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**Summary Report on Unit Standard  
National External Moderation Systems  
managed by Industry Training  
Organisations**

**1 January 2015 – 31 December 2015**

# Summary Report on Unit Standard National External Moderation Systems managed by Industry Training Organisations

1 January 2015 – 31 December 2015

## 1. Introduction

The New Zealand Qualifications Authority (NZQA) has a statutory obligation to monitor the moderation of assessment standards on the Directory of Assessment Standards.

To meet this obligation, and in accordance with the *Agreement for National External Moderation of Assessment standards* NZQA has with each Industry Training Organisation (ITO), NZQA required each ITO to report on:

- national external moderation systems managed by the ITO
- expenditure and charges relating to the management of national external moderation managed by the ITO.

This Summary Report provides information from data and comments provided by ITOs for 2015. The questionnaire followed a similar format to the 2014 questionnaire. However, NZQA provided ITOs with two additional areas of information for each education organisation assessing ITO-managed standards. They were the '*number of standards assessed*' and '*total learner results reported*'. The additional data was useful to compare against the number moderation activities in 2015.

The information in this report should enable the development, evaluation and review of external moderation systems and activities. It is hoped this can be achieved by comparing aspects of ITO assessment practice, and giving consideration to adopting other ITO moderation activities.

## 2. Summary Report key points

In 2015, 11<sup>1</sup> ITOs completed the questionnaire. Information in the questionnaire indicates that:

- Overall, the number of moderation activities ITOs complete is low compared to the number of different standards assessed by each education organisation and learner results reported
- The overall percentage of assessing education organisations moderated by ITOs in 2015 was 55%, down from 66% in 2014
- There has been a significant decrease in overall agreement rates (the proportion of assessor decisions verified by the ITO moderator)
- Overall, schools are the largest user of ITO-managed standards
- There has been an increase in Private Training Establishments (PTEs) assessing ITO standards, mainly attributed to two large ITOs
- There has been an increase in Schools assessing ITO-managed standards, mainly attributed to two large ITOs
- There has been an increase in the number of ITOs using onsite moderation in 2015 and the total number of onsite moderation activities has increased from 43 to 216
- Some ITOs reported on the improved functionality of their trainee management systems. There is potential for ITOs to share information so non-compliant education organisations could be identified across the different Standard Setting Bodies (SSB)
- ITO expenditure per moderation activity varies widely across ITOs.

Information provided also confirms 2014 trends:

- ITOs continue to use a range of activities that contribute to the quality of their moderation systems
- The volume of moderation activity varies between ITOs and education organisations
- The percentage of assessor decisions verified by moderation varies between ITOs and across education organisations
- ITOs take action with education organisations when they identify assessment practice that is not at the national standard, and use a range of means to improve education organisation assessment practice
- It is still rare for ITOs to report education organisations with ongoing non-compliance to the relevant Quality Assurance Body such as NZQA. This is concerning as the data provided from questionnaires over the past three years identified some organisations with ongoing non-compliance for this period. However, only two ITOs reported that they had referred an education organisation to the Quality Assurance Body in 2015, compared to three in 2014
- ITO expenditure per credit reported varies considerably
- There has been a continuing trend (2012-2015) for some ITOs to round dollar values when providing information relating to expenditure, suggesting that not all ITOs are reporting actual costs.

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<sup>1</sup> Funeral Services Training Trust of New Zealand did not complete the questionnaire as no credits were reported for its standards in 2015.

### 3. Organisations assessing ITO standards

The 11 ITOs reflected in this Summary Report undertake national external moderation across a variety of education organisation types including:

- Government Training Establishments (GTEs)
- ITOs
- Institutes of Technology and Polytechnics (ITPs)
- PTEs
- Schools
- Universities
- Wānanga.

#### ***Total number of education organisations assessing ITO standards***

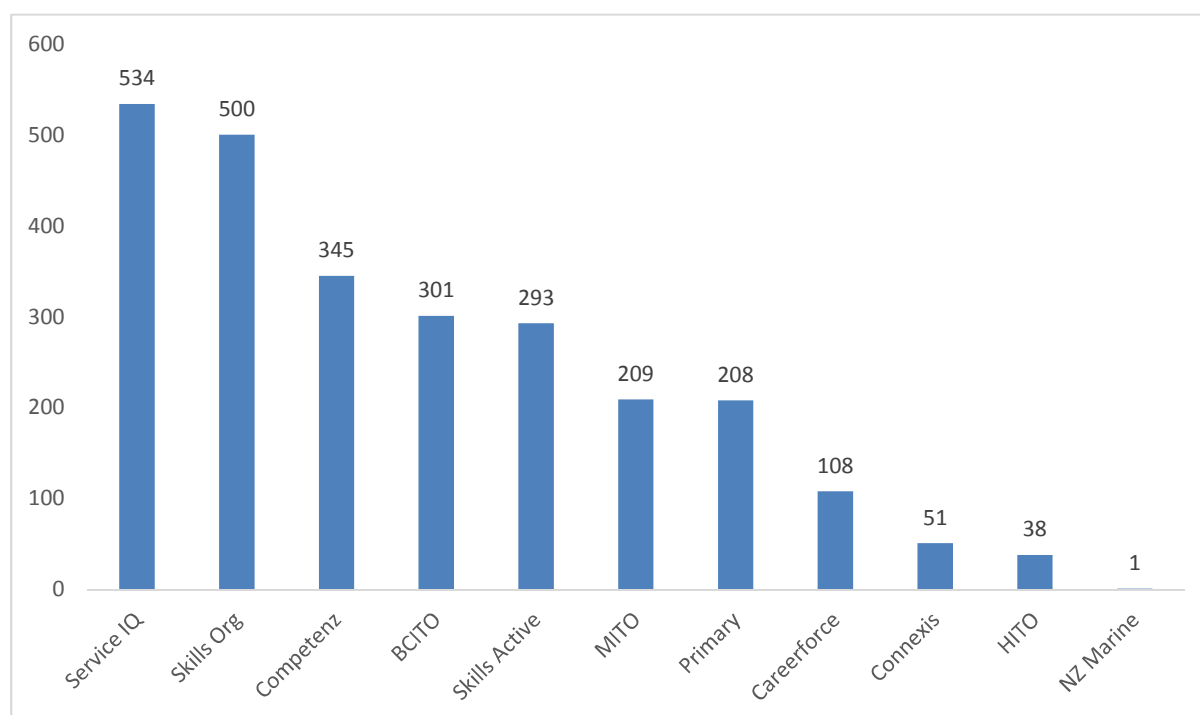
Graph 1 shows that for the 11 responses received:

- seven ITOs moderate 200 or more education organisations
- two ITOs moderate 50-199 education organisations
- two ITO moderate 0-49 education organisations.

For the purposes of this report, these three categories of ITO are referred to as large, medium, and small respectively.

The volume of education organisations assessing across all ITOs has been significantly higher for four ITOs in 2015 compared with 2013 and 2014. For three of these ITOs, there has been an increase of more than 100 education organisations assessing between 2014 and 2015.

Graph 1: Number of education organisations assessing per ITO in 2015

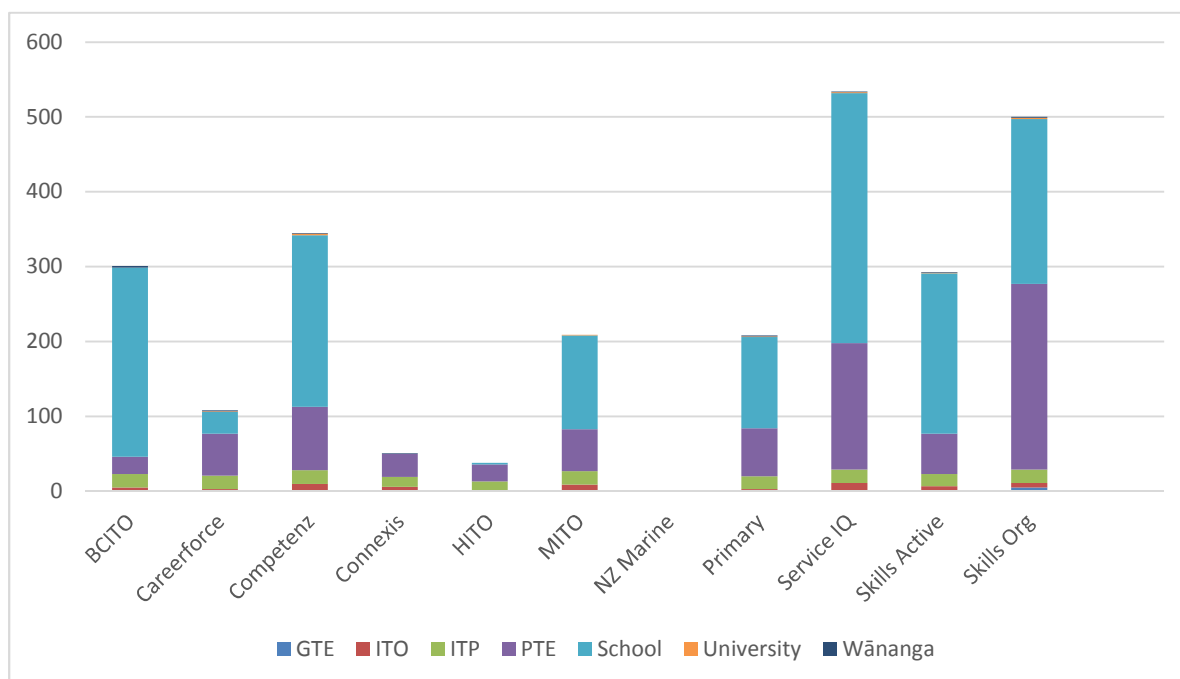


## Education organisations assessing ITO standards by type

Graph 2 shows how many education organisations of each type are assessing ITO standards:

- The majority of ITOs have other ITOs, ITPs, PTEs and Schools assessing standards for which they are the standard setting body
- Five ITOs had a small increase of either GTE, ITO, University and/or Wānanga assessing their standards.
- Overall, schools are the largest user of ITO-managed standards
- Five ITOs have more than 200 different schools assessing their standards –
  - two of these ITOs had an increase of over 100 different schools assessing their standards in 2015
  - one had a 25 percent downturn in schools assessing their standards in 2015
- Only one ITOs has more than 200 TEOs assessing their standards
- Seven ITOs had universities assessing their standards in 2015. This was an increase from four in 2014.

Graph 2: Organisations assessing ITO standards by type in 2015



## 4. ITO moderation activity

All education organisations assessing ITO-managed standards are required to comply with the relevant Consent and Moderation Requirements (CMR). All ITOs select a sample of standards for moderation each calendar year.

### **Number of moderation activities**

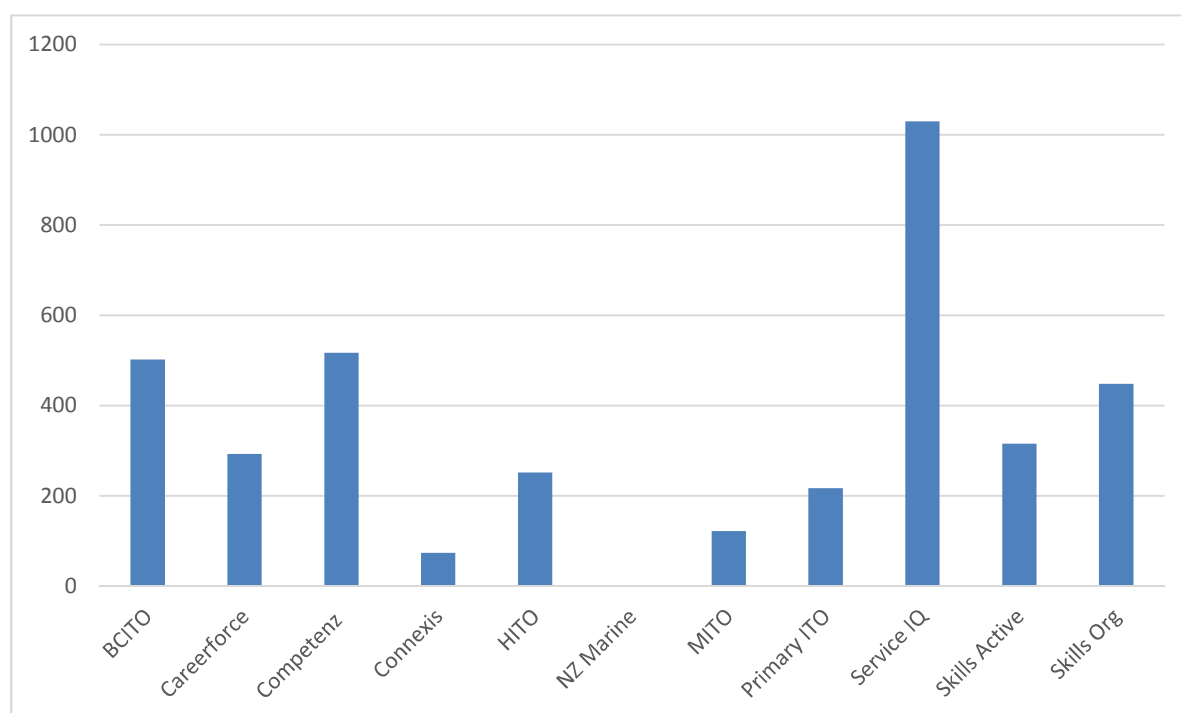
Moderation activity includes pre-assessment, during assessment (onsite), and post-assessment moderation.

Overall, across all ITOs, the number of moderation activities is low compared to the number of different standards assessed by each education organisation and total number of results reported. Each ITO should use the information in this section to evaluate whether its current selection and volume of moderation provides sufficient assurance that assessment decisions are consistent nationally.

Factors determining the selection of standards to be moderated within the calendar year varies across ITOs and includes:

- high-risk standards/education organisations
- an increase in the number of credits reported each year
- computer generated, using pre-determined parameters
- feedback from questionnaires to moderators and/or education organisations
- industry advisory groups.

Graph 3: Total moderation activities per ITO in 2015



ITOs collectively carried out 3777 national external moderation activities in 2015. This is decreasing from 3960 in 2014.

Seven ITOs had increases in moderation activities ranging from 13 to 187. Three ITOs had significant decreases ranging from 123 to 293 moderation activities. The decreases in moderation activities were caused by a combination of education organisations not

submitting for national external moderation, organisations no longer using ITO-managed standards, or compliant results from the previous year.

One large ITO moderated 84% (253 of 301) of organisations assessing its standards in 2015. Whereas, two large ITOs each moderated approximately 30% of the education organisations assessing its standards.

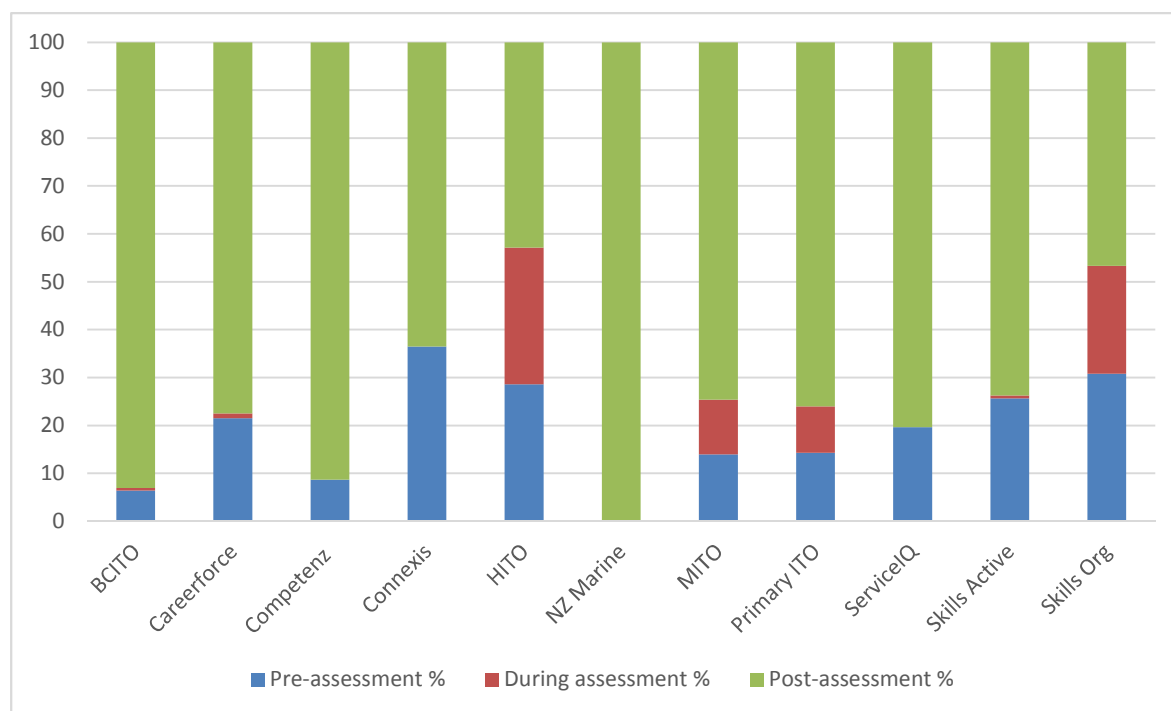
One medium ITO moderated 95% (36 of 38) and one small ITO moderated 43% (22 of 55) of organisation assessings its standards.

One ITO stated they had an exemption from moderation agreement with another ITO, so no moderation activities data have been recorded. The data also indicated that one ITO exempted all ITOs using its standards during 2015. This will also contribute to the overall decrease in moderation activity.

In terms of the different types of national external moderation activity (Graph 4):

- there has been an increase in the number of ITOs using onsite moderation in 2015 and a significant increase in the total number of onsite moderation activities from 43 to 216
- post-assessment remains the predominant moderation activity with 75% of moderation activities across all ITOs occurring post-assessment; this is down 5% on 2014
- the proportion of pre-assessment moderation activity across all ITOs is 19%, similar to 2014 levels.

Graph 4: Proportion of different types of moderation activity per ITO in 2015



In previous years, the ITO questionnaire only indicated whether or not an individual education organisation had assessed the ITO's standards. However, in 2015 NZQA provided ITOs with a richer data source indicating:

- the number of different standards each education organisation assessed
- the number of learner results reported by each education organisation for each of the different standards.

This allows ITOs and NZQA to review the proportion of moderation carried out in relation to the spread of standards assessed and volume of learner results reported to NZQA. Table 1 summarises the analysis of this data for each ITO:

Table 1: Average moderation activity by organisation and learner results

	<b>Total number of post-assessment and onsite moderation activities across all education organisations</b>	<b>Average number of standards post-assessment (or onsite) moderated per education organisation</b>	<b>Average number of learner results per post-assessment (or onsite) moderation activity</b>
BCITO	470	1.8	265
Careerforce	230	3.5	231
Competenz	472	1.4	253
Connexis	47	2.2	601
HITO	108	1.5	476
NZ Marine	2	2	2.5
MITO	105	1.4	1356
Primary	186	2	863
Service IQ	827	2.3	480
Skills Active	235	2.1	383
Skills Org	310	0.3	1796

Seven ITOs had one or more education organisations assessing over 100 different ITO standards. The highest number of different standards assessed by an education organisation for a specific ITO was 289 (MITO).

The maximum number of standards post-assessment moderated for an individual education organisation by any ITO was 25 standards (Careerforce). However, for the majority of ITOs the maximum number of standards moderated ranged from 2 to 9 standards.

The highest number of learner results reported by an individual education organisation ranged from 22 learner results (NZ Marine and Composites ITO) to 40725 learner results (The Skills Organisation).

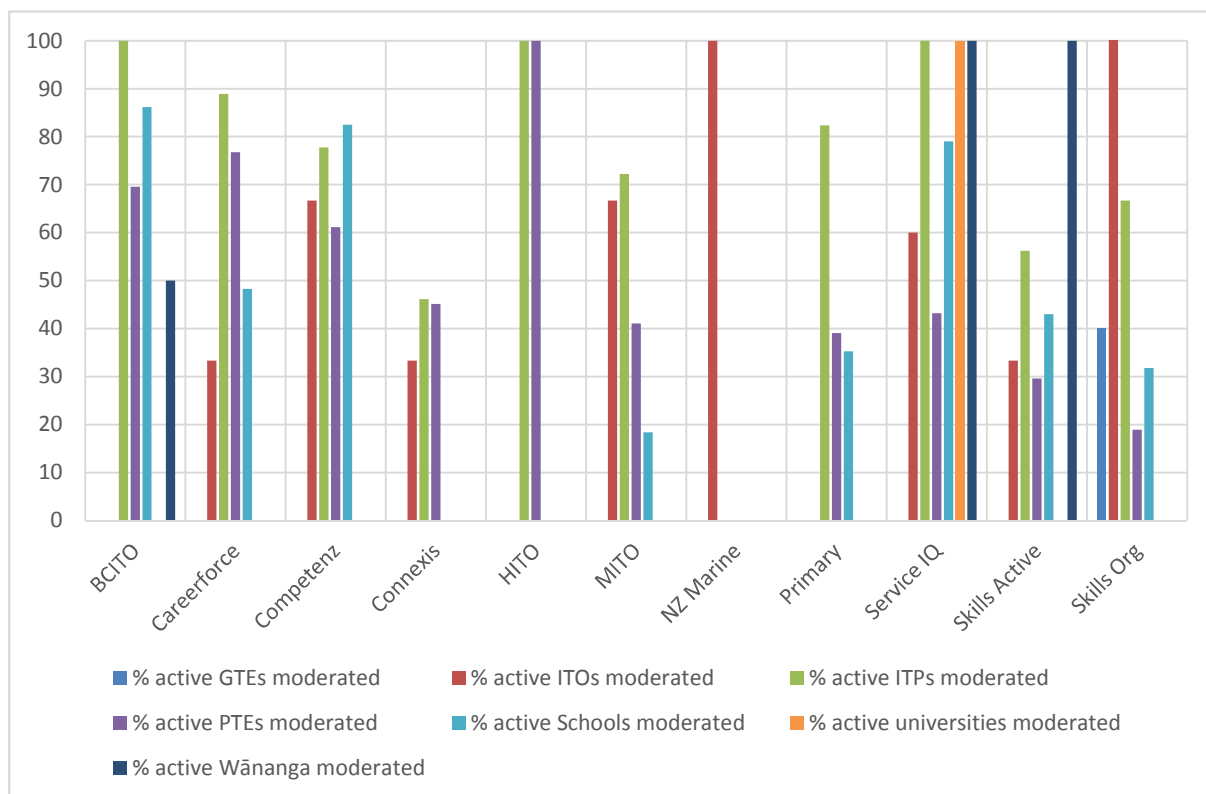


### Percentage of ITO moderation by education organisation type

Graph 5 indicates there is considerable variation in the percentage of moderation for each education organisation type, within and across ITOs:

- The overall percentage of assessing education organisations moderated by ITOs in 2015 was 55%, down from 66% in 2014. This is due to the relatively constant number of organisations moderated in both years despite the increase in the number of assessing organisations
- The highest percentage of education organisation types moderated by the ITOs were the ITP sector
- Two large ITOs (with over 200 assessing organisations) moderated over 80% of the schools assessing their standards
- One medium ITO (with 50–199 assessing organisations) moderated 77% of the 52 PTEs assessing its standards
- One small ITO (with 0-49 assessing organisations) moderated 100% of the PTEs assessing its standards.

Graph 5: Percentage of assessing organisations moderated per ITO in 2015



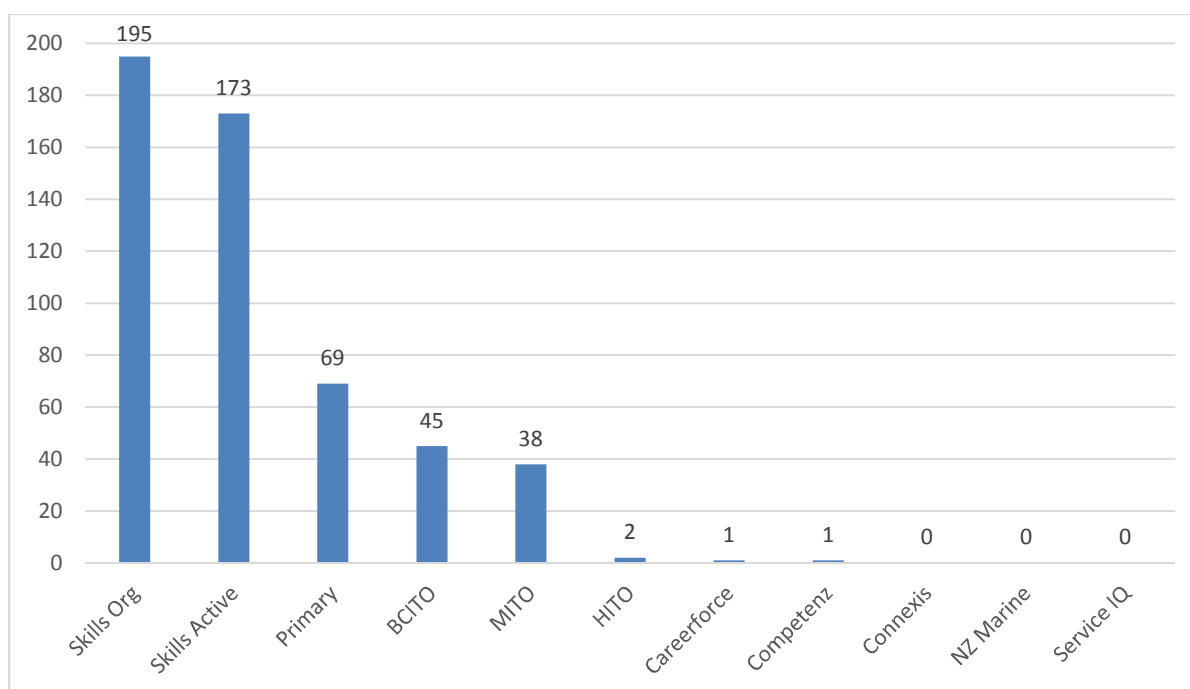
### **Education organisations exempt from national external moderation**

Eight ITOs exempted assessing organisations from national external moderation in 2015. Three ITOs moderated all of the organisations assessing their standards. One ITO did not select any standards for moderation for a number of organisations but did not describe this as an exemption or provide a reason for this action. Two ITOs collectively exempted 368 assessing organisations, which is 291 organisations more than those ITOs exempted in 2014.

Reasons for exempting organisations from national external moderation in 2015 were:

- an ITO stated they had an agreement with another ITO
- ITO assessment tasks and ITO Gateway assessors were used
- a low number of learner results
- the education organisation reported no results the previous year
- satisfactory national external moderation history
- the assessing organisation was not on the ITO's 2015 list to be visited
- ITOs do not moderate a particular organisation in a given year if the organisation is not assessing standards listed on the ITO's multi-year national external moderation plan.

Graph 6: Organisations exempt from national external moderation per ITO in 2015



### Percentage of assessor decisions verified by moderator

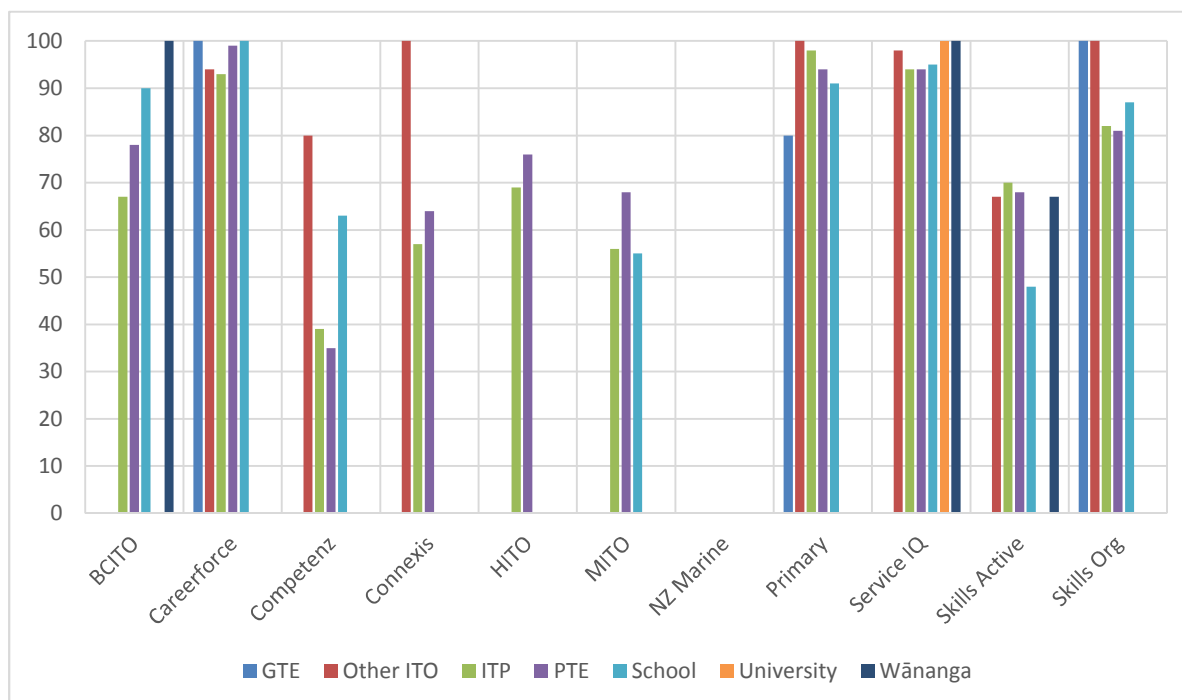
ITOs provided data for the percentage of assessor decisions verified by the moderator (agreement rates) for each of the education organisation types they post-assessment moderated. Graph 7 indicates that agreement rates vary for each education organisation type within and across ITOs:

- Other ITO agreement rates ranged from 67-100%
- ITP agreement rates ranged from 39%-98%
- PTE agreement rates ranged from 35%-99%
- School agreement rates ranged from 48%-100%.

Of the 43 agreement rates gathered across the 11 ITOs, 27 were 75% or above, and nine agreement rates were less than 65%. This is a significant decrease on the overall agreement rates for 2014 where 40 out of 46 were above 75% and only one agreement rate was below 65%.

Four ITOs had agreement rates of 80% or more for all education organisation types.

Graph 7: Percentage of assessor decisions verified by moderator in 2015



## 5. Supporting good assessment and moderation practice

The collated responses from the ITOs continue to show a variety of internal controls and activities used to ensure the quality of moderator's activity and support good assessment practice. The information in this section provides an opportunity for individual ITOs to reflect on their own practice, and consider adopting some of the controls and activities occurring in other ITOs.

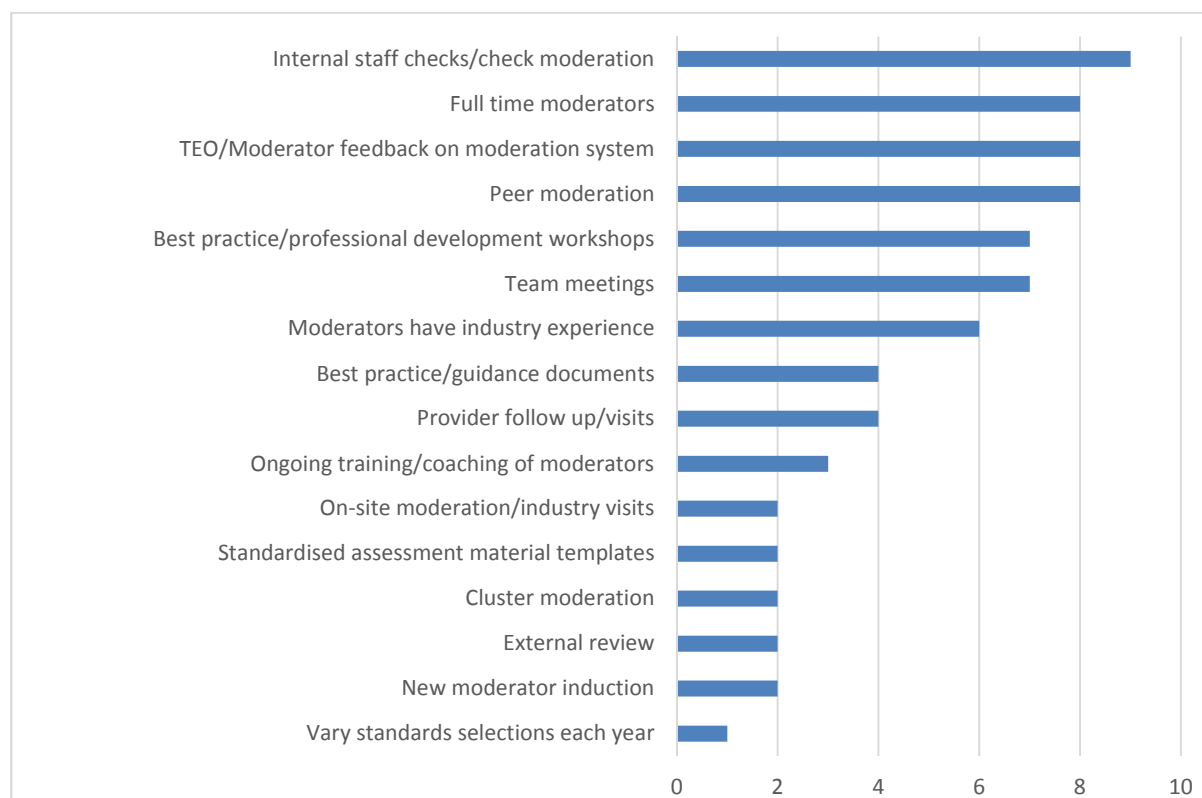
### *ITO controls*

The most commonly reported controls were ITO staff completing internal check moderation, peer moderation, and feedback on moderation from education organisations and moderators. Peer moderation and ongoing moderator coaching/training were the highest internal controls reported in 2014.

The 2015 responses show more ITOs are employing full-time moderators. ITOs with contract moderators rely on professional development workshops, guidance documents and internal staff checks to ensure the quality of the moderators' work.

Increasingly, education organisations are being surveyed by some ITOs to provide feedback on their moderation experience.

Graph 8: ITOs controls used by frequency in 2015.



### ***ITO activities to support good assessment practice***

Due to the close relationship between assessment practice and moderation systems, some ITOs' responses for supporting activities (Question 7) overlapped with responses for internal controls (Question 4). The list of supporting activities below excludes those ITOs also mentioned under internal controls:

- templates which enable consistent reporting in style and content
- guidance given on which standards will be moderated
- realistic timeframes to submit the assessment materials with reminder emails
- sample assessments are requested well in advance of a quality assurance visit
- give detailed moderation face-to-face feedback when at onsite moderation
- feedback from providers regarding onsite moderation visits, including information used for professional practice for new staff
- publish newsletters to provide updates and highlight important issues and trends
- detailed moderation feedback in moderation reports
- the use of a risk-based moderation system to identify providers who require assessment support
- providing quality assured assessment material free of charge
- relaunching a 'Quality Mark' system to focus on assessor performance
- all providers submit a sample of assessment material for moderation every quarter
- simplify assessment and moderation documentation
- refer people to the NZQA website.

## 6. Organisations not meeting national external moderation requirements

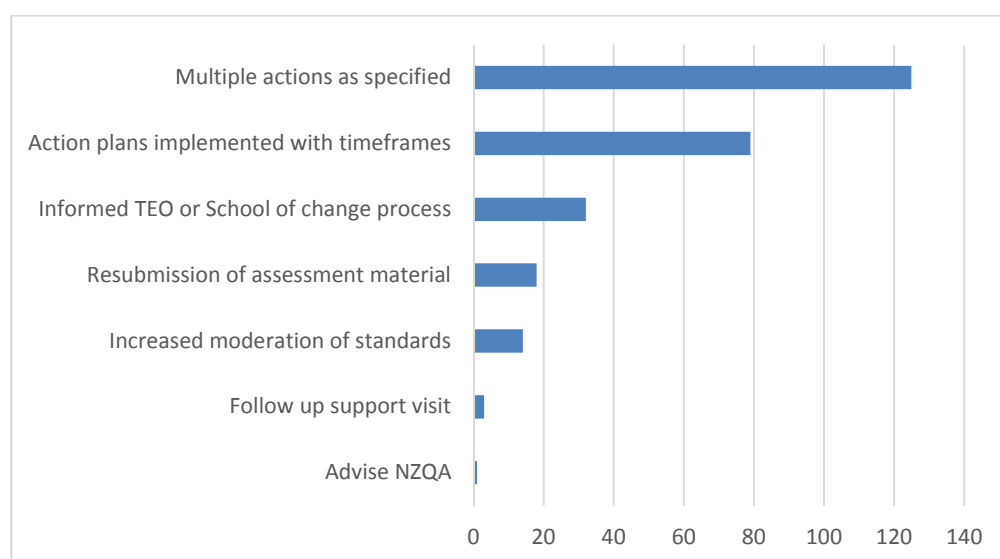
NZQA requires ITOs to monitor and report the performance of education organisations using ITO-managed standards including education organisations that do not meet moderation requirements. Collectively, ITOs identified 168 education organisations that did not meet moderation requirements in 2015 compared to 154 reported in 2014.

### *ITO actions in response to non-compliance*

'Multiple actions as specified' and action plans were the most common ITO actions in response to non-compliance, accounting for 204 (75%) of the total ITO actions reported.

Multiple actions typically involved ITOs following up with education organisations that did not submit materials for post assessment moderation, and action plan requests.

Graph 9: ITO actions for education organisations not meeting moderation requirements for 2015



### *Education organisations not meeting the requirements*

Question 6 of the questionnaire asks each ITO to give more detail about the organisations that did not meet the requirements set out in the relevant CMR.

Six ITOs identified 17 different organisations for this question, comprised of seven PTEs, six ITPs, three schools and one ITO. One ITP was identified as not meeting national external moderation requirements by two different ITOs. One ITO also referred to another 22 schools and three PTEs as not meeting requirements but did not identify the education organisations by name.

The CMR template states that education organisations with ongoing non-compliance with national external moderation requirements may be referred to the relevant Quality Assurance Body. However, ITOs tend not to report non-compliant organisations to NZQA.

In 2015, two ITOs advised NZQA of the issues they were having with an education organisation. NZQA also liaised with two other ITOs to investigate issues relating to ongoing non-compliance with national external moderation requirements, but this was not as a result of the questionnaire information.

NZQA expects and encourages ITOs to refer any non-compliant education organisations to NZQA where there is evidence of ongoing non-compliance.

## 7. Proposed changes to national external moderation system

Six ITOs gave examples of the changes they intend to make to their moderation systems in 2016. They include:

- Introduce a new management system to accurately capture moderation activity
- Continue to work with the IT staff on the client management system so more useable reports and data can be extracted and be able to track moderation activity for providers and schools more effectively
- Formalise and refine non-compliance processes
- Explore options for assessment and moderation on a Learning Management system.
- Implement a QA Calendar to proactively trigger the external moderation process
- The ITOMIC external moderation system will be used to analyse trends in assessment practice
- Criteria for selection of unit standards and providers for moderation will be electronically generated using parameters now in ITOMIC
- Selection criteria to include level of risk based on moderation history, level of assessing, and sector
- Continually review the external moderation system through self-assessment processes
- The implementation of a new Customer Relationship Management (CRM) system is nearing completion and will occur in 2016. One moderation process will then be utilised for calling in unit standards across these common sectors using a combination of the best processes from the old systems
- Complete a levelling exercise to spread the load throughout the year for post-assessment moderation and investigate other moderation processes (e.g. implementation of cluster groups and/or specific site visits to providers who report huge numbers of units and learner credits)
- Ongoing re-evaluation of the risk levels of schools and providers, and let them know if moderation results are good, then the organisation may not be moderated so frequently
- Select standards from all qualifications and at all levels
- Align internal and external moderation activities
- Increasing moderation samples from 2 to 3, for a better gauge for consistency
- Adopt a retrospective approach to national external moderation
- Appointing a moderation manager, and reviewing the systems and documentation that support the national external moderation process.

Most ITOs reported that moderation plans are reviewed annually, and that any changes to the external moderation system are based on feedback from industry and previous moderation results. However, three ITOs saw no need for change to their current moderation systems, and two ITOs are waiting to see what part moderation will play, alongside the Consistency arrangements, before refining their moderation processes.

## 8. Financial summary

NZQA contributes to the cost of running a national external moderation system by providing ITOs with a credit rebate. Currently the rebate is \$0.40 per credit (GST exclusive) for ITO-managed standards reported to NZQA.

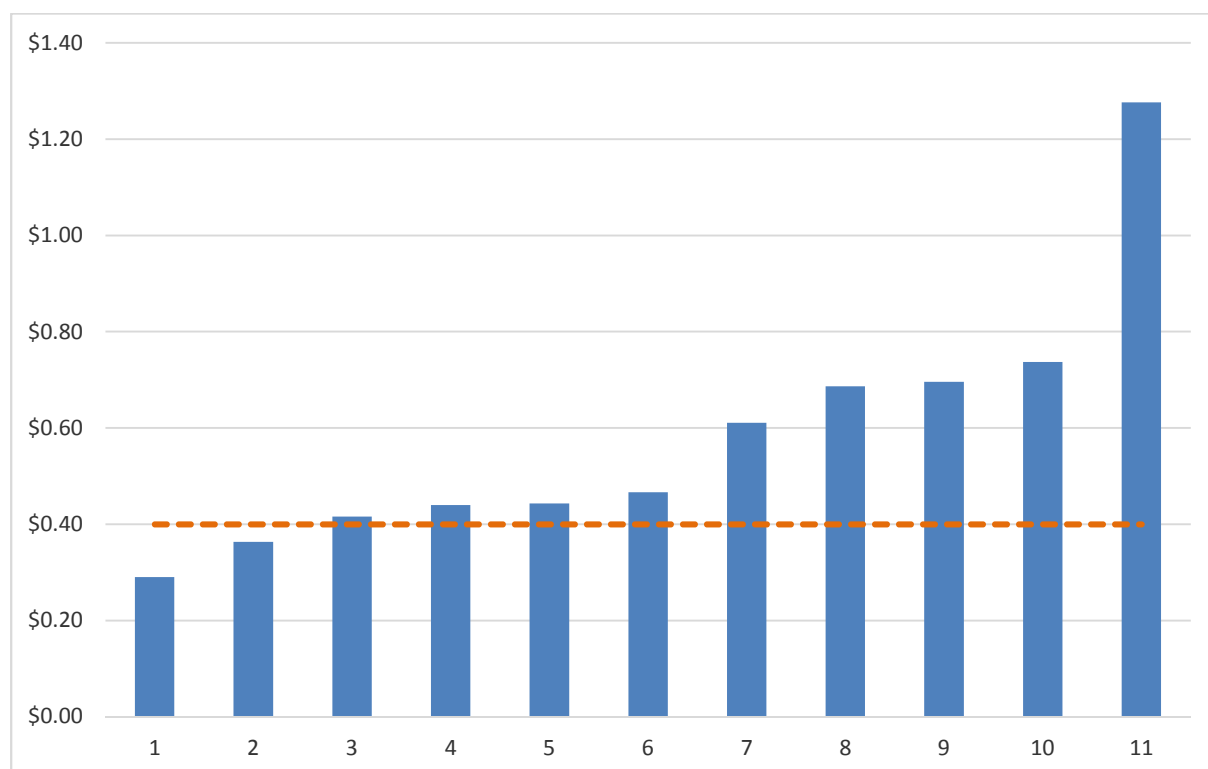
ITOs complete the questionnaire relating to their expenditure on national external moderation. This information shows that ITO expenditure per moderation activity continues to vary across ITOs.

Based on the financial information received, three ITOs rounded figures to whole thousands or hundred dollar values. For other ITOs, figures included single dollars and in some cases cents, suggesting they are reporting actual costs.

### ***ITO expenditure per credit***

Graph 10 shows the range of ITO expenditure per credit (GST exclusive). ITOs spent on average \$453,363 on managing their national external moderation systems in 2015 (varying between \$10,558 and \$935,554).

Graph 10: ITO expenditure per credit reported in 2015



Note: individual ITOs have not been identified to ensure confidentiality.

Nine ITOs spent more than the credit rebate. The smallest spend in addition to the rebate was \$4,400; the largest was \$340k. Four ITOs spent more than \$100k on top of the rebate. As stated in the individual agreements in place between NZQA and each ITO, *'the ITO credit reporting fee payment is a contribution towards the cost of administering the national external moderation system'*. That is, NZQA expects that ITO expenditure on national external moderation activities will exceed NZQA's financial contribution.



Salary costs continue to represent the biggest single cost factor to ITOs (\$2.4m across all ITOs), followed by indirect costs (\$1.1m), moderator/contractor fees (\$615k), and travel and accommodation expenses (\$530k).

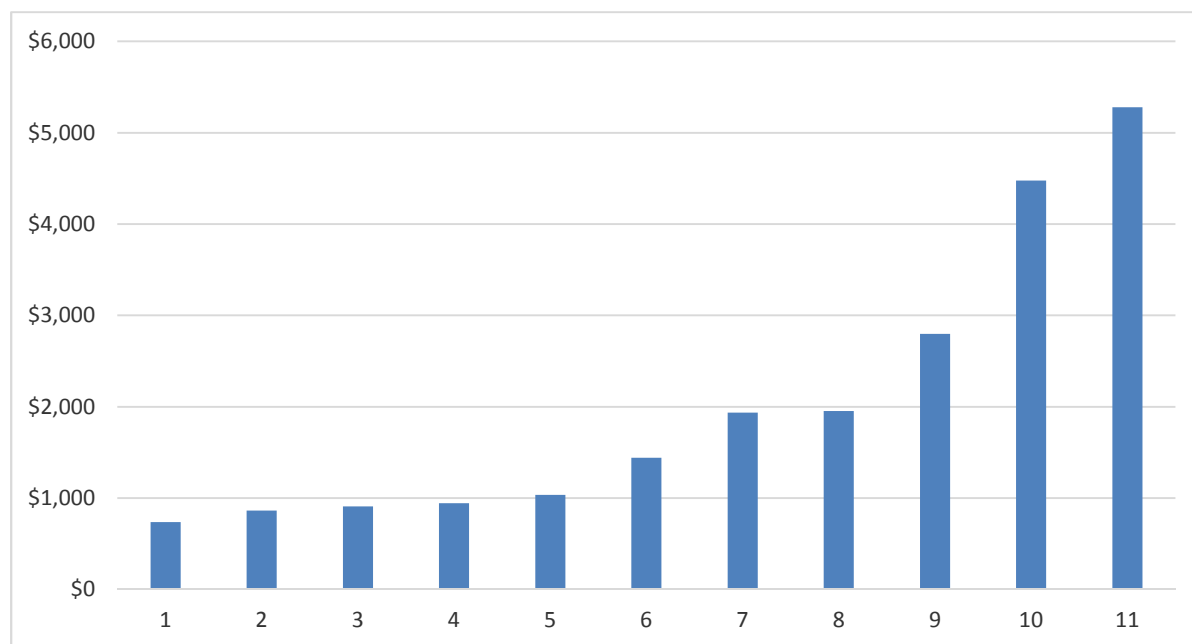
### ***ITO expenditure per moderation activity***

Total ITO expenditure was compared with the total number of moderation activities (pre-assessment, post-assessment, and/or onsite moderation) each ITO completed. The smallest to the largest cost per moderation activity was \$738 to \$5,280. The range of ITO expenditure per moderation activity (including all ITO expenses) is shown in Graph 11.

Two ITOs increased expenditure by more than \$3000 per moderation activity between 2014 and 2015. For one of these ITOs this is due to the very low number of moderation reports completed in 2015. For the other ITO the increase is due to a 63% reduction in the number of moderation activities completed in 2015.

Conversely, four ITOs decreased expenditure per moderation activity in 2015, one of them by more than \$1000. This is due to a 40% increase in post-assessment moderation activity.

Graph 11: ITO expenditure per moderation activity in 2015



Note: individual ITOs have not been identified to ensure confidentiality.