

AUSTRALIAN UNIVERSITIES QUALITY AGENCY

Report of an Audit of
NSW Department of Education and Training
Higher Education Quality & Regulation Functions

February 2005

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OVERVIEW OF THE AUDIT

Background

In February 2004, the Australian Universities Quality Agency (AUQA) appointed an Audit Panel to undertake a quality audit of the higher education quality and regulatory functions in New South Wales (NSW).

This report of the audit provides an overview, and then details the Audit Panel's findings, recommendations, affirmations and commendations. A brief introduction to the NSW Department of Education and Training higher education quality and regulatory area (hereinafter 'NSWDET' or 'the Agency', or 'the Department') is given in Appendix A; the mission, values and objectives of AUQA are shown in Appendix B; membership of the Audit Panel is provided in Appendix C. Appendix D defines abbreviations used in this report.

The Audit Process

AUQA bases its audits on each organisation's own objectives, together with the MCEETYA National Protocols for Higher Education Approval Processes (National Protocols). Appendix E provides brief information about the National Protocols - fuller details are available at (http://www.dest.gov.au/highered/mceetya_cop.htm). The major aim of the audit is to consider and review the procedures an organisation has in place to monitor and achieve its objectives. Full details of the AUQA audit process are available in the AUQA Audit Manual (<http://www.auqa.edu.au>).

NSWDET submitted an evaluation of its performance to AUQA on 30 July 2004 (herein called the 'Performance Portfolio' or just Portfolio - quotations from the Portfolio appear with the source page number and are identified as 'PF p'). The Audit Panel met on 16 August to consider the Portfolio. The Audit Panel Chairperson and the AUQA Audit Director undertook a preparatory visit to NSWDET on 15 September. Prior to and during that visit, clarification of a number of items was effected, additional information was sought and further documents were obtained, and arrangements for the Audit Visit were reviewed. The Audit Panel was very appreciative of the professionalism of Agency staff, and in particular of the Manager, Quality and Regulation, for the highly responsive way they were able to provide the requested information. The quality of the documentation examined by the panel was generally of a high standard, and was well organised for ease of access.

The Audit Panel undertook three confidential surveys. The first was of higher education (HE) providers subject to the NSWDET processes. Nine responses were received from the 42 providers surveyed - a response rate of 21%. The second survey was of Assessment Panel (AP) members from a sample of panels convened since 2001. Thirty six responses were received from an invitation list of 228, a response rate of only 16%. Although these response rates are low, some common issues were raised by respondents and these were investigated during the interview process. A third survey was sent to self-accrediting and non self-accrediting institutions subject to CRICOS registration in NSW. Ten responses were received from an invitation list of 28 - a response rate of 36%. The results of all these surveys were used as additional contributing information to the Audit Panel's overall deliberations, along with the submitted materials and audit interviews.

The Audit Visit to NSWDET in Bridge Street Sydney took place over 27 to 29 October 2004. The Audit Panel spoke with approximately 55 people during the Audit Visits, including the then NSW Minister for Education and Training (henceforth 'the Minister'), senior management of NSWDET, management and staff employed within the Higher Education Directorate (HED) and in particular the Quality and Regulation Unit (hereinafter 'QRU' or 'the Unit'), the Chairperson and members of the Higher Education Advisory Committee (HEAC), chairpersons and members of APs, HE providers, and other HE

stakeholders, both from within NSW and also from other jurisdictions. An additional session was set aside to allow any stakeholder or agent of NSWDET to meet the Audit Panel and three people took advantage of this opportunity.

This Audit Report (or Report) relates to the situation current at the time of the Audit Visit, and does not take account of any changes that may have occurred subsequently. It records the conclusions reached by the Audit Panel based on the documentation provided by NSWDET as well as information gained through interviews, surveys, the Agency's and other websites, discussion and direct observation. While every attempt has been made to reach a comprehensive understanding of NSWDET's activities encompassed by the audit, the Report does not identify every aspect of quality assurance and its relative effectiveness or shortcomings.

This Report contains a summary of findings together with lists of commendations, affirmations and recommendations. A commendation refers to the achievement of a stated goal, or to some plan or activity that has led to, or appears likely to lead to, the achievement of a stated goal, and which in AUQA's view is particularly significant. A recommendation refers to an unsuitable approach, a faulty deployment, or a lack of success in relation to a stated goal, and which in AUQA's view is particularly significant. They indicate matters in need of attention, possibly with suggestions for action. Where such matters have already been identified by NSWDET, they are termed 'affirmations'. It is acknowledged that recommendations in AUQA Audit Reports may have resource implications, and that this can pose difficulties for organisations. Accordingly, AUQA does not prioritise these recommendations, and recognises that it is the responsibility of the Agency to respond in a manner consistent with its local context. There are also a small number of general observations about some aspects of the National Protocols.

The structure of this Audit Report broadly follows that of the NSWDET Performance Portfolio.

Finally, there is need for an explanation on the use of the term 'approvals' in this Report. NSWDET is responsible for a range of quality and regulatory processes, including: registration and registration (renewal of registration) of providers; accreditation and re-accreditation (renewal of accreditation); the approval of overseas and interstate institutions to operate in NSW; and, what in some other jurisdictions is termed 'endorsement' for CRICOS registration (see section 1 for details). For the sake of simplicity, unless a particular quality assurance process is being referred to, the terms 'approvals' or 'approval processes' are used generically to cover all of these processes.

CONCLUSIONS

This section summarises the main findings and lists the commendations, affirmations, and recommendations.

It should be noted that other favourable comments and suggestions are mentioned throughout the text of the Report.

Introduction to Findings

The most significant aspect of this audit was that it took place during a period of considerable restructuring of the higher education (HE) approval processes in NSW. This affected virtually every dimension of the operations of the Agency, including the establishment of new positions and the transfer of people and resources within NSWDET, and consequently a considerable number of people being newly appointed or in acting positions.

Prior to 2001, regulation of higher education in NSW was under the *Higher Education Act 1988*. While this Act provided some protection for the terms 'university' and 'degree', it did not require institutions to be registered separately from the course accreditation process. Following extensive consultations, the *Higher Education Act 2001* was passed and received assent on 11 December 2001. The Act was followed by the *Higher Education Regulation 2003*, which required the scheduling of a large number of registrations over this period in addition to any new applications. Also in 2003 the new *NSW Higher Education Guidelines* were introduced. Established under the provisions of the Act, the Higher Education Advisory Committee (HEAC) was formalized by the Higher Education Guidelines.

On balance the Audit Panel considers that the complete package of new Legislation, including the establishment of the HEAC, the Regulation, and the Guidelines provides a sound legal and regulatory foundation for the quality assurance of higher education in NSW, consistent with the intent of the *National Protocols for Higher Education Approval Processes*.

The Department also commenced a major restructure in 2003. The formation of the Quality and Regulation Unit (QRU) was only announced on 1 December 2003 and the new position of Manager, Quality and Regulation had only just been filled prior to the commencement of formal planning for the AUQA audit and some of the infrastructure and support for the HE approval functions is sourced from other sections of the broader Department.

Taking this context into account, the Audit Panel concluded that the unit had a reasonably limited resource base available to it with which to undertake a relatively heavy approvals workload, and as the audit progressed, the management of this workload, and especially the human resource management implications of this matter, increasingly came under investigation by the Audit Panel.

Apart from commending the staff and management of the QRU for their current efforts to manage this workload, by use of a 'case-management' approach, the Audit Panel makes a number of findings relating to the need for QRU to reduce application processing times and to improve Agency responsiveness more generally. These include: the introduction of improved workforce and business planning and management processes; the further development of the Agency's information management systems; the further development and streamlining of some of the Agency's 'core business' approval processes; and, some suggestions to improve the Agency's quality management and feedback mechanisms. There were also some questions raised about the nature and level of the support being provided to QRU by other areas of the Department.

In addition, the Audit Panel considers that there is some more work to be done: by NSWDET, to more closely examine the bona fide status of some providers based offshore; and, together with the other State

and Territory agencies, to improve the concurrent accreditation process, and to promote the achievement of mutual recognition of the work of agencies across jurisdictions. In these respects it is noted that interpretation of the intent of some National Protocols may be problematic for the agencies involved.

On the other hand, the Agency receives commendations from the Audit Panel: for establishing an effective Higher Education Advisory Committee (HEAC); for introducing independent assessment panel members; and, for the strong leadership provided by Assessment Panel Chairs.

A summary of the full list of Commendations, Affirmations, and Recommendations follows. Note that these are not prioritised by the Audit Panel. They are listed below in the order in which they appear in the report with the relevant page number.

Commendations

Areas where AUQA commends the practices of NSWDET are as follows:

1. AUQA commends NSWDET for the establishment of a sound legislative and regulatory framework for the higher education approval processes as they operate in NSW.12
2. AUQA commends the team-approach of the staff of the NSWDET Quality and Regulation Unit; and in particular the strong leadership provided by the Manager, Quality and Regulation at a time of considerable change and heavy workload.16
3. AUQA commends NSWDET for the establishment of HEAC.....18
4. AUQA commends NSWDET for the adoption of a case-management approach to the handling of applications from clients, which is valued by clients; and for approval processes that add value to the clients' programs and operations.19
5. AUQA commends NSWDET for introducing the appointment of independent assessment panel members rather than having panel members nominated by the applicant.24
6. AUQA commends NSWDET Assessment Panel Chairs for generally providing strong leadership, and through this providing authoritative direction for the work of panels.24

Affirmations

Areas where AUQA affirms NSWDET's identification of the need for improvements to its practices are as follows:

1. AUQA affirms NSWDET's intention to review and revise the Higher Education Guidelines with a view to making them more streamlined and user-friendly for applicants.12
2. AUQA affirms NSWDET's recognition of the need to implement strategies to ensure timely responses to all stakeholders and reduce application processing times, in line with the high priority given this task in the QRU Improvement Plan.19
3. AUQA affirms that NSWDET should introduce a system of mid-cycle or annual performance reporting as a requirement for providers, as soon as it has overcome its current heavy schedule of approvals.27
4. AUQA affirms that NSWDET should implement compulsory group training programs for Assessment Panel Chairs, new panel members, and panel secretaries; and suggests that

	training should focus on consistency of committee processes, written reports and evidence based findings.	27
5.	AUQA affirms that, given the NSW accrediting agency's involvement in a large number of concurrent accreditations with other state and territory jurisdictions, NSWDET continue to work with other agencies towards the achievement of mutual recognition.	30
6.	AUQA affirms that in addition to incorporating stakeholder feedback processes into the QMS, NSWDET needs to fully test the system in implementation.	33
7.	AUQA affirms the NSWDET decision to implement improved information management systems and databases, and in noting that this was given the highest priority ranking in the QRU Improvement Plan, urges completion of the scoping of information / database requirements, to ensure optimum solution, as a matter of urgency.....	33
8.	AUQA affirms NSWDET's recognition of the need to rebuild the HED website, but strongly recommends that it should now include all process improvements identified in both the self-assessment and audit phases of the AUQA audit, including a link to the AUQA website.	34

Recommendations

Areas where AUQA recommends improvements to the practices of NSWDET are as follows:

1.	AUQA recommends that NSWDET ensure that sufficient human and financial resources are allocated to QRU, not only to overcome the immediate short-term increase in workload but also to efficiently manage its continuing workload, including an anticipated increase in new applications in the longer term.	17
2.	AUQA recommends that in order to develop a core team of experienced people in the Agency, the NSWDET strategy of using casual staff to act as panel secretaries, and to fill core staffing gaps be minimised.....	17
3.	AUQA recommends that NSWDET introduce a trust or protected HED account for the quarantining of all higher education fees, and dedicate the fee-based revenue to employ additional human resources for support roles, in order to assist QRU to resolve current and projected workload problems.....	19
4.	AUQA recommends that NSWDET adopt a five-year business planning cycle based on the certainty of a fee-based revenue stream for higher education approvals.	20
5.	AUQA recommends that NSWDET adopt planned, and adequately resourced human resource development practices for its own staff, including access to appropriate induction, support and career development opportunities.	20
6.	AUQA recommends that in any case where there are questions about the bona fide status of an offshore institution, NSWDET initiate an independent process of verification of the credentials of the provider in the country of origin, and also verify independently the nature of the relationship between the provider and any nominated local agent.	23
7.	AUQA recommends that NSWDET implement streamlined registration and re-accreditation processes, particularly for providers with a good track record of operation.	26
8.	AUQA recommends that NSWDET provide ongoing communication, monitoring, reporting, and feedback to panels and applicants on decisions made by HEAC and the decision-maker.....	28

9. AUQA recommends that NSWDET more formally review the performance of Assessment Panel members, and introduce a term of appointment (renewable) for panellists and Chairs on the current register.....28

10. AUQA recommends that NSWDET more closely manage client expectations of shorter application turn-around times by requiring applicants to take greater responsibility for the quality of initial submissions, and one that avoids the need for excessive coaching and the rework of poorly prepared initial applications.32

11. AUQA recommends that NSWDET revisit elements of the documented QMS and the revised system then be fully disseminated among staff as a professional quality management tool.33

12. AUQA recommends that NSWDET develop electronic templates for all HED application documents with information to be supplied by the applicant to be entered under supplied (default) headings.....34

1 INTRODUCTION - OVERVIEW OF HIGHER EDUCATION IN NEW SOUTH WALES

The Higher Education Directorate Quality and Regulation Strategic Plan 2004 states the following aims:

1. *To effect a successful restructure of higher education function within the Department of Education and Training.*
2. *To manage compliance with the NSW Higher Education Act 2001.*
3. *To manage recognition, registration, accreditation and CRICOS approvals in accordance with the National Protocols and the NSW Higher Education Guidelines.*
4. *To be a source of useful information on higher education for the NSW public.*
5. *To encourage public discussion and consultation with appropriate representative groups to inform the development of higher education policy and practice in NSW.*
6. *To conduct all activities at a standard that upholds the integrity and quality of the NSW higher education system.*

These aims not only provided the Audit Panel with the basis for consideration of NSWDET's performance as a state-based accrediting agency, but since they align well with the content headings of the NSWDET Performance Portfolio, they also provided a useful structure for this Report. Each section focuses on the extent to which the Audit Panel believes that the Agency is achieving its stated objectives in relation to these aims, and is compliant with the intent of the National Protocols.

1.1 *Context for Audit*

The details that follow in this section are included to assist readers to understand the context in which the NSWDET audit took place, an appreciation of the scope of the audit, and finally the implications that these hold for consideration of the audit's findings.

The most significant aspect of this audit was that it took place during a period of considerable restructuring of the Higher Education (HE) approval processes in NSW. This affected virtually every dimension of the operations of NSWDET: from the relatively recent enactment of new legislation; the very recent implementation of a range of new operational procedures and guidelines; the establishment of a Higher Education Advisory Committee (HEAC), and hence new arrangements for the formation and operation of Assessment Panels and the recruitment of new assessment panel members; through to the establishment of new positions and the transfer of people and resources within the Department, and consequently a considerable number of people being newly appointed or in acting positions. These included:

- A Relieving General Manager, External Relations Policy;
- An Acting Director Higher Education;
- A relatively recently appointed Manager, Quality & Regulation;
- Several Higher Education Directorate officers being administratively transferred;
- Several newly appointed part-time and full-time Quality & Regulation Unit staff;
- A newly appointed Higher Education Advisory Committee; and
- A large number of recently appointed assessment panel members and chairs.

In addition, under transitional arrangements for the implementation of the *Higher Education Regulation 2003* (see section 2.2), 35 of the 43 New South Wales non self-accrediting institutions (NSAIs) were placed on a schedule with 'exempt status' expiring between June 2004 and

December 2006. This required the scheduling of registrations over this period, in place of the rolling 'expiry date', in addition to any new applications. In its Performance Portfolio, NSWDET acknowledge that "The institutions will be applying for registration and accreditation prior to their exemption dates and this will present significant workload implications for QRU" (PF p11).

As the audit progressed, the management of this workload, and especially the human resource management implications of this issue, increasingly came under investigation by the Audit Panel.

1.2 *Universities*

NSW currently has ten publicly funded universities – they are:

- Charles Sturt University;
- Macquarie University;
- Southern Cross University;
- The University of New England;
- The University of New South Wales;
- The University of Newcastle;
- The University of Sydney;
- University of Technology Sydney;
- University of Western Sydney;
- University of Wollongong.

There are also two campuses of the national Australian Catholic University, which is publicly funded, and a campus of the Western Australian-based private University of Notre Dame has recently been approved.

In addition, another eleven interstate universities have been approved to provide courses in NSW to overseas students, under the Commonwealth Education Services for Overseas Students (ESOS) Act 2000. Where it is not self-evident from an institution's title, the home jurisdiction for the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) is indicated in brackets - they are:

- Ballarat University (Victoria);
- Bond University (Queensland);
- University of Canberra (ACT);
- Central Queensland University;
- Deakin University (Victoria);
- Edith Cowan University (Western Australia);
- James Cook University (Queensland);
- La Trobe University (Victoria);
- University of Southern Queensland;
- Swinburne University of Technology (Victoria);
- Victoria University of Technology.

This is the highest number of self-accrediting institutions (SAIs) operating in an Australian State or Territorial jurisdiction.

1.3 *Non Self-Accrediting Higher Education Institutions*

At the time of the Audit Visit, NSWDET had a total of 43 NSAI's on its HE provider register. This is the largest number of NSAI's in any Australian jurisdiction, with Victoria next at 37, followed by Queensland with 17. However, at the time of the audit, only one NSW NSAI, the Sydney Institute of Business and Technology (SIBT), had been registered under the new approval processes. The Audit Panel did meet representatives of a number of institutions that were engaged

in current approval processes, but was careful not to act in any way that might be thought prejudicial to the outcome of a current application.

These 43 institutions had a total of 293 courses listed on the state register as being accredited through NSWDET and, as indicated above, at the time of the audit, the majority of these still had not yet applied for re-accreditation under the new course approval processes.

Table 1 shows the breakdown of the number of courses on the NSWDET register as at July 2004 against their Australian Qualification Framework (AQF) award classification:

Table 1: HE Course Accreditations in NSW

AQF Award Classification	Number of Courses
Diploma	19
Advanced Diploma	13
Associate Degree	1
Bachelor Degree	65
Masters Degree	51
Doctoral Degree	6
Graduate Certificate	84
Graduate Diploma	54
All Award Categories:	293

This compared with 219 courses for Victoria and 109 for Queensland at the same time (including interstate universities and overseas institutions).

As indicated above, the bulk of the registration and re-accreditation work must be completed by the end of 2006. On top of this, it is anticipated that there will be an increase in the number of new NSAs seeking registration and an even larger increase in the number of new courses to be submitted for accreditation in NSW during this period, due in no small part to the introduction of access to Federal Fee Help funding for higher education students studying through private providers, and TAFE institutions offering higher education awards.

In combination, the contextual circumstances described above made it somewhat difficult for the Audit Panel to reach findings without either drawing on evidence derived from the now obsolete systems and processes that operated under the earlier 1988 legislation, or on as-yet unfinished (or, in some instances untested) decision-making processes that are and will be operating under the current Act and the Regulation and Guidelines introduced in 2003 (see section 2 for details of the legislative and regulatory framework in NSW).

This Report should be read in that context.

2 LEGISLATIVE AND REGULATORY FRAMEWORK

The Quality and Regulation Strategic Plan 2004 has the following objectives in relation to the enactment of the legislative framework for the regulation and quality assurance of higher education in NSW:

- *To implement the recognition, registration, accreditation and approval requirements as set out in the NSW Higher Education Act 2001; and*
- *To manage compliance with the NSW Higher Education Act 2001.*

The Audit Panel investigated how the bringing together of responsibilities for both quality and regulation through the establishment of the Quality and Regulation Unit (QRU) was working in practice.

2.1 *Higher Education Act 2001*

Following the endorsement by MCEETYA of the *National Protocols for Higher Education Approval Processes* in 2000, each State and Territory agreed to review its legislative and regulatory mechanisms to ensure they had adequate authority to monitor, require improvements, or withdraw accreditation or approval where minimum quality standards were not being met.

Prior to the commencement of the 2001 Act in July 2003, regulation of higher education in NSW was under the *Higher Education Act 1988*. While this Act provided protection for the terms ‘university’ and ‘degree’, it did not require institutions to be registered separately from the course accreditation process. In other words, there was no systematic way of checking on an institution’s fitness to deliver an approved course. The NSWDET Performance Portfolio states that “By the late 1990’s it was apparent that the rigour and scope of the *Higher Education Act 1988* were no longer adequate to meet the requirements of contemporary higher education quality assurance systems” (PF p4).

In September 2001, there was wide consultation with key stakeholders prior to consideration by the NSW Parliament of the Higher Education Bill. Following the consultation, the *Higher Education Act 2001* (otherwise referred to in this Report as ‘the Act’) was passed and received assent on 11 December 2001.

Under the Act, Parliament retains control over the establishment or recognition of new universities. The Minister is empowered to approve overseas universities operating in NSW, and the Director-General has responsibility for the registration of overseas universities, subject to the approval of the Minister, Australian and overseas NSAI, and the accreditation of their courses.

Other key features of the Act include:

- Strengthening protection of the terms ‘university’ and ‘degree’;
- Introduction of registration for Australian and overseas higher education institutions, in addition to the former requirement for course accreditation;
- Approval to provide courses to overseas students;
- Charging of fees for higher education approval services provided under the Act, based on the principle of partial cost recovery;
- Increased penalties relating to breaches of the legislation; and
- Access to review of the Director-General’s decisions via the Administrative Review Tribunal.

2.2 *Higher Education Regulation 2003*

The Act was given effect through the approval by the Minister of the *Higher Education Regulation* in June 2003, again after widespread consultations. The Regulation included transitional provisions for its implementation, and for the first time introduced fees which were listed in the schedule to the Regulation. Under the transitional provisions of the Act and the Regulation, 35 NSAs that had been approved under the 1988 Act were exempt from the penalty provisions of the Act and were able to continue conducting approved courses until a date specified for each institution.

Although this was a necessary regulatory provision, designed to assist those institutions caught in limbo by the legislative change to comply with the requirements of the new Act, it has contributed significantly to the current heavy workload of the QRU. It is the view of the Audit Panel that, taking into consideration the resources currently available, this has had an adverse effect on the ability of the Unit to process applications in a timely manner. This is an important quality issue which needs to be addressed.

The issue of QRU's workload and its management is taken up in some detail in other sections of this Report, as are the use made of the fees charged by HED for the services provided by QRU to its clients.

2.3 *NSW Higher Education Guidelines*

The Act makes provision for the Minister to issue administrative guidelines consistent with the Act. The *NSW Higher Education Guidelines* (henceforth 'the Guidelines'), to replace those issued previously, were drafted and circulated for consultation in 2002 and then approved in 2003.

The Guidelines "aimed to inform and assist applicants for higher education services and panels assessing the applicants" (PF p6). Key among the changes to existing approval procedures, were the following:

- Provision for a register of suitably qualified and trained assessment panel members to work on assessment panels;
- Increased and majority representation of current academics on assessment panels;
- Appointment of a Higher Education Advisory Committee (HEAC) to act as a moderating body; ensure consistent standards; review panel membership and panel reports; provide advice; and make recommendations to the Director-General on applications for registration and accreditation.

The Guidelines cover the following key topics and processes - relevant National Protocol(s) (NPs) are listed in brackets where appropriate:

- Framework for quality assurance in NSW (NPs 1-5);
- How to make an application;
- How applications for registration, accreditation and approval processes are assessed;
- Criteria for registration and renewal of registration (NPs 3&4);
- Criteria for accreditation and renewal of accreditation (NPs 3&4);
- Criteria for approval / renewal of approval to provide courses to overseas students (NP5);
- Registration of overseas higher education institutions (NP2);
- Registration of overseas universities (NP2);
- Recognition of interstate universities (NPs1&4);
- Establishment of an Australian university in NSW (NP1); and
- Savings and transitional provisions.

As can be seen from the above, all five of the National Protocols are covered by the Guidelines.

During the audit the panel heard conflicting evidence about the perceived value of the new HE Guidelines. A number of interviewees and survey respondents maintained that they were a distinct improvement over the old ones, while others felt that the new Guidelines were overly-complex and, from the perspective of an applicant, are not particularly user-friendly. Even within NSWDET there was a variety of views as to their appropriateness. The predominant view was that the new Guidelines are due for a review and indeed, one of the 'high priority' actions identified by the Agency in its Improvement Plan was 'Modifying Guidelines to reflect Departmental restructure, Associate Degree and GST' (PF Attachment 10). Based on the balance of the comments it received, the Audit Panel affirms this decision and urges that, in the process, the Guidelines be streamlined and made more 'user-friendly'.

Affirmation 1

AUQA affirms NSWDET's intention to review and revise the Higher Education Guidelines with a view to making them more streamlined and user-friendly for applicants.

Notwithstanding this affirmation, the Audit Panel considers that, when taken together as a complete package, the *Higher Education Act 2001*, the *Higher Education Regulation 2003*, and the new *NSW Higher Education Guidelines* provide a sound legal and regulatory foundation for the quality assurance of higher education in NSW, consistent with the intent of the *National Protocols for Higher Education Approval Processes*.

Commendation 1

AUQA commends NSWDET for the establishment of a sound legislative and regulatory framework for the higher education approval processes as they operate in NSW.

Having established that this framework provides a foundation for the quality assurance of higher education in NSW, the Audit Panel turned its consideration to the Agency, its various quality assurance processes, and its compliance with the National Protocols. The Audit Panel aims to identify those matters that would assist the Agency as it moves to improve the efficiency and effectiveness with which it operates under this new legislative framework.

3 THE HIGHER EDUCATION ACCREDITING AGENCY IN NSW

The Quality and Regulation Strategic Plan 2004 has the following objective to effect a successful restructure of the higher education function within the Department of Education and Training:

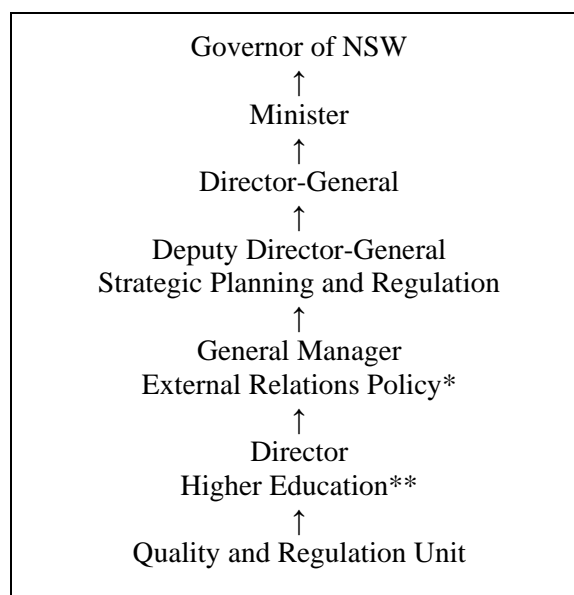
- *To manage a smooth amalgamation of all DET higher education functions within one directorate.*

The Audit Panel investigated how successfully the separation of responsibilities for higher education approvals processes from within the Vocational Education and Training Recognition Services had been achieved.

3.1 *The Structure of the Higher Education Accrediting Agency*

In the Portfolio the Higher Education Accrediting Agency is defined as encompassing “those NSW officers and structures with decision making powers and/or functions relating to the Act and the National Protocols” (Diagram 1, PF p7).

Diagram 1: Structure of the Agency



* At the time of audit, this position was occupied by a senior manager in a relieving capacity.

** At the time of audit, this position was occupied by a Director in an acting capacity.

As can be seen from Diagram 1, there are four levels of senior decision making authority between the Quality and Regulation Unit (QRU) and the Minister. In addition to the Act specifying the decision making powers and functions of the Governor, Minister, and the Director-General, the Deputy Director General, Strategic Planning and Regulation and the Director of Higher Education have decision making powers under the Act through delegation, though it is clear that for most if not all formal approval processes it is the Director-General who is deemed to be the Agency decision maker. The General Manager, External Relations Policy has no formal powers under the Act, but as a senior NSWDET line manager approves submissions and is responsible for ensuring that all provisions of the Act are implemented.

It should be noted that the diagram above only deals with responsibilities for higher education approvals in the post-schools area and that the Department has a considerably larger and more

complex structure in place for the regulation and quality assurance functions of the VET sector in NSW.

The Audit Panel considered that the HE approvals arrangement is complex and somewhat bureaucratic, and that the multiple levels may even slow down the time it takes for applications to be fully approved. However, this structure probably reflects the scale of the higher education sector in NSW compared with other jurisdictions, and the size and structure of NSWDET as the Government Department with responsibility for all sectors of education and training in NSW, including the largest schools and TAFE sectors in the nation.

The Department commenced a major restructure in 2003 (see section 1.1) and at the time of the AUQA audit the new organisational arrangements were still being put into place. Prior to the restructure, activities relating to National Protocols 1 and 2 were generally undertaken by the Higher Education Directorate (HED) and Protocols 3 and 5 were undertaken by the Recognition Services Directorate (RSD) of the Department (otherwise dedicated to servicing the VET sector), while National Protocol 4 issues were the concern of both Directorates.

The Portfolio makes it clear that the NSWDET higher education quality and regulatory functions are also supported by other functional areas of the broader Department. The Legal Services Unit provides expert advice on the appropriate handling of issues such as: potential breaches under the act; business names applications; complaints about registered providers; amendments to the Regulation, etc. The Audit Directorate also has a major role in, for example, assessing the financial probity and viability of applicants seeking registration. In addition, Departmental resources related to information technology, finance and personnel functions also support the Department's responsibilities for higher education approvals. There are some findings made in relation to the IT and finance support functions in appropriate sections of the Report below.

3.2 *Higher Education Directorate*

The HED comprises two operational units: the Policy, Planning and Legislation Unit (PPLU) and the QRU – both reporting to the Director of HE. Because of its primary responsibilities for quality and regulation, the work of the QRU is commented on in much greater detail in the sections of the Report that follow.

The PPLU is responsible for providing policy, planning, resourcing and legislative advice to the Minister and the NSW Government on matters chiefly related to existing NSW universities, including Commonwealth/State relations in this area. It also manages the development of new higher education legislation and amendments to existing legislation concerning NSW universities. Some of its policy and planning advice will also have a bearing on work undertaken by QRU, particularly in relation to Protocols 1 and 2.

The QRU manages higher education approval processes including the establishment of new universities, registration of overseas universities, registration of non-university higher education institutions and accreditation of their courses, and registration of NSW institutions and courses on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). In summary, the QRU has responsibility for the adherence to the National Protocols, including policy, planning and legislative activities related to the National Protocols.

The value of the legislative work of the PPLU has in part already been commented on above in section 2.3, but the Audit Panel notes that there are a number of policy, planning, and resourcing issues raised by the audit of the Agency that have quality implications for the work of both of the operational units that comprise HED, and for other areas of NSWDET.

3.3 *Quality & Regulation Unit*

The formation of the QRU was only announced on 1 December 2003 and the new position of Manager, Quality and Regulation had only just been filled prior to the commencement of formal planning for the AUQA audit.

3.3.1 QRU Profile

QRU has responsibility for managing the following processes and for preparing policies and submissions concerning them - relevance to National Protocols (NPs) in brackets:

- Australian universities (NPs1 & 4)
 - The inclusion, variation or omission of education institutions from Schedule 1;
- Overseas universities (NPs2 & 4)
 - Registration of an education institution as an overseas university
 - Accreditation of courses of study provided by an overseas university;
- Australian or overseas non self-accrediting higher education institutions (NPs3 & 4)
 - Registration of an Australian or overseas NSAI
 - Suspension, cancellation or variation of a NSAI's accreditation and approval status
 - Accreditation of courses to be provided by an Australian or overseas NSAI;
- Courses for overseas students (NP5)
 - Approval of an Australian or overseas university or NSAI to provide specified courses of study to overseas students.

In addition to the above, QRU is responsible for other provisions under the legislation, such as: maintenance of a register of institutions registered and courses accredited or approved under the Act; issuing administrative guidelines giving effect to the National Protocols; appointment of advisory committees to assist administration of the Act; and making regulations necessary to give effect to the Act. QRU is also responsible for initiating action in regard to offences under the Act, such as unlawful use of the title 'university'; the unlawful provision and conferral of higher education courses and qualifications; and the provision of false or misleading information.

To undertake these quality assurance responsibilities, in July 2004 QRU had the following staffing establishment / functions - alignment with the National Protocols (NPs) in brackets:

- Manager, Quality and Regulation – Unit leadership / operational management (all NPs);
- 4 Policy Officers FTE, with responsibilities for the following functions:
 - Applications for registration and accreditation (NPs 3&4)
 - Applications for CRICOS approvals and liaison with DEST (NP5)
 - Applications for Australian and overseas universities (NPs 1&2)
 - Investigating offences / quality management system (all NPs)
 - Executive support to HEAC / implementation of management systems (enabling)
 - Policy advice / research / policy papers (enabling); and an
- Administration and Finance Officer (vacant).

By the time of the Audit Visit in October 2004 this establishment had changed to (FTE, and notes in brackets):

- Manager, Quality and Regulation (1.0 FTE);
- 5 Policy Officers FTE, including one newly created position with additional responsibility for training programs and public communications; and the:
 - Applications for registration and accreditation (0.5 FTE)
 - Applications for registration and accreditation (1.0 FTE, vacant) split between the training programs & public communications role; and the
- Administration and Finance Officer (position recently filled).

Although this represented a net gain of 1.0 FTE in the QRU staffing establishment during the period of the AUQA audit, this increase needs to be considered in the context of the Unit's workload (see section 3.3.2).

From the NSWDET Performance Portfolio, the Audit Panel had learned that previously, a number of officers in the former RSD were responsible for both VET and higher education accreditations, and at the Audit Visit the panel heard that there had been some recent two-way staff movements, not only between HED and RSD, but most recently between QRU and PPLU. The Audit Panel interpreted this as further evidence that the new organisational arrangements were yet to be fully implemented, with some QRU staff having only very recently been appointed, including some employed on a casual basis.

The Audit Panel noted the commitment of the current staff of the Unit to tackle what is a daunting workload (see 3.2.2) and at what was a time of considerable organisational dislocation and change. It was evident that this commitment was in part due to the strong leadership provided by the Manager, Quality and Regulation, and in part to the willingness of staff themselves to work under pressure as members of a multi-skilled team.

Commendation 2

AUQA commends the team-approach of the staff of the NSWDET Quality and Regulation Unit; and in particular the strong leadership provided by the Manager, Quality and Regulation at a time of considerable change and heavy workload.

3.3.2 QRU Workload

To give an indication of the scale of the workload being handled by QRU, during the Audit Visit, the Panel was advised that the Agency was actively engaged in processing 33 separate applications comprising:

- Twenty-one (21) combined registration and accreditation applications which involved accreditation of 55 courses;
- Nine applications for accreditation only, involving another 13 courses;
- Three applications for registration only; and
- Fifteen (15) applications for approval of specified courses for overseas students.

In total, this load amounted to 107 quality assurance approval events in prospect.

The Audit Panel also learned that QRU staff members were in the process of forming nineteen external Assessment Panels with the intention that they undertake initial formal meetings before the end of the working year. Given the time available (approximately eight weeks), this represents a substantial workload for a relatively small staffing establishment which carries an expectation for the delivery of a high quality service.

In addition to the continuing scheduled approvals, it was anticipated that in 2005 there would also be an increase in new applications, partly through growth in the HE sector, and partly because of the introduction of Fee Help eligibility for NSAI's under the Commonwealth HESA legislation.

Although the staffing establishment had recently been increased by 1.0 FTE position, the Audit Panel still considered that it was not sufficient given the QA workload being carried by QRU staff. In combination, the dimensions of QRU's current and projected workload prompted the Audit Panel to make the following important recommendation.

Recommendation 1

AUQA recommends that NSWDET ensure that sufficient human and financial resources are allocated to QRU, not only to overcome the immediate short-term increase in workload but also to efficiently manage its continuing workload, including an anticipated increase in new applications in the longer term.

The Audit Panel noted that in order to service the large number of Assessment Panels, QRU has had to employ casual staff to act as panel secretaries, and to temporarily fill some establishment vacancies. While this may be necessary in the circumstances, there is an enduring need to reassure both providers and panellists that they have continuity in the people leading, supporting, and advising them on the assessment processes.

Also, the Audit Panel believes it is difficult for staff employed on a casual basis to gain an in-depth appreciation of all the relevant issues. A continuing reliance on casual employment will not help the Agency to build a core professional team.

Recommendation 2

AUQA recommends that in order to develop a core team of experienced people in the Agency, the NSWDET strategy of using casual staff to act as panel secretaries, and to fill core staffing gaps be minimised.

3.4 Higher Education Advisory Committee

The Higher Education Advisory Committee (HEAC) is an advisory standing committee, established under the provisions of section 20 of the Act. According to the Portfolio the primary function of HEAC “is to act as a moderating body to ensure consistently high academic quality across the state’s non self-accrediting higher education sector” (PF p22).

Its role is to:

- Prepare advice and make recommendations to the Director-General on applications for registration and accreditation under the Act;
- Advise on the recommended membership of assessment panels for registration and accreditation before their appointment by the Director-General’s delegate;
- Review the final reports and recommendations of assessment panels for registration and accreditation and the applicant’s response to these assessment reports;
- Advise and make recommendations to the Director-General on applications on the basis of its review and assessment reports.

Not only is the importance of the Director-General as the decision-maker in NSWDET plainly evident from these terms of reference, but the reliance of the decision maker on the HEAC for authoritative advice on academic quality matters is highlighted. The Director-General also appoints appropriately qualified persons to serve on HEAC. The seven members include:

- The Chair, an eminent university academic such as a recently retired Vice-Chancellor;
- Two academics nominated by the NSW Vice-Chancellors’ Committee;
- Two current academics nominated by the Director-General;
- One person with experience as a private provider of higher education courses; and
- One person with expertise in financial operations of education institutions.

At the time of the Audit Visit HEAC had only held two meetings and the Audit Panel reviewed the documentation in its entirety. However, from this evidence, and in speaking with provider

representatives, and from the generally positive survey responses, and observations gained from direct interaction with members of HEAC itself, it was clear to the Audit Panel that the establishment of HEAC has already contributed greatly to the quality assurance regime for NSAI in NSW. Not only was HEAC viewed to be an effective advisory body that exercised a ‘moderating’ influence, but commanded respect for the establishment of strong Assessment Panels for the NSWDET registration and accreditation processes. The Audit Panel concluded that this was due to: strong leadership; the recruitment of strong panel chairs to provide academic integrity in the accreditation process; and, the search for appropriately qualified and experienced Assessment Panel members.

Commendation 3

AUQA commends NSWDET for the establishment of HEAC.

There is further comment on the contribution of the Assessment Panels, and of the decision-maker in the NSWDET quality assurance regime in section 4.3.

3.5 *The Agency’s Role at a National Level*

Under this title in the section of the NSWDET Performance Portfolio, it is argued that the NSW Agency plays “a significant role at the national level chiefly through established decision making and advisory bodies as well as through less formal communications” (PF p13).

In the Portfolio the work of the NSW Minister for Education and Training as member and Chair of MCEETYA is cited as evidence of the former, while the Agency’s contributions at meetings of the Higher Education Recognition Officers (HEROs) is mentioned as an example of the latter.

In the week prior to the Audit Visit, the NSW Minister and his Premier announced that NSW was prepared to cede its legislative responsibilities for universities to the Commonwealth. Should this be achieved on a national basis, it would have profound implications for the quality assurance of Australian higher education, conceivably leading to some unitary form of national regulation.

The Audit Visit provided the Panel with an opportunity to have a general discussion on this topic with the Minister including the possibility of there emerging a national rather than state and territory-based regulatory regime, especially as the Federal Minister had since responded positively to the NSW initiative.

The implications of these developments for the NSW Agency that is charged with the regulation and quality assurance of non self-accrediting higher education institutions in that state are considered with respect to the National Protocols at the end of section 4 of this Report.

3.6 *Evaluation of the Agency in Context*

Taking the described context into account, especially the workload issues noted above, the Audit Panel considered the information it had gathered about the quality of the services NSWDET provides to its clients, and noted that there was a common, positive thread running through the testimony of those interviewed or surveyed. The Panel concluded that on balance, the clients of NSWDET believe that the Agency is attending to its regulatory quality assurance responsibilities in an appropriate manner.

This was due to the Agency’s adoption of a case-management approach to handling applications, whereby a specific officer in QRU is allocated exclusively to manage business for a specific client. This provides clients with continuity of contact and communication during the entirety of what is often a lengthy approvals process.

Furthermore, even clients who complained to the Panel of the long time taken to complete the processing of their particular applications felt that the approval process itself had added value, resulting in an improvement in the quality of their educational offerings.

Commendation 4

AUQA commends NSWDET for the adoption of a case-management approach to the handling of applications from clients, which is valued by clients; and for approval processes that add value to the clients' programs and operations.

In terms of required process improvements, respondents were unanimously of the view that there was an urgent need for the Agency to seriously reduce application processing times. This matter was also identified by NSWDET in its own Performance Portfolio.

Affirmation 2

AUQA affirms NSWDET's recognition of the need to implement strategies to ensure timely responses to all stakeholders and reduce application processing times, in line with the high priority given this task in the QRU Improvement Plan.

In addition to workload issues, factors contributing to delays are the quality of submissions, delays by the institutions in responding to requests for further information and the availability of chairs and panel members, and these sorts of factors are commented on in section 5.2 (see Recommendation 10).

Reducing the time spent on processing each application will eventually have a positive impact on the workload issue. It is necessary however to achieve this outcome now, in the circumstances of the Agency's immediate workload burden. The Audit Panel considered whether this problem is merely a resource allocation one or whether it could be addressed in part through the improved management of existing resources. Certainly a new methodology must be developed to release the resources necessary to provide a quantum improvement in the processing of applications.

Currently, the cost recovery is predicated on a 70:30 split between users of the accreditation function and the Department. Consistent with the user-pays principle, the revenue is primarily derived from the actual fees charged by QRU for the services provided to clients. However, during audit interviews, it became clear that this income stream was not quarantined from other corporate Treasury funds and that, in particular, any residual funds were not always carried forward from one financial year to the next. NSWDET needs to provide assurance to private providers that the fees they pay are actually going toward the services for which they are paying.

From interaction with the Agency's clients, and especially among private providers, the Audit Panel detected concern that the substantial application fees now required to do business in NSW was not resulting in expeditious completion of the accreditation process. For these clients, speedier registration and accreditation outcomes would represent greater value for their money. A related change would then be to harness the revenue stream to a slightly longer business planning cycle, so that planning for anticipated future workloads could also be more easily accommodated.

Recommendation 3

AUQA recommends that NSWDET introduce a trust or protected HED account for the quarantining of all higher education fees, and dedicate the fee-based revenue to employ additional human resources for support roles, in order to assist QRU to resolve current and projected workload problems.

Recommendation 4

AUQA recommends that NSWDET adopt a five-year business planning cycle based on the certainty of a fee-based revenue stream for higher education approvals.

The purposes of the two recommendations immediately above are to provide planning and resource allocation processes that will assist NSWDET to address current and anticipated human resource needs in a planned manner.

The recommendation that immediately follows deals with longer-term human resource development needs of staff (e.g. structured induction, staff development entitlements, succession planning). As is clear from the above, the QRU structure is new, and it is timely to nurture staff and plan for the provision needed to ensure both client and staff satisfaction. This view is strongly supported by the evidence provided to the Audit Panel by the Agency's client base.

Recommendation 5

AUQA recommends that NSWDET adopt planned, and adequately resourced human resource development practices for its own staff, including access to appropriate induction, support and career development opportunities.

We turn now to consideration of the Agency's various approvals processes and their consistency with the intent of the *National Protocols for Higher Education Approval Processes*.

4 IMPLEMENTATION OF THE NATIONAL PROTOCOLS

The Quality and Regulation Strategic Plan 2004 has the following objectives in relation to managing the recognition, registration, accreditation and approvals in accordance with the *National Protocols for Higher Education Approval Processes*, and the *NSW Higher Education Guidelines*:

- *To liaise with key stakeholder groups on: national HE matters relating to the AQF, AUQA, MCEETYA, the National Protocols etc; NSW issues relating to the implementation of the NSW Higher Education Act 2001; and*
- *Provide strategic advice to the Minister and the Director-General on higher education matters raised at either the state or the national level.*

The Audit Panel investigated how the Agency discharges its responsibilities in relation to each National Protocol, but especially in relation to NSWDET's core business responsibilities under National Protocol 3. In this respect it should be noted that some issues raised in this section of the report hold relevance for more than one National Protocol (for example, an issue that is raised here under Protocol 2 may also have implications for the implementation of Protocols 3 or 4, and vice versa).

For the purposes of this Report however, audit observations and findings have been raised under the National Protocol the Audit Panel believes is most in need of safeguarding, even though the issue in question may involve another Protocol or Protocols.

Where deemed to be of particular significance, observations and findings relevant to more than one National Protocol have been cross-referenced. There are also some observations raised in relation to the extra-jurisdictional and national higher education quality assurance agenda.

4.1 *National Protocol 1*

National Protocol 1 defines criteria and processes for the recognition of universities. The NSW legislation protects the title 'university'. The Act states: "It is an offence for a person to represent that an Australian institution (including a company registered under the *Corporations Act 2001*) is a university unless the institution is an Australian university or an overseas university (as those terms are understood in section 3 of the Act)". Readers will recall that the decision-maker for the establishment of a new Australian university in NSW is the Minister.

Examination of the *NSW Higher Education Guidelines* reveals that the requirements for the establishment of a university in NSW are dealt with extensively.

During the audit, the Panel had cause to ask for information about the status of the long-term application to establish the 'Australian William E Simon University' and was satisfied with the responses it received. The Audit Panel also learned that at the time of the audit, the only other application to establish an Australian university in NSW had been delayed, but that it was likely to be re-activated in the near future.

The Audit Panel was satisfied that National Protocol 1 is being appropriately implemented.

4.2 *National Protocol 2*

National Protocol 2 defines criteria and processes for the approval of an overseas university or higher education provider to operate in Australia. The Act requires overseas universities and other overseas higher education institutions to apply for registration and course accreditation

before they can offer higher education courses in NSW, and under NSW legislation an education institution is not eligible to be registered unless at least one course of study offered by the institution has been accredited in NSW.

Examination of the *NSW Higher Education Guidelines* reveals that the requirements for the establishment of an overseas university in NSW specify a two-stage process. The first stage involves checks on the bona fides of the applicant institution in the country of origin. The second stage involves an external assessment by an independent reviewer or panel to determine whether the institution meets appropriate standards.

As for National Protocol 1, the Minister is the decision-maker for approval of an overseas university, and the Director-General is the decision-maker for non-university overseas higher education institutions. By the conclusion of the Audit Visit the Department had not received any formal applications under National Protocol 2, though confidential discussions with some overseas universities were current.

The Audit Panel noted early during the audit process that the Agency had once established a separate page on its website that listed institutions that “are not recognised in New South Wales as official universities even though each contains the word ‘university’ in its name. The listed institutions had not been approved to provide higher education courses in New South Wales to overseas students, and they had not applied for approval to deliver higher education courses in New South Wales”. The Audit Panel was informed that the page had subsequently been withdrawn on legal grounds.

The Audit Panel also learned that the then Minister had had another case brought to his attention by the Department, and this was cited as “an example of an institution that could be effectively dealt with under the NSW legislation that was about to commence” (Response to questions in advance to the Minister’s Office).

To illustrate the ambiguity of certain aspects of National Protocol 2, the Audit Panel had been advised that undergraduate and postgraduate degrees accredited by a private university based offshore ‘were being taught by’ an unregistered provider in NSW. When asked to clarify this particular situation, NSWDET advised the Audit Panel that it had received legal advice that the alleged local provider “may be in breach of Section 14 of the *Higher Education Act 2001*”, and that “letters had been sent....advising of the potential breach and requesting that such representations cease within seven days of the date of the letter” (NSWDET Response to AUQA’s Request for More Information, p7).

A subsequent check of the local provider’s and offshore ‘accrediting’ institution’s websites showed that the offshore university’s awards were now clearly described as being offered by distance education, which is deemed to be beyond the scope of National Protocol 2. However, it was also noted that Australian students taking these courses were allegedly being offered local support from their own personal tutors. This raised questions about whether this circumstance could be construed as falling within the meaning of ‘to operate’ within NSW, and hence would be subject to National Protocol 3, but also with consequent implications for Protocol 2 and Protocol 4 (see section 4.4.2). In addition, the Audit Panel’s website checks raised a number of questions about whether the accreditation status of the offshore university and its awards would satisfy the following National Protocol 2 criteria, namely whether:

- “it is a *bona fide institution, legally established in its country of origin;*
- that courses offered have been properly accredited in the provider’s country of origin by an authority that, in the opinion of the Australian jurisdiction’s decision-maker, is the appropriate authority;

- where the standing of *the institution's accreditation status is not acceptable to the decision-maker*, the decision-maker may require the proposed courses to be subject to a full accreditation process;
- that the delivery arrangements, including the arrangements for academic oversight and quality assurance *proposed by the overseas institution are comparable to those offered by accredited Australian providers;*" (*National Protocols for Higher Education Approval Processes, p13 - (any text in italics is AUQA's emphasis).*)

The Audit Panel also noted that under National Protocol 2 it is recommend that "More elaborated operational guidelines should be developed" (ibid), presumably, where and when the "Australian jurisdiction's decision-maker" determines that they are required. In this respect, the Audit Panel had also requested information about which overseas accrediting agencies NSWDET recognised, and was advised that although there was "no definitive list...the most likely institutions on current enquiries would be UK or USA based" (NSWDET Response to AUQA's Request for More Information, p8).

In the case described above, the Audit Panel noted that there were clearly stated disclaimers on both the local and offshore providers' websites to the effect that the degrees being offered were: "not UK or US degrees - they are overseas degrees that have private accreditation status (not government accreditation)"; and, that the university in question "is not a UK or US university". The Audit Panel also noted that the offshore university in question was not one of those that had been listed on the NSWDET 'Universities not recognised in NSW' web page that had been withdrawn.

After reflecting on these observations, the Audit Panel concluded that although the case in question was being monitored by the Agency in line with National Protocol 3 through the "unlawful provision of higher education courses" section of the 2001 Act (Section 14), there were sufficient grounds for further investigation of the bona fide status of the offshore institution in this particular case, and the need for a process to investigate the circumstances surrounding any others that may arise. In order to ensure that National Protocol 2 continues to be appropriately implemented in NSW, the Audit Panel makes the following recommendation.

Recommendation 6

AUQA recommends that in any case where there are questions about the bona fide status of an offshore institution, NSWDET initiate an independent process of verification of the credentials of the provider in the country of origin, and also verify independently the nature of the relationship between the provider and any nominated local agent.

It should be noted that this Recommendation also has implications for the implementation of National Protocol 4 (see section 4.4.2).

4.3 National Protocol 3

National Protocol 3 is dealt with here at greater depth than the others because in the auditee's own words: "The largest part of the Agency's workload is concerned with managing and administering the processes to implement all aspects of Protocol 3" (PF p23).

National Protocol 3 is concerned with the accreditation of education courses offered by NSAI's and the authority to conduct (known in NSW as *registration*). Registration is concerned with an institution's capacity to deliver higher education programs, while accreditation refers to approval of specific courses. The key elements of National Protocol 3 relate to:

- The legislative base for registration and accreditation;

- Criteria for assessing applications;
- Processes for assessing applications.

The NSW legislative base for registration and accreditation was described in section 2 of this Report, so the sub-sections that follow concentrate on the last two of these elements. The sub-sections that follow describe the various National Protocol 3 approval processes as they apply in NSW, and these are followed by an evaluation of the effectiveness of their implementation.

4.3.1 Assessment panel members

In terms of quality assurance, perhaps the single most significant change from the old to the new legislative base in NSW was the introduction of the appointment of independent assessment panel members under the 2001 Act, as opposed to their being nominated by the applicant under the 1988 Act.

The Audit panel noted that since the introduction of the 2001 Act, 115 assessment panel members had been approved by the HEAC.

This simple change obviated many of the conflict-of-interest concerns that the old system engendered, and provides for a more transparent and robust quality assurance regime, clearly based on a culture of academic integrity.

Commendation 5

AUQA commends NSWDET for introducing the appointment of independent assessment panel members rather than having panel members nominated by the applicant.

The Audit Panel interviewed several panel chairs and also spoke with provider representatives about their experience of the assessment process and noted that the strong leadership demonstrated by the panel chairs provided authoritative direction for the work of panels. The Audit Panel concluded that this aspect of the assessment process was also worthy of commendation.

Commendation 6

AUQA commends NSWDET Assessment Panel Chairs for generally providing strong leadership, and through this providing authoritative direction for the work of panels.

Further findings in relation to the important role of Assessment panel members in the National Protocol 3 approval processes are to be found in the sub-sections that follow.

4.3.2 Registration of Providers

In the Performance Portfolio it is stated that “In NSW the criteria for registration focus on the:

- nature and effectiveness of an institution’s actual or proposed management and governance structure
- quality and adequacy of the academic staff
- facilities provided
- institution’s financial probity and viability
- institution’s general educational practices
- procedures for monitoring the course or courses related to its registration” (PF p19).

The approval process involves the establishment of an Assessment Panel to review the documentation provided by the applicant, and information provided by the Department's Audit Directorate about the institution's financial probity and viability. This opinion is made available to the Assessment Panel and HEAC. The recommendation from the Assessment Panel then requires endorsement by HEAC and a recommendation then goes from HEAC to the Director-General as the 'decision-maker'. Registration is approved for a set period after which the applicant must apply for registration.

The Audit Panel reviewed the complete document trail of approval of a registration completed under the new legislative requirements and is satisfied that National Protocol 3 was appropriately implemented in this instance. However, in section 4.3.5 the Audit Panel makes some findings with respect to certain aspects of the registration and re-accreditation processes.

4.3.3 Accreditation of Courses

According to the NSWDET Performance Portfolio, "the criteria for accreditation are intended to ensure that the standards of a course are appropriate for the qualification to which it leads and that the course and methods of delivery are likely to achieve its purpose" (PF p20). This relates primarily to whether a course meets the guidelines set out in the Australian Qualifications Framework (AQF) for the particular award.

It is also stated that "An assessment Panel also needs to be satisfied that the quality and educational value of the course are equivalent to those required for a qualification of the same type and level in an Australian university in terms of:

- the overall goals and learning requirements of the course
- course entry requirements
- breadth and depth of course content
- structure of the course in terms of the mix of general and specialized knowledge and skills to be developed
- duration and workload of the course
- methods of delivery and assessment.

These criteria must be addressed in a submission for accreditation together with other requirements, including:

- the institution's general educational practices and standards
- development of the course
- the type of award proposed
- how the proposed course relates to the AQF guidelines
- the academic, financial and staffing resources available to the institution
- the facilities to be provided" (PF pp20-21).

The Audit Panel reviewed the complete document trails of a cross-section of accreditations completed under both the old and the new legislative requirements and procedures. The results of the surveys of providers and panel members, and the evidence that the Audit Panel gathered from course proponents and panel members during the Audit Visit, satisfied the Panel that the accreditation requirements of National Protocol 3 are being appropriately implemented.

However, based on the same evidential base, the Audit Panel also makes a series of recommendations designed to further improve the course accreditation and re-accreditation processes in NSW (section 4.3.5).

4.3.4 Streamlined and Concurrent Approval Processes

The Portfolio describes what is called in NSWDET terminology “a streamlined assessment process”, where “the applicant institution proposes to conduct courses in NSW that are already accredited by a recognised accrediting authority, such as other Australian state and territory accrediting agencies, recognised overseas accrediting agencies and Australian universities” (PF p22).

Effectively, under the ‘streamlined process’ the applicant is not required to submit a newly-developed course accreditation application if a similar application has already been approved by a higher education authority that is recognised by NSWDET.

The Portfolio also states that “NSW supports concurrent assessment procedures’, whereby ‘if a non self-accrediting institution based in NSW proposes to deliver courses in other states or territories, it must inform the Agency and seek advice before submitting its application. The Agency will contact the relevant accrediting agencies in other jurisdictions to obtain their agreement for concurrent assessment” (PF p22).

An affirmation with relevance for the concurrent accreditation process is to be found at section 4.6.

4.3.5 Improvements in Relation to National Protocol 3 Approval Processes

From the above (including those Protocol 3-related issues which were raised under National Protocol 2), it is clear that the arrangements for provider and course approval in NSW are consistent with the intent of National Protocol 3. However, the Audit Panel also felt that it is important to consider the National Protocol 3 approval processes for both private providers and other NSAs from a business perspective, as well as from a quality assurance one. This led to the Panel making a series of recommendations designed to improve the processes, from both of these perspectives.

A number of the Agency’s clients feel that the initial applications for registration and accreditation are treated in an appropriately thorough and rigorous manner by NSWDET, but that subsequent applications for re-accreditation and registration do not sufficiently take into account the history of the Agency’s relationship with the applicant, and that it should therefore be possible to streamline the processing of non-contentious applications.

In the Performance Portfolio the Agency acknowledges that “it may prove necessary to update” the HE Guidelines to clarify “differences between registration and registration and accreditation and re-accreditation requirements and processes” (PF p30). However, beyond there being a general intention to review the Guidelines, the Audit Panel could not find any specific commitment or priority given to streamline the registration and re-accreditation processes in the Agency’s Improvement Plan.

The Audit Panel believes that such streamlining, if appropriately monitored by Agency staff would assist to significantly reduce the turn-around time for such approvals, as well as reducing the Agency’s and the applicant’s workload.

Recommendation 7

AUQA recommends that NSWDET implement streamlined registration and re-accreditation processes, particularly for providers with a good track record of operation.

More generally, the QRU should concentrate its efforts on those areas that are most contentious and/or most significant.

For this to be achieved, it will be necessary for the Agency to more closely monitor the performance of all its registered providers with respect to those courses they have approval to operate, between the initial registration / accreditation events and subsequent registrations / re-accreditations.

Such active quality monitoring could be achieved, for example, by requiring registered providers to submit mid-cycle or annual performance reports, so that assessment and evaluation work required for subsequent approval events can be spread more evenly between events. Monitoring of this nature will enable the Agency to distinguish between those providers who are ready to undergo a less detailed process of registration / re-accreditation, and those that, because of their performance record, will need more intensive scrutiny. The longer a provider had been operating with healthy reports being noted along the way, the more confident should both the office staff and the decision-maker be that re-accreditation might be determined on the basis of a lighter touch.

The Audit Panel recognises that it may only be possible to introduce such a risk-managed system of mid-cycle or annual reporting after the immediate heavy workload has been overcome. The Audit Panel noted that the Agency had indeed identified as much in its own Improvement Plan, by giving the mid-term monitoring of compliance of providers a “lower priority (to be) included in action plans for 2005” (PF Attachment 10).

Affirmation 3

AUQA affirms that NSWDET should introduce a system of mid-cycle or annual performance reporting as a requirement for providers, as soon as it has overcome its current heavy schedule of approvals.

The results of such monitoring and reporting would need to be recorded and tracked and this has implications for the work being done to improve the Agency’s information management systems and processes and these requirements should be included in the specifications for the new information systems being developed (see also Affirmation 7 in section 5).

New Assessment Panel Chairs and other panel members are often briefed individually by QRU. The Audit Panel believes that the quality of panel work will be improved by a more systematic approach to induction, skills development, and team building among chairs and panellists alike. The panel believes that development of an appropriate skill base for audit work is as important as any other aspect of the quality assurance cycle. The panel also affirms that this cannot happen in a vacuum or by osmosis, nor should it fall to the Chairs of panels during an audit to provide this training ‘on the job’.

The need for this form of “training” process was identified in a self-assessment and has been listed as an undertaking in an action plan. The Audit Panel affirms that a move to group training and induction sessions would not only reduce QRU workload, but also increase the consistency of panel operation and judgments.

Affirmation 4

AUQA affirms that NSWDET should implement compulsory group training programs for Assessment Panel Chairs, new panel members, and panel secretaries; and suggests that training should focus on consistency of committee processes, written reports and evidence based findings.

The Audit Panel also found that there were some gaps in the Agency’s own quality improvement system. The ‘Commitment to Quality’ section of the QMS states that NSWDET is: “Customer-focused by identifying our customers and stakeholders, setting clear customer service standards and monitoring the extent to which these are met” (QMS, p10). The QMS also states that the

Agency will enact its commitment to quality through “Quality improvement...Through our internal cyclical review processes we improve the quality of our work” (QMS, *ibid*).

The Audit Panel noted that the Agency does survey its external customers (client institutions), but that Assessment Panels or their members were not explicitly mentioned, nor were they listed under the heading of: ‘External Customers’; ‘Internal Customers’; or, ‘Stakeholders’ in the QMS documentation reviewed. The Audit Panel also noted that the customer service standards contained the following statement: “Customer feedback should indicate a good level of understanding about how an application is processed” (QMS, p12).

Despite these statements, the Audit Panel heard from the majority of members of the Assessment Panels interviewed that they had received no feedback from the Agency after their involvement in an approval process, nor were they provided with information about the outcome of subsequent approval decisions made by the HEAC and the decision-maker. In some cases applicants claimed to have had a similar experience, but these cases were in the minority.

Recommendation 8

AUQA recommends that NSWDET provide ongoing communication, monitoring, reporting, and feedback to panels and applicants on decisions made by HEAC and the decision-maker.

It is also important that the Agency ensure that the Assessment Panels it establishes are performing to an appropriate standard. The performance of panels should therefore be reviewed formally from time to time. Following review, action should be taken to ensure that the quality of panels can be sustained over time, in order to ensure that the quality loop has been fully closed. During the audit, the AUQA Audit Panel learned that an appointment to the NSWDET Register of Assessment panel members is currently for an indefinite period.

Recommendation 9

AUQA recommends that NSWDET more formally review the performance of Assessment Panel members, and introduce a term of appointment (renewable) for panellists and Chairs on the current register.

Further process improvements relevant to the approval processes covered by National Protocol 3 can be also found in section 5 of this Report.

4.4 National Protocol 4

National Protocol 4 is concerned with delivery arrangements that universities and non self-accrediting higher education institutions have with other organisations. The key elements of this Protocol relate to:

- A university operating in its own name;
- Principal–agent relationships.

4.4.1 Implementation of National Protocol 4 in NSW

The Audit Panel noted that the *NSW Higher Education Guidelines* make it clear that universities and other self-accrediting institutions “are not empowered to accredit the courses of other institutions” (PF p24). However under Section 7 of the Act it is possible for NSAI’s wishing to deliver a course that has been accredited by a university or other recognised accrediting authority to apply to have the course accredited using the streamlined assessment process, as required under National Protocol 3.

The Audit Panel noted that the accreditation applications completed under the new Act and approval procedures included a case involving the provider institution using curriculum that had been accredited by a NSW-based university. Although this case involved neither ‘a university operating in its own name’ nor ‘a Principal-agent’ relationship, it did however provide the panel with insight into some of the quality assurance issues raised by National Protocol 4.

The panel examined the complete documentation trail in this particular case, and noted that the NSWDET Assessment Panel had not approved two of the eleven ‘university level’ courses submitted for accreditation by NSWDET, on the grounds that “the present level of content appears to be inconsistent with similar awards delivered in Australian universities” (Report of the Assessment Panel). Were this being raised in the context of an audit of a ‘university operating in its own name’, such a finding would have raised some quality assurance issues, but as the courses in question were those of a self-accrediting institution, the panel decided that to pursue such issues was beyond the scope of the audit of NSWDET.

Of the remaining nine courses put up by the NSAI for accreditation by NSWDET, seven were approved in full, and the remaining two were approved conditionally.

In reviewing all of the evidence in this particular case, the Audit Panel concluded that the Assessment Panel and the HEAC had made appropriate accreditation approval decisions. At the time of the Audit Visit the ‘not-approved’ decisions were still in process.

After reviewing all the requested information provided by NSWDET in relation to National Protocol 4, the Audit Panel concluded that the evidence suggests that it is being appropriately implemented. However, it should also be noted that some of the ‘bona fide provider’ issues raised under the heading of National Protocol 2 in section 4.2 above, also hold implications for the interpretation of National Protocol 4.

4.4.2 Interpretation of National Protocols 4 and 2

The Audit Panel found that there was some confusion between National Protocols 4 and 2. In the NSWDET Performance Portfolio it is stated: “Where there are collaborative delivery arrangements proposed for overseas institutions to offer courses through a local provider, the Minister must be satisfied that (inter alia)...the relationship between the overseas institution and any local agent or provider is appropriate and bona fide” (PF p24). See also section 4.2 above.

When asked to explain why this observation had been raised in the Portfolio under National Protocol 4, rather than under National Protocol 2, the Agency replied: “It could go under either, but was placed under Protocol 4 because such arrangements are considered as principal-agent arrangements.” (Response to the AUQA Request for More Information, p9)

The Audit Panel believes that this is more correctly a Protocol 2 issue.

4.5 *National Protocol 5*

National Protocol 5 requires state and territory governments to endorse courses as suitable to be offered to overseas students. The key elements of the Protocol relate to:

- Adequacy of legislation; and
- Processes for assessing quality of delivery.

The Audit Panel noted in the Performance Portfolio that NSWDET rated its own performance in relation to the approval of applications for CRICOS listing as ‘very satisfactory’ but had identified ‘the time lag for gaining course approvals’ was identified by providers as a ‘major issue’ (PF p26) because registration / accreditation must be sought first. The panel spoke with

representatives of interstate universities and NSW NSAs who had responsibilities for CRICOS registration within their institution and they confirmed once again that the length of the total approval process could have a negative impact on business.

On the other hand, in relation to National Protocol 5, the NSW Government made it clear that it has a serious concern about the substantial costs borne by the Department in administering what is a Commonwealth Act; that for example, 'as the State with the largest number of institutions providing courses to overseas students...the workload for NSW staff in implementing Commonwealth legislation is significant' (Response to questions in advance to the Minister's Office).

There was a question raised by the Audit Panel about the potential for differential treatment being given to the NSW universities under the 'streamlined' approval process, compared to interstate SAs and NSW-based NSAs.

However, the quality assurance requirements for NSW universities are clearly specified under the 2001 Act and 2003 Guidelines and it was clear to the Audit Panel that both SAs and NSAs operating in NSW believe that NSWDET is both thorough and helpful in discharging its CRICOS approval responsibilities. Consequently the Audit Panel formed the view that National Protocol 5 is being appropriately implemented.

4.6 *Mutual Recognition and National Regulation Issues*

Because AUQA audits each agency against the same five Protocols, it looks to see national consistency in their implementation. Such consistency would facilitate mutual recognition of agency decisions, that is, each jurisdiction agreeing to abide by the regulatory decisions of agencies in other jurisdictions.

During the audit, the Panel heard evidence which suggests that NSWDET is genuinely and positively disposed towards promoting mutual recognition processes. However, the Audit Panel also heard during the audit from a succession of NSW-based and interstate-based NSAs which had been involved in concurrent application processes, about the unsatisfactory nature of their experiences, with variations in the approval processes between different jurisdictions and contrary advice sometimes being given to concurrent applicants.

It should be noted that concurrent accreditation is a national process and depends on close cooperation across multiple jurisdictions. In one case put to the Audit Panel, on advice from one jurisdiction an applicant made significant changes to the curriculum only to be told to un-do it by a second jurisdiction. The applicant was deemed subsequently to be non-compliant in either jurisdiction.

Nevertheless, there is a strong expectation among NSA clients across the nation that mutual recognition is the solution to these problems, and as outlined in section 3 of this Report, the NSW Government has to some extent now exercised leadership by initiating a higher education regulatory reform debate across jurisdictions which is now the subject of co-operative work from a multi-jurisdictional working party. Given the large participation of NSW-based NSAs in concurrent accreditation processes, the Audit Panel affirms that NSWDET should continue to attach a high priority to the achievement of mutual recognition of accrediting agencies.

Affirmation 5

AUQA affirms that, given the NSW accrediting agency's involvement in a large number of concurrent accreditations with other state and territory jurisdictions, NSWDET continue to work with other agencies towards the achievement of mutual recognition.

5 VALIDATION OF SELF-ASSESSMENT OF QUALITY

The Quality and Regulation Strategic Plan 2004 contains the following objectives which relate to the pursuit of the other strategic aims of the Higher Education Division, as they relate to quality:

- *Improve customer service; and*
- *Maintain and further develop a quality management system which underpins the activities of the NSW Government in areas of higher education quality and regulation.*

The Audit Panel investigated whether the Agency's own assessment of its areas of strength and identification of areas for improvement matched the perceptions of its stakeholders about the quality of the services they were receiving.

5.1 *Areas of Strength*

In its Self-Assessment NSWDET identified the following as "Identified Strengths" (PF p27-30):

- Legislation, Regulation and Guidelines;
- Reasonable, comprehensive and effective approval processes;
- Financial analysis services;
- Register of Assessment panel members;
- Conflict of Interest Declaration;
- Assessment panel reports;
- The Departmental restructure / retention of corporate knowledge and expertise;
- The Agency's adaptability, flexibility and customer service;
- Effective complaints processes;
- The political leadership by the Minister; and
- The Quality Management System.

There is a correlation between the positive findings of this Report and the items identified on this list. However, some of these items, such as the effects of the Departmental restructure, were cause for comment by the Audit Panel. Other items also appear as areas identified by the Panel as areas for improvement, and these are commented on below, while others received no comment of either a positive or a negative kind.

5.2 *Areas for Improvement*

The NSWDET Self-Assessment also identified the following as 'Areas for Improvement' (PF p30-32). NB. These areas have been numbered to assist identification in the text that follows.

1. Register of higher education providers.
2. Liaison with the Office for Fair Trading.
3. Register of higher education providers.
4. The length of the approvals process.
5. Panel composition.
6. Training and preparedness for panel members to undertake responsibilities.
7. Educate providers.
8. Clear demarcation between pre-application assistance / regulatory approval.
9. Process for mid term and compliance monitoring.
10. Provision of public information.
11. Monitoring of its resourcing and staffing levels.
12. Feedback from stakeholders.

There is a stronger correlation between the areas for improvement identified by NSWDET and the areas identified by the Audit Panel through affirmations and recommendations in this Report, including those listed below.

With respect to areas for improvement: #4 'Length of the Approvals process'; #7 'Educate Providers'; and #8 'Clear demarcation between pre-application assistance / regulatory approval', the Audit Panel believes that the Agency must do more under #4 than just "endeavor to conform to timelines set out as customer service standards in the QMS" (PF p31); and under #7, go further than "develop...a program of support for providers" (PF p31); and also under #8, do more than just "recognise the need to balance its role of educational leader and facilitator of good practice with impartiality demanded by the regulatory role" (PF p32).

In the Performance Portfolio the Agency made the following observation: "Providers are asking for a reduction in processing time, including the time taken by the Agency for its initial assessment. Reducing timeframes for all processes is a high priority for improvement" (PF p31).

During the Audit Visit the panel heard from QRU staff of the frustration caused by the amount of rework being required because some applicants do not lodge an initial submission of an appropriate standard and of the excessive amounts of their time taken in the coaching of applicants.

A number of the affirmations and recommendations of this Report are designed to assist the Agency improve its processing times, as a way of tackling the heavy workload problem, and this may give clients an expectation that it is entirely the responsibility of the staff of QRU to achieve an improvement, when in fact the primary responsibility for the quality of a good submission lies with the applicants themselves.

Recommendation 10

AUQA recommends that NSWDET more closely manage client expectations of shorter application turn-around times by requiring applicants to take greater responsibility for the quality of initial submissions, and one that avoids the need for excessive coaching and the rework of poorly prepared initial applications.

On the other hand, it is the responsibility of the Agency to effectively manage its own business or work processes, and where there is an opportunity for improvement to be achieved, that this be approached in a systematic manner. Reference has already been made to the QMS developed by HED for these purposes, and it is noted that the QMS was identified in the Agency's Self-Assessment as one of the areas of strength, 'to formally implement and foster a culture of continuous improvement' (PF p30).

The Audit Panel reviewed the QMS documentation supplied initially as a supporting document with the Portfolio and subsequently also obtained and reviewed the documented 'Work Procedures'. The Audit Panel noted that the QMS had been structured against the National Protocols and covered the key work processes as they apply for each Protocol. Each key work process also has a customer service standard. Finally, the QMS adopts the systematic Approach, Deployment, Results, Improvement (ADRI) model. The Audit Panel fully supports the Agency's decision to adopt this structure for its QMS.

However, in the Performance Portfolio NSWDET acknowledges that "the QMS is relatively new and is yet to be fully tested in daily implementation" (PF p10). The Audit Panel also noted that apart from an acknowledgement of the need to incorporate stakeholder feedback processes into the QMS, system implementation was not identified as an improvement priority.

Affirmation 6

AUQA affirms that in addition to incorporating stakeholder feedback processes into the QMS, NSWDET needs to fully test the system in implementation.

This observation was confirmed when in sessions with staff, the Audit Panel did not detect that there was much ownership of the system, nor was there strong evidence of familiarity with aspects of its overall approach, or detailed knowledge about the state of its implementation. This may be a result of the relatively recent appointment of some of the staff. However, it also points to the observation that there is little value in having a well-conceived and designed quality system if the people who are to work with the system do not routinely work by the system.

The Audit Panel believes that the Agency is at a crucial time of its development, and that the QMS should now be fully implemented to make an important contribution to the development of a professional work ethic - one that is well suited to the nature of the work performed by the Agency within the higher education sector. The QMS should be embedded in a way that enables QRU officers to exercise their professional judgement, rather than to follow a 'checklist approach' to quality requirements.

Recommendation 11

AUQA recommends that NSWDET revisit elements of the documented QMS and the revised system then be fully disseminated among staff as a professional quality management tool.

For a QMS with these characteristics to work in an effective manner, it is imperative that there be effective management of data, information, and knowledge within the workplace. It has been observed that the quality of any management system is only as good as the quality of the data, information, and knowledge available. In this respect, it was noted that the Improvement Plan had given "Developing specifications for and updating higher education databases" the highest possible priority (PF Attachment 10). While affirming this decision, the Audit Panel would like to see the responsible area within the broader Department move forward with a greater sense of urgency in their efforts to assist HED, and in particular QRU, to more effectively deal with their current and projected heavy approvals workload.

Affirmation 7

AUQA affirms the NSWDET decision to implement improved information management systems and databases, and in noting that this was given the highest priority ranking in the QRU Improvement Plan, urges completion of the scoping of information / database requirements, to ensure optimum solution, as a matter of urgency.

As noted in section 4.3.5, the solution must also be able to accommodate the introduction of any mid-cycle or annual reporting process, and have capacity to enable the monitoring of provider performance on an on-going basis.

The Audit Panel believes that another possible application for smart work systems is the adoption by the Agency of electronic templates for any approval process documents that are used by applicants on a regular basis. Careful attention to the design of such templates should limit the need for additional information requests to providers and reduce the consequent rework of initial applications, and further reduce application processing times.

Recommendation 12

AUQA recommends that NSWDET develop electronic templates for all HED application documents with information to be supplied by the applicant to be entered under supplied (default) headings.

Finally, with respect to area for improvement #10, the 'Provision of public information', although the Audit Panel found that the "need to review and update the Agency's website to make it more useful" (PF p32) had been identified in the Performance Portfolio, this was not listed as one of the prioritised actions in the Improvement Plan. The Audit Panel affirms the need for NSWDET to incorporate all the recommended approval process improvements in the revision of the HED website and to include a link to the AUQA website.

Affirmation 8

AUQA affirms NSWDET's recognition of the need to rebuild the HED website, but strongly recommends that it should now include all process improvements identified in both the self-assessment and audit phases of the AUQA audit, including a link to the AUQA website.

APPENDIX A: New South Wales Department of Education and Training

Introduction

The New South Wales Department of Education and Training is responsible for higher education approval processes in NSW. As well as higher education, the Department's education responsibilities encompass early childhood and primary education, secondary education, technical and further education, vocational education and training, adult and community education.

While the NSW Minister responsible for education has always had responsibility for higher education, because of changing administrative structures of the education portfolio over the past decade, the Department of Education and Training has not always had responsibility for higher education.

Higher Education Directorate

Within the Department, the Higher Education Directorate manages all higher education matters and has had responsibility for the implementation of the *National Protocols for Higher Education Approvals Processes* since March 2004. The offices of the Higher Education Directorate are at 35 Bridge Street Sydney.

The Director of Higher Education leads the Higher Education Directorate which comprises two Units: the Policy, Planning and Legislation Unit (PPLU) and the Quality and Regulation Unit (QRU).

The QRU manages higher education approval processes including those relating to the establishment of new universities, registration of overseas universities, registration of non-university higher education institutions and accreditation of their courses, and registration of NSW institutions and courses on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). In summary, the QRU has responsibility for the implementation of the *Higher Education Act 2001* and adherence to the National Protocols.

The PPLU is responsible for providing policy, planning, resourcing and legislative advice to the Minister and the NSW Government on matters chiefly related to existing NSW universities, including Commonwealth/State relations. It also manages the development of new higher education legislation and amendments to existing legislation concerning NSW universities. Some of its policy and planning advice will also have a bearing on work undertaken by QRU, particularly in relation to Protocols 1 and 2.

History of Higher Education Regulation in NSW

The first composite legislation for regulating higher education in NSW, as distinct from the Acts establishing individual universities, was the Higher Education Act 1975. This Act established the Higher Education Board (the Board) and was intended to improve the coordination of higher education in NSW after the Commonwealth assumed responsibility from 1 January 1974 for funding of higher education in Australia.

When the Board commenced operations, NSW had six universities and sixteen colleges of advanced education incorporated under the NSW Colleges of Advanced Education Act 1975. A decade later, the Board was responsible for seven NSW universities and planning was underway for a new university to serve the rapidly growing population in Western Sydney. At that time approximately thirty non self-accrediting institutions were delivering around 400 advanced education courses, the majority of which received government funding.

With the phasing out of the binary system of higher education in 1988, the NSW colleges of advanced education were abolished as separate entities and were amalgamated with existing NSW universities or developed as new universities or part of a new university.

The NSW Government passed the *Higher Education Act 1988* which repealed the 1975 legislation and abolished the Higher Education Board. A small non-statutory Office of Higher Education was established as an interim measure. Subsequently, responsibility for administering the approval of higher education courses under the 1988 Act, and for authorising institutions to provide courses of study to overseas students, was located in the Ministry of Education and Youth Affairs from 1991 to 1995, the former Department of Training and Education Coordination from 1995-1997, and subsequently transferred to the Department's Recognition Services Directorate. At that time, fourteen non self-accrediting education institutions – mainly private organisations – were approved to provide higher education courses.

During the 1990s, the State's non self-accrediting sector experienced rapid growth and diversification. By 2001, when the *Higher Education Act 2001* was passed to enable NSW to conform with the National Protocols, there were 29 non self-accrediting institutions delivering approximately 140 courses that had been approved under the 1988 Act.

Key Statistics 2004

Number of NSAI providers on the NSW register:		43
Number of accredited courses on NSAI register:		293
Number of SAIs operating in NSW	NSW Unis	11
	Interstate Unis	11
Number of HE institutions on CRICOS register delivering courses in NSW (excluding interstate Unis):	NSAIs	16
Quality & Regulation Unit Staff (FTE)		6
Total Higher Education Directorate Staff (including Quality and Regulation Unit)		13
Higher Education Advisory Committee members		7
Total # Assessors on database of assessors	Total	524
Total Projected QRU Operating Revenues (2004)*:		\$803,575
Total Projected QRU Operating Expenses (2004):		\$739,180

* The operating revenue includes, in addition to fees from applicants, a \$370,000 contribution from the Department of Education and Training towards salaries and operating expenses. Corporate services support provided by the Department, such as the provision of office accommodation and audit, financial, legal and IT support services, is not charged to the Quality and Regulation Unit. The surplus in revenue in 2004 is required to fund 2005 expenditure which will be incurred for applications received in 2004, including additional staffing.

APPENDIX B: AUQA'S MISSION, VALUES AND OBJECTIVES

Mission:

- By means of quality audits of universities and accrediting agencies, and otherwise, AUQA will provide public assurance of the quality of Australia's universities and other institutions of higher education, and will assist in improving the academic quality of these institutions.

Values:

AUQA will be:

- *Thorough:* AUQA carries out all its audits as thoroughly as possible.
- *Supportive:* recognising institutional autonomy in setting objectives and implementing processes to achieve them, AUQA acts to facilitate and support this.
- *Flexible:* AUQA operates flexibly, in order to acknowledge and reinforce institutional diversity.
- *Co-operative:* recognising that the achievement of quality in any organisation depends on a commitment to quality within the organisation itself, AUQA operates as unobtrusively as is consistent with effectiveness and rigour.
- *Collaborative:* as a quality assurance agency, AUQA works collaboratively with the accrediting agencies (in addition to its audit role with respect to these agencies).
- *Transparent:* AUQA's audit procedures, and its own quality assurance system are open to public scrutiny.
- *Economical:* AUQA operates cost-effectively and keeps as low as possible the demands it places on institutions and agencies.
- *Open:* AUQA reports publicly and clearly on its findings in relation to institutions, agencies and the sector.

Objectives:

- Arrange and manage a system of periodic audits of quality assurance arrangements relating to the activities of Australian universities, other self-accrediting institutions and state and territory higher education accreditation bodies.
- Monitor, review, analyse and provide public reports on quality assurance arrangements in self-accrediting institutions, and on processes and procedures of state and territory accreditation authorities, and on the impact of those processes on quality of programs.
- Report on the criteria for the accreditation of new universities and non-university higher education courses as a result of information obtained during the audit of institutions and state and territory accreditation processes.
- Report on the relative standards of the Australian higher education system and its quality assurance processes, including their international standing, as a result of information obtained during the audit process.

APPENDIX C: THE AUDIT PANEL

Mr Robert Carmichael, Audit Director, AUQA, Melbourne Victoria

Mr Ian Hawke, Director, Office for Higher Education, Department of Education, Brisbane Queensland

Dr Colleen Liston, Director, International and Enterprise, Curtin University of Technology, Perth Western Australia

Professor Phil Meade, Deputy Vice-Chancellor (Academic), University of Otago, Dunedin New Zealand

Professor Barbara VanErnst, Deputy Vice-Chancellor, (Learning and Teaching) Swinburne University of Technology, Melbourne Victoria (Panel Chair)

Observer: Dr Reg Allen, CEO, Tasmanian Qualifications Authority, Hobart Tasmania

APPENDIX D: ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms are used in this Report. As necessary, they are explained in context.

Accreditation	An approval process to ensure that the standards of a course are appropriate for the qualification to which it leads and that the course and methods of delivery are likely to achieve its purpose.
Agency (the)	Those sections of NSWDET (q.v.), which taken together represent the higher education accreditation and registration authority in NSW.
Act (the)	NSW <i>Higher Education Act 2001</i>
AQF	Australian Qualifications Framework
AP	Assessment Panel
AUQA	Australian Universities Quality Agency
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
Department (the)	NSWDET (q.v.)
DEST	Department of Education, Science and Training (Commonwealth)
DET	Department of Education and Training (see also NSWDET)
Director General (the)	Director General of the NSW Department of Education and Training
ESOS Act	<i>Educational Services for Overseas Students Act</i>
FTE	Full Time Equivalent
Guidelines (the)	NSW <i>Higher Education Guidelines</i>
HE	Higher Education
HEAC	Higher Education Advisory Committee
HED	Higher Education Directorate
HERO(s)	Higher Education Recognition Officer(s)
HESA	Higher Education Support Act 2003
JCHE	Joint Committee on Higher Education
MCEETYA	Ministerial Council for Employment, Education, Training and Youth Affairs
NPs / Protocols	National Protocols for Higher Education Approval Processes
NSAI(s)	Non Self-Accrediting Institution(s)
NSW	New South Wales
NSWDET	New South Wales Department of Education and Training
PF (p)	NSWDET Performance Portfolio (page number)
PPLU	Policy, Planning and Legislation Unit
Provider(s)	Persons or organisations which provide HE (q.v.) courses to students
QMS	Quality Management System
QRU	Quality and Regulation Unit
Registration	An approval process concerned with assessing an institution's capacity to deliver higher education programs (also known as authority to conduct).

Regulation (the) NSW *Higher Education Regulation 2003*
RSD Recognition Services Directorate
SAI..... Self-Accrediting Institution
SIBT Sydney Institute of Business and Technology
TAFE Technical And Further Education
Unit (the) Quality and Regulation Unit (q.v.)
VET Vocational Education and Training

APPENDIX E: NATIONAL PROTOCOLS FOR HIGHER EDUCATION APPROVAL PROCESSES

These protocols are a key element of a new national quality assurance framework for Australian higher education:

- Protocol 1: Criteria and processes for recognition of universities;
- Protocol 2: Overseas higher education institutions seeking to operate in Australia;
- Protocol 3: The accreditation of HE courses to be offered by non self-accrediting providers;
- Protocol 4: Delivery arrangements involving other organizations; and,
- Protocol 5: Endorsement of courses for overseas students.

These protocols provide a set of common principles and a cooperative approach to the quality assurance of all higher education accreditation and registration processes. They were designed to ensure consistent criteria and standards across Australia in such matters. The Australian States and mainland Territories, which have responsibility for managing higher education and approval processes, have agreed to their adoption.

The HE accreditation and registration processes of the approval bodies of Australian States and Territories are subject to audit against these protocols by AUQA.

Further information about the National Protocols is available from DEST, in the booklet:

- National Protocols for Higher Education Approval Processes (revised 2000);
- ISBN 0 642 44908 2;
- ISBN 0 642 44909 0 (www);
- DETYA No. 6565.HERC 00B;
- ABN: 51 452 193 160.

