Aide-Memoire: Overview of the development of external evaluation and review (EER)

To:	Hon Chris Hipkins, Minister of Education
From:	Karen Poutasi, Chief Executive, New Zealand Qualifications Authority
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Purpose

1. This aide-memoire provides an overview of the development of external evaluation and review (EER) as one component part of the quality assurance and monitoring of non-university tertiary education organisations (TEOs).

2. The paper illustrates that while the EER process begins with the TEO's own self-assessment, the EER panel will draw on multiple sources of evidence in order to reach the conclusions in its published reports.

3. The paper also explains how NZQA manages TEO performance issues that arise in the middle of an EER "cycle".

Before EER (2001 - 2008)

4. Before 2001, TEOs had been registered and accredited by NZQA using a portfolio of evidence submitted by the TEO. This was primarily a desk-based approach to quality assurance, which was not well supported by monitoring or systematic risk-profiling.

5. At the time there were some high-profile TEO failures, especially in the provision of international education, resulting in reputational damage to tertiary education in NZ.

6. In response to these problems, a programme of regular quality audits was instigated by NZQA. These audits primarily checked standardised inputs and processes. TEOs were also required to attest that they were compliant with the Education Act. It was at this point that the fees of students at private training establishments (PTEs) were required to be protected through trusts.

7. The audit regime led to some immediate and long-lasting benefits including:

   - all TEOs were required to have a quality management system

   - a consistent expectation that a NZQA "quality-assured" TEO met minimum expectations of inputs and resources

   - greater financial security for students.

Introduction of EER (2009)

8. The quality audit system significantly reduced performance breaches by TEOs, but was limited because:

   - the low-trust model led to inflexible compliance costs and consequences

   - quality was in effect "policed" by NZQA and ITP Quality rather than owned by the sector

   - audit was much better at measuring processes than outcomes. A fully compliant TEO could be delivering mediocre education, in terms of student results and outcomes, but still maintain compliance with NZQA regulations.

9. The introduction of EER shifted the emphasis from inputs to outcomes, and from external regulation to TEO self-management. This shift is indicated in the two statements of confidence expressed in every EER: the first on "educational performance", that is, the extent to which learners and their communities are achieving valued outcomes, and are being well supported by the TEO; and the second on "capability in self-assessment", that is, the extent to which the TEO can self-assess and self-manage its educational responsibilities.

10. In design, EER built upon the expectations of the previous audit regime that a well-run TEO would behave legally and ethically and maintain adequate and appropriate educational resources. Confidence on the part of NZQA would need to be matched by high accountability on the part of the sector.

11. EER echoed the approach that had been successfully implemented in the compulsory schooling sector, through the Education Review Office (ERO), and the Performance Improvement Framework (PIF) being introduced by SSC at the same time.

12. Benefits of the EER system included:

   - For the first time, there was nationally available information on the quality of educational outcomes, for each TEO

   - TEOs needed to demonstrate, with verifiable evidence, that the education being provided was of value to its learners

   - Transparency of reporting as all EER reports are published in full on the NZQA website

   - The needs of all stakeholders in the tertiary sector (e.g. students, community, industry) were explicitly identified and rated.

How EER Works

13. The starting point of every EER is a review of the information on its performance provided by the TEO. The information is then sampled to test its reliability and quality. Sampling draws on NZQA's internal databases (which includes, for example, records of any lodged student complaints against the TEO) and information received from other Crown agencies (such as the Tertiary Education Commission).

14. From this scoping exercise, NZQA sets the focus areas for its EER. These are selected to provide a representative sample of the programmes being delivered (in the case of a provider TEO) or of the gazetted coverage (in the case of industry training organisations).

15. Once the focus areas are set, NZQA carries out its fieldwork. The EER panel comprises representatives of the Crown and the tertiary education sector. Each panel visits the educational site(s) of the TEO, interview staff, students and other stakeholders, and sight

supporting documents. If a TEO has multiple regulatory accountabilities (for example, a flight school will need to comply with Civil Aviation Authority regulations) the evidence that it is meeting these requirements will also be checked at source.

16. The overall findings will then be reviewed, and ratings assigned, including two expressions of confidence in the TEO as a whole.

17. In arriving at its ratings, the EER panel measures the information it has collected against a large collection of "tertiary education indicators". These indicators are benchmarked against the most current international research and suggest what quality might look like in well-performing TEO. For example, an ITP might be expected to run well-designed programmes, to support its learners well, to enable these learners to complete valued qualifications, and to meet industry and community needs.

18. The resulting report goes through a rigorous process of peer review and fact-checking before it is released to the TEO. The TEO's responses to the draft will be considered, as will any comment from other stakeholders (for example, Immigration New Zealand) before the report is finalised. If at any stage prior to publication, NZQA receives any new and significant information about the performance of the TEO, this too will be taken into account before the case is closed.

19. Once a report is published, a new TEO category will be assigned in accordance with the levels of confidence expressed in the report. The policy of TEO categories enables Crown agencies to drive better performance through applying a range of sanctions and incentives.

EER in context

20. EER provides periodic "health checks" on the educational performance of TEOs. The decisions that it reaches on TEO quality are carefully made and consider the performance information available at the time.

21. EER was never designed, however, to be a standalone quality assurance tool. The confidence that it expresses in a TEO always needs to be placed in a wider context.

22. For example, EER is limited by a number of practical considerations, including

- Size and scope: every EER chooses a limited number of programmes or topics to review. Within these focus areas, inquiry is always robust but still relies on sampling and selections evaluated at a point in time. The evidence sighted in the course of an EER always run the risk of having been unrepresentative

- Duration: most EERs occur four years apart. Over time, the possibility that a TEO will change significantly steadily increases. A TEO last visited in 2015 may look very different in 2019

- Environmental change: external factors can change TEOs very quickly. For example, a rise in the exchange rate in the NZ dollar can have a significant impact on the financial viability of a PTE operating in the international education sector. A change of this kind could not have reasonably been anticipated in the course of an EER conducted 6 months previously

- Learner assessment: for NZQA to gain full assurance on the quality of assessment at some TEOs, it may be necessary to conduct large-sample moderations. These are outside the scope of most EERs, because of the additional time, expense and subject-specific expertise involved

- TEO criminality: EER is primarily an educational inquiry. It is not designed to search for or to detect deliberate deception or fraud.

23. NZQA therefore complements the EER process with other quality assurance mechanisms that, taken together, provide comprehensive assurance of TEO quality. Other such mechanisms include:

- Approvals and accreditations of standards, programmes and qualifications
- Registration of private training establishments (PTEs)
- Recognition of industry training organisations (ITOs)
- Moderation of learner assessments
- Investigation of learner and other stakeholder complaints
- Monitoring of programmes (including degrees)
- Risk monitoring of TEOs
- Imposition of statutory actions (e.g. closure of a PTE).

24. In conducting an EER, NZQA takes into account all the information that has been surfaced from these other, necessary mechanisms. If a new performance risk at a TEO is identified, for example, an EER will investigate further and factor in the findings of this inquiry to the overall level of confidence. Risk issues are directly relevant to ratings made under a mandatory "compliance management" question, introduced in 2016.

25. As noted above, however, the level of assurance that EER can provide in the longer term is more limited. TEOs, the education market, and Crown priorities change over time. For those reasons, NZQA's other, ongoing monitoring mechanisms serve to test and update the whole-of-organisation findings made at the time of the most recent EER.

26. If allegations of poor TEO performance comes to its attention between scheduled EERs, NZQA can swiftly investigate these concerns by means of one or more of its other monitoring mechanisms. If these concerns are upheld, then NZQA may schedule an early EER to test its impact on the TEO as a whole. This can lead to a downgrade in confidence levels, and a drop in TEO category status.

27. Learners, qualifications and the Crown are thereby protected by an integrated network of quality assurance and monitoring.

Status of EER (2018)

28. NZQA monitors the effectiveness of all its quality assurance mechanisms, including EER, to address challenges, and make improvements as the opportunity or need for these are identified.

29. Since the introduction of this more outcomes-focused approach, evidence indicates that individual TEO performance has improved and that the overall quality of sector provision has improved:

- Over 80% cent of all TEOs are currently EER categories 1 and 2 (i.e. categories in which NZQA invests full confidence)
- Within that group (i.e. of category 1 and 2 TEOs), significant problems have affected less than 2% in the 12-18 months following their most recent EER
- Over 90 per cent of PTEs in category 4 have either substantively improved their performance or exited the system altogether

- NZQA has access to more detailed and reliable information about all TEOs than previously to inform its quality assurance decisions.

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Chief Executive, NZQA
11 October 2018

Hon Chris Hipkins
Minister of Education   NOTED

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