Education Report: New Zealand Qualifications Authority – Quarter 4 2020/21 and end of year performance

To:	Hon Chris Hipkins, Minister of Education		
Date:	18 October 2021	**Priority:**	Medium
Security Level:	In Confidence	**METIS No:**	1267941
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Messaging seen by Communications team:	No	**Round Robin:**	No

Purpose of Report

This paper provides our assessment of performance of the New Zealand Qualifications Authority [NZQA] over the 2020/21 year and asks you to sign and send the letter to the Board Chair of NZQA (attached as Annex 1) relating to the entity's performance.

Summary

- NZQA has managed well through a difficult year. COVID-19 has required NZQA to be extremely agile to adapt and deliver its business-as-usual functions in an ever-changing environment. While doing so, the organisation has also had to think through and implement major changes as part of the Education Work Programme – EWP 2021 and changes to pastoral care codes.
- Annual reporting requirements for Crown entities have been amended this year because of resourcing pressure on Audit New Zealand. It is expected that NZQA's Annual Report will not be finalised until December 2021. To provide you timely advice on the previous year's performance, we engaged with NZQA at the end of 2020/21 and assessed its draft Annual Report. There may be some changes subsequent to audit. We will provide you with a further briefing once NZQA forwards its Annual Report to you.
- NZQA's draft Annual Report shows NZQA met most of its performance measures. COVID-19 was the main reason for measures that were not met, or were unable to be measured. Two assurance measures were not met but NZQA has reported that while results are out of the targeted range, all significant actions or corrective actions have been resolved and it has no concerns with the results.
- In this report we have looked at two critical aspects of NZQA performance over time: National Certificate of Educational Achievement (NCEA) Online and access to Special Assessment Conditions (SAC).
  - NCEA Online has lower than expected uptake. NZQA is aware of this and is doing more analysis to support the work programme. As we have reported before, there are critical system interdependencies which affect uptake. In its analysis and forward planning, it will be important for NZQA to tease out all these challenges and how they impact on the future of the programme.
  - Our analysis of SAC shows that there is a decile and ethnicity gap which needs to be understood and addressed.

- NZQA will be developing a new Statement of Intent (SOI) for 2022-25. This will be an opportunity to ensure that its performance framework aligns to new expectations and is measurable and achievable by NZQA.
- At time of writing, NZQA is working to push this year's external examinations out by two weeks and implement Delta lockdown and other adjustments to this year's NCEA and UE announced on 2, 9 and 22 September. We have confidence NZQA will be able to deliver the required system modifications and a successful examination season in 2021.

Recommended Actions

The Ministry of Education recommends you:

a. **note** our assessment of NZQA's performance over 2020/21

Noted

b. **sign and send** the attached letter on NZQA's Quarter 4 and end of year performance to Hon Tracey Martin, Chair of the NZQA Board (Annex 1)

Agree Disagree

c. **agree** that this Education Report is proactively released as part of the next publication

Release Not release

Zoe Griffiths
Hautū, Te Puna Rangatōpū
18/10/2021

Hon Chris Hipkins
Minister of Education
__/__/____

Proactive Release

It is intended that this Education Report is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Non-Financial Performance

Focus of this report

- Assessment of performance against the draft Annual Report
- Focus on performance over time for two key areas of Assessment Division (NCEA Online and Special Assessment Conditions (SAC))
- How NZQA is giving effect to Te Tiriti o Waitangi
- How NZQA is working to improving equity in the system
- The management of Digital and Data
- NZQA's new Statement of Intent (2022-25) and performance measurement framework

Priority areas for monitoring

Over the next quarters' priority areas will include:

- understanding NZQA's strategic vision, how it plans to position itself in the future, and the information and data it is using to shape that vision
- how this vision translates into its new SOI and performance measurement framework
- planning for and delivery of the 2021 external examination cycle including implementing the recently announced changes to Learning Recognition Credits and other modifications to assessment given COVID-19
- the longer term use of the NCEA Online platform
- NZQA's review of its regulatory framework for its assurance functions and how it will improve the data it collects for this
- continuing to track progress towards implementing the NCEA Change Package, the Review of Achievement Standards, the Reform of Vocational Education (RoVE) and the Review of the Qualifications Framework
- progress towards implementation of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 (due to take effect on 1 January 2022), lessons learnt through the introduction and operation of the Interim Domestic Code and the delivery of support services for international students unable to return home due to COVID-19

- ongoing work to develop cyber-security capabilities

Upcoming Reports
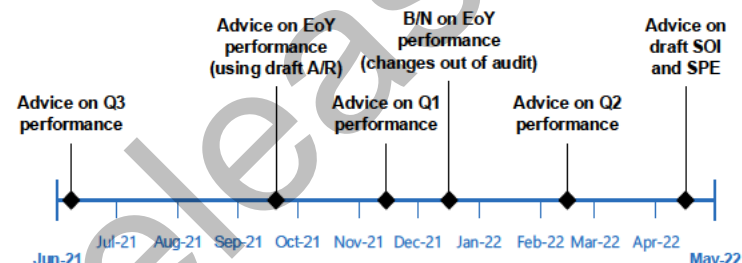
Financial performance

Financial performance summary

$'000	FY21 Actual	FY21 Budget	FY20 Actual
Revenue	103,881	89,578	101,644
Expenditure	(97,354)	(89,578)	(97,799)
Net surplus/(deficit)	6,527	0	3,845

Financial position summary

$'000	As at 30 June 2021 Actual	As at 30 June 2021 Budget	As at 30 June 2020 Actual
Cash and investments	42,693	20,889	28,147
Equity	32,835	24,284	26,308
Working capital ratio	2.56	2.41	2.19

You have appointed Hon Tracey Martin as the new Chair of NZQA's Board and Pania Gray as the new Deputy Chair from 1 October. Their first Board meeting will be NZQA's annual strategy session on 28 October. This will set the trajectory for NZQA's new Statement of Intent (SOI). You may wish to meet them ahead of this meeting to give a sense of where you would like the entity to head and your expectations for NZQA's SOI.

Non-Financial Performance

Background

Audit resourcing challenges brought about by COVID-19 have led to the Government extending timelines for Crown Entities to have their Annual Reports audited. NZQA's Annual Report will be provided to you in November 2021.

This report has been produced based on engagement with the entity at the end of the performance year and on information in NZQA's draft Annual Report. We do not expect there to be material differences between the draft and final Annual Reports, although some changes may occur. When NZQA submits its audited report to you, we will provide you with supplementary advice to this report.

High level overview of performance

In his first year, NZQA's new chief executive has led the organisation through a very challenging period, and it has managed this very well. Delivery for all parts of the business has been affected by the ongoing impacts of COVID-19 and it has managed large change programmes at the same time.

Its draft Annual Report shows that NZQA achieved most of its performance measures in 2020/21. COVID-19 was the main reason for assessment measures that were not met, or unable to be measured. Two assurance measures were not met but NZQA has reported that, while results are out of the targeted range, all significant actions or corrective actions have been resolved and it has no concerns with the results.

In forming our view of NZQA's performance we have looked at performance data over time in two key aspects of NZQA delivery:

- NCEA Online because of its criticality in delivering the future of NCEA, and the size of investment in it
- SAC because of its importance in the current system to deliver equity of access for learners with additional learning needs.

Data for our analysis is from NZQA published reports, its draft Annual Report for 2021 and from NZQA itself.

Assessment

NZQA has worked hard and well through the year to provide support to the sector and ensure services were maintained and internal and external assessment ran as smoothly as possible in 2020. This focus has continued into 2021, where NZQA has worked to learn from 2020, adapt its processes where this would be advantageous and resume activities which had been suspended last year. These activities are well described in the draft Annual Report.

At the time of writing, NZQA is implementing changes to Learning Recognition Credits and other changes to NCEA announced on 2nd, 9th and 22nd September 2021 as the result of the Delta lockdown.

NZQA has focused on upskilling its staff so that improving equity is embedded in its work. We think there is an opportunity for NZQA to consider how its external workforce addresses equity and bias in its work. We have raised this with NZQA and they are considering this.

Draft Annual Report results against assessment measures

The draft Annual Report states there was close to 100% achievement for the majority of assessment measures and information was provided for the narrative measure 2.1.2a "Learner feedback is actively used in design and development of digital assessment activities".

The close to 100% achievement rate for these measures are achieved every year.

COVID-19 meant three measures could not be measured and one measure (2.2.2n – the number of samples of learner work moderated for national external moderation) was not achieved.

The three measures which could not be measured [and the reasons why not] were:

- *"Teacher surveys indicate assessment and credentialing methods support innovation in teaching and the promotion of lifelong learning"*

  [Too low a response rate to the survey for meaningful results to be determined]

- 2.1.1a *"Case studies for innovative approaches to internal assessment in schools are identified and shared by NZQA with teachers"*

  [Case studies were not able to be identified due to COVID-19 and NZQA state that teachers tend to use other materials to support learners (ie NZQA and Ministry developed assessment materials]

- 2.2.2m *"The annual moderator/teacher agreement rate at the level of grade for a random sample of student work".*

  [As external moderation was made optional in 2020, the random sampling of student work was affected, and agreement rates could not be established.]

Progress with NCEA Change Package

Implementing the NCEA Change Package (Change Package) is a multi-year, high demand, very complex and high-risk change programme. It presents significant challenges for NZQA, the Ministry and the sector. There are tight timelines for deliverables now and into the future. Ongoing capacity challenges exist and successful delivery of this critical piece of work will require continued management and attention and close working relationships with key partners.

In early 2021, NZQA developed a programme structure around its Change Package work and has been able to meet the deadlines expected of it to date. Through the year, NZQA reports it has:

- revised the Assessment (including Examination) Rules in preparation for implementing changes to the resubmission policy and the extension of course endorsements at Achieved level
- provided assessment expertise to the sector expert groups in their achievement standard development work and in the development of assessment support materials for schools and kura
- added Te Ao Haka as a temporary subject on the approved subjects list for University Entrance and learners piloting these standards, and delivered the pilot of new achievement standards in Te Ao Haka
- run the pilots for English, Religious Studies, Science, Visual Arts and the new Te Reo Matatini me te Pāngarau | Literacy and Numeracy standards
- through the pilots, removed barriers to fair assessment for Māori and Pacific learners by incorporating Mana Ōrite mō te Mātauranga Māori and enabling assessment evidence to be provided orally, and in video and visual formats, and
- run 28 Leading National Assessment seminars across New Zealand which shared good practice and provide updates on the NCEA Change Programme assessment changes (through Financial Year 2020/21).

NZQA has a strong commitment to bringing a mātauranga Māori approach into all aspects of assessment through the Review of Achievement Standards and the Change Package. It is currently working with schools who want to bring mātauranga Māori into all their internal assessments by working with their Māori communities and making the internal assessments more relevant to their environment. When it has developed this further, it will consider how this approach can be scaled up. NZQA is conscious that a mātauranga Māori approach requires strong partnership with the

Ministry and aspects of it will need to be led by the Ministry and balanced with the role schools have in determining their local curriculum. This is a complex area and will be hard to resource given current demand for the same resource across the sector and wider government.

Through the most recent lockdown, NZQA has worked collaboratively with the Ministry to implement necessary mitigations (for example, pushing out assessment dates) and ensure delivery of the Change Package continued through lockdown.

The Ministry has engaged with NZQA about its plans to build the capability of its workforce (both staff and contracted external workforce). This remains an area of focus for us and we will report more fully on this in the next quarter.

We will continue to engage with NZQA on this programme of work over the next year and, in particular, want to focus on how NZQA plans to deliver the NCEA system of the future and the desired shifts in the system that relate to areas of work that it is responsible for. To support this, we intend to work with NZQA to develop a suite of monitoring questions to support more strategic advice to you on this.

Progress with NCEA Online

Digital trials (which did not count for NCEA) and pilots (to test scalability of delivery on the NCEA Online platform) were offered from 2016 to 2018 inclusive for a limited number of subjects.

The first year that NCEA Online was offered to all kura and schools (with consent to assess) was 2019.

There has been steady improvement in the first two years of NCEA Online in the number of exams and subjects offered digitally and the increase in the number of schools offering digital exams (see Graphs 1-3 below). Further achievements in the NCEA Online programme include:

- how NZQA responded to COVID-19 and the changed needs of learners in 2020 and offered digital practice examinations a year earlier than initially planned
- its work to use NCEA Online to increase equity of access. As examples it:
  - has prioritised Māori ākonga and Pacific learners in the NCEA Online user experience work
  - is sharing data and insights with Ngāti Kahungunu and intends to use this experience as a pilot to share data with all iwi,
  - is investigating text-to-speech and spellcheck functionality for te reo Māori (to match this provided for English)
  - is planning to attach te reo audio to Te Reo Rangittira in 2021 digital practice and NCEA end of year examinations for levels 1, 2 and 3
- its work with Network for Learning (N4L) to provide network checks to schools offering digital examinations to their students
- that the vast majority of students doing their exams digitally enjoy the experience and believe it makes the exams easier to complete
- within an overall trend of fewer students participating in external assessment, there has been an ongoing increase in student participation in digital external assessment. As capacity to offer more subjects has increased so too has the student participation rate.

However, uptake of NCEA Online is slower than expected. The decision to offer digital external assessment is made by individual kura and schools based on factors such as the degree to which teaching and learning is offered digitally, digital infrastructure, staff confidence and the range of subjects available for external assessment.

Graph 4 shows students are not accessing online examinations at the same rate as they are being offered. Only 15.5% of students undertook at least one digital exam last year (9.9% the previous year). This equates to 17.5% of externally assessed results in

subjects offered digitally (and 5.8% of all externally assessed results). Disaggregating its data by decile and region may also be useful to support NZQA's understanding of uptake,

At a system level the digital divide is a critical area that needs to be addressed to ensure equity in the system. NCEA Online is a key component of addressing this.

There are complex interdependences at play which affect uptake and the Board and organisation have been actively considering what the organisation can do, itself and with its sector partners. Knowing what affects uptake is an important analysis that is needed, and it is good to see NZQA is doing further work to deepen its and the system's understanding of the issues and how they can be addressed.

The recent Gateway review of the NCEA Online programme with an outcome of amber/green will provide important information for NZQA to consider.

Data for Graphs 1-4 has been drawn from NZQA's published Annual Reports, its draft Annual Report for 2020 and was provided by NZQA where there were gaps.

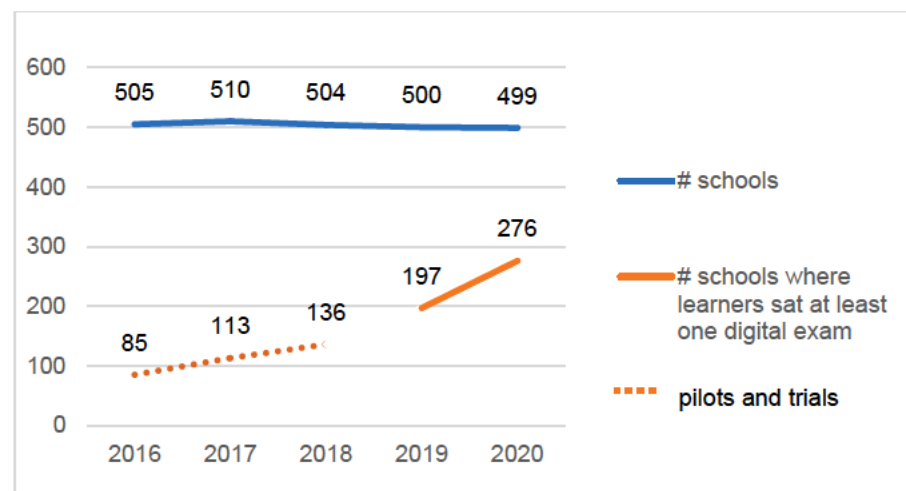**Graph 1: Number of Examination Sessions (total and digital)**
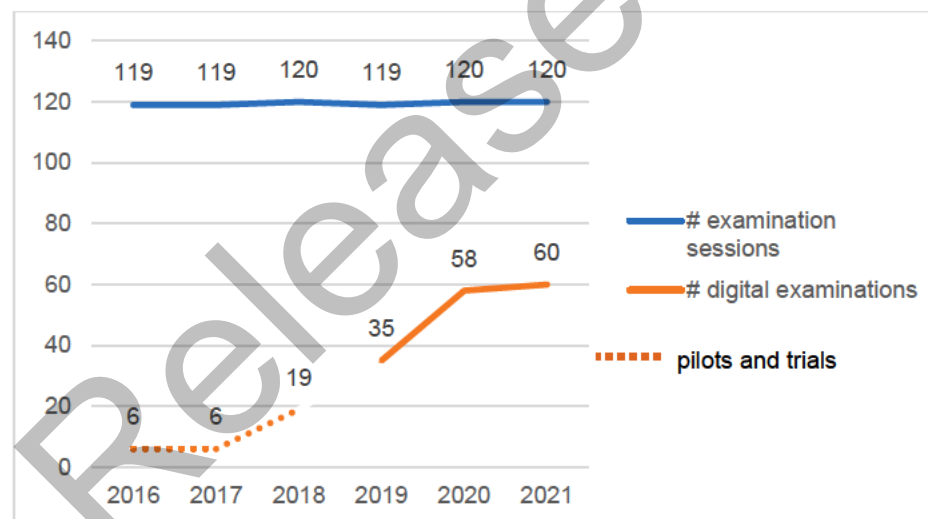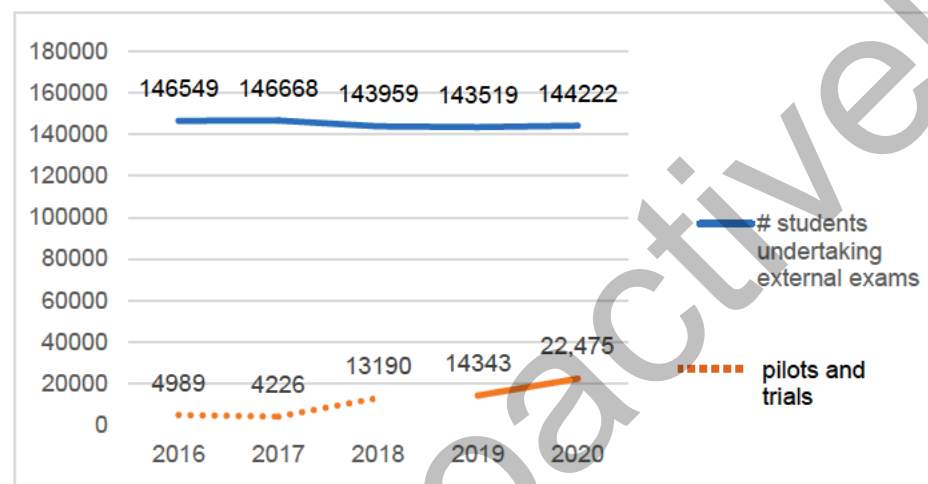

Graph 2: Number of Subjects Examined (total and digital)
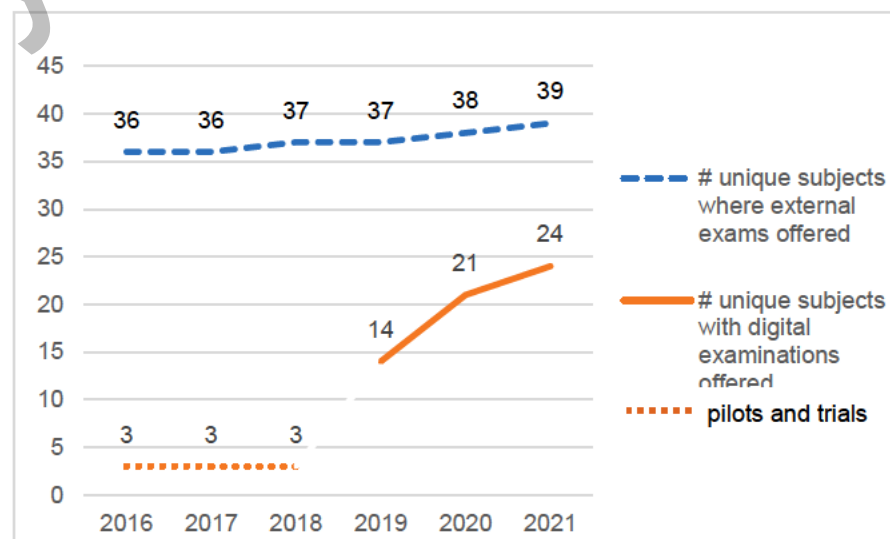
Graph 3: Number of Schools With Consent To Access Offering NCEA Exams (total and digital)

Graph 4: Number of Students Undertaking External Exams (total vs students doing at least one digital exam)

Note: The data for 2016-2018 does not necessarily cover exams. Students participating in trials in these years were counted if they completed the exam digitally and also if they logged into the trial, entered an exam but then reverted to paper

Focus Moving Forward

We have focused to date on how NZQA has been progressing from trial and pilot to wider delivery. NZQA has been very open with sharing information with us about this. Our monitoring focus is now turning towards the longer term use of the NCEA Online platform including four strategic areas of engagement:

- acceleration of uptake by schools and students, including the interdependencies and support needed in the system to achieve it
- innovation – the longer term move away from the translation of paper-based exams to digital design
- support of wider NCEA digital needs within the Change Package
- alignment and coordination with other key digital work programmes.

Increasing access to Special Assessment Conditions (SAC)

We recognise that supporting disabled learners and students with additional learning needs does not sit with NZQA alone and that SAC is not the only system solution to addressing this. However, there is an important role for SAC to play in removing barriers to fair assessment and students achieving to their full potential in NCEA.

In previous reports we have mentioned the Ministry and NZQA having committed to working together to expand access to SAC and develop a longer-term roadmap for developing an accessible and inclusive NCEA environment. A joint work plan is in the final stages of approval, covering some short term and longer-term actions. The Ministry and NZQA are also working together on this through a dedicated workstream within the NCEA Change Programme. We will follow up with NZQA and internal Ministry teams on how this work is progressing.

We consider that data and analysis is an important aspect of understanding the SAC environment because access to SAC can contribute to addressing equity in the system.

Non-Financial Performance

We carried out an initial analysis on publicly available SAC data which we then tested with NZQA. NZQA has provided feedback that carrying out analysis over its publicly available information lacks sufficient context and that without this context analysis may be misconstrued.

We conducted our analysis as this is key to identifying trends in SAC usage so that proactive responses can be taken in partnership with the Ministry. For this reason, we have kept in some of our initial analysis and have recommended that NZQA:

- provides you and us with yearly trend analysis over SAC and that this is provided at sufficient detail to meaningfully understand how SAC is performing for different ethnic groups, school deciles and categories of student need. This will supplement the annual report information and our expectation is that it will be covered in future annual reports
- is more transparent in its public facing information on the categories of SAC application and provides more breakdown information so that performance information is more easily understood. For example, to answer questions such as whether the shift to school-based evidence has helped narrow the equity gap
- improves its measures and reporting on SAC more generally. Currently the more meaningful / detailed analyses are mainly used internally rather than used to create transparency on how NZQA understands the health of the SAC system and how it is performing over time.

The initial analysis we have carried out confirms that there is a gap between deciles and ethnicity when accessing SAC. Our graphs below show this. We could not provide a break down on SAC applications by category as this information is not publicly available – this limits our analysis for Graph 5.

We believe our analysis confirms that data and analytics will play an important role in understanding accessibility in the system and we will

continue our focus on this. We consider this information may also provide a useful lens to take into analysis of the digital divide.

Data for Graphs 5 and 6 was drawn from NZQA's Annual Report on NCEA, University and NZ Scholarship Data. This is available here: https://www.nzqa.govt.nz/studying-in-new-zealand/secondary-school-and-ncea/find-information-about-a-school/secondary-school-statistics/

The 2020 data for Graph 7 was published in NZQA's Annual Report on NCEA, University and NZ Scholarship Data found at https://www.nzqa.govt.nz/studying-in-new-zealand/secondary-school-and-ncea/find-information-about-a-school/secondary-school-statistics/. The data used in Graph 7 for 2016-2019 was provided by NZQA.

Increase in SAC Applications

As outlined in our previous reports, NZQA has made changes in recent years to make the SAC application process easier to navigate and the Ministry and NZQA have been working to ensure schools and Special Educational Needs Coordinators (SENCOs) understand SAC and how to use it for their eligible students.

These changes have had an impact and SAC applications have steadily increased (165% increase over five years), as have the number of applications using school-based evidence (260% increase over five years). (see Graph 5).

Graph 5: SAC Applications

Legend:
- # students applying for SAC (NCEA and Scholarship)
- # applications using school-based evidence
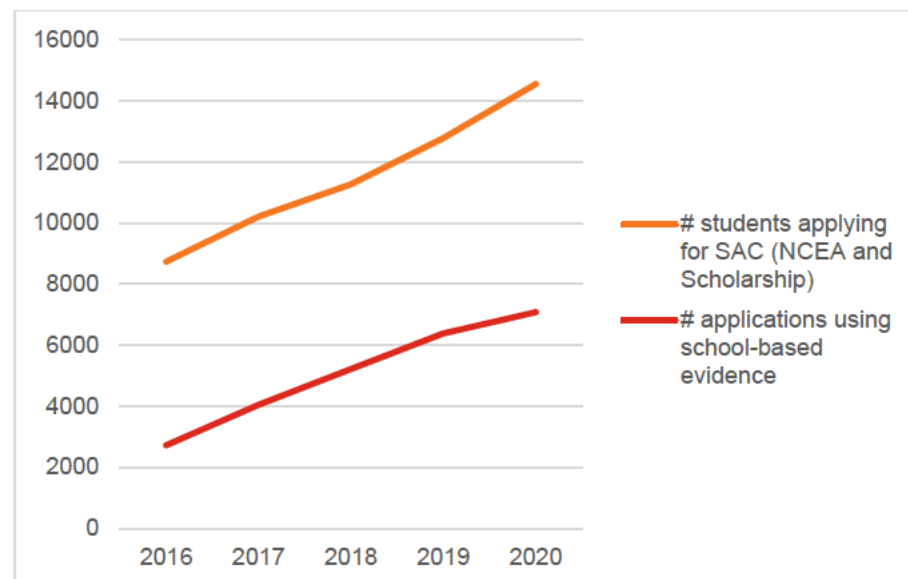
To completely understand how SAC is performing, detail is required on different types of SAC application, and breakdowns for school, decile, ethnicity, provider type (English and Māori medium), rural and urban. While currently NZQA does not release this level of data publicly NZQA has told us that it does produce analysis for planning purposes, and to engage with peer audiences in Australia. This limitation is illustrated by Graph 5 which we produced using publicly available data, but which NZQA has stated could be misleading due to incomplete contextualisation – it does not include all the applications categories and this would be needed to provide full context.

For example about 60% of all applications are via the "learning" category. The remaining are via "sensory", "medical" or "physical" categories. School-based evidence is only recorded for "learning" applications We have retained the graph, noting these caveats, and have also asked NZQA to provide the more detailed analysis to us and you, by the end of the calendar year.

Over the last two years, NZQA has worked with schools with lower use of SAC than schools with a similar profile (in terms of ethnicity, decile, rural, urban and gender) to increase their understanding of SAC and how to apply for it. The success of this work may be able to be seen in Graph 6 - note the uplift in the Decile 1-3 gradient between 2019 and 2020.

Graph 6: Percentage of SAC applications by number of students enrolled in NCEA and Scholarship, by decile

Legend:
- 1 to 3
- 4 to 7
- 8 to 10
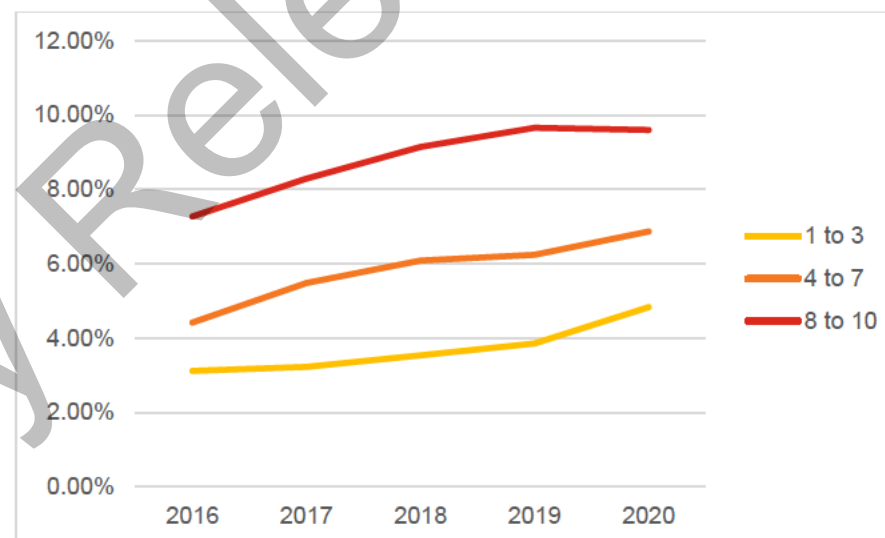
However, as the data shows-

- the decile gap remains high
- applications by number of students enrolled in Decile 1-7 schools started at a very low base in 2016
- the recent increase in applications for students enrolled in Deciles 1-3 schools (to 4.8% of enrolled students) only lifts the percentage of applications by students enrolled to slightly higher than the level of Decile 4-7 applications in 2016 (4.4% of enrolled students)

- applications from Decile 8-10 schools may be plateauing which may be of concern if there is unmet need in high decile schools.

SAC Applications, by ethnicity

Analysing the number of SAC applications by number enrolled by ethnicity shows that application numbers have steadily increased over the past 5 years for all ethnicities (see Graph 7). However, a strong gap exists between ethnicities which does not appear to be closing.

Graph 7: Percentage of SAC applications by number of students enrolled in NCEA and Scholarship, by ethnicity
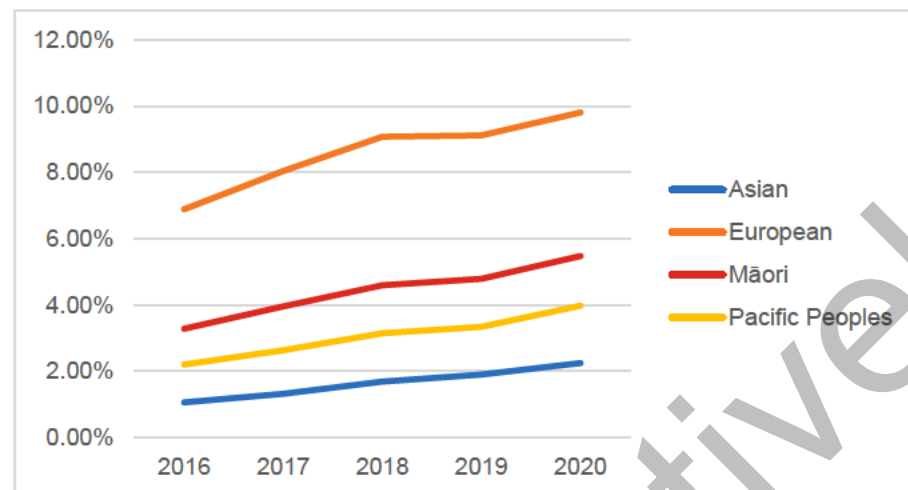
Expected further increases in applications

NZQA reports that it is seeing greater applications in 2021 than 2020 because of work it did in 2020/21 to further streamline the process and improve access, including:

- enabling schools to notify NZQA about learners needing writing assistance or wishing to use a computer, rather than being required to submit a formal application
- simplifying the user interface of the SAC application tool to reduce the amount of information schools need to provide when making applications
- as a result of COVID-19 requiring it to suspend some of its face-to-face SAC Seminars it "created two self-directed video tutorials to help SENCOs manage SAC for their learners"

Next Steps

It is likely NZQA's targeted work to explain SAC and how to apply for it has led to the increased rate of SAC applications in Decile 1- 3 schools from 2019 to 2020 (26%). If so, this work should be further extended.

Other avenues to promote SAC and increase applications for deciles 1-7, for students recorded as Māori, Pacific Peoples and Asian and for schools with lower than similarly profiled schools (in terms of rural, urban and gender) which NZQA has identified should also be investigated by both NZQA and the Ministry. The two agencies are currently agreeing an Action Plan of next steps and we will follow up on this work in upcoming quarters.

NZQA has disaggregated the data by region and schools to identify schools with low or no uptake and this has been the focus of its support work for the last two years. We think this information could be more widely shared with the Ministry, the Education Review Office and the Teaching Council who all have a role in increasing access to SAC. We will need to test this further with NZQA. Using the available data and perhaps further disaggregating it (for example by Resource Teachers: Learning and Behaviour (RTLB) cluster) may help the agencies work together and highlight whether good practices can be shared with schools, regions and / or RTLB clusters.

Non-Financial Performance

We are keen to see this disaggregation and have asked NZQA to provide this information, an analysis of what it means and what next steps should be to you and to us by the end of the calendar year.

Assurance

As with the assessment function discussed above, NZQA has worked hard and well through 2020/21 to deliver its assurance functions and support students and the sector through various COVID-19 alert levels. We have discussed this support in our quarterly reports and NZQA outlines it comprehensively in its Annual Report.

NZQA is currently:

- gathering information to understand Private Training Establishments' (PTEs) business plans and financial viability for the rest of the 2021 year
- working with the Tertiary Education Commission (TEC) to review 28 TEC-funded PTEs where the decline in international enrolments may be impacting their viability.

As NZQA prepares itself for the new Reform of Vocational Education (RoVE) environment and a more complex quality assurance system, it is thinking through its approach to its quality assurance regulatory responsibilities and considering what changes need to be made. Learnings through changes made to assurance activities through 2020 (because of COVID-19) will be taken on board. They include:

- as reported in our Q3 report [METIS 1257555], NZQA considers no systemic quality issues arose in undertaking certain quality assurance activities online (and there were significant savings). NZQA is using this knowledge to review its processes to decide when it needs to visit and when it can continue to quality assure online
- NZQA considers External Evaluation and Review (EER) results indicate a high level of resilience with pastoral support for learners an area of strength for many PTEs.

NZQA has taken a first principles' approach to reviewing its quality assurance processes in preparation for the new RoVE environment. As discussed in our Q3 report, NZQA has begun with a literature review of other jurisdictions' assurance systems. Next it will be determining the markers which identify what good practice looks like and the regulatory settings that encourage this. It is also thinking through its current and future data needs and the development of suitable measures to be able to assure itself of its performance.

Moving forward we would like to provide more performance analysis over the assurance function as it develops its performance measures and regulatory framework.

Draft Annual Report results against assurance measures

The draft Annual Report states that results were met or exceeded the published standard for all but two assurance measures.

The measures that did not meet the standard were measures for investigations: (2.2.2b) *"the percentage of investigations that result in a significant intervention"* and (2.2.2c) *"the percentage of investigations that result in corrective action that satisfactorily resolves the identified non-compliance or quality issue identified"*. NZQA has reported that while results are out of the targeted range, all significant actions or corrective actions have been resolved and it has no concerns with the results.

Change Programme – Reform of Vocational Education (RoVE) and the New Zealand Qualifications Framework (NZQF) review

Formal consultation, including consultation with targeted (Māori, Pacific and disabled) stakeholders on simplifying the qualifications system and the design of vocations qualifications and micro-credentials closed on 16 June 2021. There was clear agreement among those who responded that the vocational qualification system needed to be simplified, but varying views on how to achieve this.

Non-Financial Performance

NZQA held two further workshops with stakeholders to discuss how best to proceed. Options for implementation were then developed by NZQA and the Ministry and you agreed to these on 16 July 2021.

NZQA is responding to feedback about:

- provider programmes being replaced with a 'national curriculum' to be collaboratively developed between Workplace Development Councils (WDCs) and providers
- a variation to the option consulted on (as outlined above) to be adopted which provides WDCs with the flexibility to:
  - use Skills Standards to prescribe the knowledge, skills and attributes as fully as industry considers necessary to achieve consistent learning outcomes
  - choose whether a qualification could have more than one programme developed against it or whether to establish a single 'national curriculum'
- training schemes to be replaced with micro-credentials
- WDCs to be allowed to develop micro-credentials for providers to deliver
- several consequential changes to be made in legislation.

During our engagement NZQA advised us it had planned and was ready for implementing whatever decision was made as the result of consultation. The key was remaining agile and taking a pragmatic approach to operationalising changes and, in particular, the design of new quality assurance systems. In essence there are two overlapping workstreams for NZQA in moving forward with implementation: the first is about design of the new system; and the second is about how quality assurance will shift going forward.

Recent staff changes have provided the opportunity to rethink resources and NZQA is bringing new staff and expertise in to help lead the design of the quality assurance system. Skills being recruited included policy design skill and expertise in Te Hono o Te Kahurangi quality assurance processes.

NZQA noted that whatever it was doing to lay the groundwork for change and be able to ramp up and operationalise quickly, after Ministerial and Cabinet decisions are made, a key interdependency was the readiness of Te Pūkenga and the WDCs. 9(2)(f)(iv)

The qualifications system needs to be as ready as possible, but the actual changes to it also need to wait until legislative change is made.

Further progress on the implementation of RoVE includes:

- continued support to the TEC in the establishment of the WDCs
- the transfer of those NZQA staff who elected to move to the WDCs
- beginning the transfer of training function responsibilities from the large Transitional Industry Training Organisations (TITOs) to Te Pūkenga. At time of writing, three large TITO transfers have occurred.

There will be one more formal round of consultation on the New Zealand Qualifications Framework and its Rules. This is expected to be completed by mid-next year.

Code of Pastoral Care

Over the year, NZQA has worked:-

- to support the introduction and operation of the Education (Pastoral Care for Domestic Tertiary Students) Interim Code of Practice (the Interim Code). The Interim Code has clarified what good pastoral care looks like and what students should be able to expect from providers. This has provided opportunities for better student voice and for NZQA to proactively investigate issues as they arise
- with the Ministry on the development of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 (the Code)

Non-Financial Performance

- with providers to ensure international students have received the support they required, amplified because of COVID-19
- to ensure both international and domestic students are aware of the supports they are entitled to and what to do if they are not receiving it.

You have just appointed NZQA as Administrator of the Code when it comes into effect on 1 January 2022. You have asked NZQA, in its role as Administrator, to: work with providers and learners and integrate learner voice into its code practice; provide support to the sector as it builds its capability in the provision of pastoral care; monitor performance and act when issues are identified; and include measures for this work in the ongoing development of its performance framework and regularly report progress.

NZQA has been working on how it can integrate its current quality assurance and monitoring processes to effectively monitor the Code, which has a wider scope and focus than the Education (Pastoral Care of International Students) Code of Practice 2016 (including Amendments 2019). NZQA is also working in consultation with the sector to develop guidelines for how to implement the Code.

NZQA seems well placed for its continued administration of the International Code and the Interim Code and its preparatory work for the new Code and to be ready to administer it when it comes into effect. We understand it will include this new role into the work it is doing to develop its SOI.

We will continue to engage with NZQA on this work, especially through the next two quarters as it prepares for its new role. Along with our engagement, we intend to work with it on the design of a longer-term monitoring and reporting approach NZQA will need to develop performance measures for this function and include these in its accountability documents.

Draft Annual Report results against the Pastoral Care measure

NZQA's pastoral care work is included in one of its performance measures, "the percentage of all formal complaints (including the international and domestic code) that are concluded within 65 working days" (2.2.2d). The draft Annual Report states that it met the standard of 95% in 2020/21.

Qualification Recognition

Although NZQA received approximately 23% fewer applications for overseas qualifications assessment than in previous years, this was not as large a downturn in qualification recognition work as was expected given the COVID-19 environment. This is also reported later in this report (in the Finance section) in that qualification recognition fees performed better than anticipated in 2020/21.

As it reported in its draft Annual Report, through the year:

- NZQA continued to engage with recognition bodies, education providers and government agencies to maintain the recognition of New Zealand qualifications. This was been particularly important through the disruption arising from borders closing due to COVID- 19
- NZQA's ongoing recognition projects with South Africa and the Philippines have been delayed due to the pandemic, but it has initiated an agreement to work with China to improve understanding of New Zealand online education.

Draft Annual report results against qualification recognition measures

The draft Annual Report states that NZQA met all its measures for qualification recognition work.

Other Areas of Focus

Te Tiriti o Waitangi

NZQA is committed to giving practical effect to Te Tiriti o Waitangi (Te Tiriti).

Working to improve outcomes for Māori ākonga is a strong focus for NZQA. Its activities in this regard are comprehensively reported in its draft Annual Report. Progress against Te Kōkiritanga – NZQA's Action Plan for Ākonga Māori Success is closely monitored by NZQA's Board and Senior Leadership Team (SLT) and Te Kōkiritanga is embedded across the organisation: each Division considering equity across all its workstreams through its own prioritised Action Plans.

One of the five strands of Te Kōkiritanga is internally focused, Te Whakapakari. Through this strand, NZQA has continued to develop the reo Māori competency of its staff and there was an impressive lift over the year in the number of staff who have a te reo Māori plan (a lift to 374 staff from a baseline of 89 staff which equates to 82% of staff from a base of 19% staff).

NZQA's goal is to lift staff competency to support its work in:-

- engagement with ākonga Māori,
- embedding mātauranga Māori in the New Zealand Qualifications Framework and assessment design
- ensuring culturally appropriate quality assurance services.

We have suggested that NZQA also consider how it can ensure its external workforce which delivers the external NCEA assessment cycle is similarly culturally competent to ensure that all assessments, moderation and marking respect te ao Māori.

Wider Equity Focus

Alongside its work to give practical effect to Te Tiriti, NZQA is also working to lift its organisational competency and ensure wider equity issues are met. Some key actions NZQA has taken over the past year are:

- appointing a Chief Advisor Pacific onto the SLT
- rolling-out *Beyond Diversity* training for the Board and all staff. This training addressing internal biases and is the same programme Ministry of Education staff and the TEC Board are undertaking or have undertaken
- embedding internal processes to ensure its Equity Champions are across all work produced
- continuing to look at how it can increase SAC uptake.

One of your new appointments to NZQA's Board, Grant Cleland, has lived experience of disability and has worked extensively in the education sector to support and help create enabling environments for disabled learners. His insights will help strengthen NZQA's work with disabled learners.

NZQA is currently considering how to increase its reach for its acclaimed NCEA and the Whānau / NCEA me le Pasifika workshops. The vision is to provide the information in the workshops to all Māori and Pacific parents and students before they reach Year 11. It is using different means of engaging with Māori and Pacific whānau (for example through community events and fesitvals) and social media platforms to reach students and recognises it needs to work out how to scale up the number of workshops offered.

Digital and Data

Through the quarter we met with NZQA's Chief Information Officer on how NZQA is positioned with respect to the Digital and Data Monitoring Framework which we co-designed with the education Crown entities last year (attached as Annex 2).

We will be refreshing this framework in the next quarter. All entities are carrying out reviews against it. NZQA has been carrying out reviews within the framework, and has been carrying out a lot of work on strategy, cyber security and understanding data and digital. Reviews against the framework have been challenging for all entities given the scope and capacity of their organisations. The framework refresh will consider the advice currently being prepared for you on the connected view on cyber- security across the system. NZQA has a key role in keeping student data safe across both the secondary and tertiary sector.

Strategy and Investment

NZQA has in place a comprehensive Information Services Strategic Plan (ISSP) which contains an 18-month Action Plan covering nine key focus areas:

1. raising digital literacy among staff
2. growing key partnerships with vendors, including clearly defining service responsibilities and end-to-end performance in multi-vendor support scenarios
3. building a partner ecosystem with other key education entities and iwi partners to, among other things, ensure solutions can be co-designed and services can be delivered through these partners
4. improving the customer experience where digital interaction with NZQA is seamless and customer insight can be gathered easily
5. embedding Product Management into the NZQA operating model (for example merging the NCEA Online programme with business-as-usual NCEA, defining and standing up a Quality

Assurance Division product team and developing an API gateway for connectivity to external data)
6. maintaining digital confidence and health. This includes enhancing digital identity for students which is discussed later in this section.
7. unlocking the value of information in its data by enhancing its Business Intelligence (BI) Framework, reviewing its BI toolsets and building capability in the use of its data tools
8. fully implementing cloud based digital platforms
9. modernising its legacy systems.

Core Capability and Performance and Data and Information Stewardship

To better support delivery of the ISSP, reflect strategic needs and future growth, NZQA has restructured its Information Services Group (IS). A systems architect and a data architect have been brought on board and the second phase of a new Operating Model, which will include increased focus on capability for testing and development, will be in place by December.

IS Support has been broken down into major workstreams:

- support for RoVE and other priorities of the Quality Assurance Division
- supporting External Digital Assessment (NCEA (including scanning NCEA exam papers for digital marking) and RAS (adjusting current systems to accommodate changes to achievement standards))
- a Customer Experience Improvement Programme (CxIP) including a website upgrade and services, with CRM capability, stood up for students)
- data insights to ensure data underpins NZQA's processes and decision making.

While NZQA has had success in recruiting some key capability, there are still capacity and capability issues. The market is tight for skilled

resources and a particular challenge is losing skills to other government departments, particularly when there are significant salary differences on offer. This is not just an issue affecting NZQA – it is a system issue broadly and it is made more challenging given the increasing complexity of the work requires ever increasing skill and capacity. This reflects wider system challenges because solutions are more complex. The Government Chief Digital Office also has a system role in addressing the digital skills issue.

Digital Services and Channels – student identity management

NZQA is currently working with the Ministry to join up its approach to student identity management (which is, in turn, tied into the Department of Internal Affairs' owned approach to citizen identity management). To date NZQA has focused on student identity management (via KeyCloak) while the student is in the NCEA system (both paper and digital) but the student moves on from school and their identity should move with them through the rest of the education system and beyond.

Security and Privacy

In our Q3 report, we provided you with an assessment that NZQA appears to be well placed in its approach to managing the security of its data and its preparedness for a potential cyber-attack. From information it provided to us, we found it:

- has appropriate governance structures and uses sound management practices, review, and assurance frameworks to manage risks
- makes use of third-party expertise to review its processes and maturity against security controls and assurance frameworks,
- undertakes a robust and tested cyber incident response process when incidents occur
- runs a security awareness training programme for all staff.

In terms of using third parties to review its processes and maturity, NZQA has recently had three cyber security reviews undertaken: on internal controls, certification and accreditations and compliance against the Protective Security Requirements. These reviews have generated a list of recommendations to work through including reviewing password management and privileged access management controls.

Progress is being reported to, and monitored by, NZQA's Board / Risk and Assurance Committee and SLT. We will engage with NZQA on this in the next quarter to more comprehensively understand the progress that has been made.

Sector Collaboration

NZQA is a member of the sector Education Digital and Data Board and its associated sub committees. NZQA considers it is important to collaborate across the system, as evidenced by its work with the Ministry on student identity management. Interdependencies with N4L, the TEC and the Ministry are managed closely and there is a Governance Board to provide oversight of work being progressed jointly. NZQA's Chief Customer Officer sits on this Governance Board with the Chief Information Officer.

New SOI and Performance Measurement Framework

NZQA has recognised that its performance framework and associated measures requires some work to better reflect the impact of its work, and its new responsibilities given the system change upon it. We have been working closely with NZQA on this and consider that the organisation has a good understanding of the way forward. It is committed to developing a new performance measurement framework which will enable it to better track and report its organisational performance and impact on the system, both in terms of delivering its core functions and how it adapts to and implements change.

Non-Financial Performance

We look forward to having a better ability to undertake performance analysis of the business, and for the new framework to take account of new operating models and functions.

Challenges and opportunities for NZQA in 2021/22

NZQA's priorities include:

- continuing to work with the Ministry and support the secondary and tertiary sectors through COVID-19.

  NZQA developed good systems last year. It:
    - provided additional support to teachers and students for internal assessment
    - ran the examination season as if the country were in a Level 3 lockdown and
    - provided tertiary institutions with support regarding quality assurance and in meeting their pastoral care responsibilities.

  NZQA will need to remain agile to ensure it continues to deliver through all COVID-19 Alert levels.

- understanding the longer-term implications of the changes upon it, and developing forward looking strategies of how to be prepared for this and how to meet the tight timetables expected in all aspects of the change programme.

  These strategies need to consider:
    - its capacity and capability and that of the sector to absorb change
    - how it will support the necessary capability build internally and in the sector. This includes further developing its capacity in assessment design for all priority students (including disabled learners)
    - how it will deliver on the changes expected of it in:
      - implementing the NCEA Change Package and associated changes to assessment practice and processes and including diverse knowledge and perspectives like mātauranga Māori and Universal Design for Learning
      - the longer-term use of NCEA Online
      - implementing RoVE and associated changes to assurance practices
      - working with learners and providers to integrate learner voice into its code practices and being ready and supporting the sector to be ready to implement the scope and focus of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021
    - how its work will contribute to the recovery of international education and how it will work with providers to ensure they provide necessary pastoral support for international students
    - how to continue its work to build an equity focus through its systems and processes and its work to build staff capability in this regard. We think NZQA could also consider what building understanding of equity means for its external workforce

- reflecting this strategic thinking into its new SOI and performance measurement framework and ensuring these vehicles allow it to be clear about the impact it is having and the benefits it delivers

How we are planning to stay on top of NZQA's performance

We will continue to engage with NZQA on key aspects of its business-as-usual work and its change programme to understand progress and any risks that arise.

Financial performance 2020/21

Overview

NZQA finished the financial year (FY21) with a net surplus of $6.527m against a budget of no surplus. The surplus continues a historic trend of performing better than budget, leading to a growth in NZQA's accumulated surplus on its balance sheet.

The surplus was a result of delays in project spend, which will now be incurred in FY22, and permanent cost savings.

NZQA remains in a stable financial position. It has sufficient reserves to meet any one off unexpected business as usual costs but not medium to long term unfunded recurring expenditure.

Financial performance

NZQA's financial performance in FY21 was better than budget with a net surplus of $6.527m compared to the nil surplus budget. The improved financial performance was a result of lower expenditure as described below.

Both revenue and expenditure were higher than budget as a result of successful Budget Bids announced after the Statement of Performance Expectations was prepared.

The most material difference in operating expenditure in FY21 is on the Digital Assessment and Transformation (NCEA Online) work programme (vendor affected by COVID-19). NZQA has advised that this is primarily due to delays in the timing of when expenditure will be incurred and is not a permanent underspend on the programme. The majority of this underspend will now be incurred in the next financial year.

Other areas of expenditure reductions include significant savings on travel and secondary assessment and moderation. These are both COVID-19 related.

Qualification recognition fees performed better than anticipated with the COVID-19 environment. This was a contributor to the higher net surplus.

Table 1. Statement of financial performance

$'000	FY21 Actual	FY21 Budget	FY20 Actual
Revenue			
Crown	75,605	58,290	69,817
Other	28,276	31,288	31,827
	103,881	89,578	101,644
Expenditure			
Personnel expenses	(65,498)	(61,566)	(64,325)
Other operating expenses	(28,246)	(24,026)	(30,263)
Depreciation & amortisation	(3,610)	(3,986)	(3,211)
	(97,354)	(89,578)	(97,799)
Net surplus/(deficit)	6,527	0	3,845

Figure 1. Financial Performance

Financial performance 2020/21
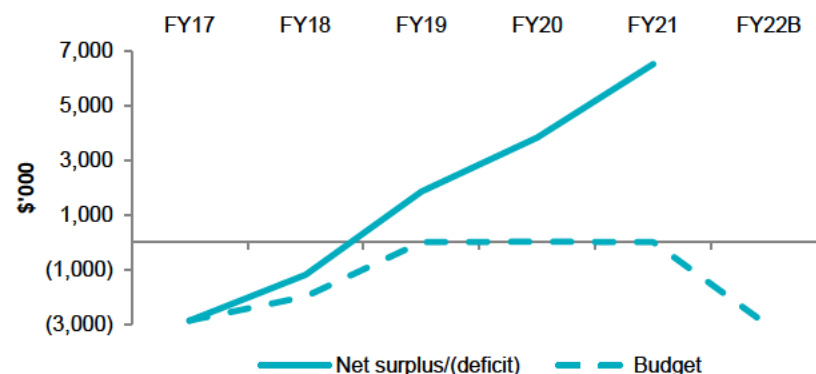
Financial sustainability

NZQA ended the year with equity of $32.825m. This was an improvement on both budget and the position at the end of the prior financial year, which is due to the operating surplus.

While NZQA does have some financial flexibility with its balance sheet position as a result of recent surpluses, as reflected previously, this is due to deferred expenditure on projects that is required to be incurred and it remains in an uncertain operating environment due to changes as a result of the NCEA Online programme and NCEA Review.

Additionally, it has some old IT systems/platforms including its website, human resource information system (including payroll) and document management system that are in need of replacing.

NZQA will use its balance sheet where required to manage this uncertain operating environment and fund IT upgrades. We would expect this will result in a reduction in equity over the coming few years.

Once the impact, both operationally and financially, of these areas, and decisions on any associated funding are made, NZQA will be in a more certain position to understand if it is able to commit current reserves to other projects. However, we understand that NZQA's need to replace its payroll system due to the vendor ceasing support in 2023, is expected to generate a 2022/23 government budget bid.

Table 2. Statement of financial position

$'000	As at 30 June 2021 Actual	As at 30 June 2021 Budget	As at 30 June 2020 Actual
Assets			
Current assets	40,358	25,165	33,594
Non-current assets	8,839	10,192	8,650
	49,197	35,357	42,244
Liabilities			
Current liabilities	15,739	10,448	15,306
Non-current liabilities	623	625	630
Total liabilities	16,362	11,073	15,936
Equity	32,835	24,284	26,308

Figure 1. Financial position
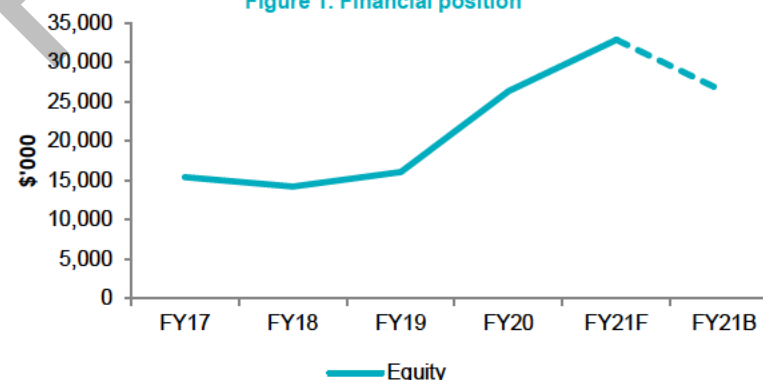
Annex 1: Letter to Chair of the NZQA Board (next page)

Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response
Minister of Education
Minister for the Public Service

Leader of the House

Hon Tracey Martin
Chair
New Zealand Qualifications Authority
P.O. Box 160
Wellington 6140

Dear Tracey

Welcome to your new role as Chair of the New Zealand Qualifications Authority (NZQA). NZQA is operating in a particularly challenging environment as it works to respond to the COVID-19 pandemic and implements its part of the education reforms. Your strong and strategic leadership will be key in guiding NZQA through this period and I am looking forward to working with you at this critical time.

I have just received the Ministry's monitoring report on the NZQA's performance over Quarter 4 2021/21 and its analysis of performance against NZQA's draft Annual Report. I look forward to receiving NZQA's audited Annual Report in due course – at that time the Ministry will also send me an additional monitoring report. I understand no major changes are anticipated between NZQA's draft and audited Annual Report.

I was pleased to read how well NZQA has managed through the last difficult year. The upcoming year will continue to place demand on NZQA and I would ask you and Grant to consider capacity and capability of the organisation, including your external workforce, going forward.

There are many areas of focus that are Important to me including:

- effective implementation of the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021. My expectations for this work are outlined in the Supplementary Letter of Expectations I sent to Neil in August 2021. It will be key for associated performance measures to be reflected in NZQA's new Statement of Intent

- the longer term use and development of NCEA Online, particularly how NZQA plans to:
  - accelerate uptake and work with the sector to achieve this
  - innovate and move towards digital design
  - support wider NCEA digital needs within the Change Package
  - align and coordinate with other key digital work programmes.

- fully understanding how NZQA and the Ministry are going to work together to accelerate access to Special Assessment Conditions (SAC) for all eligible students and close the decile and ethnicity gap that exists. I understand a joint programme of work with the Ministry is underway to address this and I would like regular progress updates about this. By the end of 2021, I would like NZQA to provide me with trend analysis over SAC. This should include sufficient detail to meaningfully understand how SAC is performing for different ethnic groups, school deciles and categories of student need.

- NZQA's role in the reform programme (NCEA Change Programme and implementation of RoVE). Within RoVE, the review of its regulatory framework, its plans of how assurance will be undertaken in the more devolved world, and what data it will gather to understand the quality of delivery are key next steps.

I also want to have more information on how NZQA is managing its Digital and Data responsibilities particularly for cyber-security. I am expecting to see NZQA's self- assessment against the Digital and Data Monitoring Framework. I understand it has not been easy to complete because of capacity challenges and I would appreciate seeing this early next year with your 2021/22 Q2 report.

Finally, I am pleased to hear that NZQA is reviewing its performance framework and associated measures. Knowing NZQA's impact in the system is important to me and I look forward to seeing how this work is reflected in the new Statement of Intent and Statement of Performance Expectations.

Please can you pass on my thanks to the Board members and NZQA staff for their work over this past year, and for their continued efforts into the upcoming year.

Yours sincerely

Chris Hipkins
Minister of Education

cc   Dr Grant Klinkum, Chief Executive, NZQA
cc   Zoe Griffiths Hautū, Te Puna Rangatōpū, Ministry of Education

Annex 2: Copy of Digital and Data Monitoring Framework (next page)

TE TĀHUHU O TE MĀTAURANGA
MINISTRY OF EDUCATION

Digital and Data Monitoring Framework

Monitoring Timeline

Education System Digital Strategy 2015-2020 (ESDS)*

While seeking assurance across each stream, the Monitor needs to be aware of the following points from the investment priorities identified in the ESDS Case for Change: Education for the Digital Age (2018) Mātauranga mo te Tau Mamati:

- Enable an integrated, connected online learning environment, accessible to educators and to students and those who support them anytime, anywhere
- Design new approaches to curriculum and assessment that leverage technologies to expand what can be learned and assessed, and enable assessment to be a seamless part of learning
- Enhance decision-making by ensuring high-quality data is easily accessible to educators, stakeholders, and decision-makers, including data on the education workforce
- Provide core digital services and infrastructure to reduce costs, improve efficiency, and free up educators and providers to focus on delivering a quality education
- Improve agency communication channels and systems to make it easy for the public to interact with the education system, improve agency efficiency and reduce costs

*The ESDS is due to be refreshed with an expanded scope in 2021

Stream	Monitoring to seek assurance that the entity:	Q2 2020/21	Q3 2020/21	Q4 2020/21	2021/22 and out years
Technology Strategy and Investment	Invests to meet Government expectations into the future i.e. build capacity and capability, ensure compatibility, manage risk and share capability across the sector		• What risks and opportunities, including new modes of delivery have you identified through COVID-19 and/or changing Government priorities to shift equity through technology?	• How is the IT strategy adjusting because of those risks and opportunities? • How has IT investment planning adjusted in line with the changes to IT strategy?	Further assurance questions will be developed depending on findings in previous quarters
Digital Services and Channels	Works collaboratively to develop a more equitable and streamlined experience for customers, recognising that many customers have multiple connections points with the Government	• How do you use customer voice and feedback in designing improvements to your channels? • How do your digital and channel strategies work to meet customer' expectations? • How will / have these strategies shifted with knowledge gained about equity through COVID-19?		• How are you working with other entities to ensure joined up, simplified channels for learners while maintaining your agency mandate?	Further assurance questions will be developed depending on findings in previous quarters
Technology and Information Core Capability and Performance	Is meeting Government expectations and standards and has the capability to carry out its core IT functions (people, skills, systems) and conforming to agreed education sector standards and frameworks		• How well are your IT systems performing and conforming to agreed education sector standards and frameworks? • What improvements are planned? • Are there gaps in capability which put this at risk?		Further assurance questions will be developed depending on findings in previous quarters
Data and Information Stewardship	Data Management Meets Government expectations for data management and stewardship Data Insights and Analytics Collects the right data and uses data: • to improve performance, • to understand impact, and • to add value for people whose data is being used and for the wider education system		• What policies and procedures do you use to ensure data is collected, stored, shared and disposed of correctly? • How is your data informing your understanding of the impact of COVID-19? • Are you planning changes to the data you collect because of COVID-19 ?	• What data are you collecting to understand the impact of your performance on system outcomes? • How are you sharing your data with the other education entities?	Further assurance questions will be developed depending on findings in previous quarters
Security and Privacy	Meets the Government and, where relevant, international expectations for information security, privacy and governance	• What systems and processes do you use to provide assurance of the security of your data management? (asked once a year) • How are you progressing with your plan to certify and accredit your systems? (asked twice a year)			Further assurance questions will be developed depending on findings in previous quarters

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NZ (and International) Government Legislation, Standards and Expectations Underpinning the Monitoring Framework

Māori-Crown relationship and obligations to Te Tiriti o Waitangi
- Māori data governance (i.e. collection, storage, access and use of Māori data)

Legislation and Regulation (NZ and International):
- Education and Training Act 2020 ⬀
- The Privacy Act 2020 ⬀
- Public Records Act 2005 ⬀
- European Union's General Data Protection Regulation (GDPR) ⬀

Strategies:
- Strategy for a Digital Public Service [GCDO] ⬀
- ESDS
- Data Strategy and Roadmap: Setting the Direction for New Zealand's Data [StatsNZ] ⬀
- Digital Inclusion Blueprint [GCDO] ⬀

Protective Security Requirements (PSR) ⬀

This outlines the Government's expectations for security governance and for personnel, information, and physical security. Refer to the New Zealand Information Security Manual.

Standards and Guidance:
- Digital Standards and Guidance (NZ and International) [refer GCDO catalogue] ⬀
- Data Protection and Use Policy (DPUP) [Social Wellbeing Agency] ⬀
- Algorithm Charter for Aotearoa New Zealand [StatsNZ and the Privacy Commissioner] ⬀