

Audited Financial Statements and Statement of Service Performance

1 July 2021 –
30 June 2022

*Te Pokapū Kōunga Mātauranga
mō ngā Whare Wānanga o Aotearoa*

December 2022

AQA

Academic
QualityAgency
For New Zealand Universities

Report from the Chair of the AQA Board 2021 - 2022

This is my first report as the Chair of the AQA Board since commencing in this role on 1 July 2021. The 2021 – 2022 year has been a productive year for AQA with the start of the audit phase of Cycle 6 academic audit, undertaking the five-yearly review of the Committee on University Academic Programmes (CUAP) and publication of reports and working papers. AQA has also completed a review of staffing and progressed other recommendations from its 2020 external review and adopted a new strategic framework to guide its activities over the 2022 – 2027 period. In common with other organisations, AQA has continued to manage the impact of the COVID-19 pandemic on its activities. Financially, AQA finished the year with a better than budget small operating surplus.

The audit phase of Cycle 6 commenced in earnest with the submission of the self-review portfolio by Waipapa Taumata Rau, University of Auckland in April 2022, followed by Te Herenga Waka – Victoria University of Wellington in May 2022. Prior to the submission of self-review portfolios AQA had continued to appoint qualified persons to the Cycle 6 Register of Auditors and Reviewers, including through a new agreement with Te Kāhui Amokura to nominate Māori appointees to the Register and undertake auditor training. AQA also consulted with universities on a change to audit procedures to allow academic audits to proceed if government or university responses to the COVID-19 pandemic restricted travel or in-person meetings. Changes to the audit proceed were set out in a working paper on “Academic audit in times of ongoing COVID-19”. The change to the first panel meeting being an online meeting has now been adopted as normal practice.

AQA is commissioned by Universities New Zealand, Te Pōkai Tara to undertake a five-yearly external review of the Committee on University Academic Programmes (CUAP). The report of the most recent review was published in April 2022. The Panel that undertook the review made 11 commendations, 5 affirmations and 19 recommendations. CUAP has been invited to provide a one-year follow-up report on its response to recommendations and affirmations.

In addition to the working paper on COVID-19 adaptations, AQA published a second working paper on Students in Quality and an analysis on Māori themes in Cycle 5 academic audit reports. The Students in Quality working paper responds to recommendations in AQA’s external review and provides guidance for AQA, audit panels and others on working with and supporting students in academic quality processes and committees. The analysis of Māori themes also provides guidance for academic audit and for audit panels.

AQA has continued to respond to recommendations in its 2020 External Review and submitted a one-year follow-up report to the New Zealand Vice-Chancellors’ Committee at the end of 2021. Associated with this, AQA and Universities New Zealand (UNZ) agreed a new service level agreement (SLA) under which UNZ will undertake financial administration for AQA. The new arrangements are working well. Most significantly in response to recommendations in the 2020 External Review of AQA, a Deputy Director has been appointed. This role will make a particular contribution in guiding AQA’s strategic goal of becoming a good Tiriti o Waitangi partner.

The AQA Board adopted a new strategic framework for 2022 – 2027 at its March 2022 meeting. The strategic framework sets six goals for AQA which will be pursued through five strategic action areas. The six goals are that AQA will: (1) be a Te Tiriti o Waitangi responsive organisation and good Te Tiriti o Waitangi partner; (2) be recognised as a leader and authoritative voice in academic quality; (3) deliver value to universities and students in (Cycle 6) academic audit; (4) support quality

enhancement in universities; (5) contribute to confidence in the academic quality of New Zealand universities; and (6) continue to be a well-performing quality assurance agency.

The AQA Board met in July and November 2021 and in March 2022. The July 2021 meeting was able to be held in person, while the November and March meetings were held via Zoom. AQA farewelled Dr Kaye McAulay from the AQA Board in November. Dr McAulay had served two terms on the AQA Board, and her contribution was acknowledged with thanks. The Board welcomed Dr Sharon Toi as a lay member of the Board. Daniel Haines and Professor Emerita Deborah Willis were appointed for second term on the AQA Board. Both are lay members of the Board. Daniel Haines took over from Professor Emerita Willis as Deputy Chair of the Board to strengthen Māori leadership of the Board. Changes to the AQA Constitution were approved by the New Zealand Vice-Chancellors' Committee in December 2021. These changes enable the appointment of a Deputy Chair who is Māori, provide for at least one lay member of the Board being Māori and the addition of a second student member, nominated by Te Mana Ākonga, to the Board.

AQA was pleased to appoint Hana Meinders-Sykes as Deputy Director AQA. The Deputy Director appointment ensures that AQA has adequate resourcing to deliver the remainder of the audit phase of Cycle 6 and progress AQA's Strategic Framework. The Executive Director continues to provide useful advice to the AQA Board.

Further detail on AQA's activities in 2021-2022 and its financial performance is contained in the Statement of performance and Financial Statements included in this report.

A handwritten signature in black ink, appearing to read 'John Morrow', with a horizontal line underneath the name.

Emeritus Professor John Morrow

Chair of the AQA Board



ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

These AQA financial statements are included in the consolidated financial statements of NZVCC which have been audited. AQA has not been audited separately. NZVCC financial statements can be found at <https://www.universitiesnz.ac.nz/latest-news-and-publications/new-zealand-vice-chancellors-committee-financial-statements-2022>

**ACADEMIC QUALITY AGENCY FOR
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**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FOR THE YEAR ENDED 30 JUNE 2022**

BACKGROUND

Establishment of AQA

The Academic Quality Agency for New Zealand Universities (AQA) was established in 1993 (as the New Zealand Universities Academic Audit Unit) by the New Zealand universities acting jointly through the New Zealand Vice Chancellors' Committee (NZVCC) and began operations in 1994.

AQA is a subsidiary of NZVCC for financial reporting purposes. This in no way compromises the operational independence of the AQA in carrying out its activities. It is funded by the universities and its Board is appointed by the NZVCC. However, its operations, including academic audits, are independent of the NZVCC and of the individual universities.

Sources of Funds

An annual operating grant of \$350,000 from the universities was the main source of funding received by AQA.

Undertaking reviews and revenue from the start of the audit phase of Cycle 6 and interest earned supplements this funding.

Further Information about Academic Quality Agency for New Zealand Universities (AQA)

The AQA website, www.aqa.ac.nz provides a wide range of information and publications.

The AQA offices are located at Level 9, 142 Lambton Quay, Wellington.

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STATEMENT OF RESPONSIBILITY

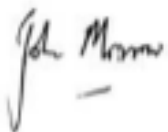
We acknowledge that:

- (a) The preparation of financial statements of the Academic Quality Agency for New Zealand Universities and judgements used herein are our responsibility.

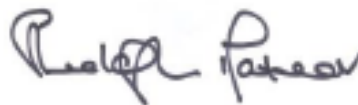
- (b) The establishment and maintenance of an internal control system designed to give reasonable assurance as to the integrity and reliability of the financial and non-financial reports for the year ended 30 June 2022 are our responsibility; and

In our opinion, the financial statements for the year under review fairly reflect the financial position and operations of the Academic Quality Agency for New Zealand Universities.

For and on behalf of the board



Emeritus Professor John Morrow
Chair of the Board
Academic Quality Agency for New Zealand
Universities



Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand
Universities

Date: 11 October 2022

Date: 11 October 2022

**ACADEMIC QUALITY AGENCY FOR
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STATEMENT OF OBJECTIVES

Purpose

The purpose of the Academic Quality Agency for New Zealand Universities is to contribute to the advancement of New Zealand university education by:

- engaging as a leader and advocate in the development of academic quality,
- applying quality assurance and quality enhancement processes that assist universities in improving student engagement, academic experience and learning outcomes, and
- supporting confidence in the academic quality of New Zealand universities.

Terms of Reference

AQA will:

- acknowledge the principles of Te Tiriti o Waitangi;
- maintain consistency with international expectations, standards and developments in external quality assurance;
- advise the New Zealand Vice-Chancellors' Committee and Universities New Zealand on quality assurance matters;
- reflect areas of importance to universities with respect to their teaching, learning, student experience and student outcomes activities;
- undertake quality assurance reviews (currently in the form of an academic audit) that are robust, fair and perceptive and that assist universities and their students;
- acknowledge and respect the individual contexts of universities in undertaking quality assurance reviews;
- make provision for appeals regarding the content of a quality assurance review;
- publish quality assurance reviews of universities;
- identify and promote good practice in quality assurance and enhancement;
- support the contribution of an effective student voice in quality assurance and enhancement;
- recognise other accountabilities and responsibilities of universities;
- maintain a constructive relationship with the Committee on University Academic Programmes (CUAP) that recognises the responsibilities of CUAP and AQA;
- contribute to the development of quality assurance in New Zealand and internationally;
- undertake contract work as is compatible with its purpose and terms of reference.

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STATEMENT OF PERFORMANCE

Contextual Information

The Academic Quality Agency for New Zealand Universities (AQA) was established by the New Zealand Vice-Chancellors' Committee (NZVCC) in 1993 as an operationally independent body to carry out institutional quality assurance and promote quality enhancement for the universities.¹

The Purpose of AQA is to contribute to the advancement of New Zealand university education by:

- engaging as a leader and advocate in the development of universities based on high quality, internationally acceptable, academic practices;
- providing quality assurance and quality enhancement services which assist universities in facilitating excellent student experience and learning outcomes; and
- supporting confidence in the academic quality of New Zealand universities.²

It achieves its purpose through two strategic goals:

G1 Quality Assurance: AQA's audits are robust, independent, fair and perceptive, reflect international best practice, assist universities and their students and give national and international confidence in the academic quality of New Zealand universities.

G2 Quality Enhancement: AQA facilitates and supports an enhancement orientation to quality assurance in New Zealand universities and in its own activities.

These goals are pursued through seven strategies:

S1 Leadership AQA's recommendations for quality assurance and quality enhancement activities are consistent with international best practice and AQA will contribute to the development of international quality assurance theory and practice.

S2 Best practice AQA will continue to conform with INQAAHE's Good Practice Guidelines for external quality assurance agencies (EQAAs).

¹ Originally established as the New Zealand Universities Academic Audit Unit.

² AQA (2021). Constitution. Retrieved from

<https://www.aqa.ac.nz/sites/all/files/AQA%20Constitution%20Approved%20Dec%202021.pdf>

- S3 Communications AQA communicates effectively with New Zealand universities, auditors and other stakeholders through regular meetings, holding appropriate workshops and/or meetings and publishing good practice guides and other materials.
- S4 Relationships AQA will develop mutually beneficial relationships with stakeholders and international agencies.
- S5 Capability AQA will recruit, develop and support high calibre auditors to undertake academic audits of New Zealand universities.
- S6 Responsiveness AQA will seek regular feedback on its own activities and respond to that feedback.
- S7 Resourcing AQA will ensure that resourcing is appropriate and used effectively to undertake its strategies and deliver its goals.

This statement of performance expectations sets out objectives and measures AQA plans to achieve in the July 2021 to June 2022 period to progress towards its goals.

The 2021-22 period will be characterised by the commencement of the audit phase of Cycle 6 and response to the 2020 external review of AQA.

Total cost of service:

	2021/22 Delivered	2021/22 Planned	2020/21 Delivered	2020/21 Planned
<i>Total income</i>	\$397,393	\$394,200	\$353,161	\$352,504
<i>Total expenditure</i>	\$388,404	\$433,308	\$350,874	\$359,941
<i>Surplus/deficit</i>	\$8,989	\$(39,108)	\$2,287	\$(7,437)

Objective 1: Quality Assurance

Quality assurance activities are timely and produce reports which are authoritative, fair and perceptive, are of assistance to universities, and support confidence in the academic quality of New Zealand universities.

Description: AQA undertakes regular academic audits of all New Zealand universities using a framework developed by AQA in consultation with the sector and other stakeholders. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. From time to time, AQA may be contracted to undertake other forms of audit or review including academic audits of international universities. The quality and timeliness of the work of AQA are overseen by a Board, comprised of a Vice-Chancellor and academic, student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

The emphasis in 2020/21 is the commencement of the audit phase of Cycle 6. The first two universities in the cycle are due to have submitted their self-review portfolios in the period of this SPE and the site visit for the first university in the cycle is scheduled for the last week in June 2022. Auditor recruitment and training will be also be a priority over this period.

<i>Measure</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>	<i>2020/21 Delivered</i>	<i>2020/21 Planned</i>
<i>1.1 Audit operations manual redeveloped</i>	1	1 (deferred from 2020/21, was 1.4)	Deferred	1
<i>1.2 Recruit auditors for Cycle 6</i>	70 auditors; 13 Māori auditors; 7 student auditors	50 auditors, including at least 8 Māori auditors and 8 student auditors recruited	46 auditors appointed; 4 Māori auditors; 5 student auditors	40 auditors, including at least 8 Māori auditors and 8 student auditors recruited
<i>1.3 Deliver auditor training workshops</i>	100% Auditors for the first 2 Panels have completed AQA training and Te Tiriti o Waitangi training.	All auditors appointed to panels have completed auditor training	Deferred	1 pilot plus 1 workshop delivered, online materials developed
<i>1.4 5-yearly review of CUAP undertaken</i>	1 Published 28 April 2022	1	<i>New measures in 2021-22</i>	
<i>1.5 University self-reviews submitted</i>	2	2		
<i>1.6 Audit panels appointed</i>	2	2		
<i>1.7 Student Voice Summit held</i>	1 (19-20 November)	1	1 12 November 2020	1

Objective 2: Quality Enhancement - Universities

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement of New Zealand universities.

Description: AQA's mission includes assisting universities to facilitate excellent student experience and learning outcomes. AQA undertakes this quality enhancement role in a variety of ways, including by identifying and disseminating national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue on quality enhancement initiatives.

<i>Measure</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>	<i>2020/21 Delivered</i>	<i>2020/21 Planned</i>
<i>2.1 Publish analysis of practice or guidance on a developing issue</i>	3 <i>Students in Quality; Māori Themes; Remote Reviews)</i>	1	New measure in 2021-22	
<i>2.2 Publication of AQA newsletter</i>	4	4	4	4
<i>2.3 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality</i>	1 <i>(Quality catch-up 2 December 2021)</i>	1	1 <i>(Quality forum 20 November 2020 – Online)</i>	1

Objective 3: Quality Enhancement - AQA

To improve the quality of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally, and by seeking feedback and reflecting on its own practices.

Description: AQA’s work is benchmarked internationally: the agency is independently audited every five years (last audited in 2020) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (recognition of alignment current to 23 November 2025). Interaction and engagement with national and international peer agencies is an important component of AQA’s continued commitment to its own development and to the professional development of its staff and activities.

AQA will report on its response to recommendations in its 2020 External Review in the period this SPE covers and AQA’s strategic framework will be reviewed and renewed.

<i>Measure</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>	<i>2020/21 Delivered</i>	<i>2020/21 Planned</i>
<i>3.1 Membership of related national boards, committees and working groups</i>	3 <i>(JCG; Innovative Assessment in Digital Age Conference Steering Group; Student Voices and Partnership Roundtable 26 May 2022)</i>	2	3 <i>(JCG, NZQF Review Advisory Group, University of Waikato External Advisory Group)</i>	2 <i>(JCG, NZQF Review Advisory Group, NZQF Expert Group)</i>

<i>Measure</i>	<i>2021/22 Delivered</i>	<i>2021/22 Planned</i>	<i>2020/21 Delivered</i>	<i>2020/21 Planned</i>
3.2 Gain or add value from international engagement, demonstrated through practice change, invitations to undertake work internationally, provide advice or contribute to conferences.	4 (TEQSA engagement on combatting contract cheating; HKCAAVQ; HES Webinar presentation 27 April 2022; Student Voice Australia Strategic Planning Workshop 2 June 2022)	2	3 (TEQSA workshops, FNU Review, Student Voice Australia 11 October 2019)	2
3.3 Biennial QE/communications survey of stakeholders	Biennial	Biennial	1	1
3.4 Complete enhancement initiatives from Self-review report	2 (EI 1 and EI 5 to be addressed through communications and engagement strategy; EI 7 see EDI KPIs 2.1 for 2022-23; EI 8 Strategic Framework 2022-2027)	4 (EI 1 Review publication formats and channels; EI 5 Consider publishing AQA Board agendas and minutes; EI 7 Review mechanisms for improving public understanding; EI 8 Give effect to acknowledgement of Te Tiriti o Waitangi).	0 Deferred to 2021/22	4 (EI 1; EI 5; EI 7 and EI 8)
3.5 Complete 1-year follow-up report from 2020 External Review of AQA	1	1	New measure in 2021-22	
3.6 Review AQA's Strategic Framework	1 New Strategic Framework approved at March 2022 Board meeting.	1	0	1 (defer to 2021/22)

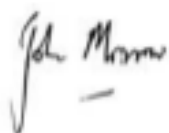
Objective 4: Quality Support

To ensure effective processes and adequate resourcing to achieve the above objectives at a high level of satisfaction for universities and other stakeholders.

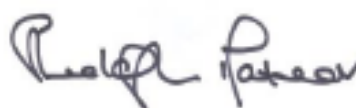
Description: AQA’s annual operating grant is funded by the universities collectively. The Board of AQA prepares and recommends a budget to the NZVCC prior to the commencement of each financial year. In doing so, the Board seeks to ensure that the annual grant provides for an adequate level of resources to enable the organisation to achieve its stated objectives for that year, and that the organisation’s net asset levels and cash flow are sufficient to sustain its continued operation.

Measure	2021/22 Delivered	2021/22 Planned	2020/21 Delivered	2020/21 Planned
4.1 Review of annual service level agreement (SLA) with Universities New Zealand	Review completed and lease re-signed 4 May 2022	Review completed and lease re-signed	Not complete	Review completed and lease re-signed
4.2 Review of budget and staffing requirements alongside ongoing monitoring of AQA Strategic Plan	Review undertaken (see March 2022 Board minutes)	Review undertaken	Review undertaken	Review undertaken
4.3 Approval of requested annual grant by Vice-Chancellors	Annual grant approved (VCs’ meeting April 2022)	Annual grant approved	Annual grant approved	Annual grant to ensure financial sustainability of AQA approved as sought

For and on behalf of the board



Emeritus Professor John Morrow
Chair of the Board
Academic Quality Agency for New Zealand Universities



Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand Universities

Date: 11 October 2022

Date: 11 October 2022

**ACADEMIC QUALITY AGENCY FOR
NEW ZEALAND UNIVERSITIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Notes	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
Revenue				
Annual Grant from Universities		350,000	350,000	350,000
Audit Fees		35,305	49,800	0
Interest Revenue		3,835	2,500	3,161
Consultancy & Sundry Revenue		8,253	0	0
Total Revenue		397,393	402,300	353,161
Less Expenditure	7	388,404	441,408	350,874
Surplus/(Deficit) for the year		8,989	-39,108	2,287
Other Comprehensive Revenue and Expense		0	0	0
Total Comprehensive Revenue and Expense for the year		\$8,989	-\$39,108	\$2,287
Surplus/(deficit) attributable to:				
Owners of the controlling entity		8,989	-39,108	2,287
Minority interest		0	0	0
		\$8,989	-\$39,108	\$2,287
Total comprehensive revenue and expense attributable to:				
Owners of the controlling entity		8,989	-39,108	2,287
Minority Interest		0	0	0
		\$8,989	-\$39,108	\$2,287

**ACADEMIC QUALITY AGENCY FOR
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STATEMENT OF CHANGES IN EQUITY

	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
Equity at start of the year	342,337	342,337	340,050
Total Comprehensive Revenue and Expense for the year	8,989	-39,108	2,287
Equity at end of the year	\$351,326	\$303,229	\$342,337

**ACADEMIC QUALITY AGENCY FOR
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**STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2022**

	Notes	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
Assets				
Current Assets				
Cash and cash equivalents	8	397,785	335,222	369,531
GST Refund		346	645	3,418
Receivables (from exchange transactions)	9	21,003	2,000	1,826
Recoverable (from non-exchange transactions)		0	0	0
		<u>419,134</u>	<u>337,867</u>	<u>374,775</u>
Non-Current Assets				
Intangible Assets	10	362	362	725
		<u>362</u>	<u>362</u>	<u>725</u>
Total Assets		\$419,496	\$338,229	\$375,500
Liabilities				
Current Liabilities				
Payables (from exchange transactions)	11	54,401	30,000	28,813
GST		0	0	0
Non-exchange liability		0	0	0
Employee benefit liability	12	13,769	5,000	4,350
Revenue received in advance		0	0	0
		<u>68,170</u>	<u>35,000</u>	<u>33,163</u>
Non-Current Liabilities				
Employee benefit liability		0	0	0
Non-exchange liabilities		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities		68,170	35,000	33,163
Net Assets		\$351,326	\$303,229	\$342,337

**ACADEMIC QUALITY AGENCY FOR
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STATEMENT OF FINANCIAL POSITION (cont.)
AS AT 30 June 2022

	Notes	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
Net Assets/Equity				
Accumulated revenue and expense		351,326	303,229	342,337
Net assets/equity attributable to the owners of the controlling entity		351,326	303,229	342,337
Minority interest		0	0	0
Total Net Assets/Equity		351,326	303,229	342,337
Total Net Assets/Equity and Liabilities		\$351,326	\$303,229	\$342,337

**ACADEMIC QUALITY AGENCY FOR
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STATEMENT OF CASHFLOWS

Notes	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
Cash Flows from Operating Activities			
Proceeds from:			
Interest Received	2,654	2,173	3,457
Annual Grants from Universities	350,000	350,000	350,000
Audit Fees	24,306	41,700	0
Other Receipts	8,253		0
Goods and Services Tax	2,185	2,163	286
Payments to Suppliers	-139,305	-175,824	-110,923
Payments to Employees	-219,839	-254,522	-243,683
Net Cash Flows from Operating Activities	28,254	-34,310	-863
Cash Flows from Investing Activities			
(Increase)/Decrease in Term Deposits & Portfolio	-57,169	0	-3,398
(Purchase)/Proceeds from Intangible Assets	0	0	0
Net Inflow/(outflow) from Investing Activities	-57,169	0	-3,398
Net Increase (Decrease) In cash and cash equivalent			
	-28,915	-34,310	-4,261
Opening Cash at Beginning of Year	126,700	126,700	130,961
Closing Cash at 30 June	\$97,785	\$92,390	\$126,700
Represented by:			
Petty Cash	186	0	175
BNZ Bank Accounts (Excluding Term Deposits)	97,599	92,390	126,525
	\$97,785	\$92,390	\$126,700

**ACADEMIC QUALITY AGENCY FOR
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NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The reporting entity AQA is a financial subsidiary of the New Zealand Vice-Chancellor's Committee (NZVCC), which is a public benefit entity and was established under the Education Act 1989. As a subsidiary of NZVCC, AQA is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

The consolidated financial statements for the year ended 30 June 2022 are published (separately) by NZVCC and comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements of AQA have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAPP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for Tier 2 Public Sector Public Benefit Entity (PBE) Standards, for which all reduced disclosure regime exemptions have been adopted.

AQA has elected to report in accordance with Tier 2 Public Sector PBE Standards to align with the parent entity, NZVCC.

These financial statements were authorised for issue by Emeritus Professor John Morrow, Chair of the Board of AQA and Emeritus Professor Sheelagh Matear, Executive Director of AQA, on 11 October 2022.

(b) Measurement Basis

The consolidated financial statements have been prepared on the historical cost basis except, as indicated below:

- Financial instruments
- Property, Plant & Equipment
- Long-term employee benefits.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

There has been no change in the functional currency of AQA or any significant foreign operations of AQA during the year.

3 Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the AQA financial statements include the following:

- Revenue recognition – non-exchange revenue (conditions vs restrictions).

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2022 include the following:

- Key assumptions underlying determining the recoverable amounts for impairment testing.
- Useful life, recoverable amount, depreciation method and rate.

(c) Changes in accounting estimates

There have been no changes in accounting estimates during the period.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the AQA.

(a) Foreign Currency

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date, foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

(b) Revenue

Revenue from Exchange Transactions

Revenue from exchange transactions are those where AQA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity.

Revenue from exchange transactions is recognised when the amount of revenue is earned and is reported in the financial period to which it relates.

Grant Revenue

Grant revenue is received from the eight universities, through NZVCC, on a six-monthly basis and is applied on a straight-line basis over the financial year in which it relates.

Rendering of Services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date.

Revenue from Non-Exchange Transactions

Non-exchange transactions are those where AQA receives an inflow of resources but provides no (or nominal) direct consideration in return.

(c) Employee Benefits

Short-term Employee benefits

Short-term employee benefit liabilities, wages and salaries, including non-monetary benefits and annual leave are recognised when AQA has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

(d) Finance income

Interest revenue is recognised using the effective interest method as it accrues.

(e) Financial Instruments

All assets and liabilities of AQA, with the exception of Property, Plant & Equipment and intangible assets are financial instruments and are recognised in the Statement of Financial Position. No other financial instruments exist other than those recognised in the Statement of Financial Position. Revenues and expenses in relation to these financial instruments are recognised in the Statement of Comprehensive Revenue and Expenditure.

Financial instruments are measured in accordance with the accounting policies disclosed in relation to each type of asset and liability. Unless stated, the carrying amounts reflected in the financial statements equate to the estimated fair value of AQAs assets and liabilities at 30 June 2022 for each financial instrument.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method

Trade and Other Receivables

Trade and Other Receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and Cash Equivalents

Cash includes cash on hand and funds on deposit with banks (with maturities or able to be matured within 180 days) and is measured at its face value.

(f) Impairment of Non-Derivative Financial Assets

AQA assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. An

impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

(g) Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are initially recognised at cost. Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Depreciation

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computers and Printers	48%SL
Office equipment, furniture and fittings	16.2%SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

(h) Intangible Asset

Recognition and Measurement

Intangible Assets are initially recognised at cost. The Intangible Asset-Website Upgrade is recorded at cost less accumulated amortisation. Subsequent costs are added to the carrying amount of the website upgrade, when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Amortisation

Amortisation is provided on website upgrade as the practice of reducing the value of assets to reflect their reduced economic worth over time. It is provided at the following rates:

Website Upgrade	50% DV
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(i) Budget

The budget figures for AQA are those approved by the AQA Board at their March 2022 meeting, including the Annual Grant figure approved by the Vice-Chancellors at their 17-18 June 2021 meeting.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by AQA for the preparation of the financial statements.

(j) Goods and Services Tax

The financial statements are exclusive of GST except for Trade Payables and Trade Receivables which are GST inclusive.

(k) Taxation

AQA is a subsidiary of NZVCC which is a statutory body and registered with the Charities Services under the Charities Act 2005. AQA has been established with the same purposes as NZVCC. AQA's purpose is to manage its finances and conduct its activities for the benefit of NZVCC, which has charitable status, and AQA is therefore exempt from income tax.

(l) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach method.

Cash includes cash on hand and deposits held at call with banks.

Operating activities includes cash received from all revenue sources of AQA including annual university grants, cost-recovery of New Zealand university academic audit costs, audits and reviews of non-New Zealand institutions, consultancy, conference fees and interest earned.

5 Adjustments arising on transition to the new PBE accounting standards

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

6 Revenue

All AQA revenue for the year ended 30 June 2022 was earned from Grants, Rendering of Services, Interest and exchange transactions.



7 Expenses

	AQA Actual 2021/2022	AQA Budget 2021/2022	AQA Actual 2020/2021
ACC Levy	321	650	311
Accountancy	3,250	12,000	8,300
Amortisation of Intangibles	363	363	725
Audit Fee (Financial Audit)	9,795	10,315	10,190
Bank Fee	144	350	168
Computer Maintenance and Training	17,999	17,000	17,091
Conference Fees	442	1,500	443
Consultancy/Other Honoraria	7,970	36,900	950
Honoraria - AQA Chairman & Board	34,308	40,000	32,703
Honoraria - Audit	25,900	0	0
Insurance	4,215	5,700	4,464
Interest expenses	0	0	2
IRD Penalties	0	0	32
Koha/Gifts	0	1,800	499
Meeting Costs	253	0	435
NZVCC Staff Services	5,165	7,713	7,731
Occupancy Rent	18,669	18,242	18,488
Office Expenses, Administration and General	5,828	10,500	7,309
Recruitment Costs	2,378	4,000	150
Staff Development (exc. Travel)	2,835	0	217
Salaries	227,584	245,000	226,107
Superannuation Contributions (Including KiwiSaver)	9,050	9,800	8,855
Temporary Staff costs	5,971	0	0
Subscriptions	2,232	2,500	2,523
Telephone and Tolls	376	475	399
Travel and Accommodation			
- New Zealand Travel	637	7,000	164
- International Travel	0	1,600	0
- Board Travel	2,082	3,500	2,618
- Audit Travel	637	0	0
- Accommodation and meals	0	4,500	0
	\$388,404	\$441,408	\$350,874



8 Cash and Cash Equivalents

	AQA 2022 \$	AQA 2021 \$
Bank of New Zealand		
Current Account (0.03%)	20,282	26,836
Call Account (0.03%)	77,317	99,689
	97,599	126,525
Petty Cash	186	175
	97,785	126,700
BNZ Short-term Deposits (1.55% to 2.75%)	300,000	242,831
	397,785	369,531

9 Receivables – Exchange Transactions

	AQA 2022 \$	AQA 2021 \$
Sundry Debtors	12,650	298
Prepaid Expenses	6,999	1,355
Accrued Interest	1,354	173
	21,003	1,826

10 Intangible Assets

	AQA Total \$
Cost of valuation Balance at 1 July 2020	13,920
Additions	0
Disposals	0
Balance at 30 June 2021	13,920
Balance at 1 July 2021	13,920
Additions	0
Disposals	0
Balance at 30 June 2022	13,920
Accumulated Amortisation and Impairment Losses	
Balance at 1 July 2020	12,470
Amortisation expense	725
Elimination on disposal	0
Balance at 30 June 2021	13,195
Balance at 1 July 2021	13,195
Amortisation expense	363
elimination on disposal	0
Balance at 30 June 2022	13,558
Carrying amounts	
At 1 July 2020	1,450
At 1 July 2021	725
At 30 June 2022/1 July 2022	362

The related amortisation expense has been disclosed separately in Note 4h.

11 Payables – Exchange Transactions

	AQA 2022 \$	AQA 2021 \$
Accounts Payable	29,458	16,219
Accruals	22,727	12,545
BNZ Credit Card	2,216	49
Income in Advance	0	0
	54,401	28,813

12 Employee Benefit Liability

	AQA 2022 \$	AQA 2021 \$
Short term Employee Entitlements		
Salary Accrual	5,187	2,282
Employer Superannuation Contribution on Salary Accrual	206	91
Annual Leave	8,054	1,901
Employer Superannuation Contribution on Annual Leave	322	76
Total short-term Employee Entitlements	13,769	4,350
Total long-term Employee Entitlements		0
Total Employee Entitlements	13,769	4,350

13 Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	AQA 2022 \$	AQA 2021 \$
Loans and Receivables		
Cash and cash equivalents	397,785	369,531
Trade and Other receivables	21,003	1,826
Financial liabilities measured at amortised cost		
Trade and Other payables	54,401	28,813

Credit Risk

Financial instruments which potentially subject AQA up to credit risk principally consist of Cash and Cash Equivalents and Trade and Other Receivables.

The maximum exposures to credit risk at balance date were:

	AQA 2022 \$	AQA 2021 \$
Cash on Hand	186	175
Bank Balances	97,599	126,525
Accounts Receivable	21,003	1,826
Bank Term Deposits	300,000	242,831
BNZ Credit Cards (Credit limit as at 30 June)	16,000	8,000
	434,788	379,357

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

AQA is not exposed to any concentration of credit risk.

Interest Rate Risk

AQA is primarily a short-term investor in on-call funds and term deposits not exceeding 180 days. The interest rate risk exposure on deposits pertains to fluctuations in market rates of interest.

Foreign Exchange Risk

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date, foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

14 Related Party Transactions

NZVCC is a related party by virtue of the fact that the NZVCC has the capacity to appoint all members of the governing body of AQA.

During the year NZVCC applied for and received \$350,000 (2021: \$350,000) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and was paid \$39,918 (2021: \$42,802) for those services.

AQA's Board includes and pays an honorarium to a member of the Vice-Chancellors' Committee (see note 15) or their employing university.

15 Employee and Board Remuneration

The Executive Director's remuneration and benefits is in the \$210,000-\$220,000 band (2021: \$190,000-\$200,000). There were no other employees who received remuneration greater than \$100,000.

The following members of the Board were paid honoraria during the year ended 30 June 2022.

		AQA 2022 \$	AQA 2021 \$
Emeritus Professor Pat Walsh	Chair 1.7.2020-30.6.2021	0	16,560
Emeritus Professor John Morrow	Chair 1.7.2021-30.6.2022	16,560	
	Deputy Chair 1.7.2020-31.12.2021,		
Deborah Willis	Member 1.1.2022-30.6.2022	3,194	3,548
James Heath (paid to NZUSA)	Member 1.7.2020-31.12.2020	0	1,420
Professor Jack Heinemann	Member 1.7.2020-31.12.2020	0	1,235
Kaye McAulay	Member 1.7.2020-31.12.2021	1,420	2,840
Professor Neil Quigley	Member 1.7.2020-31.12.2020	0	1,420
	Member 1.7.2020-31.12.2021,		
	Deputy Chair 1.1.2022-		
D Haines (paid to NKU)	30.6.2022	3,194	2,840
Professor Cheryl de la Rey	Member 1.1.2021-30.6.2022	2,840	1,420
Dr John Egan	Member 1.1.2021-30.6.2022	2,840	1,420
Dr Sharon Toi	Member 1.1.2022-30.6.2022	1,420	
Ellen Dixon (paid to NZUSA)	Member 1.7.2021-30.6.2022	2,840	
		34,308	32,703

16 Commitments and contingencies

There were no contingent liabilities as at 30 June 2022. (2021: Nil)

There were no operating, finance or capital commitments as at 30 June 2022. (2021: Nil)

17 Events after reporting date

No material events occurred after 30 June 2022.

18 Auditors' Remuneration

The auditor of AQA is BDO Wellington on behalf of the Auditor-General.

	AQA 2022 \$	AQA 2021 \$
Audit of the Financial Statements	9,050	9,565
Maximum Disbursements	84	125
Office Audit General overhead charged	661	500
	9,795	10,190

19 Covid 19 impact

COVID-19 continued to have impacts on AQA funding and activities in the 2021-22 year as follows:

- A reduced level of funding (compared to the pre-COVID situation) maintained for 2021-22. The annual grant request to NZVCC was 15% lower than the pre-COVID request. This reflected a changed pattern of activities and the ability to utilise retained surpluses. As in the previous year, the AQA Board assessed that the going concern principle still holds, given current reserves and the importance of the work AQA does in the Tertiary Education sector.
- The start of the audit phase of Cycle 6 was resumed after being deferred for 12 months. AQA consulted with universities to develop a pandemic-adjusted audit process with provision for audit steps to be undertaken remotely.
- The five-yearly review of the Committee on University Academic Programmes (CUAP) was undertaken using remote protocols.
- AQA travel has remained at minimal levels with no international travel being undertaken.
- The AQA Board held one meeting in person (July 2021) and two meetings via Zoom (November 2021 and March 2022).
- AQA events were held online.

Overall, AQA is now prepared and experienced in being able to undertake its activities remotely, if needed.



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