

Submission
No 11

INQUIRY INTO THE GOVERNANCE OF NSW UNIVERSITIES

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Submission from the Executive Director of the Australian Universities Quality Agency (AUQA) to the

Inquiry into the governance of NSW universities

(General Purpose Standing Committee No. 2, Legislative Council, Parliament of NSW)

1. Introduction

AUQA is established by all Australian governments to be the principal national quality assurance agency in higher education. AUQA has responsibility for checking the academic quality of higher education institutions; whether they are in line with the definition of a university; and in accord with the institution's own objectives. The main purpose of AUQA audits is to assist universities with their quality enhancement and continuous improvement.

AUQA carried out a cycle of comprehensive audits of all Australian universities during the period 2002-2007. These audits considered the quality assurance processes, procedures, and outcomes, including consideration of governance, teaching and learning, research and internationalisation at each university, as well as administration, support services and provision of infrastructure. Each audit comprised a submission based on a thorough self-review by the university and a range of interviews, including separate interviews with the Vice-Chancellor and the Chancellor (together with some external members of the governing body) of the university. In addition there were extensive interviews with students, staff and stakeholders. An audit panel would interact with some 300 interviewees over several days of interviews.

In 2008 a second cycle of university audits commenced. This second cycle is more focused than the broad approach used in cycle one audits and concentrates on two selected themes (such as internationalisation and student experience, for example). The audit includes some limited follow-up on recommendations from the earlier audit.

2. NSW Universities

All ten universities in NSW, as listed by the Auditor General of NSW, were audited during 2002-2007 and the respective reports are publicly available on the AUQA website. Follow-up reports were produced by each university stating how they proposed to deal with the recommendations and affirmations. So far two universities in NSW were audited in cycle 2 in 2008, the University of Newcastle and Southern Cross University. The University of New England, Charles Sturt University and Macquarie University are in line for an AUQA audit in 2009.

3. AUQA's findings and the Terms of Reference of the Inquiry

AUQA suggests that several findings published in the audit reports for a number of NSW universities are relevant to this Inquiry. Findings in AUQA reports are formalised as commendations (statements of praise and congratulation to the institution), affirmations (i.e. concurrence by AUQA with areas that require improvement which have already been identified by the university) and recommendations (relating to areas that require improvement). Reports also include suggestions, observations and comments that are not formally singled out through a recommendation. The attachments provide extracts from the various audit reports of NSW universities.

The audit reports contain a number of statements that are related to governance issues (particularly Terms of Reference 2, 5, 6, and 8) at NSW universities, including the following issues (stated here in abbreviated form, but available in full in the attachment):

- Acknowledgement of self-review and improvement process for the university council (Newcastle)
- Lack of self-review process, no examination of council decision-making ((Macquarie)
- A pro-active approach to governance (Southern Cross)
- Low attendance by external members of council (New England)
- Suggestion of the need for formal goal-setting and more transparent performance review of the Vice-Chancellor (New England)
- Nature of the strategic plan places limitations on governance role of council (New England)
- Commended on creation of a Charter of Corporate Governance (Charles Sturt)
- Commendation for attending to the quality improvements of senate (Sydney)
- Strong and effective system of guiding and evaluating the performance of the vice-chancellor (Sydney)
- Commended on the creation of a council handbook, an annual review process (Wollongong)
- Suggestion of the need for a more systematic approach of performance management of the CEO (Wollongong)
- Possible blurring of roles of council and suggestion to more clearly delineating the governance-management interface (New South Wales)
- Suggestion of broader induction process for council members to deal with issues in higher education (New South Wales)

- Implement regular performance reviews of council (New South Wales)
- Affirmation of university's action to improve the effectiveness of council (University of Technology)
- The Board worked productively with the Vice-Chancellor (Western Sydney)
- Suggestion of the need for an online kit for student members (Southern Cross)

A few audit reports also include comments on grievance procedures (Term of Reference 3 of the Inquiry), mainly regarding students and staff grievance issues, such as

- Management of complaints still awaiting resolution (New South Wales)
- Ensure that transnational (ie offshore) students are aware of grievance procedures (New England)
- Need for a comprehensive review of the systems for assisting students with problems and grievances (Newcastle)
- The university's grievance procedures appear to be sound and well accepted (Wollongong)
- The university has in place a robust system for addressing student grievances (Macquarie)

4. Summary

AUQA has had considerable interaction with all universities in Australia, including all universities in NSW, during the past 7 years. There were many opportunities for members on governing bodies, executive managers, staff, students and stakeholders to express views in the AUQA audit process. There were also opportunities for staff and students to attend short sessions to convey any message they wished to bring to AUQA's attention. All interviews were treated confidentially and no attribution to individuals was made in any AUQA report.

On balance there were certainly more positive comments or observations made regarding governance issues. There were also some concerns expressed more formally in recommendations or affirmations. It is important to bear in mind the time-scale of the reports and the actions that have been taken since the publication of the reports. It was not possible in this submission to collect all the data necessary to report on follow-up on the audit reports and on the current situation state-wide.

Generalising, most university councils nation-wide, now have some form of self-review mechanism, but more attention needs to be given to the effects of these mechanisms. Also, Chancellors now meet regularly as a group, and this forum brings attention to bear on improving the performance of councils, where this is needed.

ATTACHMENT: EXCERPTS FROM AUQA AUDIT REPORTS

Source: <http://www.auqa.edu.au/qualityaudit/universities/>

ON COUNCIL AND GOVERNANCE ISSUES:

AUQA Report of an Audit of The University of Newcastle, January 2003

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At a time when the University is undergoing considerable change it is encouraging to see the Council leading the way with its own process of self-reflection and improvement. It will be important to build upon this initiative, perhaps by translating this exercise into a regular Council activity, and eventually incorporating good governance benchmarks.

Commendation 1

AUQA commends the University Council for demonstrating its leadership and commitment to quality assurance by itself participating in a process of self-reflection and improvement.

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In general, the Audit Panel was optimistic that the Council of The University of Newcastle is developing a highly professional approach to its governance responsibilities.

AUQA Report of an Audit of Macquarie University, July 2003

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At the time of the audit, there was no ongoing mechanism in place by which the Council could evaluate its own performance to determine whether Members are receiving all the information they require and considering issues with an appropriate degree of robustness to make appropriately informed governance decisions, and whether their decisions are leading to superior outcomes for the University. There is, however, a commitment from the Council and the Chancellor to continue a process of self-evaluation.

Recommendation 1

That Council systematically examine its decision-making so as to ensure superior outcomes for the University.

AUQA Report of an Audit of Southern Cross University, October 2003

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Governance is provided by a Council of eighteen members, currently ten of whom are external to the University. The Vice-Chancellor and President and the Chair of Academic Board are also members of Council.

From discussions, and from an examination of selected Council papers, the Audit Panel concluded that Council is making a valuable contribution to the good governance of the University.

Commendation 1

AUQA commends the Council of Southern Cross University for its commitment to quality, and for adopting a pro-active approach to the governance of the University and to the maintenance of standards of accountability and responsibility.

AUQA Report of an Audit of The University of New England, May 2004

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Council regularly undertakes a self-review of its performance through use of a questionnaire and discusses the results. Also, it is conscious of the division of responsibilities between the governance role of Council and the management role of the Vice-Chancellor. It is looking to codify this through the development of a formal policy.

The attendance of Members of Council is a key indicator of the potential for effectiveness. The Audit Panel notes that the attendance of external members is lower than for internal (i.e. staff and students) members.

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The Council is responsible for the employment of the Vice-Chancellor and for providing appropriate support. Each year the Chancellor and the Vice-Chancellor set annual performance goals and review performance against the previous year's goals. The Council may wish to consider means by which the formal goal setting and performance review of the Vice-Chancellor could be made more transparent to the Council, thereby helping ensure accountability in the alignment of goals with the Strategic plan, business continuity, and broader representation of Council's views.

... Indeed, the term of the current Vice-Chancellor and corresponding Council memberships has been characterised by clear goal-driven strategies aimed at achieving recovery and stability for the University. The term commenced as the University was struggling, financially and culturally, to cope with difficulties raised through institutional amalgamations and subsequent partial disamalgamations.

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The Audit Panel is not satisfied that the Strategic Plan and associated arrangements are designed to allow for sufficient monitoring and accountability. This may place limitations upon the governance role exercised by Council.

AUQA Report of an Audit of Charles Sturt University, November 2004

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In September 2003, Council members participated in a facilitated workshop to review corporate governance within the University. A tangible outcome of this workshop was The Charter of Corporate Governance, approved by Council in May 2004. The Charter sets out principles of good corporate governance at CSU and details the Council's governance role and the roles of Council officeholders.

Council has signalled its intention to undertake a formal evaluation of its performance. This accords with the University's general objective of adopting a more rigorous approach to the evaluation of performance at all levels and is supported by the Panel.

Commendation 2

AUQA commends the CSU Council for its responsible approach to corporate governance, especially as demonstrated by its adoption of The Charter of Corporate Governance.

AUQA Report of an Audit of The University of Sydney, December 2004

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For the past three years there have been numerous examples of Senate attending to its own quality improvement. In some cases, such as committing in February 2004 to enhancing formal induction for new fellows, it appears that Senate has been slow in the uptake of good practices. However, the general trend is very encouraging and indicates a governing body committed to enacting the quality assurance and enhancement principles it exhorts the University to follow.

In general, through consideration of the Senate documents and meeting with external members of Senate, the Audit Panel formed the view that the Senate is appropriately focused on governance issues, generally well-informed of external issues and both aware and supportive of the division of responsibilities between Senate and executive management.

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Commendation 1

AUQA commends the University of Sydney for attending to the quality improvement of Senate as evinced in numerous examples of good practices it has introduced over the past two years.

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One of the key roles of the governing Senate is to employ the Vice-Chancellor (VC). The Audit Panel looked for evidence of quality assurance arrangements pertaining to this role. Senate advised that these processes had increased in transparency over the past few years. The VC's contract was renewed about two years ago, and all members of Senate were provided access to the contract. Each year, the VC provides a 'Stewardship Schedule' to the Remuneration Committee, which consists of the Chancellor, Deputy Chancellor, Chair of Finance Committee and a member external to the University (currently the Speaker of the Lower House of NSW Parliament). This document sets out the annual goals against which performance will be assessed by the Remuneration Committee.

In addition to the formal processes, the relationship between the Chancellor and the VC is fostered through weekly meetings, with agendas, at which any germane issues may be discussed.

Commendation 2

AUQA commends the University of Sydney for operating a strong and effective system for guiding and evaluating the performance of the Vice-Chancellor.

AUQA Report of an Audit of University of Wollongong, February 2006

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In terms of governance processes and support, the University is performing well. A Council Handbook, recently augmented with a Statement of Primary Responsibilities, has been in use since (at least) 2002.

The Council has also established an annual review process, involving a confidential survey of members followed by discussion of the aggregated results.

As a process of self-reflection it appears useful, and the Council may wish to consider whether their self-perceptions can be interpreted in light of any other data such as external governance benchmarks or institutional performance results.

The Audit Panel concluded that the University Council is a self-reflective body committed to providing high quality governance to the University.

As part of this process of improvement, the Audit Panel suggests that there are two areas to which Council could turn its attention. The first relates to its role as employer of the Vice-Chancellor (VC) and Principal. In this role, Council guides and oversees the performance of the VC through confidential performance objectives, annual review with the Chancellor and Deputy Chancellor, and biannual review with the Council. The relationship between the Council and the Vice-Chancellor is strong, longstanding and successful. This has alleviated the necessity for more formalised models of CEO performance management based on best practice. Nonetheless, it may be appropriate to build on the current performance objectives to introduce a more systematic approach that integrates explicit performance objectives with the University's strategic directions and legal responsibilities.

AUQA Report of an Audit of The University of New South Wales, March 2006

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The UNSW Council, as the University's governing body, has faced several challenges since 2001. One legacy of this period is a perception within some parts of the University community that Council has taken too direct a role in management of the University. The Performance Portfolio identifies concern by Council members over a possible blurring of roles but indicates that action is being taken to more clearly differentiate governance and management roles.

Affirmation 1

AUQA affirms UNSW's intention of more clearly delineating the governance-management interface.

For staff, the recent appointment of a new Chancellor and Vice-Chancellor from the business sector has been broadly welcomed but has raised some concern over the extent to which a focus on corporate management might potentially affect the 'fabric' of the University by overshadowing academic governance. The Panel heard that Council is aware of this perception and intends to address it. New members of Council should be familiar not only with their governance responsibilities but also with current issues in Australian higher education. The Audit Panel suggests this be addressed through the induction process for Council members.

Members of Council confirmed that, although a limited self-review of Council members was conducted in 2004, Council has no process to formally monitor its own performance or that of individual members. In this regard, a clear definition of the boundaries between governance and management will assist Council in reviewing its own performance. The Audit Panel observes as well that adoption of regular performance reviews would demonstrate to the wider University community the Council's own commitment to continuous quality improvement.

Recommendation 2

AUQA recommends that the UNSW Council implement regular reviews of its performance and the performance of individual members of Council.

AUQA Report of an Audit of University of Technology, Sydney, August 2006

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The Audit Panel formed the view that Council is not yet able to function as effectively as it wishes, despite a number of improvements, and there are some unresolved tensions among members. In 2005, the University engaged an external expert to review Council to assist it to focus on its overall performance.

The Audit Panel was informed by Council members that financial and management reporting to Council has now significantly improved, clearing the way for restoration of an appropriate division between governance and management.

The recommendations of the review report, received in early 2006, included: a new induction program, in the form of an intensive short course; ongoing review of Council's effectiveness; review of the composition and size of Finance Committee; establishment of a separate capital development committee; changes to most other Council committees; and a greater role for Council in strategic planning for the University.

The willingness of Council to engage in critical self-review with a view to improvement is praiseworthy, as is Council's follow through on recommendations in the recent review report. In line with these recommendations, Council is encouraged to consider how principles of continuous quality improvement can be applied to the ongoing evaluation of Council's performance.

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Affirmation 2

AUQA affirms the actions being undertaken by UTS to improve the effectiveness of Council and encourages Council to continue to implement recommendations from its 2005 external review and to actively monitor the University's implementation of recommendations from this Audit Report.

AUQA Report of an Audit of University of Western Sydney, January 2007

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The Board of Trustees, the governing authority of UWS, consists of 18 members: the Chancellor, 10 external members, the Vice-Chancellor, the Chair of Academic Senate and five elected members. The elected members represent the constituencies of staff (2), students (2) and graduates (1).

The strategic involvement of the Board and the contribution made by the Chancellor and the Board members are very evident. The Board has effectively guided the University through a series of major reviews and reforms, and worked productively with the Vice-Chancellor to make the far-reaching and often difficult decisions that were necessary to bring about a unified UWS (section commendation in 2.2).

AUQA Report of an Audit of Southern Cross University, July 2008

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Students are represented on Council and Academic Board, with provision for students on Board subcommittees and various other University committees. An area for improvement identified by the University is the provision of an online kit to assist students to orient themselves to committee roles.

QUOTES FROM AUQA REPORTS ON GRIEVANCE POLICY ISSUES

University of New South Wales page 15

The Audit Panel notes the introduction of a University Conflict of Interest Policy, a revised Protected Disclosures Policy and revised grievance procedures as evidence of organisational follow-up from issues raised by the investigation of allegations of research misconduct, including a recommendation for the appointment of a University Grievance Manager. While the matter in relation to research misconduct has been finalised, the University is awaiting a report from the NSW Ombudsman on its management of complaints prompted by the particular case.

University of New England page 48

The University advises that, given that students in transnational programs are students of the University, the same policies ought to apply (perhaps modified where logistics require it). The Delegation chose to explore, during the offshore audit visits, whether the University's policy on academic grievances was as effective offshore as in Australia. No evidence was found, in any instance, whereby students would know that UNE operates a formal grievance procedure that they, as UNE students, are entitled to use. It was not referred to in course and promotional materials, and the partners' staff were not briefed on

the policy. Partners did have their own grievance procedures in place, but these had significant differences – not least being the decision making party.

Recommendation 16

That the University of New England review the system in place for ensuring that students in transnational programs are aware of UNE grievance procedures, and that those procedures are able to be effected.

University of Newcastle page 41

The University has established the position of Dean of Students to assist students who have queries, complaints or problems. The position, which reports to the Vice-Chancellor, is half time, but the Audit Panel was advised that the caseload is a considerable 40-50 students per month. The University does not capture and analyse information about this substantial caseload to identify themes. Rather, it argues that the role operates best by dealing with students using a “relationship management” perspective. The Audit Panel accepts this approach, but suggests that the University is losing a significant opportunity to obtain information with which it could develop systemic responses, as appropriate, as well as case-by-case responses. On a more formal level, the University has a system of grievance officers, and within the Faculty of Engineering and Built Environment, a Student Ombudsman position has been created to assist with addressing student complaints and grievances. Notwithstanding formal implications of the title “Ombudsman”, the purpose of that role is to address student grievances before matters get to a formal stage. The roles of grievance officers, Student Ombudsman and Dean of Students do not appear to be effectively linked. While the Audit Panel supports the desire to ensure that mechanisms are in place to assist students in resolving issues at the simplest level possible, there is a concern that the various entities of the University charged with addressing student concerns are not working in concert and may in fact be creating structures that create inequities for students.

The Audit Panel was advised that the University’s grievance procedures for students are currently under review. The Panel suggests that the review scope may need to be broader in order to encompass a wider range of intersecting issues.

Recommendation 19

That the University undertake a comprehensive review of its systems for assisting students with problems and grievances, incorporating consideration of the role of the Dean of Students and similar positions throughout the University, with a view to providing an approach that is well co-ordinated, effective and allows issues to be tackled both strategically and on a casework basis.

University of Wollongong page 21

The University’s grievance procedures appear to be sound and well accepted throughout the University community. Students and student representatives advise that they are comfortable with the individual policies and procedures but that they could be more effectively communicated so that issues may be addressed in a speedy and clear fashion. To that end, a consolidating document that makes it quickly obvious which approach applies to which situation may be appropriate. In terms of grievances themselves, a trend analysis covering 2002–04 shows that student grievances are steadily decreasing (although grievances relating to administration and enrolments are increasing). In particular, the

number of academic grievances at UOW has decreased from 188 to 105. This is a positive indicator of the University's commitment to students.

Macquarie University page 51

The University has in place a robust system for addressing student grievances. The students interviewed by the Audit Panel were well aware of this system and in respect of it expressed general satisfaction.

SUMMARY OF RELEVANT COMMENDATIONS, AFFIRMATIONS AND RECOMMENDATIONS FROM NSW UNIVERSITIES' AUQA AUDIT REPORTS AS CITED ABOVE:

Commendation 1 (Newcastle)

AUQA commends the University Council for demonstrating its leadership and commitment to quality assurance by itself participating in a process of self-reflection and improvement.

Commendation 1 (Southern Cross)

AUQA commends the Council of Southern Cross University for its commitment to quality, and for adopting a pro-active approach to the governance of the University and to the maintenance of standards of accountability and responsibility.

Commendation 2 (Charles Sturt)

AUQA commends the CSU Council for its responsible approach to corporate governance, especially as demonstrated by its adoption of The Charter of Corporate Governance.

Commendation 1 (Sydney)

AUQA commends the University of Sydney for attending to the quality improvement of Senate as evinced in numerous examples of good practices it has introduced over the past two years.

Commendation 2 (Sydney)

AUQA commends the University of Sydney for operating a strong and effective system for guiding and evaluating the performance of the Vice-Chancellor.

Affirmation 1 (New South Wales)

AUQA affirms UNSW's intention of more clearly delineating the governance-management interface.

Affirmation 2 (University of Technology Sydney)

AUQA affirms the actions being undertaken by UTS to improve the effectiveness of Council and encourages Council to continue to implement recommendations from its 2005 external review and to actively monitor the University's implementation of recommendations from this Audit Report.

Recommendation 1 (Macquarie)

That Council systematically examine its decision-making so as to ensure superior outcomes for the University.

Recommendation 2 (New South Wales)

AUQA recommends that the UNSW Council implement regular reviews of its performance and the performance of individual members of Council.

Recommendation 16 (New England)

That the University of New England review the system in place for ensuring that students in transnational programs are aware of UNE grievance procedures, and that those procedures are able to be effected.

Recommendation 19 (Newcastle)

That the University undertake a comprehensive review of its systems for assisting students with problems and grievances, incorporating consideration of the role of the Dean of Students and similar positions throughout the University, with a view to providing an approach that is well co-ordinated, effective and allows issues to be tackled both strategically and on a casework basis.

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16 February 2009