visible by commenting through education media on the release of audit reports, quality assurance issues and could advocate for the many examples of quality in the sector. As the use of the Unit's website

would be critical in this respect, the Board would need to consider the suitability of the current website to serve this purpose.

Therefore, the Panel endorses the recommendation made in 2001 and recommends that the Board develop a communications strategy.

International networking

The critical importance of international networking was mentioned in virtually every submission and most interview sessions. It was acknowledged by all, including the Unit in its self-assessment portfolio, that this aspect of the Unit's work has recently been given too low a priority.

The submissions stressed not only the importance of the Unit's policies and procedures being up to date with international trends and good practice, but also the Unit's capacity to share this knowledge with the university sector and the other New Zealand quality assurance agencies. This sharing of knowledge would also strengthen the Unit's role as a resource centre for quality assurance. Further, New Zealand, including the NZUAAU, has long and significant experience in quality assurance and has often been at the forefront internationally of developments in quality assurance. This includes aspects of the current quality assurance reforms, such as the focus on outcomes. The Unit can gain inspiration and learn from international experience, but has also much to share, for example, with AUQA (and the new Tertiary Education Quality and Standards Agency, TEQSA) because of its proximity, and with the international organisations such as INQAAHE and APQN.

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 the international networks, could be undertaken effectively, and what staffing and financial resources would be required to undertake this at an appropriate level.

5.3 Quality practices

- ***Objective:*** *Valued contributions to the development, dissemination and implementation of new policies and practices in quality assurance and quality enhancement in education nationally and internationally.*

The Unit takes a variety of initiatives in relation to meeting its 'Quality practices' objective. These include the Quality Enhancement Meetings, the 'AAU Series on Quality', other publications, papers and presentations developed by the Unit, and the arrangements with AUQA for the publication of good practice identified during the conduct of audits in the New Zealand universities.

The Panel comments below in more detail on some of these practices, but wishes to make a general observation in relation to the Unit's Constitution and its term of

reference 'to identify and commend to universities, national and international good practice in regard to academic quality assurance and quality enhancement'. The Unit's initiatives in this area appear to be *ad hoc* in nature and insufficient attention has been given to this aspect of the Unit's work. As a result, there may be a relatively low level of awareness and appreciation of some of these commendable initiatives, with the result that they may have lost, or be at risk of losing, their value.

Quality Enhancement Meetings

The two-day Quality Enhancement Meetings, which commenced in 1996, bring university representatives together to discuss quality assurance practices that impact positively on their core activities. The meetings also consider the role of the Unit and the impact of academic audit activity on universities, and discuss changes in government policy that have implications for quality assurance and monitoring in the university sector.

The Panel commends the Unit on the initiative of the Quality Enhancement Meetings because they provide a systematic means of communication and information sharing with the Quality Managers. Overall comments during the Panel's site visit and the regular evaluations at the end of the Quality Enhancement Meetings indicate that these meetings are valued by the people who attend.

The Quality Managers are, however, only one group of stakeholders with whom the Unit needs to liaise. In order to broaden the discussions of quality assurance and quality of university education in New Zealand, and the value of the Unit's work in this regard, the Panel suggests that the Unit considers whether attendance at the Quality Enhancement Meetings should be broadened. Consideration should be given to inviting auditors to attend, due to their involvement in the audits. They could attend for part of the meeting so that appropriate issues and examples of good practice can be discussed and debated. The Panel acknowledges that this suggestion would have financial implications, but considers that significant benefits could follow.

Good Practice

Examples of good practice in New Zealand universities can be accepted on the AUQA Good Practice Database, an arrangement made possible via the Memorandum of Understanding between the Unit and AUQA. ***The Panel commends the Unit for the co-operation with AUQA on this project, as linking up with an existing mechanism requires fewer resources and is less time-consuming.***

The Panel noted, however, that the most recent examples of good practice in New Zealand universities have all come from one university and are not recent. Given the conduct of two audits each year, examples of good practice in each of the universities will be identified by panels during the cycle, thereby allowing the systematic identification of good practice across the sector. The value of the database could be considerably enhanced if the Unit had a systematic process for identifying good practice after each audit.

In order to attract more attention to New Zealand examples of good practice, the Unit may consider making more explicit reference to such examples on the NZUAAU website.

Te Tiriti o Waitangi and Māori quality concept

The 'AAU Series on Quality' is a repository of occasional publications on quality issues. Three titles have been published in the past seven years, including *New Zealand Universities and Te Tiriti o Waitangi (ASQ9)*.

The Panel commends the Unit for its publication on Te Tiriti o Waitangi. It is a publication which demonstrates that the Unit has a serious commitment to the principles of Te Tiriti and to reflect on these in its work.

The Panel views the publication as a good platform to further strengthen the Unit's work in this area and to heighten its profile among stakeholders. Based on the interview discussions, the universities are well aware of their obligations to Te Tiriti and provided examples of strategies that could be further strengthened. It would, in the view of the Panel, follow naturally from the Unit's work with Te Tiriti if the Unit could support the university processes in this area by focusing on developing a concept for Māori quality. The Unit could also consider conducting a mini-audit of the eight universities on how they approach Te Tiriti, and how it influences their work, so that experiences can be shared.

5.4 Quality processes

- ***Objective: Effective processes to produce timely completion of tasks and a high level of satisfaction by universities and other stakeholders in the work of the Unit.***

Two of the main 'Quality processes' for the Unit are the *Operations* and *Office Manuals*. The *Operations Manual* details all policies and administrative protocols and underwent a comprehensive review in 2007. The *Office Manual* contains descriptions of the operations of the office and the responsibilities in the implementation of Unit policies and protocols, and was updated in 2009.

The Panel was impressed with the quality of the Unit's office systems. The office is well managed and provides a high level of service, not least by being responsive to any issues that arise with auditors and other client groups. The quality of the initial and follow-up documentation presented for the external review was excellent and confirmed that the office files are comprehensive and well maintained. The administrative arrangements supporting the work of the audit panels are also strong.

The Panel commends the Unit for its systematic approach to documenting procedures and for the quality of its office procedures.

There is an ever-present element of risk with a one-and-a-half person Unit. The Panel was advised that there are arrangements whereby the Chair of the Board or an experienced senior university person with audit experience would cover for the Director in the event of long absence or serious illness. The *Office Manual* was developed in order to ensure that the procedures were documented and could easily be taken over by new administrative staff and the Panel heard that this had proven to be the case in a recent change of staff. Regardless of the future direction of the staffing structure of the Unit, ***the Panel recommends that the Board pay more systematic attention to risks related to limited staffing and to risks that could potentially affect the Unit more broadly and in the long-term.***

The Panel makes this recommendation in full knowledge of the significant workload which the current Director has willingly carried. In the Panel's view, it is important that the Board discusses this matter prior to a new appointment being made.

Feedback from and to stakeholders

The Unit has mechanisms in place to seek feedback from the universities, from the Quality Enhancement Meeting, from auditors following the conduct of an audit, and from auditor training. These measures serve as important sources for the Unit's own continuous improvement.

It has been the Unit's practice to have an external review of its own operations conducted at the end of each audit cycle and the self-assessment portfolio prepared for the 2009 external review reported in detail on the follow-up actions undertaken since the last review. This approach to the Unit's internal quality assurance constitutes sound international good practice.

The Panel commends the Unit for the scope of its initiatives in seeking feedback with the purpose of continuously improving its work.

Although the documentation provided the Panel with examples of how the Unit has taken action on the basis of feedback, for example in planning Cycle 4, there is also room for the follow-up process to be formalised so that those providing feedback are kept in the loop on the subsequent actions taken. The Panel suggests that, from time to time, the Unit discuss with its stakeholders the appropriateness of the feedback, for example the utility of the feedback forms provided for auditors. The auditors expressed the overall view that the Unit listens to their comments, but they commented that the feedback could take more of a developmental approach than the current predominantly 'tick-box' approach.

6 INQAAHE GUIDELINES OF GOOD PRACTICE

As part of its Terms of Reference, the Panel reviewed the policies and procedures of the NZUAAU in relation to the *INQAAHE Guidelines of Good Practice in Quality Assurance*.

The *Guidelines of Good Practice* are the work of quality assurance agencies from over 65 countries. These agencies are dedicated to ensuring that tertiary education students throughout the world have access to high quality education. The *Guidelines* are designed to be used by all quality assurance agencies, whatever their stage of development may be.

The Panel is satisfied that, with the exception of a lack of a grievance/appeals process, the need to consider the resource base of the Unit, the need for significantly more international networking and for a transnational/cross border education policy, all of which are referred to in the Unit's self-assessment portfolio, the NZUAAU is overall meeting the *Guidelines*. Having made specific comments and recommendations in the main body of this report relating to the *Guidelines*, the Panel makes brief summary comments on the *Guidelines* in the following sections of the report.

Section 1: The external quality assurance agency (EQAA): accountability, transparency, and resources

1. The Governance of the EQAA

The Unit has a vision and mission and a set of objectives that highlight that external quality assurance is the Unit's major role. The fulfilment of the objectives is underpinned by an annual operational plan. The ownership and governance structure is appropriate for the current objectives, but the report has made recommendations in this area (see 4.4, Governance).

2. Resources

The Unit's resources are inadequate and for this reason, sufficient attention cannot be given to all its activities. There is an urgent need to consider the future resourcing of the Unit in light of its functions and the expectations of its stakeholders, as well as of risk management issues associated with the Unit's staffing levels (see 4.2, Resources).

3. Quality Assurance of the EQAA

The Unit has good mechanisms for seeking feedback from direct stakeholders, that is, panels, auditors and universities, and from the latter both after the audit and at the time of the Director's performance review. It has also been part of the practice

of the Unit to have an external review of its own operation conducted at the end of each cycle.

There is a need for the mechanisms to fully 'close the loop' by the Unit providing comment to stakeholders on the feedback it receives from them (see 5.4, Quality processes).

4. Reporting Public Information

The audit reports and the *Audit Manual* are distributed in hardcopy and are published on the Unit's website. The Board should consider strengthening the accountability aspect of external audit reports (see 5.1, Audit reports).

Section 2: Institutions of higher education and the EQAA: relationships, standards, and internal reviews

5. The Relationship between the EQAA and Higher Education Institutions

The Unit recognises through its processes that institutional quality assurance is primarily the responsibility of the universities. The Unit consults representatives of the universities prior to the commencement of an audit cycle. The audit approach is aimed at contributing to both quality enhancement and accountability of the universities.

6. The EQAA's Requirements for Institutional/Program Performance

The *Audit Manual* spells out the expectations of the Unit in terms of institutional issues that need to be taken into consideration. However, the Board should consider how it could strengthen the level of consistency within each audit cycle (see 5.1, The audit cycle approach).

7. The EQAA's Requirements, Institutional Self-Evaluation and Reporting to the EQAA

The *Audit Manual* comprises the purposes, process, procedures and expectations in the self-assessment process. The Unit should work with the universities to clarify expectations so that the development of the self-assessment portfolio may become a less onerous exercise for the universities (see 5.1, Self-assessment and external quality audit).

Section 3: EQAA review of institutions: evaluation, decision, and appeals

8. The EQAA's Evaluation of the Institution and/or Program

The *Audit Manual* provides clear information about external audit and refers to the requirements and the process. The audit panels working for the Unit include one international auditor (from Australia) and panel members are required to sign a

conflict of interest declaration. The auditors on the Unit's register receive training. The Panel provides some comments on the quality of the training. The audit reports are evidence-based and include conclusions in the form of commendations, recommendations and affirmations (see 5.1, Auditors).

9. Decisions

The audit panels work independently and third parties cannot influence the outcomes of their reports. The Board comments on the audit process, not the outcomes. The universities are generally appreciative of the quality of the audit reports and issues relating to perceived bias, rigour and fairness are dealt when the individual university provides comments on the draft report. The Panel has suggested how the Board can further strengthen the independence of audit panels (see 5.1, Audit reports).

10. Appeals

The Unit's self-assessment portfolio acknowledged that the Unit does not have a formal appeals policy. Such procedures should be established (see 5.1, A grievance/appeals process).

Section 4: External activities: collaboration with other agencies and transnational/cross-border education

11. Collaboration

The Unit collaborates with other agencies and stakeholders. The Unit has identified the need to have a stronger focus on international networking (see 5.2, International networking).

12. Transnational/Cross-Border Higher Education

The Unit acknowledges that it does not have any policies relating to imported or exported tertiary education. The Unit seeks evidence from the universities that they are implementing and monitoring effective policies and procedures with respect to any transnational education. It was acknowledged in the Unit's self-assessment portfolio that, in light of the universities' international activities, this INQAAHE guideline needs some attention from the Unit.

Appendix I

EXTERNAL REVIEW OF THE NEW ZEALAND UNIVERSITIES ACADEMIC AUDIT UNIT, JUNE 2009

The Board of the New Zealand Universities Academic Audit Unit (the Board) has appointed a four-member panel with international representation to conduct an external review of the Unit.

The Chair of the panel is Dorte Kristoffersen of the Hong Kong Council for the Accreditation of Academic and Vocational Qualifications. She is supported by Emeritus Professor Barrie Macdonald formerly of Massey University, Pauline Kingi CNZM of Te Puni Kokiri and a member of the Council of the Auckland University of Technology, and Dr Anne L Martin formerly Deputy Vice-Chancellor and Vice-President (Academic) at Deakin University, Australia.

Exmoor Associates Ltd has been appointed by the Board to act as the Secretariat to the Panel.

The site visit will be conducted in June 2009.

Terms of Reference

The Board has developed Terms of Reference for the review. The Panel has been asked to evaluate the effectiveness of the Unit in:

- achieving its objectives;
- fulfilling the New Zealand Vice-Chancellors' Committee's legislative requirements with respect to auditing the maintenance and enhancement of university quality processes associated with quality teaching and learning in a research environment;
- administering audit activities in accordance with the good practice guidelines of the International Network of Quality Assurance Agencies in Higher Education;
- providing an effective service to the university sector and being accountable to the sector; and
- being perceived as a credible quality assurance agency to other education quality assurance agencies in New Zealand and internationally.

In addition, the Panel will:

- consider the appropriateness of the Constitution of the Unit in enabling the Unit to act effectively to the benefit of the New Zealand university sector;
- consider the adequacy and appropriateness of the Unit's resources to undertake its functions; and
- recommend any changes or improvements to the work practices and activities of the Unit.

The Panel will report to the Board, and the Board will forward the Report of the Panel and the Board's comments on the Report to the New Zealand Vice-Chancellors' Committee. The report will be made a public document and will be posted on the Unit's website.

Self-assessment portfolio

The Unit has developed a self-assessment portfolio text with supporting documents for the information of the panel. A PDF version of the portfolio text has been posted on the Unit's website for reference by interested persons, agencies and organisations which wish to make a submission to the panel. The self-assessment portfolio can be downloaded from:

http://nzuaau.ac.nz/nzuaau_site/reports/reports.htm

Submissions

The Panel calls for submissions from interested persons, agencies and organisations to inform the review. Submissions must relate to the Terms of Reference.

The closing date for submissions is Thursday 30 April 2009.³

Michael Steer
Exmoor Associates Ltd

April 2009

³ The original date for submissions was extended to 12 May 2009.

Appendix II

INTERVIEWS CONDUCTED DURING THE EXTERNAL REVIEW

Wednesday 17 June

NZUAAU Board

Dr David Mackay (Chair)
Ms Heather Baigent
Mr Jeremy Baker
Professor Stuart McCutcheon, Vice-Chancellor, University of
Auckland

NZUAAU Office Manager

Ms Ruth Berkalitzky

Chair of the NZVCC

Professor Roger Field, Vice-Chancellor, Lincoln University

The TEC

Dr Roy Sharp, Chief Executive
Dr Colin Webb, Deputy Chief Executive
Ms Hilary Branthwaite, Principal Advisor Strategy

Thursday 18 June

Former Chair of the NZUAAU Board

Professor Emeritus Les Holborow

Deputy Vice-Chancellors (Academic)

Professor Raewyn Dalziel (University of Auckland)
Professor Rob Allen (Auckland University of Technology)
Professor Doug Sutton (University of Waikato)
Associate Professor David Crabbe (Victoria University)
Dr Jan Cameron (University of Canterbury)
Professor Sheelagh Matear (Lincoln University)
Professor Gareth Jones (University of Otago)

Vice-Chancellors

Professor Stuart McCutcheon (University of Auckland)
Mr Derek McCormack (Auckland University of Technology)
Hon Steve Maharey (Massey University)
Professor Ian Town (for Dr Rod Carr) (University of Canterbury)

Quality Managers

Dr David Tippin (University of Auckland)
Ms Ineke Kraneburg (Auckland University of Technology)
Ms Michelle Jordan Tong (University of Waikato)
Mr Malcolm Rees (Massey University)
Dr Willemijn Vermaat (Victoria University)
Ms Erolu Nugent (University of Canterbury)
Ms Sarah Carr (University of Otago)

Auditors

Professor Penny Boumelha
Ms Carolynn Bull
Professor Emeritus Cedric Hall
Dr Roberta Hill
Professor Emeritus Peter Holland
Professor Emeritus Don McGregor
Associate Professor Liz McKinley
Professor Judith Sachs

Ministry of Education

Mr Roger Smyth, Manager Tertiary Sector Performance, Analysis & Reporting

Chair of CUAP

Professor Pat Walsh, Vice-Chancellor, Victoria University

Friday 19 June

NZQA Mr Tim Fowler, Deputy Chief Executive Quality Assurance

NZUAAU Mr John M Jennings, Director