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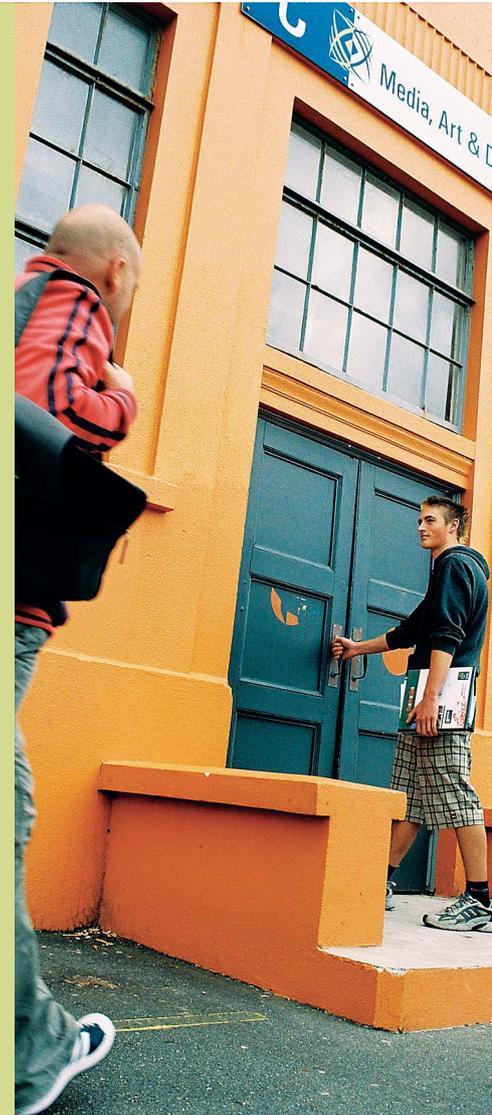
Performance audit report

New Zealand
Qualifications
Authority:
Monitoring the
quality of
polytechnic
education

New Zealand Qualifications Authority: Monitoring the quality of polytechnic education

Foreword

The tertiary education system is a significant national asset and is recognised as being of crucial importance to New Zealand's social and economic development.

Over recent years, there have been a number of concerns about how tertiary education institutions are managed and the quality of the education they provide.

I have initiated several inquiries into aspects of tertiary education sector entities and maintain a strong interest in the operations of this very important sector.

The Education Act 1989 (the Act) provides for the New Zealand Qualifications Authority (NZQA) to be primarily responsible for the quality assurance of polytechnics. Quality assurance functions include approving courses, accrediting providers to deliver courses, and auditing providers against academic quality standards. As allowed by the Act, NZQA has delegated its quality assurance functions for 19 of the country's 20 polytechnics to an independent agency, Institutes of Technology and Polytechnics Quality (ITP Quality). A division within NZQA audits the other polytechnic.
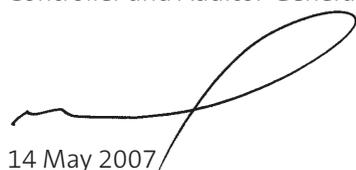
I expected that, having delegated these quality assurance functions, NZQA would satisfy itself that polytechnics are providing quality education. In examining how NZQA met this expectation, my attention focused on the academic audits of polytechnics carried out by ITP Quality. These audits are valuable, as they report on the quality of the education polytechnics are providing. I found that copies of the reports on these audits are sent to NZQA, but are not reported to the Board of NZQA.

In my view, NZQA needs to adopt a more strategic approach to the use of these reports and to consider how they could be used for a range of purposes. These purposes include gaining a better understanding of the quality of the education polytechnics are providing and informing NZQA's quality assurance role in the polytechnic sector.

I have made five recommendations. NZQA has advised that these recommendations are in accord with the direction it is heading under its new divisional structure. I outline the actions it has taken in Appendix 3. ITP Quality has also advised that it supports the recommendations. I am pleased with this outcome.

I wish to thank the Chairperson of NZQA and the staff at NZQA and at ITP Quality for the assistance they provided during my audit.

K B Brady
Controller and Auditor-General

14 May 2007

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Summary

Polytechnics and institutes of technology (in this report, the term polytechnics refers to both) are an important part of the tertiary education sector. More than 214,000 students attend New Zealand's 20 polytechnics and study for a range of qualifications, including degree level qualifications.

Strong quality assurance systems are an important part of a well-functioning tertiary education system, as they provide assurance that the education being provided is of an acceptable quality. Quality assurance functions include approving courses, accrediting providers to deliver courses, and auditing providers against quality standards (academic audit). The academic audit function underpins the approval and accreditation functions and is a crucial part of the quality assurance process.

The New Zealand Qualifications Authority (NZQA) has overall responsibility for the quality assurance of education provided by polytechnics. This function has been delegated to the Institutes of Technology and Polytechnics Quality (ITP Quality) for 19 polytechnics. NZQA's Approvals, Accreditation and Audit group (AAA group) audits the one polytechnic that is not covered by ITP Quality .

Why and how we did an audit

We did a performance audit to provide assurance to Parliament that NZQA, having delegated its quality assurance functions, has maintained enough oversight of this delegation and ensures that there are processes in place so that the Board is informed of any quality issues in the polytechnic sector.

We looked at the way NZQA monitored the delegation to ITP Quality, and in particular how NZQA reviewed ITP Quality's academic audit reports of individual polytechnics to ensure that it was aware of any quality issues.

We also reviewed the AAA group's auditing of one polytechnic.

Our findings

NZQA has set standards that must be met by agencies that carry out delegated quality assurance functions. ITP Quality is audited against these standards about every two to three years. This audit is the main means by which NZQA monitors how effectively ITP Quality is performing its quality assurance functions.

We reviewed the most recent NZQA audit of ITP Quality, which took place in 2004. This audit by NZQA found ITP Quality complied with the standards set by NZQA for the quality assurance functions of course approvals, accreditation, and academic audit. However, in regard to how it operated its delegation, ITP Quality

did not comply with one standard in that a subcommittee, instead of the ITP Quality Board, approved courses and accredited providers. As a result of the NZQA audit, ITP Quality made changes to comply with the delegation standard.

ITP Quality has a systematic process for its academic audits of polytechnics. The quality of the education provided at polytechnics is regularly audited against a set of academic audit standards. After each academic audit, ITP Quality prepares a detailed report and sends a copy to NZQA. However, findings in the academic audit reports are neither systematically reviewed within NZQA nor reported to the Board of NZQA. NZQA does not hold regular formal meetings with ITP Quality to discuss issues associated with the academic auditing functions. The lack of reporting by NZQA management to the NZQA Board means that the Board is not aware of quality issues identified in the audit reports.

In our view, the academic audit reports need to state the reasons for selecting the programmes to be audited and also need to contain more evidence to support conclusions that polytechnics have complied with academic standards.

For the one polytechnic audited by the AAA group, programmes for audit were selected on a risk-based approach and the audit report presented clear evidence in support of findings.

In summary, NZQA has processes for monitoring the delegation of quality assurance functions to ITP Quality, and ITP Quality has a well-established system of academic audits. However, there are opportunities for the Board of NZQA to more actively review the academic audits to ensure that it is aware of any quality issues.

Our recommendations

We recommend that the New Zealand Qualifications Authority:

1. formally review all academic audit reports received from Institutes of Technology and Polytechnics Quality;

2. prepare a summary of the audit reports received from Institutes of Technology and Polytechnics Quality and the Approvals, Accreditation and Audit group, and that the New Zealand Qualifications Authority's management report this summary to the New Zealand Qualifications Authority Board;

3. hold regular formal meetings with Institutes of Technology and Polytechnics Quality to discuss issues associated with the academic auditing functions;

4. require that all audit reports received from Institutes of Technology and Polytechnics Quality contain enough evidence to support audit conclusions that academic standards have been complied with; and

5. require that Institutes of Technology and Polytechnics Quality audit reports clearly state the reasons for selecting the programmes to be audited.

Part 1
Introduction

1.1   In this Part, we:

- describe the tertiary education system;
- explain the need for quality assurance in the tertiary education sector;
- explain how quality assurance operates in the polytechnic sector;
- explain why we did this audit;
- describe the scope of the audit; and
- explain how we conducted the audit.

The tertiary education system

1.2   Tertiary education means all post-school education, including learning undertaken in the workplace. It includes:

- foundation education, such as adult literacy and second-chance education for those with low qualifications;
- certificates and diplomas;
- industry training;
- adult and community education; and
- undergraduate degrees and postgraduate qualifications.

1.3   Tertiary education is delivered by a diverse range of providers, including:

- eight universities, which provide education largely focused on qualifications at bachelors degree level or higher;
- 20 polytechnics or institutes of technology,[1] which provide vocational training at certificate and diploma level, especially in trades and applied areas (although many polytechnics offer degree-level education and are involved in research activities, particularly applied research and research in technological areas); and
- three wānanga, which provide iwi-based tertiary education at a variety of levels and with a variety of approaches and which focus particularly on the needs of Māori learners.

1.4   In addition to these tertiary education institutions (TEIs),[2] there is a range of other education providers. For example, there are about 800 private training establishments (PTEs)[3] providing a wide range of courses, often in specialised areas. Employers also provide a significant amount of work-based training.

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1   Polytechnics may also be called institutes of technology. In this report, we refer to them as polytechnics, which is the term used in the Education Act 1989.

2   TEIs are public providers of education.

3   PTEs are also referred to as private training providers (PTPs). In this report, we refer to them as private training establishments, which is the term used in the Education Act 1989.

The need for quality assurance

1.5   Strong quality assurance systems are an important part of a well-functioning tertiary education system. Stakeholders (for example, students, parents, and employers) need to know that a qualification represents meaningful and credible achievement. To ensure that it allocates public funds effectively, the Government needs to know the courses it is funding are of an acceptable quality. Only those tertiary education courses that have been "quality assured" by a quality assurance body[4] are eligible for government funding.

1.6   Quality assurance in the tertiary education sector focuses on the systems and processes that support providers to deliver quality education services. It comprises three parts: approving courses, accrediting providers to deliver courses, and auditing providers against standards for academic quality (academic audit). This academic audit function underpins the approval and accreditation functions and is a crucial part of the quality assurance process.

Quality assurance in the polytechnic sector

1.7   Under the Education Act 1989 (the Act), the New Zealand Qualifications Authority (NZQA) is responsible for the quality assurance of all tertiary education providers outside the university sector.

1.8   NZQA is a Crown entity set up in 1990 to provide leadership in the areas of quality-assured qualifications and quality-assured provision of education and training. It is governed by a Board appointed by the Minister of Education. The Board reflects industry, community, and education interests.

1.9   The Act allows NZQA to delegate its quality assurance functions. For polytechnics, NZQA has delegated these to Institutes of Technology and Polytechnics Quality (ITP Quality). As the delegating authority, NZQA is responsible for auditing the quality assurance system operated by ITP Quality.

Institutes of Technology and Polytechnics Quality

1.10   ITP Quality is a committee of the Institutes of Technology and Polytechnics of New Zealand (ITP New Zealand). ITP New Zealand is an incorporated society representing the interests of polytechnics.

1.11   ITP Quality has been responsible since 1993 for approving polytechnic courses and accrediting providers to deliver courses. ITP Quality makes its decisions independently, and they are not reviewed by ITP New Zealand. In 2000, NZQA also delegated authority to ITP Quality to audit academic programmes provided by polytechnics, to underpin the other quality assurance functions carried out by ITP

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4   Organisations exercising delegated quality assurance functions from the New Zealand Qualifications Authority are known as "quality assurance bodies".

Quality.[5] NZQA commented in its letter of delegation that ITP Quality would be able to use the audits to collect evidence for approvals and accreditations.

1.12   ITP Quality has adopted an audit approach in which it audits a selection of a polytechnic's academic programmes for compliance and effectiveness against a set of 12 academic standards. Each standard relates to different dimensions of the academic activity within polytechnics.[6]

1.13   If the polytechnic meets the standards, it is awarded "quality assured" status for a period of four years.

1.14   ITP New Zealand has described the 12 standards as representing the minimum academic quality requirements that it regards "as appropriate and reasonable in order to protect the interests of the sector's students and the reputation of individual institutions and the sector as a whole". ITP New Zealand has also stated that the standards are described as academic standards because their focus reflects a government requirement that accountabilities for academic quality should be separate from those for the overall management and governance of polytechnics.

1.15   Academic audits are a major focus of the work of ITP Quality. They show whether the programmes meet the academic standards and whether quality education is being provided.

1.16   ITP Quality provides a copy of all the academic audit reports it prepares to NZQA.

1.17   ITP Quality audits 19 of the 20 polytechnics. The Approvals, Accreditation and Audit group (AAA group), a quality assurance body within NZQA, is responsible for auditing the one polytechnic not covered by ITP Quality.[7]

Why we did this audit

1.18   Polytechnics are an important part of New Zealand's tertiary education sector. In 2005, there were more than 214,000 students enrolled in courses leading to formal qualifications at polytechnics, which was a significant proportion of the total students (504,000) enrolled in courses leading to formal qualifications in the tertiary sector.

1.19   We wanted to provide assurance to Parliament that the Board of NZQA, having delegated its quality assurance functions for this part of the education system, actively monitors the delegation and ensures that there are processes in place so that the Board is informed of any quality issues in the polytechnic sector.

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5   ITP Quality has multiple delegations, which are noted in Appendix 2.

6   We did not assess the adequacy of the standards.

7   The polytechnic audited by the AAA group is Unitec New Zealand. This is because Unitec is not a member of the Institutes of Technology and Polytechnics of New Zealand and therefore is not audited by ITP Quality.

The scope of our audit

1.20   Our audit assessed how effectively NZQA maintains an oversight of quality assurance in the polytechnic sector.

1.21   Our audit:

- examined NZQA's management of delegations of quality assurance functions for the polytechnic sector;

- reviewed the operation of, and reporting arrangements for, the academic audit function delegated to ITP Quality;

- reviewed the auditing of the one polytechnic, Unitec New Zealand (Unitec), audited by the AAA group;

- examined the extent to which a risk-based approach is used in the academic audits of polytechnics; and

- reviewed the use of special audits of polytechnics.

1.22   Our audit focused on the academic audit aspect of quality assurance. We did not look at course approval or accreditation of providers.

How we conducted the audit

1.23   To test the effectiveness of the arrangement under which NZQA has delegated the quality assurance functions, we:

- interviewed the Chairperson of NZQA and staff at NZQA;

- interviewed staff at ITP Quality and at ITP New Zealand;

- reviewed the information provided to the NZQA Board on the auditing of polytechnics during a two-year period; and

- reviewed relevant papers held by NZQA, including a sample of 10 audit reports on polytechnics provided to NZQA by ITP Quality during the previous four years and papers relating to the audit of Unitec.

Part 2
NZQA's management of delegations

2.1   While NZQA can delegate[1] its quality assurance functions, it is still responsible for ensuring that the delegation is being operated in an effective way. The NZQA Board, which delegated the functions, needs to be kept informed about the operation of the delegation.

2.2   In this Part, we assess NZQA against our expectations of how it:

- monitored the operation of the delegation of quality assurance functions;
- reviewed ITP Quality's academic audit reports;
- informed the NZQA Board about the operation of the academic auditing function; and
- ensured that there was a relationship with ITP Quality on quality assurance matters.

Monitoring the delegations to Institutes of Technology and Polytechnics Quality

2.3   We expected that, having delegated its quality assurance functions (course approvals, accreditation, and audits of academic programmes) to ITP Quality, NZQA would check on a regular basis to ensure that the functions were being carried out in accordance with the scope of the delegation and to agreed standards.

2.4   We found that NZQA audits the operation of its delegated quality assurance functions every two to three years against a set of standards, including standards for course approvals, accreditation, and academic audits.

2.5   A panel convened by NZQA conducted an audit in 2004 as part of this regular cycle. At the time of our review, the 2004 NZQA audit was the most recent audit of ITP Quality and the first audit against a new set of standards drawn up by NZQA for auditing quality assurance bodies.

2.6   The NZQA audit examined ITP Quality's processes and procedures for the delegated quality assurance functions and found that these complied with the relevant standards set by NZQA. The audit panel also commended ITP Quality for the quality of its academic audit reports.

2.7   The audit found that ITP Quality did not comply with one standard for the delegation. ITP Quality had created a quality assurance subcommittee that met monthly to approve courses and accredit providers. The audit found that, in terms of the delegation from NZQA, such approvals could be granted only by the ITP Quality Board. ITP Quality took action to ensure that it complied with the standard.

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1   NZQA is able to do this under section 260(2) of the Act.

2.8 NZQA planned a further audit of ITP Quality for 2006, but deferred it in September 2006 because of NZQA's other audit commitments.

2.9 As part of the audit standards for quality assurance bodies, ITP Quality submits an annual report to NZQA that details the activities of ITP Quality during the calendar year. This provides a useful summary of the work carried out by ITP Quality under the delegation from NZQA.

Review of academic audit reports

Institutes of Technology and Polytechnics Quality

2.10 We expected that NZQA would systematically review the academic audit reports received from ITP Quality and determine whether there were issues arising from the reports that required further consideration. Audit reports are important documents. If the course approval and accreditation functions have been carried out effectively, this will be demonstrated in the academic audits carried out in polytechnics.

2.11 A group within NZQA, the Board Services and Audit group, was responsible for the relationship with ITP Quality and for monitoring the delegation of quality assurance functions to ITP Quality. This group was disestablished in mid-2006 after a restructuring within NZQA. Its functions have been incorporated into the Quality Assurance Division, which has a broader mandate than the Board Services and Audit group. However, almost all of the ITP Quality academic audit reports that we reviewed were submitted to NZQA in the period before the restructuring.

2.12 We found that the Board Services and Audit group did not systematically review these reports.[2]

2.13 In our view, systematic reviews are important. In paragraphs 2.14-2.18, we illustrate the benefits of systematic review by referring to the issues that arose during the auditing of one polytechnic. We emphasise that this example is intended to illustrate the need for NZQA to review the audit reports and is not intended to be representative of the ITP Quality's academic audit reports that we looked at.

2.14 Since 2000, ITP Quality had completed four academic audits at the polytechnic. The audits revealed a pattern of non-compliance with ITP Quality's academic audit standards. The polytechnic took action to comply, and ITP Quality believed the situation was improving.

2.15 However, our review of the 2006 academic audit report prepared by ITP Quality auditors showed that, despite the auditors concluding that the polytechnic

2   The Board of NZQA has since decided that a summary of all polytechnic academic audit reports will be presented to the Board.

complied with all academic audit standards, their comments in the audit report indicated that they had serious reservations about some aspects of the academic quality systems in place at the polytechnic. Indeed, the audit report cited an internal polytechnic report that identified serious shortcomings, including a fundamental non-compliance with legislation. However, the audit team believed that significant improvements were under way at the polytechnic, and stated that: "It would have been unnecessarily limiting to have identified corrective actions with narrow foci and short time frames." Instead, the audit team agreed with the chief executive and senior managers at the polytechnic that the work to improve academic quality systems "must be completed and shown to be effective".

2.16   The Board of ITP Quality debated this report and sought further evidence from the audit team before deciding to award the polytechnic quality assured status for a period of four years and to do a limited-scope audit of the polytechnic after two years.

2.17   As the NZQA Board is the body with the overall responsibility for the quality assurance arrangements in polytechnics, we expected NZQA's management to have informed the Board of NZQA about the audit report and the actions taken by ITP Quality. The NZQA Board may have agreed with the position adopted by ITP Quality, or the Board may have decided that it wished to comment on this situation. In any event, the NZQA Board should have been given the opportunity to consider this matter.

2.18   We could find no record of any discussions within NZQA about that report.

Recommendation 1
We recommend that the New Zealand Qualifications Authority formally review all academic audit reports received from Institutes of Technology and Polytechnics Quality.

Approvals, Accreditation and Audit group

2.19   Unitec New Zealand is the only polytechnic that is not audited by ITP Quality. Although it was set up as a polytechnic, Unitec withdrew from ITP New Zealand in 2000. The 12 academic audit standards developed by ITP Quality apply only to polytechnics that are members of ITP New Zealand.

2.20   NZQA had to decide which academic standards would be applied to Unitec and which body would carry out the audit work. It had a meeting with Unitec in November 2002 to discuss this issue. NZQA had developed "Quality Assurance

Standard One", which applies only to PTEs, Government Training Organisations, and wānanga. It was agreed that NZQA would audit Unitec against those elements of Quality Assurance Standard One that could be applied to a polytechnic.

2.21   NZQA's AAA group carried out an academic audit of Unitec in September 2003. At the time of our audit in late 2006, the AAA group was about to start a further academic audit of Unitec.[3]

Informing the New Zealand Qualifications Authority Board

Institutes of Technology and Polytechnics Quality

2.22   We expected that NZQA's management would inform the Board of NZQA of academic audit issues within the polytechnic sector, and that the Board would receive a summary of all the areas for corrective action identified in the academic audits and of the main issues arising from the audits.

2.23   We reviewed papers presented to the NZQA Board and its subcommittees on quality assurance matters relating to polytechnics from mid-2004 until early 2006. The Board and its subcommittees received a large number of papers on quality assurance in the polytechnic sector. For example, a Board meeting in early 2006 showed that the Board considered the:

* review of audit standards for quality assurance bodies with delegations from NZQA;

* implementation of special focus audits;

* effect of proposed tertiary reforms on quality assurance projects under way;

* changes to a coursework option in a master's degree offered at one polytechnic; and

* changes to a polytechnic degree that involved offshore work.

2.24   In our review of all the papers submitted to the Board during the two-year period, there was no analysis by the Board Services and Audit group (which received ITP Quality's audit reports) of matters that could keep the NZQA Board up to date with the auditing carried out by ITP Quality. In particular, there was no analysis of the outcomes from the auditing work or of significant findings from the audits.

2.25   As the NZQA Board is ultimately responsible for the quality assurance of polytechnics, we expected that such information would have been provided to the Board.

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3   An academic audit report on Unitec was produced in February 2007. The report was reviewed within NZQA and will be reported to the May 2007 meeting of the NZQA Board.

Approvals, Accreditation and Audit group

2.26   We expected NZQA's management to have informed the Board of NZQA of the audit of Unitec carried out in 2003.

2.27   The results of this audit were not reported formally to the NZQA Board. However, NZQA intends to report formally to its Board on the results of the audit completed in late 2006.

Recommendation 2

We recommend that the New Zealand Qualifications Authority prepare a summary of the audit reports received from Institutes of Technology and Polytechnics Quality and the Approvals, Accreditation and Audit group, and that the New Zealand Qualifications Authority's management report this summary to the New Zealand Qualifications Authority Board.

Maintaining the relationship with Institutes of Technology and Polytechnics Quality

2.28   In terms of ensuring that NZQA has an effective relationship with ITP Quality, we expected that there would be regular meetings between NZQA and ITP Quality to discuss issues arising from auditing polytechnics and other quality assurance issues.

2.29   Our expectation is similar to a requirement in NZQA's document *Audit Standards for Quality Assurance Bodies with Delegations from NZQA*, dated February 2006. These standards require that there be quarterly meetings to discuss complaints or issues.

2.30   Staff of both NZQA and ITP Quality work together in a number of different forums. For example, there is a regular meeting between the staff of NZQA and staff of the quality assurance bodies, including ITP Quality, about the entire quality assurance process. ITP Quality staff and auditing staff from NZQA are currently shared across the audits of polytechnic and PTEs to help develop a standardised and consistent approach to the quality assurance process. In addition, discussions have been held on regular inter-agency workshops on quality assurance best practice.

2.31   A representative from NZQA attends meetings of the Board of ITP Quality to advise on matters such as NZQA policy directions.

2.32   However, there are no regular, formal meetings between NZQA and ITP Quality to discuss issues arising from the academic auditing of polytechnics. There was a meeting in May 2006 that covered a wide range of significant issues of interest

to ITP Quality and NZQA. In our view, the large number of issues discussed at this meeting suggests a need for regular formal meetings between NZQA and ITP Quality.

Recommendation 3

We recommend that the New Zealand Qualifications Authority hold regular formal meetings with Institutes of Technology and Polytechnics Quality to discuss issues associated with the academic auditing functions.

Part 3
Auteing polytechnics

3.1 In this Part, we assess how NZQA obtains assurance that there has been effective auditing of the polytechnic sector. We assess the actions taken by ITP Quality, the AAA group, and the rest of NZQA against our expectations that:

- academic audits are conducted on a regular basis;
- audit reports present enough evidence to provide assurance that the academic audit standards have been complied with;
- a risk-based approach is used for selecting academic programmes for audit;
- there is an ability to commission special audits where a possible risk to quality has been identified.

Academic audits by Institutes of Technology and Polytechnics Quality

The frequency and follow-up of Institutes of Technology and Polytechnics Quality academic audits

3.2 We expected that ITP Quality would conduct academic audits on a regular basis and that, if it found that audit standards had not been complied with, it would ensure that the polytechnic took action to correct any faults.

3.3 We found that ITP Quality has adopted a systematic approach to academic audits. ITP Quality normally carries out academic audits that cover all 12 of its academic audit standards every four years. An audit panel of three to four experienced auditors will spend up to a week auditing each polytechnic. If the polytechnic is found to have met all the standards, it is awarded quality assured status for a period of up to four years.

3.4 If standards have not been complied with, the polytechnic is required to take action to ensure that it complies, and a member of the audit team may revisit the polytechnic to ensure that it has remedied areas of non-compliance.

3.5 We found that, where a polytechnic was required to take action to comply, both the polytechnic concerned and ITP Quality were assiduous in ensuring that the action was taken.

3.6 ITP Quality also conducts mid-term reviews of polytechnics that have been awarded quality assured status. This provides ITP Quality with an assurance that polytechnics are using effective internal audit and review processes to ensure that they are maintaining their academic standards.

Presentation of evidence

3.7   We expected that the audit reports prepared by ITP Quality would present enough evidence to explain why standards had, or had not, been complied with. Audit reports are important documents, as they provide information for stakeholders about the quality of the teaching and learning at polytechnics.

3.8   The audit reports that we reviewed were detailed and clearly presented, and contained constructive recommendations for quality improvements identified by the auditors. The reports also had a good practice section that identified areas where the polytechnic had demonstrated particular effectiveness in assuring quality.

3.9   Where the auditors had found that practices did not comply with the relevant academic audit standard, evidence was presented to support such conclusions.

3.10   However, in many cases where standards were assessed as being complied with, there was only a limited amount of evidence presented in the audit reports to support these conclusions. In our sampling of standards assessed as being complied with, we found that fewer than half (44%) had enough evidence to support a finding that the polytechnic had complied with the standard.

3.11   For example, the academic audit standard for the delivery of polytechnic academic programmes requires polytechnics to define and implement effective teaching and learning practices. In one polytechnic, this standard was assessed as being complied with, even though the auditors noted that the policies for implementing good teaching practice had not been applied consistently throughout the polytechnic. Several other faults were observed, but there was no evidence presented to explain why, despite the failings identified, the auditors concluded that the standard had been complied with.

3.12   The academic audit reporting approach adopted by ITP Quality can be characterised as an "exceptions-based" approach. That is, evidence is described in detail to support findings where standards have not been complied with or where there are recommendations for improvement, but there is often only a brief description of the evidence that supports findings of compliance.

3.13   This approach to auditing, where the balance of the evidence presented refers to problems, can raise questions as to why a polytechnic was assessed as complying with the standards.

3.14   ITP Quality's approach can be contrasted with that of NZQA's requirements for its audits of quality assurance bodies. In its revised set of standards issued in February 2006, NZQA requires that audit conclusions demonstrate that the "nature and balance of evidence provides assurance that the standard has been met".

3.15   In our view, a similar requirement for ITP Quality's audit reports would provide further assurance to NZQA on the reasons ITP Quality concludes that academic quality standards have been complied with.

3.16   ITP Quality could use its guidance statements (written to show polytechnics how they might comply with academic audit standards) in academic audit reports to show how a standard has been met. (Refer to Appendix 1 for an example of a guidance statement.)

Recommendation 4

We recommend that the New Zealand Qualifications Authority require that all audit reports received from Institutes of Technology and Polytechnics Quality contain enough evidence to support audit conclusions that academic standards have been complied with.

Risk-based approach

3.17   We expected that some programmes selected for audit in a polytechnic would be selected on a risk-based approach. That is, programmes would be ranked on the basis of any identified concerns about their quality or on their potential for risk (for example, newly established courses, courses offered overseas, and courses with a high proportion of new staff), and the highest ranked programmes would be selected for audit.

3.18   The ITP Quality audit guidelines describe the procedure ITP Quality auditors follow for selecting programmes. This procedure provides for the lead auditor to visit the polytechnic six weeks before the audit. At this visit, the lead auditor consults with the polytechnic on the programmes to be selected for audit.

3.19   The ITP Quality audit guidelines list 16 criteria for selecting programmes for audit. These include selecting programmes where there may be specific concerns about their quality. Other criteria listed in the guidelines that have an element of a risk-based approach include whether the programme is delivered off-site, the involvement of full- and part-time students, and the time since the programme was first approved.

3.20   The audit reports state the programmes that have been audited, but do not indicate why these particular programmes were selected. Programmes may have been selected on a risk basis, but it is not possible to tell this from the audit report.

3.21   Analysis of course completion data, discussed in paragraphs 3.34 and 3.35, is another method ITP Quality could use when deciding which courses to select for audit.

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Adult and community education

3.22   NZQA now requires ITP Quality to review the quality of adult and community education (ACE) programmes,[1] and ITP Quality has included these programmes in its audits since the beginning of 2006.

3.23   We expected that a proportion of the ACE programmes selected for audit would be on the basis of identified actual or potential quality concerns.

3.24   Two of the audit reports for ACE programmes that we reviewed contained the statement that: "In the absence of any specific comment it may be assumed that the Polytechnic is deemed to be compliant." However, it is not possible to tell from such a finding whether the ACE programmes that were audited were selected on the basis of any identified quality concerns. It is also not possible to determine why the auditors considered that these programmes complied with the standards.

Recommendation 5

We recommend that the New Zealand Qualifications Authority require that Institutes of Technology and Polytechnics Quality audit reports clearly state the reasons for selecting the programmes to be audited.

Academic audits by the Approvals, Accreditation and Audit group

3.25   As discussed in paragraphs 2.19-2.21, the AAA group audited Unitec in 2003. We reviewed the 2003 audit report to confirm that this auditing arrangement provided assurance that Unitec complied with appropriate quality standards.

3.26   The auditors selected 12 academic programmes for audit. The reasons for selecting these programmes were stated in the audit report. It was clear from the reasons provided that some programmes were selected on the basis of potential risk. For example, two programmes were selected on the basis that they had only recently been approved. Another programme was selected on the basis that it was offered overseas.

3.27   We reviewed the audit report to confirm whether enough evidence was presented to provide a convincing case as to why the relevant parts of the standard were assessed as being met (or, if not met, that there was evidence to explain why).

3.28   The audit report was carefully argued and presented enough evidence to justify the conclusions. For example, when concluding that Unitec complied with the standard for recruitment and development of staff, the audit report referred to the clear and effective policies and procedures for all personnel issues. The

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1   ACE is intended to allow adults to engage in a range of education pursuits, generally focused on personal development and skill enhancement. Most ACE programmes do not lead to a qualification.

auditors referred to the staff files that had been examined and explained how the audit team interviewed staff and sought their views. The audit team was able to conclude that Unitec recruits, manages, and develops staff in compliance with the standard, and provided convincing evidence as to how these conclusions were reached.

3.29   Four areas of non-compliance were identified, none of which was considered to represent a major risk to the quality of the education provided at Unitec.

3.30   Unitec and NZQA agreed a plan to rectify the areas of non-compliance. Unitec was assessed as complying with the specified quality standards.

3.31   In summary, programmes for audit by the AAA group were selected on a risk-based approach and the audit report presented clear evidence in support of findings.

Special audits

3.32   We expected that it would be possible to initiate special audits of polytechnics outside the existing audit arrangements in situations where quality issues and concerns may arise. ITP Quality did initiate special audits where there was seen to be a need for such work. However, historically there has been no additional funding for such work.

3.33   In March 2006, the NZQA Board approved arrangements for additional audits, known as special focus audits. Additional government funding was provided for such audits, which could be initiated if, for example, the NZQA Board decided to investigate quality concerns with groups of courses across different polytechnics. So far, there have been no special focus audits in the polytechnic sector.

3.34   One way for the NZQA Board to initiate and investigate academic quality issues would be by analysing course completion data, which provides information on the proportion of students who start and who complete (that is, pass) a course.

3.35   In our view, analysing course completion data could assist NZQA in identifying potential quality risks.

Appendix 1
Example of a guidance statement

The following is an example of a guidance statement used by ITP Quality to show polytechnics how they might comply with academic audit standards. These statements could be used when writing academic audit reports to show how a polytechnic complied with the standards.

Figure 1
Guidance statement: Programme delivery

Guidance statements for programme delivery:

- Relevant documented policies and procedural documents
- Relevant tutor training and induction outcomes
- Appraisal of staff performance
- Planned programme delivery
- Definition of effective teaching and learning practices as they impact on programme delivery
- Systematic student evaluation of teaching, and programme delivery
- Appropriate access for staff to relevant delivery materials
- Appropriate documented procedures and practices relating to the delivery of mixed mode and e-learning courses and programmes
- Memoranda of agreements and contracts with partners/sub-contracted providers that cover all relevant academic aspects including requirements of relevant external bodies and internal policies and assure the improvement of the quality of learning
- Retention and completions strategies
- Peer review of content and delivery
- Student continuity plan in case of sub-contractor failure

Appendix 2
Delegations to Institutes of Technology and Polytechnics Quality

ITP Quality notes that it has multiple delegations from NZQA that relate to quality assurance, including:

(a) 11 January 1993, relating to delegation of powers under sections 258 and 259 of the Education Act 1989, to be exercised by the New Zealand Polytechnic Programmes Committee (the predecessor of ITP Quality);

(b) 10 March 2000, relating to using audit as one of the mechanisms for collecting evidence for the purposes of sections 258 and 259 of the Education Act 1989;

(c) 12 November 2002, concerning an extension of delegation for approval, accreditation, and monitoring of degree courses at the undergraduate level; and

(d) 15 December 2004, under section 260(2) of the Education Act 1989, which delegates to ITP Quality the powers of the NZQA under sections 255A, 258, 258A, 259, and 259A of the Act; and under section 254 (5) of the Education Act 1989, which delegates the power of the NZQA to consent to the award of a qualification described as a degree for polytechnic degree courses.

Appendix 3
Response to the recommendations in this report

Response by the New Zealand Qualifications Authority in March 2007 to the recommendations in this report

Recommendation 1

Formally review all academic audit reports received from Institutes of Technology and Polytechnics Quality.

Responsibility

Deputy Chief Executive (DCE), Quality Assurance Division (QAD)

Comments

All individual polytechnic ITP Quality audit reports are received from ITP Quality (approximately six each year) by the DCE Quality Assurance.

The reports are peer reviewed by a Quality Assurance Division (QAD) team comprising the DCE, Manager AAA, the three AAA Lead Auditors, and Manager Course Approvals and Accreditation. Any concerns identified within the individual reports will be discussed with ITP Quality.

The Unitec AAA audit report will be included in this peer review process.

Recommendation 2

Prepare a summary of the audit reports received from Institutes of Technology and Polytechnics Quality and the Approvals, Accreditation and Audit group, and report this summary to the New Zealand Qualifications Authority Board.

Responsibility

DCE, QAD

Comments

The summary of the peer review including any issues raised with ITP Quality will be reported to the NZQA Board as part of the regular monthly QAD Board report.

An annual formal report is received from ITP Quality in April each year. The NZQA review panel assessment of this report will be formally reported to the NZQA Board at the May Board meeting each year. Any identified issues will be discussed with ITP Quality at the June quarterly review.

Recommendation 3

Hold regular formal meetings with Institutes of Technology and Polytechnics Quality to discuss issues associated with the academic auditing functions.

Responsibility

DCE, QAD

Comments

A quarterly review meeting will be held between ITP Quality and the NZQA audit review panel, to review trends identified from the audit reports and discuss current complaints and issues. Initial meeting scheduled to be held at end of March 2007.

Any identified issues in the annual formal report will be discussed with ITP Quality at the June quarterly review.

Recommendation 4

Require that all audit reports received from Institutes of Technology and Polytechnics Quality contain enough evidence to support audit conclusions that academic standards have been complied with.

Responsibility

DCE, QAD

Comments

The peer review process will also ascertain whether the academic standards have been complied with through supporting evidence being referenced in the audit report. Any concerns identified within the individual reports will be discussed with ITP Quality.

Recommendation 5

Require that Institutes of Technology and Polytechnics Quality audit reports clearly state the reasons for selecting the programmes to be audited.

Responsibility

DCE, QAD

Comments

This will be discussed at the quarterly review meeting held between ITP Quality and the NZQA audit review panel. In addition it will be discussed as part of the annual formal report review at the June quarterly review.

Publications by the Auditor-General

Other publications issued by the Auditor-General recently have been:

*   Annual Plan 2007/08 – B28AP(07)
*   Waste management planning by territorial authorities
*   Central government: Results of the 2005/06 audits – B.29[07a]
*   Department of Internal Affairs: Effectiveness of controls on non-casino gaming machines
*   Controlling sensitive expenditure: Guidelines for public entities
*   Performance of the contact centre for Work and Income
*   Residential rates postponement
*   Allocation of the 2002-05 Health Funding Package
*   Advertising expenditure incurred by the Parliamentary Service in the three months before the 2005 General Election
*   Inland Revenue Department: Performance of taxpayer audit – follow-up audit
*   Principles to underpin management by public entities of funding to non-government organisations
*   Ministry of Education: Management of the school property portfolio
*   Local authority codes of conduct
*   Housing New Zealand Corporation: Effectiveness of programmes to buy and lease properties for state housing
*   Local government: Results of the 2004-05 audits – B.29[06b]

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