

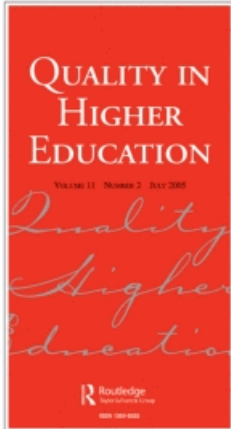
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## Quis Custodiet Ipsos Custodes? The Review of the Australian Universities

### Quality Agency

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# Quis Custodiet Ipsos Custodes? The Review of the Australian Universities Quality Agency

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**ABSTRACT** *A review of the performance of the Australian Universities Quality Agency (AUQA) was undertaken in 2005–2006. It was commissioned by AUQA and the review report was published in May 2006. This article explores whether the AUQA review can be regarded internationally as an exemplar and thus used with confidence by governments or other principals as a reliable means of measuring higher education quality assurance agency performance. It pays particular attention to the method of analysis employed by the review team. The article argues that the AUQA review was flawed, in this and other respects, to a degree which renders it inadequate as a global exemplar. Its conclusions must thus be treated with caution by higher education policy-makers, departments of state, universities, businesses, students and other institutions in Australia and internationally.*

**Keywords:** Australian Universities Quality Agency; higher education quality assurance; external review of higher education quality assurance agencies; higher education quality assurance agency accountability

## Introduction

The Australian Universities Quality Agency (AUQA) was established by the Australian Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA) in 2000. AUQA's objects, as determined by MCEETYA, were:

(a) to arrange and manage a system of periodic audits of quality assurance arrangements relating to the activities of Australian Universities, other self-accrediting institutions and state and territory higher education accreditation bodies;

(b) to monitor, review, analyse and provide public reports on quality assurance arrangements in self-accrediting institutions and on processes and procedures of state and territory accreditation authorities, and on the impact of those processes on quality of programs;

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(c) to report on the criteria for the accreditation of new universities and non-university higher education courses as a result of information obtained during the audit of institutions and state and territory accreditation processes; and

(d) to report on the relative standards of the Australian higher education system and its quality assurance processes, including their international standing, as a result of information obtained during the audit process. (AUQA, 2000, p. 3).

A review of the performance of AUQA was undertaken in 2005–2006 by a five-person panel. Two members were drawn from higher education quality assurance agencies in other countries and one from each of Australian business, Australian university vice-chancellors and Australian state government accrediting agencies. The review was commissioned by AUQA and the review report was published in May 2006. This article deals only with the university aspects of the AUQA review.

AUQA is a national monopoly in that Australian universities cannot choose whether or not they will use its services. Engagement with AUQA is compulsory. Thus, an Australian university could not choose a private or public national or international quality assurance body, as opposed to AUQA, to conduct a validation of its quality assurance processes and outcomes. A recent effort by the Australian National University to seek exemption from an AUQA audit was dismissed out of hand.

Although this article deals with an external review of a particular national agency, the issues are of international significance. Many other countries have higher education quality assurance agencies with some characteristics similar to those exhibited by AUQA. They comprise by far the largest component of an international higher education quality assurance industry whose principal industry body is the International Network of Quality Assurance Agencies in Higher Education (INQAAHE) (Woodhouse, 2004). Several of them, such as the Hungarian Accreditation Committee (Hungarian Accreditation Committee, 2000; Rozsnyai, 2004, pp. 135–36), have already been reviewed and this process is likely to continue. A question of fundamental importance in this context is whether the AUQA review, or any of the other reviews, can be regarded internationally as an exemplar and thus used with confidence by governments or other principals as a reliable means of measuring higher education quality assurance agency performance in the future. This article sheds some light on this matter. A case, moreover, can be made for further research that explores the integrity of the external reviews of other higher education quality assurance agencies that have been conducted thus far. This may assist the identification or development of a widely acceptable model of the quality assurance of higher education quality assurance agencies.

The analysis presented in this article, by and large, takes the terms of reference for the AUQA review (AUQA, 2006a, p. 5) as given with one important exception. A major matter was omitted from the terms of reference. The review team was not invited to assess whether, in net benefit terms, MCEETYA's objects could have been achieved better by alternatives to AUQA. Feasible alternatives were available, which included more competitive arrangements in which universities had a choice between different external quality assurance systems and providers. A precedent for such fundamental questioning can be found, for example, in the sunset laws model of evaluating agency performance that has been implemented in the USA since the 1970s.

The AUQA Board says it decided in 2001 that it would commission a review of AUQA after some four or five years of operation. MCEETYA had, in fact, already determined that an external review would take place, although not the details of who would conduct it or

how it would be conducted (MCEETYA, 2000, p. 6). As it turned out, AUQA itself, however, took the initiative in proposing the structure, methods and administrative arrangements for its own review (AUQA, 2006a, pp. 4–5). AUQA said that one of its reasons for commissioning a review was to pose the question *quis custodiet ipsos custodiet?* [who will guard the guards themselves?] with respect to its own activities because ‘it is essential for the credibility of such agencies that they be as accountable as their constituents’ (AUQA, 2006b, p. 1). The AUQA Board’s answer to this question seems to have been that the review team had established that AUQA, the external guard, in all essential respects needed no guarding beyond existing arrangements. It claimed that:

The Review Report is extremely positive about AUQA’s performance over the last five years, and vindicates MCEETYA’s decision to establish AUQA. AUQA has achieved the objectives set for it by MCEETYA (with the exception, at the time of the review, of the Objective 4 report, which has since been provided to MCEETYA). (AUQA, 2006b, p. 1)

This article argues that this confidence in the soundness of the AUQA review is misplaced. Despite some insights, the review failed to provide a credible audit of AUQA’s performance and thus failed to provide adequate grounds for drawing reliable conclusions about the overall quality of AUQA’s work. This argument is developed through a consideration of the review team’s audit method, its findings on the extent to which AUQA had achieved certain of its objects, its assessment of AUQA’s process of peer review, its consideration of whether AUQA had provided value for money and its examination of AUQA’s degree of compliance with the INQAAHE *Guidelines of good practice* (GGP). Concluding observations follow.

### Some problems with the review team’s audit method

Broadly speaking, concerns over the reliability of many of the conclusions of the AUQA review arise on account of some serious limitations in the methods of analysis used by the external review team and a related failure by the team to raise questions and issues that, arguably, should have been raised in a review that was meant to address significant matters to do with AUQA’s credibility. The literature on higher education quality assurance, the economics of regulation, monopoly behaviour, rent seeking, transactions’ costs and principal–agent relationships suggests, for example, that there are several reasons for thinking that agencies may not necessarily always perform in a manner consistent with the interests and expectations of their principals and that issues of control and politics are central to higher education quality assurance (McCubbins, 1985; Laffont & Tirole, 1993; Stensaker, 2003; Harvey & Newton, 2004; Carr *et al.*, 2005). There is no evidence in the references in the review report, however, that the review team drew on these, or any other substantial theoretical literature, such as theories of audit and evaluation, to assist its choice of method and its determination of the array of issues and questions which the review would raise.

The evidence and argument considered by the review team consisted of its own observations, a portfolio and supplementary material prepared by AUQA, AUQA documents, including policy statements, manuals and AUQA audit reports on individual universities, and responses to a survey sent to, or interviews with, auditees, auditors and ‘key stakeholders’ (AUQA, 2006a, p. 5, 2005c). Choices made with respect to the latter were, however, problematic. AUQA’s mission committed it to providing ‘public assurance of the quality of

Australia's universities' (AUQA, 2005c, p. 74). However, when AUQA nominated the stakeholders from whom opinions on its own performance were to be sought by the review team, the public was excluded. This was despite AUQA assertions to the effect that its purposes met public expectations (Woodhouse, 2002, p. 12), despite a considerable proportion of AUQA's budget coming from public funds and despite the fact that a significant proportion of the costs incurred by universities in undergoing AUQA audits, and in implementing AUQA requirements, were provided by the taxpayer. The effect of such a choice was to deny a voice to national (and international) individuals and organisations that may have had matters of substance to contribute to the review. An alternative approach, employed widely elsewhere, would have been to solicit general public submissions to the review. A process of self-selection would have given all interested parties a voice.

The review team solicited responses from what AUQA determined were the 'key' stakeholders. It received written responses from 15 universities and conducted interviews with nine different universities (with one exception, Deakin University provided a written response and participated in an interview). At the time of the review there were 38 universities in Australia. Whether feedback from 23 of these, however, was sufficient to permit critically important generalisations such as 'The higher education sector in general supports AUQA's fitness-for-purpose model and its peer review approach to audit' (AUQA, 2006a, p. 10) is a moot point. The review team would necessarily have had to have undertaken analysis to determine whether these responses were representative. There is, however, no comment in the review report on this matter and there is no evidence that the review team gave it any consideration.

The Secretariat (an education consultancy company), which AUQA had appointed to administer its review, asked the selected stakeholders (which apparently did not include MCEETYA) to furnish written responses that addressed the terms of reference. The questions were open-ended and responses to each term of reference were limited to 250 words (Bateman & Giles Pty Ltd, 2005). The chances that universities (and others) would have been able to provide nuanced, in-depth responses were thereby significantly constrained. The review report does not explain how common themes in the responses were identified. Interviews with universities and selected stakeholders were similarly brief (AUQA, 2006a, pp. 57–60). There was arguably no time for issues to be explored beyond their basic elements. Despite these reservations, the review team again felt able to draw important broad conclusions such as 'There was general acceptance across the higher education sector that AUQA's audits were fair and accurate and ... there was reasonable acceptance of the quality of AUQA's judgments' (AUQA, 2006a, p. 9).

In considering stakeholder feedback the review team detected 'a perception of variability across AUQA's individual university audit panels in terms of the level of rigour of judgments, the detail and length of the audit reports' (AUQA, 2006a, p. 9). Given the critical importance of this particular perception, which went to the heart of the credibility of the peer group approach, there was a compelling case for the review team to have investigated this matter further by independently gathering and analysing the relevant evidence and drawing its own conclusions.

This was not done. It was an example of the review team's apparent unwillingness to seek evidence on even a sample of matters fundamental to its terms of reference beyond that contained in stakeholder opinion feedback and in the material supplied by AUQA, or to commission competent, independent, third-party tests of the reliability of the evidence as part of its employment of a fitness-for-purpose review method (AUQA, 2006a, pp. 5–6, 2005c, p. 71). AUQA had, however, argued strongly in its submission to the review that the integrity

of a fitness-for-purpose approach to audit and validation relied heavily on 'investigating the underlying systems and their consequences' (AUQA, 2005c, p. 9). In this spirit, a considered analysis by the review team of the AUQA university audit reports would surely have thrown considerable light on the substance of the 'perception of variability across audit panels' and on other important issues. The review team's consideration of AUQA audit reports (AUQA, 2006a, pp. 30–31) did not, however, seem to have involved any such research.

Given that a fundamental purpose of the AUQA review was to suggest answers to the question *quis custodiet ipsos custodiet?* it is of concern that the review report contained no audit of the adequacy of the then existing arrangements for 'guarding' AUQA. At least two forms of guardianship can be identified (apart from the review itself). First, AUQA was accountable to MCEETYA. The processes by which AUQA accounted to MCEETYA and their outcomes were, however, not audited by the review team. This is especially surprising because AUQA had suggested that the relationship left something to be desired (AUQA, 2005c, p. 10). Second, MCEETYA had decided that AUQA would operate under various provisions of the corporations law as a company limited by guarantee. This had significant consequences for accountability. AUQA did not, for example, report to any of the national, state and territory parliaments. It was not bound by freedom of information legislation. In many respects it was a private organisation which exercised public authority. The review report, however, failed to debate the implications of any of this for the quality of the oversight of AUQA. It could not adequately address the question *quis custodiet ipsos custodiet?* because it did not ask it.

### A credible fitness-for-purpose model?

The review team commended AUQA 'for successfully establishing ... the fitness-for-purpose model' (AUQA, 2006a, p. 20). It failed, however, to notice that AUQA, in fact, did not consistently analyse underlying systems in universities, and their consequences, in conducting its audits and that AUQA policy, moreover, made provision for audit judgements regarding 'low' or 'inappropriate' university objectives despite AUQA's claim that it did not include fitness-of-purpose elements in its quality assurance model. Leaving aside this latter for the moment, the fitness-for-purpose dimensions of what was actually a hybrid model provided that AUQA was:

to make judgements about the appropriateness and effectiveness of quality assurance plans and processes, and their relation to nationally and internationally accepted good practices (AUQA's process standards). ... In order to evaluate the effectiveness of the QA procedures, it is necessary for the auditors to investigate the results of applying these procedures and they therefore check the extent to which an institution is achieving its mission and objectives (the university's outcome standards) ... . Auditees are expected to have the necessary checking mechanisms in place and be able to demonstrate to AUQA that the procedures are being used and are working (or that there are plans for addressing any shortfall). (AUQA, 2005a, p. 17)

AUQA explained how it made fitness-for-purpose judgements, for example, in the case of the courses offered by a university's staff development unit. According to AUQA, its method of investigating underlying systems and their consequences here would have involved an audit of the unit's courses against their effect on student learning rather than

against crude metrics such as the number of attendees (AUQA, 2005c, p. 9). Determination of such effects would arguably have required relatively sophisticated research and analysis, possibly, amongst other things, including longitudinal studies. Whether AUQA actually determined the impact of certain staff development unit courses on student learning in terms of a university's own objectives and standards can be explored in the light of AUQA's audit report on Deakin University (AUQA, 2005b). This was one of the most recent at the time of the review team's investigation of AUQA's performance, and it is reasonable to suppose that the review team gave it some attention. AUQA audited Deakin's Graduate Certificate in Higher Education, which was provided by the staff development unit, in the following manner:

The current enrolment of 43 staff includes 37 people who are new to the University. Those met by the panel reported that they found this to be a useful course. This is an important initiative consistent with a growing recognition that staff in Australian universities should be provided with increased opportunities to develop skills in teaching and understand how to enhance student learning. For maximum effect, it will be important for Deakin to monitor closely staff opinion on the usefulness of the Certificate in achieving these aims. (AUQA, 2005b, p. 38)

Monitoring staff opinion on the usefulness of a certificate in achieving certain aims is, however, hardly a scientifically-valid means of establishing the effect of such courses on student learning. And 'those met by the panel', moreover, may not have been representative of enrollees. This was a very long way from AUQA's claims that auditing a staff development unit involved investigations of the underlying systems and their consequences against the university's own objectives and outcome standards. Obviously no such in-depth, rigorous investigation was conducted in this case. To have conformed with its own policies, AUQA's Deakin University audit report on staff development courses should, however, have contained a clear statement of Deakin's objectives and standards regarding the intended outcomes of its staff development unit's courses, a comparison of the actual outcomes against these and an evaluation of Deakin's processes regarding these courses against relevant AUQA process standards. If the university's self-review had not provided AUQA with a comparison between the intended outcomes of its staff development systems and the actual consequences, then AUQA's audit panel should have required this, otherwise the audit could not have taken place in a manner required by AUQA's fitness-for-purpose policies. None of this seems to have taken place in the Deakin case, and it is difficult to find evidence of it in the other pre-2006 AUQA audit reports with respect to staff development units.

Although considerations such as these relate to the very essence of AUQA's stated audit philosophy and methods, and were thus arguably prime candidates for thorough analysis and audit by the review team, they did not attract its interest either in the case of staff development unit courses or more generally. It is of considerable concern that the review team was not apparently aware of the fact that AUQA's audit reports do not, contrary to expectations (AUQA, 2005c, p. 53), contain evidence of systematic and consistent independent validation of at least a representative sample of university performance claims and evaluations of university quality assurance systems and plans against clear process standards as defined by AUQA. The review team's commendation of AUQA for successfully implementing a fitness-for-purpose model for quality audits was arguably inappropriate.

### Assuring the public of Australian universities' quality and standards

The mission of each Australian university, explicitly or implicitly, has historically included the production of graduates whose knowledge, skills, capacities and intellectual achievements met at least the university's own minimum standards for each qualification. For each university, the actual knowledge, skills, capacities and intellectual achievements of both continuing students and new graduates were thus arguably the highest priority candidates for AUQA audit. There were, after all, presumably no underlying systems and their consequences more important than those which defined a university's academic standards, which tested the extent to which individual students had met them and which formally certified these achievements. AUQA's policies regarding audits of such processes meant that a university's self-review should have defined its academic standards, and should have provided evidence of the extent to which these had been achieved by students. This latter would have presumably included properly-drawn samples of the various types of student work that had been produced for summative assessment purposes. Each individual university peer-review audit panel should have then conducted its own, or should have commissioned, studies to assess the validity of the university's judgements of student performance against its (the university's) standards. The quality of relevant university systems would also have been measured against AUQA's process standards. AUQA's audit policy might have also required universities to present evidence to its peer review panels from longitudinal studies which had explored the extent of major threats to academic quality such as grade inflation. There is, however, little evidence in AUQA audit reports that this actually took place.

These gaps between AUQA's policies and the content of its audit reports on individual universities were not detected by the review team. It was, nevertheless, still able to conclude that:

the first round of audits has established that institutions ... have appropriate processes and procedures in place to assure the quality and standards of their awards. ... The opportunity with the next cycle of audits is to build on this achievement and identify ways in which AUQA can continue to provide public assurance of quality and standards. (AUQA, 2006a, p. 53)

The review team presumably meant by 'public assurance of quality and standards' that AUQA's processes had indeed given comfort to the public that the academic and other standards set by each and every Australian university, although possibly different, were acceptable (by what standards?) and that graduates had met, or exceeded, the particular standards of each awarding university. The review team reached this conclusion, however, despite not having sought general public submissions on AUQA's performance: it could not, therefore, have known if the public, broadly defined, had felt assured of anything about AUQA's activities.

The review team, moreover, failed to ask how AUQA could have provided public assurance that academic and other standards at each university were acceptable when AUQA's principal policy documents clearly asserted that it accepted these standards at face value and rejected a fitness-of-purpose approach. If AUQA explicitly declined to verify the quality of university academic and other outcome standards, how could it at the same time have provided the public with assurances that their quality was acceptable? AUQA's processes were logically incapable of addressing these issues. None of these considerations, however, were raised by the review team.



On the other hand, perhaps AUQA required each university to include in its self-review an analysis of the processes by which it went about determining the relationship between the standards of its qualifications and the minimum national outcome standards as defined in the Australian Qualifications Framework (AQF). If this were, in fact, AUQA's practice, then the review team might have reasonably been expected to have verified the integrity of a sample of such processes. There is no reference, however, to any such enquiries in the review report.

There is, paradoxically, evidence that, despite its claims in its principal documents to the contrary (AUQA, 2005c, p. 15), there were, in fact, fitness-of-purpose dimensions to AUQA's audit philosophy. The evidence shows that AUQA claimed that it was only prepared to accept each university's mission, goals and performance expectations as the basis of the outcome standards for its audits if universities did not pursue 'inappropriate' objectives and as long 'as institutional pride and academic professionalism means that low objectives are rarely set' (AUQA, 2006c). There was, however, little indication in the AUQA audit reports that university objectives were systematically audited against accepted national minimum standards in order to have established whether any of them were in fact 'inappropriate' or 'low'.

AUQA was thus clearly aware of one of the fundamental weaknesses in the fitness-for-purpose approach, that it treats ends as sacrosanct and deals only with means and performance, but in practice it nevertheless neglected to address systematically the key risk that 'inappropriate' or 'low' objectives may have existed. This was because, among other things, AUQA would not address the issue of determining national minimum outcome standards (although early in AUQA's life its Executive Director clearly thought they were important, Woodhouse, 2002, p. 10). This was decided before AUQA had been formally constituted (AUQA, 2005c, p. 15). It is passing strange then that several years later AUQA's *Frequently asked questions* (AUQA, 2006c) included a discussion of inappropriate and low objectives if AUQA had elected right from the start not to deal with such matters. This aside, it seems that AUQA accepted the risk that individual universities may have set inappropriate or low objectives on the untested assumption that the risks were worth bearing. These issues, and their significance, were not, however, explored in the review report. How then the review team could have commended AUQA for providing 'public assurance of quality and standards' when, amongst other important things, AUQA recognised, but effectively ignored, a key risk to the maintenance of acceptable standards, is incomprehensible.

### **The relative standards of the Australian higher education system and its quality assurance processes, including their international standing**

The review team was asked to audit the extent to which AUQA had fulfilled its mandate 'to report on the relative standards of the Australian higher education system and its quality assurance processes, including their international standing, as a result of information obtained during the audit process' (AUQA, 2000, p. 3). Allowing for the slightly awkward wording, this object (Object 4) suggested that AUQA was expected, after its first round of university audits, to have used this audit information to have drawn some general conclusions about, in particular, the academic standards that the Australian higher education system had attained, to have compared these with standards in other national systems and to have done the same thing with respect to the quality assurance processes used by Australian universities.

In its submission to the review team AUQA stressed the political problems that Object 4 had created for it. These largely had to do with powerful university opposition to any hint of comparisons and rankings (AUQA, 2005c, p. 53, cf. p. 15). AUQA did not, however, inform the review team that, regardless of such obstacles, its audit method was, in the event, incapable of meeting its mandate 'to report on the relative standards of the Australian higher education system, ... as a result of information obtained during the audit process'. Rather, it advised the review team that it had decided not to address Object 4:

until it had extensive experience of the sector gained through its audits (and otherwise) to enable it to speak authoritatively about the 'standards of the Australian higher education system and its quality assurance processes' or without involving partners from other countries, to enable it to speak credibly about 'their international standing. (AUQA, 2005c, p. 53)

It should, however, have been obvious to at least the higher education quality assurance experts on the review team that it was impossible for AUQA's individual university-based audit methods to have produced significant knowledge about academic and other outcome standards at the *systemic* level.

The review team was nevertheless sympathetic to AUQA's concerns over Object 4. It said:

that both Object 3 and Object 4 were problematic in terms of definition and interpretation as well as in AUQA's ability to implement the requirements ... with the resources currently existing within the agency, ... due to the inherent issues in the implementation of Objects 3 and 4, the Review Panel questioned whether these two Objects are attainable or even appropriate for AUQA to undertake. It was the opinion of the Review Panel that AUQA should recommend to its Members a re-assessment of these two Objects. (AUQA, 2006a, p. 9)

The wording of Object 4, however, was far from ambiguous. It instructed AUQA to compare the standards achieved by the Australian higher education system with those achieved in other countries and to assess the international standing of the quality assurance processes employed in the Australian system. The only conceptual weakness in Object 4 was that it could not have been achieved by relying only on the information generated in AUQA audits of individual universities. Even if, furthermore, there had been ample 'resources currently existing within the agency' and even if there had been no 'inherent issues' that gave AUQA cause for caution in seeking to satisfy Object 4, AUQA still could not have met a significant part of it. The fatal flaw was rather in the particular fitness-for-purpose audit method that AUQA had chosen. This method was incapable of generating conclusions about the standards of the Australian higher education *system* given that the method involved audit against missions, objectives and associated outcome standards defined at the individual university, and not the systemic, level. The review team failed to appreciate that the audit method that AUQA had adopted right from the start was logically incapable of generating conclusions about the relative outcome standards and performance of the Australian higher education *system*.

The review team, moreover, in questioning the appropriateness of Object 4, seemed not to have realised that its recommendation that AUQA ought to be relieved of the obligation to satisfy Object 4 meant rejecting perhaps the key element in AUQA's very *raison d'être*. One of the principal arguments in favour of establishing AUQA, which was accepted by

MCEETYA (and with which the review team was presumably familiar), was that there were significant adverse risks to:

The reputation of Australian [higher education] institutions internationally [which] is critical in maintaining the value of Australian qualifications for our graduates, in marketing the expertise of the Australian labour force, in developing the international market for fee paying students which is one of Australia's largest export industries, and in maintaining effective involvement in the international research community. (MCEETYA 2000, p. 2)

In this context, AUQA would serve as 'a visible mechanism for quality assurance, both for community confidence within Australia and to maintain reputation [sic] for high quality [higher education] in industry attraction strategies and in international student markets' (MCEETYA 2000, p. 5). As a matter of logic such a reputation could only have been defined and measured via internationally-accepted minimum academic and other outcome standards or against the academic standards achieved in the higher education systems in various other countries. Given these considerations, it was hardly surprising that the mandate that MCEETYA defined for AUQA included making comparisons between the academic and other outcome standards and achievements that characterised the Australian higher education system and those in other relevant countries. Object 4 gave expression to this. What was surprising is that AUQA adopted an audit method that meant that an important part of it could not be achieved. This trade-off which AUQA made between a significant part of MCEETYA policy and, apparently, the political issues associated with pursuing an important part of Object 4 essentially went unnoticed by the review team.

### **Audit by means of peer review**

The review team commended AUQA 'for successfully establishing a credible peer review approach' (AUQA, 2006a, p. 20). It endorsed AUQA's assertion that it had 'established detailed and effective procedures for audit that include ... extensive and thorough investigation' (AUQA, 2005c, p. 75, 2006a, p. 8; cf. AUQA 2006a, p. 17). It is pertinent to ask on what grounds the review team was able to offer this endorsement. A reading of AUQA documents, the AUQA *Performance portfolio* and the review report suggests that these procedures for extensive and thorough investigation consisted essentially of a peer review audit panel's examination of a given university's self-review, a site visit that involved interviews with up to 300 people over less than five days and then panel reflections. There is, however, no evidence in the review report that the review team verified whether this process involved detailed and effective procedures, whether specialist AUQA staff provided research and analytical expertise to audit panels, and whether the whole process was equal to the task of conducting extensive and thorough investigations of at least a reasonable sample of the claims made by universities in their self-reviews. The AUQA audit process seems on a priori grounds to have been inadequate to validate a sample of a university's claims about often quite complex relationships between its mission, objectives, processes and outcomes, to say nothing about the need to evaluate a meaningful sample of the university's systems against nationally- and internationally-accepted good practices, which presumably AUQA made available to each of its university audit panels.

These grounds included, for example, the then Australian Government Auditing and Assurance Standards Board's (2002) *Auditing and assurance standards, guidance statements and*

*other guidance* that, among other things, mandated that auditors possess high levels of technical audit and other expertise. Whether AUQA's training of university staff and, for example, business people, as auditors imparted the level of audit and other technical expertise consistent with conducting extensive and thorough audit investigations of higher education systems and outcomes was not subjected to empirical verification by the review team.

A reading of documents, and written or verbal feedback from some AUQA auditors, seem to have defined the extent of the review team's enquiries on this particular matter (AUQA, 2006a, pp. 20 & 24). Whether this met the expectation that the review team would conduct an 'evaluation' of AUQA's peer review audit process is debateable (AUQA, 2006a, p. 5). The review team might, for example, have identified any criticisms of the peer group audit method in the quality assurance literature and explored whether they were relevant to the AUQA case (Harvey, 2004, p. 70). And it might have explored the dynamics of exactly how, in a sample of cases, AUQA peer review panels examined whether universities had the necessary mechanisms in place to determine the extent to which they were achieving their missions and objectives and how they had been 'able to demonstrate to AUQA that ... [quality assurance] procedures are being used and are working (or that there are plans for addressing any shortfall)' (AUQA, 2005a, p. 17). None of this, however, was done by the review team. It regarded evidence limited to the opinions of some auditees and various other stakeholder groups as sufficiently robust to show that AUQA had established a credible peer review approach (AUQA, 2006a, p. 20; on opinion evidence see Szanto, 2005, pp. 191–2). Interestingly, Stella and Woodhouse (2006, pp. 8–9), in the AUQA Occasional Publications Series, attacked opinion evidence as part of their critique of university rankings.

### **Value for money**

AUQA's statements of values and vision committed it to operate 'cost-effectively', to keep 'as low as possible the demands it places on institutions' and to 'work in partnership with institutions ... to add value to their activities' (AUQA, 2005c, pp. 74–5). These undertakings were arguably prime candidates for a performance audit by the review team since they related specifically to whether the benefits achieved as a result of AUQA's activities exceeded all of the associated costs (explicit and implicit) to the universities, government and so on. It would appear, however, that no such audit was conducted. The concept of a cost-benefit analysis is not mentioned in the review report, nor are concepts such as compliance costs.

The review team had before it a 'short analysis of university costs', AUQA's 2004 and 2005 financial reports and a sample budget for a university audit (AUQA, 2006a, p. 35). However, there is no indication in the review report as to if or how they were used. Such data, in any event, were insufficient to have properly informed a cost-benefit evaluation. The review team's approach seems to have amounted to little more than making its own assessment of where the balance lay in a range of opinions that had been expressed in its survey of some university stakeholders or in interviews. The review team was nevertheless able to conclude that 'AUQA does appear to deliver value for money, with minimal exceptions' (AUQA, 2006a, p. 9).

The credibility of this judgement, however, is surely seriously compromised in the light of the review team's apparent failure to use appropriate analytical techniques to audit matters of cost-effectiveness and value-addition. It might, by the same token, be argued that such techniques were not available to the review team. Accepting this for the purposes of discussion, the appropriate response of the review team would then have been to decline to

draw conclusions. The review team, however, offered authoritative pronouncements on arguably one of the most important public policy issues concerning the activities of AUQA on the basis of an audit method that was demonstrably inadequate to such a task.

### INQAAHE guidelines

The terms of reference for the AUQA review invited the review team to investigate the extent to which AUQA had complied with INQAAHE's *Guidelines of good practice for quality assurance agencies* (GGP) (AUQA, 2006a, p. 5). The 2005 version of the GGP (INQAAHE, 2005) was current at the time of the AUQA review. This document had been written by a group chaired by one of AUQA's audit directors and contained 10 GGP (INQAAHE, 2005, p. 1). A comprehensive debate over the meaning and merits of the GGP is not necessary for the purposes of this article, although it is debateable whether they were all fit for the purpose of informing an external evaluation of an agency (Blackmur, 2008).

Concerns with respect to the review team's measurement of AUQA's performance against the GGP arise in several instances. Five are discussed here, although this does not exhaust the possibilities. They nevertheless suggest that there is a significant risk in accepting the review team's conclusions at face value. In the first place, the second GGP dealt with the relationship between a higher education quality assurance agency and higher education institutions. This guideline stipulated, amongst other things, that the standards applied by an agency must have been subjected to consultation with stakeholders (INQAAHE, 2005, p. 3). According to AUQA, reference to process standards, which it had endorsed, was the centrepiece of its audit method (AUQA, 2005a, pp. 9 & 17). There is no evidence, however, that the review team investigated if and how AUQA had engaged with stakeholders in the determination of its process standards, or even if the review team were fully aware that university quality assurance plans and processes were audited against AUQA's process standards (AUQA, 2006a, p. 30, para. 81 & 85, p. 31, para. 90). The issues were not analysed in the review report. Despite this, the review team accepted without qualification that AUQA had met this guideline of good practice.

In the second place, the third guideline of good practice in the GGP dealt with decision-making and bound higher education quality assurance agencies to evince 'independent, impartial, rigorous, thorough, fair and consistent decision-making' (INQAAHE, 2005, p. 3). Presumably INQAAHE did not expect stakeholders to accept agency assurances on such matters as an article of faith. In AUQA's case, however, if an interested party had wished to examine various of its internal documents with a view to verifying the nature and extent of such outcomes there was no obligation on AUQA to provide any of them. It did not have to comply with freedom of information legislation given its legal form as a company limited by guarantee under Australian corporations law (AUQA, 2000, p. 2). This is not a criticism of AUQA. It was, nevertheless, a barrier to transparency that was not identified, or its significance assessed, by the review team.

The third concern relates to the documentation guideline, which required, among other things, that an agency's documentation 'or external evaluation sets out the matters covered in these *Guidelines of good practice*, such as the standards used' (INQAAHE, 2005, p. 4). AUQA's audit policies meant that it had to employ various process standards that reflected national and international 'good practice'. It should then have been a relatively straightforward matter for the review team to have evaluated the particular national and international good practices AUQA used to audit, say, the processes by which a university determined its mission, objectives and outcome standards. It is difficult, however, to find any articulation

of these and other process standards in AUQA's public documents. Again, despite this, the review team had no doubt that AUQA had complied with the documentation guideline in the GGP.

The fourth matter can be disposed of quickly. The eighth guideline in the GGP provided that 'The EQA Agency has an appropriate method for appeals against its decisions' (INQAAHE, 2005, p. 5). AUQA allowed no appeals against its decisions. No reference to appeals against its decisions was made in AUQA's *Performance portfolio* or in its policy documents. The review team nevertheless decided that AUQA had met this guideline of good practice (AUQA, 2006a, p. 38).

The fifth matter of concern arises over the review team's analysis of the extent to which AUQA had complied with the ninth guideline in the GGP. This provided, in part, that 'The EQA Agency has a system of continuous quality assurance of its own activities ... The agency carries out self-review of its activities, e.g. based on data collected and analysis, including consideration of its own effects and value' (AUQA, 2006a, p. 38). The review report, however, contains no suggestion that the review team had conducted, or commissioned, an independent analysis of AUQA's performance with respect to these requirements. The relevant section of the review report consists, rather, of little more than a regurgitation of the description of certain data sources that AUQA had provided in its self-review.

The review team also reported that AUQA had developed key performance indicators (KPIs), but attached no significance to AUQA's admission that before its 2005 self-review it had not measured its performance against its KPIs 'in a holistic fashion' (AUQA, 2005c, pp. 16-7), even though the GGP required 'continuous quality assurance'. AUQA had indicated, moreover, that these KPIs, which had been determined with respect to its 'Vision Statement', were complemented by another set that related to its four objects. These KPIs were 'very straightforward ... namely that those four actions are being or have been carried out' (AUQA, 2005c, p. 16). The review team, however, seemed prepared to overlook, or not to notice, that 'carrying out' is a completely inadequate conceptualisation of a KPI. The standard, for example, against which 'carrying out' is to be measured is an essential component of a KPI, yet this was not even noted, let alone discussed, in the review report. The review team, furthermore, was arguably cavalier in its audit of how AUQA gave consideration to its 'own effects and value'. It accepted at face value AUQA's interpretation of the opinions expressed in an external constituency survey as showing 'a general agreement that AUQA has added value to the higher education sector in Australia' (AUQA, 2005c, p. 21). No attention was given to the matter of whether relying on opinion evidence was methodologically adequate in this particular case. Despite all these reservations, the review team concluded that AUQA had met the Agency Quality Assurance GGP.

## Conclusion

This article argues that the AUQA review report did not provide a convincing independent evaluation of a significant number of the important claims made by AUQA in its submission to the review. The review team, moreover, failed to consider a range of questions and issues that arguably should have been central to its enquiry. These deficiencies in the audit of AUQA's performance can be largely explained by the review team's failure to employ a relevant and robust method of validation. Evidence and analysis that supports these conclusions has been presented with respect to a selection of themes, which include the review team's findings on the extent to which AUQA had achieved certain of its objects, its assessment of AUQA's process of peer review, its consideration of whether AUQA had provided value for

money and its examination of AUQA's degree of compliance with the INQAAHE *Guidelines of good practice*. It has been shown that there are legitimate grounds for serious concern over the quality of the audit investigation and analysis conducted by the review team in all these instances.

The role of MCEETYA in the AUQA review deserves comment. A clear principal-agent relationship existed between MCEETYA (the principal) and the AUQA Board (the agent). Yet it seems that AUQA took the initiative regarding several matters to do with the establishment and nature of its own review. These included approving the terms of reference, the review philosophy and method, the structure of the review panel, the long list of potential members of the review team, the firm of consultants to manage the conduct of the review and to draft the review report and the selection of 'key' stakeholders from whom the review team obtained opinions on AUQA's performance. It was, moreover, AUQA's Executive Director who made the review team aware of AUQA's expectations of the review. In principal-agent theory it was, however, MCEETYA that should have defined the expectations of an external review of AUQA, its agent. Even if MCEETYA had noted certain of the arrangements for the review (such as the membership of the 'long list' of potential reviewers), it seems to have apparently sub-contracted, either by default or by a considered policy, important decisions concerning the AUQA review to AUQA itself. MCEETYA arguably should have taken direct responsibility for commissioning, supervising and defining the nature of, the AUQA review. Its failure to do so exposed the review process to the risk that doubts over its independence might arise.

The review report did not recommend any new guards for AUQA. However, it was obvious that AUQA's interpretation of its mandate meant that it was the regulator of a wide variety of systems and processes within each Australian university. In the period 2000 to 2006, it was not, however, accountable through the processes normally associated elsewhere, both in Australia and internationally, with bodies that perform a public regulatory function (Blackmur, 2007). The review report was silent on these matters.

What lessons for external evaluations of the performance of higher education quality assurance agencies can be learned from this analysis of the AUQA review? A few possibilities are presented here. The agency to be reviewed should not be involved in determining or substantially influencing the terms of reference, membership of the review team, the methods, and the administrative arrangements associated with its own review. The agency's principal ought to determine and drive the whole process, which could, in particular, require that draft terms of reference are exposed for public debate before finalisation (as might other matters as well). The nature of the terms of reference and the issues considered by the review team, furthermore, should also be informed by both the relevant theoretical literature and a critical evaluation of previous agency reviews. Theoretical guidance should include precise definitions of the quality assurance concepts to be employed in the review. As far as submissions to the review are concerned, they should be accepted from any interested party, nationally and internationally. The resources provided to the review team, moreover, should be adequate to permit it to undertake independent analysis of an appropriate sample of the performance and other claims made by the agency and to test the reliability of opinion evidence that may be offered to the review.

An independent, external review of a higher education quality assurance agency's achievements has the potential, under appropriate circumstances, to perform a powerful guardianship role. On the basis of the themes and evidence discussed in this article, the AUQA review did not realise this potential. Its discharge of important terms of reference left much to be desired and the review report thus did not document an exemplar that

might inform international debates over methods of securing agency accountability. *Quis custodiet ipsos custodes?* In the case of AUQA this question remains open.

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