

**ANNUAL REPORT
FOR THE YEAR
2006**

*A REPORT ON THE ACTIVITIES OF THE
NEW ZEALAND UNIVERSITIES
ACADEMIC AUDIT UNIT
TE WÄHANGA TÄTARI*



Emeritus Professor Les Holborow
Chair of the Board



John M Jennings
Director of the Unit



Belinda Middleton
Office Administrator

New Zealand Universities Academic Audit Unit
Te Wāhanga Tātari

Postal address:
P O Box 9747
Marion Square
Wellington 6141
New Zealand

Location:
Level 3
West Block
Education House
178 Willis Street
Wellington
New Zealand

E-mail:
admin@nzuaau.ac.nz

Website:
http://www.nzuaau.ac.nz

ANNUAL REPORT FOR THE YEAR 2006

A REPORT ON THE ACTIVITIES OF THE

NEW ZEALAND UNIVERSITIES ACADEMIC AUDIT UNIT

TE WÄHANGA TÄTARI

AS APPROVED BY THE BOARD

MEMBERSHIP OF THE BOARD FOR 2006

<i>Chair</i>	Emeritus Professor Les Holborow	term expires 30 June 2008
<i>Deputy Chair Nominated by the professions</i>	Mr Warren Allen Ernst and Young	term expired 31 December 2006
<i>Member of the New Zealand Vice-Chancellors' Committee</i>	Professor Roy Sharp University of Canterbury	term expires 31 December 2009
<i>Nominated by the Association of University Staff of New Zealand</i>	Dr Catherine (Lane) West Newman University of Auckland	term expires 31 December 2007
<i>Nominated by the New Zealand Union of Students' Associations</i>	Mr Joseph (Joey) Randall New Zealand Union of Students' Associations	term expires 31 December 2007
<i>Nominated by the professions</i>	Dr Tony Baird ONZM Medical Council of New Zealand	term expires 31 December 2009
<i>Nominated by Business New Zealand</i>	Mr Duncan Simpson Otago Southland Employers' Association	term expired 31 December 2006
<i>Member of the community</i>	Ms Susanne Simmons-Kopa Tumuaki/Principal, Te Kura Kaupapa Māori o Whakawātea	term expired 30 June 2006
<i>Member of the community</i>	Ms Sue James Principal, Jamac Consultancy Ltd	term expires 30 June 2007
<i>Director</i>	Mr John M Jennings Director	

REPORT FROM THE CHAIR OF THE BOARD

Of particular significance to the Board this year has been the public release of Cabinet papers in June 2006 that gave notice of the latest set of Government Tertiary Education Reform proposals. The Board has noted the key role in quality assurance and monitoring given to the Tertiary Education Commission and has sought to work with the universities in emphasizing the value of its current practices as well as contributing to the development of new options.

The proposed development of a 'relationship' between the Commission and the New Zealand Vice-Chancellors' Committee is of particular interest. The Unit's main stakeholders are the universities, and the Unit's terms of reference make it clear that the Unit is accountable to each University individually through its audit activities and other Unit-institution interactions, and to the universities collectively through advice to the university sector, mainly through the New Zealand Vice-Chancellors' Committee. The Unit's Constitution requires the Unit to act independently in its academic audit activities. Therefore the relationship of the work of the Unit to the quality assurance and monitoring responsibilities of the Commission have been an important issue in the Board's discussions of the implications of the reforms for the role and future activities of the Unit. The lack of sufficient detail in Cabinet papers and Commission presentations to date have hampered the Board's ability fully to understand clearly its future role and contribution.

The year 2006 saw the successful completion of Cycle 3 academic audits of all New Zealand universities, conducted during the four years 2003-2006. Discussions with the New Zealand Vice-Chancellors' Committee about the style of academic audits after Cycle 3 – begun in 2004 and reported in the annual reports of 2004 and 2005 – have continued through the year. The University of Canterbury agreed to host a trial of a new Process Audit methodology in mid 2006 and on the basis of a report which was also provided to the New Zealand Vice-Chancellors' Committee the Board agreed that the Process Audit provided the Unit with another audit tool. A draft programme of work for the Unit 2007-2009 was adopted and put to the New Zealand Vice-Chancellors' Committee which decided that it needed more time to decide on its favoured approach once the implications of the government reforms were clearer.

Those same discussions during 2004 and 2005 have addressed all aspects of the terms of reference of earlier reviews of the Unit carried out in 1997 and 2001; as well the Unit sought views on the operations of the Unit at the 2005 Quality Enhancement Meeting of university quality personnel. As a result of these discussions, the New Zealand Vice-Chancellors' Committee approved changes to the terms of reference, the downsizing of the Board and changes to its composition, and minor but necessary updating of the wording of the Constitution. Given all this, the Board considered a review of the Unit in 2006 to be premature given that discussions had assessed the extent to which the Unit has successfully met the terms of reference as well as the effect of the Unit's work on the universities and more generally. The Board is of the view that a review of the Unit would be better value if administered towards the end of 2008, at which time the effectiveness of the new Board, the adoption of new methodologies, and the appropriateness of the relationship with the Committee for University Academic Programmes of the New Zealand Vice-Chancellors' Committee could be reviewed in light of the needs of universities and the finalisation of operational requirements of the Tertiary Education Commission arising from the eventual implementation of the Tertiary Education Reforms.

During the year 2006, the Board held four meetings – in March, July, September and November – each time with a full agenda. Meetings were held with members of the professions, the newly-appointed Chair and Chief Executive of the New Zealand Qualifications Authority, and the Chief Executive of the Education Review Office.

In response to concern expressed by a member of the public over the use of the word 'tohungatanga' in the name of the Unit in te reo Māori, the Board referred the issue to Te Kāhui Amokura of the New Zealand Vice-Chancellors' Committee for advice. Te Kāhui Amokura considered the existing te reo Māori name to be too long and unwieldy and, on behalf of the Vice-Chancellors' Committee, suggested that the name of the Unit be changed to *New Zealand Universities Academic Audit Unit – Te Wāhanga Tātari*, pointing out that while the meaning of 'Te Wāhanga Tātari' when used alone is rather broad, when the English

name and te reo Māori names are used together, this ambiguity is removed. The Board of the Unit adopted the suggestion, and the change of name took effect on 1 January 2007.

The Board was sorry to lose the services of Mr **Warren Allen**, a member nominated by the professions, who had served his last eighteen months as Deputy Chair, and Mr **Duncan Simpson**, a member nominated by the employers' association, who had served two full terms on the Board. Both members brought to the Board a wide experience in business and made robust contributions to the Board's deliberations. One of the two community representatives, Ms **Susanne Simmons-Kopa**, Tumuaki of a Te Kura Kaupapa Māori o Whakawātea, added a community dimension to Board discussions during her term which finished at the end of June.

The Board commends the work of the Director, Mr **John Jennings**, in bringing the Cycle 3 audits to a successful conclusion in a year in which there were many other demands, and of the Office Administrator, Mrs **Belinda Middleton**, whose significant contribution to the business and positive public profile of the Unit goes far beyond a mere administrative role that her title might suggest. The unexpected need to relocate the office made for a somewhat frantic start to the year.

During 2006, I was pleased to continue as the Board's representative on the reference group to the group reviewing pathways and staircasing and I have continued as a member of the Ministerial Tertiary Consultative Group. I attended the World Summit of Universities in Bangkok, Thailand, to present a paper on quality assurance in New Zealand universities, and I also attended the annual Quality Enhancement Meeting in Wellington and the Australian Universities Quality Forum in Perth.

I am grateful to the New Zealand Vice-Chancellors' Committee for my reappointment as Chair of the Board for a further two-year term and I look forward to leading the Board during a critical period in which the Unit's role as the academic audit agency for New Zealand's universities will need to be defined with the implementation of the government's current Tertiary Education Reforms.

EMERITUS PROFESSOR LES HOLBOROW
CHAIR

REPORT FROM THE DIRECTOR OF THE UNIT

BACKGROUND

The New Zealand Universities Academic Audit Unit was established by the New Zealand Vice-Chancellors' Committee in 1993. The Unit operates as an independent academic audit and enhancement agency under Terms of Reference – revised with effect 1 January 2006 – that can be summarised thus:

- to review and comment on the effectiveness of systems for monitoring and enhancing academic quality of academic programmes, their delivery and their learning outcomes, to ensure that they are appropriate for achieving the universities' stated aims and objectives, are applied effectively, and 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, assist the university sector improve its educational quality, advise the New Zealand Vice-Chancellors' Committee on quality assurance matters, and carry out contract work as is compatible with its audit role.

The Constitution of the Unit requires the Unit to act as a fully independent body in the conduct of its audit activities.

The Unit began operations in 1994. The Unit completed two pilot audits and Cycle 1 institutional audits of all universities between 1995 and 1998. Cycle 2 academic audits – on the national theme of research

policy, management and performance, support for postgraduate research students, and the research-teaching link, as well as institutional themes nominated by the universities and agreed to by the Unit – were undertaken during 2000 and 2001; and Cycle 3 academic audits – on teaching quality, programme delivery and the achievement of learning outcomes – were begun in 2003 and completed during the current year (2006).

The Unit was itself reviewed by independent panels in 1997 (towards the end of Cycle 1) and again during 2001 (towards the end of Cycle 2), each review seeking input from the universities and each review report contributing towards the determination of the next cycle of audits. The effectiveness of the Unit's operations was the subject of discussions with the New Zealand Vice-Chancellors' Committee during 2004 and 2005, leading to constitutional changes and the likelihood of a review of the Unit during 2008.

A planning exercise carried out during the first half of 2002 resulted in a *Planning document 2002-2006* covering the period of Cycle 3 audits, in which a vision for the Unit was formulated:

to have contributed to the achievement of quality, quality enhancement and excellence in New Zealand universities as measured by the improved quality of their scholarly activities and outcomes.

In support of its vision, the Unit's mission is to be a successful catalyst, agent, advocate and mentor for the development of quality cultures and the improvement of the quality of processes and outcomes in New Zealand universities. The Unit will promote an enabling quality environment by supporting the activities that enhance quality, and will strive to avoid those activities that are solely compliance driven and that promote a more restrictive quality environment.

The Unit's *Planning document 2002-2006* and associated proposed activities for 2006 provide the framework for this following review of the year 2006.

THE YEAR IN REVIEW

QUALITY ENHANCEMENT

OBJECTIVE 1

To have contributed to the measurable improvement, implementation and monitoring of quality programmes in all New Zealand universities as evidenced by purposeful visits to universities, the conduct of successful workshops and seminars, and the production of valid and useful monitoring reports.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *To identify and commend to universities national and international good practice in regard to academic quality assurance and quality enhancement.* Term of reference 4
- *To assist the university sector to improve its educational quality.* Term of reference 5
- *To advise the New Zealand Vice-Chancellors' Committee on quality assurance matters.* Term of reference 6
- *Develop appropriate and ongoing professional working relationships with universities to discuss ways the Unit can assist and identify, disseminate and commend good and successful practice in support of the enhancement of universities' own programmes of improvement.*

The maintenance and enhancement of strong and purposeful professional working relationships with all universities is an important aim of the Unit. These relationships are at various levels – from formal visits with respect to the preparation, administration and follow-up to institutional academic audits, to informal contact with quality personnel through e-mail, and interaction with them at seminars and meetings. It is important for the Unit to have as good a knowledge of the quality culture of the universities as is possible if it is to provide a service that adds value to the work of the universities. The Unit is most grateful for the willingness of university personnel to assist the Unit achieve its objective.

- *Conduct workshops and seminars where to do so will add value to the quality of the learning experience in universities and tertiary providers.*

In March, the staff of the Unit were heavily involved in the administration of a symposium of invited people engaged in aspects of the student learning experience to discuss 'Measuring and enhancing engagement with learning'. The aims of the symposium were to support present projects in all parts of the tertiary sector, and to facilitate networking amongst those involved to lead to new activities in this field in New Zealand. The

organisation of the symposium was undertaken by a group representing the four New Zealand agencies as were involved in the 2005 Conference of the International Network of Quality Assurance Agencies in Higher Education held in Wellington, as well as representatives from the Ministry of Education, the Tertiary Education Commission, and the New Zealand Union of Students' Associations. Nearly 50 participants attended from all parts of the tertiary education sector and government educational and quality assurance agencies. The symposium was facilitated by Dr Hamish Coates and Professor Richard James of the Australian Council for Educational Research and the University of Melbourne respectively, and paid for from a fund dedicated to the advancement of education which has been set up using the surplus from the INQAAHE Conference. The Unit published the proceedings of the conference which included an open 'call for leadership' with respect to student engagement.

In September, the Unit, with the host university, was joint sponsor of the annual Quality Enhancement Meeting (QEM). The eleventh meeting (QEM 11) was hosted and organised by the Victoria University of Wellington in Wellington. As in last year, the programme was for universities only. The keynote addresses were by Dr Kerri-Lee Krause, Centre for the Study of Higher Education, University of Melbourne, who spoke on the need to accommodate student diversity when measuring student engagement, and Professor Geoffrey Scott, University of Western Sydney, who spoke on the findings of a project to access the university student voice as can be found in student evaluations. Representatives from the Tertiary Education Commission gave presentations about the Tertiary Education Reforms and possible national student survey. Universities shared good practices with respect to the follow-up to academic programme reviews and academic audits. The Director led preliminary discussions on the programme of work for the Unit 2006-2009 which had been put to the New Zealand Vice-Chancellors' Committee for their consideration in the month following QEM11.

QUALITY AUDITS

OBJECTIVE 2

To have successfully administered audits of all New Zealand universities and have produced audit reports which are acknowledged as being authoritative, rigorous, fair and perceptive and which are acknowledged by the universities as being of assistance to them in improving their own programmes of continuous improvement of quality and added value.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *Administer Cycle 3 audits:*
 - * *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,* Term of reference 1
 - * *to comment on the extent to which procedures in place in individual institutions are applied effectively,* Term of reference 2
 - * *to comment on the extent to which procedures in place in individual institutions reflect good practice in maintaining quality.* Term of reference 3
- Cycle 3 academic audits – which ended in December 2006 – focused on teaching quality, programme delivery and the achievement of learning outcomes.

The academic audit visit to Auckland University of Technology was carried out in May and the report made public in August 2006; the academic audit visit to the University of Otago was carried out in July and the report made public in November 2006; the academic audit visit to Lincoln University was made in September, the report presented to the University just before Christmas and made public in January 2007. All reports (available in hardcopy from the Unit, and in 'pdf' format on the Unit's website www.nzuaau.ac.nz) record the significant initiatives being taken to support student learning, and the extent to which the institutional self-review has been used to evaluate the effectiveness (or otherwise) of processes in place. Each report acknowledges good practice and the recommendations are intended to improve processes and support and/or enhance the university's own initiatives with respect to its own programme of continuous improvement of quality and added value. All universities have acknowledged that the audit reports are fair and contain recommendations that are helpful to them in progressing their own quality improvement initiatives.

With the completion of Cycle 3 academic audits in 2006, the Unit has been in further discussion with the New Zealand Vice-Chancellors' Committee about the nature of academic audit post Cycle 3. One of the suggestions to come from those discussions is the possibility of the next Cycle of audits being 'Process Audits'. During the year, the Unit prepared the outline of a Process Audit methodology and administered an

evaluation/pilot at the University of Canterbury. The Board of the Unit adopted the Process Audit methodology as an additional audit tool. As at the end of the year, the university sector had asked for time to assess the appropriateness of Process Audit to the needs of the universities before the Board of the Unit makes a final decision on the nature of Cycle 4 academic audits.

- *Work with universities to ensure an understanding of the topic for Cycle 3 audits, and respond to requests for assistance and information from universities in preparation for Cycle 3 audits.*

Visits were made to the universities preparing for Cycle 3 audits during 2006, and discussions were held with those staff who were involved in the conduct of the universities' self-reviews and in the detailed organisation associated with the Audit Visit. The Unit has appreciated the time and resource put into those activities by all universities, both of which have been necessary to the successful administration of the audits.

- *Ensure auditors employed by the Unit for Cycle 3 are properly trained and prepared for audit and are appropriately appraised at the end of each audit so as to assist the Unit enhance the quality and usefulness of audit.*

Given that all members of the register of auditors had attended one or two auditors' meetings in 2003 and 2004, that Cycle 3 was nearing completion, and that there are the discussions in progress with the New Zealand Vice-Chancellors' Committee with respect to the nature of academic audit post Cycle 3, it was thought unnecessary and premature to hold a meeting of auditors in 2006. The present register of auditors for Cycle 3 audits was to last for the duration of the Cycle 3 – that is, from 2003 to 2006 – after which it was intended a new register would be compiled. However, by the end of 2006, it was still not clear what the substantive audit activities will be for Cycle 4, and therefore auditor recruitment and training cannot take place until that is resolved.

All auditors involved in each of Cycle 3 academic audits have been required to complete a comprehensive questionnaire which provide feedback and suggestions for improvement. Their responses have been placed alongside written feedback from the universities and both have been tabled at the appropriate meetings of the Board. All universities but one have been complimentary about the collegiality and professionalism of the auditors. Feedback from auditors and universities suggest that the Unit is improving its processes to address issues raised in former years, and that, on the whole, the Unit has been achieving its objective with respect to quality audits. Feedback from audits and universities has provided important suggestions for improvement. Minor operational improvements have, where possible, been integrated into the audit process as the Cycle has progressed; more substantial suggestions for improvement will be analysed by the Unit when it prepares for Cycle 4 academic audits.

- *Work with universities post-audit:*

- * to gain feedback on audit processes and products,*

- * to gain an understanding of the ways the universities are able to integrate the audit recommendations into their own programmes of quality improvement*

The Chair of the respective audit Panel and the Director of the Unit visited Victoria University of Wellington in March, the University of Canterbury in May, and the University of Waikato in June. The aims of these visits were to receive an interim action plan, to receive written feedback on the audit process, and to discuss the universities' programmes for follow-up to the recommendations.

In March, the University of Auckland provided its follow-up report on actions taken on recommendations in the academic audit report (published in October 2004), as well as on the University's own enhancement initiatives included in its audit portfolio and commented on by the audit panel. All recommendations had been addressed, with reasons given where the passage of time and the changing educational context had rendered recommendations no longer appropriate, or where the University's capacity to deliver required a delay in implementation.

INTERNATIONAL BENCHMARKING OF ACTIVITIES

OBJECTIVE 3

To have ensured involvement of qualified international personnel in appropriate activities of the Unit, and to have examined, adopted, promulgated and reported on international good practice that is used and useful.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *Maintain a Register of Auditors that contains auditors who are recognised internationally for their competence as auditors.*

The Unit ensures that its register includes academic and non-academic auditors from outside New Zealand, and that each audit panel includes at least one auditor from outside New Zealand, normally from Australia. A number of the Australian auditors and some of the New Zealand auditors are actively involved in academic audits administered by the Australian Universities Quality Agency thus ensuring a strong benchmark with Australian practice.

- *Visitors*

During the year, the Unit met with the following international visitors.

- * Professor *Nic Olivier*, University of Pretoria, South Africa, who was engaged in a review of community engagement for the Higher Education Quality Control Unit of the South African Council of Higher Education,
- * a total of 110 members of the *Quality Assurance Forum of Thailand Universities*, who visited the Unit in three groups to learn about the Unit's approach to quality, quality assurance, and quality audit,
- * Dr *Kerri-Lee Krause*, then a member of the Centre for Studies in Higher Education, University of Melbourne, working in particular in the field of student engagement with learning,
- * *Nick Hamilton*, University of Abertay Dundee, Scotland, with respect to the measurements of student engagement with learning.

In February, along with representatives from other quality assurance bodies in tertiary education, the Director appeared before a panel from the Education and Training Policy Division of the Directorate for Education of the Organisation for Economic Co-operation and Development (OECD) conducting a comparative review of tertiary education in several countries, including New Zealand. The panel's report, *Thematic review of tertiary education – New Zealand: country note*, was released in December and contained recommendations for a stronger link between quality assurance and overall governance of the system, the merging of existing quality assurance agencies into a new single agency, more tailored and standardised forms of quality assurance, and the need for more ad-hoc and 'need-based' evaluations in the future. The preliminary response of the Unit would be that rather than see the merging of existing quality assurance agencies, the Unit would want to encourage – and facilitate where necessary – more dialogue and interaction among the existing agencies in ways that are appropriate and beneficial to each of them. The Board of the Unit has set up a sub-committee to consider any implications for the Unit.

COMMUNICATION

OBJECTIVE 4

To have produced publications, commentaries, media releases and other materials which communicate in a timely and effective manner to relevant New Zealand organisations and agencies and the Unit's communities of interest with respect to ensuring and demonstrating the academic quality of New Zealand universities.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *Publish, and distribute as widely as possible, monographs that report findings based on New Zealand experiences and research including current practices and programmes that have enhanced outputs and outcomes.*

The Unit was a member of the organising group for a cross-tertiary-sector symposium on measuring and enhancing engagement with learning, and the Unit published the proceedings as *Student engagement: measuring and enhancing engagement with learning*, AAU Series on Quality number 10. (See Objective 1)

- *Determine the purpose, audience and distribution of the various types of communication and publication, and consider consolidating certain communications.*
- *Invite universities and stakeholders to contribute to publications so that communication is among the Unit and others rather than from the Unit to others.*
- *Survey those to whom communications are sent to verify the relevance, usefulness and effectiveness of communication.*

There is always an ongoing review of the role of the Unit with respect to communication. The difficulty for the Unit is knowing the extent to which it should promote itself. The terms of reference for the Unit are focussed on its role within, and for, the university sector. There is significant ongoing interaction and contribution to the work of government and education agencies but it is hidden from public view. The academic audit reports are receiving coverage in *The Education Review* and local newspapers, and they are distributed to appropriate agencies in New Zealand and selected agencies internationally.

The annual report is widely distributed in hardcopy, and is given to visitors.

The Unit maintains a website which carries the Unit's most recent publications. The most recent were the proceedings of the symposium on student engagement with learning, and the last three reports of Cycle 3 academic audits.

QUALITY POLICIES AND PRACTICES

OBJECTIVE 5

To have contributed to the development of policies and practices in quality assurance in education, nationally and internationally.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *To contribute papers to conferences and submit articles to publishers that contribute to the development of policies and practices in quality assurance in education.*
- *To carry out such contract work as is compatible with the Unit's audit role.* Term of reference 7

The Unit carried out an audit of the websites of international student centres at all universities as the 2006 compliance audit against the *Code of practice for the pastoral care of international students*. The audits are conducted by the Unit for the Ministry of Education with the support of the New Zealand Vice-Chancellors' Committee. A report on each website was sent to the relevant University, and an overall report was sent to all universities and the Ministry of Education. The audit demonstrated in particular the diversity of approaches to website design and navigation, and the need to take care to ensure all parts of each website contains up-to-date information in every respect.

In a Policy Statement announcing domestic status for new international PhD students from 1 January 2006, signed in October 2005 by the then Minister of Education and Chair of the New Zealand Vice-Chancellors' Committee, the Unit was identified as the agency to undertake periodic monitoring of the implementation of the scheme. Monitoring will be undertaken for the Ministry of Education, and a preliminary discussion took place with the Ministry and New Zealand Vice-Chancellors' Committee Executive Director at which it was agreed that the first monitoring exercise will take place during 2007.

The Unit is working with the Australian Universities Quality Agency on the academic audit of the University of the South Pacific. Two years ago, the University had requested assistance from the Australian Agency and this Unit in the development of a quality framework, which would include an academic audit administered jointly by Australia and New Zealand, with auditors drawn from the registers of auditors of both countries. In a meeting in Melbourne in December 2006, the responsibilities of the two agencies with respect to the academic audit visit were determined. The Australian agency will act as the secretariat for the audit, and this Unit will provide support and critique for the University during its self-review, preparation of the self-review portfolio and preparation for the audit visit.

NETWORKING WITH NEW ZEALAND AND INTERNATIONAL QUALITY AND EDUCATIONAL AGENCIES

OBJECTIVE 6

To have consolidated networking links with other tertiary-level quality, quality audit and educational agencies operating nationally and internationally, and thereby improved the quality of work undertaken by the Unit in support of New Zealand universities and tertiary education more generally in meeting valid and useful objectives.

ACTIVITIES PROPOSED AND REPORTS ON ACTION

- *Develop effective working relationships in New Zealand with education and quality assurance agencies.*
- *Develop effective working relationships with non-university tertiary providers where to do so is of benefit to both the Unit and the provider.*

The Unit has maintained strong operational links with the following Wellington-based educational and quality assurance agencies:

- * the Ministry of Education – personnel in the Tertiary Education section,
- * the Tertiary Education Commission – meetings with staff to discuss operational matters, the impact of Tertiary Education Reforms on the work of the Unit, and progress in identifying the Tertiary Education Commission's needs with respect to quality assurance and monitoring of institutional performance,

- * the New Zealand Qualifications Authority – in particular, meetings with the new Chair and Chief Executive of the Authority, and ongoing interaction with the new Deputy Chief Executive of Quality Assurance,
- * Institutes of Technology and Polytechnics New Zealand (ITP New Zealand) – in particular meetings with the outgoing and incoming Executive Directors,
- * Institutes of Technology and Polytechnics Quality (ITP Quality) [a section of ITP New Zealand] – in particular meetings with the Director,
- * the Office of the Controller and Auditor General,
- * the Education Review Office – in particular the annual meeting of the Chair of the Board with the Chief Executive.

As well, the Unit has maintained a constant liaison with the Executive Director of the New Zealand Vice-Chancellors' Committee and through him, the Committee's Committee on University Academic Programmes. Liaison with the Association of University Staff of New Zealand, the New Zealand Union of Students' Associations and Te Mana Akonga (Maori University Students' Association) are also important to the Unit.

The Chair and Director attend the quarterly meetings of the Inter-Institutional Quality Assurance Bodies Consultative Group (convened by the New Zealand Qualifications Authority) which has representatives from all agencies that conduct quality assurance and quality audit in tertiary education.

The Chair has been the Unit's representative on a reference group to review pathways and staircasing within and among education providers. The review has been conducted for the Tertiary Education Commission and the New Zealand Qualifications Authority. The Chair and Director met with the team working on the project and understand that the review will have recommendations for consideration by the Unit. Unfortunately, publication of the report has been delayed.

- *Develop a strong working relationship internationally with education and quality assurance agencies.*
- *Develop strong working relationships with professional organisations and business communities, especially those for whom higher quality university education is essential.*

A meeting of the Director, Chair and three members of the Board with representatives of professional associations was held in March, attended by a staff member of the Tertiary Education Commission. The agenda included discussions on the impact of the Performance-Based Research Fund on both the professional and industry engagement by academic staff and on the commitments of academic staff to teaching; and the impact of industry versus academic requirements on academic programmes.

FINANCES

A summary of the financial performance and financial position for the financial year ending 30 June 2006 can be found at the end of this report.

The attached summary shows an operating loss of \$43,543. The accumulated funds as at 30 June 2005 (\$76,375) were still more than the amount agreed to by the New Zealand Vice-Chancellors' Committee (that is, two months' cashflow) at the time of the setting of the budget. The Unit budgeted for a deficit of \$50,000 for the financial year ended 30 June 2005, and the operating loss of \$43,543 represents expenditure for the year that was \$6,457 less than budgeted. As part of the unexpected relocation of the office, the Unit has been required to become self-sufficient, which resulted in a significant increase in operating expenditure for the year and the acquiring of capital items (such as tables, chairs, photocopier). This made significant calls on the Unit's reserves and has increased fixed assets. Increases in other areas of income and expenditure reflect the increased academic audit activity in the twelve months to June 2006 compared to the twelve months up to June 2004.

ADMINISTRATION OF THE OFFICE

The Office Administrator, Mrs **Belinda Middleton**, continues to apply her expertise to the administration of the Unit, and is providing very effective input into the ongoing review and updating of the policies and procedures under which the Unit operates. Belinda's work as Personal Assistant to the Director has been invaluable. The physical relocation of the office took place just a few days before Christmas 2005, and the beginning of 2006 saw the Unit staff involved in the completion of a number of tasks which were

appropriate to undertake at the time of the move, the most extensive and time-consuming of which was the complete review of the Unit's files and filing system.

The agreement with the Unit's accountants, **Morpeth and Co Ltd**, to handle all accounting matters has allowed the Board to be better assured that the Unit is discharging its duties satisfactorily and professionally. The Unit is grateful to Miss **Kirsty Wardlaw** and those who assist her.

The Unit's legal advisers are **Kensington Swan**.

GOVERNANCE

The Unit is governed by a Board representing various communities of interest, and it carries responsibilities in formulating policy and in ensuring policy is carried out by the staff of the Unit. The Board is an important source of advice and wisdom.

The three-year term of Board member Ms **Susanne Simmons-Kopa**, who provided valuable support to the Unit's 2004 publication *TeTiriti o Waitangi and the responsibilities of universities*, ended in mid-year. The retirement of Messrs **Warren Allen** after over four years, and **Duncan Simpson** after six years, have robbed the Board of valuable expertise and knowledge.

The vital link between governance and management is the interaction between the Chair of the Board and the Director the Unit. As always the Chair, Professor **Les Holborow**, has given priority to my calls for help. I particularly appreciated his support and understanding during a period of very heavy workload for Belinda and me over the middle months of the year, when three academic audits were being administered at different stages in the process, and when the Process Audit was being evaluated and piloted.

JOHN M JENNINGS

DIRECTOR

**SUMMARY OF THE FINANCIAL PERFORMANCE AND
FINANCIAL POSITION OF THE
NEW ZEALAND UNIVERSITIES ACADEMIC AUDIT UNIT
FOR THE YEAR ENDED 30 JUNE 2006**

FINANCIAL PERFORMANCE

	2006 \$	2005 \$
Income		
Grants from universities	228 160	241 450
Audit fees	97 763	46 604
Interest income	3 183	4 207
Consultancy and sundry income	1 019	10 200
	<u>330 125</u>	<u>302 461</u>
Less expenditure		
Administration and office expenses	63 022	47 412
Publications	2 883	3 155
Accounting and financial audit	19 979	17 377
Salaries and ACC levies	144 193	139 580
Meetings, consultancy and honoraria	78 208	46 927
Travel and accommodation	65 383	65 429
Advertising	0	1 218
	<u>373 668</u>	<u>321 098</u>
Net surplus (loss)	(43 543)	(18 637)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

Assets		
Current assets	94 270	141 353
Fixed assets	22 612	8 422
Total assets	<u>116 882</u>	<u>149 775</u>
Current liabilities		
Accounts payable	33 454	32 597
Annual leave	7 583	4 372
GST payable	0	3 489
Income received in advance	23 223	32 942
Current portion lease liability	3 516	0
Total liabilities	<u>67 775</u>	<u>73 400</u>
Net assets/Accumulated funds	32 832	76 375