

**Australian Universities Quality Agency Ltd
ACN 092 938 200**

**AUQA Board Meeting 2007/4
10.00am Thursday 29 November 2007**

**AUQA Board Room
Level 10, 123 Lonsdale Street, Melbourne, VIC 3000**

MINUTES

1. ATTENDANCE & APOLOGIES

Present

Emeritus Professor Deryck Schreuder (Chair)
Mr Patrick Coleman
Mr Ian Hawke (Deputy Chair)
Mr Clive Hildebrand
Professor Bill Lovegrove
Professor James McWha
Professor Ian O'Connor
Professor Alan Pettigrew
Mr Terry Werner
Dr David Woodhouse

Director Michael Koder participated through teleconference.

The Board regretted that, in spite of having arrived at Melbourne the previous evening, Director Colin Walter could not participate in the meeting due to health reasons. Board members expressed their sympathy and good wishes.

Observer Carolyn Allport sent apologies.

Audit Director Jeanette Baird was in attendance for Item 5.5.

Board Secretary – Dr Antony Stella

The meeting started at 1000 hrs with the Chair's welcome. The Chair noted that it was a historic meeting that marked the successful completion of Cycle 1 audits. He recorded appreciation for the advice and support extended by the Directors as well as the hard work of the AUQA team towards this achievement.

2. MINUTES OF MEETING 2007/3 HELD ON 21 AUGUST 2007

The Board **confirmed** the Minutes of meeting AB2007/3 held on 21 August 2007.

3. **MATTERS ARISING NOT LISTED ELSEWHERE ON THE AGENDA**

The significant matters and items that were deemed to require discussion had been starred on the Agenda. Directors were invited to indicate if they wished to change the status of any items. The Board identified items 5.3 and 5.4 as requiring discussion.

On a motion from the Chair, the Board agreed to accept the papers for the unstarred items and to approve the recommendations therein.

The starred items were then taken for discussion.

4 **AUDIT MATTERS**

4.1 **Audits 2007**

The Board **received** a report on the 2007 audit program.

4.2 **Audits 2008**

The Board **received** a report on the 2008 audit program.

4.3 **Audits 2009**

The Board **received** a report on the 2009 audit program.

4.4 **Progress Reports**

The Board **received** a report on the Progress Reports submitted to AUQA by the auditees after the previous board meeting.

4.5 **Auditors**

The Board approval to the additional honorary auditors for the AUQA Auditor Database in correspondence was **ratified**.

5. **AUQA POLICY AND BOARD ISSUES**

5.1 **AUQA Policies: Audit Follow-up**

(The matter for which item 5.4 was starred was taken up under this item, as it provides the context for the matter from 5.4.)

1. The Board considered the revised proposal for strengthened attention to following up the audit reports (Attachment 1 to AB2007/4/5.1). While the Board endorsed the document in general, some concerns were raised over the recent practice of AUQA in providing confidential comments to DEST, on request, in preparation for DEST IAF visits to institutions (Section 4 of the Attachment).

The ED briefed the Board on how DEST identifies the issues to be discussed with the institution during the IAF visits. AUQA comments provided reflect AUQA's audit experience and the post-audit progress reports. They tend to be in three categories: advice that a DEST-identified issue has in fact been dealt with; provision of context for a DEST-identified issue; or identification of other issues for attention.

In discussion, Board members observed that such information had a different status to that provided in the formal public Audit Reports. While the Board recognised that AUQA could copy to the institution comments provided to DEST this approach might bring additional complications. In addition, it was noted that most information about the institution that AUQA can use to help DEST prioritise follow-up issues during the IAF visits is already in the audit report and progress report. AUQA can facilitate DEST's access to that public information. Finally, the reporting structure for Cycle 2 audits includes prioritising the recommendations which will help DEST in this context.

In conclusion, the Board also noted that the Federal Minister is one of the Members ('owners') of AUQA, and might reasonably expect to be able to seek AUQA's comment and advice on one of the institutions for which both the Minister and AUQA have their differing responsibilities (as indeed might all the owners). Nonetheless, there was a continuing concern among directors that providing DEST with confidential comments for IAF visits might impinge on the independence of AUQA, could run the risk of compromising the reputation of AUQA, and could affect the sector's trust in AUQA.

2. The Board also discussed the possibility of any of the ministers who are the Members of AUQA approaching AUQA on matters that appear in the AUQA reports or are otherwise relevant to AUQA's Constitutional responsibilities. It was acknowledged that, as owners of the company, Ministers might wish to access the expertise of their company to discharge their responsibilities in respect of institutions under their charge.

3. Directors generally agreed that there has to be an appreciation that AUQA is an independent agency and that any strengthening of audit follow-up must be done without losing the independence and autonomy that is essential for the credibility of AUQA's activities; and without affecting the autonomy of the universities. The Board was also aware that Ministers have a range of options available for following up on audit reports.

In the light of the above discussion, **it was resolved** that AUQA will currently suspend the provision of confidential comments to DEST in respect of IAF visits. However, AUQA will seek a resolution of the issue at the level of the owners of AUQA by initiating discussion with JCHE on exactly how the audit follow-up can be strengthened (at both Federal and state/territory level) to meet the valid needs and requirements of the Members of AUQA, while not compromising AUQA's independence or threatening university autonomy.

Towards that goal, **it was agreed** that it would be useful to have a protocol on exactly what and how advice can be given.

Action: ED

5.2 AUQA Policies: Document Handling

The Board endorsed the recommendations of the Working Group on 'Document handling, retention and destruction' and **approved** the revisions to 'Policy 029: Audit Records Management Policy' and 'Policy 20: Privacy of Information and Freedom of Information'.

5.3 AUQA Policies: Responsibilities of the AUQA Board

At the last meeting, Board members commented on Policy 003 on responsibilities of the AUQA Board, particularly in relation to AUQA audits. The Board pointed out that there **are** circumstances under which a Board member may seek to amend the text of an audit report, most notably to correct a factual error.

The relevant paragraph in Policy 003 has now been revised to address this, and the revised policy was **approved** by the Board.

The Board **authorised** the ED to make small amendments to policies as necessitated either by another policy change, or by a changed situation, where the amendment is necessary to maintain the intent of the policy. The Board **advised** the ED to report any such consequential amendments to the Board.

In relation to the Board responsibility to provide feedback on the audit report, the Board requested the ED to guide Directors with the type of Board feedback that was helpful. The ED commented that it is most useful to receive comments on: consistency between the body of the text and the summary, balance of coverage, and clarity of argumentation towards the conclusions, and tone.

The Chair invited the Directors to inform the ED of any specific feedback about making the Board comments more helpful.

5.4 Review of AUQA

The updated Action Plan and Progress Report in response to the Affirmations and Recommendations of the external review of AUQA were considered by the Board. The actions reported in response to the recommendation that AUQA 'Review the strategy for monitoring and reporting on the implementation of recommendations and affirmations following the submission of the auditee's Progress Report' were noted and the Board advice on this matter is recorded under 5.1 above.

5.5 Audit Cycle 2

The core emphases of AUQA's cycle 2 audits are risk assessment, themes, following up selected cycle 1 recommendations, standards and the National Protocols for HE Approval Processes.

At the last Board meeting, the question was raised about the breadth of checking of standards; and since then the *Guidelines for the National Protocols for HE Approval Processes* have been published. The Guidelines include the stipulation that AUQA audit each institution against the requirements of the Protocols.

The Board of AUQA was invited to note this new development in advising the auditees about the arrangements for Cycle 2 auditees in 2008, 2009, and 2010 onwards.

2008

Directors Ian O'Connor and James McWha raised the matter of possible conflicts of interest as heads of SAIs to be audited in 2008. The Chair asked them to remain in the meeting to participate in the subsequent discussions and only to absent themselves if a conflict was deemed to have arisen.

The Board noted that the arrangements for Cycle 2 were advised to the sector in November 2006, and have been discussed in many fora since then. Themes for all 2008 audits have been specified, the first portfolio is due in December 2007 and the last in July 2008. It was now too late to engage in significant alteration to these arrangements.

The Board therefore resolved not to make any major changes for 2008 auditees.

In coming to this decision, the Board noted that standards will be reported and the Protocols checked within the themes and the selected recommendations, and that this will result in quite a broad consideration of standards and the Protocols.

2009

When the 2009 auditees were advised, a year ago, of the nature of the second cycle of AUQA audits, AUQA mentioned that the process was under development, and might be revised from time to time. The Board therefore considered what, if any revision, should be made for 2009. It also considered whether to nominate a pre-specified theme for 2009, and whether that should be 'internationalisation' as in 2008.

After thorough deliberations, the Board resolved that:

- the 2009 audits should be based on two themes, plus the investigation of a sample of the major cycle 1 audit recommendations and affirmations (ie no change from 2008);

- one of the themes will be internationalisation, unless there is a strong reason against this in a particular institution (ie no change from 2008); and
- before the institution proposes themes to AUQA, the institution should do a preliminary desk review of its operations against the criteria in the National Protocols. By a 'desk review'; AUQA means an internal check, drawing on existing documentation, data and other evidence. The institution then advises AUQA of the extent of its compliance with the Protocols criteria including reference to the evidence used by the institution to make the assessment, together with its proposed theme(s), the current Strategic Plan, and the most recent IAF document.

The Board **noted** that the check against National Protocols has implications for NSAs as well.

The Board agreed that

- AUQA will use the information in arrow point 3 above, in addition to the audit report and progress report from audit cycle 1 and other sources, in selecting the one or two audit themes;
- the subsequent self-assessment portfolios should address the Protocols within the scope of the two selected themes;
- the audit check will be against the Protocols and standards within the scope of the two selected themes and the recommendations from cycle 1 selected for investigation; and
- the audit will report on these standards, with other outcomes reported as possible on the basis of the IAF and other available data.

2010 onwards

For the moment, the arrangements for audits in 2010 onwards will be the same as for 2009, but the Board will review this matter later in 2008.

IAF data

The Board **noted** that as the defects of rankings are being increasingly recognised, several countries (Germany, Canada, USA to date) are embarking on the provision of detailed data on institutions, together with a query access that allows the user to create his or her own ranked listing, on the basis of the criteria and weightings that are important to that user.

The Board resolved that it would recommend to DEST that DEST make selected IAF data available to the public electronically, with a front-end enquiry feature.

This recommendation relates specifically to SAs.

As NSAs start reporting to DEST for HEP purposes, making comparative data for NSAs available will also be possible in the future.

Action: Board and ED

5.6 Self-review of the Board

The Board conducted a self review with a view to improving its effectiveness. Prior to the Board meeting, the Directors filled in a questionnaire that sought quantitative and qualitative responses. A summary of the quantitative responses was tabled at the meeting. The Chair had had discussions with each Director over phone and the comments and recommendations that emerged from those telephonic interactions were discussed in the meeting. As a result, the Board identified certain action points that are given under item 7.

6. FINANCE MATTERS

6.1 Financial Statements

The Board received a report on the finances to 30 September 2007. The Chair of the Finance Committee confirmed the financial health of the organisation.

6.2 Finance Committee Matters

The Board **received** a report from the Finance Committee.

Director Clive Hildebrand as Chair of the Finance Committee (FC) briefed the Board on the FC's scrutiny of the report on finances. He conveyed FC's confidence in AUQA's management of finances.

1. 2008 Budget

The Chair of the Finance Committee reported that the FC had thoroughly investigated the proposed budget, with its alternative plans for different levels of formula funding income from MCEETYA, and was satisfied that it represented a responsible plan. The Board accepted the Finance Committee recommendations and **approved** the budget for 2008.

2. Executive Director discretion

The Board **approved** a level of discretion for the ED in varying the budget, this being reported to the Finance Committee along with the monthly statement, and to the Board at its next meeting.

3. Finance Committee Membership

The Board **agreed to appoint** Mr Allan Tait, Vice Principal (Commercialisation) at the University of Melbourne as the new external member of the Finance Committee, and thanked Mr Siva Sivarajah for his contribution over the last few years.

Action: ED

7. CHAIR'S REPORT

The Chair briefly reported that the Directors have agreed to consider the following action points as a result of the self review process of the Board:

1. Consider the changes in the policy environment and use the intelligence of the Board to help AUQA move forward in the new environment

2. Strengthen the liaison with MCEETYA
3. Engage in discussion with the new leadership of Universities Australia
4. Ensure adequate representation of people from industry on the AUQA Honorary Auditor Register. It was noted that industry representatives on the University councils might be identified by the Directors. Director Patrick Coleman agreed to suggest a few names.

Action: All Directors

8. EXECUTIVE DIRECTOR'S REPORT

ED briefed the Board about staff appointments, space management to accommodate more staff, and the forthcoming auditor training which will focus on Cycle 2 audits.

9. DEST / MCEETYA MATTERS

9.1 MCEETYA Matters

One of the Directors commented that MCEETYA might send the current proposal for AUQA funding to JCHE, and that JCHE might process it through teleconference.

10. OTHER BUSINESS

The following dates are confirmed for the 2008 meetings of the Board:

Tuesday, 26 February 2008

Tuesday, 3 June 2008

Tuesday, 19 August 2008

Tuesday, 25 November 2008

11. NEXT MEETING

AB 2008/1 will be held on Tuesday, 26 February 2008.

The Chair closed the meeting with festive wishes to the Directors and the AUQA team.