

Final NZQA Decisions on the New Quality Assurance Incentives and Sanctions

Introduction

NZQA is introducing a new set of incentives and sanctions based on external evaluation and review (EER) results. The incentives are designed to improve performance by rewarding high quality.

The incentives and sanctions will apply equally across all non-university tertiary education providers and will reflect, wherever appropriate, the distinctive contributions of each part of the non-university tertiary education sector.

The incentives and sanctions arrangements for providers will be introduced from April 2011. During 2011 NZQA will consult with industry training organisations about applying appropriate incentives and sanctions to their part of the sector.

Under the incentives and sanctions arrangements, high-performing, good quality providers will have more autonomy in quality assurance matters while providers with EER results below 'Confident' will be more closely monitored and some new sanctions will be applied.

1. Providers will be placed in a category in accordance with their EER results. There are four categories.
2. The incentives providers receive will depend on their category. For example, PTEs in the top category will no longer be subject to such frequent financial audits as at present.
3. Providers in the bottom two categories will be subject to a series of sanctions including greater NZQA scrutiny and more frequent evaluations.

The final NZQA decisions on the design of the new incentives and sanctions package were significantly influenced by NZQA's 2010 consultation with the sector. More information can be found in [Improving Performance Using Incentives and Sanctions: Consultation Summary Report](#).

Provider groupings – consultation proposals and final decisions

NZQA initially proposed grouping non-university providers into five levels of 'Quality Assurance Status', according to their EER results. Different incentives and sanctions would be applied for each status. Some providers said this created too many levels and that the proposed terminology for the statuses was confusing.

NZQA has taken this feedback into account. Instead of five levels of Quality Assurance Status, all non-university providers will be placed into four “Provider Categories”.

NZQA initially proposed that the top level would be restricted to providers with two Highly Confident judgements. Some providers said this put the incentives out of their reach because they were still developing self-assessment.

NZQA acknowledge that self-assessment is still developing. Therefore, Provider Category 1 has been expanded to include Confident judgements for self-assessment. This is likely to be restricted to two Highly Confident judgements when the first cycle of EERs is completed.

If, at any time in the future, NZQA found that a provider had become non-compliant with quality assurance requirements, NZQA would review its Provider Category.

Provider Categories indicating numbers in each category¹

		<i>Educational Performance</i>			
		<i>Highly Confident</i>	<i>Confident</i>	<i>Not Yet Confident</i>	<i>Not Confident</i>
<i>Capability in self-assessment</i>		Provider category 1	Provider category 2	Provider category 3	Provider category 4
	<i>Highly Confident</i>	53 PTEs 24.9% 1 ITP	7 PTEs 3.3%	0	0
	<i>Confident</i>	42 PTEs 19.7% 3 ITPs	65 PTEs 30.5% 2 ITPs	0	0
	<i>Not Yet Confident</i>	3 PTEs 1.4%	34 PTEs 16.0%	2 PTEs 0.9%	0
	<i>Not Confident</i>	0	1 PTE 0.5%	3 PTEs 1.4%	3 PTEs 1.4%

Providers asked whether NZQA would base the incentives and sanctions on former audit results. NZQA will only use EER results to determine the Provider Categories as this provides a more accurate picture of a provider’s educational performance and capability to self-assess than the former audit reports.

¹ This data is from September 2009 – January 2011, during which a total of 6 ITPs (from 18) and 213 PTEs (from 693) had undergone an EER, with the resulting report published by NZQA.

Incentives and sanctions – consultation proposals and final decisions

NZQA initially proposed four mechanisms for the incentives and sanctions, which would vary according to EER results:

- i. the level of external scrutiny given applications for programme approval and accreditation, including site visits, and consents to assess
- ii. NZQA processing times for programme approval and accreditation applications
- iii. the tenure of programme accreditations
- iv. the frequency of EER

The final incentives and sanctions mechanisms are summarised below.

Quality assurance matters	Provider Category 1	Provider Category 2	Provider Category 3	Provider Category 4
Vary external scrutiny	Reduced documentation and external scrutiny for sub-degree programme approval and accreditation applications, and consents to assess. Waive some NZQA site visits	Standard scrutiny of standard documentation for programmes and consents to assess. No waivers of site visits	Consider suspension of applications for programme approval, accreditation and consent to assess	Suspend such applications
Vary processing time for applications	Within 30 working days	Within 55 working days	Consider suspension	Suspend applications
Vary tenure of programme accreditations and consents to assess	Automatic with EER	Automatic with EER	Dependent on evidence of meeting action plan requirements	Withdraw such accreditations and consents where the programme is the subject of an EER focus area
Vary EER frequency	4 years	4 years	12-24 months, dependent on improvement	6-12 months, discretionary
Vary frequency of financial attestations for PTEs	Biennial financial attestations from a chartered accountant	Standard annual	Standard annual	Standard annual
Vary the right to assess and moderate	Automatic with EER	Automatic with EER	Consider withdrawing the right to assess and moderate	Withdraw the provider's right to assess and moderate.

Consultation feedback has considerably influenced the final package of incentives and sanctions arrangements:

1. Providers asked whether the reduced external scrutiny in mechanism one applied to degrees. To clarify, NZQA quality assurance processes for degrees will not change. In addition, reduced external scrutiny applies to consents to assess for NZQA-developed standards only.
2. The third mechanism concerning tenure of programme accreditation has been expanded to include tenure of consents to assess against standards, as a result of consultation feedback².
3. Providers suggested other mechanisms that could be used; the most popular were fewer financial audits for PTEs, lower NZQA fees for high performers, and NZQA issuing a displayable document showing EER results.
 - In response, NZQA has decided to reduce the frequency of the chartered accountant attestations of financial viability for private training establishments from yearly to two-yearly for Provider Category 1. NZQA will also issue providers with a displayable document showing EER results.
 - Lower fees for high quality performers may be introduced as the system is bedded-in, but this is not part of the initial package. Lower fees will result from reduced scrutiny of programme applications for those in Provider Category 1 in any case.
4. In response to calls from the sector for increased stringency to deal with quality concerns NZQA has also decided to introduce a new sanction, which involves varying providers' right to assess and moderate.
5. Respondents asked NZQA to clarify how the Targeted Review of Qualifications changes were linked to the new incentives and sanctions. NZQA will ensure that the new processes developed for reduced external scrutiny of programme applications for Provider Category 1 will not lead to proliferation of new qualifications and programmes.

Implementation of the new incentives and sanctions

NZQA will start to implement the new incentives and sanctions from April 2011.

By the end of 2012, all non-university tertiary education providers will have had at least one EER and will be placed in their appropriate Provider Category.

² Prior to the establishment of the New Zealand Qualifications Framework and the Directory of Assessment Standards in July 2010, 'consent to assess' was called 'accreditation to assess standards registered on the National Qualifications Framework'.

The new incentives will require new sector application forms and considerable guidance, especially for programme approval and accreditation applications. NZQA will manage their staged introduction and implementation.

New templates and guidance will be developed and trialled in early 2011, with publication for sector use in April 2011.

With the return of the delegation from ITP New Zealand, in December 2010, NZQA has assumed direct responsibility for the quality assurance of the ITP sector. NZQA intends to discuss the implementation of the new incentives and sanctions arrangements with the new ITP Advisory Forum.

It is envisaged that as the new system becomes established the initial package of incentives and sanctions will be progressively extended to include other areas of quality assurance.