

<b>Subject</b>	Maintaining Quality within the Institution
<b>Module</b>	External Reference: Benchmarking and Quality Agency Audit
<b>Topic</b>	4.3 Quality Agency Audit

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**Please note that this is a text-only version. All links and animations are not activated in this version. It is recommended that you view the topic online for an interactive learning experience.**

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### 1. Introduction



As discussed in Module 1, Context and Approach, in the face of global trends, many countries established national quality audit agencies over the past 20 years or so. While many such agencies have a developmental aspect (for example, providing good practice workshops, publications or databases) their major emphasis has been to conduct academic audits of institutions. The term 'audit' and its association with financial audit has been seen as unfortunate by some. Also, the major model has been one of 'fitness for purpose' rather than a model closer to the financial audit model of an auditor examining 'the books' in terms of a common understanding as to what is appropriate or not. In fact financial audits can be somewhat less 'black and white' than might be supposed and can result in discussion of what is appropriate with divergences of opinion being tested eventually in law - this being the way that common understandings and standards evolve and change. Even so, this perspective has auditors starting from the assumption that there is a common understanding or standard of practice and that an audit will determine if this standard is being maintained or not. Such an approach has more in common with a 'fitness of purpose' or standards based approach in the educational area.

This topic discusses the external quality agency process: self-review; development of the Portfolio and Supplementary Materials; Trial Audits; briefing and de-briefing interviewees; the Audit visit schedule; Audit interviews; monitoring the audit process including in and out of scope questions; verbal feedback; responding to the draft report; developing and monitoring the action plan; internal and external communication.

#### **Objectives: Quality Agency Audit**

Upon completion of this topic, you should be able to

- discuss the external quality agency process
- identify the differences between general audit agency position and institutional practice in terms of preparation for audit interviews

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## 2. Quality Agency Audit

An advantage of the 'fitness for purpose' approach has been that it support of diversity does not force all institutions to be judged against common criteria that may favour some and disadvantage others. For example, common measures of research typically favour older, elite, research-intensive institutions. A 'fitness for purpose' approach, on the other hand, is based on the mission of the institution, which in terms of research may be to have impact in the local community, rather than perform strongly on common national indicators.

A lack of standards or common measures being systematically applied to all institutions makes a legitimate urge for comparison difficult (governments, students, parents and stakeholders generally may demand information on the comparative standing of institutions). It also leads to perverse effects. A common practice of national quality audit agencies is the awarding of commendations (for outstanding practice), affirmations (of the institution's diagnosis of a problem and their approach to addressing it), recommendations (to be implemented to address a problem diagnosed by the agency), or simply positive or negative comments in the text of the audit report and not associated with any of former. Perversity comes when exactly the same practice may receive any of these outcomes. It is argued that this arises as institutions are at different stages of development and so a commendation at one can legitimately be a recommendation at another, and because there is no standard to be applied from one audit to the next, this often passes unnoticed. It is a major weakness of the 'fitness for purpose' audit method however and one of the reasons for the pressure that has developed for a move towards standards.

A common approach world-wide has been for the first cycle of an audit agency to be 'institutional', meaning that all parts of the organisation are investigated. That said, there has generally been a greater concentration on teaching and learning than research or support services and some agencies have a strong teaching and learning focus. After one or two cycles of audit, it is then common for agencies to start narrowing down on a smaller number of themes often chosen because of a perceived national need, sometimes leaving the choice of the theme to the institution and sometimes combining a mixture of both. Institutions need to make preparations for an audit. Click the link below to view more details regarding the preparation process.



[Preparing for an Audit](#)

### Preparing for an Audit

In terms of preparing for an audit, institutions need to clearly identify:

- a senior person to take responsibility and to be recognised as the institutional contact point for the audit agency (often at Deputy Vice-Chancellor or similar in universities or CEO in smaller private providers);
- a group to support the whole process, including the institutional self-review, Portfolio writing, collection and collation of Supplementary Materials (SMs), organisational preparation for audit visits, post-audit response to the draft report, implementation of recommendations and affirmations and reporting. Universities often have Quality or Planning Offices to support this function, whereas smaller private providers often need to take people off line or identify a project resource;
- a plan and timelines for what needs to be accomplished;
- a formal reporting process both to senior management (e.g. Vice-Chancellor's

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- or Executive Committee) and to academic governance (e.g. Academic Board);
- a wider communication process to keep the institution informed of what has happened, is currently happening and will be happening (e.g. corporate email updates and web pages).

The common practice of audit agencies has been to either require or strongly suggest that the institution prepare itself for an audit by conducting an institutional self-review. To an extent, this shows the immaturity, novelty and dis-embedded nature of quality audit practice, especially given the sophistication of business intelligence systems outlined in the previous module. In other words, it would be quite legitimate for an institution to insist that a self-review is an unnecessary anachronism and that the institution is quite capable of constructing the Portfolio demanded by the audit agency without a self-review. Notwithstanding, here are some examples of national audit agencies comments on institutional self-review, taken from their Audit Manuals.

*A Self Study is a rigorous and comprehensive evaluation of the HEI (Higher Education Institution) and all its significant areas of activity. Undertaking a self study is a significant project and can take some time (between 6 and 12 months). This is especially true the first time, because it involves structuring, collecting and analysing information in a manner that has probably not been done before. The result of an institutional self-study is the Quality Audit Portfolio.*

Source: Oman Accreditation Council Manual p 33  
<http://www.oac.gov.om/institution/audit/>

*In common with standard international practice, the HEQC (Higher Education Quality Council, South Africa) employs an audit methodology consisting of institutional self-evaluation, followed by external validation by peers and experts. Self-evaluation requires institutions to develop an audit portfolio, consisting of a self-evaluation report and supporting information and evidence, in which the effectiveness and efficiency of the institution's quality arrangements of its core academic activities are assessed against the HEQC's audit criteria and any other relevant indicators or criteria that the institution has set for itself.*

Source: HEQC (South Africa) Audit Manual p 5  
[http://www.che.ac.za/documents/d000150/HEQC\\_Inst\\_Audits\\_Manual\\_Sept2007.pdf](http://www.che.ac.za/documents/d000150/HEQC_Inst_Audits_Manual_Sept2007.pdf)

*AUQA bases its audit on the auditee's own self-review and its outcomes. The self-review results in the submission to AUQA of a written portfolio (the Performance Portfolio) that outlines the auditee's quality system and an appreciation of its effectiveness with evidence.*

Source: AUQA Audit Manual p 12  
<http://www.auqa.edu.au/qualityaudit/auditmanuals/>.

*A self-assessment conducted with respect to an external audit should, as much as possible, be built on the university's existing planning and reporting cycle and quality improvement programme. It should integrate information and conclusions derived from a number of sources, including the university's own annual data-collection activities, professional body accreditation activities and other external and internal reviews, including communities of interest.*

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*This will avoid time wasted in re-collecting data, while permitting cross-checking of data and offering a broader range of perspectives on the subject of the self-assessment.*

Source: NZUAAU Audit Manual p 13 <http://nzuaau.ac.nz/node/20>

The final quote above from New Zealand is interesting in that, although for the most part following a common methodology with other audit agencies, New Zealand's NZUAAU makes a particular point regarding integration of the audit process with normal processes – perhaps a reflection of New Zealand being in its fourth audit round.

### 3. Portfolio of Audit

The point is that national quality audit agencies demand that each institution provide a Portfolio (sometimes called a Performance Portfolio) as a result of a self-review. Many institutions therefore choose to have a self-review along the lines of the audit itself, a pre-audit as it were, and to come up with a series of recommendations, affirmations and commendations prior to the audit agency arriving. If review is a normal part of institutional practice, then logically an institutional self-review would be happening anyway, irrespective of whether a national quality agency is conducting audits or not. This is not the case, however and institutional self-reviews tend to be highly geared to national quality audit. That said, many institutions find the self-review process helpful and at times more helpful than the audit agency process itself. From the internal point of view, it is worth noting that a self-review resulting in recommendations will need to be acted upon on top of the recommendations of the national quality audit agency and the extent to which these will overlap depends on the quality of the self review process and/or of the audit process. (A guide to conducting a self review is available as AUQA Occasional Publication 17: [Self-Review for Higher Education Institutions](#))

The degree of specification with regard to Portfolios varies among audit agencies, including what topics should appear, in what order and at what length (for examples, see the audit manual website sources quoted above). Typical categories or chapters of a Portfolio are as follows:

- Institutional profile, mission, governance, leadership and management;
- Approach to quality;
- Teaching and learning;
- Research and research training;
- Engagement (industry, professional and community);
- Support services and infrastructure.

In mature systems where the upcoming audit follows on from a previous audit, there is a requirement to update progress on implementation of the previous audit's affirmations and recommendations.

In terms of producing a Portfolio, a number of choices need to be made. In the early days of quality audits, some institutions took a decentralised approach and asked each area (e.g. faculties, departments, teaching and learning centre, library, research services, research training area, HR, IT etc) to write sections of the Portfolio. This was often driven by a wish to include a large number of people within the institution and to spread the work load. The problem with this approach was that much information was surfaced of extremely variable importance, without an overarching wider institution focus and in vastly different styles of writing, resulting in Portfolios that were disjointed, uneven and difficult to read. Most institutions, therefore, opt for the writing of a Portfolio to be completed by one or two people so

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that a common voice is present throughout. That is not to say that wider input is unnecessary. Rather, it is to say that a more effective way of gaining this is to start with the Portfolio writer or writers interviewing key people to obtain a framework and overview, to then ask for specific text on specific items and when this has been drafted up, to put this back to each area for comment. A good final Portfolio often has a large number of versions during its construction, including a penultimate 'exposure draft' for widespread comment. Sign-off of the Portfolio is usually by the Executive Committee (e.g. Vice-Chancellor's Committee) and for noting by governance (e.g. Council).

As the Portfolio is being developed, Supplementary Materials (SMs) are also collected in both electronic and paper form, each being identified by a unique number, often tagged to the Chapter number in the Portfolio to which the SM refers. The number of SMs varies according to size from perhaps 60 in a small institution to a couple of hundred in a large one. Again, the form of the SMs will be stipulated to a degree by the audit agency, as will their delivery to the auditors, although providing a USB containing SMs has become common practice.

The audit process typically includes the audit agency:

- Selecting the panel from a list or register of auditors;
- Receiving and examining the institution's Portfolio to develop questions;
- Meeting with the institution to outline a visit schedule and further information required;
- Making visits to one or more locations to conduct interviews;
- Providing some initial oral feedback to senior staff at the conclusion of the interview schedule;
- Drafting the audit report and asking the institution to provide comment on accuracy and balance;
- Publishing the final audit report;
- Requiring a progress report on implementation of recommendations and affirmations usually about a year after the audit report is published.

For the most part, agencies have a schedule of institutions to audit and are reluctant to vary from this schedule. Institutions often point out that their 'time' for audit is very inconvenient due to such things as a new CEO being appointed or a restructure being undertaken, but audit agencies legitimately make the point that, if each request to vary the schedule was allowed, completion of an audit would be rare. Nevertheless, if an institution has a compelling reason to discuss variation of the schedule with an audit agency, this should be taken up, even though the chances of negotiating a significant variation are not great. Also audit agencies understandably make mistakes in drawing up visit and interview schedules and institutions have every right to point out these mistakes and offer suggestions outlining a more sensible approach.

## 4. Preparing for Audit Interviews

In preparing for audit interviews, there are some differences between the general audit agency position and institutional practice. Audit agencies tend to discourage institutions undertaking 'trial', 'mock' or 'mirror' audits to prepare people for the actual experience, while, at the same time, undertaking extensive training of their own auditors and staff. Institutions therefore, rather than sending their people into what for many is a daunting formal interview session to be asked difficult questions by senior people they have not met before, opt for a preparation exercise. In fact, it could be claimed that there is a duty of care on behalf of the institution to prepare

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their people for the experience. Also, in terms of the outcomes of an audit, it is better that people have thought through the issues associated with their area, including the good things that they do, rather than that they are overawed by the experience and fail to contribute what otherwise could be valuable information. Just as auditors consider group processes in their training, a 'trial' audit also provides the opportunity for each interview group to learn techniques to deal with particular issues such as: fielding non-directed questions; dealing with long, rambling and multi-clause questions; supporting colleagues; protocols for dealing with panel requests for materials etc. On this latter point and to ensure clarity, if the audit panel requests a new material, then it is numbered and recorded by the institution together with the written question posed by the panel.

Also associated with preparation is briefing and debriefing immediately around an audit interview session. Briefing is useful to calm nervous interviewees and answer any last minute questions. Debriefing can also be useful as interviewees are very often highly excited, when they leave the interview room and want to talk about the experience. Debriefing can also be useful to check that the audit panel is asking appropriate questions within the scope of the audit and if not, for the institutional contact to follow this up with the panel chair.

At the conclusion of the interview sessions, the audit panel typically provides oral feedback to the senior group and audit support staff on the main findings of the interviews but with no questioning by the institution.

When the draft audit report arrives, the institution has the opportunity to correct matters of fact, balance and accuracy. Most institutions offer an alternative form or words in suggesting a correction. The document of suggested corrections may run to as many pages as the report itself but it is up to the audit agency to either accept or decline suggestions. If an institution feels particularly aggrieved at the lack of response by the audit agency on important matters, there is generally an appeal process available.

The institution prepares publicity to accompany the release of the final audit report and it then needs to develop an action plan to implement those recommendations and affirmations it accepts. It may choose not to implement particular items but, if this is the case, it needs to justify the decision to the audit agency, either in the progress report or at the next audit (a progress report is generally required by the audit agency about a year after the report is published).

One of the major problems associated with the audit interview process described is that the panel's impressions from interview sessions tend to have an overly powerful effect on the development of the report. Despite audit agencies attempting to train their auditors not to be unduly effected by the opinions expressed by people they meet face to face, the interview experience is strong and direct, and a very small number of individuals can have a disproportionate effect. Put crudely, a couple of highly motivated and/or emotional individuals can be more memorable than time series data buried in a Supplementary Material – even though the time series data may represent by far the better information. With this in mind, the Oman Accreditation Council (OAC) has varied the process so that at the very beginning of the audit process, the audit report starts to be drafted, which means that auditors' preliminary views and reaction to the Portfolio and Supplementary Materials have shaped the report before interviewing starts. In this way, the immediacy and emotionality of audit interview information is better balanced by other and less dramatic data having already helped form the audit report.

Whether or not audits have made a large contribution to improvement in higher education sectors is a matter of debate. From within institutions there is probably

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some convergence that one or two cycles of institutional audit have led to the improvement of quality systems, and those organisations that can demonstrate time series improvement in teaching and learning variables usually acknowledge that the external presence has aided this improvement, not least by calling attention to poor performance and ensuring that the institution identify resources to meet quality concerns. There is probably convergence too that after a couple of institutional audit rounds, diminishing returns set in and either the help generated or threat associated with an audit becomes less compelling.

## 5. Discussion

### Discussion: Quality Agency Audit

Consider the following key questions regarding quality audit at your own (or choose one) institution:

- What information relating to audit is readily available (including last audit report, action plan, preparation for next audit etc)?
- Where does responsibility lie for preparing for an audit and implementing recommendations?
- Can you point to specific and important improvements as a result of the last academic audit?

## 6. Summary

This topic covered the following main points:

- The audit process typically includes the audit agency:
  - Selecting the panel from a list or register of auditors;
  - Receiving and examining the institution's Portfolio to develop questions;
  - Meeting with the institution to outline a visit schedule and further information required;
  - Making visits to one or more locations to conduct interviews;
  - Providing some initial oral feedback to senior staff at the conclusion of the interview schedule;
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  - Requiring a progress report on implementation of recommendations and affirmations usually about a year after the audit report is published.
- Audit agencies tend to discourage institutions undertaking 'trial', 'mock' or 'mirror' audits to prepare people for the actual experience, while, at the same time, undertaking extensive training of their own auditors and staff. Institutions therefore, rather than sending their people into what for many is a daunting formal interview session to be asked difficult questions by senior people they have not met before, opt for a preparation exercise. In fact, it could be claimed that there is a duty of care on behalf of the institution to prepare their people for the experience.